



June 11, 2010

Dear Stockholder:

On May 26, 2010, the Board of Directors of Autobytel Inc. (“**Autobytel**”) adopted a Tax Benefit Preservation Plan (“**Plan**”). The Plan is designed to reduce the likelihood that Autobytel’s use of its net operating losses, loss carryforwards and other tax assets (collectively, “tax benefits”) would be substantially limited under Section 382 of the Internal Revenue Code (“**Section 382**”). These tax benefits generally can be used to offset future taxable income and therefore reduce federal income tax obligations. However, Autobytel’s ability to use its tax benefits may be substantially limited if there occurs an “ownership change” as defined under Section 382. In general, an ownership change will occur if Autobytel’s “5-percent shareholders,” as defined under Section 382, collectively increase their ownership in Autobytel by more than 50 percentage points over a rolling three-year period. The Plan is designed to reduce the likelihood that Autobytel experiences such an ownership change by discouraging any person or group from becoming a 5-percent shareholder under Section 382 and dissuading any existing 5-percent shareholder from acquiring additional shares of Autobytel’s stock. Under the Plan, ownership is in general determined pursuant to both the applicable rules and regulations of the Internal Revenue Code, including Section 382, and the concept of “beneficial ownership” of Rule 13d-3 of the Securities Exchange Act of 1934, as amended.

Under the Plan, rights to purchase capital stock of Autobytel (“**Rights**”) have been distributed as a dividend at the rate of one Right for each share of Common Stock held of record as of the close of business on June 11, 2010. Each Right will entitle its holder, upon the occurrence of certain events, to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock of Autobytel at a price of \$8.00 or, in certain circumstances, to instead acquire shares of Common Stock. The Rights are not currently exercisable. The Rights will convert into a right to acquire Common Stock or other capital stock of Autobytel in certain circumstances and subject to certain exceptions. The Rights will be triggered upon the acquisition of 4.90% or more of Autobytel’s outstanding Common Stock or future acquisitions by any existing holders of 4.90% or more of Autobytel’s outstanding Common Stock. Unless and until the Rights become exercisable, they will not be separately traded and certificates for Rights will not be issued. Autobytel’s Board of Directors (“**Board**”) has the discretion to exempt any acquisition of Common Stock from the provisions of the Plan if the Board determines that such person’s ownership of Common Stock would not be likely to limit the availability of Autobytel’s tax benefits or is otherwise in the best interests of Autobytel. The Board does not have any obligation, implied or otherwise, to grant such an exemption.

The Plan will expire upon the earliest of (i) May 26, 2014; (ii) the end of the calendar month in which Autobytel’s 2011 annual meeting of stockholders is held if stockholder approval of the Plan has not been received before such time; (iii) the time at which the Rights are redeemed or exchanged under the Plan; (iv) the repeal of Section 382 or any successor statute, if

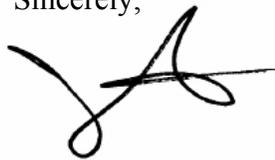
the Board determines that the Plan is no longer necessary for the preservation of the tax benefits; (v) the beginning of a taxable year when the Board determines that no tax benefits may be carried forward; or (vi) the time when the Board determines that a limitation on the use of the tax benefits under Section 382 would no longer be material to Autobytel.

A list of questions and answers and a summary description outlining the principal features of the Rights and the Plan are enclosed, and I urge you to read these documents carefully and retain them for future reference. The full text of the Plan is available under “Financial Information” in the “Investor Relations” section of our website located at www.Autobytel.com.

The Board has adopted the Plan to protect an important asset of Autobytel and preserve value for all of our stockholders. The issuance of the Rights has no dilutive effect, will not affect reported earnings per share, is not taxable to Autobytel or to its stockholders, and will not change the way in which stockholders can currently trade shares of the Common Stock.

Thank you for your continued interest and support of Autobytel.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey H. Coats', with a stylized flourish extending to the right.

Jeffrey H. Coats
President and Chief Executive Officer