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

FORM 10-K

(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, 2017
or

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

For the transition period from ______ to ______

Commission File Number 1-34761

AutoWeb, Inc.

(Exact Name of Registrant as Specified in Its Charter)

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

18872 MacArthur Boulevard, Suite 200
Irvine, California 92612-1400
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (949) 225-4500

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

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

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

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

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

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

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Based on the closing sale price of $12.61 for our common stock on The Nasdaq Capital Market on June 30, 2017, the aggregate market value of outstanding shares of common stock held by non-affiliates was approximately $140 million.

As of March 12, 2018, 13,074,558 shares of our common stock were outstanding.

Documents Incorporated by Reference

Portions of our Definitive Proxy Statement for the 2018 Annual Meeting, expected to be filed within 120 days of our fiscal year end, are incorporated by reference into Part III of this Annual Report on Form 10-K.

AutoWeb, Inc.

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

FORWARD-LOOKING STATEMENTS

The Securities and Exchange Commission ("**SEC**") encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This Annual Report on Form 10-K and our proxy statement, parts of which are incorporated herein by reference, contain such forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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. This Annual Report on Form 10-K also contains statements regarding plans, goals and objectives. There is no assurance that we will be able to carry out our plans or achieve our goals and objectives or that we will be able to do so successfully on a profitable basis. These forward-looking statements are just predictions and involve risks and uncertainties, many of which are beyond our control, and actual results may differ materially from these statements. Factors that could cause actual results to differ materially from those reflected in forward-looking statements include but are not limited to, those discussed in "Item 1A. Risk Factors," and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." Investors are urged not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date on which they were made. Except as may be required by law, we do not undertake any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements contained herein are qualified in their entirety by the foregoing cautionary statements.

PART I

Item 1. *Business*

AutoWeb, Inc. was incorporated in 1996 under the laws of the State of Delaware. Unless specified otherwise, as used in this Annual Report on Form 10-K, the terms "**we**," "**us**," "**our**," the "**Company**" or "**AutoWeb**" refer to AutoWeb, Inc. and its subsidiaries.

On October 9, 2017, the Company changed its name from Autobytel Inc. to AutoWeb, Inc., assuming the name of AutoWeb, Inc., which was the name of the company that was acquired by the Company in October 2015. In connection with this name change, the Company's stock ticker symbol was changed from "ABTL" to "AUTO" on The Nasdaq Capital Market.

Overview

We are a digital marketing company for the automotive industry that assists automotive retail dealers ("**Dealers**") and automotive manufacturers ("**Manufacturers**") market and sell new and used vehicles to consumers by utilizing our digital sales enhancing products and services. Our consumer-facing automotive websites ("**Company Websites**") provide consumers with information and tools to aid them with their automotive purchase decisions and gives in-market consumers the ability to connect with Dealers regarding purchasing or leasing vehicles. These consumers are connected to Dealers via our various programs for online lead referrals ("**Leads**"). The Company's AutoWeb® consumer traffic referral product ("**AutoWeb Traffic Product**") engages with car buyers from AutoWeb's network of automotive websites and uses our proprietary technology to present them with highly relevant offers based on their make and model of interest and their geographic location. We then direct these in-market consumers to key areas of a Dealer's or Manufacturer's website to maximize conversion for sales, service or other products or services.

Available Information

Our corporate website is located at *www.autoweb.com*. Information on our website is not incorporated by reference in this Annual Report on Form 10-K. At or through the Investor Relations section of our website we make available free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to these reports as soon as practicable after this material is electronically filed with or furnished to the SEC and The Nasdaq Stock Market. Our Code of Conduct and Ethics is available at the Corporate Governance link of the Investor Relations section of our website, and a copy of the code may also be obtained, free of charge, by writing to the Corporate Secretary, AutoWeb, Inc., 18872 MacArthur Boulevard, Suite 200, Irvine, California 92612-1400.

Significant Business Developments

DealerX

On October 5, 2017, the Company and DealerX Partners, LLC, a Florida limited liability company ("**DealerX**"), entered into a Master License and Services Agreement ("**DealerX License Agreement**"). Pursuant to the terms of the DealerX License Agreement, AutoWeb was granted a perpetual license to access and use DealerX's proprietary platform and technology for targeted, online marketing. DealerX will operate the platform for AutoWeb and provide enhancements to and support for the DealerX platform for at least an initial five-year period ("**Platform Support Obligations**"). See Note 5 of the "Notes to Consolidated Financial Statements" in Part II, Item 8, Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Stock Repurchase

On June 7, 2012, the Company announced that its board of directors had authorized the Company to repurchase up to $2.0 million of the Company's common stock, and on September 17, 2014, the Company announced that its board of directors had approved the repurchase of up to an additional $1.0 million of the Company's common stock. On September 6, 2017, the Company announced that its board of directors authorized the Company to repurchase an additional $3.0 million of the Company's common stock. Under these repurchase programs, we may repurchase common stock from time to time on the open market or in private transactions. These authorizations do not require us to purchase a specific number of shares, and the board of directors may suspend, modify or terminate the programs at any time. We will fund future repurchases through the use of available cash. During 2017, we repurchased 226,698 shares for an aggregate price of $1.9 million. The average price paid for all shares repurchased during 2017 was $8.37. The shares repurchased during 2017 were cancelled and returned to authorized and unissued shares.

Industry Background

We believe that consumers engaged in the vehicle purchasing process have adopted the internet, primarily because the internet is one of the best methods to easily find the information necessary to make informed buying decisions. Additionally, the internet is a primary tool for consumers to begin communicating with local Dealers regarding vehicle pricing, availability, options and financing. J.D. Power and Associates reported in 2017 that 78% of automotive consumer buyers surveyed use third party websites for vehicle research. In addition, we believe that many Dealers and all major Manufacturers that market their vehicles in the U.S. use the internet as an efficient way to reach consumers through marketing programs. According to Automotive News, U.S. light vehicle sales were 17.2 million in 2017, a decrease from 17.5 million vehicles sold in 2016. J.D. Power/LMC Automotive are forecasting 2018 U.S. total light vehicle sales and retail light-vehicle sales at 17.0 million and 13.7 million, respectively.

Products and Services

Leads are internally-generated from our Company Websites ("**Internally-Generated Leads**") or acquired from third parties ("**Non-Internally-Generated Leads**") that generate Leads from their websites ("**Non-Company Websites**"). We sell Internally-Generated Leads and Non-Internally-Generated Leads directly to Dealers and indirectly to Dealers through a wholesale market consisting of Manufacturers and other third parties in the automotive Lead distribution industry. The AutoWeb Traffic Product links consumers to Dealers and Manufacturer websites when the consumers click on advertisements on Company Websites as well as websites operated by third parties that have contracted with the Company as publishers under the AutoWeb Traffic Product. In addition to our Leads and AutoWeb Traffic Product programs, we also offer Dealers and Manufacturers other products and services, including WebLeads+ and Payment Pro®, to assist them in capturing online, in-market customers and selling more vehicles by improving conversion of Leads to sale transactions.

Lead Programs

We provide Dealers and Manufacturers with opportunities to market their vehicles efficiently to potential vehicle buyers. Dealers participate in our Lead programs, and Manufacturers participate in our Lead programs, our display advertising programs and our direct marketing programs, reaching consumers that are in the market to acquire a vehicle. For consumers, we provide, at no cost to the consumer, an easy way to obtain valuable information to assist them in their vehicle shopping process. Leads may be submitted by consumers through our Company Websites or through Non-Company Websites. For consumers using our Company Websites, we provide research information, including vehicle specification data, safety data, pricing data, photos, videos, regional rebate and incentive data, and additional tools, such as the compare and configuration tools, to assist them in this process. We also provide additional content on our Company Websites, including our database of articles, such as consumer and professional reviews, and other analyses. Additional automotive information is also available on our Company Websites to assist consumers with specific vehicle research, such as the trade-in value of their current vehicle.

New Vehicle Leads Program. Our Leads program for new vehicles allows consumers to submit requests for pricing and availability of specific makes and models. A new vehicle Lead provides a Dealer with information regarding the make and model of a vehicle in which the consumer is interested, and may also include additional data regarding the consumer's needs, including any vehicle trade-in, whether the consumer wishes to lease or buy, and other options that are important to the vehicle acquisition decision. A Lead will usually also include the consumer's name, phone number and email address and may include a postal address.

Dealers participating in our new vehicle Leads program are provided with iControl by AutoWeb, our proprietary technology that allows Dealers many options to filter and control the volume and source of their Leads. iControl by AutoWeb can be controlled at the dealership (or by a representative of AutoWeb on behalf of the dealership), at the Dealer group level from a web-based, easy-to-use console that makes it quick and simple for dealerships to change their Lead acquisition strategy to adjust for inventory conditions at their dealerships and broader industry patterns (such as changes in gas prices or changes in consumer demand). From the console, dealerships can easily contract or expand territories and increase, restrict or block specific models and Lead web sources, making it much easier to target inventory challenges and focus marketing resources more efficiently.

Our Leads are subject to quality verification that is designed to maintain the high-quality of our Leads and increase the Lead buy rates for our Lead customers. Quality verification includes the validation of name, phone number, email address and postal address. Our quality verification also involves proprietary systems as well as arrangements with third party vendors specializing in customer validation. After a Lead has been subjected to quality verification, if we have placement coverage for the Lead within our own Dealer network, we send the Lead to Dealers that sell the type of vehicle requested in the consumer's geographic area. We also send an email message to the consumer with the Dealer's name and phone number, and if the Dealer has a dedicated internet manager, the name of that manager. Dealers contact the consumer with a price quote and availability information for the requested vehicle. In addition to sales of Leads directly to Dealers in our network, we also sell Leads wholesale to Manufacturers for delivery to their Dealers and to third parties that have placement coverage for the Lead with their own customers.

Dealers participate in our retail new vehicle Lead program by entering into contracts directly with us or through major Dealer groups. Generally, our Dealer contracts may be terminated by either party on 30 days' notice and are non-exclusive. The majority of our retail new vehicle Lead revenues consists of either a monthly subscription or a per-Lead fee paid by Dealers in our network; however, under our pay-per-sale program, we offer a limited number of Dealers in states where we are permitted to charge on a per transaction basis the opportunity to pay a flat per transaction fee for a Lead that results in a vehicle sale. We reserve the right to adjust our fees to Dealers upon 30 days' prior notice at any time during the term of the contract. Manufacturers (directly or through their marketing agencies) and other third parties participate in our wholesale new vehicle Lead programs generally by entering into agreements where either party has the right to terminate upon prior notice, with the length of time for the notice varying by contract. Revenues from retail new vehicle Leads accounted for 19%, 22% and 27% of total revenues in 2017, 2016 and 2015, respectively. Revenues from wholesale Leads accounted for 46%, 46% and 47% of total revenues in 2017, 2016 and 2015, respectively.

We measure Lead quality by the conversion of Leads to actual vehicle sales, which we refer to as the "buy rate." Buy rate is the percentage of the consumers submitting Leads that we delivered to our customers represented by the number of these consumers who purchased vehicles within ninety days of the date of the Lead submission. We rely on detailed feedback from Manufacturers and wholesale customers to confirm the performance of our Leads. Our Manufacturer and wholesale customers match the Leads we deliver to our customers against vehicle sales to provide us with information about vehicle purchases by the consumers who submitted Leads that we delivered to these customers. We also obtain vehicle registration data from a third party provider. This information, together with our internal analysis allows us to estimate the buy rates for the consumers who submitted the Internally-Generated Leads and Non-Internally Generated Leads that we delivered to our customers, and based on these estimates, to estimate an industry average buy rate. Based on the most current information and our internal analysis, we have estimated that, on average, consumers who submit Internally-Generated Leads that we deliver to our customers have an estimated buy rate of approximately 19%. Buy rates that individual Dealers may achieve can be impacted by factors such as the strength of processes and procedures within the dealership to manage communications and follow up with consumers.

In addition, we report a number of key metrics to our customers, allowing them to gain a better understanding of the revenue opportunities that they may realize by acquiring Leads from us. We can now optimize the mix of Leads we deliver to our customers based on multiple sources of quality measurements. Also, by reporting the buying behavior of potential consumers, the findings also can help shape improvements to online Lead management, online advertising and dealership sales process training. By providing actionable data, we place useful information in the hands of our customers.

During 2017, we continued to focus our Dealer acquisition and retention strategies on dealerships to which we could deliver a higher percentage of our Internally-Generated Leads. We believe this will result in increased vehicle sales for our Dealers and ultimately stronger relationships with us because, based on our evaluation of the performance data and information discussed above, we believe our Internally-Generated Leads are of high-quality.

Used Vehicle Leads Program. Our used vehicle Lead program allows consumers to search for used vehicles according to specific search parameters, such as the price, make, model, mileage, year and location of the vehicle. The consumer is able to locate and display the description, price and, if available, digital images of vehicles that satisfy the consumer's search parameters. The consumer can then submit a Lead for additional information regarding a vehicle that we then deliver to the Dealer offering the vehicle. In addition to sending Leads directly to Dealers through our Lead delivery system, consumers may choose to contact the Dealer using a toll free number posted next to the vehicle search results. We charge each Dealer that participates in the used Vehicle Leads program a monthly subscription or per Lead fee. Revenues from used vehicle Leads accounted for 9%, 10% and 11% of total revenues in 2017, 2016 and 2015, respectively.

Other Dealer Products and Services

In addition to Leads and AutoWeb Traffic Product programs, we also offer products and services that assist Dealers in connecting with in-market consumers and closing vehicle sales.

WebLeads+. Designed to work in connection with a Dealer's participation in our Lead programs, WebLeads+ offers a Dealer multiple coupon options that display relevant marketing messages to consumers visiting the Dealer's website. When a Dealer uses WebLeads+**,** consumers visiting the Dealer's website are encouraged to take action in two ways. First, while interacting with the Dealer website, a consumer is presented with a customized special offer formatted for easy Lead submission. If a vehicle quote is requested, the Lead goes directly into the dealership management tool so a salesperson can promptly address the customer's questions. Second, if the consumer leaves the Dealer's website but remains online, the WebLeads+ product keeps the coupon active in a new browser, providing the Dealer a repeat branding opportunity and giving the consumer an easy way to re-engage with the Dealer's website through submission of a Lead. The additional Leads generated by the coupons are seamlessly integrated into our Extranet tool.

Payment Pro®. Payment Pro® is a Dealer website conversion tool based on a third party product that offers consumers real-time online monthly payment information based on an instant evaluation process. The payments are based on the consumer's credit, the actual vehicle being researched and the Dealer finance rates without requiring the consumer to provide personal information, such as date of birth or social security number. The Lead goes directly into the Dealer's management tool so that a salesperson can promptly address the consumer's inquiry.

Advertising Programs

Our Company Websites attract an audience of prospective automotive buyers that advertisers can target through display advertising. A primary way advertisers use our Company Websites to reach consumers is through vehicle content targeting. This allows automotive marketers to reach consumers while they are researching one of our comprehensive automotive segments such as mini-vans or SUVs and offer Manufacturers sponsorship opportunities to assist in their efforts both in terms of customer retention and conquest strategies. Our Company Websites also offer Manufacturers the opportunity to feature their makes and models within highly contextual content. Through their advertising placements, Manufacturers can direct consumers to their respective websites for further information. We believe this transfer of consumers from our Company Websites to Manufacturer sites is the most significant action measured by Manufacturers in evaluating our performance and value for the Manufacturer's marketing programs. Through our agreement with Jumpstart Automotive Group ("**Jumpstart**"), Jumpstart sells our fixed placement advertising across our Company Websites to automotive advertisers. Jumpstart has informed us that Jumpstart currently reaches approximately 44 million unique visitors per month and works with every major automotive Manufacturer across its portfolio of digital publishers. We also offer a direct marketing platform that enables Manufacturers to selectively target in-market consumers during the often-extended vehicle shopping process. Designed to keep a specific automotive brand in consideration, our direct marketing programs allow automotive marketers to deliver specific communication through either email or direct mail formats to in-market consumers during their purchase cycle.

Our AutoWeb Traffic Product is our pay-per-click advertising program. The AutoWeb Traffic Product utilizes proprietary technology to offer consumers who are shopping targeted offers based on make, model and geographic location. As these consumers are conducting research on one of AutoWeb's consumer facing websites or on the site of one of our network of automotive publishers, they are presented with relevant offers on a timely basis and, upon the consumer clicking on the displayed advertisement, are sent to the appropriate website location of one of our Dealer, Manufacturer or advertising customers. The AutoWeb network of publisher websites reaches and engages with millions of potential car buyers each month, and we believe it provides high-intent, quality traffic that Dealers and other customers cannot typically reach through their own marketing efforts. The AutoWeb Traffic Product is flexible and in addition to driving traffic to a vehicle detail page, it can also send website traffic to new vehicle sales, service, used vehicles or to any other department where a customer wants to engage with in-market consumers. In addition, we believe that the AutoWeb Traffic Product can be used to conquest competitive shoppers who are researching another brand more effectively than can typically be done using other search engines. Advertisers only pay for the clicks they receive, and are able to structure campaigns with flexible budgets and no long-term commitments in order to manage spend versus key performance indicators. Ongoing feedback from our customers is that this traffic provides excellent time-on-site, below-average bounce rates, higher-than-average page views and is a valuable tool to help Dealers sell more vehicles.

Advertising revenues, including direct marketing, accounted for 24%, 16% and 8% of total revenues in 2017, 2016 and 2015, respectively.

Strategy

Our goal is to garner a larger share of the billions of dollars spent annually by Dealers and Manufacturers on automotive marketing services. We plan to achieve this objective through the following principal strategies:

Increasing The Supply of High-Quality Leads. High-quality Leads are those Leads that result in high transaction (i.e., purchase) closing rates for our Dealer customers. Internally-Generated Leads are generally higher quality than Non-Internally-Generated Leads and increase the overall quality of our Lead portfolio. Non-Internally-Generated Leads are of varying quality depending on the source of these Leads. We plan to increase the supply of high-quality Leads generated to sell to our customers primarily by:

- ***Increasing traffic acquisition activities for our Company Websites***. Traffic to our Company Websites is monetized primarily though the creation of Leads that are delivered to our Dealer or Manufacturer customers to help them market and sell new and used vehicles, and through the sale of advertising space on our Company Websites. We plan to increase the traffic to our Company Websites through effective SEO and SEM traffic acquisition activities and enhancements to our Company Websites.
  - ***SEO and SEM traffic acquisition activities***. Traffic to our Company Websites is obtained through a variety of sources and methods, including direct navigation to our Company Websites, natural search (search engine optimization or "**SEO**", which is the practice of optimizing keywords in website content to drive traffic to a website), paid search (search engine marketing, or "**SEM**," which is the practice of bidding on keywords on search engines to drive traffic to a website), direct marketing and partnering with other website publishers that provide links to our websites. Our goal is that over time, paid traffic such as SEM will be balanced by greater visitation from direct navigation and SEO, which we expect to result in increased Lead volumes and gross profit margins.
  - ***Continuing to enhance the quality and user experience of our Company Websites***. We continuously make enhancements to our Company Websites, including enhancements of the design and functionality of our Company Websites. These enhancements are intended to position our Company Websites as comprehensive best in class destinations for automotive purchase research by consumers. By doing so, we believe we will increase the volume of our Internally-Generated Leads.
- ***Increasing the conversion rate of visitors to Leads on our Company Websites***. Through increased SEO and SEM activities and significant content, tools and user interface enhancements to our websites, we believe we will be able to increase the number of website visits and improve website "engagement," and thereby increase the conversion of page views into Leads. We believe that an increased conversion rate of page views into Leads could result in higher revenue per visitor.
- ***Relationships with Suppliers of High-Quality, Non-Internally-Generated Leads***. We plan to continue to develop and maintain strong relationships with suppliers of Non-Internally-Generated Leads that consistently provide high-quality Leads.

Increasing Leads Sales to our Customers. Our principal source of revenue comes from sales of Leads to our retail and wholesale Lead customers. Our goal is to increase sales of Leads to our customers primarily by:

- ***Increasing Lead Sales to Dealers***. Sales of Leads to our Dealer network constitute a significant source of our revenues. Our goal is to increase the number of Leads sold to our retail Dealer customers by:
  - increasing the quality of the Leads sold to our Dealers,
  - increasing the number of Dealers in our Dealer network,
  - reducing Dealer churn in our Dealer network,
  - providing customizable Lead programs to meet our Dealers' unique marketing requirements,
  - providing additional value added marketing services that help Dealers more effectively utilize the internet to market and sell new and used vehicles,
  - increasing overall Dealer satisfaction by improving all aspects of our services,
  - increasing the size of our retail Dealer footprint,
  - focusing on higher revenue Dealers that are more cost-effective to support; and
  - enhancing our internal Lead generation activities by leveraging our expanded retail lead coverage.
- ***Increasing Lead Sales to Wholesale Customers.*** We currently have agreements to sell Leads to 31 Manufacturer Lead programs, including all mainstream Manufacturers, with the exception of one luxury brand that has yet to launch a Lead program. We intend to continue to demonstrate the value of third party leads to Manufacturers by utilizing close rate and cross sell data that demonstrates that third party leads result in incremental sales for the Manufacturers. Our intention is to increase revenue by having Manufacturers enhance business rules, program capacity, pricing and coverage so that each Manufacturer can purchase more of our Internally-Generated Leads.

Continuing to develop the AutoWeb Traffic Product targeted pay-per-click program for online automotive advertisers and publishers. Our AutoWeb Traffic Product uses proprietary technology and a pay-per-click business model to analyze web traffic and adjust advertiser costs accordingly based on traffic quality. This traffic network is targeted to attract high-intent, high-volume publishers and is intended to allow them to monetize traffic that has previously been under-monetized. In-market car shoppers are presented with highly relevant display advertisements and benefit from an online experience that delivers information that consumers use in making their car buying decisions. Manufacturers benefit from this high-quality traffic from serious in-market car buyers. Our AutoWeb Traffic Product enables Manufacturers and Dealers to optimize their advertising by driving traffic to appropriate areas of their Tier 1 (Manufacturer national advertising), Tier 2 (Manufacturer and advertising associations regional advertising) and Tier 3 (Dealer) websites.

We believe that Manufacturers and Dealers will see the measureable attribution from this click traffic and will reallocate marketing spend from traditional channels into this emerging medium. We also plan to grow the size of this addressable marketplace by adding high-quality and high volume automotive publishers to our network, by targeting in-market consumers on a variety of social media platforms and by continuing to optimize this advertising platform on our consumer facing websites, whose traffic we believe will continue to scale. In addition, we believe that the flexibility of our solution combined with high-quality traffic with automotive purchase intent may allow us to increase the amount charged per click as the network grows and as the level of attribution from this product is understood by advertising partners.

Increasing Display Advertising Revenues. As traffic to, and time spent on, our Company Websites by consumers increases, we will seek to increase our advertising revenues. Through our agreement with Jumpstart we benefit from Jumpstart's relationships with every major automotive Manufacturer and/or its advertising agencies by increasing revenue for our traditional display advertising. It is our belief that if the volume of our traffic continues to increase, advertisers will recognize this increased value by agreeing to purchase additional advertising space available on our Company Websites. Additionally, we believe that our AutoWeb Traffic Product provides an opportunity to increase AutoWeb advertising revenue through additional monetization opportunities for our existing and growing traffic.

Focus on Mobile Technologies. As consumers increasingly engage with Internet content using mobile devices, AutoWeb will continue to focus on advanced mobile technologies that facilitate communication between Dealers and consumers on smart phones and tablets at the time, place, and in a manner preferred by many consumers. This focus on the mobile platform is a core part of our strategy moving forward regarding lead generation, automotive research, website advertising and traffic generation.

Continuing to Expand our Products and Services. We gather significant amounts of data on consumer intent as it relates to purchasing vehicles. We intend to use this data to create products and services, including direct business database offerings, that we believe will ultimately help Manufacturers and Dealers market and sell more new and used vehicles. Our objective is to generate revenues from this asset in the most effective and efficient ways possible.

Strategic Acquisitions, Investments and Alliances. Our goal is to grow and enhance our business. We may do so, in part, through strategic acquisitions, investments and alliances. We continue to review strategic opportunities that may provide opportunities for growth. We believe that strategic acquisitions, investments and alliances may allow us to increase market share, benefit from advancements in technology and strengthen our business operations by enhancing our product and service offerings.

Our ability to implement the foregoing strategies and plans is subject to risks and uncertainties, many of which are beyond our control. Accordingly, there is no assurance that we will successfully implement our strategies and plans. See “Item 1A. Risk Factors” of this Annual Report on Form 10-K.

Seasonality

Our quarterly revenues and operating results have fluctuated in the past and may fluctuate in the future due to various factors, including consumer buying trends, changing economic conditions, Manufacturer incentive programs and actual or threatened severe weather events. Excluding the effect of acquisitions in 2015, Lead volume is typically highest in summer (third quarter) and winter (first quarter) months, followed by spring (second quarter) and fall (fourth quarter) months.

Intellectual Property

Our intellectual property includes patents related to our innovations, products and services; trademarks related to our brands, products and services; copyrights in software and creative content; trade secrets; and other intellectual property rights and licenses of various kinds. We seek to protect our intellectual property assets through patent, copyright, trade secret, trademark and other laws and through contractual provisions. We enter into confidentiality and invention assignment agreements with our employees and contractors, and non-disclosure agreements with third parties with whom we conduct business in order to secure our proprietary rights and additionally limit access to, and disclosure of, our proprietary information. We have registered trademarks with the United States Patent and Trademark Office, including AutoWeb®, AutoWeb.com®, the global highway logo, Autobytel, Autobytel.com, MyGarage, Your Lifetime Automotive Advisor®, iControl by Autobytel®, TextShield®, and Payment Pro®. We have also been issued patents related to methods and systems for managing a Lead in data center systems and a method and system for managing Leads and routing them to one or more destinations. We cannot provide any assurances that any of our intellectual property rights will be enforceable by us in litigation.

Additional information regarding certain risks related to our intellectual property is included in Part I, Item 1A “Risk Factors” of this Annual Report on Form 10-K.

Competition

In the automotive-related digital marketing services marketplace we compete for Dealer and Manufacturer customers. Competition with respect to our core Lead referral programs continued to be impacted by changing industry conditions in 2017. We continue to compete with several companies that maintain business models similar to ours, some with greater resources. In addition, competition has increased from larger competitors that traditionally have competed only in the used vehicle market. Dealers continue to invest in their proprietary websites and traffic acquisition activities, and we expect this trend to continue as Dealers strive to own and control more Lead generating assets under their captive brands. Additionally, all major Manufacturers that market their vehicles in the U.S. have their own websites that market their vehicles direct to consumers and generate Leads for delivery direct to the Manufacturers’ Dealers.

We believe that third party Leads have been the standard in our industry for many years. However, we continue to observe new and emerging business models, including pay-per-sale and consumer pay models, relating to the generation and delivery of Leads. From time to time, new products and services are introduced that take the focus away from third party Lead generation, which we believe is a profitable way to sell vehicles to in-market buyers. Dealers and Manufacturers may decide to pull back on their third party Lead programs to test these new approaches.

In the display advertising marketplace, we compete with major internet portals, transaction based websites, automotive related companies, numerous lifestyle websites and emerging entrants in the relatively new automotive click revenue medium. We also compete with traditional marketing channels such as print, radio and television.

In pay-per-click advertising, we compete with established search engine providers as well as with a growing number of digital marketing platforms focused on generating dealership website traffic from inventory listings and social media campaigns. In addition, some industry providers who have historically specialized in inventory aggregation or on providing SEM agency services to Dealers are now expanding into the area of website traffic generation. Also, many dealership website providers are now offering traffic solutions as part of their bundle of services.

In addition, some traditional data providers are moving to deliver personalized digital marketing services at scale. These digital marketing hubs and data management platforms provide marketers with standardized access to audience data, content, workflow triggers and operational analytics to automate execution and optimization of multichannel campaigns. These services could be used as a source of lead generation and website traffic by Dealers and Manufacturers and could replace by our existing product offerings.

Customers

We have a concentration of credit risk with our automotive industry related accounts receivable balances, particularly with Urban Science Applications (which represents several Manufacturer programs), General Motors and Media.net Advertising. During 2017, approximately 34% of our total revenues were derived from these three customers, and approximately 43% or $11.6 million of gross accounts receivable related to these three customers at December 31, 2017. In 2017, Urban Science Applications accounted for 15% and 20% of total revenues and accounts receivable as of December 31, 2017, respectively. In 2017, Media.net Advertising accounted for 11% of both total revenues and accounts receivable as of December 31, 2017, respectively.

Operations and Technology

We believe that our future success is significantly dependent upon our ability to provide high-performance, reliable and comprehensive websites, advertising systems; enhance consumer and Dealer product and service offerings; maintain the highest levels of information privacy; and ensure transactional security. Our Company Websites and advertising systems are hosted at secure third-party data center facilities and public cloud providers. These data centers and public cloud systems utilize redundant power infrastructure, redundant network connectivity, multiple locations, distributed services, fire detection and suppression systems and security systems to prevent unauthorized access and to provide high availability of their services, upon which our technology is built, deployed and operated. Our network and computer systems are built on industry standard technology.

System enhancements are primarily intended to accommodate increased traffic across our Company Websites, improve the speed in which Leads and advertisements are processed and introduce new and enhanced products and services. System enhancements entail the implementation of sophisticated new technology and system processes. We implement industry standard automation and delivery processes and employ centralized quality assurance to improve the quality, scalability, security, and availability of our products. We plan to continue to make investments in technology as we believe appropriate.

Government Regulation

We are subject to laws and regulations generally applicable to providers of digital marketing services, including federal and state laws and regulations governing data security and privacy; voice, email and text messaging communications with consumers; unfair and deceptive acts and practices; advertising; contests, sweepstakes and promotions; and content regulation. For additional important information related to government regulation of our business, including governmental regulations relating to the marketing and sale of automobiles, see the information set forth in Part I, Item 1A“Risk Factors” of this Annual Report on Form 10-K.

Employees

As of March 12, 2018, we had 228 employees. None of our employees are represented by labor unions.

Item 1A. *Risk Factors*

The risks described below are not the only risks that we face. The following risks as well as risks and uncertainties not currently known to us or that we currently deem to be immaterial may materially and adversely affect our business, results of operations, financial condition, earnings per share, cash flow or the trading price of our stock, individually and collectively referred to in these Risk Factors as our "**financial performance**." See also the discussion of "Forward-Looking Statements" immediately preceding Part I of this Annual Report on Form 10-K.

We may be unable to increase Lead revenues and could suffer a decline in revenues due to dealer attrition.

We derive more than 98% of our Lead revenues from Lead fees paid by Dealers and Manufacturers participating in our Lead programs. Our Lead fees decreased $23.6 million, or 18%, in 2017 compared to 2016. Our ability to increase revenues from sales of Leads is dependent on a mix of interrelated factors that include increasing Lead revenues by attracting and retaining Dealers and Manufacturers and increasing the number of high-quality Leads we sell to Dealers and Manufacturers. We are also focused on higher revenue Dealers that are more cost-effective to support. Our sales strategy is intended to result in more profitable relationships with our Dealers both in terms of cost to supply Leads and to support the Dealers. Dealer churn impacts our revenues, and if our sales strategy does not mitigate the loss in revenues by maintaining the overall number of Leads sold by increasing sales to other Dealers or Manufacturers while maintaining the overall margins we receive from the Leads sold, our revenues would decrease. We cannot provide any assurances that we will be able to increase Lead fee revenues, prevent Dealer attrition or offset the revenues lost due to Dealer attrition by other means, and our failure to do so could materially and adversely affect our financial performance.

We may lose customers or quality Lead supplies to our competitors.

Our ability to provide increased numbers of high-quality Leads to our customers is dependent on increasing the number of Internally-Generated Leads and acquiring high-quality Non-Internally-Generated Leads from third parties. Originating Internally-Generated Leads is dependent on our ability to increase consumer traffic to our Company Websites by providing secure and easy to use websites with relevant and quality content for consumers and increasing visibility of our brands to consumers and by our SEM activities. We compete for Dealer and Manufacturer customers and for acquisition of Non-Internally-Generated Leads with companies that maintain automotive Lead referral businesses that are very similar to ours. Many of these competitors are larger than us and have greater financial resources than we have. If we lose customers or quality Lead supply volume to our competitors, or if our pricing or cost to acquire Leads is impacted, our financial performance will be materially and adversely impacted.

Our financial performance could be materially and adversely affected by changes in internet search engine algorithms and dynamics.

We use Google to generate a significant portion of the traffic to our websites, and, to a lesser extent, we use other search engines and meta-search websites to generate traffic to our websites, principally through pay-per-click advertising campaigns. The pricing and operating dynamics on these search engines can experience rapid change commercially, technically and competitively. For example, Google frequently updates and changes the logic that determines the placement and display of results of a consumer's search, such that the placement of links to our websites can be negatively affected and our costs to improve or maintain our placement in search results can increase.

We are affected by general economic and market conditions, and, in particular, conditions in the automotive industry.

Our financial performance is affected by general economic and market factors, conditions in the automotive industry, and the market for automotive marketing services, including, but not limited to, the following:

- Pricing and purchase incentives for vehicles;
- The expectation that consumers will be purchasing fewer vehicles overall during their lifetime as a result of better quality vehicles and longer warranties;
- The impact of fuel prices on demand for the number and types of vehicles;
- Increases or decreases in the number of retail Dealers or in the number of Manufacturers and other wholesale customers in our customer base;
- Volatility in spending by Manufacturers and others in their marketing budgets and allocations;
- The competitive impact of consolidation in the online automotive referral industry;
- The effect of changes in transportation policy, including the potential increase of public transportation options; and
- The effect of fewer vehicles being purchased as a result of new business models and changes in consumer attitudes regarding the need for vehicle ownership.

***Concentration of credit risk and risks due to significant customers could materially and adversely affect our financial performance*.**

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, investments and accounts receivable. Cash and cash equivalents are primarily maintained with two financial institutions in the United States. Deposits held by banks exceed the amount of insurance provided for such deposits. Generally these deposits may be redeemed upon demand. Accounts receivable are primarily derived from fees billed to Dealers and Manufacturers. We have a concentration of credit risk with our automotive industry related accounts receivable balances, particularly with Urban Science Applications (which represents several Manufacturer programs), General Motors and Media.net Advertising. During 2017 approximately 34% of the Company's total revenues were derived from these customers, and they accounted for approximately 43% or $11.6 million of gross accounts receivable at December 31, 2017. No collateral is required to support our accounts receivables, and we maintain an allowance for bad debts for potential credit losses. If there is a decline in the general economic environment that negatively affects the financial condition of our customers or an increase in the number of customers that are dissatisfied with their services, additional estimated allowances for bad debts and customer credits may be required, and the adverse impact on our financial performance could be material.

We depend on Manufacturers through our third party sales channel for a significant amount of our advertising revenues, and we may not be able to maintain or grow these relationships.

We depend on Manufacturers through our third party sales channel for a significant amount of our advertising revenues. A decline in the level of advertising on our websites, reductions in advertising rates or any significant failure to develop additional sources of advertising would cause our advertising revenues to decline, which could have a material adverse effect on our financial performance. We periodically negotiate revisions to existing agreements and these revisions could decrease our advertising revenues in future periods and a number of our advertising agreements with Manufacturers may be terminated at any time without cause. We may not be able to maintain our relationship with Manufacturers on favorable terms or find alternative comparable relationships capable of replacing advertising revenues on terms satisfactory to us. If we cannot do so, our advertising revenues would decline, which could have a material adverse effect on our financial performance.

Our ability to maintain and add to our relationships with advertisers and thereby increase advertising revenues is dependent on our ability to attract consumers and acquire traffic to our Company Websites and monetize that traffic at profitable margins with advertisers. Our consumer facing websites compete with offerings from the major internet portals, transaction based sites, automotive-related verticals (websites with content that is primarily automotive in nature) and numerous lifestyle websites. Our advertising business is characterized by minimal barriers to entry, and new competitors may be able to launch competitive services at relatively low costs. If our Company Websites do not provide a compelling, differentiated user experience, we may lose visitors to competing sites, and if our website traffic declines, we may lose relevance to our major advertisers who may reduce or eliminate their advertising buys from us, which could have a material and adverse effect on our financial performance.

Uncertainty exists in the application of various laws and regulations to our business. New laws or regulations applicable to our business, or expansion or interpretation of existing laws and regulations to apply to our business, could subject us to licensing, claims, judgments and remedies, including monetary liabilities and limitations on our business practices, and could increase administrative costs or materially and adversely affect our financial performance.

We operate in a regulatory climate in which there is uncertainty as to the application of various laws and regulations to our business. Our business could be significantly affected by different interpretations or applications of existing laws or regulations, future laws or regulations, or actions or rulings by judicial or regulatory authorities. Our operations may be subjected to adoption, expansion or interpretation of various laws and regulations, and compliance with these laws and regulations may require us to obtain licenses at an undeterminable and possibly significant initial and annual expense. These additional expenditures may increase future overhead, thereby potentially reducing our future results of operations. There can be no assurances that future laws or regulations or interpretations or expansions of existing laws or regulations will not impose requirements on internet commerce that could substantially impair the growth of e-commerce and adversely affect our financial performance. The adoption of additional laws or regulations may decrease the popularity or impede the expansion of e-commerce and internet marketing, restrict our present business practices, require us to implement costly compliance procedures or expose us and/or our customers to potential liability.

We may be deemed to "operate" or "do business" in states where our customers conduct their business, resulting in regulatory action. If any state licensing laws were determined to be applicable to us, and if we are required to be licensed and we are unable to do so, or we are otherwise unable to comply with laws or regulations, we could be subject to fines or other penalties or be compelled to discontinue operations in those states. In the event any 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 that state in a manner that 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 that state. In each case, our financial performance could be materially and adversely affected. We have identified below areas of government regulation, which if changed or interpreted to apply to our business, we believe could be costly for us and could materially and adversely affect our financial performance.

Automotive Dealer/ Broker and Vehicle Advertising Laws. All states comprehensively regulate vehicle sales and lease transactions, including strict licensure requirements for Dealers (and, in some states, brokers) and vehicle advertising. Most of these laws and regulations, we believe, specifically address only traditional vehicle purchase and lease transactions, not internet-based Lead referral programs such as our programs. If we determine that the licensing or other regulatory requirements in a given state are applicable to us or to a particular marketing services program, we may elect to obtain required licenses and comply with applicable regulatory requirements. However, if licensing or other regulatory requirements are overly burdensome, we may elect to terminate operations or particular marketing services programs in that state or elect to not operate or introduce particular marketing services programs in that state. In some states we have modified our marketing programs or pricing models to reduce uncertainty regarding our compliance with local laws. As we introduce new services, we may need to incur additional costs associated with additional licensing regulations and regulatory requirements.

Financial Broker and Consumer Credit Laws. We provide a connection through our websites that allows consumers to obtain finance information and, through our display and pay-per-click advertising programs, to be referred to Dealer, Manufacturer and potential lender websites. All online applications for quotes are completed on the respective third party's websites. We receive marketing fees from financial institutions and Dealers in connection with this marketing activity. We do not demand nor do we receive any fees from consumers for these services. In the event states require us to be licensed as a financial broker or finder, we may be unable to comply with a state's laws or regulations, or we could be required to incur significant fees and expenses to obtain any financial broker required license and comply with regulatory requirements. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act established a new consumer financial protection bureau with broad regulatory powers, which could lead to regulation of our advertising business directly or indirectly through regulation of automotive finance companies and other financial institutions.

Insurance Broker Laws. We provide links on our websites and referrals from call centers enabling consumers to be referred to third parties to receive quotes for insurance from such third parties. All online applications for quotes are completed on the respective insurance carriers' or other third party websites, and all applications for quotes obtained through call center referrals are conducted by the insurance carrier or other third party. We receive marketing fees from participants in connection with this marketing activity. We do not receive any premiums from consumers nor do we charge consumers fees for our services.

Changes in the taxation of internet commerce may result in increased costs.

Because our business is dependent on the internet, the adoption of new local, state or federal tax laws or regulations or new interpretations of existing laws or regulations by governmental authorities may subject us to additional local, state or federal sales, use or income taxes and could decrease the growth of internet usage or marketing or the acceptance of internet commerce which could, in turn, decrease the demand for our services and increase our costs. As a result, our financial performance could be materially and adversely affected. State taxing authorities are reviewing and re-evaluating the tax treatment of companies engaged in internet commerce, including the application of sales taxes to internet marketing businesses similar to ours, as a source of tax revenues. We accrue for tax contingencies based upon our estimate of the taxes ultimately expected to be paid, which we update over time as more information becomes available, new legislation or rules are adopted or taxing authorities interpret their existing statutes and rules to apply to internet commerce, including internet marketing businesses similar to ours. The amounts ultimately paid in resolution of reviews or audits by taxing authorities could differ materially from the amounts we have accrued and result in additional tax expense, and our financial performance could be materially and adversely affected.

Changes in applicable tax regulations and resolutions of tax disputes could negatively affect our financial results.

The Company is subject to taxation in the U.S. On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("**TCJA**"). The changes included in the TCJA are broad and complex and, among other items, reduce the corporate tax rate. The final transition impacts of the TCJA may differ from the estimates provided elsewhere in this report, possibly materially, due to, among other things, changes in interpretations of the TCJA, any legislative action to address questions that arise because of the TCJA, and any changes in accounting standards for income taxes or related interpretations in response to the TCJA. The TCJA, or future changes in tax laws applicable to us, could materially increase our future income tax expense.

Data Security and Privacy Risks

Our business is subject to various laws, rules and regulations relating to data security and privacy. New data security and privacy laws, rules and regulations may be adopted regarding the internet or other online services that could limit our business flexibility or cause us to incur higher compliance costs. In each case, our financial performance could be materially and adversely affected. We have identified below some of these risks that we believe could materially and adversely affect our financial performance.

Anti-spam laws, rules and regulations. Various state and federal laws, rules and regulations regulate email communications and internet advertising and restrict or prohibit unsolicited email (commonly known as "spam"). These laws, rules or regulations may adversely affect our ability to market our services to consumers in a cost-effective manner. The federal Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 ("**CAN-SPAM**") imposes complex and often burdensome requirements in connection with sending commercial emails. In addition, state laws regulating the sending of commercial emails, including California's law regulating the sending of commercial emails, to the extent found to not be preempted by CAN-SPAM, may impose requirements or conditions more restrictive than CAN-SPAM. Violation of these laws, rules or regulations may result in monetary fines or penalties or damage to our reputation.

Data privacy laws, rules and regulations. Various laws, rules and regulations govern the collection, use, retention, sharing and security of data that we receive from our users, advertisers and affiliates. In addition, we have and post on our website our own privacy policies and practices concerning the collection, use and disclosure of user data and personal information. Any failure, or perceived failure, by us to comply with our posted privacy policies, Federal Trade Commission requirements or orders or other federal or state privacy or consumer protection-related laws, regulations or industry self-regulatory principles could result in proceedings or actions against us by governmental entities or others. Further, failure or perceived failure by us to comply with our policies, applicable requirements or industry self-regulatory principles related to the collection, use, sharing or security of personal information or other privacy-related matters could result in a loss of user confidence in us, damage to our brands, and ultimately in a loss of users, advertisers or Lead referral and advertising affiliates. We cannot predict whether new legislation or regulations concerning data privacy and retention issues related to our business will be adopted, or if adopted, whether they could impose requirements that may result in a decrease in our user registrations and materially and adversely affect our financial performance. Proposals that have or are currently being considered include restrictions relating to the collection and use of data and information obtained through the tracking of internet use, including the possible implementation of a "Do Not Track" list, that would allow internet users to opt-out of such tracking. Other proposals include enhanced rights for consumers to obtain information regarding the sharing or sale of their personal information and rights to opt-out or prevent the sharing or sale of their personal information to third parties.

Security risks associated with online Leads collection and referral, advertising and e-commerce risks associated with other online fraud and scams. A significant issue for online businesses like ours is the secure transmission of confidential and personal information over public networks. Concerns over the security of transactions conducted on the internet, consumer identity theft and user privacy issues have been significant barriers to growth in consumer use of the internet, online advertising and e-commerce. Despite our implementation of security measures, our computer systems or those of our vendors may be susceptible to electronic or physical computer break-ins, viruses and other disruptive harms and security breaches. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may specifically compromise our security measures. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures on a timely basis. Any perceived or actual unauthorized disclosure of personally identifiable information that we collect or store, whether through breach of our network by an unauthorized party, employee theft or misuse, or otherwise, could harm our reputation and brands, substantially impair our ability to attract and retain our audiences, or subject us to claims or litigation arising from damages suffered by consumers or Lead or traffic suppliers. If consumers experience identity theft related to personally identifiable information we collect or store, we may be exposed to liability, adverse publicity and damage to our reputation. To the extent that identity theft gives rise to reluctance to use our websites or to supply us leads or traffic, or a decline in consumer confidence in financial transactions over the internet, our business could be adversely affected. Alleged or actual breaches of the network of one of our business partners or competitors whom consumers associate with us could also harm our reputation and brands. In addition, we could incur significant costs in complying with the multitude of state, federal and foreign laws regarding the unauthorized disclosure of personal information. For example, California law requires companies to inform individuals of any security breaches that result in their personal information being stolen. Because our success depends on the acceptance of online services and e-commerce, we may incur significant costs to protect against the threat of security breaches or to alleviate problems caused by those breaches. Internet fraud has been increasing over the past few years, and the Company has experienced fraudulent use of our name and trademarks on websites in connection with the purported sale of vehicles offered on third party websites, with payments to be handled through an online escrow service purported to be owned and operated by the Company. These fraudulent online transactions and scams, should they continue to increase in prevalence, could affect our reputation with consumers and give rise to claims by consumers for funds transferred to the fraudulent accounts, which could materially and adversely affect our financial performance.

We are insured for some, but not all, of the foregoing risks. Even for those risks for which we are insured and have coverage under the terms and conditions of the applicable policies, there are no assurances given that the coverage limits would be sufficient to cover all costs, liabilities or losses we might incur or experience.

Telemarketing Risks. We are subject to various federal and state laws, rules, regulations and orders regarding telemarketing and privacy, including restrictions on the use of unsolicited emails and restrictions on marketing activities conducted through the use of telephonic communications (including text messaging to mobile telephones). Our financial performance could be adversely affected by newly-adopted or amended laws, rules, regulations and orders relating to telemarketing and increased enforcement of such laws, rules, regulations or orders by governmental agencies or by private litigants. One example of regulatory changes that may affect our financial performance are the regulations under the Telephone Consumer Protection Act ("**TCPA**"). Regulations adopted by the Federal Communications Commission under the TCPA require the prior express written consent of the called party before a caller can initiate telemarketing calls (i) to wireless numbers (including text messaging) using an automatic telephone dialing system or an artificial or prerecorded voice; or (ii) to residential lines using an artificial or prerecorded voice. Failure to comply with the TCPA can result in significant penalties, including statutory damages. We may become subject to lawsuits (including class-action lawsuits) alleging that our business violated the TCPA. Under the TCPA, plaintiffs may seek actual monetary loss or statutory damages of $500 per violation, whichever is greater, and courts may treble the damage award for willful or knowing violations. Such litigation, even if not meritorious, could result in substantial costs and diversion of management attention and an adverse outcome could materially and adversely affect our financial performance. Our efforts to comply with these regulations may negatively affect conversion rates of leads, and thus, our revenue or profitability.

Technology Risks

Our business 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. If we are required to invest substantial amounts in technology, our financial performance will be adversely impacted. 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, including mobile internet applications, and the emergence of new industry standards and practices that could render our existing websites and technology obsolete. These market characteristics are intensified by the evolving nature of the market and the fact that many companies are expected to introduce new internet products and services in the near future. If we are unable to adapt to changing technologies, our financial performance 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 websites, mobile applications and other proprietary technology entails significant technical and business risks. We may not be successful in using new technologies effectively or adapting our websites or other proprietary technology to customer requirements or to emerging industry standards. In addition, if we are required to invest substantial amounts in technology in order to keep pace with technological advances, our financial performance could be materially and adversely affected.

Interruptions or failures in our information technology platforms, communication systems or security systems could materially and adversely affect our financial performance. Our information technology and communications systems are susceptible to outages and interruptions due to fire, flood, earthquake, power loss, telecommunications failures, cyber attacks, terrorist attacks, failure of redundant systems and disaster recovery plans and similar events. Such outages and interruptions could damage our reputation and harm our operating results. Despite our network security measures, our information technology platforms are vulnerable to computer viruses, worms, physical and electronic break-ins, sabotage and similar disruptions from unauthorized tampering, as well as coordinated denial-of-service attacks. We do not have multiple site capacity for all of our services. In the event of delays or disruptions to services we rely on third party providers to perform disaster recovery planning and services on our behalf. We are vulnerable to extended failures to the extent that planning and services are not adequate to meet our continued technology platform, communication or security systems' needs. We rely on third party providers for our primary and secondary internet connections. Our co-location service and public cloud services that provide infrastructure and platform services, environmental and power support for our technology platforms, communication systems and security systems are received from third party providers. We have little or no control over these third party providers. Any disruption of the services they provide us or any failure of these third party providers to effectively design and implement sufficient security systems or plan for increases in capacity could, in turn, cause delays or disruptions in our services. We are insured for some, but not all, of these events. Even for those events for which we are insured and have coverage under the terms and conditions of the applicable policies, there are no assurances given that the coverage limits would be sufficient to cover all losses we might incur or experience.

We are dependent upon third parties for certain support services and should they fail to perform, our financial performance could be materially and adversely affected. We rely on various third parties to provide certain support services. For example, Dealer X operates the platform for AutoWeb and provides enhancements, and support for the DealerX platform for an initial five year period. Should a third party fail to perform or perform adequately, our financial performance could be materially and adversely affected.

We are exposed to risks associated with overseas operations and outsourcing. We currently maintain website, software development and operations in Guatemala and receive software development and maintenance services for some of our systems from contractors located in Pakistan. These overseas operations and contractor arrangements are subject to many inherent risks, including but not limited to:

- Political, social and economic instability;
- Exposure to different business practices and legal standards, particularly with respect to labor and employment laws and intellectual property;
- Continuation of overseas conflicts and the risk of terrorist attacks and resulting heightened security;
- The imposition of governmental controls and restrictions and unexpected changes in regulatory requirements;
- Theft and other crimes;
- Nationalization of business and blocking of cash flows;
- Changes in taxation and tariffs;
- Difficulties in staffing and managing international operations; and
- Foreign currency exchange fluctuations.

These risks can significantly impact our overseas operations and outsourcing. Increases in the cost, or disruptions, of such operations and outsourcing, could materially and adversely affect our financial performance. In addition, we are subject to certain anti-corruption laws, including the U.S. Foreign Corrupt Practices Act, in addition to the laws of the foreign countries in which we operate. If we or any of our employees or agents violates these laws, we could become subject to sanctions or significant penalties that could negatively affect our reputation and financial performance.

We may acquire other companies, and there are many risks associated with acquisitions. As part of our business strategy we evaluate potential acquisitions that we believe will complement or enhance our existing business. We currently do not have any definitive agreements to acquire any company or business, and we may not be able to identify or complete any acquisition in the future. Acquisitions involve numerous risks that include the following, any of which could materially and adversely affect our financial performance:

- We may not fully realize all of the anticipated benefits of an acquisition or may not realize them in the timeframe expected, including due to acquisitions where we expand into product and service offerings or enter or expand into markets in which we are not experienced.
- In order to complete acquisitions, we may issue common stock or securities convertible into or exercisable for common stock, potentially creating dilution for existing stockholders. Issuance of equity securities may also restrict utilization of net operating loss carryforwards because of an annual limitation due to ownership change limitations under the Internal Revenue Code.
- We may borrow to finance acquisitions, and the amount and terms of any potential future acquisition-related or other borrowings may not be favorable to the Company and could affect our liquidity and financial condition.
- Acquisitions may result in significant costs and expenses and charges to earnings, including those related to severance pay, early retirement costs, employee benefit costs, goodwill and asset impairment charges, charges from the elimination of duplicative facilities and contracts, assumed litigation and other liabilities, legal, accounting and financial advisory fees, and required payments to executive officers and key employees under retention plans.
- Our due diligence process may fail to identify significant issues with an acquired company that may result in unexpected or increased costs, expenses or liabilities that could make an acquisition less profitable or unprofitable.
- The failure to further our strategic objectives that may require us to expend additional resources to develop products, services and technology internally.
- An announced business combination and investment transaction may not close timely or at all, which may cause our financial results to differ from expectations in a given quarter.
- Business combination and investment transactions may lead to litigation that can be costly to defend or settle, even if no actual liability exists.
- Integrations of acquisitions are often complex, time-consuming and expensive, and if acquisitions are not successfully integrated they could materially and adversely affect our financial performance. The challenges involved with integration of acquisitions include:
  - Diversion of management attention to assimilating the acquired business from other business operations and concerns.
  - Integration of management information and accounting systems of the acquired business into our systems, and the failure to fully realize all of the anticipated benefits of an acquisition.
  - Difficulties in assimilating the operations and personnel of an acquired business into our own business.
  - Difficulties in integrating management information and accounting systems of an acquired business into our current systems.
  - Convincing our customers and suppliers and the customers and suppliers of the acquired business that the transaction will not diminish client service standards or business focus and that they should not defer purchasing decisions or switch to other suppliers.
  - Consolidating and rationalizing corporate IT infrastructure, which may include multiple legacy systems from various acquisitions and integrating software code and business processes.
  - Persuading employees that business cultures are compatible, maintaining employee morale, retaining key employees and integrating employees into the Company.
  - Coordinating and combining administrative, manufacturing, research and development and other operations, subsidiaries, facilities and relationships with third parties in accordance with local laws and other obligations while maintaining adequate standards, controls and procedures.
  - Managing integration issues shortly after or pending the completion of other independent transactions.

Securities Market Risks

The public market for our common stock may be volatile, especially because market prices for internet-related and technology stocks have often been unrelated to operating performance. Our common stock is currently listed on The Nasdaq Capital Market under the symbol "AUTO," but we cannot assure that an active trading market will be sustained or that the market price of the common stock will not decline. The stock market in general periodically experiences significant price fluctuations. The market price of our common stock is likely 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;
- Historical and anticipated operating metrics such as the number of participating Dealers, volume of Lead deliveries to Dealers, the number of visitors to Company Websites and the frequency with which they interact with Company Websites;
- Announcements of new product or service offerings;
- Technological innovations;
- Low trading volumes;
- Concentration of holdings in our common stock resulting in low public float for our shares;
- Decisions by holders of large blocks of our stock to sell their holdings on accelerated time schedules, including by reason of their decision to liquidate investment funds that hold our stock;
- Limited analyst coverage of the Company;
- Competitive developments, including actions by Manufacturers;
- Changes in financial estimates by securities analysts or our failure to meet such estimates;
- Conditions and trends in the internet, electronic commerce and automotive industries;
- Adoption of new accounting standards affecting the technology or automotive industry;
- Rumors, whether or not accurate, about us, our industry or possible transactions or other events;
- The impact of open market repurchases of our common stock; and
- General market or economic conditions and other factors.

Further, the stock markets, and in particular The Nasdaq Capital Market, have experienced 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 those companies. These broad market factors have affected and may adversely affect the market price of our common stock. In addition, general economic, political and market conditions, such as recessions, interest rates, energy prices, international currency fluctuations, terrorist acts, political revolutions, military actions or wars, may adversely affect the market price of our 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. Following announcement of our financial results for the year ended December 31, 2017 and the departures of our Chief Executive Officer and Chief Financial Officer, the market price of our common stock declined significantly and a law firm announced that it is investigating investor claims. Should securities related litigation be filed, we could incur substantial costs and a diversion of management's attention and resources, which would have a material adverse effect on our financial performance.

Our common stock could be delisted from The Nasdaq Capital Market if we are not able to satisfy continued listing requirements, in which case the price of our common stock and our ability to raise additional capital and issue equity-based compensation may be adversely affected, and trading in our stock may be less orderly and efficient. For our common stock to continue to be listed on The Nasdaq Capital Market, the Company must satisfy various continued listing requirements established by The Nasdaq Stock Market LLC. In the event the Company were not able to satisfy these continued listing requirements, we expect that our common stock would be quoted on an over-the-counter market. These markets are generally considered to be less efficient and less broad than The Nasdaq Capital Market. Investors may be reluctant to invest in the common stock if it is not listed on The Nasdaq Capital Market or another stock exchange. Delisting of our common stock could have a material adverse effect on the price of our common stock and would also eliminate our ability to rely on the preemption of state securities registration and qualification requirements afforded by Section 18 of the Securities Act of 1933 for “covered securities.” The loss of this preemption could result in higher costs associated with raising capital, could limit resale of our stock in some states, and could adversely impact our ability to issue equity-based compensation to Company employees.

No assurances can be given that the Company will continue to be able to meet the continued listing requirements for listing of our common stock on The Nasdaq Capital Market.

Risks Associated with Litigation

Misappropriation or infringement of our intellectual property and proprietary rights, enforcement actions to protect our intellectual property and claims from third parties relating to intellectual property could materially and adversely affect our financial performance. Litigation regarding intellectual property rights is common in the internet and technology industries. We expect that internet technologies and software products and services may be increasingly subject to third party infringement claims as the number of competitors in our industry segment grows and the functionality of products in different industry segments overlaps. Our ability to compete depends upon our proprietary systems and technology. While we rely on trademark, trade secret, patent 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 website maintenance are more essential in establishing and maintaining a leadership position and strengthening our brands. 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 and may be expensive. We have no assurance that the steps taken by us will prevent misappropriation of technology or that the agreements entered into for that purpose will be enforceable. Effective trademark, service mark, patent, copyright and trade secret protection may not be available when our products and services are made available online. In addition, if litigation becomes necessary to enforce or protect our intellectual property rights or to defend against claims of infringement or invalidity, this litigation, even if successful, could result in substantial costs and diversion of resources and management attention. We also have no assurances that our products and services do not infringe on the intellectual property rights of third parties. Claims of infringement, even if unsuccessful, could result in substantial costs and diversion of resources and management attention. If we are not successful, we may be subject to preliminary and permanent injunctive relief and monetary damages which may be trebled in the case willful infringements.

Our financial performance could be adversely affected by actions of third parties that could subject us to litigation. We could face liability for information retrieved or obtained from or transmitted over the internet by third parties and liability for products sold over the internet by third parties. We could be exposed to liability with respect to third party information that may be accessible through our websites, links or vehicle review services. These claims might, for example, be made for defamation, negligence, patent, copyright or trademark infringement, personal injury, breach of contract, unfair competition, false advertising, invasion of privacy or other legal theories based on the nature, content or copying of these materials. These claims might assert, among other things that, by directly or indirectly providing links to websites operated by third parties we should be liable for copyright or trademark infringement or other wrongful actions by such third parties through those websites. It is also possible that, if any third party content provided on our websites contains errors, consumers could make claims against us for losses incurred in reliance on such information. Any claims could result in costly litigation, divert management’s attention and resources, cause delays in releasing new or upgrading existing services or require us to enter into royalty or licensing agreements.

We also enter into agreements with other companies under which any revenues that results from the purchase or use of services through direct links to or from our websites or on our websites is shared. In addition, we acquire personal information and data in the form of Leads purchased from third party websites involving consumers who submitted personally identifiable information and data to the third parties and not directly to us. These arrangements may expose us to additional legal risks and uncertainties, including disputes with these parties regarding revenue sharing, local, state and federal government regulation and potential liabilities to consumers of these services, even if we do not provide the services ourselves or have direct contact with the consumer. These liabilities can include liability for violations by these third parties of laws, rules and regulations, including those related to data security and privacy laws and regulations; unsolicited email, text messaging, telephone or wireless voice marketing; and licensing. We have no assurance that any indemnification provided to us in our agreements with these third parties, if available, will be adequate.

Our financial performance could be materially and adversely affected by other litigation. From time to time, we are involved in litigation or legal matters not related to intellectual property rights and arising from the normal course of our business activities. The actions filed against us and other litigation or legal matters, even if not meritorious, could result in substantial costs and diversion of resources and management attention and an adverse outcome in litigation could materially and adversely affect our financial performance. Our liability insurance may not cover all potential claims to which we are exposed and may not be adequate to indemnify us for all liability that may be imposed. Any imposition of liability that is not covered by insurance or is in excess of our insurance coverage could have a material adverse effect on our financial performance.

Our certificate of incorporation and bylaws, tax benefit preservation plan 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 restated certificate of incorporation and bylaws relating to our corporate governance and provisions in our Tax Benefit Preservation Plan 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 could limit the price that some 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.

Our restated certificate of incorporation allows us to issue preferred stock with rights senior to those of the common stock without any further vote or action by the stockholders. Our restated certificate of incorporation also provides 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, provisions in our restated certificate of incorporation and bylaws:

- Require that actions to be taken by our stockholders may be taken only at an annual or special meeting of our stockholders and not by written consent;
- Specify that special meetings of our stockholders can be called only by our board of directors, a committee of the board of directors, the Chairman of our board of directors or our President;
- Establish advance notice procedures for stockholders to submit nominations of candidates for election to our board of directors and other proposals to be brought before a stockholders meeting;
- Provide that our bylaws may be amended by our board of directors without stockholder approval;
- Allow our board of directors to establish the size of our board of directors;
- Provide that vacancies on our board of directors or newly created directorships resulting from an increase in the number of our directors may be filled only by a majority of directors then in office, even though less than a quorum; and
- Do not give the holders of our common stock cumulative voting rights with respect to the election of directors.

These provisions could make it more difficult for stockholders to effect corporate actions such as a merger, asset sale or other change in control of us.

Under our Tax Benefit Preservation Plan, rights to purchase capital stock of the Company ("**Rights**") have been distributed as a dividend at the rate of five Rights for each share of common stock. Each Right entitles its holder, upon triggering of the Rights, to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock of the Company at a price of $73.00 (as such price may be adjusted under the Tax Benefit Preservation Plan) or, in certain circumstances, to instead acquire shares of common stock. The Rights will convert into a right to acquire common stock or other capital stock of the Company in certain circumstances and subject to certain exceptions. The Rights will be triggered upon the acquisition of 4.90% or more of the Company's outstanding common stock or future acquisitions by any existing holders of 4.90% or more of the Company's outstanding common stock. If a person or group acquires 4.90% or more of our common stock, all Rights holders, except the acquirer, will be entitled to acquire at the then exercise price of a Right that number of shares of our common stock which, at the time, has a market value of two times the exercise price of the Right. The Tax Benefit Preservation Plan authorizes our board of directors to exercise discretionary authority to deem a person acquiring common stock in excess of 4.90% not to be an "Acquiring Person" under the Tax Benefit Preservation Plan, and thereby not trigger the Rights, if the Board finds that the beneficial ownership of the shares by the person acquiring the shares will not be likely to directly or indirectly limit the availability to the Company of the net operating loss carryovers and other tax attributes that the plan is intended to preserve or is otherwise in the best interests of the Company.

We are also subject to 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. Section 203 could discourage a third party from attempting to acquire control of us.

If our internal controls and procedures fail, our financial condition, results of operations and cash flow could be materially and adversely affected.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. In making its assessment of the effectiveness of our internal control over financial reporting as of December 31, 2017, management used the criteria described in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of the identification of the material weakness described below, our management concluded that our internal control over financial reporting was not effective as of December 31, 2017

On March 14, 2018, Moss Adams LLP, our independent registered public accounting firm, advised us that they believed there were control deficiencies in our internal controls over financial reporting such that in the aggregate they constituted a material weakness. Specifically, our independent accounting firm believed we did not adequately evidence management's expectations, criteria for investigation, and the level of precision used in the performance of the controls. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. See Part II, Item 9A, "Controls and Procedures" of this Annual Report on Form 10-K.

Our management is in the process of evaluating the material weakness described above and intends to promptly remediate it. We are committed to continuing to improve our internal control processes and intend to implement controls to better evidence management's expectation; however, we cannot be certain of the effectiveness of such implementation or that, in the future, additional material weaknesses or significant deficiencies will not exist or otherwise be discovered. If we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements and prevent fraud. In addition, if we are unable to successfully remediate the material weaknesses in our internal controls or if we are unable to produce accurate and timely financial statements, our stock price may be adversely affected and we may be unable to maintain compliance with The Nasdaq Capital Market listing requirements

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 may need to hire additional personnel. 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 financial performance.

Our business and operations are substantially dependent on the performance of our executive officers and key employees. Each of these executive officers would be difficult to replace. There is no guarantee that these or any of our other executive officers and key employees will remain employed with us. The loss of the services of one or more of our executive officers or key employees could have a material adverse effect on our financial performance.

Item 1B. *Unresolved Staff Comments*

Not applicable.

Item 2. *Properties*

Our headquarters are located in Irvine, California. Our headquarters consist of approximately 33,000 square feet of leased office space under a lease that expires in July 2020. Our Tampa, Florida SEM operations are located in offices consisting of approximately 13,000 square feet under a lease that expires in May 2024. Our website development operations located in Guatemala City, Guatemala occupy approximately 10,000 square feet of leased office space under leases that expire in March 2020. We believe that our existing facilities are adequate to meet our needs and that existing needs and future growth can be accommodated by leasing alternative or additional space.

Item 3. *Legal Proceedings*

From time to time, we may be involved in litigation matters arising from the normal course of our business activities. Litigation, even if not meritorious, could result in substantial costs and diversion of resources and management attention, and an adverse outcome in litigation could materially adversely affect our business, results of operations, financial condition, cash flows, earnings per share and stock price. Following the announcement of our financial results for the year ended December 31, 2017 and the departures of our Chief Executive Officer and Chief Financial Officer, the market price of our common stock declined significantly and a law firm announced publicly that it is investigating investor claims. See Risk Factors—"*Securities Market Risks*" in Part I, Item 1A of this Annual Report on Form 10K.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Our common stock, par value $0.001 per share, is listed on The Nasdaq Capital Market and trades under the symbol "AUTO." The following table sets forth, for the calendar quarters indicated, the range of high and low sales prices of our common stock:

Year	High	Low
2016		
First Quarter	$ 21.01	$ 14.56
Second Quarter	18.74	12.34
Third Quarter	17.80	13.49
Fourth Quarter	18.28	11.04
2017		
First Quarter	14.18	12.01
Second Quarter	14.09	11.65
Third Quarter	12.92	6.89
Fourth Quarter	9.62	6.70

As of March 12, 2018, there were 228 holders of record of our common stock. We have never declared or paid any cash dividends on our common stock and we do not expect to pay any cash dividends in the foreseeable future. Payment of any future dividends will depend on our earnings, cash flows and financial condition and will be subject to legal and contractual restrictions. As of March 12, 2018, our common stock closing price was $3.97 per share.

Purchases of Equity Securities by Issuer

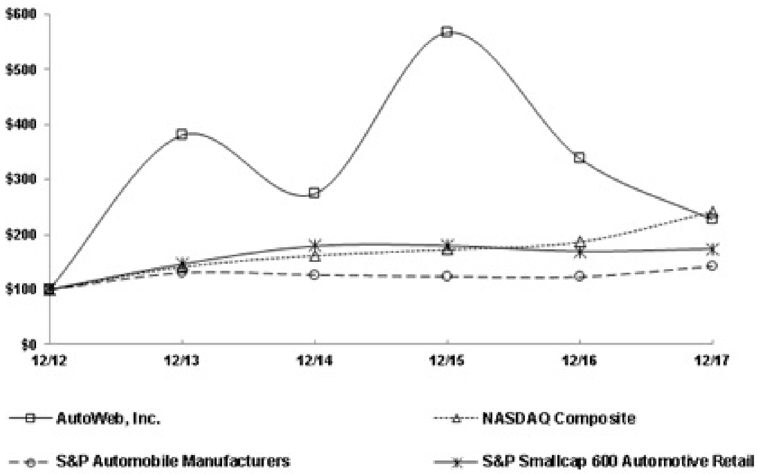
The following table provides information with respect to Company purchases of the Company's common stock during the three months ended December 31, 2017:

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1, 2017 – October 31, 2017	—	—	—	$ 3,024,751
November 1, 2017 – November 30, 2017	66,877	$ 8.70	66,877	2,442,874
December 1, 2017 – December 31, 2017	14,000	8.61	14,000	2,322,352
Total	80,877	$ 8.68	80,877	$ 2,322,352

(1) On September 6, 2017, the Company announced that its board of directors authorized the Company to repurchase up to $3.0 million of the Company's common stock. Shares repurchased under this program have been retired and returned to the status of authorized and unissued shares. The authorization may be increased or otherwise modified, renewed, suspended or terminated by the Company at any time, without prior notice. The Company may repurchase the Company's common stock from time to time on the open market or in private transactions. The Company funded repurchases and anticipates that it will fund future repurchases, if any, through the use of available cash.

Performance Graph

The following graph shows a comparison of cumulative total stockholder returns for our common stock, the NASDAQ Composite, the S&P Automobile Manufacturers Index, and the S&P Smallcap 600 Automotive Retail Index. The comparisons reflected in the graph and table below are not intended to predict the future performance of our stock and may not be indicative of our future performance. The data regarding our common stock assume an investment in our common stock at the closing price of $3.98 per share of our common stock on December 31, 2012.



	Cumulative Total Return					
	12/12	12/13	12/14	12/15	12/16	12/17
AutoWeb, Inc.	$ 100.00	$ 380.15	$ 273.87	$ 566.83	$ 337.94	$ 226.38
NASDAQ Composite	100.00	141.63	162.09	173.33	187.19	242.29
S&P Automobile Manufacturers	100.00	130.10	126.21	123.53	122.70	141.93
S&P Smallcap 600 Automotive Retail	100.00	146.11	178.96	179.73	169.27	174.03

Item 6. ***Selected Financial Data***

The tables below set forth our selected consolidated financial data. We prepared this information using the consolidated financial statements of AutoWeb for the five years ended December 31, 2017. Certain amounts in the selected consolidated financial data have been reclassified to conform to the current year presentation. You should read these selected consolidated financial data together with the Consolidated Financial Statements and related Notes to the Consolidated Financial Statements contained in this Annual Report on Form 10-K and also Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Years ended December 31,				
	2017 (1)	**2016**	**2015**	**2014**	**2013 (2)**
	(Amounts in thousands, except per-share data)				
RESULTS OF OPERATIONS:					
Total revenues	$ 142,125	$ 156,684	$ 133,226	$ 106,278	$ 78,361
Income (loss) from continuing operations	$ (64,964)	$ 3,871	$ 4,646	$ 3,411	$ 38,144
Net income (loss)	$ (64,964)	$ 3,871	$ 4,646	$ 3,411	$ 38,144
Basic earnings (loss) per common share	$ (5.48)	$ 0.36	$ 0.47	$ 0.38	$ 4.29
Diluted earnings (loss) per common share	$ (5.48)	$ 0.29	$ 0.37	$ 0.32	$ 3.61
Weighted average diluted shares	11,853	13,303	12,662	11,212	10,616

(1) Net income in 2017 included goodwill impairment of $37.7 million and $16.7 million recording of a valuation allowance.
(2) Net income in 2013 included a one-time benefit of $35.5 million in connection with the release of a valuation allowance against deferred tax assets.

	Years ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
	(Amounts in thousands)				
FINANCIAL POSITION (1):					
Cash and cash equivalents	$ 24,993	$ 38,512	$ 23,993	$ 20,747	$ 18,930
Total assets	$ 92,913	$ 165,281	$ 153,588	$ 104,749	$ 88,193
Non-current liabilities	$ 9,000	$ 16,500	$ 21,750	$ 11,061	$ 10,450
Accumulated deficit	$ (288,900)	$ (230,424)	$ (234,295)	$ (238,941)	$ (242,352)
Stockholders' equity	$ 67,167	$ 119,609	$ 108,201	$ 69,258	$ 64,828

(1) See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Notes to the Consolidated Financial Statements" in Part II, Item 8, of this Annual Report on Form 10-K for information regarding business combinations and other items that may affect comparability.

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 the "Risk Factors" included in Part I, Item 1A and our Consolidated Financial Statements and related Notes thereto included in Part II, Item 8 of this Annual Report on Form 10-K. See also the discussion of "Forward-Looking Statements" immediately preceding Part I of this Annual Report on Form 10-K.

For the year ended December 31, 2017, our business, results of operations and financial condition were affected and may continue to be affected in the future by the events that occurred during or subsequent to year end that are described in Part I, Item 1 "Business – *Significant Business Developments*" of this Annual report on Form 10-K. Total revenues in 2017 were $142.1 million compared to $156.7 million in 2016. The decline in revenue was due to unfulfilled demand for our Leads as a result of higher traffic acquisition costs as well as channel mix issues resulting from a lower retail dealer count. The lower revenue was partially offset by continued growth of advertising click revenues. We believe that a large part of the increase in traffic acquisition costs were a result of an increased SEM spend from several of our competitors. We will continue to work with our traffic partners to optimize our SEM methodologies and rebuild our high-quality traffic streams. In addition, in order to mitigate the impact to profitability, we realigned our headcount and expect it to reduce operating expenses. We cannot provide an exact timeframe for resolution of these issues, and these trends may continue into 2018 and beyond.

Results of Operations

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

	Years Ended December 31, 2017	2016	2015
Revenues:			
Lead fees	75.3%	83.4%	90.6%
Advertising	24.0	15.6	7.9
Other revenues	0.7	1.0	1.5
Total revenues	100.0	100.0	100.0
Cost of revenues	69.9	63.0	61.2
Gross margin	30.1	37.0	38.8
Operating expenses:			
Sales and marketing	10.1	11.6	12.0
Technology support	8.8	8.9	8.8
General and administrative	8.5	9.4	9.9
Depreciation and amortization	3.4	3.2	2.3
Litigation settlements	(0.1)	—	(0.1)
Goodwill impairment	26.5	—	—
Total operating expenses	57.2	33.1	32.9
Operating income (loss)	(27.1)	3.9	5.8
Interest and other income (expense), net	(0.7)	0.4	0.2
Income tax provision	17.9	1.8	2.5
Net income (loss)	(45.7%)	2.5%	3.5%

Revenues by groups of similar services and gross profits are as follows (dollars in thousands):

	Years Ended December 31, 2017	2016	2015	2017 vs. 2016 Change $	%	2016 vs. 2015 Change $	%
Revenues:							
Lead fees	$ 107,045	$ 130,684	$ 120,678	$ (23,639)	(18%)	$ 10,006	8%
Advertising	34,142	24,508	10,534	9,634	39	13,974	133
Other revenues	938	1,492	2,014	(554)	(37)	(522)	(26)
Total revenues	142,125	156,684	133,226	(14,559)	(9)	23,458	18
Cost of revenues	99,352	98,771	81,586	581	1	17,185	21
Gross profit	$ 42,773	$ 57,913	$ 51,640	$ (15,140)	(26%)	$ 6,273	12%

2017 Compared to 2016

Lead fees. Lead fees decreased $23.6 million or 18% in 2017 compared to 2016. The decrease in Lead fees was a result of the elimination of poor quality traffic in the second quarter of 2017, decreased Lead sales to Dealers combined with increased Dealer churn and the disposal of our specialty finance leads product in December 2016.

Advertising. The $9.6 million or 39% increase in advertising revenues in 2017 compared to 2016 was primarily due to an increase in click revenue as a result of both increased click volume and pricing.

Other revenues. Other revenues decreased $0.6 million or 37% in 2017 compared to 2016. The decrease in other revenues was primarily due to lower customer utilization of the mobile offerings and SaleMove product.

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

The $0.6 million or 1% increase in cost of revenues in 2017 compared to 2016 was primarily due to the increased costs in traffic acquisition activity. Cost of revenues increased as a percentage of total revenues as a result of the $0.6 million increase in cost of revenues and the $23.6 million, or 18%, decrease in total revenues.

2016 Compared to 2015

Lead fees. Lead fees increased $10.0 million or 8% in 2016 compared to 2015. The increase in Lead fees was primarily due to increased lead volume associated with the acquisitions of Dealix Corporation and Autotegrity, Inc. (collectively, "**Dealix/Autotegrity**") in May 2015.

Advertising. The $14.0 million or 133% increase in advertising revenues in 2016 compared to 2015 was primarily due to an increase in click revenue as a result of both increased click volume and pricing. Increased click volume was the result of increased investments in traffic acquisition activity.

Other revenues. Other revenues decreased $0.5 million or 26% in 2016 compared to 2015. The decrease in other revenues was primarily due to the discontinuation of a Manufacturer's brand using other non-Lead products.

Cost of Revenues. The $17.2 million or 21% increase in cost of revenues in 2016 compared to 2015 was primarily due to increased lead volume from the Dealix/Autotegrity acquisition in May 2015 together with increased intangible amortization costs from both the Dealix/Autotegrity acquisition and the acquisition of AutoWeb, Inc. in October 2015, and an increased investment in additional traffic acquisition methodologies.

Operating expenses were as follows (dollars in thousands):

	Years Ended December 31,			2017 vs. 2016 Change		2016 vs. 2015 Change	
	2017	**2016**	**2015**	**$**	**%**	**$**	**%**
Operating expenses:							
Sales and marketing	$ 14,315	$ 18,118	$ 15,956	$ (3,803)	(21%)	$ 2,162	14%
Technology support	12,567	13,986	11,740	(1,419)	(10)	2,246	19
General and administrative	12,110	14,663	13,189	(2,553)	(17)	1,474	11
Depreciation and amortization	4,781	5,068	3,106	(287)	(6)	1,962	63
Litigation settlements	(109)	(50)	(108)	(59)	118	58	(54)
Goodwill impairment	37,688	——	—	37,688	—	—	—
Total operating expenses	$ 81,352	$ 51,785	$ 43,883	$ 29,567	57%	$ 7,902	18%

2017 Compared to 2016

Sales and Marketing. Sales and marketing expense includes costs for developing our brand, personnel costs, and other costs associated with Dealer sales, website advertising, Dealer support and bad debt expense.

Sales and marketing expense for the year ended December 31, 2017 decreased by $3.8 million or 21% compared to the prior year, due to a decrease in overall headcount related expenses.

Technology Support. Technology support includes compensation, benefits, software licenses and other direct costs incurred by the Company to enhance, manage, maintain, support, monitor and operate the Company's websites and related technologies, and to operate the Company's internal technology infrastructure.

Technology support expense for the year ended December 31, 2017 decreased by $1.4 million or 10% compared to the prior year, primarily due to a decrease in headcount related costs.

General and Administrative. General and administrative expense consists of certain executive, financial, human resources, legal and facilities personnel expenses and costs related to being a publicly-traded company.

General and administrative expense for the year ended December 31, 2017 decreased by $2.6 million or 17% compared to the prior year. The decrease was due to a decrease in headcount related costs.

Depreciation and Amortization. Depreciation and amortization expense for the year ended December 31, 2017 decreased $0.3 million or 6% from the year ended December 31, 2016 primarily due to some intangible assets becoming fully amortized during the year.

Litigation Settlements. Payments received primarily from 2010 settlements of patent infringement claims against third parties relating to the third parties' methods of Lead delivery were $0.1 million in 2017 compared to $50,000 in 2016. We also paid $41,000 related to settlement of claims alleged under the Controlling the Assault of Non-Solicited Pornography And Marketing Act of 2003 inherited in connection with the acquisition of Dealix/Autotegrity in 2016.

Goodwill impairment. As discussed below, we evaluate the carrying value of enterprise goodwill for impairment, at a minimum, on an annual basis. During 2017 we performed our annual impairment test by comparing the carrying value of AutoWeb to its fair value based on market capitalization at that date. As a result of this testing, a non-cash impairment charge of $37.7 million was recorded during 2017.

Interest and Other Income (Expense), net. Interest and other expense was $0.9 million for the year ended December 31, 2017 compared to interest and other income of $0.6 million for the year ended December 31, 2016. Interest expense was $0.8 million and $0.9 million for the years ended December 31, 2017 and 2016, respectively. The year ended December 31, 2017 included an impairment charge of $0.6 million related to SaleMove. The year ended December 31, 2016 also included gain on disposal of the finance leads product of $2.2 million offset by a $0.8 million write-off related to our investment in GoMoto, Inc. ("**GoMoto**').

Income tax provision. Income tax expense was $25.4 million for the year ended December 31, 2017 compared to income tax expense of $2.8 million for the year ended December 31, 2016. The Company's effective tax rate of (64.4)% for the year ended December 31, 2017 differed from the federal statutory rate principally as a result of deferred tax asset adjustments relating to the change in the U.S. federal rate, goodwill impairment, and establishing additional valuation allowances on our deferred tax assets. The Company's effective tax rate of 42.1% for the year ended December 31, 2016 differed from the federal statutory rate principally as a result of deferred tax asset adjustments, state income taxes and permanent non-deductible tax items. The TCJA reduced the U.S. federal corporate rate to 21%, effective January 1, 2018. In addition, the TCJA limits the Company's annual deduction for business interest expense to an amount equal to 30% of the Company's "adjusted taxable income" (as defined in the Internal Revenue Code) for the taxable year, also effective January 1, 2018. The amount of any business interest not allowed as a deduction for any taxable year may be carried forward indefinitely and utilized in future years, subject to this and other applicable interest deductibility limitations.

2016 Compared to 2015

Sales and Marketing. Sales and marketing expense for the year ended December 31, 2016 increased by $2.2 million or 14% compared to the prior year, due to increased headcount related costs associated with the Dealix/Autotegrity and AutoWeb acquisitions coupled with severance expense of $0.6 million and accelerated stock compensation expense of $0.3 million associated with the termination of two executive officers.

Technology Support. Technology support expense for the year ended December 31, 2016 increased by $2.2 million or 19% compared to the prior year, primarily due to increased headcount related costs associated with the Dealix/Autotegrity and AutoWeb acquisitions coupled with severance expense of $0.3 million and accelerated stock compensation expense of $0.2 million associated with the termination of an executive officer.

General and Administrative. General and administrative expense for the year ended December 31, 2016 increased by $1.5 million or 11% compared to the prior year. The increase was due to increased headcount costs and facility fees, offset with a reduction in professional fees all associated with the Dealix/Autotegrity and AutoWeb acquisitions, together with $0.3 million in severance expense and $0.2 million in accelerated stock compensation expense for a terminated executive officer.

Depreciation and Amortization. Depreciation and amortization expense for the year ended December 31, 2016 increased $2.0 million or 63% from the year ended December 31, 2015 primarily due to the addition of intangible assets associated with the Dealix/Autotegrity and AutoWeb acquisitions.

Litigation Settlements. Payments received primarily from 2010 settlements of patent infringement claims against third parties relating to the third parties' methods of Lead delivery were $50,000 in 2016 compared to $108,000 in 2015. We also paid $41,000 related to settlement of claims alleged under the Controlling the Assault of Non-Solicited Pornography And Marketing Act of 2003 inherited in connection with the acquisition of Dealix/Autotegrity in 2016.

Interest and Other Income (Expense), net. Interest and other income was $0.6 million for the year ended December 31, 2016 compared to interest and other income of $0.3 million for the year ended December 31, 2015. Interest expense was $0.9 million and $0.8 million for the years ended December 31, 2016 and 2015, respectively. The year ended December 31, 2016 also included gain on disposal of the finance leads product of $2.2 million offset by a $0.8 million write-off related to our investment in GoMoto.

Income tax provision. Income tax expense was $2.8 million for the year ended December 31, 2016 compared to income tax expense of $3.4 million for the year ended December 31, 2015. The Company's effective tax rate of 42.1% for the year ended December 31, 2016 differed from the federal statutory rate principally as a result of deferred tax asset adjustments and state income taxes and permanent non-deductible tax items. The Company's effective tax rate of 42.5% for the year ended December 31, 2015 differed from the federal statutory rate principally as a result of deferred tax asset adjustments and state income taxes.

Segment Information

We conduct our business within one business segment, which is defined as providing digital marketing services to the automotive industry. Our operations are aggregated into a single reportable operating segment based upon similar economic and operating characteristics as well as similar markets.

Liquidity and Capital Resources

The table below sets forth a summary of our cash flow for the years ended December 31, 2017, 2016 and 2015 (dollars in thousands):

	Years Ended December31,		
	2017	**2016**	**2015**
Net cash provided by operating activities	$ 11,488	$ 18,242	$ 12,200
Net cash used in investing activities	(10,402)	(2,774)	(28,105)
Net cash (used in) provided by financing activities	(14,605)	(949)	19,151

Our principal sources of liquidity are our cash and cash equivalents and accounts receivable balances. Our cash and cash equivalents totaled $25.0 million as of December 31, 2017 compared to $38.5 million as of December 31, 2016.

On June 7, 2012, we announced that the board of directors had authorized us to repurchase up to $2.0 million of our common stock, and on September 17, 2014 we announced that our board of directors had approved the repurchase of up to an additional $1.0 million of our common stock. On September 6, 2017, we announced that our board of directors had authorized us to repurchase up to $3.0 million of our common stock. We repurchased 226,698 shares of our common stock with an average price of $8.37 per share during 2017. No shares were repurchased during 2016. The authorization may be increased or otherwise modified, renewed, suspended or terminated by us at any time, without prior notice. We may repurchase our common stock from time to time on the open market or in private transactions. Shares repurchased under this program have been retired and returned to the status of authorized and unissued shares. We funded repurchases and anticipate that we would fund future repurchases through the use of available cash. The repurchase authorization does not obligate us to repurchase any particular number of shares. The timing and actual number of repurchases of additional shares, if any, under our stock repurchase program will depend upon a variety of factors, including price, market conditions, release of quarterly and annual earnings, and other legal, regulatory, and corporate considerations at our sole discretion. The impact of repurchases on our Tax Benefit Preservation Plan, as amended, and on the our use of net operating loss carryovers and other tax attributes if we were to experience an "ownership change," as defined in Section 382 of the Internal Revenue Code, is also a factor that we consider in connection with share repurchases. As of December 31, 2017, $2.3 million remains available for repurchase under the program.

The Company and MUFG Union Bank, N.A. ("**Union Bank**"), have entered into a Loan Agreement dated February 26, 2013, as amended on September 10, 2013, January 13, 2014, May 20, 2015, June 1, 2016, June 28, 2017 and December 27, 2017 (the original Loan Agreement, as amended to date, is referred to collectively as the "**Credit Facility Agreement**"). Until December 31, 2017, the Credit Facility Agreement provided for (i) a $9.0 million term loan ("**Term Loan 1**"); (ii) a $15.0 million term loan ("**Term Loan 2**"); and (iii) an $8.0 million working capital revolving line of credit ("**Revolving Loan**"). Term Loan 1 and Term Loan 2 were fully paid as of December 31, 2017. The outstanding balance of the Revolving Loan as of December 31, 2017 was $8.0 million.

Borrowings under the Revolving Loan bear interest at either (i) the LIBOR plus 2.50% or (ii) the bank's Reference Rate (prime rate) minus 0.50%, at the option of the Company. Interest under the Revolving Loan adjusts (i) at the end of each LIBOR rate period (1, 2, 3, 6 or 12 months terms) selected by the Company, if the LIBOR rate is selected; or (ii) with changes in Union Bank's Reference Rate, if the Reference Rate is selected. The Company pays a commitment fee of 0.10% per year on the unused portion of the Revolving Loan, payable quarterly in arrears. Borrowings under the Revolving Loan are secured by a first priority security interest on all of the Company's personal property (including, but not limited to, accounts receivable) and proceeds thereof. The maturity date of the Revolving Loan is January 5, 2021. Borrowings under the Revolving Loan may be used as a source to finance working capital, capital expenditures, acquisitions and stock buybacks and for other general corporate purposes.

The Credit Facility Agreement contains certain customary affirmative and negative covenants and restrictive and financial covenants, which the Company was in compliance with as of December 31, 2017. The Company is in negotiations with Union Bank regarding possible amendments to the Credit Facility Agreement to be effective prior to March 31, 2018, which amendments could require a partial paydown of the Revolver Loan. In the event these amendments are not entered into prior to March 31, 2018, the Company anticipates that it will pay off the Revolving Loan in full.

We believe our current cash and cash equivalent balances together with anticipated cash flows from operations will be sufficient to satisfy our working capital and capital expenditure requirements for at least the next 12 months.

Net Cash Provided by Operating Activities. Net cash provided by operating activities in 2017 of $11.5 million resulted primarily from net loss of $65.0 million, adjustments for non-cash charges to earnings of $75.9 million and an increase in working capital.

Net cash provided by operating activities in 2016 of $18.2 million resulted primarily from net income of $3.9 million, adjustments for non-cash charges to earnings of $13.4 million and an increase in working capital.

Net Cash Used in Investing Activities. Net cash used in investing activities of $10.4 million in 2017 primarily consisted of $1.8 million in purchases of property and equipment and expenditures related to capitalized internal use software and $8.6 million used to purchase intangible assets.

Net cash used in investing activities of $2.8 million in 2016 primarily consisted of a $0.4 million investment in GoMoto, a $0.3 million in a short-term investment and $2.1 million in purchases of property and equipment and expenditures related to capitalized internal use software.

Net Cash (Used in) Provided by Financing Activities. Net cash used in financing activities of $14.6 million in 2017 consisted of payments on term loan borrowings of $14.1 million and cash used to repurchase Company common stock of $1.9 million. Stock options for 248,344 shares of the Company's common stock were exercised in the year ended December 31, 2017 resulting in $1.4 million of cash inflow.

Net cash used in financing activities of $0.9 million in 2016 consisted of payments on term loan borrowings of $3.9 million. Stock options for 386,001 shares of the Company's common stock were exercised in the year ended December 31, 2016 resulting in $3.1 million of cash inflow.

Contractual Obligations

The following table provides aggregated information about our outstanding contractual obligations as of December 31, 2017 (in thousands):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term Debt Obligations (a)	$ 9,000	$ —	$ 1,000	$ 8,000	$ —
Operating Lease Obligations (b)	5,467	1,526	2,349	920	672
Total	$ 14,467	$ 1,526	$ 3,349	$ 8,920	$ 672

(a) Long-term debt obligations as defined by ASC 470, "Debt," and disclosed in Note 5 and 6 of the consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

(b) Operating lease obligations as defined by ASC 840, "Leases," and disclosed in Note 7 of the consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements.

Critical Accounting Policies and Estimates

We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America ("**U.S. GAAP**"), which require us 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. We believe the following critical accounting policies, among others, require significant judgment in determining estimates and assumptions used in the preparation of our consolidated financial statements. Accordingly, actual results could differ materially from our estimates. To the extent that there are material differences between these estimates and our actual results, our financial condition or results of operations may be affected. For a detailed discussion of the application of these and other accounting policies, see Note 2 of the "Notes to Consolidated Financial Statements" in Part II, Item 8 "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Revenue Recognition. Leads consist of vehicle buying Leads for new and used vehicles request fees. Fees paid by Dealers and Manufacturers participating in our Lead programs are comprised of monthly transaction and/or subscription fees. Advertising revenues represent fees for display advertising on our websites and fees from our click program.

We recognize revenues when evidence of an arrangement exists, pricing is fixed and determinable, collection is reasonably assured, and delivery or performance of service has occurred. Leads are generally recognized as revenues in the period the service is provided. Advertising revenues are generally recognized in the period the advertisements are displayed on our websites and the period in which clicks have been delivered. Fees billed prior to providing services are deferred, as they do not satisfy all U.S. GAAP revenue recognition criteria. Deferred revenues are recognized as revenue over the periods services are provided.

Investments. We make strategic investments because we believe that they may allow us to increase market share, benefit from advancements in technology and strengthen our business operations by enhancing our product and service offerings.

Allowances for Bad Debt and Customer Credits. We estimate and record allowances for potential bad debts and customer credits based on factors such as the write-off percentages, the current business environment and known concerns within our accounts receivable balances.

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

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

If there is a decline in the general economic environment that negatively affects the financial condition of our customers or an increase in the number of customers that are dissatisfied with our services, additional estimated allowances for bad debts and customer credits may be required and the impact on our business, results of operations or financial condition could be material. We generally do not require collateral to support our accounts receivables.

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

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

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

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

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

Our investments at December 31, 2017 and 2016 consisted primarily of investments in SaleMove, Inc. ('**SaleMove**") and GoMoto and are accounted for under the cost method. Although there is no established market for these investments, we evaluated the investments for impairment by comparing them to an estimated fair value and determined that there is no impairment.

The following table presents the Company's investment activity for 2017 and 2016 (dollars in thousands):

Description	Note receivable-long-term	Note receivable-current	Investments
Balance at December 31, 2015	$ 375	$ —	$ 680
Purchases, (sales), issuances and (settlements), net	(375)	750	—
Balance at December 31, 2016	—	750	680
Reserve for notes receivable	—	(750)	—
Net balance at December 31, 2016	—	—	680
Write-offs	—	—	(580)
Net balance at December 31, 2017	$ —	$ —	$ 100

The Company recorded an impairment of its investment in SaleMove as of December 31, 2017 because we do not believe SaleMove's cash balance is sufficient to sustain its cash burn rate as of December 31, 2017. The Company recorded a reserve against the current notes receivable related to GoMoto as of December 31, 2016 because the Company believes the amounts may not be recoverable.

Variable Interest Entities. We have an investment in an entity that is considered a variable interest entity ("**VIE**") under U.S. GAAP. We have concluded that our investment in SaleMove qualifies as a variable interest and SaleMove is a VIE. VIEs are legal entities in which the equity investors do not have sufficient equity at risk for the entity to independently finance its activities or the collective holders do not have the power through voting or similar rights to direct the activities of the entity that most significantly impacts its economic performance, the obligation to absorb the expected losses of the entity, or the right to receive expected residual returns of the entity. Consolidation of a VIE is considered appropriate if a reporting entity is the primary beneficiary, the party that has both significant influence and control over the VIE. Management periodically performs a qualitative analysis to determine if the Company is the primary beneficiary of a VIE. This analysis includes review of the VIEs' capital structures, contractual terms, and primary activities, including the Company's ability to direct the activities of the VIEs and obligations to absorb losses, or the right to receive benefits, significant to the VIEs. Additionally, changes in our various equity investments have in the past resulted in a reconsideration event

Based on our analysis, AutoWeb is not the primary beneficiary of SaleMove. Accordingly, SaleMove does not meet the criteria for consolidation. The SaleMove Advances are classified as an other long-term asset on the consolidated balance sheet as of December 31, 2017. The carrying value and maximum potential loss exposure from SaleMove was zero and $0.6 million as of December 31, 2017 and 2016, respectively.

Capitalized Internal Use Software and Website Development Costs. We capitalize costs to develop internal use software in accordance with Accounting Standards Codification ("**ASC**") 350-40, Internal-Use Software, and ASC 350-50, Website Development Costs, which require the capitalization of external and internal computer software costs and website development costs, respectively, incurred during the application development stage. The application development stage is characterized by software design and configuration activities, coding, testing and installation. Training and maintenance costs are expensed as incurred while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized internal use software development costs are amortized using the straight-line method over an estimated useful life of three years. Capitalized website development costs, once placed in service are amortized using the straight-line method over the estimated useful lives of the related websites.

Share-Based Compensation Expense. We account for our share-based compensation using the fair value method in accordance with the Stock Compensation Topic of the Codification. Under these provisions, we recognize share-based compensation net of an estimated forfeiture rate and therefore only recognize compensation cost for those shares expected to vest over the service period of the award. The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option pricing model based on the underlying common stock closing price as of the date of grant, the expected term, expected stock price volatility and expected risk-free interest rates.

Calculating share-based compensation expense requires the input of highly subjective assumptions, including the expected term of the share-based awards, expected stock price volatility and expected pre-vesting option forfeitures. We estimate the expected life of options granted based on historical experience, which we believe is representative of future behavior. We estimate the volatility of the price of our common stock at the date of grant based on historical volatility of the price of our common stock for a period equal to the expected term of the awards. We have used historical volatility because we have a limited number of options traded on our common stock to support the use of an implied volatility or a combination of both historical and implied volatility. The assumptions used in calculating the fair value of share-based awards represent our best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our share-based compensation expense could be materially different in the future. In addition, we elected to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. We estimate the forfeiture rate based on historical experience of our share-based awards that are granted, exercised or cancelled. If our actual forfeiture rate is materially different from our estimate, the share-based compensation expense could be significantly different from what we have recorded in the current period.

Income Taxes. We account for income taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. We record a valuation allowance, if necessary, to reduce deferred tax assets to an amount we believe is more likely than not to be realized.

As of December 31, 2017, we had $0.5 million of unrecognized tax benefits. Our policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2017, we did not accrue interest associated with our unrecognized tax benefits, and no interest expense was recognized in 2017.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation known as the TCJA. The TCJA establishes new tax laws that will take effect in 2018, including, but not limited to (1) reduction of the U.S. federal corporate tax rate from a maximum of 35% to 21%; (2) elimination of the corporate alternative minimum tax ("**AMT**"); (3) a new limitation on deductible interest expense; (4) one-time transition tax on certain deemed repatriated earnings of foreign subsidiaries ("**Transition Tax**"); (5) limitations on the deductibility of certain executive compensation; (6) changes to the bonus depreciation rules for fixed asset additions: and (7) limitations on net operating losses ("**NOLs**") generated after December 31, 2017, to 80% of taxable income.

ASC 740, Income Taxes, requires the effects of changes in tax laws to be recognized in the period in which the legislation is enacted. However, due to the complexity and significance of the TCJA's provisions, the SEC staff issued Staff Accounting Bulletin 118 ("**SAB 118**"), which provides guidance on accounting for the tax effects of the TCJA. SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the TCJA for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the TCJA is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the TCJA.

At December 31, 2017, we have not completed our accounting for the tax effects of enactment of the TCJA; however, we have made a reasonable estimate of the effects of the TCJA's change in the federal rate and revalued our deferred tax assets based on the rates at which they are expected to reverse in the future, which is generally the new 21% federal corporate tax rate plus applicable state tax rate. We recorded a decrease in deferred tax assets and deferred tax liabilities of $11.7 million and $0.0 million, respectively, with a corresponding net adjustment to deferred income tax expense of $11.7 million for the year ended December 31, 2017. In addition, we recognized a deemed repatriation of $0.6 million of deferred foreign income from our Guatemala subsidiary, which did not result in any incremental tax cost after application of foreign tax credits. Our provisional estimates will be adjusted during the measurement period defined under SAB 118, based upon ongoing analysis of data and tax positions along with the new guidance from regulators and interpretations of the law.

Goodwill. Goodwill represents the excess of the purchase price for business acquisitions over the fair value of identifiable assets and liabilities acquired. We evaluate the carrying value of enterprise goodwill for impairment by comparing the enterprise's carrying value to its fair value. If the fair value is less than the carrying value, enterprise goodwill is potentially impaired. We evaluate enterprise goodwill, at a minimum, on an annual basis in the fourth quarter of each year or whenever events or changes in circumstances suggest that the carrying amount of goodwill may be impaired. During 2015 we recognized $22.0 million in goodwill related to the acquisitions of Dealix/Autotegrity and AutoWeb. As of December 31, 2016, we adjusted goodwill by $82,000 as a result of purchase price allocation adjustments and no goodwill impairment was recorded during the year. As a result of our annual impairment testing, a non-cash impairment charge of $37.7 million was recorded during 2017.

Impairment of Long-Lived Assets and Intangible Assets. We periodically review long-lived assets to determine if there is any impairment of these assets. We assess the impairment of these assets, or the need to accelerate amortization, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Our judgments regarding the existence of impairment indicators are based on legal factors, market conditions and operational performance of our long-lived assets and other intangibles. Future events could cause us to conclude that impairment indicators exist and that the assets should be reviewed to determine their fair value. We assess the assets for impairment based on the estimated future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value. Fair value is generally determined based on a valuation process that provides an estimate of a fair value of these assets using a discounted cash flow model, which includes many assumptions and estimates. Once the valuation is determined, we will write-down these assets to their determined fair value, if necessary. Any write-downs could have a material adverse effect on our financial condition and results of operations. We recorded a $0.6 million impairment in our investment in SaleMove because we do not believe SaleMove's cash balance is sufficient to sustain its cash burn rate as of December 31, 2017. We did not record any impairment of long-lived assets in 2016 and 2015.

Indefinite-lived intangible assets. Indefinite-lived intangible assets consists of a domain name, which was acquired as part of the Dealix/Autotegrity acquisition in 2015, which is tested for impairment annually, or more frequently if an event occurs or circumstances changes that would indicate that impairment may exist. When evaluating indefinite-lived intangible assets for impairment, we may first perform a qualitative analysis to determine whether it is more likely than not that the indefinite-lived intangible assets is impaired. If we do not perform the qualitative assessment, or if we determine that it is more likely than not that the fair value of the indefinite-lived intangible asset exceeds its carrying amount, we will calculate the estimated fair value of the indefinite-lived intangible asset. Fair value is the price a willing buyer would pay for the indefinite-lived intangible asset and is typically calculated using an income approach. If the carrying amount of the indefinite-lived intangible asset exceeds the estimated fair value, an impairment charge is recorded to reduce the carrying value to the estimated fair value. We did not record any impairment of indefinite-lived intangible assets in 2017 and 2016.

Recent Accounting Pronouncements

See Note 2 of the "Notes to Consolidated Financial Statements" in Part II, Item 8, Financial Statements and Supplementary Data of this Annual Report on Form 10-K for recent accounting pronouncements.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

The Company does not use financial instruments for trading. Our primary exposure to market risk is interest rate sensitivity related to our Credit Facility Agreement. The effect of a hypothetical 10% change in interest rates would have increased our interest expense by $73,000 in the year ended December 31, 2017.

Item 8. *Financial Statements and Supplementary Data*

Our Consolidated Balance Sheets as of December 31, 2017 and 2016 and our Consolidated Statements of Operations and Comprehensive Income (Loss), Stockholders' Equity and Cash Flows for each of the years in the three-year period ended December 31, 2017, together with the report of our independent registered public accounting firm, 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 9A. ***Controls and Procedures***

Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures that are designed to ensure that material information relating to the Company and its subsidiaries required to be disclosed by us in the reports that are filed under the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), is recorded, processed, summarized and reported in the time periods specified in the SEC's rules and forms, and that this information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only a reasonable assurance of achieving the desired control objectives, and management was necessarily required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2017. As a result of the identification of the material weakness described below under "Management's Report on Internal Control Over Financial Reporting," management has concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2017.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) under the Exchange Act. Under the supervision and with the participation of management, including the Company's chief executive officer and chief financial officer, management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2017. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or fraud. In making this assessment, management used the criteria set forth in the framework issued by the COSO entitled *Internal Control—Integrated Framework (2013)*. As a result of the identification of the material weakness described below, management has concluded that the Company's internal control over financial reporting was not effective as of December 31, 2017.

On March 14, 2018, Moss Adams LLP, our independent registered public accounting firm, provided us the following assessment ("**Moss Adams Assessment**") in connection with their attestation report on our internal control over financial reporting as of December 31, 2017, which appears in Part IV, Item 15, Exhibits and Financial Statement Schedules of this Annual Report on Form 10-K:

> In connection with the evaluation and measurement of goodwill for impairment and valuation of deferred tax assets, we believe the Company's management review controls were not effectively designed to operate at a sufficient level of precision, or there was not sufficient evidence to demonstrate the controls were designed to operate at a sufficient level of precision, necessary to prevent or detect a material misstatement on a timely basis. Specifically, we believe the Company did not adequately evidence management's expectations, criteria for investigation, and the level of precision used in the performance of the controls. We also believe the controls did not sufficiently evidence the completeness and accuracy of key assumptions and other data used by management in the operation of controls. The aggregation of control deficiencies in these areas resulted in a material weakness related to internal control over financial reporting.

Representatives of Moss Adams discussed their assessment with members of our audit committee of the board of directors.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Our management is in the process of evaluating the Moss Adams Assessment and intends to promptly remediate the material weakness identified in the Moss Adams Assessment. We note that our management did in fact perform procedures designed to prevent any material misstatement of the Company's annual or interim financial statements with respect to the evaluation and measurement of goodwill for impairment and valuation of deferred tax assets, including the engagement of independent third parties to assist management in its evaluation and measurement of goodwill for impairment and valuation of deferred tax assets. We also note that the material weakness identified in the Moss Adams Assessment did not result in a material misstatement of the Company's consolidated financial statements for the year ended December 31, 2017.

Any controls and procedures, no matter how well designed and operated can only provide reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of all possible controls and procedures.

Changes in Internal Control Over Financial Reporting

There have been no changes in internal controls over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 of the Exchange Act that have occurred during the fourth quarter of fiscal year 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Beginning January 1, 2018, we implemented internal controls to ensure we have adequately evaluated our contracts and properly assessed the impact of the new accounting standards related to revenue recognition to facilitate adoption on that date. We do not expect significant changes to our internal control over financial reporting due to the adoption of the new standard.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2017 has been audited by Moss Adams LLP, the Company's independent registered public accounting firm, as stated in their attestation report, which is included below in Part IV, Item 15, Exhibits and Financial Statement Schedules of this Annual Report on Form 10-K.

Item 9B. ***Other Information***

Not applicable.

PART III

Information called for by the Items included under this Part III is incorporated by reference to the sections listed below of our definitive Proxy Statement for our 2018 Annual Meeting of Stockholders that will be filed not later than 120 days after December 31, 2017 (“**2018 Proxy Statement**”).

Item 10 ***Directors, Executive Officers and Corporate Governance***

The information called for by this Item 10 is incorporated by reference to the following sections of the 2018 Proxy Statement: “Proposal 1-Nomination and Election of Directors;” “Board of Directors;” “Executive Officers;” “Section 16(a) Beneficial Ownership Reporting Compliance;” and the following paragraphs under the section “Corporate Governance Matters” “--Committees of the Board of Directors—Audit Committee,” and “--Code of Conduct and Ethics.”

Item 11 ***Executive Compensation***

The information called for in this Item 11 is incorporated by reference to the following sections of the 2018 Proxy Statement: “Executive Compensation,” “Corporate Governance Matters--Compensation Committee Interlocks and Insider Participation” and “--Board’s Role in Oversight of Risk,” and “Executive Compensation--Compensation Discussion and Analysis” and “--Compensation Committee Report.”

Item 12 ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information called for in this Item 12 is incorporated by reference to the following sections of the 2018 Proxy Statement: “Security Ownership of Certain Beneficial Owners and Management” and “Executive Compensation-- Equity Compensation Plans.”

Item 13 ***Certain Relationships and Related Transactions, and Director Independence***

The information called for in this Item 13 is incorporated by reference to the following sections of the 2018 Proxy Statement: “Corporate Governance Matters--Certain Relationships and Related Party Transactions” and “--Director Independence.”

Item 14 ***Principal Accountant Fees and Services***

The information called for in this Item 14 is incorporated by reference to the following sections of the 2018 Proxy Statement: “Independent Registered Public Accounting Firm and Audit Committee Report--Principal Accountant Fees and Services,” “--Audit Fees,” “--Audit Related Fees,” and “--Pre-Approval Policy for Services.”

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PART IV

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

(a) The following documents are filed as a part of this Annual Report on Form 10-K:

(1) *Financial Statements:*

(2) *Financial Statement Schedules:*

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

(3) *Exhibits:*

The exhibits filed or furnished as part of this Annual Report on Form 10-K are those listed in the following Exhibit Index.

EXHIBIT INDEX

Number	Description
2.1‡	Membership Interest Purchase Agreement dated as of January 13, 2014 by and among Company, AutoNation, Inc., a Delaware corporation, and AutoNationDirect.com, Inc., a Delaware corporation, incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on January 17, 2014 (SEC File No. 001-34761) ("**January 2014 Form 8-K**")
2.2 ‡	Agreement and Plan of Merger dated as of October 1, 2015 by and among Company, New Horizon Acquisition Corp., a Delaware corporation, Autobytel, Inc. (formerly AutoWeb, Inc.), a Delaware corporation, and José Vargas, incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on October 6, 2015 (SEC File No. 001-34761) ("**October 2015 Form 8-K**")
2.3‡	Asset Purchase and Sale Agreement dated as of December 19, 2016 by and among Company, Car.com, Inc., a Delaware corporation, and Internet Brands, Inc., a Delaware corporation, incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on December 21, 2016 (SEC File No. 001-34761)
3.1	Sixth Restated Certificate of Incorporation of AutoWeb, Inc. (filed with the Secretary of the State of Delaware on October 9, 2017), incorporated by reference to Exhibit 3.4 to the Current Report on Form 8-K filed with the SEC on October 10, 2017 (SEC File No. 001-34761) ("**October 2017 Form 8-K**")
3.2	Seventh Amended and Restated Bylaws of AutoWeb dated October 9, 2017, incorporated by reference to Exhibit 3.5 to the October 2017 Form 8-K
4.1	Form of Common Stock Certificate of Company, incorporated by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001 filed with the SEC on November 14, 2001 (SEC File No. 000-22239)
4.2	Tax Benefit Preservation Plan dated as of May 26, 2010 between Company and Computershare Trust Company, N.A., as rights agent, together with the following exhibits thereto: Exhibit A – Form of Right Certificate; and Exhibit B – Summary of Rights to Purchase Shares of Preferred Stock of Company, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on June 2, 2010 (SEC File No. 000-22239), Amendment No. 1 to Tax Benefit Preservation Plan dated as of April 14, 2014, between Company and Computershare Trust Company, N.A., as rights agent, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on April 16, 2014 (SEC File No. 001-34761), Amendment No. 2 to Tax Benefit Preservation Plan dated as of April 13, 2017, between Company and Computershare Trust Company, N.A., as rights agent, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on April 14, 2017 (SEC File No. 001-34761)
4.3	Certificate of Adjustment Under Section 11(m) of the Tax Benefit Preservation Plan, incorporated by reference to Exhibit 4.3 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012 filed with the SEC on November 8, 2012 (SEC File No. 001-34761)
10.1■	Autobytel.com Inc. 1998 Stock Option Plan, incorporated by reference to Exhibit 10.8 to Amendment No. 1 to S-1 Registration Statement filed with the SEC on February 9, 1999 (SEC File No. 333-70621), as amended by Amendment No. 1 dated September 22, 1999 to Autobytel.com Inc. 1998 Stock Option Plan, incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999 filed with the SEC on November 12, 1999 (SEC File No. 000-22239), and as amended by Amendment No. 2 dated December 5, 2001 to the Autobytel.com Inc. 1998 Stock Option Plan and Form of Stock Option Agreement under the Autobytel.com Inc. 1998 Stock Option Plan, incorporated by reference to Exhibits (d)(5) and (d)(14), respectively, to the Schedule TO filed with the SEC on December 14, 2001 (SEC File No. 005-58067) ("**Schedule TO**")
10.2■	Autobytel.com Inc. 1999 Employee and Acquisition Related Stock Option Plan, incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-8 filed with the SEC on November 1, 1999 (SEC File No. 333-90045), as amended by Amendment No. 1 dated December 5, 2001 to the Autobytel.com Inc. 1999 Employee and Acquisition Related Stock Option Plan, and Form of Stock Option Agreement under the Autobytel.com Inc. 1999 Employee and Acquisition Related Stock Option Plan, incorporated by reference to Exhibits (d)(10) and (d)(16), respectively, to the Schedule TO, and Amendment No. 2 to the Autobytel.com Inc. 1999 Employee and Acquisition Related Stock Option Plan dated May 1, 2009, incorporated by reference to Exhibit 10.86 to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009 filed with the SEC on July 24, 2009 (SEC File No. 000-22239) ("**Second Quarter 2009 Form 10-Q**")
10.3■	Form of Employee Stock Option Agreement under the Autobytel.com Inc. 1998 Stock Option Plan and the Autobytel.com Inc. 1999 Employee and Acquisition Related Stock Option Plan, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on October 3, 2008 (SEC File No. 000-22239) ("**October 2008 Form 8-K**")

10.4■	Autobytel.com Inc. 2000 Stock Option Plan, incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-8 filed with the SEC on June 15, 2000 (SEC File No. 333-39396); as amended by Amendment No. 1 dated December 5, 2001 to the Autobytel.com Inc. 2000 Stock Option Plan and Form of Stock Option Agreement under the Autobytel.com Inc. 2000 Stock Option Plan, incorporated by reference to Exhibits (d)(12) and (d)(17), respectively, to the Schedule TO; Amendment No. 2 to the Autobytel.com Inc. 2000 Stock Option Plan, incorporated by reference to Exhibit 10.46 to the Annual Report on Form 10-K for the Year Ended December 31, 2001 filed with the SEC on March 22, 2002 (SEC File No. 000-22239); and as amended by Amendment No. 3 to the Autobytel.com Inc. 2000 Stock Option Plan dated May 1, 2009, incorporated by reference to Exhibit 10.87 to the Second Quarter 2009 Form 10-Q
10.5■	Autobytel Inc. Amended and Restated 2001 Restricted Stock and Option Plan, incorporated by reference to Exhibit 4.7 to the Post-Effective Amendment to Registration Statement on Form S-8 filed with the SEC on July 31, 2003 (SEC File No. 333-67692); as amended by Amendment No. 1 to the Autobytel Inc. Amended and Restated 2001 Restricted Stock and Option Plan dated May 1, 2009, incorporated by reference to Exhibit 10.88 to the Second Quarter 2009 Form 10-Q; and Form of Restricted Stock Award Agreement under the Autobytel Inc. Amended and Restated 2001 Restricted Stock and Option Plan, incorporated by reference to Exhibit 10.1 to the October 2008 Form 8-K
10.6■	Form of Employee Stock Option Agreement under the Autobytel Inc. Amended and Restated 2001 Restricted Stock and Option Plan, incorporated by reference to Exhibit 10.8 to the Annual Report on Form 10-K for the Year Ended December 31, 2014 filed with the SEC on February 26, 2015 (SEC File No. 001-34761)
10.7■	Autobytel Inc. 2004 Restricted Stock and Option Plan and Form of Employee Stock Option Agreement under the Autobytel Inc. 2004 Restricted Stock and Option Plan, incorporated by reference to Exhibits 4.8 and 4.9, respectively, to the Registration Statement on Form S-8 filed with the SEC on June 28, 2004 (SEC File No. 333-116930); as amended by Amendment No. 1 to the Autobytel Inc. 2004 Restricted Stock and Option Plan dated May 1, 2009, incorporated by reference to Exhibit 10.89 to the Second Quarter 2009 Form 10-Q; Form of Outside Director Stock Option Agreement under the Autobytel Inc. 2004 Restricted Stock and Option Plan, incorporated by reference to Exhibit 10.2 to the November 2004 Form 8-K; Form of Stock Option Agreement under the Autobytel Inc. 2004 Restricted Stock and Option Plan, incorporated by reference to Exhibit 10.65 to the Annual Report on Form 10-K for the Year Ended December 31, 2004 filed with the SEC on May 31, 2005 (SEC File No. 000-22239); and Form of Outside Director Stock Option Agreement and Form of Letter Agreement (amending certain stock option agreements with Outside Directors) under the 2004 Restricted Stock and Option Plan, incorporated by reference to Exhibits 10.1 and 10.2 to the Current Report on Form 8-K filed with the SEC on September 14, 2005 (SEC File No. 000-22239)
10.8■	Autobytel Inc. 2006 Inducement Stock Option Plan and Form of Employee Inducement Stock Option Agreement, incorporated by reference to Exhibits 4.9 and 4.10, respectively, to the Registration Statement on Form S-8 filed with the SEC on June 16, 2006 (SEC File No. 333-135076); and as amended by Amendment No. 1 to the Autobytel Inc. 2006 Inducement Stock Option Plan dated May 1, 2009, incorporated by reference to Exhibit 10.90 to the Second Quarter 2009 Form 10-Q
10.9■	Autobytel Inc. 2010 Equity Incentive Plan, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on June 25, 2010 (SEC File No. 001-34761); Form of Employee Stock Option Award Agreement, Form of 2012 Performance-Based Stock Option Award Agreement, Form of Non-Employee Director Stock Option Award Agreement and Form of (Management) Employee Stock Option Award Agreement under the Autobytel Inc. 2010 Equity Incentive Plan, incorporated by reference to Exhibits 10.58, 10.59, 10.60 and 10.61, respectively, to the Annual Report on Form 10-K for the Year Ended December 31, 2011 filed with the SEC on March 1, 2012 (SEC File No. 001-34761) (“**2011 Form 10-K**”); and Form of 2013 Performance-Based Stock Option Award Agreement under the Autobytel Inc. 2010 Equity Incentive Plan, incorporated by reference to Exhibit 10.79 to the Annual Report on Form 10-K for the Year Ended December 31, 2012 filed with the SEC on February 28, 2013 (SEC File No. 001-34761) (“**2012 Form 10-K**”)
10.10■	AutoWeb, Inc. (formerly Autobytel Inc.) 2014 Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on June 23, 2014 (SEC File No. 001-34761) (“**June 2014 Form 8-K**”)
10.11■*	Amended and Restated AutoWeb, Inc. (formerly Autobytel Inc.) 2014 Equity Incentive Plan (supersedes and replaces the AutoWeb, Inc. (formerly Autobytel Inc.) 2014 Equity Incentive Plan filed under Exhibit 10.1 to the June 2014 Form 8-K)

10.12■*	Form of Non-Employee Director Stock Option Award Agreement under the Amended and Restated AutoWeb, Inc. (formerly Autobytel Inc.) 2014 Equity Incentive Plan
10.13■*	Form of Executive Stock Option Award Agreement under the Amended and Restated AutoWeb, Inc. (formerly Autobytel Inc.) 2014 Equity Incentive Plan
10.14■*	Form of Non-Executive Employee Stock Option Award Agreement under the Amended and Restated AutoWeb, Inc. (formerly Autobytel Inc.) 2014 Equity Incentive Plan
10.15■*	Form of Subsidiary Employee Stock Option Award Agreement under the Amended and Restated AutoWeb, Inc. (formerly Autobytel Inc.) 2014 Equity Incentive Plan
10.16■*	Form of Restricted Stock Award Agreement under the Amended and Restated AutoWeb, Inc. (formerly Autobytel Inc.) 2014 Equity Incentive Plan
10.17■	Letter Agreement dated October 10, 2006 between Company and Glenn E. Fuller, as amended by Memorandum dated April 18, 2008, Memorandum dated as of December 8, 2008, and Memorandum dated as of March 1, 2009, incorporated by reference to Exhibit 10.77 to the Annual Report on Form 10-K for the Year Ended December 31, 2008 filed with the SEC on March 13, 2009 (SEC File No. 000-22239) ("**2008 Form 10-K**"); and as amended by Memorandum dated January 31, 2017, incorporated by reference to Exhibit 10.13 to the Annual Report on Form 10-K for the Year Ended December 31, 2016 filed with the SEC on March 9, 2017 (SEC File No. 001-34761) ("**2016 Form 10-K**")
10.18■	Amended and Restated Severance Agreement dated as of September 29, 2008 between Company and Glenn E. Fuller, incorporated by reference to Exhibit 10.4 to the October 2008 Form 8-K; as amended by Amendment No. 1 dated December 14, 2012, incorporated by reference to Exhibit 10.73 to the 2012 Form 10-K
10.19■	Letter Agreement dated August 6, 2004 between Company and Wesley Ozima, as amended by Memorandum dated March 1, 2009, incorporated by reference to Exhibit 10.81 to the 2008 Form 10-K; and as amended by Memorandums dated January 22, 2016 and January 31, 2017, incorporated by reference to Exhibit 10.16 to the Annual Report on Form 10-K for the Year Ended December 31, 2016 filed with the 2016 Form 10-K
10.20■	Amended and Restated Severance Agreement dated as of November 15, 2008 between Company and Wesley Ozima, incorporated by reference to Exhibit 10.82 to the 2008 Form 10-K; and as amended by Amendment No. 1 dated October 16, 2012, incorporated by reference to Exhibit 10.74 to the 2012 Form 10-K
10.21■	Stock Option Award Agreement under the Autobytel Inc. 2000 Stock Option Plan, Stock Option Award Agreement under the Autobytel Inc. Amended and Restated 2001 Restricted Stock and Option Plan, and Stock Option Award Agreement under the Autobytel Inc. 2004 Restricted Stock and Option Plan each dated effective as of April 3, 2009 between Company and Jeffrey H. Coats, incorporated by reference to Exhibits 10.92, 10.93 and 10.94, respectively, to the Second Quarter 2009 Form 10-Q; Employee Stock Option Award Agreement under the Amended and Restated AutoWeb, Inc. (formerly Autobytel Inc.) 2014 Equity Incentive Plan and Employee Stock Option Award Agreement under the Amended and Restated AutoWeb, Inc. (formerly Autobytel Inc.) 2014 Equity Incentive Plan, each dated as of January 21, 2016 between Company and Jeffrey H. Coats, incorporated by reference to Exhibits 10.2 and 10.3, respectively, to the Current Report on Form 8-K filed with the SEC January 27, 2016 (SEC File No. 001-34761) ("**January 2016 Form 8-K**")
10.22■	Second Amended and Restated Employment Agreement dated as of April 3, 2014 between Company and Jeffrey H. Coats, incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed with the SEC on April 8, 2014 (SEC File No. 001-34761); as amended by Amendment No. 1 dated January 21, 2016, incorporated by reference to Exhibit 10.1 to the January 2016 Form 8-K; and as amended by Amendment No. 2 dated September 21, 2016, incorporated by reference to Exhibit 10.3 to the Form 8-K filed with the SEC on September 26, 2016 (SEC File No. 001-34761) ("**September 2016 Form 8-K**")
10.23■	Form of Amended and Restated Indemnification Agreement between Company and its directors and officers, incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed with the SEC on July 22, 2010 (SEC File No. 001-34761)
10.24■*	Form of Indemnification Agreement between the Company and its directors and officers

10.25■	Revised Offer of Employment Letter dated March 9, 2010 between Company and Kimberly Boren, as amended by Memorandum dated December 21, 2010 and Memorandum dated as of December 1, 2011, is incorporated by reference to Exhibit 10.73 to the 2011 Form 10-K; and as amended by Memorandum dated September 21, 2016, incorporated by reference to Exhibit 10.4 to September 2016 Form 8-K
10.26■	Amended and Restated Severance Benefits Agreement dated as of February 25, 2011 between Company and Kimberly Boren, incorporated by reference to Exhibit 10.74 to the 2011 Form 10-K; as amended by Amendment No. 1 to Amended and Restated Severance Benefits Agreement dated November 14, 2012 between Company and Kimberly Boren, incorporated by reference to Exhibit 10.70 to the 2012 Form 10-K
10.27■	Restricted Stock Award Agreement under the AutoWeb, Inc. (formerly Autobytel Inc.) 2014 Equity Incentive Plan and Amended and Restated Letter Agreement dated as of April 23, 2015 between Company and William Ferriolo, incorporated by reference to Exhibits 10.3 and 10.5, respectively, to the Current Report on Form 8-K filed with the SEC on April 29, 2015 (SEC File No. 001-34761) (“**April 2015 Form 8-K**”)
10.28■	Amended and Restated Letter Agreement dated as of April 23, 2015 between Company and William Ferriolo, incorporated by reference to Exhibit 10.5 to the April 2015 Form 8-K; as amended by Amendment No. 1 dated January 22, 2016, incorporated by reference to Exhibit 10.4 to the January 2016 Form 8-K; and as amended by Amendment No. 2 dated December 15, 2016, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on December 2, 2016 (SEC File No. 001-34761) (“**December 2016 Form 8-K**”)
10.29■	Letter Agreement dated May 21, 2007 between Company and John Steerman, as amended by Memorandum dated March 20, 2009, Memorandum dated September 30, 2009, and Memorandum dated December 1, 2011, incorporated by reference to Exhibit 10.77 to the 2011 Form 10-K; and as amended by Memorandum dated January 22, 2016, incorporated by reference to Exhibit 10.29 to the 2016 Form 10-K
10.30■	Severance Agreement dated as of October 1, 2009 between Company and John Steerman, incorporated by reference to Exhibit 10.78 to the 2011 Form 10-K; and as amended by Amendment No. 1 dated September 19, 2012 and Amendment No. 2 dated November 7, 2012, incorporated by reference to Exhibits 10.75 and 10.76, respectively, to the 2012 Form 10-K
10.31■	Amended and Restated Employment Agreement dated April 24, 2013 between Company and John Skocilic Jr., as amended by Memorandum dated January 22, 2016 and Memorandum dated January 31, 2017, incorporated by reference to Exhibit 10.51 to the 2016 Form 10-K
10.32■	Amended and Restated Severance Benefits Agreement dated May 1, 2013 between Company and John Skocilic Jr., incorporated by reference to Exhibit 10.49 to the 2015 Form 10-K
10.33■	Employment Offer Letter Agreement dated September 17, 2010 between Company and Ralph Smith, as amended by Memorandum dated January 1, 2013, Memorandum dated July 1, 2013, and Memorandum dated January 28, 2016, incorporated by reference to Exhibit 10.47 to the 2016 Form 10-K
10.34■	Amended and Restated Severance Benefits Agreement dated July 1, 2013 between Company and Ralph Smith, incorporated by reference to Exhibit 10.48 to the 2016 Form 10-K
10.35■*	Memorandum dated July 16, 2016, amending Employment Offer Letter Agreement dated September 17, 2010 between Company and Ralph Smith
10.36■*	Memorandum dated February 20, 2018, amending Employment Offer Letter Agreement dated September 17, 2010 between Company and Ralph Smith
10.37■	Employment Offer Letter dated February 14, 2014 between Company and Taren Peng, as amended by Memorandum dated January 31, 2017, incorporated by reference to Exhibit 10.49 to the 2016 Form 10-K
10.38■	Severance Benefits Agreement dated August 25, 2014 between Company and Taren Peng, incorporated by reference to Exhibit 10.50 to the 2016 Form 10-K
10.39■	Employee Stock Option Award Agreement under the Amended and Restated AutoWeb, Inc. (formerly Autobytel Inc.) 2014 Equity Incentive Plan dated as of September 21, 2016 between Company and José Vargas, incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on October 21, 2016 (SEC File No. 001-34761) (“**October 2016 Form 8-K**”)

10.40■	Employment Offer Letter dated February 23, 2016 between Company and José Vargas, incorporated by reference to Exhibit 10.54 to the 2015 Form 10-K
10.41	Amended and Restated Stockholder Agreement dated as of October 1, 2015 by and among Company, Auto Holdings Ltd., a British Virgin Islands business company, Manatee Ventures Inc., a British Virgin Islands business company, Galeb3 Inc., a Florida corporation, Matías de Tezanos, and José Vargas, and the other parties set forth on the signature pages thereto, incorporated by reference to Exhibit 10.2 to the October 2015 Form 8-K; as amended by Second Amended and Restated Stockholder Agreement dated as of October 19, 2016, incorporated by reference to Exhibit 10.1 to the October 2016 Form 8-K; as amended by Third Amended and Restated Stockholder Agreement dated as of November 30, 2016, incorporated by reference to Exhibit 10.1 to the December 2016 Form 8-K; as amended by Fourth Amended and Restated Stockholder Agreement dated as of March 1, 2017, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 2, 2017 (SEC File No. 001-34761)
10.42	Loan Agreement dated as of February 26, 2013 by and between Company and Union Bank, N.A., a national banking association (“**Loan Agreement**”); as amended by First Amendment dated as of September 10, 2013 to Loan Agreement; as amended by Second Amendment dated as of January 13, 2014 to Loan Agreement, Security Agreement dated January 13, 2014, Commercial Promissory Note dated January 13, 2014 ($9,000,000 Term Loan), and Commercial Promissory Note dated January 13, 2014 ($8,000,000 Revolving Loan), incorporated by reference to Exhibit 10.4 to the January 2014 Form 8-K; as amended by Third Amendment dated as of May 20, 2015 to Loan Agreement, Commercial Promissory Note dated May 20, 2015 ($15,000,000 Term Loan), and Commercial Promissory Note dated May 20, 2015 ($8,000,000 Revolving Loan), incorporated by reference to Exhibits 10.1, 10.2 and 10.3 to the Current Report on Form 8-K filed with the SEC on May 27, 2015 (SEC File No. 001-34761); as amended by Fourth Amendment dated as of June 1, 2016 to Loan Agreement, incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 filed with the SEC on August 4, 2016 (SEC File No. 001-34761); as amended by Fifth Amendment dated as of June 28, 2017 to Loan Agreement and Commercial Promissory Note dated on June 28, 2017 ($8,000,000 Revolving Loan), incorporated by reference to Exhibits 10.2 and 10.3 to the Current Report on Form 8-K filed with the SEC on June 29, 2017 (SEC File No. 001-34761); and as amended by Sixth Amendment dated as of December 27, 2017 to Loan Agreement, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on December 27, 2017 (SEC File No. 001-34761)
10.43	Lease Agreement dated April 3, 1997 between The Provider Fund Partners, The Colton Company (n/k/a: GFE MacArthur Investments, LLC, as successor-in-interest to The Provider Fund Partners, The Colton Company) and the Company (“**Irvine Lease**”), as amended by Amendment No. 12 dated February 6, 2009 to Irvine Lease, Amendment No. 13 dated February 6, 2009 to Irvine Lease, and Amendment No. 14 to Irvine Lease dated November 9, 2010, incorporated by reference to Exhibit 10.79 to the 2011 Form 10-K; as amended by Amendment No. 15 dated October 31, 2012 to Irvine Lease, incorporated by reference to Exhibit 10.69 to the 2012 Form 10-K, and as amended by Amendment No. 16 to Irvine Lease dated August 7, 2015, incorporated by reference to Exhibit 10.32 to the 2015 Form 10-K; and as amended by Amendment No. 17 dated April 14, 2017 to the Irvine Lease Agreement dated April 3, 1997 between GFE MacArthur Investments, LLC, successor-in-interest to TFP Partners, and the Company, incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed with the SEC on May 4, 2017 (SEC File No. 001-34761)
10.44‡	Master License and Services Agreement as of October 5, 2017 by and between AutoWeb and DealerX Partners, LLC, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on October 11, 2017 (SEC File No. 001-34761) (“**October 2017 Form 8-K**”)
10.45‡	Stockholder Agreement dated as of October 5, 2017 by and between AutoWeb, DealerX Partners, LLC and Jeffrey Tognetti, incorporated by reference to Exhibit 10.2 to the October 2017 Form 8-K
10.46	Tax Benefit Preservation Plan Exemption Agreement and Irrevocable Proxy dated November 15, 2017 by and between AutoWeb, Piton Capital Partners LLC, a Delaware limited liability company (“**Piton Capital**”), and Piton Capital’s managing members, incorporated by reference to Exhibits 10.1 and 10.2, respectively, to the Current Report on Form 8-K filed with the SEC on November 17, 2017 (SEC File No. 001-34761)
10.47‡	Transitional License and Linking Agreement, made as of January 1, 2017, by and among Internet Brands, Inc., a Delaware corporation, Car.com, Inc., a Delaware corporation, and the Company, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on January 6, 2017 (SEC File No. 001-34761)

10.48	Convertible Subordinated Promissory Note dated as of January 13, 2014 (Principal Amount $1,000,000.00) issued by Company to AutoNationDirect.com, Inc., a Delaware corporation, incorporated by reference to Exhibit 10.1 to the January 2014 Form 8-K
10.49	Warrant to Purchase 69,930 Shares of Company Common Stock dated as of January 13, 2014 issued by Company to AutoNationDirect.com, Inc., a Delaware corporation, incorporated by reference to Exhibit 10.2 to the January 2014 Form 8-K
10.50	Shareholder Registration Rights Agreement dated as of January 13, 2014 by and between Company and AutoNationDirect.com, Inc., a Delaware corporation, incorporated by reference to Exhibit 10.3 to the January 2014 Form 8-K
10.51	Form of Warrant to Purchase Common Stock (on an as-converted basis following the conversion of Series B Junior Preferred Stock) dated as of October 1, 2015 issued by the Company to the persons listed on Schedule A thereto, which is incorporated herein by reference to Exhibit 10.1 to the October 2015 Form 8-K
21.1*	Subsidiaries of AutoWeb, Inc.
23.1*	Consent of Independent Registered Public Accounting Firm, Moss Adams LLP
24.1*	Power of Attorney (included in the signature page hereto)
31.1*	Chief Executive Officer Section 302 Certification of Periodic Report dated March 15, 2018
31.2*	Chief Financial Officer Section 302 Certification of Periodic Report dated March 15, 2018
32.1*	Chief Executive Officer and Chief Financial Officer Section 906 Certification of Periodic Report dated March 15, 2018
101.INS††	XBRL Instance Document
101.SCH††	XBRL Taxonomy Extension Schema Document
101.CAL††	XBRL Taxonomy Calculation Linkbase Document
101.DEF††	XBRL Taxonomy Extension Definition Document
101.LAB††	XBRL Taxonomy Label Linkbase Document
101.PRE††	XBRL Taxonomy Presentation Linkbase Document

* Filed herewith.

■ Management Contract or Compensatory Plan or Arrangement.

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

†† Furnished with this report. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

Item 16. Form 10-K Summary

None

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 15th day of March, 2018.

AUTOWEB, INC.

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

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each of AutoWeb, Inc., a Delaware corporation (**"Company**"), and the undersigned Directors and Officers of AutoWeb, Inc. hereby constitute and appoint Jeffrey H. Coats, Kimberly Boren or Glenn E. Fuller as the Company's or such Director's or Officer's true and lawful attorneys-in-fact and agents, for the Company or such Director or Officer and in the Company's or such Director's or Officer's 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 the Company or such Director or Officer 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 J. FUCHS **Michael J. Fuchs**	Chairman of the Board and Director	March 15, 2018
/s/ JEFFREY H. COATS **Jeffrey H. Coats**	President, Chief Executive Officer and Director (Principal Executive Officer)	March 15, 2018
/s/ KIMBERLY BOREN **Kimberly Boren**	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 15, 2018
/s/ WESLEY OZIMA **Wesley Ozima**	Senior Vice President and Controller (Principal Accounting Officer)	March 15, 2018
/s/ MICHAEL A. CARPENTER **Michael A. Carpenter**	Director	March 15, 2018
/s/ MARK N. KAPLAN **Mark N. Kaplan**	Director	March 15, 2018
/s/ JEFFREY M. STIBEL **Jeffrey M. Stibel**	Director	March 15, 2018
/s/ MATIAS DE TEZANOS **Matias de Tezanos**	Director	March 15, 2018
/s/ JANET M. THOMPSON **Janet M. Thompson**	Director	March 15, 2018
/s/ JOSE VARGAS **Jose Vargas**	Director	March 15, 2018

AUTOWEB, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
AutoWeb, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of AutoWeb, Inc. (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of statements of operations and comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and schedule (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (*2013*) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, because of the effect of the material weakness identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company prospectively changed the manner in which it accounts for the balance sheet classification of deferred taxes due to the adoption of Accounting Standards Update 2015-17, *Balance Sheet Classification of Deferred Taxes*.

As discussed in Note 2 to the consolidated financial statements, the Company prospectively changed the manner in which it accounts for share-based payment transactions and the related excess tax benefits and tax deficiencies due to the adoption of Accounting Standards Update 2016-09, *Improvements to Employee Share-Based Payment Accounting*.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying included in the accompanying Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified:

> In connection with the evaluation and measurement of goodwill for impairment and valuation of deferred tax assets, we believe the Company’s management review controls were not effectively designed to operate at a sufficient level of precision, or there was not sufficient evidence to demonstrate the controls were designed to operate at a sufficient level of precision, necessary to prevent or detect a material misstatement on a timely basis. Specifically, we believe the Company did not adequately evidence management’s expectations, criteria for investigation, and the level of precision used in the performance of the controls. We also believe the controls did not sufficiently evidence the completeness and accuracy of key assumptions and other data used by management in the operation of controls. The aggregation of control deficiencies in these areas resulted in a material weakness related to internal control over financial reporting.

We considered the material weakness in determining the nature, timing, and extent of the audit tests applied in our audit of the Company’s consolidated financial statements as of and for the year ended December 31, 2017, and our opinion on such consolidated financial statements was not affected.

Definition and Limitations of Internal Control Over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Moss Adams LLP

San Diego, California
March 15, 2018

We have served as the Company’s auditor since 2012.

AUTOWEB, INC.

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

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 24,993	$ 38,512
Short-term investment	254	251
Accounts receivable, net of allowances for bad debts and customer credits of $892 and $1,015 at December 31, 2017 and 2016, respectively	25,911	33,634
Deferred tax asset	—	4,669
Prepaid expenses and other current assets	1,805	901
Total current assets	52,963	77,967
Property and equipment, net	4,311	4,430
Investments	100	680
Intangible assets, net	29,113	23,783
Goodwill	5,133	42,821
Long-term deferred tax asset	692	14,799
Other assets	601	801
Total assets	$ 92,913	$ 165,281
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 7,083	$ 9,764
Accrued employee-related benefits	2,411	4,530
Other accrued expenses and other current liabilities	7,252	8,315
Current portion of term loan payable	—	6,563
Total current liabilities	16,746	29,172
Convertible note payable	1,000	1,000
Long-term portion of term loan payable	—	7,500
Borrowings under revolving credit facility	8,000	8,000
Total liabilities	25,746	45,672
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 11,445,187 shares authorized		
Series A Preferred stock, none issued and outstanding	—	—
Series B Preferred stock, none and 168,007 shares issued and outstanding at December 31, 2017 and December 31, 2016, respectively	—	—
Common stock, $0.001 par value; 55,000,000 shares authorized; 13,059,341 and 11,012,625 shares issued and outstanding at December 31, 2017 and 2016, respectively	13	11
Additional paid-in capital	356,054	350,022
Accumulated deficit	(288,900)	(230,424)
Total stockholders' equity	67,167	119,609
Total liabilities and stockholders' equity	$ 92,913	$ 165,281

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

AUTOWEB, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands, except per-share data)

	Years Ended December 31,		
	2017	**2016**	**2015**
Revenues:			
Lead fees	$ 107,045	$ 130,684	$ 120,678
Advertising	34,142	24,508	10,534
Other revenues	938	1,492	2,014
Total revenues	142,125	156,684	133,226
Cost of revenues	99,352	98,771	81,586
Gross profit	42,773	57,913	51,640
Operating expenses:			
Sales and marketing	14,315	18,118	15,956
Technology support	12,567	13,986	11,740
General and administrative	12,110	14,663	13,189
Depreciation and amortization	4,781	5,068	3,106
Litigation settlements	(109)	(50)	(108)
Goodwill impairment	37,688	—	—
Total operating expenses	81,352	51,785	43,883
Operating income (loss)	(38,579)	6,128	7,757
Interest and other income (expense), net	(946)	558	322
Income (loss) before income tax provision	(39,525)	6,686	8,079
Income tax provision	25,439	2,815	3,433
Net income (loss) and comprehensive income (loss)	$ (64,964)	$ 3,871	$ 4,646
Basic earnings (loss) per common share	$ (5.48)	$ 0.36	$ 0.47
Diluted earnings (loss) per common share	$ (5.48)	$ 0.29	$ 0.37

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

AUTOWEB, INC.

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

	Common Stock		Preferred Stock		Additional		
	Number of of Shares	Amount	Number of Shares	Amount	Paid-In-Capital	Accumulated Deficit	Total
Balance at January 1, 2015	8,880,377	$ 9	-	$ -	$ 308,190	$ (238,941)	$ 69,258
Share-based compensation	-	-	-	-	2,563	-	2,563
Issuance of common stock upon exercise of stock options	145,979	-	-	-	1,197	-	1,197
Issuance of AWI warrants	-	-	-	-	2,542	-	2,542
Issuance of preferred shares	-	-	168,007	-	21,133	-	21,133
Issuance of restricted stock	125,000	-	-	-	-	-	-
Exercise of warrants	400,000	1	-	-	1,860	-	1,861
Conversion of note payable	1,075,268	1	-	-	5,000	-	5,001
Net income	-	-	-	-	-	4,646	4,646
Balance at December 31, 2015	10,626,624	11	168,007	-	342,485	(234,295)	108,201
Share-based compensation	-	-	-	-	4,486	-	4,486
Issuance of common stock upon exercise of stock options	386,001	-	-	-	3,051	-	3,051
Net income	-	-	-	-	-	3,871	3,871
Balance at December 31, 2016	11,012,625	11	168,007	-	350,022	(230,424)	119,609
Share-based compensation	-	-	-	-	4,106	-	4,106
Issuance of common stock upon exercise of stock options	248,344	-	-	-	1,355	-	1,355
Issuance of restricted stock	345,000	-	-	-	-	-	-
Conversion of preferred shares	1,680,070	2	(168,007)	-	(2)	-	-
DealerX contingent consideration	-	-	-	-	2,470	-	2,470
Repurchase of common stock	(226,698)	-	-	-	(1,897)	-	(1,897)
Cumulative effect adjustment	-	-	-	-	-	6,488	6,488
Net loss	-	-	-	-	-	(64,964)	(64,964)
Balance at December 31, 2017	13,059,341	$ 13	-	$ -	$ 356,054	$ (288,900)	$ 67,167

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

AUTOWEB, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31, 2017	2016	2015
Cash flows from operating activities:			
Net income (loss)	$ (64,964)	$ 3,871	$ 4,646
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	7,653	7,303	4,021
Provision for bad debt	346	344	379
Provision for customer credits	247	592	803
Share-based compensation	4,103	4,412	2,557
Write-down of assets	8	115	—
Gain on sale of business	—	(2,183)	—
(Gain)/loss on long-term strategic investment	580	777	(636)
Change in deferred tax assets	25,264	1,994	2,996
Goodwill impairment	37,688	—	—
Changes in assets and liabilities:			
Accounts receivable	7,130	(3,229)	(381)
Prepaid expenses and other current assets	(904)	(402)	(121)
Other non-current assets	200	946	147
Accounts payable	(2,681)	2,121	(586)
Accrued expenses and other current liabilities	(3,182)	1,581	(1,352)
Non-current liabilities	—	—	(273)
Net cash provided by operating activities	11,488	18,242	12,200
Cash flows from investing activities:			
Purchase of Dealix/Autotegrity	—	—	(25,011)
Investment in GoMoto	—	(375)	(375)
Change in short-term investment	(3)	(251)	—
Purchase of intangible assets	(8,600)	—	—
Purchases of property and equipment	(1,799)	(2,148)	(2,719)
Net cash used in investing activities	(10,402)	(2,774)	(28,105)
Cash flows from financing activities:			
Repurchase of common stock	(1,897)	—	—
Borrowings under credit facility	—	—	2,750
Borrowings under term loan	—	—	15,000
Payments on term loan borrowings	(14,063)	(3,937)	(3,750)
Net proceeds from stock option exercises	1,355	3,051	1,197
Proceeds from exercise of warrants	—	—	1,860
Proceeds from issuance of preferred shares	—	—	2,132
Payment of contingent fee arrangement	—	(63)	(38)
Net cash (used in) provided by financing activities	(14,605)	(949)	19,151
Net increase (decrease) in cash and cash equivalents	(13,519)	14,519	3,246
Cash and cash equivalents, beginning of period	38,512	23,993	20,747
Cash and cash equivalents, end of period	$ 24,993	$ 38,512	$ 23,993
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$ 650	$ 760	$ 552
Cash paid for interest	$ 948	$ 717	$ 884
Supplemental schedule of non-cash investing and financing activities:			
DealerX contingent consideration	$ 2,470	$ —	$ —
Purchase of AutoWeb	$ —	$ —	$ 21,543
Conversion of Cyber Note	$ —	$ —	$ 5,000
Sale of specialty finance leads business	$ —	$ 3,168	$ —

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

AUTOWEB, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Operations of AutoWeb

AutoWeb, Inc. ("**AutoWeb**" or the "**Company**") is a digital marketing company for the automotive industry that assists automotive retail dealers ("**Dealers**") and automotive manufacturers ("**Manufacturers**") market and sell new and used vehicles to consumers by utilizing the Company's digital sales enhancing products and services.

The Company's consumer-facing automotive websites ("**Company Websites**") provide consumers with information and tools to aid them with their automotive purchase decisions and gives in-market consumers with information and tools to aid them with their automotive purchase decisions and gives in-market consumers the ability to connect with Dealers regarding purchasing or leasing vehicles. These consumers are connected to Dealers via the Company's various programs for online lead referrals ("**Leads**"). The Company's AutoWeb® consumer traffic referral product engages with car buyers from AutoWeb's network of automotive websites and uses our proprietary technology to present them with highly relevant offers based on their make and model of interest and their geographic location. The Company then directs these in-market consumers to key areas of a Dealer's or Manufacturer's website to maximize conversion for sales, service or other products or services.

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

On October 9, 2017, the Company changed its name from Autobytel Inc. to AutoWeb, Inc., assuming the name of AutoWeb, Inc., which was the name of the company that was acquired by the Company in October 2015. In connection with this name change, the Company's stock ticker symbol was changed from "ABTL" to "AUTO" on The Nasdaq Capital Market.

On October 5, 2017, the Company and DealerX Partners, LLC, a Florida limited liability company ("**DealerX**"), entered into a Master License and Services Agreement ("**DealerX License Agreement**"). Pursuant to the terms of the DealerX License Agreement, AutoWeb was granted a perpetual license to access and use DealerX's proprietary platform and technology for targeted, online marketing. DealerX will operate the platform for AutoWeb and provide enhancements to and support for the DealerX platform for at least an initial five year period ("**Platform Support Obligations**"). See Note 5.

On December 19, 2016, AutoWeb and Car.com, Inc., a wholly owned subsidiary of AutoWeb ("**Car.com**"), entered into an Asset Purchase and Sale Agreement, by and among AutoWeb, Car.com, and Internet Brands, Inc., a Delaware corporation ("**Internet Brands**"), in which Internet Brands acquired substantially all of the assets of the automotive specialty finance leads group of Car.com. The transaction was completed effective as of December 31, 2016. The transaction consideration consisted of $3.2 million in cash and $1.6 million to be paid over a five year period pursuant to a Transitional License and Linking Agreement. The Company recorded a gain on sale of approximately $2.2 million in connection with the transaction in the fourth quarter of 2016. See Note 3.

On October 1, 2015 ("**AWI Merger Date**"), AutoWeb entered into and consummated an Agreement and Plan of Merger by and among AutoWeb, New Horizon Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of AutoWeb ("**Merger Sub**"), Autobytel, Inc. (formerly AutoWeb, Inc.), a Delaware corporation ("**AWI**"), and Jose Vargas, in his capacity as Stockholder Representative. On the AWI Merger Date, Merger Sub merged with and into AWI, with AWI continuing as the surviving corporation and as a wholly owned subsidiary of AutoWeb. AWI was a privately-owned company providing an automotive search engine that enables Manufacturers and Dealers to optimize advertising campaigns and reach highly-targeted car buyers through an auction-based click marketplace. Prior to the acquisition, the Company previously owned approximately 15% of the outstanding shares of AWI, on a fully converted and diluted basis, and accounted for the investment on the cost basis. See Note 3.

On May 21, 2015 ("**Dealix/Autotegrity Acquisition Date**"), AutoWeb and CDK Global, LLC, a Delaware limited liability company ("**CDK**"), entered into and consummated a Stock Purchase Agreement in which AutoWeb acquired all of the issued and outstanding shares of common stock in Dealix Corporation, a California corporation and subsidiary of CDK, and Autotegrity, Inc., a Delaware corporation and subsidiary of CDK (collectively, "**Dealix/Autotegrity**"). Dealix Corporation provides new and used car Leads to automotive dealerships, Dealer groups and Manufacturers, and Autotegrity, Inc. is a consumer Leads acquisition and analytics business. See Note 3.

On April 27, 2015, Auto Holdings Ltd. ("**Auto Holdings**") acquired from Cyber Ventures, Inc. and Autotropolis, Inc. the $5.0 million convertible subordinated promissory note and the warrant to purchase 400,000 shares of AutoWeb common stock issued by the Company to Cyber Ventures and Autotropolis in September 2010 in connection with AutoWeb's acquisition of substantially all of the assets of Cyber Ventures and Autotropolis (collectively referred to as "**Cyber**"). Concurrent with the acquisition of the Cyber convertible note ("**Cyber Note**") and warrant ("**Cyber Warrant**"), Auto Holdings converted the Cyber Note and fully exercised the Cyber Warrant at its conversion price of $4.65 per share. As required under the terms of the conversion for the Cyber Note, AutoWeb issued 1,075,268 shares of its common stock and under the terms of exercise for the Cyber Warrant, it issued an additional 400,000 shares of its common stock.

2. Summary of Significant Accounting Policies

Basis of Presentation. The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

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

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

Investments. The Company makes strategic investments because they believe that investments may allow the Company to increase market share, benefit from advancements in technology and strengthen its business operations by enhancing their product and service offerings.

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

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

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

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

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

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

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

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

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

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

The Company’s investments at December 31, 2017 and 2016 consist primarily of investments in SaleMove and GoMoto and are accounted for under the cost method. During the years ended December 31, 2017 and 2016, the Company recorded a write-off related to it its investments in SaleMove of $0.6 million and GoMoto of $0.7 million in SaleMove, respectively.

Variable Interest Entities. The Company has an investment in an entity that is considered a variable interest entity (“**VIE**”) under U.S. GAAP. The Company has concluded that its investment in SaleMove qualifies as a variable interest and SaleMove is a VIE. VIEs are legal entities in which the equity investors do not have sufficient equity at risk for the entity to independently finance its activities or the collective holders do not have the power through voting or similar rights to direct the activities of the entity that most significantly impacts its economic performance, the obligation to absorb the expected losses of the entity, or the right to receive expected residual returns of the entity. Consolidation of a VIE is considered appropriate if a reporting entity is the primary beneficiary, the party that has both significant influence and control over the VIE. Management periodically performs a qualitative analysis to determine if the Company is the primary beneficiary of a VIE. This analysis includes review of the VIEs’ capital structure, contractual terms, and primary activities, including the Company’s ability to direct the activities of the VIEs and obligations to absorb losses, or the right to receive benefits, significant to the VIE.

Based on AutoWeb’s analysis for the periods presented in this report, it is not the primary beneficiary of SaleMove. Accordingly, SaleMove does not meet the criteria for consolidation. The SaleMove advances are classified as an other long-term asset on the consolidated balance sheet as of December 31, 2017 and December 31, 2016. The carrying value and maximum potential loss exposure from SaleMove was zero and $0.6 million as of December 31, 2017 and 2016, respectively.

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

The Company has a concentration of credit risk with its automotive industry related accounts receivable balances, particularly with Urban Science Applications (which represents several Manufacturer programs), General Motors and Media.net Advertising. During 2017, approximately 34% of the Company's total revenues were derived from these three customers, and approximately 43% or $11.6 million of gross accounts receivable related to these three customers at December 31, 2017. In 2017, Urban Science Applications accounted for 15% and 20% of total revenues and total accounts receivable as of December 31, 2017, respectively. In 2017, Media.net Advertising accounted for 11% of both total revenues and accounts receivable as of December 31, 2017, respectively.
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During 2016, approximately 28% of the Company's total revenues were derived from Urban Science Applications, General Motors and Ford Direct, and approximately 36% or $12.6 million of gross accounts receivable related to these three customers at December 31, 2016. In 2016, Urban Science Applications accounted for 16% and 19% of total revenues and total accounts receivable as of December 31, 2016, respectively.

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

Operating Leases. The Company leases office space and certain office equipment under operating lease agreements which expire on various dates through 2024, with options to renew on expiration of the original lease terms.

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

Capitalized Internal Use Software and Website Development Costs. The Company capitalizes costs to develop internal use software in accordance with Accounting Standards Codification ("**ASC**") 350-40, Internal-Use Software, and ASC 350-50, Website Development Costs, which require the capitalization of external and internal computer software costs and website development costs, respectively, incurred during the application development stage. The application development stage is characterized by software design and configuration activities, coding, testing and installation. Training and maintenance costs are expensed as incurred while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized internal use software development costs are amortized using the straight-line method over an estimated useful life of three to five years. Capitalized website development costs, once placed in service, are amortized using the straight-line method over the estimated useful life of the related websites. The Company capitalized $0.5 million, $1.7 million and $1.5 million of such costs for the years ended December 31, 2017, 2016 and 2015, respectively.

Impairment of Long-Lived Assets and Intangible Assets. The Company periodically reviews long-lived amortizing assets to determine if there is any impairment of these assets. The Company assesses the impairment of these assets, or the need to accelerate amortization, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Judgments regarding the existence of impairment indicators are based on legal factors, market conditions and operational performance of the long-lived assets and other intangibles. Future events could cause the Company to conclude that impairment indicators exist and that the assets should be reviewed to determine their fair value. The Company assesses the assets for impairment based on the estimated future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value. Fair value is generally determined based on a valuation process that provides an estimate of a fair value of these assets using a discounted cash flow model, which includes many assumptions and estimates. Once the valuation is determined, the Company would write-down these assets to their determined fair value, if necessary. Any write-down could have a material adverse effect on the Company's financial condition and results of operations. The Company recorded impairment of $0.6 million related to its investment in SaleMove in 2017. The Company did not record any impairment of long-lived assets in 2016 and 2015.

Indefinite-lived intangible assets. Indefinite-lived intangible assets consists of a domain name, which was acquired as part of the Dealix/Autotegrity acquisition in 2015, which is tested for impairment annually, or more frequently if an event occurs or circumstances changes that would indicate that impairment may exist. When evaluating indefinite-lived intangible assets for impairment, the Company may first perform a qualitative analysis to determine whether it is more likely than not that the indefinite-lived intangible assets is impaired. If the Company does not perform the qualitative assessment, or if the Company determines that it is more likely than not that the fair value of the indefinite-lived intangible asset exceeds its carrying amount, the Company will calculate the estimated fair value of the indefinite-lived intangible asset. Fair value is the price a willing buyer would pay for the indefinite-lived intangible asset and is typically calculated using an income approach. If the carrying amount of the indefinite-lived intangible asset exceeds the estimated fair value, an impairment charge is recorded to reduce the carrying value to the estimated fair value. The Company did not record any impairment of indefinite-lived intangible assets in 2017, 2016 and 2015.

Goodwill. Goodwill represents the excess of the purchase price for business acquisitions over the fair value of identifiable assets and liabilities acquired. The Company evaluates the carrying value of enterprise goodwill for impairment by comparing the enterprise's carrying value to its fair value. If the fair value is less than the carrying value, enterprise goodwill is potentially impaired. The Company evaluates enterprise goodwill, at a minimum, on an annual basis in the fourth quarter of each year or whenever events or changes in circumstances suggest that the carrying amount of goodwill may be impaired. The Company recorded goodwill impairment of $37.7 million in 2017.

Revenue Recognition. Lead fees consist of fees from the sale of Leads for new and used vehicles and Leads for vehicle financing. Fees paid by customers participating in the Company's Lead programs are comprised of monthly transaction and/or subscription fees. Advertising revenues represent fees for display advertising on Company's Websites and fees from the Company's click programs.

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

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

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

On December 22, 2017, the U.S. government enacted comprehensive tax legislation known as the Tax Cuts and Jobs Act ("**TCJA**"). The TCJA establishes new tax laws that will take effect in 2018, including, but not limited to (1) reduction of the U.S. federal corporate tax rate from a maximum of 35% to 21%; (2) elimination of the corporate alternative minimum tax ("**AMT**"); (3) a new limitation on deductible interest expense; (4) one-time transition tax on certain deemed repatriated earnings of foreign subsidiaries ("**Transition Tax**"); (5) limitations on the deductibility of certain executive compensation; (6) changes to the bonus depreciation rules for fixed asset additions: and (7) limitations on net operating losses ("**NOLs**") generated after December 31, 2017, to 80% of taxable income.

ASC 740, Income Taxes, requires the effects of changes in tax laws to be recognized in the period in which the legislation is enacted. However, due to the complexity and significance of the TCJA's provisions, the SEC staff issued Staff Accounting Bulletin 118 ("**SAB 118**"), which provides guidance on accounting for the tax effects of the TCJA. SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the TCJA for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the TCJA is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the TCJA.

At December 31, 2017, the Company has not completed its accounting for the tax effects of enactment of the TCJA; however, the Company has made a reasonable estimate of the effects of the TCJA's change in the federal rate and revalued its deferred tax assets based on the rates at which they are expected to reverse in the future, which is generally the new 21% federal corporate tax rate plus applicable state tax rate. The Company recorded a decrease in deferred tax assets and deferred tax liabilities of $11.7 million and $0.0 million, respectively, with a corresponding net adjustment to deferred income tax expense of $11.7 million for the year ended December 31, 2017. In addition, the Company recognized a deemed repatriation of $0.6 million of deferred foreign income from its Guatemala subsidiary, which did not result in any incremental tax cost after application of foreign tax credits. The Company's provisional estimates will be adjusted during the measurement period defined under SAB 118, based upon ongoing analysis of data and tax positions along with the new guidance from regulators and interpretations of the law.

Computation of Basic and Diluted Net Earnings (Loss) per Share. Basic net earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period. Diluted net earnings (loss) per share is computed using the weighted average number of common shares, and if dilutive, potential common shares outstanding, as determined under the treasury stock and if-converted method, during the period. Potential common shares consist of common shares issuable upon the exercise of stock options, common shares issuable upon the exercise of warrants described below and common shares issuable upon conversion of the shares described in Note 3.

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

	2017	**2016**	**2015**
Basic Shares:			
Weighted average common shares outstanding	11,910,906	10,673,015	9,907,066
Weighted average common shares repurchased	(58,367)	—	—
Basic Shares	11,852,539	10,673,015	9,907,066
Diluted Shares:			
Basic Shares	11,852,539	10,673,015	9,907,066
Weighted average dilutive securities	—	2,630,194	2,755,258
Dilutive Shares	11,852,539	13,303,209	12,662,324

For the year ended December 31, 2017, weighted average dilutive securities were not included since the company had a net loss for the year. For the years ended December 31, 2016 and 2015, weighted average dilutive securities included dilutive options, warrants and convertible preferred shares.

Potentially dilutive securities representing approximately 3.7 million, 1.9 million and 1.4 million shares of common stock for the years ended December 31, 2017, 2016 and 2015, respectively, were excluded from the computation of diluted income per share for these periods because their effect would have been anti-dilutive.

Share-Based Compensation. The Company grants restricted stock and stock option awards (the "**Awards**") under several of its share-based compensation Plans (the "**Plans**"), that are more fully described in Note 9. The Company recognizes share-based compensation based on the Awards' fair value, net of estimated forfeitures on a straight line basis over the requisite service periods, which is generally over the awards' respective vesting period, or on an accelerated basis over the estimated performance periods for options with performance conditions.

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

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

Advertising Expense. Advertising costs are expensed in the period incurred and the majority of advertising expense is recorded in sales and marketing expense. Advertising expense in the years ended December 31, 2017, 2016 and 2015 was $1.7 million, $1.4 million and $2.0 million, respectively.

Recent Accounting Pronouncements

Issued but not yet adopted by the Company

Accounting Standards Codification 842 "Leases." In February 2016, Accounting Standards Update ("**ASU**") No. 2016-02, "Leases (Topic 842)" was issued. This ASU will require lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases of terms more than 12 months. The ASU will require both capital and operating leases to be recognized on the balance sheet. Qualitative and quantitative disclosures will also be required to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. In January 2018, ASU No. 2018-01, "Land Easement Practical Expedient for Transition to Topic842" was issued. This ASU permits an entity to elect an optional transition practical expedient to not evaluate under Topic 842 land easements that exist or expired before the entity's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840. The ASU will take effect for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company expects this standard will have a material effect on its consolidated financial statements due to the recognition of new right-of-use assets and lease liabilities on its balance sheet for real estate and equipment operating leases. The Company is continuing to evaluate the effect this guidance will have on the consolidated financial statements and related disclosures.

Accounting Standards Codification 805 "Business Combinations." In January 2017, ASU No. 2017-01, "Clarifying the Definition of a Business" was issued. This ASU provides a more robust framework to use in determining when a set of assets and activities is a business. The amendments in this ASU are effective for annual periods beginning after December 15, 2017, and interim periods within those periods. The Company does not believe this ASU will have a material effect on the consolidated financial statements and related disclosures.

Accounting Standards Codification 718 "Compensation – Stock Compensation." In May 2017, ASU No. 2017-09, "Scope of Modification Accounting" was issued. The amendments in this update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. An entity should apply this ASU on a prospective basis for an award modified on or after the adoption date for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted. The Company does not believe this ASU will have a material effect on the consolidated financial statements and related disclosures.

Accounting Standards Codification 606 "Revenue from Contracts with Customers." In May 2014, ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" was issued. This ASU requires the use of a five-step methodology to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the ASU requires enhanced disclosure regarding revenue recognition.

The standard permits the use of either the retrospective or cumulative effect transition method (modified retrospective method). The Company adopted the ASU on a modified retrospective transition method on January 1, 2018 and will apply the guidance to the most current period presented in the financial statements issued subsequent to the adoption date. The Company did not record a cumulative adjustment to retained earnings as of January 1, 2018 since the Company was recognizing revenue consistent with the provisions of ASC 606 and any adjustment would have been deemed immaterial. In preparation for adoption of the standard, the Company has implemented internal controls to enable the preparation of financial information and have reached conclusions on key accounting assessments related to the standard, including that accounting for variable consideration is immaterial.

Under ASU 2014-09, revenue is recognized upon transfer of control of promised products or services to customers. The Company has three main revenue streams: lead fees, advertising and other revenues. Lead fees are paid by Dealers and Manufacturers participating in the Company's Lead programs and are comprised of monthly transaction and/or subscription fees. Lead fees are recognized in the period when service is provided. Advertising revenue represents fees for display advertising on our website and fees from our click program. Advertising revenue is recognized in the period the advertisements are displayed on our websites and the period in which clicks have been delivered.

The Company adopted the standard through the application of the portfolio approach and selected a sample of customer contracts to assess under the guidance of the new standard that are characteristically representative of each revenue stream. The Company has completed its review of the sample contracts, and the Company does not anticipate a significant change to the pattern or timing of revenue recognition as a result of adopting the new standard.

Recently adopted by the Company

Accounting Standards Codification 350 "Intangibles – Goodwill and Other." In January 2017, ASU No. 2017-04, "Simplifying the Test for Goodwill Impairment" was issued. Under the amendments in this ASU, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss should not exceed the total amount of goodwill allocated to that reporting unit. The ASU also eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. The Company early adopted the provisions of ASU No. 2017-04 and recorded impairment of goodwill for the year ended December 31, 2017 of $37.7 million.

Accounting Standards Codification 740 "Income Taxes." In November 2015, ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes" was issued. This ASU requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this update apply to all entities that present a classified statement of financial position. The Company adopted this ASU prospectively on January 1, 2017 and reclassified $4.7 million of current deferred tax assets to long-term deferred tax assets. Prior periods were not retrospectively adjusted.

Accounting Standards Codification 323 "Investments-Equity Method and Joint Ventures." In March 2016, ASU No. 2016-07, "Simplifying the Transition to the Equity Method of Accounting" was issued. This ASU eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment was held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Thus, upon qualifying for the equity method of accounting, no retroactive adjustment of the investment is required. The Company adopted this ASU on January 1, 2017 and it did not have a material effect on the consolidated financial statements.

Accounting Standards Codification 718 "Compensation-Stock Compensation." In March 2016, ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting" was issued. This ASU provides for areas of simplification for several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows.

The changes in the new standard eliminate the accounting for excess tax benefits to be recognized in additional paid-in capital and tax deficiencies recognized either in the income tax provision or in additional paid-in capital. ASU 2016-09 requires recognition of excess tax benefits and tax deficiencies in the income statement on a prospective basis. The Company adopted the amendments on January 1, 2017 related to the timing of when excess tax benefits are recognized on a modified retrospective transition method. The Company recognized $6.5 million of deferred tax assets relating to unrealized stock option benefits, resulting in a cumulative $6.5 million adjustment to retained earnings.

For the twelve months ended December 31, 2017, the Company recognized all excess tax benefits and tax deficiencies as income tax expense or benefit as a discrete event. Income tax benefit of approximately $32,000 was recognized in the twelve months ended December 31, 2017 as a result of the adoption of ASU 2016-09.

The treatment of forfeitures has not changed as the Company is electing to continue its current process of estimating the number of forfeitures. As such, this has no cumulative effect on retained earnings. The Company has elected to present the cash flow statement on a prospective transition method and no prior periods have been adjusted.

The Company calculates diluted earnings per share using the treasury stock method for share-based payment awards. ASU 2016-09 eliminates excess tax benefits and deficiencies from the calculation of assumed proceeds under the treasury stock method, which the Company adopted on a prospective transition method.

Accounting Standards Codification 230 "Statement of Cash Flows." In August 2016, ASU No. 2016-15, "Classification of Certain Cash Receipts and Cash Payments" was issued. This ASU provides guidance on eight specific cash flow issues with the objective of reducing the existing diversity in practice for those issues. The amendments in this ASU are effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The Company early adopted this ASU on January 1, 2017 and it did not have a material effect on the consolidated financial statements.

Accounting Standards Codification 810 "Consolidation." In October 2016, ASU No. 2016-17, "Interests Held through Related Parties That Are Under Common Control" was issued. This ASU amends the consolidation guidance on how a reporting entity that is the single decision maker of a variable interest entity ("**VIE**") should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. The amendments in this ASU are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company adopted this ASU on January 1, 2017 and it did not have a material effect on the consolidated financial statements.

3. Acquisitions and Disposals

Acquisition of AWI

On the AWI Merger Date, Merger Sub merged with and into AWI, with AWI continuing as the surviving corporation and as a wholly owned subsidiary of AutoWeb.

The AWI Merger Date fair value of the consideration transferred totaled $23.8 million consisting of (i) 168,007 newly issued shares of Series B Junior Participating Convertible Preferred Stock, par value $0.001 per share, of AutoWeb ("**Series B Preferred Stock**"); (ii) warrants to purchase up to 148,240 shares of Series B Preferred Stock "**AWI Warrant**"), at an exercise price of $184.47 (reflecting 10 times the $16.77 closing price of a share of the Company's common stock, $0.001 par value per share ("**Common Stock**"), plus a ten percent (10%) premium); and (iii) $0.3 million in cash to cancel vested, in-the-money options to acquire shares of AWI common stock. As a result of accounting for the transaction as a business combination achieved in stages, the Company also recorded $0.6 million as a gain to the pre-merger investment in AWI. The results of operations of AWI have been included in the Company's results of operations since the AWI Merger Date.

	(in thousands)
Series B Preferred Stock	$ 20,989
Series B Preferred warrants to purchase 148,240 shares of Series B Preferred Stock	2,542
Cash	279
Fair value of prior ownership in AWI	4,016
	$ 27,826

The shares of Series B Preferred Stock were converted into ten (10) shares of Common Stock upon stockholder approval on June 22, 2017.

The AWI Warrant was valued at $1.72 per share underlying the warrant for a total value of $2.5 million. The Company used a Monte Carlo simulation model to determine the value of the AWI Warrant. Key assumptions used in valuing the AutoWeb Warrant are as follows: risk-free rate of 1.9%, stock price volatility of 74.0% and a term of 7.0 years. On June 22, 2017, the Company received stockholder approval which resulted in the automatic conversion of the AWI Warrant into warrants to acquire up to 1,482,400 shares of the Company's common stock at an exercise price of $18.45 per share of common stock. The AWI Warrant becomes exercisable on October 1, 2018, subject to the following vesting conditions: (i) with respect to the first one-third (1/3) of the warrant shares, if at any time after the issuance date of the AWI Warrant and prior to the expiration date of the AWI Warrant the weighted average closing price of the Common Stock for the preceding 30 trading days (adjusted for any stock splits, stock dividends, reverse stock splits or combinations of the Common Stock occurring after the issuance date) ("**Weighted Average Closing Price**") is at or above $30.00; (ii) with respect to the second one-third (1/3) of the warrant shares, if at any time after the issuance date of the AWI Warrant and prior to the expiration date the Weighted Average Closing Price is at or above $37.50; and (iii) with respect to the last one-third (1/3) of the warrant shares, if at any time after the issuance date of the AWI Warrant and prior to the expiration date the Weighted Average Closing Price is at or above $45.00. The AWI Warrant expires on October 1, 2022.

The following table summarizes the fair values of the assets acquired and liabilities assumed as of the AWI Merger Date.

	(in thousands)
Net identifiable assets acquired:	
Total tangible assets acquired	$ 4,456
Total liabilities assumed	543
Net identifiable assets acquired	3,913
Definite-lived intangible assets acquired	17,690
Goodwill	5,954
	$ 27,557

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

	Valuation Method	Estimated Fair Value	Estimated Useful Life (1)
		(in thousands)	*(years)*
Customer relationships	Excess of earnings (2)	$ 7,470	4
Trademark/trade names	Relief from Royalty (3)	2,600	6
Developed technology	Excess of earnings (4)	7,620	7
Total purchased intangible assets		$ 17,690	

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

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

(3) The relief from royalty method is an earnings approach which assesses the royalty savings an entity realizes since it owns the asset and isn’t required to pay a third party a license fee for its use.

(4) The excess of earnings method estimates a purchased intangible asset's value based on the present value of the prospective net cash flows (or excess earnings) attributable to it. The method takes into account technological and economic obsolescence of the technology.

Additionally, in connection with the acquisition of AWI, the Company entered into non-compete agreements with key executives of AWI. The fair value of the AWI non-compete agreements was $270,000 and was derived by calculating the difference between the present value of the Company’s forecasted cash flows with the agreements in place and without the agreements in place. The Company amortized the value of the AWI non-compete agreement over two years.

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

The goodwill recognized of $6.0 million was attributable primarily to expected synergies and the assembled workforce of AWI. The Company incurred approximately $1.1 million of acquisition-related costs related to the AWI acquisition.

Acquisition of Dealix/Autotegrity

On the Dealix/Autotegrity Acquisition Date, AutoWeb acquired all of the issued and outstanding shares of common stock of Dealix and Autotegrity. Dealix provides new and used car leads to automotive dealerships, Dealer groups and Manufacturers, and Autotegrity is a consumer leads acquisition and analytics business. The Company acquired Dealix/Autotegrity to further expand its reach and influence in the industry by increasing its Dealer network.

The Dealix/Autotegrity Acquisition Date fair value of the consideration transferred totaled $25.0 million in cash (plus a working capital adjustment of $11,000). The results of operations of Dealix/Autotegrity have been included in the Company’s results of operations since the Dealix/Autotegrity Acquisition Date.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the Dealix/Autotegrity Acquisition Date. During the year ended December 31, 2016, the Company made adjustments to the purchase price allocation due to changes in accounts receivable and sales tax payable acquired.

	(in thousands)
Net identifiable assets acquired:	
Total tangible assets acquired	$ 9,778
Total liabilities assumed	2,520
Net identifiable assets acquired	7,258
Definite-lived intangible assets acquired	7,655
Indefinite-lived intangible assets acquired	2,200
Goodwill	7,358
	$ 24,471

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

	Valuation Method	**Estimated Fair Value** *(in thousands)*	**Estimated Useful Life (1)** *(years)*
Customer relationships	Excess of earnings (2)	$ 7,020	10
Trademark/trade names – Autotegrity	Relief from Royalty (3)	120	3
Trademark/trade names – UsedCars.com	Relief from Royalty (3)	2,200	Indefinite
Developed technology	Cost Approach (4)	515	3
Total purchased intangible assets		$ 9,855	

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

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

(3) The relief from royalty method is an earnings approach which assesses the royalty savings an entity realizes since it owns the asset and isn’t required to pay a third party a license fee for its use.

(4) The cost approach estimates the cost required to repurchase or reproduce the intangible assets. The method takes into account technological and economic obsolescence of the technology.

Additionally, in connection with the acquisition of Dealix/Autotegrity, the Company entered into non-compete agreements with CDK and a key executive of Dealix/Autotegrity. The fair value of the non-compete agreements with CDK and the key executive from Dealix/Autotegrity was $0.5 million and $40,000, respectively, and was derived by calculating the difference between the present value of the Company’s forecasted cash flows with the agreements in place and without the agreements in place. The Company amortized the value of the non-compete agreement with CDK and the key executive from Dealix/Autotegrity over two and one year(s), respectively.

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

The goodwill recognized of $7.3 million was attributable primarily to expected synergies and the assembled workforce of Dealix/Autotegrity. The Company incurred approximately $1.7 million of acquisition-related costs related to the Dealix/Autotegrity acquisition.

Disposal of Specialty Finance Leads Product

On December 19, 2016, AutoWeb and Car.com, Inc., a wholly owned subsidiary of AutoWeb (“**Car.com**”), entered into an Asset Purchase and Sale Agreement, by and among AutoWeb, Car.com, and Internet Brands, Inc., a Delaware corporation (“**Internet Brands**”), pursuant to which Internet Brands acquired substantially all of the assets of the automotive specialty finance leads group of Car.com (“**Acquired Group**”). The transaction was completed effective as of December 31, 2016. The transaction consideration consisted of $3.2 million in cash paid at closing and $1.6 million to be paid over a five-year period pursuant to a Transitional License and Linking Agreement (“**Specialty Finance Leads License Agreement**”). The Company recorded a gain on sale of approximately $2.2 million in connection with the transaction in December 2016.

In connection with the transaction, Internet Brands, Car.com and AutoWeb entered into the Specialty Finance Leads License Agreement pursuant to which Car.com and AutoWeb will provide to Internet Brands certain transition services and arrangements. Pursuant to the Specialty Finance Leads License Agreement, (i) Internet Brands will pay AutoWeb $1.6 million in fees over the five-year term of the Specialty Finance Leads License Agreement, and (ii) Car.com (1) granted Internet Brands a limited, non-exclusive, non-transferable license to use the Car.com logo and name solely for sales and marketing purposes in Internet Brand’s automotive specialty finance leads business; and (2) provided certain redirect linking of consumer traffic from the Acquired Group’s current specialty finance leads application forms to a landing page designated by Internet Brands. The Company received $0.4 million during the twelve months ended December 31, 2017 related to the Specialty Finance Leads License Agreement.

The disposal of the automotive specialty finance leads product did not qualify for presentation and disclosure as a discontinued operation because it did not represent a strategic shift that had or will have a major effect on the Company’s operations.

4. Investments

Investments. The Company’s investments at December 31, 2017 and 2016 consist primarily of investments in SaleMove and GoMoto and are recorded at cost.

The following table presents the Company’s investment activity for 2017 and 2016 (in thousands):

Description	Note receivable-long-term	Note receivable-current	Investments
Balance at December 31, 2015	$ 375	$ —	$ 680
Purchases, (sales), issuances and (settlements), net	(375)	750	—
Balance at December 31, 2016	—	750	680
Reserve for notes receivable	—	(750)	—
Net balance at December 31, 2016	—	—	680
Write-offs	—	—	(580)
Net balance at December 31, 2017	$ —	$ —	$ 100

In September 2013, the Company entered into a Convertible Note Purchase Agreement with SaleMove in which AutoWeb invested $150,000 in SaleMove in the form of an interest bearing, convertible promissory note. In November 2014, the Company invested an additional $400,000 in SaleMove in the form of an interest bearing, convertible promissory note. Upon closing of a preferred stock financing by SaleMove in July 2015, these two notes were converted in accordance with their terms into an aggregate of 190,997 Series A Preferred Stock, which shares are classified as a long-term investment on the consolidated balance sheet as of December 31, 2016. The Company recorded an impairment charge of $0.6 million in SaleMove in 2017.

In October 2013, the Company entered into a Reseller Agreement with SaleMove to become a reseller of SaleMove's technology for enhancing communications with consumers. SaleMove's technology allows Dealers and Manufacturers to enhance the online shopping experience by interacting with consumers in real-time, including live video, audio and text-based chat or by phone. The Company and SaleMove equally share in revenues from automotive-related sales of the SaleMove products and services. In connection with this reseller arrangement, the Company advanced to SaleMove $1.0 million to fund SaleMove's 50% share of various product development, marketing and sales costs and expenses, with the advanced funds to be recovered by the Company from SaleMove's share of sales revenue. SaleMove advances are repaid to the Company from SaleMove's share of net revenues from the Reseller Agreement. As of December 31, 2017, the net advances due from SaleMove totaled $424,000.

In December 2014, the Company entered into a Series Seed Preferred Stock Purchase Agreement with GoMoto in which the Company paid $100,000 for 317,460 shares of Series Seed Preferred Stock, $0.001 par value per share. The $100,000 investment in GoMoto was recorded at cost because the Company does not have significant influence over GoMoto. In October 2015 and May 2016, the Company invested an additional $375,000 and $375,000 for each period in GoMoto in the form of convertible promissory notes ("**GoMoto Notes**"). The GoMoto Notes accrued interest at an annual rate of 4.0% and are due and payable in full upon demand or at GoMoto's option ten days' written notice unless converted prior to the maturity date. As of December 31, 2017, the Company has recorded a reserve of $0.8 million related to the GoMoto Notes and related interest receivable because the GoMoto Notes are past due and the Company believes the amounts may not be recoverable.

5. Selected Balance Sheet Accounts

Property and Equipment

Property and equipment consists of the following:

	As of December 31, 2017	As of December 31, 2016
	(in thousands)	
Computer software and hardware	$ 11,065	$ 12,027
Capitalized internal use software	5,774	5,359
Furniture and equipment	1,703	1,332
Leasehold improvements	1,539	1,139
	20,081	19,857
Less—Accumulated depreciation and amortization	(15,770)	(15,427)
Property and Equipment, net	$ 4,311	$ 4,430

As of December 31, 2017 and 2016, capitalized internal use software, net of amortization, was $2.0 million and $2.7 million, respectively. Depreciation and amortization expense related to property and equipment was $1.9 million for the year ended December 31, 2017. Of this amount, $1.1 million was recorded in cost of revenues and $0.8 million was recorded in operating expenses for the year ended December 31, 2017. Depreciation and amortization expense related to property and equipment was $1.6 million for the year ended December 31, 2016. Of this amount, $0.7 million was recorded in cost of revenues and $0.8 million was recorded in operating expenses for the year ended December 31, 2016.

Intangible Assets.

The Company amortizes specifically identified definite-lived intangible assets using the straight-line method over the estimated useful lives of the assets.

On October 5, 2017, the Company and DealerX entered into the DealerX License Agreement. Pursuant to the terms of the DealerX License Agreement, AutoWeb was granted a perpetual license to access and use DealerX's proprietary platform and technology for targeted, online marketing.

The transaction consideration consisted of: (i) $8.0 million in cash paid to DealerX upon execution of the DealerX License Agreement and (ii) the right to 710,856 shares of the Company's common stock, par value $0.001 per share, representing approximately five percent of the Company's outstanding Common Stock as of the date the parties entered into the DealerX License Agreement ("**Market Capitalization Shares**") if on or before October 5, 2022: (i) AutoWeb's market capitalization averages at least $225.0 million over a consecutive 90 day period or (ii) there is a change in control of AutoWeb that reflects a market capitalization of at least $225.0 million. If the Market Capitalization Shares are issued to DealerX, DealerX's Platform Support Obligations will continue in perpetuity. Alternatively, upon the occurrence of certain events prior to the issuance of the Market Capitalization Shares, AutoWeb may elect to make an additional lump-sum payment of $12.5 million (**Alternative Cash Payment**") in order to extend DealerX's Platform Support Obligations in perpetuity. If the Alternative Cash payment is made, DealerX's contingent right to receive the Market Capitalization Shares will be terminated. The fair value of the Market Capitalization Shares was calculated at $2.5 million. The DealerX perpetual license and related Market Capitalization Shares is being amortized over seven years.

The Company's intangible assets will be amortized over the following estimated useful lives (in thousands):

		December 31, 2017			December 31, 2016		
Intangible Asset	Estimated Useful Life	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Trademarks/trade names/licenses/domains	3 – 7 years	$ 16,589	$ (4,037)	$ 12,552	$ 9,294	$ (6,756)	$ 2,538
Software and publications	3 years	1,300	(1,300)	—	1,300	(1,300)	—
Customer relationships	2 - 10 years	19,563	(10,555)	9,008	19,563	(7,454)	12,109
Employment/non-compete agreements	1-5 years	1,510	(1,493)	17	1,510	(1,273)	237
Developed technology	5-7 years	8,955	(3,619)	5,336	8,955	(2,256)	6,699
		$ 47,917	$ (21,004)	$ 26,913	$ 40,622	$ (19,039)	$ 21,583

		December 31, 2017			December 31, 2016		
Indefinite-lived Intangible Asset	Estimated Useful Life	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Domain	Indefinite	$ 2,200	$ —	$ 2,200	$ 2,200	$ —	$ 2,200

Amortization expense is included in "Cost of Revenues" and "Depreciation and amortization" in the Statements of Operations. Amortization expense was $5.7 million, $5.7 million and $3.0 million in 2017, 2016 and 2015, respectively. Amortization expense for intangible assets for the next five years is as follows:

Year	Amortization Expense *(in thousands)*
2018	$ 6,610
2019	5,236
2020	3,805
2021	3,697
2022	3,100
Thereafter	4,465
	$ 26,913

Goodwill.

Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Goodwill is not amortized and is assessed annually for impairment or whenever events or circumstances indicate that the carrying value of such assets may not be recoverable. The Company did not record any impairment related to goodwill as of December 31, 2016. The Company impaired goodwill by $37.7 million as of December 31, 2017. As of December 31, 2017 and 2016, goodwill consisted of the following:

		(in thousands)
Goodwill as of December 31, 2015	$	42,903
Purchase price allocation adjustments from Dealix/Autotegrity acquisition		(82)
Goodwill as December 31, 2016		42,821
Impairment charge		(37,688)
Goodwill as of December 31, 2017	$	5,133

During the year ended December 31, 2016, the Company made adjustments to the Dealix/Autotegrity purchase price allocation due to changes in accounts receivable and sales tax payable acquired, and adjusted goodwill accordingly.

Accrued Expenses and Other Current Liabilities

As of December 31, 2017 and 2016, accrued expenses and other current liabilities consisted of the following:

	As of December 31,			
	2017		**2016**	
	(in thousands)			
Accrued employee-related benefits	$	2,411	$	4,530
Other accrued expenses and other current liabilities:				
Other accrued expenses		6,307		7,278
Amounts due to customers		438		466
Other current liabilities		507		571
Total other accrued expenses and other current liabilities		7,252		8,315
Total accrued expenses and other current liabilities	$	9,663	$	12,845

Convertible Notes Payable.

In connection with the acquisition of Cyber, the Company issued the Cyber Note to the sellers. The fair value of the Cyber Note as of the Cyber Acquisition Date was $5.9 million. This valuation was estimated using a binomial option pricing method. Key assumptions used by the Company's outside valuation consultants in valuing the Cyber Note included a market yield of 15.0% and stock price volatility of 77.5%. As the Cyber Note was issued with a substantial premium, the Company recorded the premium as additional paid-in capital. Interest is payable at an annual interest rate of 6% in quarterly installments. The Cyber Note was acquired by Auto Holdings and was converted into 1,075,268 shares of Company common stock on April 27, 2015, as discussed in Note 1. Upon conversion of the Cyber Note, the Company removed the liability from the Consolidated Balance Sheet.

In connection with the acquisition of AutoUSA, LLC ("**AutoUSA**") on January 13, 2014, the Company issued a convertible subordinated promissory note for $1.0 million ("**AutoUSA Note**") to AutoNationDirect.com, Inc. The fair value of the AutoUSA Note as of the AutoUSA Acquisition Date was $1.3 million. This valuation was estimated using a binomial option pricing method. Key assumptions used by the Company's outside valuation consultants in valuing the AutoUSA Note included a market yield of 1.6% and stock price volatility of 65.0%. As the AutoUSA Note was issued with a substantial premium, the Company recorded the premium as additional paid-in capital. Interest is payable at an annual interest rate of 6% in quarterly installments. The entire outstanding balance of the AutoUSA Note is to be paid in full on January 31, 2019. The holder of the AutoUSA Note may at any time convert all or any part, but at least 30,600 shares, of the then outstanding and unpaid principal of the AutoUSA Note into fully paid shares of the Company's common stock at a conversion price of $16.34 per share (as adjusted for stock splits, stock dividends, combinations and other similar events). In the event of default, the entire unpaid balance of the AutoUSA Note will become immediately due and payable and will bear interest at the lower of 8% per year and the highest legal rate permissible under applicable law.

6. Credit Facility

The Company and MUFG Union Bank, N.A. ("**Union Bank**"), have entered into a Loan Agreement dated February 26, 2013, as amended on September 10, 2013, January 13, 2014, May 20, 2015, June 1, 2016, June 28, 2017 and December 27, 2017 (the original Loan Agreement, as amended to date, is referred to collectively as the "**Credit Facility Agreement**"). Until December 31, 2017, the Credit Facility Agreement provided for (i) a $9.0 million term loan ("**Term Loan 1**"); (ii) a $15.0 million term loan ("**Term Loan 2**"); and (iii) an $8.0 million working capital revolving line of credit ("**Revolving Loan**"). Term Loan 1 and Term Loan 2 were fully paid as of December 31, 2017. The outstanding balance of the Revolving Loan as of December 31, 2017 was $8.0 million.

Borrowings under the Revolving Loan bear interest at either (i) the LIBOR plus 2.50% or (ii) the bank's Reference Rate (prime rate) minus 0.50%, at the option of the Company. Interest under the Revolving Loan adjusts (i) at the end of each LIBOR rate period (1, 2, 3, 6 or 12 months terms) selected by the Company, if the LIBOR rate is selected; or (ii) with changes in Union Bank's Reference Rate, if the Reference Rate is selected. The Company pays a commitment fee of 0.10% per year on the unused portion of the Revolving Loan, payable quarterly in arrears. Borrowings under the Revolving Loan are secured by a first priority security interest on all of the Company's personal property (including, but not limited to, accounts receivable) and proceeds thereof. The maturity date of the Revolving Loan was extended from March 31, 2017 to April 30, 2018. Borrowings under the Revolving Loan may be used as a source to finance working capital, capital expenditures, acquisitions and stock buybacks and for other general corporate purposes.

Term Loan 1 was amortized over a period of four years, with fixed quarterly principal payments of $562,500. Borrowings under Term Loan 1 bore interest at either (i) the bank's Reference Rate (prime rate) minus 0.50% or (ii) the London Interbank Offering Rate ("**LIBOR**") plus 2.50%, at the option of the Company. Interest under Term Loan 1 adjusted (i) at the end of each LIBOR rate period (1, 2, 3, 6 or 12 months terms) selected by the Company, if the LIBOR rate was selected; or (ii) with changes in Union Bank's Reference Rate, if the Reference Rate was selected. Borrowings under Term Loan 1 were secured by a first priority security interest on all of the Company's personal property (including, but not limited to, accounts receivable) and proceeds thereof. Borrowing under Term Loan 1 was limited to use for the acquisition of AutoUSA, and the Company drew down the entire $9.0 million of Term Loan 1, together with $1.0 million under the Revolving Loan, in financing this acquisition.

Term Loan 2 was amortized over a period of five years, with fixed quarterly principal payments of $750,000. Borrowings under Term Loan 2 bore interest at either (i) LIBOR plus 3.00% or (ii) the bank's Reference Rate (prime rate), at the option of the Company. Interest under Term Loan 2 adjusted (i) at the end of each LIBOR rate period (1, 2, 3, 6 or 12 months terms) selected by the Company, if the LIBOR rate was selected; or (ii) with changes in Union Bank's Reference Rate, if the Reference Rate was selected. The Company paid an upfront fee of 0.10% of the Term Loan 2 principal amount upon drawing upon Term Loan 2. Borrowings under Term Loan 2 were secured by a first priority security interest on all of the Company's personal property (including, but not limited to, accounts receivable) and proceeds thereof. Borrowing under Term Loan 2 was limited to use for the acquisition of Dealix/Autotegrity, and the Company drew down the entire $15.0 million of Term Loan 2, together with $2.75 million under the Revolving Loan and $6.76 million from available cash on hand, in financing this acquisition.

The Credit Facility Agreement contains certain customary affirmative and negative covenants and restrictive and financial covenants, which the Company was in compliance with as of December 31, 2017.

7. Commitments and Contingencies

Operating Leases

The Company leases its facilities and certain office equipment under operating leases which expire on various dates through 2024. The Company's future minimum lease payments on leases with non-cancelable terms in excess of one year were as follows (in thousands):

Years Ending December 31,	
2018	$ 1,526
2019	1,385
2020	964
2021	461
2022	459
Thereafter	672
	$ 5,467

Rent expense included in operating expenses was $2.0 million, $2.0 million and $1.2 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Employment Agreements

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

Litigation

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

8. Retirement Savings Plan

The Company has a retirement savings plan which qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code of 1986, as amended ("**IRC**") (the "**401(k) Plan**"). The 401(k) Plan covers all employees of the Company who are over 21 years of age and is effective on the first day of the month following date of hire. Under the 401(k) Plan, participating employees are allowed to defer up to 100% of their pretax salaries not to exceed the maximum IRC deferral amount. The Company contributions to the 401(k) Plan are discretionary. The Company contribution in the years ended December 31, 2017, 2016 and 2015 was $0.3 million, $0.4 million and $0.4 million, respectively.

9. Stockholders' Equity

Stock-Based Incentive Plans

The Company has established several plans that provide for stock-based awards ("**Awards**") primarily in the form of stock options and restricted stock awards ("**RSAs**"). Certain of these plans provide for awards to employees, the Company's Board of Directors and independent consultants. The Awards were granted under the 1998 Stock Option Plan, the 1999 Employee and Acquisition Related Stock Option Plan, the 2000 Stock Option Plan, the Amended and Restated 2001 Restricted Stock and Option Plan, the 2004 Restricted Stock and Option Plan, the 2006 Inducement Stock Option Plan, 2010 Equity Incentive Plan and the Amended and Restated 2014 Equity Incentive Plan. As of June 19, 2014, awards may only be granted under the Amended and Restated 2014 Equity Incentive Plan. An aggregate of 0.6 million shares of Company common stock are reserved for future issuance under the Amended and Restated 2014 Equity Incentive Plan at December 31, 2017.

Share-based compensation expense is included in costs and expenses in the Consolidated Statements of Operations and Comprehensive Income(Loss) as follows:

	Years Ended December 31,		
	2017	**2016**	**2015**
		(in thousands)	
Share-based compensation expense:			
Cost of revenues	$ 78	$ 67	$ 150
Sales and marketing	1,703	1,777	713
Technology support	586	601	518
General and administrative	1,739	1,982	1,185
Share-based compensation expense	4,106	4,427	2,566
Amount capitalized to internal use software	3	15	9
Total share-based compensation expense	$ 4,103	$ 4,412	$ 2,557

As of December 31, 2017, December 31, 2016 and December 31, 2015, there was approximately $3.9 million, $4.9 million and $2.9 million, respectively, of unrecognized compensation expense related to unvested stock options. This expense is expected to be recognized over a weighted average period of approximately 3.9 years.

Stock Options

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

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

Awards granted under the Company's stock option plans were estimated to have a weighted average grant date fair value per share of $6.23, $7.04 and $5.73 for the years ended December 31, 2017, 2016 and 2015, respectively, based on the Black-Scholes option-pricing model on the date of grant using the following weighted average assumptions:

	Years Ended December 31,		
	2017	2016	2015
Expected volatility	62%	58%	56%
Expected risk-free interest rate	1.8%	1.2%	1.3%
Expected life (years)	4.4	4.4	4.4

A summary of the Company's outstanding stock options as of December 31, 2017, and changes during the year then ended is presented below:

	Number of Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
			(years)	*(thousands)*
Outstanding at December 31, 2016	2,742,531	$ 11.15	4.3	
Granted	466,600	12.41		
Exercised	(248,344)	5.46		
Forfeited or expired	(215,503)	15.93		
Outstanding at December 31, 2017	2,745,284	$ 11.50	3.9	$ 4,089
Vested and expected to vest at December 31, 2017	2,677,867	$ 11.45	3.9	$ 4,066
Exercisable at December 31, 2017	1,909,298	$ 10.32	3.1	$ 3,920

Service-Based Options. During the years ended December 31, 2017, 2016 and 2015, the Company granted 466,600, 833,900 and 606,750 service-based stock options, which had weighted average grant date fair values of $6.23, $7.71 and $5.73, respectively.

Stock option exercises. During 2017, 248,344 options were exercised, with an aggregate weighted average exercise price of $5.46. During 2016, 386,001 options were exercised, with an aggregate weighted average exercise price of $7.91. During 2015, 145,979 options were exercised, with an aggregate weighted average exercise price of $8.19. The total intrinsic value of options exercised during 2017, 2016 and 2015 was $1.6 million, $3.2 million and $1.9 million, respectively.

Market Condition Options. On January 21, 2016, the Company granted 100,000 stock options to its chief executive officer with an exercise price of $17.09 and grant date fair value of $1.47 per option, using a Monte Carlo simulation model ("**CEO Market Condition Options**"). The CEO Market Condition Options were previously valued at $2.94 per option but were revalued when the requisite stockholder approval for the Company's Amended and Restated 2014 Equity Incentive Plan was obtained in June 2016. The CEO Market Condition Options are subject to both stock price-based and service-based vesting requirements that must be satisfied for the CEO Market Condition Options to vest and become exercisable. The CEO Market Condition Options provide that the stock price-based vesting condition will be met (i) with respect to the first one-third (1/3) of the CEO Market Condition Options, if at any time after the grant date and prior to the expiration date of the CEO Market Condition Options the weighted average closing price of the Company's common stock on The Nasdaq Capital Market for the preceding thirty (30) trading days (adjusted for any stock splits, stock dividends, reverse stock splits or combinations occurring after the issuance date) ("**Weighted Average Closing Price**") is at or above $30.00; (ii) with respect to the second one-third (1/3) of the CEO Market Condition Options, if at any time after the grant date and prior to the expiration date the Weighted Average Closing Price is at or above $37.50; and (iii) with respect to the last one-third (1/3) of the CEO Market Condition Options, if at any time after the grant date and prior to the expiration date the Weighted Average Closing Price is at or above $45.00. With respect to any of the CEO Market Condition Options for which the stock price-based requirements are met, these options are also subject to the following service-based vesting schedule: (i) thirty-three and one-third percent (33 1/3%) of these options will vest and become exercisable on January 21, 2017 and (ii) one thirty-sixth (1/36th) of these options will vest and become exercisable on each successive monthly anniversary thereafter for the following twenty-four months ending on January 21, 2019. None of the stock-price based vesting requirements have been met as of December 31, 2017. The CEO Market Condition Options expire on January 21, 2023.

Restricted Stock Awards. The Company granted an aggregate of 125,000 RSAs on April 23, 2015 in connection with the promotion of one of its executive officers. Of the 125,000 RSAs, 25,000 were service-based ("**Service-Based RSA Award**") and the forfeiture restrictions lapse with respect to one-third of the restricted stock on each of the first, second and third anniversaries of the date of the award. The Service-Based RSA Award had a fair market value of $15.37 per share. This executive officer was also awarded 100,000 shares of the Company's common stock in the form of performance-based restricted stock ("**Performance-Based RSA Award**"). The Performance-Based RSA Award had a fair market value of $5.23 per share. The shares are subject to forfeiture upon the earlier of (such earliest date being referred to as the "**Termination Date**") (i) a termination of the executive officer's employment with the Company; (ii) March 31, 2018; and (iii) other events of forfeiture set forth in the award agreement, subject to the following: (i) the forfeiture restrictions with respect to 50,000 of the restricted shares will lapse if any time prior to the Termination Date the weighted average closing price of the Company's common stock for the preceding 30 trading days is at or above $30.00 per share, and (ii) the forfeiture restrictions with respect to any of the restricted shares that remain subject to forfeiture restrictions will lapse if any time prior to the Termination Date the weighted average closing price of the Company's common stock for the preceding 30 trading days is at or above $45.00 per share. None of the forfeiture restrictions had lapsed on the Performance-Based RSA Awards during 2017.

The Company granted an aggregate of 345,000 RSAs on September 27, 2017 to executive officers of the Company. The RSAs are service-based and the forfeiture restrictions lapse with respect to one-third of the restricted stock on each of the first, second and third anniversaries of the date of the award. Lapsing of the forfeiture restrictions may be accelerated in the event of a change in control of the Company and will accelerate upon the death or disability of the holder of the RSAs.

Tax Benefit Preservation Plan

The Company's Tax Benefit Preservation Plan dated as of May 26, 2010 between AutoWeb and Computershare Trust Company, N.A., as rights agent, as amended by Amendment No. 1 to Tax Benefit Preservation Plan dated as of April 14, 2014 (collectively, the "**Tax Benefit Preservation Plan**") was adopted by the Company's Board of Directors to protect stockholder value by preserving the Company's net operating loss carryovers and other tax attributes that the Tax Benefit Preservation Plan is intended to preserve ("**Tax Benefits**"). Under the Tax Benefit Preservation Plan, rights to purchase capital stock of the Company ("**Rights**") have been distributed as a dividend at the rate of five Rights for each share of common stock. Each Right entitles its holder, upon triggering of the Rights, to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock of the Company at a price of $75.00 (as such price may be adjusted under the Tax Benefit Preservation Plan) or, in certain circumstances, to instead acquire shares of common stock. The Rights will convert into a right to acquire common stock or other capital stock of the Company in certain circumstances and subject to certain exceptions. The Rights will be triggered upon the acquisition of 4.9% or more of the Company's outstanding common stock or future acquisitions by any existing holder of 4.9% or more of the Company's outstanding common stock. If a person or group acquires 4.9% or more of the Company's common stock, all rights holders, except the acquirer, will be entitled to acquire, at the then exercise price of a Right, that number of shares of the Company common stock which, at the time, has a market value of two times the exercise price of the Right. The Rights will expire upon the earliest of: (i) the close of business on May 26, 2017 unless that date is advanced or extended, (ii) the time at which the Rights are redeemed or exchanged under the Tax Benefit Preservation Plan, (iii) the repeal of Section 382 or any successor statute if the Board determines that the Tax Benefit Preservation Plan is no longer necessary for the preservation of the Company's Tax Benefits, (iv) the beginning of a taxable year of the Company to which the Board determines that no Tax Benefits may be carried forward, or (v) such time as the Board determines that a limitation on the use of the Tax Benefits under Section 382 would no longer be material to the Company. The Tax Benefit Preservation Plan was reapproved by the Company's stockholders at the Company's 2014 Annual Meeting of Stockholders.

Series B Preferred Stock

On the AWI Merger Date, the Company issued the Series B Preferred Stock. The shares of Series B Preferred Stock were convertible, subject to certain limitations, into 10 shares of Common Stock (with such conversion ratio subject to adjustment as set forth in the certificate of designations for the Series B Preferred Stock). On June 22, 2017, the Company obtained stockholder approval for conversion of the then outstanding Series B Preferred Stock. Upon obtaining stockholder approval for the conversion, each share of Series B Preferred Stock outstanding was automatically converted into 10 shares of the Company's common stock, which resulted in the outstanding shares of Series B Preferred Stock being converted into 1,680,070 shares of the Company's common stock.

Warrant

On September 17, 2010 ("**Cyber Acquisition Date**"), the Company acquired substantially all of the assets of Cyber. In connection with the acquisition of Cyber, the Company issued to the sellers the Cyber Warrant. The Cyber Warrant was valued at $3.15 per share on the Cyber Acquisition Date using an option pricing model with the following key assumptions: risk-free rate of 2.3%, stock price volatility of 77.5% and a term of 8.04 years. The Cyber Warrant was valued based on historical stock price volatilities of the Company and comparable public companies as of the Cyber Acquisition Date. The exercise price of the Cyber Warrant was $4.65 per share (as adjusted for stock splits, stock dividends, combinations and other similar events). The Cyber Warrant was acquired by Auto Holdings and exercised on April 27, 2015, as discussed in Note 1. Based upon the terms of exercise of the Cyber Warrant, the Company issued 400,000 shares of Company Common stock and received approximately $1.9 million in cash.

The warrant to purchase 69,930 shares of the Company's common stock issued in connection with the acquisition of AutoUSA was valued at $7.35 per share for a total value of $0.5 million ("**AutoUSA Warrant**"). The Company used an option pricing model to determine the value of the AutoUSA Warrant. Key assumptions used in valuing the AutoUSA Warrant are as follows: risk-free rate of 1.6%, stock price volatility of 65.0% and a term of 5.0 years. The AutoUSA Warrant was valued based on long-term stock price volatilities of the Company. The exercise price of the AutoUSA Warrant is $14.30 per share (as may be adjusted for stock splits, stock dividends, combinations and other similar events). The AutoUSA Warrant became exercisable on January 13, 2017 and expires on January 13, 2019.

The warrant to purchase up to 148,240 shares of Series B Preferred Stock issued in connection with the acquisition of AWI ("**AWI Warrant**") was valued at $1.72 per share for a total value of $2.5 million. The Company used an option pricing model to determine the value of the AWI Warrant. Key assumptions used in valuing the AWI Warrant are as follows: risk-free rate of 1.9%, stock price volatility of 74.0% and a term of 7.0 years. The AWI Warrant was valued based on long-term stock price volatilities of the Company's common stock. On June 22, 2017, the Company received stockholder approval which resulted in the automatic conversion of the AWI Warrant into warrants to acquire up to 1,482,400 shares of the Company's common stock at an exercise price of $18.45 per share of common stock. The AWI Warrant becomes exercisable on October 1, 2018, subject to the following vesting conditions: (i) with respect to the first one-third (1/3) of the warrant shares, if at any time after the issuance date of the AWI Warrant and prior to the expiration date of the AWI Warrant the Weighted Average Closing Price of the Company's common stock is at or above $30.00; (ii) with respect to the second one-third (1/3) of the warrant shares, if at any time after the issuance date of the AWI Warrant and prior to the expiration date the Weighted Average Closing Price is at or above $37.50; and (iii) with respect to the last one-third (1/3) of the warrant shares, if at any time after the issuance date of the AWI Warrant and prior to the expiration date the Weighted Average Closing Price is at or above $45.00. The AWI Warrant expires on October 1, 2022.

Stock Repurchase

On June 7, 2012, the Company announced that its board of directors had authorized the Company to repurchase up to $2.0 million of the Company's common stock, and on September 17, 2014, the Company announced that its board of directors had approved the repurchase of up to an additional $1.0 million of the Company's common stock. On September 6, 2017, the Company announced that its board of directors authorized the Company to repurchase an additional $3.0 million of the Company's common stock. Under these repurchase programs, the Company may repurchase common stock from time to time on the open market or in private transactions. These authorizations do not require us to purchase a specific number of shares, and the board of directors may suspend, modify or terminate the programs at any time. The Company will fund future repurchases through the use of available cash. During 2017, the Company repurchased 226,698 shares for an aggregate price of $1.9 million. The average price paid for all shares repurchased during 2017 was $8.37. The shares repurchased during 2017 were cancelled and returned to authorized and unissued shares. No shares were repurchased in 2016.

Shares Reserved for Future Issuance

The Company had the following shares of common stock reserved for future issuance upon the exercise or issuance of equity instruments as of December 31, 2017:

	Number of Shares
Stock options outstanding	2,745,284
Authorized for future grants under stock-based incentive plans	603,758
Reserved for exercise of warrants	1,552,330
Reserved for conversion of AUSA Note	61,200
Total	4,962,572

11. Income Taxes

The components of income (loss) before income tax provision are as follows for the years ended December 31:

	2017	2016	2015
		(in thousands)	
United States	$ (40,090)	$ 6,448	$ 8,079
International	565	238	—
Total income (loss) before income tax provision	$ (39,525)	$ 6,686	$ 8,079

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

	2017	2016	2015
		(in thousands)	
Current:			
Federal	$ —	$ 244	$ 212
State	36	508	226
Foreign	139	69	—
	175	821	438
Deferred:			
Federal	(2,916)	1,726	2,997
State	(175)	1,040	586
Foreign	—	—	—
	(3,091)	2,766	3,583
Change in federal tax rate	11,693	—	—
Valuation allowance	16,662	(772)	(588)
Total income tax expense	$ 25,439	$ 2,815	$ 3,433

The reconciliations of the U.S. federal statutory rate to the effective income tax rate for the years ended December 31, 2017, 2016 and 2015 are as follows:

	2017	2016	2015
Tax provision at U.S. federal statutory rates	34.0%	34.0%	34.0%
State income taxes net of federal benefit	2.7	3.1	2.3
Deferred tax asset adjustments – NOL related	(12.1)	16.1	6.8
Non-deductible permanent items	(0.1)	—	0.7
Stock options	(0.1)	—	—
Acquisition costs	—	—	7.0
Goodwill impairment	(17.5)	—	—
Other	0.3	0.4	(1.0)
Transition tax adjustment	0.2	—	—
Change in rate	(29.6)	—	—
Change in valuation allowance	(42.2)	(11.5)	(7.3)
Effective income tax rate	(64.4%)	42.1%	42.5%

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes as of December 31, 2017 and 2016 are as follows:

	2017	2016
	(in thousands)	
Deferred tax assets:		
Allowance for doubtful accounts	$ 225	$ 381
Accrued liabilities	574	1,596
Net operating loss carry-forwards	17,286	25,563
Intangible assets	161	—
Share-based compensation expense	2,727	3,225
Other	1,062	1,191
Total gross deferred tax assets	22,035	31,956
Valuation allowance	(21,318)	(4,656)
	717	27,300
Deferred tax liabilities:		
Fixed assets	(25)	(114)
Intangible assets	—	(7,698)
Unremitted foreign earnings	—	(20)
Total gross deferred tax liabilities	(25)	(7,832)
Net deferred tax assets	$ 692	$ 19,468

On December 22, 2017, the U.S. government enacted comprehensive tax legislation known as the TCJA. The TCJA establishes new tax laws that will take effect in 2018, including, but not limited to (1) reduction of the U.S. federal corporate tax rate from a maximum of 35% to 21%; (2) elimination of the corporate AMT; (3) a new limitation on deductible interest expense; (4) the Transition Tax; (5) limitations on the deductibility of certain executive compensation; (6) changes to the bonus depreciation rules for fixed asset additions: and (7) limitations on NOLs generated after December 31, 2017, to 80% of taxable income.

ASC 740, Income Taxes, requires the effects of changes in tax laws to be recognized in the period in which the legislation is enacted. However, due to the complexity and significance of the TCJA's provisions, the SEC staff issued Staff Accounting Bulletin 118 ("**SAB 118**"), which provides guidance on accounting for the tax effects of the TCJA. SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the TCJA for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the TCJA is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the TCJA.

At December 31, 2017, the Company has not completed its accounting for the tax effects of enactment of the TCJA; however, the Company has made a reasonable estimate of the effects of the TCJA's change in the federal rate and revalued its deferred tax assets based on the rates at which they are expected to reverse in the future, which is generally the new 21% federal corporate tax rate plus applicable state tax rate. The Company recorded a decrease in deferred tax assets and deferred tax liabilities of $11.7 million and $0.0 million, respectively, with a corresponding net adjustment to deferred income tax expense of $11.7 million for the year ended December 31, 2017. In addition, the Company recognized a deemed repatriation of $0.6 million of deferred foreign income from its Guatemala subsidiary, which did not result in any incremental tax cost after application of foreign tax credits. The Company's provisional estimates will be adjusted during the measurement period defined under SAB 118, based upon ongoing analysis of data and tax positions along with the new guidance from regulators and interpretations of the law.

The Company adopted the provisions of ASU 2016-09 as of January 1, 2017, which requires recognition through opening retained earnings of any pre-adoption date NOL carryforwards from nonqualified stock options and other employee share-based payments (e.g., restricted shares and share appreciation rights), as well as recognition of all income tax effects from share-based payments arising on or after January 1, 2017 in income tax expense. As a result, the Company has recognized $18.4 million of pre-adoption date NOL carryforwards with remaining carryforward periods of at least seven years. The Company recognized excess tax benefits of $6.5 million as an increase to deferred tax assets and a cumulative-effect adjustment to retained earnings of $6.5 million. Based on the weight of available evidence, the Company believes that it is more likely than not that these NOLs will not be realized and has placed a valuation allowance against the deferred tax asset.

During 2017, management assessed the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative losses incurred over the three-year period ended December 31, 2017. The Company was projecting pre-tax income for 2017 until the three months ended December 31, 2017, in which the Company incurred a significant pre-tax loss due to goodwill impairment. The Company experienced increased costs in servicing its customers and started to see a decrease in market share as a result of more competition. The Company also projects that 2018 pre-tax profits may not offset the cumulative three-year pre-tax loss as of December 31, 2017. Based on this evaluation, the Company recorded an additional valuation allowance of $16.7 million against its deferred tax assets during the year. At December 31, 2017, the Company has recorded a valuation allowance of $21.3 million against its deferred tax assets.

At December 31, 2017, the Company had federal and state NOLs of approximately $74.0 million and $26.2 million, respectively. The federal NOLs expire through 2035 as follows (in millions):

2025	$	4.1
2026		25.5
2027		15.5
2028		5.2
2029		7.7
2030		10.6
2031		1.3
2032		—
2033		0.1
2034		2.5
2035		1.5
	$	74.0

The state NOLs expire through 2035 as follows (in millions):

2028	$	2.7
2029		5.8
2030		11.0
2034		1.5
2035		0.8
California NOLs		21.8
Other State NOLs		4.4
Total State NOLs	$	26.2

Utilization of the net operating loss and tax credit carry-forwards may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by Section 382 of the IRC, as well as similar state provisions. These ownership changes may limit the amount of NOLs and research and development credit carry-forwards that can be utilized annually to offset future taxable income and tax, respectively. A Section 382 ownership change occurred in 2006 and any changes have been reflected in the NOLs presented above as of December 31, 2017. As a result of an acquisition in 2001, approximately $9.9 million of the NOLs are subject to an annual limitation of approximately $0.5 million per year.

The federal and state NOLs begin to expire in 2025 and 2028, respectively. Approximately $10.8 million and $5.0 million, respectively, of the federal and state NOLs were incurred by subsidiaries prior to the date of the Company's acquisition of such subsidiaries. The Company established a valuation allowance of $4.1 million at the date of acquisitions related to these subsidiaries. The tax benefits associated with the realization of such NOLs was credited to the provision for income taxes.

At December 31, 2017, the Company has federal and state research and development tax credit carry-forwards of $0.3 million and $0.2 million, respectively. The federal credits begin to expire in 2021. The state credits do not expire.

As of December 31, 2017 and 2016, the Company had unrecognized tax benefits of approximately $0.5 million and $0.5 million, respectively, all of which, if subsequently recognized, would have affected the Company's tax rate. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2017	2016
	(in thousands)	
Balance at January 1,	$ 464	$ 527
Reductions based on tax positions related to prior years and settlements	—	(63)
Balance at December 31,	$ 464	$ 464

The Company is subject to taxation in the United States and various foreign and state jurisdictions. In general, the Company is no longer subject to U.S. federal and state income tax examinations for years prior to 2013 (except for the use of tax losses generated prior to 2013 that may be used to offset taxable income in subsequent years). The Company does not anticipate a significant change to the total amount of unrecognized tax benefits within the next twelve months.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Company has not accrued any interest associated with its unrecognized tax benefits in the years ended December 31, 2017 and 2016.

12. Quarterly Financial Data (Unaudited)

Below is a summary table of the Company's quarterly data for the years ended December 31, 2017 and December 31, 2016.

	Quarter Ended							
	Dec 31, 2017 (1)	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016	Mar 31, 2016
	(in thousands, except per-share amounts)							
Total net revenues	$ 33,321	$ 36,872	$ 34,591	$ 37,341	$ 40,378	$ 43,911	$ 36,148	$ 36,247
Gross profit	$ 8,139	$ 11,086	$ 10,636	$ 12,911	$ 14,601	$ 15,755	$ 13,921	$ 13,635
Net income (loss)	$ (65,840)	$ 69	$ 322	$ 484	$ 1,378	$ 2,738	$ 430	$ (676)
Basic earnings (loss) per share	$ (5.22)	$ 0.01	$ 0.03	$ 0.04	$ 0.13	$ 0.26	$ 0.04	$ (0.06)
Diluted earnings (loss) per share	$ (5.22)	$ 0.01	$ 0.02	$ 0.04	$ 0.10	$ 0.21	$ 0.03	$ (0.06)

(1) Net income in the quarter ended December 31, 2017 included goodwill impairment of $37.7 million, tax provision related to valuation allowance of $16.7 million, tax provision of $11.7 million due to TCJA and a $0.6 million write-off related to SaleMove.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

	Years Ended December 31,		
	2017	2016	2015
	(in thousands)		
Allowance for bad debts:			
Beginning balance	$ 643	$ 605	$ 490
Additions	346	344	379
Write-offs	(311)	(306)	(264)
Ending balance	$ 678	$ 643	$ 605
Allowance for customer credits:			
Beginning balance	$ 371	$ 439	$ 280
Additions	247	592	803
Write-offs	(405)	(660)	(644)
Ending balance	$ 213	$ 371	$ 439
Tax valuation allowance:			
Beginning balance	$ 4,656	$ 5,427	$ 6,015
Charged (credited) to tax expense	21,247	(771)	(588)
Charged (credited) to retained earnings	(4,585)	—	—
Ending balance	$ 21,318	$ 4,656	$ 5,427

Exhibit 10.11

AUTOWEB, INC.

AMENDED AND RESTATED 2014 EQUITY INCENTIVE PLAN

AutoWeb, Inc. ("**Company**"), a Delaware corporation, hereby establishes and adopts the following AutoWeb, Inc. Amended and Restated 2014 Equity Incentive Plan ("**Plan**").

1. PURPOSE OF THE PLAN

The purpose of the Plan is to assist the Company and its Subsidiaries in attracting and retaining selected individuals to serve as employees, directors, officers, consultants and/or advisors who are expected to contribute to the Company's success and to achieve long-term objectives that will benefit stockholders of the Company through the additional incentives inherent in the Awards hereunder.

2. DEFINITIONS

"**Award**" means any Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Other Share-Based Award, Performance Award or any other right, interest or option relating to Shares or other property (including cash) granted pursuant to the provisions of the Plan.

"**Award Agreement**" means any agreement, contract or other instrument or document evidencing any Award hereunder, whether in writing or through an electronic medium.

"**Board**" means the board of directors of the Company.

"**Board Approval Date**" means April 14, 2016, the date the Board approved this Plan.

"**Business Combination**" has the meaning set forth in Section 11.3(c).

"**Change in Control"** has the meaning set forth in Section 11.3.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

"**Committee**" means the Compensation Committee of the Board or a subcommittee thereof formed by the Compensation Committee to act as the Committee hereunder. The Committee must consist of no fewer than two Directors, each of whom is (i) a "Non-Employee Director" within the meaning of Rule 16b-3 of the Exchange Act, (ii) an "outside director" within the meaning of Section 162(m) of the Code, and (iii) an "independent director" for purpose of the rules of the principal U.S. national securities exchange on which the Shares are traded, to the extent required by such rules.

"**Company Voting Securities**" has the meaning set forth in Section 11.3(b).

"**Consultant**" means any consultant or advisor who is a natural person and who provides services to the Company or any Subsidiary, so long as such person (i) renders bona fide services that are not in connection with the offer and sale of the Company's securities in a capital raising transaction, (ii) does not directly or indirectly promote or maintain a market for the Company's securities, and (iii) otherwise qualifies as a consultant under the applicable rules of the Securities and Exchange Commission for registration of shares of stock on a Form S-8 registration statement.

"**Covered Employee**" means an employee of the Company or its Subsidiaries who is a "covered employee" within the meaning of Section 162(m) of the Code.

"**Director**" means a non-employee member of the Board.

"**Dividend Equivalents**" has the meaning set forth in Section 12.5.

"**Effective Date**" has the meaning set forth in Section 13.13.

“**Employee**” means any employee of the Company or any Subsidiary and any prospective employee conditioned upon, and effective not earlier than, such person becoming an employee of the Company or any Subsidiary.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Existing Plan**” means the AutoWeb, Inc. 2014 Equity Incentive Plan in effect prior to this amendment and restatement.

“**Fair Market Value**” means, with respect to Shares as of any date, (i) the closing price of the Shares as reported on the principal U.S. national securities exchange on which the Shares are listed and traded on that date, or, if there is no closing price on that date, then on the last preceding date on which a closing price was reported; (ii) if the Shares are not listed on any U.S. national securities exchange but are quoted in an inter-dealer quotation system on a last sale basis, the final ask price of the Shares reported on the inter-dealer quotation system for such date, or, if there is no sale on that date, then on the last preceding date on which a sale was reported; or (iii) if the Shares are neither listed on a U.S. national securities exchange nor quoted on an inter-dealer quotation system on a last sale basis, the amount determined by the Committee to be the fair market value of the Shares as determined by the Committee in its sole discretion. The Fair Market Value of any property other than Shares means the market value of that property determined by such methods or procedures as may be established from time to time by the Committee.

“**Fungible Share Ratio**” means the rate at which Full-Value Awards are counted against Plan limits as set forth in Sections 3.1(a) and 3.1(d).

“**Full-Value Awards**” means Awards other than Option and Stock Appreciation Rights.

“**Incumbent Directors**” has the meaning set forth in Section 11.3(a).

“**Incentive Stock Option**” means an Option that when granted is intended to qualify as an incentive stock option for purposes of Section 422 of the Code.

“**Limitations**” has the meaning set forth in Section 10.5.

“**Non-Qualifying Transaction**” has the meaning set forth in Section 11.3(c).

“**Officer**” means any officer of the Company or any Subsidiary.

“**Option**” means any right granted to a Participant under the Plan allowing that Participant to purchase Shares at such price or prices and during such period or periods as the Committee may determine.

“**Other Share-Based Awards**” has the meaning set forth in Section 8.1.

“**Parent Corporation**” has the meaning set forth in Section 11.3(c).

“**Participant**” means an Employee, Officer, Director or Consultant who is selected by the Committee to receive an Award under the Plan.

“**Payee**” has the meaning set forth in Section 13.2.

“**Performance Award**” means any Award of Performance Cash, Performance Shares or Performance Units granted pursuant to Article 9.

“**Performance Cash**” means any cash incentives granted pursuant to Article 9 payable to the Participant upon the achievement of such performance goals as the Committee may establish.

“**Performance Period**” means the period established by the Committee during which any performance goals specified by the Committee with respect to a Performance Award are to be measured.

“**Performance Share**” means any grant pursuant to Article 9 of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant upon achievement of such performance goals as the Committee may establish.

“**Performance Unit**” means any grant pursuant to Article 9 of a unit valued by reference to a designated amount of cash or property other than Shares, which value may be paid to the Participant upon achievement of such performance goals during the Performance Period as the Committee may establish.

“**Permitted Assignee**” has the meaning set forth in Section 12.3.

“**Plan Expiration Date**” means June 19, 2024.

“**Prior Plans**” means, collectively, the Company’s 1998 Stock Option Plan, 1999 Stock Option Plan, 2000 Stock Option Plan, Amended and Restated 2001 Restricted Stock and Option Plan, 2004 Restricted Stock and Option Plan, and 2010 Equity Incentive Plan.

“**Restricted Stock**” means any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such other restrictions as the Committee, in its sole discretion, may impose, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

“**Restricted Stock Award**” has the meaning set forth in Section 7.1.

“Restricted Stock Unit” means an Award that is valued by reference to a Share, which value may be paid to the Participant in Shares or cash as determined by the Committee in its sole discretion upon the satisfaction of vesting restrictions as the Committee may establish, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

“**Restricted Stock Unit Award**” has the meaning set forth in Section 7.1

“**SEC**” has the meaning set forth in Section 13.6.

“**Shares**” means the shares of common stock of the Company, par value $0.001 per share.

“**Stock Appreciation Right**” means the right granted to a Participant pursuant to Article 6.

“Subsidiary” means any corporation, limited liability company, partnership, joint venture or similar entity in which the Company owns, directly or indirectly, an equity interest possessing more than 50% of the combined voting power of the total outstanding equity interests of such entity. *Provided, however*, in the case of an Incentive Stock Option, “Subsidiary” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the relevant time each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain. For purposes of the preceding sentence, the term “corporation” has the meaning prescribed in Section 7701(a)(3) of the Code and the regulations thereunder.

“**Substitute Awards**” means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

“**Surviving Corporation**” has the meaning set forth in Section 11.3(c).

“**Vesting Period**” means the period of time specified by the Committee during which vesting restrictions for an Award are applicable.

3. SHARES SUBJECT TO THE PLAN

3.1 ***Number of Shares***.

(a) Subject to adjustment as provided in Section 12.2, as of the Effective Date, a maximum total of 2,315,273 Shares are authorized for grant under the Plan, less one (1) Share for every one (1) Share that was subject to an Option or Stock Appreciation Right granted under the Plan after December 31, 2015 and prior to the Effective Date, and one and six-tenths (1.6) Shares for every one (1) Share that was subject to a Full-Value Award granted under the Plan after December 31, 2015 and prior to the Effective Date. Any Shares that are subject to Options or Stock Appreciation Rights must be counted against this limit as one (1) Share for every one (1) Share granted, and any Shares that are subject to Full-Value Awards must be counted against this limit as one and six-tenths (1.6) Shares for every one (1) Share granted. After June 19, 2014, no awards may be granted under any Prior Plan.

(b) If (i) any Shares subject to an Award are forfeited, an Award expires or an Award is settled for cash (in whole or in part), or (ii) after December 31, 2013 any Shares subject to an award under the Prior Plans are forfeited, or an award under the Prior Plans expires or is settled for cash (in whole or in part), the Shares subject to such Award or award under the Prior Plans will, to the extent of such forfeiture, expiration or cash settlement, again be available for Awards under the Plan, in accordance with Section 3.1(d) below. In the event that withholding tax liabilities arising from an Award other than an Option or Stock Appreciation Right or, after December 31, 2013, an award other than an option or stock appreciation right under any Prior Plan are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, the Shares so tendered or withheld shall be added to the Shares available for Awards under the Plan in accordance with Section 3.1(d). Notwithstanding anything to the contrary contained herein, the following Shares may not be added to the Shares authorized for grant under paragraph (a) of this Section 3.1: (i) Shares tendered by the Participant or withheld by the Company in payment of the exercise price of an Option or after December 31, 2013, an option granted under the Prior Plans, or to satisfy any tax withholding obligation with respect to Options or Stock Appreciation Rights or, after December 31, 2013, options or stock appreciation rights under the Prior Plans, (ii) Shares subject to a Stock Appreciation Right, or after December 31, 2013, a stock appreciation right granted under the Prior Plans that are not issued in connection with its stock settlement on exercise thereof, and (iii) Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Options or after December 31, 2013, options granted under the Prior Plans.

(c) Substitute Awards will not reduce the Shares authorized for grant under the Plan or the Limitations applicable to a Participant under Section 10.5, nor will Shares subject to a Substitute Award again be available for Awards under the Plan to the extent of any forfeiture, expiration or cash settlement as provided in paragraph (b) above. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and will not reduce the Shares authorized for grant under the Plan; *provided* that Awards using such available shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and will only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

(d) Any Shares that again become available for grant pursuant to this Section must be added back as (i) one (1) Share if such Shares were subject to Options or Stock Appreciation Rights granted under the Plan or options or stock appreciation rights granted under the Prior Plans, and (ii) as one and six-tenths (1.6) Shares if such Shares were subject to Full-Value Awards granted under the Plan or under the Prior Plans.

3.2 ***Character of Shares***. Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased in the open market or otherwise.

3.3 ***Limit on Awards to Non-Employee Directors.*** Notwithstanding any other provision of the Plan to the contrary, the aggregate of the following during any single calendar year shall not exceed $750,000: (i) the aggregate grant date fair value (as calculated by the Company for financial accounting purposes) of all Awards granted to any non-employee Director during such calendar year and (ii) the sum of all cash payments to any non-employee Director made during such calendar year.

4. ELIGIBILITY AND ADMINISTRATION

4.1 ***Eligibility***. Any Employee, Officer, Director or Consultant is eligible to be selected as a Participant.

4.2 ***Administration***.

(a) The Plan must be administered by the Committee. The Committee has full power and authority, subject to the provisions of the Plan and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Employees, Officers, Directors and Consultants to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Awards to be granted to each Participant hereunder; (iii) determine the number of Shares (or dollar value) to be covered by each Award granted hereunder; (iv) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder; (v) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other property and other amounts payable with respect to an Award made under the Plan will be deferred either automatically or at the election of the Participant; (vii) determine whether, to what extent and under what circumstances any Award will be canceled or suspended; (viii) interpret and administer the Plan and any instrument or agreement entered into under or in connection with the Plan, including any Award Agreement; (ix) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee deems desirable to carry it into effect; (x) establish such rules and regulations and appoint such agents as it deems appropriate for the proper administration of the Plan; (xi) determine whether any Award, other than an Option or Stock Appreciation Right, will have Dividend Equivalents; and (xii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(b) Decisions of the Committee are final, conclusive and binding on all persons or entities, including the Company, any Participant, and any Subsidiary. Meetings and actions of the Committee are governed by, and must be held and taken in accordance with the Company’s Bylaws and any rules adopted by the Board not inconsistent with the Company’s Bylaws.

(c) To the extent not inconsistent with applicable law, including Section 162(m) of the Code, or the rules and regulations of the principal U.S. national securities exchange on which the Shares are traded, the Committee may: (i) delegate to a committee of one or more directors of the Company any of the authority of the Committee under the Plan, including the right to grant, cancel or suspend Awards, and (ii) authorize one or more executive officers to do one or both of the following: (A) designate officers (other than officers subject to Section 16 of the Exchange Act) and employees of the Company or any Subsidiary to be recipients of Options, and (B) determine the number of such Options to be received by those officers and employees; *provided* that any resolution of the Committee authorizing such officer(s) must specify the total number of Options such officer(s) may so award and the Committee may not authorize an officer to designate himself or herself as a recipient of an Option.

5. OPTIONS

5.1 ***Grant of Options***. Options may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Any Option is subject to the terms and conditions of this Article and to such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee deems desirable.

5.2 ***Award Agreements***. All Options must be evidenced by a written Award Agreement in such form and containing such terms and conditions as the Committee determines which are not inconsistent with the provisions of the Plan. The terms and conditions of Options need not be the same with respect to each Participant. Granting an Option pursuant to the Plan does not impose any obligation on the recipient to exercise that Option. Any Participant who is granted an Option pursuant to this Article may hold more than one Option granted pursuant to the Plan at the same time.

5.3 ***Option Price***. Other than in connection with Substitute Awards, the option price per each Share purchasable under any Option granted pursuant to this Article must not be less than 100% of the Fair Market Value of one Share on the date of grant of that Option; *provided, however*, that in the case of an Incentive Stock Option granted to a Participant who, at the time of the grant, owns (or is deemed to own pursuant to Section 424(d) of the Code) stock representing more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary, the option price per share must be no less than 110% of the Fair Market Value of one Share on the date of grant. Other than pursuant to Section 12.2, the Committee may not without the approval of the Company's stockholders (i) lower the option price per Share of an Option after it is granted, (ii) cancel an Option when the option price per Share exceeds the Fair Market Value of one Share in exchange for cash or another Award (other than in connection with a Change in Control as defined in Section 11.3), or (iii) take any other action with respect to an Option that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which the Shares are traded.

5.4 ***Option Term***. The term of each Option must be fixed by the Committee in its sole discretion; provided that no Option may be exercisable after the expiration of seven (7) years from the date the Option is granted, except in the event of death or disability of the Participant; *provided, however*, that the term of the Option must not exceed five (5) years from the date the Option is granted in the case of an Incentive Stock Option granted to a Participant who, at the time of the grant, owns (or is deemed to own pursuant to Section 424(d) of the Code) stock representing more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary.

5.5 ***Exercise of Options.***

(a) Vested Options granted under the Plan may be exercised by the Participant or by a Permitted Assignee thereof (or by the Participant's executors, administrators, guardian or legal representative, as may be provided in an Award Agreement) as to all or part of the Shares covered thereby, by giving notice of exercise to the Company or its designated agent, specifying the number of Shares to be purchased. The notice of exercise must be in such form, made in such manner, and must comply with such other requirements consistent with the provisions of the Plan as the Committee may prescribe from time to time.

(b) Unless otherwise provided in an Award Agreement, full payment of the purchase price must be made at the time of exercise and must be made (i) in cash or cash equivalents (including certified check or bank check or wire transfer of immediately available funds), (ii) by tendering previously acquired Shares (either actually or by attestation) valued at their then Fair Market Value, (iii) with the consent of the Committee, by delivery of other consideration having a Fair Market Value on the exercise date equal to the total purchase price, (iv) with the consent of the Committee, by withholding Shares otherwise issuable in connection with the exercise of the Option, (v) through any other method specified in an Award Agreement (including same-day sales through a broker) or as authorized by the Committee, including through any third party option administrator authorized by the Committee, or (vi) any combination of any of the foregoing. The notice of exercise, accompanied by such payment, must be delivered to the Company at its principal business office or such other office or location as the Committee may from time to time direct, including to a third party option administrator authorized by the Committee, and must be in such form, containing such further provisions consistent with the provisions of the Plan, as the Committee may from time to time prescribe. In no event may any Option granted hereunder be exercised for a fraction of a Share.

(c) Notwithstanding the foregoing, an Award Agreement may provide that if on the last day of the term of an Option the Fair Market Value of one Share exceeds the option price per Share, the Participant has not exercised the Option (or a tandem Stock Appreciation Right, if applicable) and the Option has not expired, the Option may be deemed to have been exercised by the Participant on that day with payment made by withholding Shares otherwise issuable in connection with the exercise of the Option. In such event, the Company must deliver to the Participant the number of Shares for which the Option was deemed exercised, less the number of Shares required to be withheld for the payment of the total purchase price and required withholding taxes; *provided, however*, any fractional Share must be settled in cash.

5.6 ***Form of Settlement***. In its sole discretion, the Committee may provide that the Shares to be issued upon an Option's exercise will be in the form of Restricted Stock or other similar securities.

5.7 ***Incentive Stock Options***. The Committee may grant Incentive Stock Options to any Employee of the Company or any Subsidiary, subject to the requirements of Section 422 of the Code and the regulations thereunder. Solely for purposes of determining whether Shares are available for the grant of Incentive Stock Options under the Plan, the maximum aggregate number of Shares that may be issued pursuant to Incentive Stock Options granted under the Plan is 2,000,000 Shares, subject to adjustment as provided in Sections 3.1(a) and 12.2.

6. STOCK APPRECIATION RIGHTS

6.1 ***Grant and Exercise***. The Committee may provide Stock Appreciation Rights (i) in tandem with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option, (ii) in tandem with all or part of any Award (other than an Option) granted under the Plan or at any subsequent time during the term of such Award, or (iii) without regard to any Option or other Award in each case upon such terms and conditions as the Committee may establish in its sole discretion.

6.2 ***Terms and Conditions***. Stock Appreciation Rights are subject to such terms and conditions, not inconsistent with the provisions of the Plan, as are determined from time to time by the Committee, including the following:

(a) Upon the exercise of a Stock Appreciation Right, the holder has the right to receive, for each Share for which the Stock Appreciation Right is exercised, the excess of (i) the Fair Market Value of one Share on the date of exercise (or such amount less than such Fair Market Value as the Committee so determines at any time during a specified period before the date of exercise) over (ii) the grant price of the Stock Appreciation Right.

(b) The Committee may determine in its sole discretion whether payment on exercise of a Stock Appreciation Right must be made in cash, in whole Shares or other property, or any combination thereof.

(c) The terms and conditions of Stock Appreciation Rights need not be the same with respect to each Participant.

(d) The Committee may impose such other terms and conditions on the exercise of any Stock Appreciation Right, as it deems appropriate. A Stock Appreciation Right must: (i) have a grant price per Share of not less than the Fair Market Value of one Share on the date of grant or, if applicable, on the date of grant of an Option with respect to a Stock Appreciation Right granted in exchange for or in tandem with, but subsequent to, the Option (subject to the requirements of Section 409A of the Code) except in the case of Substitute Awards or in connection with an adjustment provided in Section 12.2, and (ii) have a term not greater than seven (7) years.

(e) An Award Agreement may provide that if on the last day of the term of a Stock Appreciation Right the Fair Market Value of one Share exceeds the grant price per Share of the Stock Appreciation Right, the Participant has not exercised the Stock Appreciation Right or the tandem Option (if applicable), and the Stock Appreciation Right has not expired, the Stock Appreciation Right will be deemed to have been exercised by the Participant on that day. In that event, the Company must make payment to the Participant in accordance with this Section, reduced by the number of Shares (or cash) required for withholding taxes; any fractional Share must be settled in cash.

(f) Without the approval of the Company's stockholders, other than pursuant to Section 12.2, the Committee may not (i) reduce the grant price of any Stock Appreciation Right after the date of grant (ii) cancel any Stock Appreciation Right when the grant price per Share exceeds the Fair Market Value of one Share in exchange for cash or another Award (other than in connection with a Change in Control as defined in Section 11.3), or (iii) take any other action with respect to a Stock Appreciation Right that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which the Shares are traded.

7. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

7.1 ***Grants***. Awards of Restricted Stock and of Restricted Stock Units may be issued hereunder to Participants either alone or in addition to other Awards granted under the Plan (a "**Restricted Stock Award**" or "**Restricted Stock Unit Award**" respectively), and such Restricted Stock Awards and Restricted Stock Unit Awards may also be available as a form of payment of Performance Awards and other earned cash-based incentive compensation. A Restricted Stock Award or Restricted Stock Unit Award may be subject to vesting restrictions during the Vesting Period as specified by the Committee. The Committee has absolute discretion to determine whether any consideration (other than services) is to be received by the Company or any Subsidiary as a condition precedent to the issuance of Restricted Stock or Restricted Stock Units

7.2 ***Award Agreements***. The terms of any Restricted Stock Award or Restricted Stock Unit Award granted under the Plan must be set forth in an Award Agreement which must contain provisions determined by the Committee and not inconsistent with the Plan. The terms of Restricted Stock Awards and Restricted Stock Unit Awards need not be the same with respect to each Participant.

7.3 ***Rights of Holders of Restricted Stock and Restricted Stock Units***. Unless otherwise provided in the Award Agreement, beginning on the date of grant of the Restricted Stock Award and subject to execution of the Award Agreement, the Participant will become a stockholder of the Company with respect to all Shares subject to the Award Agreement and will have all of the rights of a stockholder, including the right to vote those Shares and the right to receive distributions made with respect to those Shares. A Participant receiving a Restricted Stock Unit Award has only those rights specifically provided for in the Award Agreements; *provided, however*, in no event will the Participant possess voting rights with respect to that Award. Except as otherwise provided in an Award Agreement, any Shares or any other property (other than cash) distributed as a dividend or otherwise with respect to any Restricted Stock Award or the number of Shares covered by a Restricted Stock Unit Award as to which the restrictions have not yet lapsed are subject to the same restrictions as such Restricted Stock Award or Restricted Stock Unit Award. Notwithstanding the provisions of this Section, cash dividends with respect to any Restricted Stock Award and any other property (other than cash) distributed as a dividend or otherwise with respect to any Restricted Stock Award or the number of Shares covered by a Restricted Stock Unit Award that vests based on achievement of performance goals will be accumulated, will be subject to restrictions and risk of forfeiture to the same extent as the Restricted Stock or Restricted Stock Units with respect to which that cash, Shares or other property has been distributed and must be paid at the time such restrictions and risk of forfeiture lapse.

7.4 ***Issuance of Shares***. Any Restricted Stock granted under the Plan may be evidenced in such manner as the Board may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates will be held by the Company. Certificate or certificates, if any, evidencing Restricted Stock must be registered in the name of the Participant and must bear an appropriate legend referring to the restrictions applicable to such Restricted Stock.

8. OTHER SHARE-BASED AWARDS

8.1 ***Grants***. Other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares or other property ("**Other Share-Based Awards**"), including deferred stock units, may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Other Share-Based Awards may also be available as a form of payment of other Awards granted under the Plan and other earned cash-based compensation.

8.2 ***Award Agreements***. The terms of Other Share-Based Award granted under the Plan must be set forth in an Award Agreement which must contain provisions determined by the Committee and not inconsistent with the Plan. The terms of such Awards need not be the same with respect to each Participant. Notwithstanding the provisions of this Section, dividend equivalents and any property (other than cash) distributed as a dividend or otherwise with respect to the number of Shares covered by a Other Share-Based Award that vests based on achievement of performance goals will be subject to restrictions and risk of forfeiture to the same extent as the Shares covered by a Other Share-Based Award with respect to which such cash, Shares or other property has been distributed. Other Share-Based Awards may be subject to vesting restrictions during the Vesting Period as specified by the Committee.

8.3 ***Payment***. Except as may be provided in an Award Agreement, Other Share-Based Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee. Other Share-Based Awards may be paid in a lump sum or in installments or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code and the regulations thereunder.

8.4 ***Deferral of Director Fees***. Subject to the limits set forth in Section 3.3, Directors must, if determined by the Board, receive Other Share-Based Awards in the form of deferred stock units in lieu of all or a portion of their annual retainer. In addition, Directors may elect to receive Other Share-Based Awards in the form of deferred stock units in lieu of all or a portion of their annual and committee retainers and annual meeting fees, provided that such election is made in accordance with the requirements of Section 409A of the Code and the regulations thereunder and subject to the limits set forth in Section 3.3. The Committee may, in its absolute discretion, establish such rules and procedures as it deems appropriate for such elections and for the payment in deferred stock units.

9. PERFORMANCE AWARDS

9.1 ***Grants***. Performance Awards in the form of Performance Cash, Performance Shares or Performance Units, as determined by the Committee in its sole discretion, may be granted hereunder to Participants, for no consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards granted under the Plan. The performance goals to be achieved for each Performance Period will be conclusively determined by the Committee and may be based upon the criteria set forth in Section 10.2.

9.2 ***Award Agreements***. The terms of any Performance Award granted under the Plan must be set forth in an Award Agreement (or, if applicable, in a resolution duly adopted by the Committee) which must contain provisions determined by the Committee and not inconsistent with the Plan, including whether such Awards will have Dividend Equivalents. The terms of Performance Awards need not be the same with respect to each Participant.

9.3 ***Terms and Conditions***. The performance criteria to be achieved during any Performance Period and the length of the Performance Period must be determined by the Committee upon the grant of each Performance Award; provided, however, that a Performance Period may not be longer than five years. The amount of the Award to be distributed will be conclusively determined by the Committee.

9.4 ***Payment***. Except as provided in Article 11 or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. Performance Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code and the regulations thereunder.

10. CODE SECTION 162(m) PROVISIONS

10.1 ***Covered Employees***. Notwithstanding any other provision of the Plan, if the Committee determines at the time a Restricted Stock Award, a Restricted Stock Unit Award, a Performance Award or an Other Share-Based Award is granted to a Participant who is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, then the Committee may provide that this Article 10 is applicable to that Award.

10.2 ***Performance Criteria***. If the Committee determines that a Restricted Stock Award, a Restricted Stock Unit, a Performance Award or an Other Share-Based Award is intended to be subject to this Article 10, the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, will be subject to the achievement of one or more objective performance goals established by the Committee, which must be based on the attainment of specified levels of one or any combination of the following: net sales; revenue; revenue growth or product revenue growth; operating income (before or after taxes); pre- or after-tax income or loss (before or after allocation of corporate overhead and bonus); earnings or loss per share; net income or loss (before or after taxes); return on equity; total stockholder return; return on assets or net assets; appreciation in and/or maintenance of the price of the Shares or any other publicly-traded securities of the Company; market share; gross profits; earnings or losses (including earnings or losses before taxes, before interest and taxes, or before interest, taxes, depreciation and amortization); economic value-added models or equivalent metrics; comparisons with various stock market indices; reductions in costs; cash flow or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; improvement in or attainment of expense levels or working capital levels, including cash, inventory and accounts receivable; operating margin; gross margin; year-end cash; cash margin; debt reduction; stockholders equity; operating efficiencies; market share; customer satisfaction; customer growth; employee satisfaction; regulatory achievements (including submitting or filing applications or other documents with regulatory authorities or receiving approval of any such applications or other documents and passing pre-approval inspections); strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property); establishing relationships with commercial entities with respect to the marketing, distribution and sale of the Company's products (including with group purchasing organizations, distributors and other vendors); lead supply or other supply chain achievements); co-development, co-marketing, profit sharing, joint venture or other similar arrangements; financial ratios (including those measuring liquidity, activity, profitability or leverage); cost of capital or assets under management; financing and other capital raising transactions (including sales of the Company's equity or debt securities); factoring transactions; sales or licenses of the Company's assets (including its intellectual property, whether in a particular jurisdiction or territory or globally; or through partnering transactions); implementation, completion or attainment of measurable objectives with respect to research, development, manufacturing, commercialization, products or projects, production volume levels, acquisitions and divestitures; factoring transactions; and recruiting and maintaining personnel. These performance goals also may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company, or based upon the relative performance of other companies or upon comparisons of any of the indicators of performance relative to other companies. Any performance goals that are financial metrics, may be determined in accordance with U.S. Generally Accepted Accounting Principles ("**GAAP**"), in accordance with accounting principles established by the International Accounting Standards Board ("**IASB Principles**"), or may be adjusted when established to include or exclude any items otherwise includable or excludable under GAAP or under IASB Principles The Committee may also exclude the impact of an event or occurrence which the Committee determines should appropriately be excluded, including (i) restructurings, discontinued operations, items of an unusual nature or infrequency of occurrence or non-recurring items; (ii) an event either not directly related to the operations of the Company, Subsidiary, division, business segment or business unit or not within the reasonable control of management; (iii) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles; (iv) asset write-downs, (v) litigation or claim judgments or settlements; (vi) acquisitions or divestitures; (vii) reorganization or change in the corporate structure or capital structure of the Company; (ix) foreign exchange gains and losses; (x) a change in the fiscal year of the Company; (xi) the refinancing or repurchase of bank loans or debt securities; (xii), unbudgeted capital expenditures; (xiii) the issuance or repurchase of equity securities and other changes in the number of outstanding shares; (xiv) conversion of some or all of convertible securities to common stock; (xv) any business interruption event; or (xvi) the effect of changes in other laws or regulatory rules affecting reported results. The Committee must set these performance goals (and any exclusions) within the time period prescribed by, and must otherwise comply with the requirements of, Section 162(m) of the Code and the regulations thereunder.

10.3 ***Adjustments***. Notwithstanding any provision of the Plan (other than Article 11), with respect to any Restricted Stock Award, Restricted Stock Unit Award, Performance Award or Other Share-Based Award that is subject to this Section 10, the Committee may adjust downwards, but not upwards, the amount payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance goals except in the case of the death or disability of the Participant or a Change in Control of the Company.

10.4 ***Restrictions***. The Committee has the power to impose such other restrictions on Awards subject to this Article as it may deem necessary or appropriate to ensure that the Awards satisfy all requirements for “qualified performance-based compensation" within the meaning of Section 162(m) of the Code and the regulations thereunder.

10.5 ***Limitations on Grants to Individual Participants***. Subject to adjustment as provided in Section 12.2, no Participant may (i) be granted Options or Stock Appreciation Rights during any calendar year with respect to more than 400,000 Shares and (ii) be granted Restricted Stock Awards, Restricted Stock Unit Awards, Performance Awards and/or Other Share-Based Awards in any calendar year that are intended to comply with the qualified performance-based exception under Code Section 162(m) and are denominated in Shares and under which more than 400,000 Shares may be earned for each 12 months in the Performance Period. In addition to the foregoing, during any calendar year no Participant may be granted Performance Awards that are intended to comply with the performance-based exception under Code Section 162(m) and are denominated in cash under which more than $2,500,000 may be earned for each 12 months in the Performance Period (together, collectively with the limitations in the preceding sentence, the “**Limitations**”). If an Award is cancelled, the cancelled Award will continue to be counted toward the applicable Limitation (or, if denominated in cash, toward the dollar amount in the preceding sentence).

11. CHANGE IN CONTROL PROVISIONS

11.1 ***Impact on Certain Awards***. Award Agreements may provide that in the event of a Change in Control of the Company (as defined in Section 11.3): (i) Options and Stock Appreciation Rights outstanding as of the date of the Change in Control will be cancelled and terminated without payment therefor if the Fair Market Value of one Share as of the date of the Change in Control is less than the per Share Option exercise price or Stock Appreciation Right grant price, and (ii) all Performance Awards will be considered to be earned and payable (either in full or pro rata based on the portion of the Performance Period completed as of the date of the Change in Control), and any limitations or other restrictions will lapse and such Performance Awards will be immediately settled or distributed.

11.2 ***Assumption or Substitution of Certain Awards*.**

(a) Unless otherwise provided in an Award Agreement, in the event of a Change in Control of the Company in which the successor company assumes or substitutes for an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award (or in which the Company is the ultimate parent corporation and continues the Award), if a Participant’s employment with such successor company (or the Company) or a subsidiary thereof terminates within 24 months following such Change in Control (or such other period set forth in the Award Agreement, including prior thereto if applicable) and under the circumstances specified in the Award Agreement: (i) Options and Stock Appreciation Rights outstanding as of the date of such termination of employment will immediately vest, become fully exercisable, and may thereafter be exercised for 24 months (or the period of time set forth in the Award Agreement), but in no event later than the earlier of (A) the latest date on which the Option or Stock Appreciation Right would have expired by its original terms or (B) the date that is seven (7) years after the original date of grant of the Option or Stock Appreciation Right, (ii) the restrictions, limitations and other conditions applicable to Restricted Stock and Restricted Stock Units outstanding as of the date of such termination of employment will lapse and the Restricted Stock and Restricted Stock Units will become free of all restrictions, limitations and conditions and become fully vested, and (iii) the restrictions, limitations and other conditions applicable to any Other Share-Based Awards or any other Awards will lapse, and such Other Share-Based Awards or such other Awards will become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant. For the purposes of this Section 11.2, an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award will be considered assumed or substituted for if following the Change in Control the Award confers the right to purchase or receive, for each Share subject to the Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award immediately prior to the Change in Control, the consideration (whether stock, cash or other securities or property) received in the transaction constituting a Change in Control by holders of Shares for each Share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the transaction constituting a Change in Control is not solely common stock of the successor company, the Committee may, with the consent of the successor company, provide that the consideration to be received upon the exercise or vesting of an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award, for each Share subject thereto, will be solely common stock of the successor company substantially equal in fair market value to the per Share consideration received by holders of Shares in the transaction constituting a Change in Control. The determination of such substantial equality of value of consideration may be made by the Committee in its sole discretion and its determination is conclusive and binding.

(b) Unless otherwise provided in an Award Agreement, in the event of a Change in Control of the Company to the extent the successor company does not assume or substitute for an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award (or in which the Company is the ultimate parent corporation and does not continue the Award), then immediately prior to the Change in Control: (i) those Options and Stock Appreciation Rights outstanding as of the date of the Change in Control that are not assumed or substituted for (or continued) will immediately vest and become fully exercisable, (ii) restrictions, limitations and other conditions applicable to Restricted Stock and Restricted Stock Units that are not assumed or substituted for (or continued) will lapse and the Restricted Stock and Restricted Stock Units will become free of all restrictions, limitations and conditions and become fully vested, and (iii) the restrictions, other limitations and other conditions applicable to any Other Share-Based Awards or any other Awards that are not assumed or substituted for (or continued) will lapse, and such Other Share-Based Awards or such other Awards will become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant.

(c) The Committee, in its discretion, may determine that, upon the occurrence of a Change in Control of the Company, each Option and Stock Appreciation Right outstanding will terminate within a specified number of days after notice to the Participant, and/or that each Participant will receive, with respect to each Share subject to such Option or Stock Appreciation Right, an amount equal to the excess of the Fair Market Value of such Share immediately prior to the occurrence of such Change in Control over the exercise price per Share of such Option and/or Stock Appreciation Right; such amount to be payable in cash, in one or more kinds of stock or property (including the stock or property, if any, payable in the transaction) or in a combination thereof, as the Committee, in its discretion, may determine.

11.3 ***<u>Change in Control</u>***. For purposes of the Plan, unless otherwise provided in an Award Agreement, "**Change in Control**" means the occurrence of any one of the following events:

(a) During any twenty-four (24) month period, individuals who, as of the beginning of such period, constitute the Board ("**Incumbent Directors**") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the beginning of such period whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) will be an Incumbent Director; *provided, however*, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board will be deemed to be an Incumbent Director;

(b) Any "**person**" (as such term is defined in the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "**beneficial owner**" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board ("**Company Voting Securities**"); *provided, however*, that the event described in this paragraph (b) will not be deemed to be a Change in Control by virtue of any of the following acquisitions: (i) by the Company or any Subsidiary, (ii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, (iii) by any underwriter temporarily holding securities pursuant to an offering of such securities, (iv) pursuant to a Non-Qualifying Transaction, as defined in paragraph (c), or (v) by any person of Voting Securities from the Company, if a majority of the Incumbent Board approves in advance the acquisition of beneficial ownership of 50% or more of Company Voting Securities by that person;

(c) The consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or any of its Subsidiaries that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in the transaction (a "**Business Combination**"), unless immediately following such Business Combination: (i) more than 50% of the total voting power of (A) the corporation resulting from such Business Combination ("**Surviving Corporation**"), or (B) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation ("**Parent Corporation**"), is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (ii) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation), is or becomes the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) and (iii) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (i), (ii) and (iii) above is deemed to be a "**Non-Qualifying Transaction**"); or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of a sale of all or substantially all of the Company's assets.

Notwithstanding the foregoing, a Change in Control will not be deemed to occur solely because any person acquires beneficial ownership of more than 50% of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which reduces the number of Company Voting Securities outstanding; *provided*, that if after such acquisition by the Company such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change in Control of the Company will then occur.

12. GENERALLY APPLICABLE PROVISIONS

12.1 ***Amendment and Termination of the Plan***. The Board may, from time to time, alter, amend, suspend or terminate the Plan as it may deem advisable, subject to any requirement for stockholder approval imposed by applicable law, including the rules and regulations of the principal U.S. national securities exchange on which the Shares are traded; provided that the Board may not amend the Plan in any manner that would result in noncompliance with Rule 16b-3 of the Exchange Act; and further *provided* that the Board may not, without the approval of the Company's stockholders, amend the Plan to (i) increase the number of Shares that may be the subject of Awards under the Plan (except for adjustments pursuant to Section 12.2), (ii) expand the types of awards available under the Plan, (iii) change the class of persons eligible to receive grants of Incentive Stock Options or materially expand the class of persons eligible to participate in the Plan, (iv) amend Section 5.3 or Section 6.2(f) to eliminate the requirements relating to minimum exercise price, minimum grant price and stockholder approval, (v) increase the maximum permissible term of any Option specified by Section 5.4 or the maximum permissible term of a Stock Appreciation Right specified by Section 6.2(d), or (vi) increase the limits specified in Section 3.3 or the Limitations (except for adjustments pursuant to Section 12.2). Except pursuant to Section 12.2, the Board may not, without the approval of the Company's stockholders, cancel an Option or Stock Appreciation Right in exchange for cash when the exercise or grant price per share exceeds the Fair Market Value of one Share or take any action with respect to an Option or Stock Appreciation Right that would be treated as a repricing under the rules and regulations of the principal U.S. securities exchange on which the Shares are traded, including a reduction of the exercise price of an Option or the grant price of a Stock Appreciation Right or the exchange of an Option or Stock Appreciation Right for cash or another Award. In addition, no amendments to, or termination of, the Plan will impair the rights of a Participant in any material respect under any Award previously granted without such Participant's consent.

12.2 ***Adjustments***. In the event of any merger, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affecting the Shares or the value thereof, such adjustments and other substitutions must be made to the Plan and to Awards as the Committee deems equitable or appropriate taking into consideration the accounting and tax consequences, including such adjustments in the aggregate number, class and kind of securities that may be delivered under the Plan, the number of Shares set forth in the Limitations contained in the first sentence of Section 10.5 (but not the dollar amount set forth in the second sentence of Section 10.5), the maximum number of Shares that may be issued pursuant to Incentive Stock Options and, in the aggregate or to any Participant, in the number, class, kind and option or exercise price of securities subject to outstanding Awards granted under the Plan (including, if the Committee deems appropriate, the substitution of similar options to purchase the shares of, or other awards denominated in the shares of, another company) as the Committee may determine to be appropriate; *provided, however*, that the number of Shares subject to any Award must always be a whole number.

12.3 ***Transferability of Awards***. Except as provided below, no Award and no Shares that have not been issued or as to which any applicable restriction, performance or deferral period has not lapsed, may be sold, assigned, transferred, pledged or otherwise encumbered, other than by will or the laws of descent and distribution, and such Award may be exercised during the life of the Participant only by the Participant or the Participant's guardian, members of a committee for incompetent former employees, or similar persons duly authorized by law to administer the estate or assets of former employees. To the extent and under such terms and conditions as determined by the Committee and except for Incentive Stock Options, Options may be exercised and the Shares acquired on exercise may be resold by a Participant's family member who has acquired the Options from the Participant through a gift or a domestic relations order (a "**Permitted Assignee**"). For purposes of this Section, "family member" includes any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty percent of the voting interests; *provided* that such Permitted Assignee will be bound by and subject to all of the terms and conditions of the Plan and the Award Agreement relating to the transferred Award and must execute an agreement satisfactory to the Company evidencing such obligations; and *provided* further that such Participant remains bound by the terms and conditions of the Plan. The Company must cooperate with any Permitted Assignee and the Company's transfer agent in effectuating any transfer permitted under this Section. Options transferred for value may not be exercised. A transfer for value does not include: (i) a transfer under a domestic relations order in settlement of marital property rights; or (ii) a transfer to an entity in which more than fifty percent of the voting interests are owned by the family members (or the Participant) in exchange for an interest in that entity. An Incentive Stock Option is not transferable (other than by will or by the laws of descent and distribution) by the Participant and is exercisable, during the lifetime of the Participant, only by the Participant.

12.4 ***Termination of Employment or Services***. The Committee must determine and set forth in each Award Agreement whether any Awards granted in such Award Agreement will continue to be exercisable, continue to vest or be earned and the terms of such exercise, vesting or earning, on and after the date that a Participant ceases to be employed by or to provide services to the Company or any Subsidiary (including as a Director), whether by reason of death, disability, voluntary or involuntary termination of employment or services, or otherwise. The date of termination of a Participant's employment or services will be determined by the Committee, which determination will be final.

12.5 ***Deferral; Dividend Equivalents***. The Committee is authorized to establish procedures pursuant to which the payment of any Award may be deferred. Subject to the provisions of the Plan and any Award Agreement, the recipient of an Award other than an Option or Stock Appreciation Right may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, amounts equivalent to cash, stock or other property dividends on Shares ("**Dividend Equivalents**") with respect to the number of Shares covered by the Award, as determined by the Committee, in its sole discretion. The Committee may provide that the Dividend Equivalents (if any) will be deemed to have been reinvested in additional Shares or otherwise reinvested and may provide that the Dividend Equivalents are subject to the same vesting or performance conditions as the underlying Award. Notwithstanding the foregoing, Dividend Equivalents distributed in connection with an Award that vests based on the achievement of performance goals will be subject to restrictions and risk of forfeiture to the same extent as the Award with respect to which such cash, stock or other property has been distributed.

13. MISCELLANEOUS

13.1 ***Award Agreements***.

(a) Each Award Agreement must either be (i) in writing in a form approved by the Committee and executed by the Company by an officer duly authorized to act on its behalf, or (ii) an electronic notice in a form approved by the Committee and recorded by the Company (or its designee) in an electronic recordkeeping system used for the purpose of tracking one or more types of Awards as the Committee may provide; in each case and if required by the Committee, the Award Agreement must be executed or otherwise electronically accepted by the recipient of the Award in such form and manner as the Committee may require. The Committee may authorize any officer of the Company to execute any or all Award Agreements on behalf of the Company. The Award Agreement must set forth the material terms and conditions of the Award as established by the Committee consistent with the provisions of the Plan.

(b) No Full Value Award granted on or after the Effective Date may vest in less than one year from its date of grant. Notwithstanding the foregoing, up to five percent (5%) of the available Shares authorized for issuance under the Plan as of the Effective Date (adjusted to reflect the Fungible Share Ratio as it applies to Full Value Awards) may vest (in full or in part) in less than one year from their date of grant ("**Full Value Award 5% Basket**"). Any Full Value Award granted under the Plan may vest in full or in part upon death or disability of the Participant, or upon a Change in Control of the Company, and such vesting shall not count against the Full Value Award 5% Basket.

13.2 ***Tax Withholding.*** The Company has the right to make all payments or distributions pursuant to the Plan to a Participant (or a Permitted Assignee thereof) (any such person, a "Payee") net of any applicable federal, state and local taxes required to be paid or withheld (including any taxes, penalties and interest under Section 409A of the Code) as a result of (i) the grant of any Award, (ii) the exercise of an Option or Stock Appreciation Right, (iii) the delivery of Shares or cash, (iv) the lapse of any restrictions in connection with any Award, (v) the vesting of any Award, or (vi) any other event occurring pursuant to the Plan. The Company or any Subsidiary has the right to withhold from wages or other amounts otherwise payable to such Payee such withholding taxes as may be required by law, or to otherwise require the Payee to pay such taxes, penalties and interest required to be withheld or paid by the Participant. If the Payee fails to make such tax payments as are required, the Company or its Subsidiaries will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to such Payee or to take such other action as may be necessary to satisfy such withholding obligations. The Committee is authorized to establish procedures for election by Participants to satisfy such obligation for the payment of such taxes by tendering previously acquired Shares (either actually or by attestation, valued at their then Fair Market Value), or by directing the Company to retain Shares (up to the Participant's minimum required tax withholding rate or such other rate that will not cause an adverse accounting consequence or cost) otherwise deliverable in connection with the Award.

13.3 ***Right of Discharge Reserved; Claims to Awards***. Nothing in the Plan nor the grant of an Award hereunder confers upon any Employee, Director, officer or Consultant the right to continue in the employment or service of the Company or any Subsidiary or affect any right that the Company or any Subsidiary may have to terminate the employment or service of (or to demote or to exclude from future Awards under the Plan) any such Employee, Director, officer or Consultant at any time for any reason. Except as specifically provided by the Committee, the Company will not be liable for the loss of existing or potential profit from an Award granted in the event of termination of an employment or other relationship. No Employee, Director, officer or Consultant will have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Employees, Directors, officers or Consultants under the Plan.

13.4 ***Substitute Awards***. Notwithstanding any other provision of the Plan, the terms of Substitute Awards may vary from the terms set forth in the Plan to the extent the Committee deems appropriate to conform, in whole or in part, to the provisions of the awards in substitution for which they are granted.

13.5 ***Cancellation of Award; Forfeiture of Gain***. Notwithstanding anything to the contrary contained herein, an Award Agreement may provide that the Award will be canceled if the Participant, without the consent of the Company, while employed by or providing services to the Company or any Subsidiary or after termination of such employment or service, violates a non-competition, non-solicitation or non-disclosure covenant or agreement or otherwise engages in activity that is in conflict with or adverse to the interest of the Company or any Subsidiary (including conduct contributing to any financial restatements or financial irregularities), as determined by the Committee in its sole discretion. The Committee may provide in an Award Agreement that if within the time period specified in the Agreement the Participant establishes a relationship with a competitor or engages in an activity referred to in the preceding sentence, the Participant will forfeit any gain realized on the vesting or exercise of the Award and must repay such gain to the Company.

13.6 ***Stop Transfer Orders***. All certificates or book-entries for Shares delivered under the Plan pursuant to any Award will be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission ("**SEC**"), any stock exchange upon which the Shares are then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates or noted in the book entries to make appropriate reference to such restrictions.

13.7 ***Nature of Payments***. All Awards made pursuant to the Plan are in consideration of services performed or to be performed for the Company or any Subsidiary, division or business unit of the Company. Any income or gain realized pursuant to Awards under the Plan constitutes a special incentive payment to the Participant and must not be taken into account, to the extent permissible under applicable law, as compensation for purposes of any of the employee benefit plans of the Company or any Subsidiary except as may be determined by the Committee or by the Board or board of directors of the applicable Subsidiary.

13.8 ***Other Plans***. Nothing contained in the Plan prevents the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

13.9 ***Severability***. The provisions of the Plan are severable. If any provision of the Plan is held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction or by reason of change in a law or regulation, such provision will (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited will remain in full force and effect, and (ii) not affect any other provision of the Plan or part thereof, each of which will remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan is held unlawful or otherwise invalid or unenforceable by a court of competent jurisdiction, such unlawfulness, invalidity or unenforceability will not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity or unenforceability will not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid or unenforceable will be made or provided under the Plan.

13.10 ***Construction***. As used in the Plan, the words “include” and “including,” and variations thereof, are not terms of limitation, but rather must be deemed to be followed by the words “without limitation.”

13.11 ***Unfunded Status of the Plan***. The Plan is intended to constitute an “unfunded” plan for incentive compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein gives any such Participant any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver the Shares or payments in lieu of or with respect to Awards hereunder; *provided*, *however*, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan. No deferral of compensation within the meaning of the Employee Retirement Income Security Act of 1974 is permitted under this Plan or any Award Agreement for any Participant that is not an executive officer or director of the Company or a Subsidiary.

13.12 ***Governing Law***. The Plan and all determinations made and actions taken thereunder, to the extent not otherwise governed by the Code or the laws of the United States, is governed by the laws of the State of Delaware, without reference to principles of conflict of laws, and construed accordingly.

13.13 ***Effective Date of Plan; Termination of Plan***. The Existing Plan will remain in full force and effect in accordance with its terms until the date on which the stockholders approve the Plan in accordance with the Company’s certificate of incorporation and bylaws and the rules of the principal U.S. national securities exchange on which the Shares are traded (“**Effective Date**”). For the avoidance of doubt, the Effective Date is the date the Company’s stockholders approve the Plan at the 2016 Annual Meeting of Stockholders. The Plan will become effective on the Effective Date and will be null and void and of no effect if the foregoing approval is not obtained. No Incentive Stock Option may be granted under the Plan if the Plan is not approved by the Company's stockholders within 12 months of the Board Approval Date. Awards may be granted under the Plan at any time after the Effective Date (or prior to the Effective Date, as long as any such prior grants are subject to and conditioned upon the approval of the Plan by the Company’s stockholders) and from time to time on, or prior to, the Plan Expiration Date, on which date the Plan will expire except as to Awards then outstanding under the Plan or the Existing Plan. Such outstanding Awards will remain in effect until they have been exercised or terminated, or have expired.

13.14 ***Foreign Employees and Consultants***. Awards may be granted to Participants who are foreign nationals or employed or providing services outside the United States, or both, on such terms and conditions different from those applicable to Awards to Employees or Consultants providing services in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees or Consultants on assignments outside their home country.

13.15 ***Compliance with Section 409A of the Code***. This Plan is intended to comply and must be administered in a manner that is intended to comply with Section 409A of the Code and the regulations thereunder and must be construed and interpreted in accordance with that intent.

(a) To the extent that an Award or the payment, settlement or deferral thereof is subject to Section 409A of the Code, the Award must be granted, paid, settled or deferred in a manner that will comply with Section 409A of the Code, including regulations or other guidance issued with respect thereto, except as otherwise determined by the Committee. Any provision of this Plan that would cause the grant of an Award or the payment, settlement or deferral thereof to fail to satisfy Section 409A of the Code must be amended to comply with Section 409A of the Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code and the regulations thereunder.

(b) Notwithstanding any other provision of this Plan or any Award Agreement:

(i) if this Plan or any Award Agreement provides that a payment, distribution or benefit constituting deferred compensation under Code Section 409A and the regulations thereunder will be made or provided to a Participant as a result of an event constituting a Change in Control, such payment, distribution or benefit will not be payable to such Participant as a result of such event unless such event also constitutes a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5)(i), and any such payment, distribution or benefit payable as a result of such a change in control event must be made or provided to such Participant no later than five (5) days following the occurrence of the change in control event.

(ii) With respect to a Participant who is a “specified employee” within the meaning of Code Section 409A(a)(2)(B)(i) and the regulations thereunder, no payment, distribution or benefit that constitutes deferred compensation under Code Section 409A and the regulations thereunder may be made or provided to such Participant during the 6-month period following such Participant’s “separation from service” (within the meaning of Code Section 409A(a)(2)(A)(i) and the regulations thereunder), to the extent necessary in order to avoid the imposition of excise taxes. However, if any payment, distribution or benefit is delayed as a result of the previous sentence, then such payment, distribution or benefit must be made or provided to the Participant, without interest, on the first business day following the end of such 6-month period (or such earlier date upon which such amount can be paid without resulting in a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the regulations thereunder, including as a result of the Participant’s death).

13.16 ***No Registration Rights; No Right to Settle in Cash***. The Company has no obligation to register with any governmental body or organization (including, without limitation, the SEC) any of (i) the offer or issuance of any Award, (ii) any Shares issuable upon the exercise of any Award, or (iii) the sale of any Shares issued upon exercise of any Award, regardless of whether the Company in fact undertakes to register any of the foregoing. In particular, in the event that any of (x) any offer or issuance of any Award, (y) any Shares issuable upon exercise of any Award, or (z) the sale of any Shares issued upon exercise of any Award are not registered with any governmental body or organization (including, without limitation, the SEC), the Company will not under any circumstance be required to settle its obligations, if any, under this Plan in cash.

13.17 ***Captions***. The captions in the Plan are for convenience of reference only, and are not intended to narrow, limit or affect the substance or interpretation of the provisions contained herein.

13.18 ***Indemnification***. To the maximum extent permitted by applicable law, each member of the Committee and the Board must be indemnified and held harmless by the Company from and against: (i) any loss, cost, liability, or expense (including attorneys' fees and costs) that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding (whether civil, administrative, investigative or criminal) to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any Award Agreement, and (ii) from any and all amounts paid by him or her in settlement thereof, with the Company’s approval, or paid by him or her in satisfaction of any such claim, action, suit, or proceeding against him or her. The foregoing right to indemnification is not exclusive of any other rights to indemnification to which a member of the Committee or the Board may be entitled under the Company’s Certificate of Incorporation, Bylaws, or agreement or as a matter of law, or otherwise, or under any power that the Company may have to indemnify the member or hold them harmless.

AUTOWEB, INC.
AMENDED AND RESTATED 2014 EQUITY INCENTIVE PLAN

Non-Employee Director Stock Option Award Agreement
(Non-Qualified Stock Option)

This Non-Employee Director Stock Option Award Agreement ("**Agreement"**) is entered into effective as of the Grant Date set forth on the signature page to this Agreement ("**Grant Date**"), by and between AutoWeb, Inc., a Delaware corporation ("**Company**"), and the member of Company's Board set forth as Participant on the signature page hereto ("**Participant**").

This Agreement and the stock options granted hereby are subject to the provisions of the AutoWeb, Inc. Amended and Restated 2014 Equity Incentive Plan ("**Plan**"). In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control. Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in the Plan.

1. Grant of Options. Company hereby grants to Participant non-qualified stock options ("**Options**") to purchase the number of shares of common stock of Company, par value $0.001 per share, set forth on the signature page to this Agreement ("**Shares**"), at the exercise price per Share set forth on the signature page to this Agreement ("**Exercise Price**"). The Options are not intended to qualify as incentive stock options under Section 422 of the Code.

2. Term of Options. Unless the Options terminate earlier pursuant to the provisions of this Agreement or the Plan, the Options shall expire on the seventh (7^{th}) anniversary of the Grant Date ("**Option Expiration Date**").

3. Vesting. The Options shall vest in twelve monthly installments of one-twelfth (1/12) each on the [XX] day of each month commencing [XXX].

4. Exercise of Options.

(a) Manner of Exercise. To the extent vested, the Options may be exercised, in whole or in part, by delivering written notice to Company in accordance with Section 6(f) of this Agreement in such form as Company may require from time to time, or at the direction of Company, through the procedures established with Company's third party option administration service. Such notice shall specify the number of Shares, subject to the Options that are being exercised, and shall be accompanied by full payment of the Exercise Price of such Shares in a manner permitted under the terms of Section 5.5 of the Plan (including same-day sales through a broker), except that payment in whole or in part in a manner set forth in clauses (ii), (iii) or (iv) of Section 5.5(b) of the Plan may only be made with the consent of the Committee. The Options may be exercised only in multiples of whole Shares, and no fractional Shares shall be issued.

(b) Issuance of Shares. Upon exercise of the Options and payment of the Exercise Price for the Shares as to which the Options are exercised and satisfaction of all applicable tax withholding requirements, if any, the Company shall issue to Participant the applicable number of Shares in the form of fully paid and nonassessable Shares.

(c) Withholding. No Shares will be issued on exercise of the Options unless and until Participant pays to Company, or makes satisfactory arrangements with Company for payment of, any federal, state, local or foreign taxes required by law to be withheld in respect of the exercise of the Options. Participant hereby agrees that Company may withhold from Participant's wages or other remuneration the applicable taxes. At the discretion of Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to Participant on exercise of the Options, up to Participant's minimum required withholding rate or such other rate determined by the Committee that will not trigger a negative accounting impact.

5. Termination of Options.

(a) Termination Upon Expiration of Option Term. The Options shall terminate and expire in their entirety on the Option Expiration Date. In no event may Participant exercise the Options after the Option Expiration Date, even if the application of another provision of this Section 5 may result in an extension of the exercise period for the Options beyond the Option Expiration Date.

(b) Termination of Service as a Director.

(i) Termination of Service as a Director Other Than Due to Death, Disability or Cause. Participant may exercise the vested portion of the Options for a period of twelve (12) months (but in no event later than the Option Expiration Date) following any termination of Participant's service as a Director of Company (including termination of service by reason of Participant's resignation, failure to be re-elected or failure to be nominated for re-election), other than in the event of a termination of Participant's service as a Director due to Removal for Cause (as defined below) or by reason of Participant's death or Disability (as defined below). To the extent Participant is not entitled to exercise the Options at the date of termination of service as a Director, or if Participant does not exercise the Options within the time specified in the Plan or this Agreement for post-termination of service exercises of the Options, the Options shall terminate.

(ii) Termination of Service Due to Removal for Cause. Upon the termination of Participant's service as a Director due to Removal for Cause, unless the Options have earlier terminated, the Options (whether vested or not) shall immediately terminate in their entirety and shall thereafter not be exercisable to any extent whatsoever; provided that Company, in its discretion, may, by written notice to Participant given as of the date of Removal for Cause, authorize Participant to exercise any vested portion of the Options for a period of up to thirty (30) days following Participant's termination of service due to Removal for Cause, provided that in no event may Participant exercise the Options after the Option Expiration Date. For purposes of this Agreement, "**Removal for Cause**" shall mean a removal of Participant as a member of the Board by Company's stockholders pursuant to applicable corporate laws governing the removal of Directors.

(iii) Termination of Participant's Service as a Director By Reason of Participant's Death. In the event Participant's service as a Director is terminated by reason of Participant's death, unless the Options have earlier terminated, any unvested portion of the Options shall become immediately and fully vested as of the date of termination. Vested Options may be exercised at any time within twelve (12) months following the date of termination (but in no event later than the Option Expiration Date) by Participant's executor or personal representative or the person to whom the Options shall have been transferred by will or the laws of descent and distribution, but only to the extent Participant could exercise the Options at the date of termination.

(iv) Termination of Participant’s Service as a Director By Reason of Participant’s Disability. In the event that Participant ceases to be a Director by reason of Participant’s Disability, unless the Options have earlier terminated, any unvested portion of the Options shall become immediately and fully vested as of the date of termination. Participant (or Participant’s attorney in fact, conservator or other representative on behalf of Participant) may, but only within twelve (12) months from the date of such termination of service as a Director (and in no event later than the Option Expiration Date), exercise the Options to the extent Participant was otherwise entitled to exercise the Options at the date of such termination of service. For purposes of this Agreement, “**Disability**” shall mean Participant’s becoming “permanently and totally disabled” within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate, and the Committee’s determination as to whether Participant has incurred a Disability shall be final and binding on all parties concerned.

(c) Change in Control. In the event of a Change in Control, the effect of the Change in Control on the Options shall be determined by the applicable provisions of the Plan (including, without limitation, Article 11 of the Plan), provided that (i) to the extent the Options are assumed or substituted by the successor company in connection with the Change in Control (or the Options are continued by Company if it is the ultimate parent entity after the Change in Control), the Options will vest and become fully exercisable in accordance with clause (i) of Section 11.2(a) of the Plan if within twenty-four (24) months following the date of the Change in Control Participant’s service as a Director of the Company is terminated for any reason other than by reason of removal for Cause, and any vested Options (either vested prior to the Change in Control or accelerated by reason of this Section 5(c)) may be exercised for a period of twenty-four (24) months after the date of such termination of service (but in no event later than the Option Expiration Date); and (ii) any portion of the Options which vests and becomes exercisable pursuant to Section 11.2(b) of the Plan as a result of such Change in Control will (1) vest and become exercisable on the day prior to the date of the Change in Control if Participant is then a member of the Company’s Board and (2) terminate on the date of the Change in Control. For purposes of Section 11.2 (a) of the Plan, the Options shall not be deemed assumed or substituted by a successor company (or continued by Company if it is the ultimate parent entity after the Change in Control) if the Options are not assumed, substituted or continued with equity securities of the successor company or Company, as applicable, that are publicly-traded and listed on an exchange in the United States and that have voting, dividend and other rights, preferences and privileges substantially equivalent to the Shares. If the Options are not deemed assumed, substituted or continued for purposes of Section 11.2(a) of the Plan, the Options shall be deemed not assumed, substituted or continued and governed by Section 11.2(b) of the Plan. Notwithstanding the foregoing, if on the date of the Change in Control the Fair Market Value of one Share is less than the Exercise Price per Share, then the Options shall terminate as of the date of the Change in Control except as otherwise determined by the Committee.

(d) Extension of Post-Termination Exercise Period. Notwithstanding any provisions of this Section 5 to the contrary, if following termination of service on the Board, the exercise of the Options or, if in conjunction with the exercise of the Options, the sale of the Shares acquired on exercise of the Options during the post-termination of service time period set forth in the paragraph of this Section 5 applicable to the reason for termination of service would, in the determination of the Company, violate any applicable federal or state securities laws, rules, regulations or orders (or any Company policy related thereto, including its securities trading policy), the running of the applicable period to exercise the Options shall be tolled for the number of days during the period that the exercise of the Options or sale of the Shares acquired on exercise would in the Company's determination constitute such a violation; *provided, however*, that in no event shall the exercisability of the Options be extended beyond the Option Expiration Date.

(e) Forfeiture upon Engaging in Detrimental Activities. If, at any time within the twelve (12) months after (i) Participant exercises any portion of the Options; or (ii) the effective date of any termination of Participant's service as a Director of Company for any reason, Participant engages in, or is determined by the Committee in its sole discretion to have engaged in, any (i) material breach of any non-competition, non-solicitation, non-disclosure or settlement or release covenant or agreement with Company or any Subsidiary, or (ii) activities during the course of Participant's service as a Director with Company or any Subsidiary constituting fraud, embezzlement, theft or dishonesty; or (iii) activity that is otherwise in conflict with, or adverse or detrimental to the interests of Company or any Subsidiary, then (x) the Options shall terminate effective as of the date on which Participant engaged in or engages in that activity or conduct, unless terminated sooner pursuant to the provisions of this Agreement, and (y) the amount of any gain realized by Participant from exercising all or a portion of the Options at any time following the date that Participant engaged in any such activity or conduct, as determined as of the time of exercise, shall be forfeited by Participant and shall be paid by Participant to Company, and recoverable by Company, within sixty (60) days following such termination date of the Options. For purposes of the foregoing, the following will be deemed to be activities in conflict with or adverse or detrimental to the interests of Company or any Subsidiary: (i) Participant's conviction of, or pleading guilty or nolo contendere to any misdemeanor involving moral turpitude or any felony, the underlying events of which related to Participant's service as a Director of Company; (ii) knowingly engaged or aided in any act or transaction by Company or a Subsidiary that results in the imposition of criminal, civil or administrative penalties against Company or any Subsidiary; or (iii) misconduct during the course of Participant's service as a Director of Company or any Subsidiary that results in an accounting restatement by Company due to material noncompliance with any financial reporting requirement under applicable securities laws, whether such restatement occurs during or after Participant's service as a Director of Company or any Subsidiary.

(f) Reservation of Committee Discretion to Accelerate Option Vesting and Extend Option Exercise Window. The Committee reserves the right, in its sole and absolute discretion, to accelerate the vesting of the Options and to extend the exercise window for Options that have vested (either in accordance with the terms of this Agreement or by discretionary acceleration by the Committee) under circumstances not otherwise covered by the foregoing provisions of this Section 5; provided that in no event may the Committee extend the exercise window for Options beyond the Option Expiration Date. The Committee is under no obligation to exercise any such discretion and may or may not exercise such discretion on a case-by-case basis.

(g) Reversion of Expired, Cancelled and Forfeited Options to Plan. Any Options that do not vest or that are cancelled, terminated or expire unexercised are forfeited and revert to the Plan and shall again be available for Awards under the Plan.

6. Miscellaneous.

(a) No Rights of Stockholder. Participant shall not have any of the rights of a stockholder with respect to the Shares subject to this Agreement until such Shares have been issued upon the due exercise of the Options.

(b) Nontransferability of Options. The Options shall be nontransferable or assignable except to the extent expressly provided in the Plan. Notwithstanding the foregoing, Participant may by delivering written notice to Company in a form provided by or otherwise satisfactory to Company, designate a third party who, in the event of Participant's death, shall thereafter be entitled to exercise the Options. This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(c) Severability. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(d) Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware other than its conflict of laws principles. The parties agree that in the event that any suit or proceeding is brought in connection with this Agreement, such suit or proceeding shall be brought in the state or federal courts located in New Castle County, Delaware, and the parties shall submit to the exclusive jurisdiction of such courts and waive any and all jurisdictional, venue and inconvenient forum objections to such courts.

(e) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(f) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to Company should be addressed to:

AutoWeb, Inc.
18872 MacArthur Blvd., Suite 200
Irvine, CA 92612-1400
Attention: Chief Legal Officer

Notice to Participant should be addressed to Participant at Participant's address as it appears on Company's records.

Company or Participant may by writing to the other party designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(g) Agreement Not a Service Contract. This Agreement is not an employment or service contract, and nothing in this Agreement or in the granting of the Options shall be deemed to create in any way whatsoever any obligation on Participant's part to continue as a Director or on Company's part to continue Participant's service as a Director.

(h) Counterparts. This Agreement may be executed in multiple counterparts each of which shall be deemed an original Agreement but all of which, taken together, shall constitute one and the same Agreement binding on the parties hereto. The signature of any party hereto to any counterpart hereof shall be deemed a signature to, and may be appended to, any other counterpart hereof.

(i) Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent with the Plan and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee (including determinations as to the calculation, satisfaction or achievement of performance-based vesting requirements, if any, to which the Options are subject) shall be final and binding upon Participant, Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

(j) Policies and Procedures. Participant agrees that Company may impose, and Participant agrees to be bound by, Company policies and procedures with respect to the ownership, timing and manner of resales of shares of Company's securities, including without limitation, (i) restrictions on insider trading; (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by officers, directors and affiliates of Company following a public offering of Company's securities; (iii) stock ownership or holding requirements applicable to officers and/or directors of Company; and (iv) the required use of a specified brokerage firm for such resales.

(k) Entire Agreement; Modification. This Agreement and the Plan contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified except as provided in the Plan or in a written document signed by each of the parties hereto and may be rescinded only by a written agreement signed by both parties.

Remainder of Page Intentionally Left Blank; Signature Page Follows

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Grant Date.

Grant Date:
Total Options Awarded:
Exercise Price Per Share:

"Company" AutoWeb, Inc., a Delaware corporation

By:
Glenn E. Fuller
Executive Vice President, Chief Legal
and Administrative Officer and Secretary

"Participant"

By:
[Printed Name of Participant]

Exhibit 10.13

AUTOWEB, INC.
AMENDED AND RESTATED 2014 EQUITY INCENTIVE PLAN

Employee Stock Option Award Agreement

(Non-Qualified Stock Option)
(Executive)

This Employee Stock Option Award Agreement ("**Agreement**") is entered into effective as of the Grant Date set forth on the signature page to this Agreement ("**Grant Date**"), by and between AutoWeb, Inc., a Delaware corporation ("**Company**"), and the person set forth as Participant on the signature page hereto ("**Participant**").

This Agreement and the stock options granted hereby are subject to the provisions of the AutoWeb, Inc. Amended and Restated 2014 Equity Incentive Plan ("**Plan**"). In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control. Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in the Plan.

1. Grant of Options. Company hereby grants to Participant non-qualified stock options ("**Options**") to purchase the number of shares of common stock of Company, par value $0.001 per share, set forth on the signature page to this Agreement ("**Shares**"), at the exercise price per Share set forth on the signature page to this Agreement ("**Exercise Price**"). The Options are not intended to qualify as incentive stock options under Section 422 of the Code.

2. Term of Options. Unless the Options terminate earlier pursuant to the provisions of this Agreement or the Plan, the Options shall expire on the seventh (7^{th}) anniversary of the Grant Date ("**Option Expiration Date**").

3. Vesting. The Options shall become vested and exercisable in accordance with the following vesting schedule: (i) thirty-three and one-third percent (33 1/3%) shall vest and become exercisable on the first anniversary after the Grant Date; and (ii) one thirty-sixth (1/36th) shall vest and become exercisable on each successive monthly anniversary thereafter for the following twenty-four (24) months ending on the third anniversary of such vesting commencement date. No installments of the Options shall vest after Participant's termination of employment for any reason.

4. Exercise of Options.

(a) Manner of Exercise. To the extent vested, the Options may be exercised, in whole or in part, by delivering written notice to Company in accordance with Section 6(f) of this Agreement in such form as Company may require from time to time, or at the direction of Company, through the procedures established with Company's third party option administration service. Such notice shall specify the number of Shares, subject to the Options that are being exercised and shall be accompanied by full payment of the Exercise Price of such Shares in a manner permitted under the terms of Section 5.5 of the Plan (including same-day sales through a broker), except that payment in whole or in part in a manner set forth in clauses (ii), (iii) or (iv) of Section 5.5(b) of the Plan may only be made with the consent of the Committee. The Options may be exercised only in multiples of whole Shares, and no fractional Shares shall be issued.

(b) Issuance of Shares. Upon exercise of the Options and payment of the Exercise Price for the Shares as to which the Options are exercised and satisfaction of all applicable tax withholding requirements, if any, the Company shall issue to Participant the applicable number of Shares in the form of fully paid and nonassessable Shares.

(c) Withholding. No Shares will be issued on exercise of the Options unless and until Participant pays to Company, or makes satisfactory arrangements with Company for payment of, any federal, state, local or foreign taxes required by law to be withheld in respect of the exercise of the Options. Participant hereby agrees that Company may withhold from Participant's wages or other remuneration the applicable taxes. At the discretion of Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to Participant on exercise of the Options, up to Participant's minimum required withholding rate or such other rate determined by the Committee that will not trigger a negative accounting impact.

5. Termination of Options.

(a) Termination Upon Expiration of Option Term. The Options shall terminate and expire in their entirety on the Option Expiration Date. In no event may Participant exercise the Options after the Option Expiration Date, even if the application of another provision of this Section 5 may result in an extension of the exercise period for the Options beyond the Option Expiration Date.

(b) Termination of Employment.

(i) Termination of Employment Other Than Due to Death, Disability or Cause.

(1) Participant may exercise the vested portion of the Options for a period of ninety (90) days (but in no event later than the Option Expiration Date) following any termination of Participant's employment with Company, either by Participant or Company, other than in the event of a termination of Participant's employment by Company for Cause (as defined below), voluntary termination by Participant without Good Reason (as defined below) or by reason of Participant's death or Disability (as defined below). In the event the termination of Participant's employment is by Company without Cause or by Participant for Good Reason, any unvested portion of the Options shall become immediately and fully vested as of the date of such termination.

(2) In the event of a voluntary termination of employment with the Company by Participant without Good Reason, (i) unvested Options as of the date of termination shall immediately terminate in their entirety and shall thereafter not be exercisable to any extent whatsoever; and (ii) Participant may exercise any portion of the Options that are vested as of the date of termination for a period of ninety (90) days (but in no event later than the Option Expiration Date) following the date of termination.

(3) For purposes of this Agreement, the terms "**Cause**" and "**Good Reason**" shall have the meanings ascribed to them in that certain Severance Benefits Agreement listed on the signature page to this Agreement by and between Company and Participant ("**Severance Agreement**"). To the extent Participant is not entitled to exercise the Options at the date of termination of employment, or if Participant does not exercise the Options within the time specified in the Plan or this Agreement for post-termination of employment exercises of the Options, the Options shall terminate.

(ii) Termination of Employment for Cause. Upon the termination of Participant's employment by Company for Cause, unless the Options have earlier terminated, the Options (whether vested or not) shall immediately terminate in their entirety and shall thereafter not be exercisable to any extent whatsoever; provided that Company, in its discretion, may, by written notice to Participant given as of the date of termination, authorize Participant to exercise any vested portion of the Options for a period of up to thirty (30) days following Participant's termination of employment for Cause, provided that in no event may Participant exercise the Options beyond the Option Expiration Date.

(iii) Termination of Participant's Employment By Reason of Participant's Death. In the event Participant's employment is terminated by reason of Participant's death, the Options, to the extent vested as of the date of termination, may be exercised at any time within twelve (12) months following the date of termination (but in no event later than the Option Expiration Date) by Participant's executor or personal representative or the person to whom the Options shall have been transferred by will or the laws of descent and distribution, but only to the extent Participant could exercise the Options at the date of termination.

(iv) Termination of Participant's Employment By Reason of Participant's Disability. In the event that Participant ceases to be an Employee by reason of Participant's Disability, unless the Options have earlier terminated, Participant (or Participant's attorney-in-fact, conservator or other representative on behalf of Participant) may, but only within twelve (12) months from the date of such termination of employment (and in no event later than the Option Expiration Date), exercise the Options to the extent Participant was otherwise entitled to exercise the Options at the date of such termination of employment. For purposes of this Agreement, "**Disability**" shall mean Participant's becoming "permanently and totally disabled" within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate, and the Committee's determination as to whether Participant has incurred a Disability shall be final and binding on all parties concerned.

(c) Change in Control. In the event of a Change in Control, the effect of the Change in Control on the Options shall be determined by the applicable provisions of the Plan (including, without limitation, Article 11 of the Plan), provided that (i) to the extent the Options are assumed or substituted by the successor company in connection with the Change in Control (or the Options are continued by Company if it is the ultimate parent entity after the Change in Control), the Options will vest and become fully exercisable in accordance with clause (i) of Section 11.2(a) of the Plan if within twenty-four (24) months following the date of the Change in Control Participant's employment is terminated by Company or a Subsidiary (or the successor company or a subsidiary or parent thereof) without Cause or by Participant for Good Reason, and any vested Options (either vested prior to the Change in Control or accelerated by reason of this Section 5(c)) may be exercised for a period of twenty-four (24) months after the date of such termination of employment (but in no event later than the Option Expiration Date); and (ii) any portion of the Options which vests and becomes exercisable pursuant to Section 11.2(b) of the Plan as a result of such Change in Control will (1) vest and become exercisable on the day prior to the date of the Change in Control if Participant is then employed by Company or a Subsidiary and (2) terminate on the date of the Change in Control. For purposes of Section 11.2(a) of the Plan, the Options shall not be deemed assumed or substituted by a successor company (or continued by Company if it is the ultimate parent entity after the Change in Control) if the Options are not assumed, substituted or continued with equity securities of the successor company or Company, as applicable, that are publicly-traded and listed on an exchange in the United States and that have voting, dividend and other rights, preferences and privileges substantially equivalent to the Shares. If the Options are not deemed assumed, substituted or continued for purposes of Section 11.2(a) of the Plan, the Options shall be deemed not assumed, substituted or continued and governed by Section 11.2(b) of the Plan. Notwithstanding the foregoing, if on the date of the Change in Control the Fair Market Value of one Share is less than the Exercise Price per Share, then the Options shall terminate as of the date of the Change in Control except as otherwise determined by the Committee.

(d) Extension of Post-Termination Exercise Period. Notwithstanding any provisions of this Section 5 to the contrary, if following termination of employment or service the exercise of the Options or, if in conjunction with the exercise of the Options, the sale of the Shares acquired on exercise of the Options, during the post-termination of service time period set forth in the paragraph of this Section 5 applicable to the reason for termination of service would, in the determination of the Company, violate any applicable federal or state securities laws, rules, regulations or orders (or any Company policy related thereto), including its securities trading policy), the running of the applicable period to exercise the Options shall be tolled for the number of days during the period that the exercise of the Options or sale of the Shares acquired on exercise would in the Company's determination constitute such a violation; *provided, however*, that in no event shall the exercisability of the Options be extended beyond the Option Expiration Date.

(e) Other Governing Agreements or Plans. To the extent not prohibited by the Plan, the provisions of this Section 5 regarding the acceleration of vesting of Options and the extension of the exercise period for Options following a Change in Control or a termination of Participant's employment with Company shall be superseded and governed by the provisions, if any, of a written employment or severance agreement between Participant and Company or a severance plan of Company covering Participant, including a change in control severance agreement or plan, to the extent such a provision (i) is specifically applicable to option awards or grants made to Participant and (ii) provides for the acceleration of Options vesting or for a longer extension period for the exercise of the Options in the case of a Change in Control or a particular event of termination of Participant's employment with Company (e.g., an event of termination governed by Section 5(b)(i)) to this Agreement than is provided in the provision of this Section 5 applicable to a Change in Control or to the same event of employment termination; *provided, however*, that in no event shall the exercisability of the Options be extended beyond the Option Expiration Date.

(f) Forfeiture upon Engaging in Detrimental Activities. If, at any time within the twelve (12) months after (i) Participant exercises any portion of the Options; or (ii) the effective date of any termination of Participant's employment by Company or by Participant for any reason, Participant engages in, or is determined by the Committee in its sole discretion to have engaged in, any (i) material breach of any non-competition, non-solicitation, non-disclosure or settlement or release covenant or agreement with Company or any Subsidiary; (ii) activities during the course of Participant's employment with Company or any Subsidiary constituting fraud, embezzlement, theft or dishonesty; or (iii) activity that is otherwise in conflict with, or adverse or detrimental to the interests of Company or any Subsidiary, then (x) the Options shall terminate effective as of the date on which Participant engaged in or engages in that activity or conduct, unless terminated sooner pursuant to the provisions of this Agreement, and (y) the amount of any gain realized by Participant from exercising all or a portion of the Options at any time following the date that Participant engaged in any such activity or conduct, as determined as of the time of exercise, shall be forfeited by Participant and shall be paid by Participant to Company, and recoverable by Company, within sixty (60) days following such termination date of the Options. For purposes of the foregoing, the following will be deemed to be activities in conflict with or adverse or detrimental to the interests of Company or any Subsidiary: (i) Participant's conviction of, or pleading guilty or nolo contendere to any misdemeanor involving moral turpitude or any felony, the underlying events of which related to Participant's employment with Company; (ii) knowingly engaged or aided in any act or transaction by Company or a Subsidiary that results in the imposition of criminal, civil or administrative penalties against Company or any Subsidiary; or (iii) misconduct during the course of Participant's employment by Company or any Subsidiary that results in an accounting restatement by Company due to material noncompliance with any financial reporting requirement under applicable securities laws, whether such restatement occurs during or after Participant's employment by Company or any Subsidiary.

(g) Reservation of Committee Discretion to Accelerate Option Vesting and Extend Option Exercise Window. The Committee reserves the right, in its sole and absolute discretion, to accelerate the vesting of the Options and to extend the exercise window for Options that have vested (either in accordance with the terms of this Agreement or by discretionary acceleration by the Committee) under circumstances not otherwise covered by the foregoing provisions of this Section 5; provided that in no event may the Committee extend the exercise window for Options beyond the Option Expiration Date. The Committee is under no obligation to exercise any such discretion and may or may not exercise such discretion on a case-by-case basis.

(h) Reversion of Expired, Cancelled and Forfeited Options to Plan. Any Options that do not vest or that are cancelled, terminated or expire unexercised are forfeited and revert to the Plan and shall again be available for Awards under the Plan.

6. Miscellaneous.

(a) No Rights of Stockholder. Participant shall not have any of the rights of a stockholder with respect to the Shares subject to this Agreement until such Shares have been issued upon the due exercise of the Options.

(b) Nontransferability of Options. The Options shall be nontransferable or assignable except to the extent expressly provided in the Plan. Notwithstanding the foregoing, Participant may by delivering written notice to Company in a form provided by or otherwise satisfactory to Company, designate a third party who, in the event of Participant's death, shall thereafter be entitled to exercise the Options. This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(c) Severability. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(d) Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware other than its conflict of laws principles. The parties agree that in the event that any suit or proceeding is brought in connection with this Agreement, such suit or proceeding shall be brought in the state or federal courts located in New Castle County, Delaware, and the parties shall submit to the exclusive jurisdiction of such courts and waive any and all jurisdictional, venue and inconvenient forum objections to such courts.

(e) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(f) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to Company should be addressed to:

AutoWeb, Inc.
18872 MacArthur Blvd., Suite 200
Irvine, CA 92612-1400
Attention: Chief Legal Officer

Notice to Participant should be addressed to Participant at Participant's address as it appears on Company's records.

Company or Participant may by writing to the other party designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(g) Agreement Not an Employment Contract. This Agreement is not an employment or service contract, and nothing in this Agreement or in the granting of the Options shall be deemed to create in any way whatsoever any obligation on Participant’s part to continue as an Employee of Company or any Subsidiary or on the part of Company or any Subsidiary to continue Participant’s employment or service as an Employee.

(h) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original Agreement but all of which, taken together, shall constitute one and the same Agreement binding on the parties hereto. The signature of any party hereto to any counterpart hereof shall be deemed a signature to, and may be appended to, any other counterpart hereof.

(i) Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent with the Plan and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee (including determinations as to the calculation, satisfaction or achievement of performance-based vesting requirements, if any, to which the Options are subject) shall be final and binding upon Participant, Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

(j) Policies and Procedures. Participant agrees that Company may impose, and Participant agrees to be bound by, Company policies and procedures with respect to the ownership, timing and manner of resales of shares of Company's securities, including without limitation, (i) restrictions on insider trading; (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by officers, directors and affiliates of the Company following a public offering of the Company's securities; (iii) stock ownership or holding requirements applicable to officers and/or directors of Company; and (iv) the required use of a specified brokerage firm for such resales.

(k) Entire Agreement; Modification. This Agreement and the Plan contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified except as provided in the Plan or in a written document signed by each of the parties hereto and may be rescinded only by a written agreement signed by both parties.

Remainder of Page Intentionally Left Blank; Signature Page Follows

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Grant Date.

Grant Date:

Total Options Awarded:
Exercise Price Per Share:
Severance Benefits Agreement:

"Company" AutoWeb, Inc., a Delaware corporation

By:
Glenn E. Fuller
Executive Vice President, Chief Legal and
Administrative Officer and Secretary

"Participant"

By:
[Printed Name of Participant]

Exhibit 10.14

AUTOWEB, INC.
AMENDED AND RESTATED 2014 EQUITY INCENTIVE PLAN

Employee Stock Option Award Agreement

(Non-Qualified Stock Option)
(Non-Executive)

This Employee Stock Option Award Agreement ("**Agreement**") is entered into effective as of the Grant Date set forth on the signature page to this Agreement ("**Grant Date**"), by and between AutoWeb, Inc., a Delaware corporation ("**Company**"), and the person set forth as Participant on the signature page hereto ("**Participant**").

This Agreement and the stock options granted hereby are subject to the provisions of the AutoWeb, Inc. Amended and Restated 2014 Equity Incentive Plan ("**Plan**"). In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control. Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in the Plan.

1. Grant of Options. Company hereby grants to Participant non-qualified stock options ("**Options**") to purchase the number of shares of common stock of Company, par value $0.001 per share, set forth on the signature page to this Agreement ("**Shares**"), at the exercise price per Share set forth on the signature page to this Agreement ("**Exercise Price**"). The Options are not intended to qualify as incentive stock options under Section 422 of the Code.

2. Term of Options. Unless the Options terminate earlier pursuant to the provisions of this Agreement or the Plan, the Options shall expire on the seventh (7^{th}) anniversary of the Grant Date ("**Option Expiration Date**").

3. Vesting. The Options shall become vested and exercisable in accordance with the following vesting schedule: (i) thirty-three and one-third percent (33 1/3%) shall vest and become exercisable on the first anniversary after the Grant Date; and (ii) one thirty-sixth (1/36th) shall vest and become exercisable on each successive monthly anniversary thereafter for the following twenty-four (24) months ending on the third anniversary of such vesting commencement date. No installments of the Options shall vest after Participant's termination of employment for any reason.

4. Exercise of Options.

(a) Manner of Exercise. To the extent vested, the Options may be exercised, in whole or in part, by delivering written notice to Company in accordance with Section 6(f) of this Agreement in such form as Company may require from time to time, or at the direction of Company, through the procedures established with Company's third party option administration service. Such notice shall specify the number of Shares, subject to the Options that are being exercised, and shall be accompanied by full payment of the Exercise Price of such Shares in a manner permitted under the terms of Section 5.5 of the Plan (including same-day sales through a broker), except that payment in whole or in part in a manner set forth in clauses (ii), (iii) or (iv) of Section 5.5(b) of the Plan may only be made with the consent of the Committee. The Options may be exercised only in multiples of whole Shares, and no fractional Shares shall be issued.

(b) Issuance of Shares. Upon exercise of the Options and payment of the Exercise Price for the Shares as to which the Options are exercised and satisfaction of all applicable tax withholding requirements, if any, the Company shall issue to Participant the applicable number of Shares in the form of fully paid and nonassessable Shares.

(c) Withholding. No Shares will be issued on exercise of the Options unless and until Participant pays to Company, or makes satisfactory arrangements with Company for payment of, any federal, state, local or foreign taxes required by law to be withheld in respect of the exercise of the Options. Participant hereby agrees that Company may withhold from Participant's wages or other remuneration the applicable taxes. At the discretion of Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to Participant on exercise of the Options, up to Participant's minimum required withholding rate or such other rate determined by the Committee that will not trigger a negative accounting impact.

5. Termination of Options.

(a) Termination Upon Expiration of Option Term. The Options shall terminate and expire in their entirety on the Option Expiration Date. In no event may Participant exercise the Options after the Option Expiration Date, even if the application of another provision of this Section 5 may result in an extension of the exercise period for the Options beyond the Option Expiration Date.

(b) Termination of Employment.

(i) Termination of Employment Other Than Due to Death, Disability or Cause. Participant may exercise the vested portion of the Options for a period of ninety (90) days (but in no event later than the Option Expiration Date) following any termination of Participant's employment with Company, either by Participant or Company, other than in the event of a termination of Participant's employment by Company for Cause (as defined below) or by reason of Participant's death or Disability (as defined below). To the extent Participant is not entitled to exercise the Options at the date of termination of employment, or if Participant does not exercise the Options within the time specified in the Plan or this Agreement for post-termination of employment exercises of the Options, the Options shall terminate.

(ii) Termination of Employment for Cause. Upon the termination of Participant's employment by Company for Cause, unless the Options have earlier terminated, the Options (whether vested or not) shall immediately terminate in their entirety and shall thereafter not be exercisable to any extent whatsoever; provided that Company, in its discretion, may, by written notice to Participant given as of the date of termination, authorize Participant to exercise any vested portion of the Options for a period of up to thirty (30) days following Participant's termination of employment for Cause, provided that in no event may Participant exercise the Options after the Option Expiration Date. For purposes of this Agreement, "**Cause**" shall mean (1) if a definition of Cause made specifically applicable to option awards held by Participant is provided in a written employment or severance agreement between Participant and Company or a severance plan of Company covering Participant (including a change in control severance agreement or plan) and any such agreement or plan is in effect at the time of the termination of employment, Cause shall be as defined in such other agreement or plan; or (2) if no such other definition of Cause is in effect at the time of termination of employment, "**Cause**" shall mean a determination by Company in its sole discretion, that Participant (i) has breached Participant's terms of employment with Company; (ii) has failed to comply with Company policies and procedures in a material manner; (iii) has engaged in disloyalty to Company, including, without limitation, fraud, embezzlement, theft or dishonesty in the course of Participant's employment; (iv) has disclosed trade secrets or confidential information of Company to persons not entitled to receive such information; (v) has breached any agreement between Participant and Company; (vi) has engaged in such other behavior detrimental to the interests of Company; (vii) has been convicted of, or pled guilty or nolo contendere to any misdemeanor involving moral turpitude or any felony; (viii) has failed in any material manner to consistently discharge Participant's employment duties to the Company, which failure continues for thirty (30) days following written notice from Company detailing the area or areas of such failure, other than such failure resulting from Participant's Disability; (ix) has knowingly engaged in or aided any act or transaction by Company or a Subsidiary that results in the imposition of criminal, civil or administrative penalties against Company or any Subsidiary; or (x) has engaged in misconduct during the course of Participant's employment by Company or any Subsidiary that results in an accounting restatement by Company due to material noncompliance with any financial reporting requirement under applicable securities laws, whether such restatement occurs during or after Participant's employment by Company or any Subsidiary.

(iii) Termination of Participant's Employment By Reason of Participant's Death. In the event Participant's employment is terminated by reason of Participant's death, the Options, to the extent vested as of the date of termination, may be exercised at any time within twelve (12) months following the date of termination (but in no event later than the Option Expiration Date) by Participant's executor or personal representative or the person to whom the Options shall have been transferred by will or the laws of descent and distribution, but only to the extent Participant could exercise the Options at the date of termination.

(iv) Termination of Participant's Employment By Reason of Participant's Disability. In the event that Participant ceases to be an Employee by reason of Participant's Disability, unless the Options have earlier terminated, Participant (or Participant's attorney in fact, conservator or other representative on behalf of Participant) may, but only within twelve (12) months from the date of such termination of employment (and in no event later than the Option Expiration Date), exercise the Options to the extent Participant was otherwise entitled to exercise the Options at the date of such termination of employment. For purposes of this Agreement, "**Disability**" shall mean Participant's becoming "permanently and totally disabled" within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate, and the Committee's determination as to whether Participant has incurred a Disability shall be final and binding on all parties concerned.

(c) Change in Control. In the event of a Change in Control, the effect of the Change in Control on the Options shall be determined by the applicable provisions of the Plan (including, without limitation, Article 11 of the Plan), provided that (i) to the extent the Options are assumed or substituted by the successor company in connection with the Change in Control (or the Options are continued by Company if it is the ultimate parent entity after the Change in Control), the Options will vest and become fully exercisable in accordance with clause (i) of Section 11.2(a) of the Plan if within twenty-four (24) months following the date of the Change in Control Participant’s employment is terminated by Company or a Subsidiary (or the successor company or a subsidiary or parent thereof) without Cause, and any vested Options (either vested prior to the Change in Control or accelerated by reason of this Section 5(c)) may be exercised for a period of twenty-four (24) months after the date of such termination of employment (but in no event later than the Option Expiration Date); and (ii) any portion of the Options which vests and becomes exercisable pursuant to Section 11.2(b) of the Plan as a result of such Change in Control will (1) vest and become exercisable on the day prior to the date of the Change in Control if Participant is then employed by Company or a Subsidiary and (2) terminate on the date of the Change in Control. For purposes of Section 11.2(a) of the Plan, the Options shall not be deemed assumed or substituted by a successor company (or continued by Company if it is the ultimate parent entity after the Change in Control) if the Options are not assumed, substituted or continued with equity securities of the successor company or Company, as applicable, that are publicly-traded and listed on an exchange in the United States and that have voting, dividend and other rights, preferences and privileges substantially equivalent to the Shares. If the Options are not deemed assumed, substituted or continued for purposes of Section 11.2(a) of the Plan, the Options shall be deemed not assumed, substituted or continued and governed by Section 11.2(b) of the Plan. Notwithstanding the foregoing, if on the date of the Change in Control the Fair Market Value of one Share is less than the Exercise Price per Share, then the Options shall terminate as of the date of the Change in Control except as otherwise determined by the Committee.

(d) Extension of Post-Termination Exercise Period. Notwithstanding any provisions of this Section 5 to the contrary, if following termination of employment or service the exercise of the Options or, if in conjunction with the exercise of the Options, the sale of the Shares acquired on exercise of the Options, during the post-termination of employment or service time period set forth in the paragraph of this Section 5 applicable to the reason for termination of employment or service would, in the determination of the Company, violate any applicable federal or state securities laws, rules, regulations or orders (or any Company policy related thereto, including its securities trading policy), the running of the applicable period to exercise the Options shall be tolled for the number of days during the period that the exercise of the Options or sale of the Shares acquired on exercise would in the Company's determination constitute such a violation; *provided, however*, that in no event shall the exercisability of the Options be extended beyond the Option Expiration Date.

(e) Other Governing Agreements or Plans. To the extent not prohibited by the Plan, the provisions of this Section 5 regarding the acceleration of vesting of Options and the extension of the exercise period for Options following a Change in Control or a termination of Participant’s employment with Company shall be superseded and governed by the provisions, if any, of a written employment or severance agreement between Participant and Company or a severance plan of Company covering Participant, including a change in control severance agreement or plan, to the extent such a provision (i) is specifically applicable to option awards or grants made to Participant and (ii) provides for the acceleration of Options vesting or for a longer extension period for the exercise of the Options in the case of a Change in Control or a particular event of termination of Participant’s employment with Company (e.g., an event of termination governed by Section 5(b)(i)) to this Agreement than is provided in the provision of this Section 5 applicable to a Change in Control or to the same event of employment termination; *provided, however*, that in no event shall the exercisability of the Options be extended beyond the Option Expiration Date.

(f) Forfeiture upon Engaging in Detrimental Activities. If, at any time within the twelve (12) months after (i) Participant exercises any portion of the Options; or (ii) the effective date of any termination of Participant's employment by Company or by Participant for any reason, Participant engages in, or is determined by the Committee in its sole discretion to have engaged in, any (i) material breach of any non-competition, non-solicitation, non-disclosure or settlement or release covenant or agreement with Company or any Subsidiary; (ii) activities during the course of Participant's employment with Company or any Subsidiary constituting fraud, embezzlement, theft or dishonesty; or (iii) activity that is otherwise in conflict with, or adverse or detrimental to the interests of Company or any Subsidiary, then (x) the Options shall terminate effective as of the date on which Participant engaged in or engages in that activity or conduct, unless terminated sooner pursuant to the provisions of this Agreement, and (y) the amount of any gain realized by Participant from exercising all or a portion of the Options at any time following the date that Participant engaged in any such activity or conduct, as determined as of the time of exercise, shall be forfeited by Participant and shall be paid by Participant to Company, and recoverable by Company, within sixty (60) days following such termination date of the Options. For purposes of the foregoing, the following will be deemed to be activities in conflict with or adverse or detrimental to the interests of Company or any Subsidiary: (i) Participant's conviction of, or pleading guilty or nolo contendere to any misdemeanor involving moral turpitude or any felony, the underlying events of which related to Participant's employment with Company; (ii) knowingly engaged or aided in any act or transaction by Company or a Subsidiary that results in the imposition of criminal, civil or administrative penalties against Company or any Subsidiary; or (iii) misconduct during the course of Participant's employment by Company or any Subsidiary that results in an accounting restatement by Company due to material noncompliance with any financial reporting requirement under applicable securities laws, whether such restatement occurs during or after Participant's employment by Company or any Subsidiary.

(g) Reservation of Committee Discretion to Accelerate Option Vesting and Extend Option Exercise Window. The Committee reserves the right, in its sole and absolute discretion, to accelerate the vesting of the Options and to extend the exercise window for Options that have vested (either in accordance with the terms of this Agreement or by discretionary acceleration by the Committee) under circumstances not otherwise covered by the foregoing provisions of this Section 5; provided that in no event may the Committee extend the exercise window for Options beyond the Option Expiration Date. The Committee is under no obligation to exercise any such discretion and may or may not exercise such discretion on a case-by-case basis.

(h) Reversion of Expired, Cancelled and Forfeited Options to Plan. Any Options that do not vest or that are cancelled, terminated or expire unexercised are forfeited and revert to the Plan and shall again be available for Awards under the Plan.

6. Miscellaneous.

(a) No Rights of Stockholder. Participant shall not have any of the rights of a stockholder with respect to the Shares subject to this Agreement until such Shares have been issued upon the due exercise of the Options.

(b) Nontransferability of Options. The Options shall be nontransferable or assignable except to the extent expressly provided in the Plan. Notwithstanding the foregoing, Participant may by delivering written notice to Company in a form provided by or otherwise satisfactory to Company, designate a third party who, in the event of Participant's death, shall thereafter be entitled to exercise the Options. This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(c) Severability. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(d) Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware other than its conflict of laws principles. The parties agree that in the event that any suit or proceeding is brought in connection with this Agreement, such suit or proceeding shall be brought in the state or federal courts located in New Castle County, Delaware, and the parties shall submit to the exclusive jurisdiction of such courts and waive any and all jurisdictional, venue and inconvenient forum objections to such courts.

(e) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(f) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to Company should be addressed to:

AutoWeb, Inc.
18872 MacArthur Blvd., Suite 200
Irvine, CA 92612-1400
Attention: Chief Legal Officer

Notice to Participant should be addressed to Participant at Participant's address as it appears on Company's records.

Company or Participant, may by writing to the other party, designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(g) Agreement Not an Employment Contract. This Agreement is not an employment or service contract, and nothing in this Agreement or in the granting of the Options shall be deemed to create in any way whatsoever any obligation on Participant's part to continue as an Employee of Company or any Subsidiary or on the part of Company or any Subsidiary to continue Participant's employment or service as an Employee.

(h) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original Agreement but all of which, taken together, shall constitute one and the same Agreement binding on the parties hereto. The signature of any party hereto to any counterpart hereof shall be deemed a signature to, and may be appended to, any other counterpart hereof.

(i) Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent with the Plan and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee (including determinations as to the calculation, satisfaction or achievement of performance-based vesting requirements, if any, to which the Options are subject) shall be final and binding upon Participant, Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

(j) Policies and Procedures. Participant agrees that Company may impose, and Participant agrees to be bound by, Company policies and procedures with respect to the ownership, timing and manner of resales of shares of Company's securities, including without limitation, (i) restrictions on insider trading; (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by officers, directors and affiliates of the Company following a public offering of the Company's securities; (iii) stock ownership or holding requirements applicable to officers and/or directors of Company; and (iv) the required use of a specified brokerage firm for such resales.

(k) Entire Agreement; Modification. This Agreement and the Plan contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified except as provided in the Plan or in a written document signed by each of the parties hereto and may be rescinded only by a written agreement signed by both parties.

Remainder of Page Intentionally Left Blank; Signature Page Follows

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Grant Date.

Grant Date:
TotalOptions Awarded:
Exercise Price Per Share:

“Company” AutoWeb, Inc., a Delaware corporation

By:
Glenn E. Fuller
Executive Vice President, Chief Legal and
Administrative Officer and Secretary

“Participant”

By:
[Printed Name of Participant]

AUTOWEB, INC.
AMENDED AND RESTATED 2014 EQUITY INCENTIVE PLAN

Subsidiary Employee Stock Option Award Agreement

(Non-Qualified Stock Option)
(Subsidiary)

This Subsidiary Employee Stock Option Award Agreement ("**Agreement**") is entered into effective as of the Grant Date set forth on the signature page to this Agreement ("**Grant Date**"), by and between AutoWeb, Inc., a Delaware corporation ("**Company**"), and the person set forth as Participant on the signature page hereto ("**Participant**").

This Agreement and the stock options granted hereby are subject to the provisions of the AutoWeb, Inc. Amended and Restated 2014 Equity Incentive Plan ("**Plan**"). In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control. Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in the Plan.

1. Grant of Options. Company hereby grants to Participant non-qualified stock options ("**Options**") to purchase the number of shares of common stock of Company, par value $0.001 per share, set forth on the signature page to this Agreement ("**Shares**"), at the exercise price per Share set forth on the signature page to this Agreement ("**Exercise Price**"). The Options are not intended to qualify as incentive stock options under Section 422 of the Code.

2. Term of Options. Unless the Options terminate earlier pursuant to the provisions of this Agreement or the Plan, the Options shall expire on the seventh (7^{th}) anniversary of the Grant Date ("**Option Expiration Date**").

3. Vesting. The Options shall become vested and exercisable in accordance with the following vesting schedule: (i) thirty-three and one-third percent (33 1/3%) shall vest and become exercisable on the first anniversary after the Grant Date; and (ii) one thirty-sixth (1/36th) shall vest and become exercisable on each successive monthly anniversary thereafter for the following twenty-four (24) months ending on the third anniversary of such vesting commencement date. No installments of the Options shall vest after Participant's termination of employment with Company or any Subsidiary for any reason.

4. Exercise of Options.

(a) Manner of Exercise. To the extent vested, the Options may be exercised, in whole or in part, by delivering written notice to Company in accordance with Section 6(f) of this Agreement in such form as Company may require from time to time, or at the direction of Company, through the procedures established with Company's third party option administration service. Such notice shall specify the number of Shares, subject to the Options that are being exercised, and shall be accompanied by full payment of the Exercise Price of such Shares in a manner permitted under the terms of Section 5.5 of the Plan (including same-day sales through a broker), except that payment in whole or in part in a manner set forth in clauses (ii), (iii) or (iv) of Section 5.5(b) of the Plan may only be made with the consent of the Committee. The Options may be exercised only in multiples of whole Shares, and no fractional Shares shall be issued.

(b) Issuance of Shares. Upon exercise of the Options and payment of the Exercise Price for the Shares as to which the Options are exercised and satisfaction of all applicable tax withholding requirements, if any, the Company shall issue to Participant the applicable number of Shares in the form of fully paid and nonassessable Shares.

(c) Withholding. No Shares will be issued on exercise of the Options unless and until Participant pays to Company, or makes satisfactory arrangements with Company for payment of, any federal, state, local or foreign taxes required by law to be withheld in respect of the exercise of the Options. Participant hereby agrees that Company may withhold from Participant's wages or other remuneration the applicable taxes. At the discretion of Company, the applicable taxes may be withheld in kind from the Shares otherwise deliverable to Participant on exercise of the Options, up to Participant's minimum required withholding rate or such other rate determined by the Committee that will not trigger a negative accounting impact.

5. Termination of Options.

(a) Termination Upon Expiration of Option Term. The Options shall terminate and expire in their entirety on the Option Expiration Date. In no event may Participant exercise the Options after the Option Expiration Date, even if the application of another provision of this Section 5 may result in an extension of the exercise period for the Options beyond the Option Expiration Date.

(b) Termination of Employment.

(i) Termination of Employment Other Than Due to Death, Disability or Cause. Participant may exercise the vested portion of the Options for a period of ninety (90) days (but in no event later than the Option Expiration Date) following any termination of Participant's employment with Company or any Subsidiary either by Participant or Company or any Subsidiary other than in the event of a termination of Participant's employment by Company or any Subsidiary for Cause (as defined below) or by reason of Participant's death or Disability (as defined below). To the extent Participant is not entitled to exercise the Options at the date of termination of employment, or if Participant does not exercise the Options within the time specified in the Plan or this Agreement for post-termination of employment exercises of the Options, the Options shall terminate.

(ii) Termination of Employment for Cause. Upon the termination of Participant's employment by Company or any Subsidiary for Cause, unless the Options have earlier terminated, the Options (whether vested or not) shall immediately terminate in their entirety and shall thereafter not be exercisable to any extent whatsoever; provided that Company, in its discretion, may, by written notice to Participant given as of the date of termination, authorize Participant to exercise any vested portion of the Options for a period of up to thirty (30) days following Participant's termination of employment for Cause, provided that in no event may Participant exercise the Options after the Option Expiration Date. For purposes of this Agreement, "**Cause**" shall mean (1) if a definition of Cause made specifically applicable to option awards held by Participant is provided in a written employment or severance agreement between Participant and Company or any Subsidiary or a severance plan of Company or any Subsidiary covering Participant (including a change in control severance agreement or plan) and any such agreement or plan is in effect at the time of the termination of employment, Cause shall be as defined in such other agreement or plan; or (2) if no such other definition of Cause is in effect at the time of termination of employment, "**Cause**" shall mean a determination by Company in its sole discretion, that Participant (i) has breached Participant's terms of employment with Company or any Subsidiary; (ii) has failed to comply with Company or any Subsidiary policies and procedures in a material manner; (iii) has engaged in disloyalty to Company or any Subsidiary, including, without limitation, fraud, embezzlement, theft or dishonesty in the course of Participant's employment; (iv) has disclosed trade secrets or confidential information of Company or any Subsidiary to persons not entitled to receive such information; (v) has breached any agreement between Participant and Company or any Subsidiary; (vi) has engaged in such other behavior detrimental to the interests of Company or any Subsidiary; (vii) has been convicted of, or pled guilty or nolo contendere to any misdemeanor involving moral turpitude or any felony; (viii) has failed in any material manner to consistently discharge Participant's employment duties to the Company or any Subsidiary, which failure continues for thirty (30) days following written notice from Company or any Subsidiary detailing the area or areas of such failure, other than such failure resulting from Participant's Disability; (ix) has knowingly engaged in or aided any act or transaction by Company or any Subsidiary that results in the imposition of criminal, civil or administrative penalties against Company or any Subsidiary; or (x) has engaged in misconduct during the course of Participant's employment by Company or any Subsidiary that results in an accounting restatement by Company due to material noncompliance with any financial reporting requirement under applicable securities laws, whether such restatement occurs during or after Participant's employment by Company or any Subsidiary.

(iii) Termination of Participant's Employment By Reason of Participant's Death. In the event Participant's employment is terminated by reason of Participant's death, the Options, to the extent vested as of the date of termination, may be exercised at any time within twelve (12) months following the date of termination (but in no event later than the Option Expiration Date) by Participant's executor or personal representative or the person to whom the Options shall have been transferred by will or the laws of descent and distribution, but only to the extent Participant could exercise the Options at the date of termination.

(iv) Termination of Participant's Employment By Reason of Participant's Disability. In the event that Participant ceases to be an employee of the Company or any Subsidiary by reason of Participant's Disability, unless the Options have earlier terminated, Participant (or Participant's attorney in fact, conservator or other representative on behalf of Participant) may, but only within twelve (12) months from the date of such termination of employment (and in no event later than the Option Expiration Date), exercise the Options to the extent Participant was otherwise entitled to exercise the Options at the date of such termination of employment. For purposes of this Agreement, "**Disability**" shall mean Participant's becoming "permanently and totally disabled" within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate, and the Committee's determination as to whether Participant has incurred a Disability shall be final and binding on all parties concerned.

(c) Change in Control. In the event of a Change in Control, the effect of the Change in Control on the Options shall be determined by the applicable provisions of the Plan (including, without limitation, Article 11 of the Plan), provided that (i) to the extent the Options are assumed or substituted by the successor company in connection with the Change in Control (or the Options are continued by Company if it is the ultimate parent entity after the Change in Control), the Options will vest and become fully exercisable in accordance with clause (i) of Section 11.2(a) of the Plan if within twenty-four (24) months following the date of the Change in Control Participant’s employment is terminated by Company or any Subsidiary (or the successor company or any subsidiary or parent thereof) without Cause, and any vested Options (either vested prior to the Change in Control or accelerated by reason of this Section 5(c)) may be exercised for a period of twenty-four (24) months after the date of such termination of employment (but in no event later than the Option Expiration Date); and (ii) any portion of the Options which vests and becomes exercisable pursuant to Section 11.2(b) of the Plan as a result of such Change in Control will (1) vest and become exercisable on the day prior to the date of the Change in Control if Participant is then employed by Company or any Subsidiary and (2) terminate on the date of the Change in Control. For purposes of Section 11.2(a) of the Plan, the Options shall not be deemed assumed or substituted by a successor company (or continued by Company if it is the ultimate parent entity after the Change in Control) if the Options are not assumed, substituted or continued with equity securities of the successor company or Company, as applicable, that are publicly-traded and listed on an exchange in the United States and that have voting, dividend and other rights, preferences and privileges substantially equivalent to the Shares. If the Options are not deemed assumed, substituted or continued for purposes of Section 11.2(a) of the Plan, the Options shall be deemed not assumed, substituted or continued and governed by Section 11.2(b) of the Plan. Notwithstanding the foregoing, if on the date of the Change in Control the Fair Market Value of one Share is less than the Exercise Price per Share, then the Options shall terminate as of the date of the Change in Control except as otherwise determined by the Committee.

(d) Extension of Post-Termination Exercise Period. Notwithstanding any provisions of this Section 5 to the contrary, if following termination of employment or service the exercise of the Options or, if in conjunction with the exercise of the Options, the sale of the Shares acquired on exercise of the Options, during the post-termination of employment or service time period set forth in the paragraph of this Section 5 applicable to the reason for termination of employment or service would, in the determination of the Company, violate any applicable federal or state securities laws, rules, regulations or orders (or any Company policy related thereto, including its securities trading policy), the running of the applicable period to exercise the Options shall be tolled for the number of days during the period that the exercise of the Options or sale of the Shares acquired on exercise would in the Company’s determination constitute such a violation; *provided*, *however*, that in no event shall the exercisability of the Options be extended beyond the Option Expiration Date.

(e) Other Governing Agreements or Plans. To the extent not prohibited by the Plan, the provisions of this Section 5 regarding the acceleration of vesting of Options and the extension of the exercise period for Options following a Change in Control or a termination of Participant's employment with Company or any Subsidiary shall be superseded and governed by the provisions, if any, of a written employment or severance agreement between Participant and Company or any Subsidiary or a severance plan of Company covering Participant, including a change in control severance agreement or plan, to the extent such a provision (i) is specifically applicable to option awards or grants made to Participant and (ii) provides for the acceleration of Options vesting or for a longer extension period for the exercise of the Options in the case of a Change in Control or a particular event of termination of Participant's employment with Company or any Subsidiary (e.g., an event of termination governed by Section 5(b)(i)) to this Agreement than is provided in the provision of this Section 5 applicable to a Change in Control or to the same event of employment termination; *provided*, *however*, that in no event shall the exercisability of the Options be extended beyond the Option Expiration Date.

(f) Forfeiture upon Engaging in Detrimental Activities. If, at any time within the twelve (12) months after (i) Participant exercises any portion of the Options; or (ii) the effective date of any termination of Participant's employment by Company or any Subsidiary or by Participant for any reason, Participant engages in, or is determined by the Committee in its sole discretion to have engaged in, any (i) material breach of any non-competition, non-solicitation, non-disclosure or settlement or release covenant or agreement with Company or any Subsidiary; (ii) activities during the course of Participant's employment with Company or any Subsidiary constituting fraud, embezzlement, theft or dishonesty; or (iii) activity that is otherwise in conflict with, or adverse or detrimental to the interests of Company or any Subsidiary, then (x) the Options shall terminate effective as of the date on which Participant engaged in or engages in that activity or conduct, unless terminated sooner pursuant to the provisions of this Agreement, and (y) the amount of any gain realized by Participant from exercising all or a portion of the Options at any time following the date that Participant engaged in any such activity or conduct, as determined as of the time of exercise, shall be forfeited by Participant and shall be paid by Participant to Company, and recoverable by Company, within sixty (60) days following such termination date of the Options. For purposes of the foregoing, the following will be deemed to be activities in conflict with or adverse or detrimental to the interests of Company or any Subsidiary: (i) Participant's conviction of, or pleading guilty or nolo contendere to any misdemeanor involving moral turpitude or any felony, the underlying events of which related to Participant's employment with Company or any Subsidiary; (ii) knowingly engaged or aided in any act or transaction by Company or any Subsidiary that results in the imposition of criminal, civil or administrative penalties against Company or any Subsidiary; or (iii) misconduct during the course of Participant's employment by Company or any Subsidiary that results in an accounting restatement by Company due to material noncompliance with any financial reporting requirement under applicable securities laws, whether such restatement occurs during or after Participant's employment by Company or any Subsidiary.

(g) Reservation of Committee Discretion to Accelerate Option Vesting and Extend Option Exercise Window. The Committee reserves the right, in its sole and absolute discretion, to accelerate the vesting of the Options and to extend the exercise window for Options that have vested (either in accordance with the terms of this Agreement or by discretionary acceleration by the Committee) under circumstances not otherwise covered by the foregoing provisions of this Section 5; provided that in no event may the Committee extend the exercise window for Options beyond the Option Expiration Date. The Committee is under no obligation to exercise any such discretion and may or may not exercise such discretion on a case-by-case basis.

(h) Reversion of Expired, Cancelled and Forfeited Options to Plan. Any Options that do not vest or that are cancelled, terminated or expire unexercised are forfeited and revert to the Plan and shall again be available for Awards under the Plan.

6. Miscellaneous.

(a) No Rights of Stockholder. Participant shall not have any of the rights of a stockholder with respect to the Shares subject to this Agreement until such Shares have been issued upon the due exercise of the Options.

(b) Nontransferability of Options. The Options shall be nontransferable or assignable except to the extent expressly provided in the Plan. Notwithstanding the foregoing, Participant may by delivering written notice to Company in a form provided by or otherwise satisfactory to Company, designate a third party who, in the event of Participant's death, shall thereafter be entitled to exercise the Options. This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(c) Severability. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(d) Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware other than its conflict of laws principles. The parties agree that in the event that any suit or proceeding is brought in connection with this Agreement, such suit or proceeding shall be brought in the state or federal courts located in New Castle County, Delaware, and the parties shall submit to the exclusive jurisdiction of such courts and waive any and all jurisdictional, venue and inconvenient forum objections to such courts.

(e) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(f) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to Company should be addressed to:

AutoWeb, Inc.
18872 MacArthur Blvd., Suite 200
Irvine, CA 92612-1400
Attention: Chief Legal Officer

Notice to Participant should be addressed to Participant at Participant's address as it appears on Company's or any Subsidiary's records.

Company or Participant, may by writing to the other party, designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(g) Agreement Not an Employment Contract. This Agreement is not an employment or service contract, and nothing in this Agreement or in the granting of the Options shall be deemed to create in any way whatsoever any obligation on Participant's part to continue as an employee of Company or any Subsidiary or on the part of Company or any Subsidiary to continue Participant's employment or service as an employee.

(h) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original Agreement but all of which, taken together, shall constitute one and the same Agreement binding on the parties hereto. The signature of any party hereto to any counterpart hereof shall be deemed a signature to, and may be appended to, any other counterpart hereof.

(i) Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent with the Plan and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee (including determinations as to the calculation, satisfaction or achievement of performance-based vesting requirements, if any, to which the Options are subject) shall be final and binding upon Participant, Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

(j) Policies and Procedures. Participant agrees that Company may impose, and Participant agrees to be bound by, Company policies and procedures with respect to the ownership, timing and manner of resales of shares of Company's securities, including without limitation, (i) restrictions on insider trading; (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by officers, directors and affiliates of the Company following a public offering of the Company's securities; (iii) stock ownership or holding requirements applicable to officers and/or directors of Company; and (iv) the required use of a specified brokerage firm for such resales.

(k) Entire Agreement; Modification. This Agreement and the Plan contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified except as provided in the Plan or in a written document signed by each of the parties hereto and may be rescinded only by a written agreement signed by both parties.

Remainder of Page Intentionally Left Blank; Signature Page Follows

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Grant Date.

Grant Date:
Total Options Awarded:
Exercise Price Per Share:

"Company" AutoWeb, Inc., a Delaware corporation

By:
Glenn E. Fuller
Executive Vice President, Chief Legal and
Administrative Officer and Secretary

"Participant"

By:
[Printed Name of Participant]

AUTOWEB, INC.
AMENDED AND RESTATED 2014 EQUITY INCENTIVE PLAN

Restricted Stock Award Agreement

This Restricted Stock Award Agreement ("**Agreement**") is entered into effective as of the Award Date set forth on the signature page to this Agreement ("**Award Date**") by and between AutoWeb, Inc., a Delaware corporation ("**Company**"), and the person set forth as Participant on the signature page hereto ("**Participant**").

This Agreement and the shares of restricted stock granted hereby are subject to the provisions of the AutoWeb, Inc. Amended and Restated 2014 Equity Incentive Plan ("**Plan**"). In the event of a conflict between the provisions of the Plan and this Agreement, the Plan shall control. Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in the Plan.

1. **Award of Restricted Stock**. Company hereby awards to Participant the number of shares of common stock of Company, par value $0.001 per share, set forth on the signature page to this Agreement ("**Restricted Shares**"), subject to the Forfeiture Restrictions set forth herein.

2. **Forfeiture Restrictions Lapse Schedule**. All Restricted Shares awarded pursuant to this Agreement are subject to forfeiture back to Company as may be provided in Section 3 ("**Forfeiture Restrictions**") subject to the Forfeiture Restrictions lapsing in accordance with the vesting schedule set forth on the signature page to this agreement ("**Vesting Schedule**").

3. **Effect of Certain Events on Forfeiture Restrictions**.

(a) ***Termination of Employment***.

(i) Termination of Employment By Company Without Cause or By Participant With Good Reason. In the event Participant's employment with Company is terminated by Company without Cause or by Participant for Good Reason, the Forfeiture Restrictions on the Restricted Shares that have not lapsed prior to such termination of employment shall lapse. For purposes of this Agreement, the terms "**Cause**" and "**Good Reason**" shall have the meanings ascribed to them in the Severance Benefits Agreement by and between Company and Participant and referenced on the signature page to this Agreement, as such agreement may be amended from time to time ("**Severance Benefits Agreement**").

(ii) Termination of Employment By Company For Cause or By Participant Without Good Reason. Upon the termination of Participant's employment by Company for Cause or by Participant without Good Reason, any Restricted Shares that remain subject to the Forfeiture Restrictions at the time of termination of employment shall be immediately forfeited and cancelled.

[Alternative Section 3(a)(ii) for Jeffrey H. Coats]

(ii) Termination of Employment By Company For Cause or By Participant Without Good Reason. Upon the termination of Participant's employment by Company for Cause or by Participant without Good Reason, any Restricted Shares that remain subject to the Forfeiture Restrictions at the time of termination of employment shall be immediately forfeited and cancelled; provided, however, that in the case of a termination of Participant's employment by Participant without Good Reason, if Participant was a member of the Company's board of directors at the time of voluntary termination by the Participant without Good Reason and Participant continues to serve as a member of the Company's board of directors after the termination of employment, then any Restricted Shares that remain subject to the Forfeiture Restrictions at the time of termination of employment shall not be immediately forfeited and cancelled, and the Forfeiture Restrictions shall remain in effect and continue to lapse in accordance with the Vesting Schedule during the time that Participant continues to serve as a member of the Company's board of directors. Upon ceasing to be a member of the Company's board of directors, any Restricted Shares that remain subject to the Forfeiture Restrictions at the time of Participant ceasing to be a member of the board of directors shall be immediately forfeited and cancelled.

(iii) Termination of Employment By Reason of Participant's Death. Upon the termination of Participant's employment by Company by reason of Participant's death, the Forfeiture Restrictions on the Restricted Shares that have not lapsed prior to such termination of employment shall lapse.

(iv) Termination of Employment By Company By Reason of Participant's Disability. Upon the termination of Participant's employment by Company by reason of Participant's Disability, the Forfeiture Restrictions on the Restricted Shares that have not lapsed prior to such termination of employment shall lapse. For purposes of this Agreement, "**Disability**" shall mean Participant becoming "permanently and totally disabled" within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Committee in its discretion. The Committee may require such proof of Disability as the Committee in its sole and absolute discretion deems appropriate, and the Committee's determination as to whether Participant has incurred a Disability shall be final and binding on all parties concerned.

(b) Change in Control. In the event of a Change in Control, the effect of the Change in Control on the Restricted Shares shall be determined by the applicable provisions of the Plan (including, without limitation, Article 11 of the Plan), provided that (i) to the extent the Restricted Shares are assumed or substituted by the successor company in connection with the Change in Control (or the Restricted Shares are continued by Company if it is the ultimate parent entity after the Change in Control), the Forfeiture Restrictions shall lapse in accordance with clause (i) of Section 11.2(a) of the Plan only if Participant's employment is terminated within twenty-four (24) months following the date of the Change in Control by Company or a Subsidiary (or the successor company or a subsidiary or parent thereof) without Cause or by Participant for Good Reason; and (ii) the Restricted Shares shall not be deemed assumed or substituted by a successor company (or continued by Company if it is the ultimate parent entity after the Change in Control) for purposes of Section 11.2(a) of the Plan if the Restricted Shares are not assumed, substituted or continued with equity securities of the successor company or Company, as applicable, that are publicly-traded and listed on an exchange in the United States and that have voting, dividend and other rights, preferences and privileges substantially equivalent to the Restricted Shares. If the Restricted Shares are not deemed assumed, substituted or continued for purposes of Section 11.2(a) of the Plan, the Restricted Shares shall be deemed not assumed, substituted or continued and shall be governed by Section 11.2(b) of the Plan.

(c) Forfeiture upon Engaging in Detrimental Activities. If, at any time while any Restricted Shares remain subject to the Forfeiture Restrictions or within the twelve (12) months after (i) the Forfeiture Restrictions lapse as to any Restricted Shares; or (ii) the effective date of any termination of Participant's employment by Company or by Participant for any reason, Participant engages in, or is determined by the Committee in its sole discretion to have engaged in, any (i) material breach of any non-competition, non-solicitation, non-disclosure or settlement or release covenant or agreement with Company or any Subsidiary; (ii) activities during the course of Participant's employment with Company or any Subsidiary constituting fraud, embezzlement, theft or dishonesty; or (iii) activity that is otherwise in conflict with, or adverse or detrimental to the interests of Company or any Subsidiary, then (x) Restricted Shares still subject to Forfeiture Restrictions shall be forfeited effective as of the date on which Participant engaged in or engages in that activity or conduct, unless terminated sooner pursuant to the provisions of this Agreement; (y) Restricted Shares for which the Forfeiture Restrictions have lapsed but that are still in the possession of or control of Participant shall be forfeited and returned to Company effective as of the date on which Participant engaged in or engages in that activity or conduct, unless terminated sooner pursuant to the provisions of this Agreement; and (z) the amount of any proceeds realized by Participant from any sale or other transfer of Restricted Shares as to which the Forfeiture Restrictions had lapsed shall be forfeited by Participant and shall be paid by Participant to Company, and recoverable by Company, within sixty (60) days following such termination date of the Options. For purposes of the foregoing, the following will be deemed to be activities in conflict with or adverse or detrimental to the interests of Company or any Subsidiary: (i) Participant's conviction of, or pleading guilty or nolo contendere to any misdemeanor involving moral turpitude or any felony, the underlying events of which related to Participant's employment with Company; (ii) knowingly engaged or aided in any act or transaction by Company or a Subsidiary that results in the imposition of criminal, civil or administrative penalties against Company or any Subsidiary; or (iii) misconduct during the course of Participant's employment by Company or any Subsidiary that results in an accounting restatement by Company due to material noncompliance with any financial reporting requirement under applicable securities laws, whether such restatement occurs during or after Participant's employment by Company or any Subsidiary.

(d) Reversion of Forfeited Shares to Plan. Any Restricted Shares that are forfeited shall be cancelled and revert to the Plan and shall again be available for Awards under the Plan.

(e) Reservation of Committee Discretion to Accelerate Lapse of Forfeiture Restrictions. The Committee reserves the right, in its sole and absolute discretion, to accelerate the lapsing of the Forfeiture Restrictions under circumstances not otherwise covered by the foregoing provisions of this Section 3. The Committee is under no obligation to exercise any such discretion and may or may not exercise such discretion on a case-by-case basis.

4. Restrictive Legend. Until Forfeiture Restrictions lapse, all book entry accounts (or if applicable, certificates) representing the Restricted Shares shall bear the following legend in addition to all other legends applicable to shares of Company's common stock:

> The shares represented by this Advice [or Certificate, if applicable] are subject to forfeiture to and recoupment by AutoWeb, Inc. and may not be sold or otherwise transferred except pursuant to the provisions of the Amended and Restated 2014 Equity Incentive Plan Restricted Stock Award Agreement by and between AutoWeb, Inc. and [Participant] dated as of [Award Date].

As Forfeiture Restrictions lapse and Participant has made arrangements satisfactory to Company to satisfy applicable tax-withholding obligations, Company shall cause the foregoing restrictive legend to be removed with respect to Restricted Shares that are no longer subject to the Forfeiture Restrictions. Notwithstanding the foregoing, Participant agrees that Company may impose, and Participant agrees to be bound by, Company policies and procedures with respect to the ownership, timing and manner of resales of shares of Company's securities, including without limitation, (i) restrictions on insider trading; (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by officers, directors and affiliates of Company following a public offering of Company's securities; (iii) stock ownership or holding requirements applicable to officers and/or directors of Company; and (iv) the required use of a specified brokerage firm for such resales.

5. Section 83(b) Election Notice. If Participant elects under Section 83(b) of the Code to be taxed immediately on the Restricted Shares rather than as the Forfeiture Restrictions lapse, Participant must notify Company of the election within ten (10) days of filing that election with the Internal Revenue Service.

6. Miscellaneous.

(a) Nontransferability of Restricted Shares. The Restricted Shares shall be nontransferable or assignable except to the extent expressly provided in the Plan. This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(b) Severability. If any provision of this Agreement shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (i) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (ii) not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

(c) Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware other than its conflict of laws principles. The parties agree that in the event that any suit or proceeding is brought in connection with this Agreement, such suit or proceeding shall be brought in the state or federal courts located in New Castle County, Delaware, and the parties shall submit to the exclusive jurisdiction of such courts and waive any and all jurisdictional, venue and inconvenient forum objections to such courts.

(d) Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(e) Notices. All notices required or permitted under this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by registered or certified mail, postage prepaid. Notice by mail shall be deemed delivered on the date on which it is postmarked.

Notices to Company should be addressed to:

AutoWeb, Inc.
18872 MacArthur Blvd., Suite 200
Irvine, CA 92612-1400
Attention: Chief Legal Officer

Notice to Participant should be addressed to Participant at Participant’s address as it appears on Company’s records.

Company or Participant may by writing to the other party designate a different address for notices. If the receiving party consents in advance, notice may be transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties. Such notices shall be deemed delivered when received.

(f) Agreement Not an Employment Contract. This Agreement is not an employment or service contract, and nothing in this Agreement or in the granting of the Restricted Shares shall be deemed to create in any way whatsoever any obligation on Participant's part to continue as an employee of Company or any Subsidiary or on the part of Company or any Subsidiary to continue Participant's employment or service as an Employee.

(g) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original Agreement but all of which, taken together, shall constitute one and the same Agreement binding on the parties hereto. The signature of any party hereto to any counterpart hereof shall be deemed a signature to, and may be appended to, any other counterpart hereof.

(h) Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent with the Plan and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee (including determinations as to the calculation, satisfaction or achievement of performance-based vesting requirements, if any, to which the Restricted Shares are subject) shall be final and binding upon Participant, Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

(i) Entire Agreement; Modification. This Agreement and the Plan contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified except as provided in the Plan or in a written document signed by each of the parties hereto and may be rescinded only by a written agreement signed by both parties.

Remainder of Page Intentionally Left Blank; Signature Page Follows

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Award Date.

Award Date:
Number of Restricted Shares:
Severance Benefits Agreement:
Vesting Schedule:

The Forfeiture Restrictions with respect to thirty-three and one-third percent (33-1/3%) of the Restricted Shares shall lapse on each anniversary of the Award Date, commencing with the first anniversary of the Award Date and ending on the third anniversary of the Award Date.

"Company" AutoWeb, Inc., a Delaware corporation

By:
Glenn E. Fuller, Executive Vice President, Chief Legal and
Administrative Officer and Secretary

"Participant"
[Participant's Name]

AUTOWEB, INC.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("***Agreement***") is made and entered into as of [DATE] by and between AutoWeb, Inc., a Delaware corporation ("***Company***"), and [NAME] ("***Indemnitee***").

Background

In order to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company and, in part, to induce Indemnitee to continue to provide services to the Company, the Company wishes to provide for indemnification and advancement of expenses to Indemnitee to the maximum extent permitted by law.

The Company's Seventh Amended and Restated Bylaws, as amended ("***Bylaws***"), and the Company's Sixth Restated Certificate of Incorporation, as amended ("***Certificate***"), require that the Company indemnify the directors, officers, employees and other agents of the Company, including persons serving at the request of the Company in those capacities with other corporations or enterprises, as authorized by the General Corporation Law of the State of Delaware, as amended ("***DGCL***"), and the Bylaws and the Certificate each expressly provide that the indemnification provided therein is not exclusive and contemplates that the Company may enter into separate agreements with its directors, officers, employees and other agents of the Company.

Indemnitee does not believe that the protection currently provided by applicable law, the Bylaws, the Certificate and available insurance may be adequate under the circumstances, and the Company has determined that Indemnitee and other directors, officers, employees and agents of the Company may not be willing to serve or continue to serve in such capacities without additional protections. The Company desires and has requested Indemnitee to serve or continue to serve as a director, officer, employee or agent of the Company, as the case may be, and has proffered this Agreement to Indemnitee as an additional inducement to serve in such capacity. Indemnitee is willing to serve, or to continue to serve, as a director, officer, employee or agent of the Company, as the case may be, if Indemnitee is furnished the indemnity provided herein by the Company.

This Agreement is a supplement to, and in furtherance of, the Bylaws, the Certificate and any resolutions adopted pursuant thereto, and must not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

In consideration of Indemnitee's agreement to serve and the mutual agreements set forth herein, the sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Agreement

1. **Services to the Company.** Indemnitee will serve, at the will of the Company (or its stockholders, as applicable) or under separate contract if any such contract exists, as [POSITION/TITLE] or as a director, officer, agent or other fiduciary of an affiliate of the Company, including any subsidiary or employee benefit plan of the Company (each, an "***Affiliate***"), to the best of Indemnitee's ability so long as Indemnitee remains in such position(s); *provided, however*, that (i) Indemnitee may at any time and for any reason resign from such position(s) (subject to any contractual obligation that Indemnitee may have assumed apart from this Agreement or any obligation imposed by operation of law), and (ii) neither the Company nor any Affiliate have any obligation under this Agreement to continue Indemnitee in any such position(s). This Agreement is not an employment contract between the Company (or any of its Affiliates) and Indemnitee. Nothing in this Agreement may be construed or interpreted as giving Indemnitee any right to be retained in the employ of the Company (or any of its Affiliates). Indemnitee specifically acknowledges and agrees that except as may be provided in a written employment contract between Indemnitee and the Company or an Affiliate: (i) Indemnitee's employment with the Company or any of its Affiliates is at-will, and (ii) Indemnitee may be discharged at any time for any reason. The foregoing notwithstanding, this Agreement will continue in force after Indemnitee has ceased to serve as [POSITION/TITLE] of the Company.

2. **Indemnity of Indemnitee.** The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent authorized or permitted by the provisions of the Bylaws, the Certificate, the DGCL or other applicable law. The phrase "to the fullest extent authorized or permitted" includes to the fullest extent authorized or permitted by any amendments or replacements of the Bylaws, the Certificate, or the DGCL (or other applicable law) adopted or enacted after the date of this Agreement that increase the extent to which a corporation may indemnify its directors, officers, employees or agents.

3. **Additional Indemnity.** In addition to, and not in limitation of, the indemnification otherwise provided for herein, and subject only to the exclusions set forth in Section 4 hereof, the Company hereby further agrees to hold harmless and indemnify Indemnitee against any and all Expenses (as defined below) that Indemnitee becomes legally obligated to pay because of any claim or claims made against or by Indemnitee in connection with any threatened, pending or completed action, suit or proceeding whether by or in the right of the Company or otherwise and whether civil, criminal, legislative, arbitrational, administrative or investigative, and whether formal or informal including any appeal therefrom, to which Indemnitee is, was or at any time becomes a party, potential party, or a participant, including as a non-party witness or otherwise, or is threatened to be made a party, by reason of the fact that Indemnitee is, was or at any time becomes a director, officer, employee or other agent of the Company, or is or was serving, or at any time serves at the request of, the Company or any Affiliate as a director, officer, employee or other agent (including a trustee, partner or manager) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, including an Affiliate (collectively, a "***Proceeding***"), in each case whether or not Indemnitee was serving in that capacity at the time any liability or Expense is incurred. The definition of "Proceeding" must be considered met if Indemnitee in good faith believes the situation might lead to or culminate in the institution of a Proceeding. "***Expenses***" mean all expenses, including attorneys' fees, witness fees, fees of experts, forensic consultants and other professionals, retainers, court costs, travel expenses, photocopying, printing and binding costs, telephone charges, and any other cost, disbursement or expense customarily incurred in connection with defending, prosecuting, preparing to prosecute or defend, investigating, being prepared to be a witness in, responding to a subpoena or other discovery request, or otherwise participating in, a Proceeding, damages, penalties, interest charges thereon, judgments, fines, and amounts paid in settlement, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties imposed on Indemnitee, costs associated with any appeals, including without limitation the premium, security for, and other costs relating to any costs bond, supersedeas bond, or other appeal bond or its equivalent, and any other amounts for time spent by Indemnitee for which Indemnitee is not compensated by the Company or any Affiliate or third party for any period during which Indemnitee is not an agent, in the employment of, or providing services for compensation to, the Company or any Affiliate. Without limiting the generality of the foregoing, references to "serving at the request of the Company as a director, officer, employee or agent" includes: (i) Indemnitee's performance of services for, on behalf of, or for the benefit of the Company or any Affiliate while Indemnitee is serving as a director, officer, employee or other agent of the Company or an Affiliate regardless of whether Indemnitee is at the time a director, officer or employee of the Company or the Affiliate for, on behalf of, or for the benefit of which Indemnitee performed services; or (ii) any service by Indemnitee that imposes duties on, involves services by, Indemnitee with respect to an employment benefit plan, its participants or beneficiaries, including as a deemed fiduciary thereto.

4. **Limitations on Additional Indemnity.** No indemnity pursuant to Sections 2 or 3 hereof must be paid by the Company:

(a) On account of any claim against Indemnitee solely for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) ("***Section 16(b)***") of the Securities Exchange Act of 1934, as amended ("***Exchange Act***"), or similar provisions of any federal, state or local statutory law; *provided*, that with respect to a claim against Indemnitee solely for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) or similar provisions of any federal, state or local law, Indemnitee is entitled to the advancement of legal expenses unless the Company reasonably determines that Indemnitee clearly violated Section 16(b) and must disgorge profits to the Company pursuant to the terms thereof. Notwithstanding anything to the contrary stated or implied in this Section 4(a), indemnification pursuant to this Agreement relating to any Proceeding against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) or similar provisions of any federal, state or local laws is not prohibited if Indemnitee ultimately establishes in any Proceeding that no recovery of such profits from Indemnitee is permitted under Section 16(b) or similar provisions of any federal, state or local laws;

(b) On account of any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 ("***Sarbanes-Oxley Act***"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), *provided*, Indemnitee is entitled to advancement of Expenses related to, arising out of, or resulting from a Proceeding to recover such compensation or profits prior to the final adjudication of that Proceeding;

(c) on account of Indemnitee's conduct that is established by a final judgment, not subject to appeal, as knowingly fraudulent or deliberately dishonest or that constituted willful misconduct;

(d) on account of Indemnitee's conduct that is established by a final judgment, not subject to appeal, as constituting a breach of Indemnitee's duty of loyalty to the Company or resulting in any personal profit or advantage to which Indemnitee was not legally entitled;

(e) for which payment is actually made to Indemnitee under a valid and collectible insurance policy or under a valid and enforceable indemnity clause, bylaw or agreement, except in respect of any excess beyond payment under such insurance, clause, bylaw or agreement and such payment fully compensates Indemnitee against all expenses. Notwithstanding anything to the contrary stated or implied in this Section 4(e), (i) Indemnitee has no obligation to reduce, offset, allocate, pursue or apportion any indemnification, hold harmless, exoneration, advancement, contribution or insurance coverage among multiple persons possessing those obligations to Indemnitee prior to the Company's satisfaction and performance of its obligations under this Agreement; and (ii) the Company must perform fully its obligations under this Agreement regardless of whether Indemnitee holds, may pursue or has pursued any indemnification, advancement, hold harmless, exoneration, contribution or insurance coverage rights against any person or entity other than the Company;

(f) if indemnification is not lawful, as established by the Company by a final judgment on such issue not subject to appeal; or

(g) in connection with any Proceeding (or part thereof) initiated by Indemnitee, or any Proceeding by Indemnitee against the Company or an Affiliate or the directors, officers, employees or other agents of the Company or an Affiliate, unless (i) such indemnification is expressly required to be made by law, (ii) the Proceeding was authorized by the Company's Board of Directors ("***Board***"), (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under the DGCL or any other applicable law, (iv) the Proceeding is initiated pursuant to Section 10 hereof, or (v) the Proceeding initiated by Indemnitee is a cross-claim or counter-claim.

5. **Continuation of Indemnity.** All agreements and obligations of the Company contained herein continue during the period Indemnitee is a director, officer, employee or other agent of the Company (or is or was serving at the request of the Company as a director, officer, employee or other agent (including trustee, partner or manager) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise) and will continue thereafter so long as Indemnitee is subject to any Proceeding by reason of the fact that Indemnitee was serving in the capacity referred to herein.

6. **Partial Indemnification.** The Company will indemnify Indemnitee for a portion of the Expenses that Indemnitee becomes legally obligated to pay in connection with any Proceeding even if not entitled hereunder to indemnification for the total amount thereof, and the Company must indemnify Indemnitee for the portion thereof to which Indemnitee is entitled and the acceptance of such partial payment will not be an admission by Indemnitee that he or she is not entitled to all of his or her Expenses or a bar against Indemnitee seeking recovery of the full amount of Expenses.

7. **Notice and Other Indemnification Procedures.**

(a) **Notification of Proceeding.** Indemnitee agrees to notify the Company in writing promptly upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation that it may have to Indemnitee under this Agreement or otherwise and any delay in giving notice will not constitute a waiver by Indemnitee of any rights under this Agreement.

(b) **Request for Indemnification and Indemnification Payments.** Upon written request by Indemnitee for indemnification, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto must be made in the specific case: (i) if a Change in Control (as defined in Section 8(b)) shall have occurred, by Independent Counsel (as defined below) in a written opinion to the Board, a copy of which must be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors (as defined below), even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which must be delivered to Indemnitee or (D) if so directed by the Board, by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee must be made promptly, but in no event more than ten (10) days after such determination. Indemnitee agrees to cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by or on behalf of Indemnitee in so cooperating with the person, persons or entity making such determination must be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company must advise Indemnitee promptly in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied. Claims for advancement of Expenses must be made under the provisions of Section 9 of this Agreement.

In the event the determination of entitlement to indemnification is to be made by Independent Counsel, the Independent Counsel must be selected as provided in this Section 7(b). If a Change in Control shall not have occurred, the Board must select the Independent Counsel, and the Company must give prompt, written notice to Indemnitee advising him of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, Indemnitee must select the Independent Counsel (unless Indemnitee requests that the selection be made by the Board, in which event the preceding sentence applies), and Indemnitee must give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection has been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to the selection; *provided*, *however*, that the objection may be asserted only on the basis that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined below, and the objection must set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If a written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until the objection is withdrawn or the Delaware Court of Chancery has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnitee of a written request for indemnification and the final disposition of the Proceeding, no Independent Counsel has been selected and not objected to, either the Company or Indemnitee may petition the Delaware Court of Chancery for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by that court or by such other person as that court may designate, and the person with respect to whom all objections are so resolved or the person so appointed will act as Independent Counsel. The Company agrees to pay the reasonable fees and expenses, including any retainer or advance, of the Independent Counsel referred to above and to indemnify such counsel fully against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. "**Disinterested Director**" means a director of the Company who is not, and was not, a party to the Proceeding in respect of which indemnification is sought by Indemnitee. "**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company, any Affiliate or Indemnitee in any matter material to any such person (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(c) **Notice to Insurers.** If, at the time of the receipt by the Company of a notice pursuant to Section 7(a) hereof, the Company has liability insurance in effect which may cover that Proceeding, the Company must give prompt notice of the commencement of that Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company must thereafter take all necessary or desirable action to cause those insurers to pay, on behalf of Indemnitee, all Expenses payable to Indemnitee in respect of such Proceeding in accordance with the terms of their policies, but any such action by the Company will not relieve it of its obligations hereunder.

(d) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement may be required to be made prior to the final disposition of the Proceeding as to Indemnitee.

8. **Assumption of Defense.**

(a) In the event the Company is requested by Indemnitee to pay the Expenses of any Proceeding, the Company, if appropriate, will be entitled to assume the defense of that Proceeding, or to participate to the extent permissible in that Proceeding, with counsel approved by Indemnitee, which approval may not be unreasonably withheld or delayed. Upon assumption of the defense by the Company and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding; *provided*, that Indemnitee will have the right to employ separate counsel in that Proceeding at Indemnitee's sole cost and expense. After the Company has assumed the defense of a Proceeding, Indemnitee will be entitled to, at Indemnitee's own expense, engage counsel for the purpose of monitoring the defense being provided by counsel retained by the Company, and the Company must direct that counsel to cooperate with and provide requested information to Indemnitee's monitoring counsel. Notwithstanding the foregoing, if (i) Indemnitee's counsel delivers a written notice to the Company stating that such counsel has reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any defense in the Proceeding, (ii) the Company has not, in fact, employed counsel or otherwise actively pursued the defense of the Proceeding within a reasonable time, or thereafter reasonably maintained the defense of the Proceeding, (iii) there has been a Change in Control (as defined below), or (iv) Indemnitee reasonably concludes that counsel engaged by the Company on behalf of Indemnitee may not adequately represent Indemnitee, then in any such event the fees and expenses of Indemnitee's counsel to defend the Proceeding must be at the expense of the Company and subject to the indemnification and advancement of expenses provisions of this Agreement. *Provided*, *however*, that in the event there are other defendants in a Proceeding who are entitled to counsel other than counsel engaged by the Company, the Company will only be obligated to pay the fees and expenses of one (1) counsel for all those defendants, including Indemnitee, unless Indemnitee's counsel delivers a written notice to the Company stating that such counsel has reasonably concluded that there may be a conflict of interest that would prevent one (1) counsel from representing all such defendants, including Indemnitee.

(b) For purposes of this Agreement, a “***Change in Control***” is deemed to have occurred if (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, (A) who is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing ten percent (10%) or more of the combined voting power of the Company’s then outstanding Voting Securities (as defined below), increases his, her or its beneficial ownership of such securities by five percent (5%) or more over the percentage so owned by such person, or (B) becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than twenty percent (20%) of the total voting power represented by the Company’s then outstanding Voting Securities, (ii) during any period of two (2) consecutive years, individuals who at the beginning of that period constitute the Board and any new director whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the Company merges or consolidates with any other corporation other than a merger or consolidation that would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity, or its ultimate parent) at least sixty percent (60%) of the total voting power represented by the Voting Securities, as defined below, of the Company or such surviving entity, or its ultimate parent, outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one (1) transaction or a series of transactions) all or substantially all of the Company’s assets, (iv) the Company commences any case, action or proceeding before any court or governmental body (or a third party commences any such proceeding that remains undismissed by or consented to within sixty (60) days) relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (v) the Company commences any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other similar arrangement in respect of its creditors generally or any substantial portion of its creditors.

(c) For purposes of this Agreement, “***Voting Securities***” means any securities of the Company that vote generally in the election of directors.

(d) Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any Proceeding or in the defense of any claim, issue or matter therein, the Company must indemnify Indemnitee against all Expenses incurred by Indemnitee in connection therewith.

9. **Advances of Expenses.**

(a) The Company will advance to Indemnitee, prior to the final adjudication of any Proceeding of this Agreement, any and all Expenses relating to, arising out of or resulting from any Proceeding (other than a Proceeding for which indemnification is excluded pursuant to Section 4(g)) paid or incurred by Indemnitee or which Indemnitee determines are reasonably likely to be paid or incurred by Indemnitee. The right to advances under this Section 9 in all events continues until final disposition of any Proceeding, including all possible appeals therefrom. Advances must be made without regard to Indemnitee’s ability to repay the Expenses and without regard to Indemnitee’s ultimate entitlement to indemnification under the other provisions of this Agreement. Advances must be unsecured and interest free. Advances include any and all reasonable Expenses incurred in pursuing an action to enforce this right of advancement, including Expenses incurred in preparing and forwarding statements to the Company or its insurance carrier(s) to support the advances claimed.

(b) Indemnitee's right to such advancement is not subject to the satisfaction of any standard of conduct. Without limiting the generality or effect of the foregoing, within fifteen (15) business days after any request by Indemnitee, the Company must, in accordance with such request (but without duplication), (i) pay such Expenses on behalf of Indemnitee, (ii) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (iii) reimburse Indemnitee for such Expenses.

(c) Indemnitee undertakes to the fullest extent permitted by law to repay the amounts advanced pursuant to this Agreement (without interest) if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified therefor by the Company. No other form of undertaking may be required other than the execution of this Agreement.

(d) Indemnitee must use commercially reasonable efforts to provide documentation to the Company relating to Expenses as incurred in order to permit the Company to properly deduct the advancement of Expenses pursuant to this Section 9; *provided, however,* that Indemnitee will only be required to provide such documentation to the extent that such provision will not constitute a waiver of the attorney-client privilege or the work product doctrine.

10. **Enforcement; Presumption of Entitlement.**

(a) Any right to indemnification or advances granted by this Agreement to Indemnitee is enforceable by or on behalf of Indemnitee in any court of competent jurisdiction if (i) the claim for indemnification is denied, in whole or in part; (ii) no disposition of such claim is made within seventy (70) days of request therefor; (iii) payment of indemnification is not made to Indemnitee within ten (10) days of a determination that Indemnitee is entitled to indemnification; (iv) advancement of Expenses is not timely made; or (v) the Company or any other person takes or threatens to take action to declare this Agreement unenforceable or institutes litigation or other action or proceeding to deny or recover from Indemnitee the benefits provided by, or intended to be provided by, this Agreement. Indemnitee, in such enforcement action, if successful in whole or in part, must be entitled to be paid also the Expenses of prosecuting Indemnitee's claim. The Company must pay interest at the legal rate under Delaware law on all amounts that the Company is obligated to advance or indemnify pursuant to this Agreement, commencing on the date on which the Company must advance Expenses or the earlier of the date of determination of indemnification or seventy (70) days of a request therefor and ending on the date on which payment is made.

(b) It is a defense to any action for which a claim for indemnification is made under Sections 2 and 3 hereof (other than an action brought to enforce a claim for Expenses pursuant to Section 8 hereof) that Indemnitee is not entitled to indemnification because of the limitations set forth in Section 4 hereof.

(c) In any such Proceeding instituted by Indemnitee pursuant to this Section 10, the Company must be precluded, to the fullest extent permitted by law, from asserting that the procedures and presumptions of this Agreement are not valid, binding and enforceable and must stipulate in any such court that the Company is bound by all the provisions of this Agreement and is precluded from making any assertion to the contrary.

(d) In making any determination concerning Indemnitee's right to indemnification, it must be presumed that Indemnitee has satisfied the applicable standard of conduct, and to the fullest extent not prohibited by law, the Company has the burden of proof to overcome that presumption by its adducing clear and convincing evidence to the contrary. Neither the failure of the Company (including the Disinterested Directors, the Company's stockholders, or Independent Counsel) to have made a determination prior to the commencement of such enforcement action that indemnification of Indemnitee is proper in the circumstances, nor an actual determination by the Company (including the Disinterested Directors, the Company's stockholders, or Independent Counsel) that such indemnification is improper is a defense to the action or creates a presumption that Indemnitee is not entitled to indemnification under this Agreement or otherwise. Any judicial proceeding must be conducted in all respects as a trial *de novo* on the merits and Indemnitee must not be prejudiced by any actual determination by the Company any assertion to the contrary.

(e) For purposes of any determination of good faith, Indemnitee must be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Company or any Affiliate, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Company or any Affiliate in the course of their duties, or on the advice of legal counsel for the Company or an Affiliate or on information or records given or reports made to the Company or an Affiliate by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Enterprise. The provisions of this Section 10(e) must not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. Whether or not the foregoing provisions of this Section 10(e) are satisfied, it must in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company.

(f) Subject to Section 7(d), if a determination of whether Indemnitee is entitled to indemnification is not made within forty (40) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification must, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee must be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; *provided, however*, that such 40-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and *provided*, *further,* that the foregoing provisions of this Section 10(f) do not apply (i) if the determination of entitlement to indemnification is to be made by the and if (A) within ten (10) days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within sixty (60) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within ten (10) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 7(a) of this Agreement.

(g) The remedies provided for in this Section 10 are in addition to any other remedies available to Indemnitee at law or in equity or pursuant to the Certificate, the Bylaws or other written agreement between the Company and Indemnitee.

11. **Unauthorized Settlements.** Any provision herein to the contrary notwithstanding, the Company is not obligated pursuant to the terms of this Agreement to indemnify Indemnitee under this Agreement for any amounts paid in settlement of a Proceeding effected by Indemnitee without the Company's written consent. Further, the Company must not, without the prior written consent of Indemnitee, effect any settlement of: (a) any Proceeding if Indemnitee is or could have been a party, or (b) any Proceeding in which the Company is, or could be, jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement solely involves the payment of money and includes a complete and unconditional release of Indemnitee from all liability on any claims that are the subject matter of such Proceeding. Neither the Company nor Indemnitee may unreasonably withhold, delay or condition consent to any proposed settlement; *provided, however,* that: (i) the Company may in any event decline to consent to (or to otherwise admit or agree to any liability for indemnification hereunder in respect of) any proposed settlement if the Company is also a party in such Proceeding and determines in good faith that such settlement is not in the best interests of the Company and its stockholders, and (ii) Indemnitee may withhold consent to any settlement that does not provide a complete and unconditional release of Indemnitee requires Indemnitee to take any action other than executing a release of parties providing a release of Indemnitee, or imposes any penalty or other limitation or disqualification on Indemnitee. The Company must notify Indemnitee promptly of the receipt of any settlement offer or if it intends to submit a settlement offer and must provide Indemnitee a reasonable time to consider the offer.

12. **Mutual Acknowledgment.** Both the Company and Indemnitee acknowledge that in certain instances, Federal or state law or applicable public policy may prohibit the Company from indemnifying its directors, officers, employees, agents or fiduciaries under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

13. **Period of Limitations.** No legal action may be brought and no cause of action may be asserted by or in the right of the Company against Indemnitee, Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action, and any claim or cause of action of the Company will be extinguished and deemed released unless asserted by the timely filing of a legal action within such two (2)-year period; *provided, however,* that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period must govern.

14. **Subrogation.** In the event of payment under this Agreement and after Indemnitee has no more Expenses in respect of a Proceeding, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who must execute all documents required and must do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

15. **Non-Exclusivity of Rights.** The rights conferred on Indemnitee by this Agreement are not exclusive of any other right which Indemnitee may have or hereafter acquire under any statute, provision of the Certificate or the Bylaws, each as may be amended from time to time, agreement, vote of stockholders or directors, or otherwise.

16. **Survival of Rights; Change in Control.**

(a) The rights conferred on Indemnitee by this Agreement continue after Indemnitee has ceased to be a director, officer, employee or other agent of the Company or to serve at the request of the Company as a director, officer, trustee, fiduciary, partner, manager, employee or other agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise and will inure to the benefit of Indemnitee's heirs, executors and administrators.

(b) The Company must require and cause any successor thereto (whether direct or indirect) in connection with a Change in Control, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such Change in Control occurred.

17. **Contribution.**

(a) If the indemnification provided for by this Agreement is unavailable in whole or in part and may not be paid to Indemnitee for any reason other than those set forth in Section 4 hereof, then in respect to any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), to the fullest extent permissible under applicable law, the Company, in lieu of indemnifying and holding harmless Indemnitee, must pay, in the first instance, the entire amount of Expenses incurred by Indemnitee in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

(b) The Company hereby agrees to indemnify and hold harmless fully to the extent permissible under applicable law Indemnitee from any claims for contribution that may be brought by officers, directors or employees of the Company (other than Indemnitee) who may be jointly liable with Indemnitee.

18. **Liability Insurance.**

(a) For the duration of Indemnitee's service as a director and/or officer of the Company, and thereafter for so long as Indemnitee may be subject to any pending or possible indemnifiable claim, the Company must use best efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to cause to be maintained in effect policies of directors' and officers' liability insurance, errors and omissions insurance and employment practices insurance providing coverages for directors and/or officers of the Company that are at least substantially comparable in scope and amount to that provided by the Company's current policies covering directors and officers. The minimum AM Best rating for the insurance carriers of such insurance must be not less than A-VI.

(b) In the event of a Change in Control, the Company must (i) maintain in force any and all insurance policies then maintained by the Company providing liability insurance in respect of Indemnitee, or (ii) require and cause any successor thereto (whether direct or indirect) to obtain and maintain a directors' and officers' liability insurance policy (and any other liability insurance policies, including errors and omissions and employment practices, to the extent such liability policies were claims-made policies immediately prior to the Change in Control) that provides coverage for Indemnitee that is at least substantially comparable in scope and amount to that provided to Indemnitee by the Company as of immediately prior to the Change in Control, in each case for the six-year period immediately following the Change in Control. This "tail coverage" must be placed by the Company's insurance broker and be placed with a carrier or carriers having an AM Best rating that is not less than A-VI.

(c) In the event that any action is instituted by Indemnitee under this Agreement or under any liability insurance policies maintained by the Company to enforce or interpret any of the terms hereof or thereof, Indemnitee is entitled to be paid all Expenses incurred by Indemnitee with respect to that action, regardless of whether Indemnitee is ultimately successful in that action, and is entitled to the advancement of Expenses with respect to that action, unless as a part of that action a court of competent jurisdiction over that action determines that each of the material assertions made by Indemnitee as a basis for such action was not made in good faith or was frivolous.

(d) The Company must make available to Indemnitee a copy of all applications, binders, policies, declarations, endorsements and other related materials in respect of policies required to be obtained or maintained pursuant to this Agreement. The Company must not discontinue or significantly reduce the scope or amount of coverage from one (1) policy period to the next without the prior approval thereof by a majority vote of the incumbent directors of the Company, even if less than a quorum. The Company must provide Indemnitee with at least thirty (30) days' notice of the non-renewal of, cancellation of or failure to pay any premium due in respect of such insurance policies.

19. **Optional Trust.** The Company may, but is not required to, create a trust fund, grant a security interest or use other means, including without limitation a letter of credit, to ensure the payment of such amounts as may be necessary to satisfy its obligations to indemnify and advance Expenses pursuant to this Agreement.

20. **No Imputation.** The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or the Company itself must not be imputed to Indemnitee for purposes of determining any rights under this Agreement.

21. **Severability.** The provisions of this Agreement are severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions, including without limitation in the same section, paragraph or sentence, must remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitations, each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable, that is not itself invalid, void or unenforceable) must be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

22. **Coverage.** This Agreement applies with respect to Indemnitee's service as [POSITION/TITLE] of the Company prior to the date of this Agreement.

23. **Governing Law.** This Agreement and the relationship of the parties hereto with respect to the subject matter hereof are governed by and construed and enforced in accordance with the laws of the State of Delaware, as applied to contracts between Delaware residents, entered into and to be performed entirely within the State of Delaware, without regard to the conflict of laws principles thereof.

24. **Amendment and Termination.** No amendment, modification, termination or cancellation of this Agreement is effective unless it is in writing signed by both the parties hereto. No waiver of any of the provisions of this Agreement may be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor may such waiver constitute a continuing waiver.

25. **Identical Counterparts; Facsimile.** This Agreement may be executed in one (1) or more counterparts, including counterparts transmitted by facsimile or other electronic communication, each of which shall for all purposes be deemed to be an original but all of which together constitute but one (1) and the same Agreement. Only one (1) such counterpart need be produced to evidence the existence of this Agreement. Facsimile signatures, or signatures delivered by other electronic transmission, are as effective as original signatures.

26. **Headings.** The headings of the sections of this Agreement are inserted for convenience only and must not be deemed to constitute part of this Agreement or to affect the construction hereof.

27. Construction of Certain Phrases.

(a) For purposes of this Agreement, references to the “Company” includes, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees, agents or fiduciaries, so that if Indemnitee is or was a director, officer, employee, agent or fiduciary of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, Indemnitee will stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

(b) For purposes of this Agreement, references to “other enterprise” includes employee benefit plans; references to “fines” includes any excise taxes assessed on Indemnitee with respect to an employee benefit plan; and references to “serving at the request of the Company” includes any service as a director, officer, employee, agent or fiduciary of the Company that imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or its beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, Indemnitee must be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Agreement.

28. **Notices.** All notices and other communications required or permitted hereunder must be in writing, shall be effective when given, and must in any event be deemed to be given (a) five (5) days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail, postage prepaid, (b) upon delivery, if delivered by hand or by electronic transmission, (c) one (1) business day after the business day of deposit with overnight courier, freight prepaid, or (d) one (1) day after the business day of delivery by facsimile transmission with answer-back received, if delivered by facsimile transmission, with copy by first class mail, postage prepaid, and must be addressed if to Indemnitee, at Indemnitee’s address as set forth beneath Indemnitee’s signature to this Agreement and if to the Company at the address of its principal corporate offices (attention: secretary) or at such other address as such party may designate by ten (10) days’ advance written notice to the other party hereto.

29. **Consent to Jurisdiction.** The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the Courts of Chancery of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement must be commenced, prosecuted and continued only in that Court, which is the exclusive and only proper forum for adjudicating such a claim

30. **Equitable Relief.** The Company and Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the Company and Indemnitee agree that Indemnitee may enforce this Agreement by seeking equitable remedies, including injunctive relief and/or specific performance, without any showing of actual damage or irreparable harm and that by seeking equitable remedies, Indemnitee will not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. The Company and Indemnitee further agree that Indemnitee is entitled to such equitable remedies without the necessity of posting bonds or other undertaking in connection therewith. The Company hereby waives any requirement of a bond or other undertaking.

31. **Integration and Entire Agreement.** This Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto; *provided, however,* that this Agreement is a supplement to and in furtherance of the Certificate, the Bylaws, the DGCL and any other applicable law, and must not be deemed a substitute therefor, and does not diminish or abrogate any rights of Indemnitee thereunder, and this Agreement does not release the Company from its obligations to the extent such obligations have been incurred under the Prior Indemnification Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

AUTOWEB, INC.

By:
Glenn E. Fuller
Executive Vice President, Chief Legal and Administrative Officer and Secretary

INDEMNITEE

Signature

Print Name:

Address: AutoWeb, Inc.
18872 MacArthur Blvd.
Suite 200
Irvine, CA 92612

Autobytel Inc.
Human Resources Department
18872 MacArthur Blvd, Suite 200
Irvine, CA 92612-1400
Voice: (949) 225-4572

Effective July 16, 2016

TO: **Ralph Smith**
FROM: **Glenn Fuller – EVP, Chief Legal and Administrative Officer and Secretary**

RE: **Promotion**

It is a pleasure to inform you of your promotion. Following is a summary of your promotion.

NewPosition:	SVP, Digital Marketing
New Semi-monthlyRate:	$9,166.67 ($220,000 Approximate Annually)
Effective Date:	July 16, 2016
Annual Incentive Compensation:	You shall be eligible to participate in annual incentive compensation plans, if any, that may be adopted by the Company from time to time and that are afforded generally to persons employed by the Company at your employment level and position, geographic location and applicable department or operations within the Company (subject to the terms and conditions of any such annual incentive compensation plans). Should such an annual incentive compensation plan be adopted for any annual period, your target annual incentive compensation opportunity will be as established by the Company for each annual period, which may be up to 50% of your annualized rate (i.e., 24 X Semi-monthly Rate) based on achievement of objectives specified by the Company each annual incentive compensation period (which may include Company-wide performance objectives; divisional, department or operations performance objectives and/or individual performance objectives, allocated between and among such performance objectives as the Company may determine) and subject to adjustment by the Company based on the Company's evaluation and review of your overall individual job performance in the sole discretion of the Company. Specific annual incentive compensation plan details, target incentive compensation opportunity and objectives for each annual compensation plan period will be established each year. Awards under annual incentive plans may be prorated by the Company in its discretion for a variety of factors, including time employed by the Company during the year, adjustments in base compensation or target award percentage changes during the year, and unpaid time off. You understand that the Company's annual incentive compensation plans, their structure and components, specific target incentive compensation opportunities and objectives, the achievement of objectives and the determination of actual awards and payouts, if any, thereunder are subject to the sole discretion of the Company. Awards, if any, under any annual incentive compensation plan shall only be earned by you, an payable to you, if you remain actively employed by the Company through the date on which award payouts are made by the Company under the applicable annual incentive compensation plan. You will not earn any such award if your employment ends for any reason prior to that date.

Your promotion is conditioned upon your acceptance of the foregoing modifications to the terms and conditions of your employment with Autobytel Inc. If you accept these modifications to the terms of your employment, please acknowledge your acceptance in the space provided below.

Please feel free to call if you have any questions.

Autobytel Inc.

By:/s/Glenn E. Fuller________________________________
Glenn Fuller
EVP, Chief Legal and Administrative Officer and Secretary

Accepted and Agreed:

/s/Ralph Smith________
Ralph Smith

Exhibit 10.36

AutoWeb, Inc.
Human Resources Department
18872 MacArthur Blvd, Suite 200
Irvine, CA 92612-1400
Voice: (949) 225-4572

February 20, 2018

TO: **Ralph Smith**
FROM: **Glenn Fuller – EVP, Chief Legal and Administrative Officer and Secretary**

RE: **Salary Adjustment**

It is a pleasure to inform you of your salary increase. Following is a summary of your salary increase.

Position:	Senior Vice President, Digital Marketing
New Semi-monthly Rate:	$10,625 ($255,000 Approximate Annually)
Effective Date:	February 16, 2018

Your salary increase is conditioned upon your acceptance of the foregoing modifications to the terms and conditions of your employment with AutoWeb, Inc. If you accept these modifications to the terms of your employment, please acknowledge your acceptance in the space provided below.

As a reminder, your employment is at will, not for a specified term and may be terminated by the Company or you at any time, with or without cause or good reason and with or without prior, advance notice. This "at-will" employment status will remain in effect throughout the term of your employment by the Company and cannot be modified except by a written amendment to this promotion letter that is executed by both parties (which in the case of the Company, must be executed by the Company's Chief Legal Officer) and that expressly negates the "at-will" employment status.

Please feel free to call if you have any questions.

AutoWeb, Inc.

By:

/s/ Glenn Fuller
Glenn Fuller
EVP, Chief Legal and Administrative Officer and Secretary

Accepted and Agreed:

/s/ Ralph Smith
Ralph Smith

Exhibit 21.1

SUBSIDIARIES OF AUTOWEB, INC.

Subsidiary Name	Jurisdiction of Incorporation
Autobytel, Inc. (formerly AutoWeb, Inc.)	Delaware
Autobytel Dealer Services, Inc.	Delaware
Autotegrity, Inc.	Delaware
AW GUA USA, Inc.	Delaware
Car.com, Inc.	Delaware
Dealix Corporation	California
AW GUA, Sociedad de Responsabilidad Limitada	Guatemala

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements Form S-8 No's. 333-197325, 333-168834, 333-135076, 333-116930, 333-90045, 333-77943, 333-39396, 333-67692, and 333-212910 of our report dated March 15, 2018 which expresses an unqualified opinion and includes an explanatory paragraphs relating to the adoption of Accounting Standards Update 2015-17, Balance Sheet Classification of Deferred Taxes and 2016-09, Improvements to Employee Share-Based Payment Accounting, relating to the consolidated financial statements and schedule and the effectiveness of internal control over financial reporting (which report expresses an adverse opinion), of AutoWeb, Inc. (formerly Autobytel Inc.), appearing in this Annual Report on Form 10-K for the year ended December 31, 2017.

/s/ Moss Adams LLP

San Diego, CA
March 15, 2018

Exhibit 31.1

CERTIFICATION

I, Jeffrey H. Coats, certify that:

1. I have reviewed this annual report on Form 10-K of AutoWeb, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2018

/s/ Jeffrey H. Coats

Jeffrey H. Coats
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Kimberly S. Boren, certify that:

1. I have reviewed this annual report on Form 10-K of AutoWeb, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2018

/s/ Kimberly S. Boren

Kimberly S. Boren,
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

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

In connection with the Annual Report of AutoWeb, Inc. (the "*Company*") on Form 10-K for the period ended December 31, 2017 (the "*Report*"), we, Jeffrey H. Coats, President and Chief Executive Officer of the Company, and Kimberly S. Boren, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Jeffrey H. Coats
Jeffrey H. Coats
President and Chief Executive Officer
March 15, 2018

/s/ Kimberly S. Boren
Kimberly S. Boren
Executive Vice President and
Chief Financial Officer
March 15, 2018

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