AUTOBYTEL INC

FORM 10-Q/A
(Amended Quarterly Report)

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

Form 10-Q/A

(Amendment No. 1)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2012
or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ________ to ________.

Commission file number 1-34761

Autobytel Inc.

(Exact name of registrant as specified in its charter)

Delaware	**33-0711569**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer identification number)**
18872 MacArthur Boulevard, Suite 200, Irvine, California	**92612**
(Address of principal executive offices)	**(Zip Code)**

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

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

As of October 31, 2012, there were 8,853,900 shares of the Registrant's Common Stock, $0.001 par value, outstanding.

EXPLANATORY NOTE

Autobytel Inc. is filing this Amendment No. 1 to its Form 10-Q for the quarter ended September 30, 2012, originally filed with the Securities and Exchange Commission on November 8, 2012 (the "Form 10-Q"), solely to correct the diluted earnings per share disclosure for the three months ended September 30, 2012 on the Unaudited Consolidated Condensed Statement of Operations. Diluted earnings per share for the quarter ended September 30, 2012 was changed from $0.05 to $0.06. Except for such correction, this amendment does not update, modify or amend any other disclosure set forth in the 10-Q as originally filed on November 8, 2012.

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

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

	September 30, 2012	December 31, 2011 *
Assets		
Current assets:		
Cash and cash equivalents	$ 13,706	$ 11,209
Restricted cash	—	400
Accounts receivable, net of allowances for bad debts and customer credits of $411 and $540 at September 30, 2012 and December 31, 2011, respectively	11,056	10,144
Prepaid expenses and other current assets	596	571
Total current assets	25,358	22,324
Property and equipment, net	1,646	1,629
Long-term strategic investment	194	194
Intangible assets, net	1,874	2,893
Goodwill	11,677	11,677
Other assets	77	77
Total assets	$ 40,826	$ 38,794
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 5,294	$ 3,081
Accrued expenses and other current liabilities	4,684	4,994
Deferred revenues	86	216
Total current liabilities	10,064	8,291
Convertible note payable	5,000	5,000
Other non-current liabilities	554	607
Total liabilities	15,618	13,898
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 11,445,187 shares authorized; none outstanding	—	—
Common stock, $0.001 par value; 200,000,000 shares authorized and 8,853,900 and 9,224,345 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively	9	46
Additional paid-in capital	306,047	306,733
Accumulated deficit	(280,848)	(281,883)
Total stockholders' equity	25,208	24,896
Total liabilities and stockholders' equity	$ 40,826	$ 38,794

* Amounts were derived from audited financial statements

See accompanying notes to unaudited consolidated condensed financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Purchase requests	$ 16,523	$ 15,482	$ 47,077	$ 44,635
Advertising	884	784	2,670	2,772
Other revenues	47	44	144	182
Total revenues	17,454	16,310	49,891	47,589
Cost of revenues (excludes depreciation of $25 and $70 for the three months ended September 30, 2012 and 2011, respectively, and $90 and $211 for the nine months ended September 30, 2012 and 2011, respectively)	10,739	9,738	30,004	28,496
Gross profit	6,715	6,572	19,887	19,093
Operating expenses:				
Sales and marketing	2,035	2,153	6,648	6,782
Technology support	1,651	1,855	5,098	5,241
General and administrative	1,983	1,781	5,772	5,809
Depreciation and amortization	492	419	1,295	1,369
Litigation settlements	(68)	(65)	(205)	(393)
Total operating expenses	6,093	6,143	18,608	18,808
Operating income	622	429	1,279	285
Interest and other income, net	16	8	12	31
Income before income tax provision (benefit)	638	437	1,291	316
Income tax provision (benefit)	87	(9)	256	241
Net income and comprehensive income	$ 551	$ 446	$ 1,035	$ 75
Basic income per common share	$ 0.06	$ 0.05	$ 0.11	$ 0.01
Diluted income per common share	$ 0.06	$ 0.05	$ 0.11	$ 0.01

See accompanying notes to unaudited consolidated condensed financial statements.

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

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Cash flows from operating activities:		
Net income	$ 1,035	$ 75
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,626	1,598
Provision for bad debts	119	78
Provision for customer credits	233	633
Write-down of property and equipment	—	5
Share-based compensation	708	768
Changes in assets and liabilities:		
Accounts receivable	(1,264)	(2,125)
Prepaid expenses and other current assets	(25)	71
Other non-current assets	—	4
Accounts payable	2,213	(13)
Accrued expenses and other current liabilities	(93)	(994)
Deferred revenues	(130)	(116)
Non-current liabilities	(53)	136
Net cash provided by operating activities	4,369	120
Cash flows from investing activities:		
Purchases of property and equipment	(624)	(603)
Change in long-term strategic investment	—	806
Change in short-term investment	400	—
Net cash (used in) provided by investing activities	(224)	203
Cash flows from financing activities:		
Proceeds from exercise of stock options	22	351
Payment of contingent fee arrangement	(217)	(250)
Repurchase of common stock	(1,453)	—
Net cash (used in) provided by financing activities	(1,648)	101
Net increase in cash and cash equivalents	2,497	424
Cash and cash equivalents, beginning of period	11,209	8,819
Cash and cash equivalents, end of period	$ 13,706	$ 9,243

See accompanying notes to unaudited consolidated condensed financial statements.

AUTOBYTEL INC.
NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. Organization and Operations

Autobytel Inc. (" **Autobytel** " or the " **Company** ") is an automotive marketing services company that assists automotive retail dealers (" **Dealers** ") and automotive manufacturers (" **Manufacturers** ") market and sell new and used vehicles through its programs for online purchase request referrals (" **Purchase Requests** "), Dealer marketing products and services, and online advertising programs and data products. The Company's consumer-facing automotive websites (" **Company Websites** "), including its flagship website Autobytel.com ®, provide consumers with information and tools to aid them with their automotive purchase decisions and the ability to submit inquiries requesting Dealers to contact the consumers regarding purchasing or leasing vehicles (" **Vehicle Purchase Requests** "). For consumers who may not be able to secure loans through conventional lending sources, the Company Websites provide these consumers the ability to submit inquiries requesting Dealers or other lenders that may offer vehicle financing to these consumers to contact the consumers regarding vehicle financing (" **Finance Purchase Requests** "). The Company's mission for consumers is to be "Your Lifetime Automotive Advisor ®" by engaging consumers throughout the entire lifecycle of their automotive needs.

The Company was incorporated in Delaware on May 17, 1996. Its principal corporate offices are located in Irvine, California. The Company's common stock, $0.001 par value, is listed on The NASDAQ Capital Market under the symbol ABTL.

On July 11, 2012, the Company implemented a 1-for-5 reverse split of the Company's common stock, $0.001 par value per share (" **Reverse Stock Split** "). Trading of the common stock on a post-Reverse Stock Split adjusted basis on The NASDAQ Capital Market began on July 12, 2012. The primary reason for the Reverse Stock Split was to increase the per share price of the common stock in order to maintain compliance with The NASDAQ Capital Market's continued listing requirement that the common stock maintain a minimum closing bid price of at least $1.00 per share (" **Minimum Bid Price Requirement** "). Prior to the Reverse Stock Split, the Company was not in compliance with this continued listing requirement and was subject to possible delisting from trading on The NASDAQ Capital Market. On July 26, 2012, the Nasdaq Listing Qualifications staff informed the Company that the Company had regained compliance with the Minimum Bid Price Requirement.

In June 2012, the Company launched the mobile version of Autobytel.com and an enhanced dealer directory that is a comprehensive listing of franchise Dealers in the United States.

2. Basis of Presentation

The accompanying unaudited consolidated condensed financial statements presented herein are presented on the same basis as the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (" **SEC** ") for the year ended December 31, 2011 (" **2011 Form 10-K** "). Autobytel has made its disclosures in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation with respect to interim financial statements, have been included. The statements of operations and comprehensive income and cash flows for the periods ended September 30, 2012 and 2011 are not necessarily indicative of the results of operations or cash flows expected for the year or any other period. The unaudited consolidated condensed financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto in the 2011 Form 10-K.

On July 11, 2012, the Company implemented the Reverse Stock Split. Accordingly, each five shares of common stock were reclassified into one share of common stock. All share and per share amounts and all options and other common stock derivatives, including their exercise/conversion prices, for all periods presented have been adjusted to reflect the Reverse Stock Split as though it had occurred as of the earliest period presented. Such reclassification did not impact prior period net income or total stockholders' equity.

On September 17, 2010 (" **Acquisition Date** "), the Company acquired substantially all of the assets of privately-held Autotropolis, Inc., a Florida corporation, and Cyber Ventures, Inc., a Florida corporation (collectively, " **Cyber** "). Cyber's results of operations are included in the Company's consolidated financial statements beginning September 17, 2010.

3. Recent Accounting Pronouncements

Accounting Standards Codification 350 "Intangibles – Goodwill and Othe r *."* In July 2012, Accounting Standards Update (" **ASU** ") No. 2012-02, "Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment" was issued. The objective of this ASU is to reduce the cost and complexity of performing an impairment test for indefinite-lived intangible assets by simplifying how an entity tests those assets for impairment and to improve consistency in impairment testing guidance among long-lived asset categories. The ASU permits an entity to first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test in accordance with Subtopic 350-30, Intangibles-Goodwill and Other-General Intangibles Other than Goodwill. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. Previous guidance under Topic 350 required an entity to test indefinite-lived intangible assets for impairment, on at least an annual basis, by comparing the fair value of the asset with its carrying amount. If the fair value of the intangible asset is less than its carrying amount, then the second step of the test must be performed to measure the amount of the impairment loss, if any. Under this ASU, an entity is not required to calculate the fair value of the intangible asset unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. This ASU is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company did not adopt this ASU since adoption was optional but the Company may adopt the ASU in the future.

4. Computation of Basic and Diluted Net Income Per Share

Basic net income per share is computed using the weighted average number of common shares outstanding during the period, excluding any unvested restricted stock. Diluted net income per share is computed using the weighted average number of common shares, and if dilutive, potential common shares outstanding, as determined under the treasury stock and if-converted method, during the period. Potential common shares consist of unvested restricted stock, common shares issuable upon the exercise of stock options, common shares issuable upon the exercise of the warrant described below and common shares issuable upon conversion of the convertible note described in Note 6 below. The following are the share amounts utilized to compute the basic and diluted net income per share for the three and nine months ended September 30, 2012 and 2011 (adjusted for the Reverse Stock Split):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Basic shares:				
Weighted average common shares outstanding	9,232,603	9,220,666	9,228,355	9,196,790
Weighted average common shares repurchased	(379,809)	—	(185,039)	—
Weighted average unvested restricted stock	—	(5,266)	—	(13,533)
Basic shares	8,852,794	9,215,400	9,043,316	9,183,257
Diluted Shares:				
Basic Shares	8,852,794	9,215,400	9,043,316	9,183,257
Weighted average dilutive securities	1,245,146	262,705	215,149	411,490
Dilutive Shares	10,097,940	9,478,105	9,258,465	9,594,747

For the three months ended September 30, 2012, weighted average dilutive securities included dilutive options and common shares issuable upon conversion of the convertible note described in Note 6 below. For the nine months ended September 30, 2012, weighted average dilutive securities included dilutive options.

For the three and nine months ended September 30, 2012 , 1.5 and 2.5 million of potentially anti-dilutive shares of common stock have been excluded from the calculation of diluted net income per share, respectively. For the three and nine months ended September 30, 2011, 2.3 million and 2.2 million of potentially anti-dilutive shares of common stock have been excluded from the calculation of diluted net income per share, respectively.

On February 13, 2012, the Company announced that the Board of Directors had approved a stock repurchase program that authorized the repurchase of up to $1.5 million of Company common stock. The Board of Directors authorized the Company to repurchase an additional $2.0 million of Company Common Stock on June 7, 2012. Under these repurchase programs, the Company may repurchase common stock from time to time on the open market or in private transactions. This authorization does not require the Company to purchase a specific number of shares, and the Board of Directors may suspend, modify or terminate the program at any time. The Company will fund repurchases through the use of available cash. The Company began repurchasing its common stock on March 7, 2012. During the nine months ended September 30, 2012, 379,811 shares were repurchased for an aggregate price of $1.5 million. The average price paid for all shares repurchased during the nine months ended September 30, 2012 was $3.83. No shares were repurchased during the quarter ended September 30, 2012. The shares repurchased in the nine months ended September 30, 2012 were cancelled by the Company and returned to authorized and unissued shares.

Warrant. In connection with the acquisition of Cyber, the Company issued to the sellers a warrant to purchase 400,000 shares of Company common stock (" **Warrant** "). The Warrant was valued at $3.15 per share on the 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 Warrant was valued based on long-term volatilities of the Company and comparable public companies as of the Acquisition Date. The exercise price of the warrant is $4.65 per share (as adjusted for stock splits, stock dividends, combinations and other similar events). The Warrant becomes exercisable on the third anniversary of the issuance date and expires on the eighth anniversary of the issuance date. The right to exercise the Warrant is accelerated in the event of a change in control of the Company.

5. Share-Based Compensation

Share-based compensation expense is included in costs and expenses in the accompanying Unaudited Consolidated Condensed Statements of Operations and Comprehensive Income as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in thousands)		(in thousands)	
Share-based compensation expense:				
Cost of revenues	$ 12	$ 11	$ 35	$ 23
Sales and marketing	25	94	188	275
Technology support	56	89	225	250
General and administrative	117	74	264	229
Share-based compensation costs	210	268	712	777
Amount capitalized to internal use software	1	—	4	9
Total share-based compensation costs	$ 209	$ 268	$ 708	$ 768

Service-Based Options. During the three months ended September 30, 2012, the Company granted 38,000 service-based stock options with weighted average grant date fair values of $2.20 and weighted average exercise prices of $3.68. During the three months ended September 30, 2011, the Company granted 43,000 service-based stock options with weighted average grant date fair values of $3.39 and weighted average exercise prices of $5.49. During the nine months ended September 30, 2012, the Company granted 79,400 service-based stock options with weighted average grant date fair values of $2.31 and weighted average exercise prices of $3.83. During the nine months ended September 30, 2011, the Company granted 164,035 service-based stock options with weighted average grant date fair values of $3.46 and weighted average exercise prices of $5.59. These options are valued using a Black-Scholes option pricing model and generally vest one-third on the first anniversary of the grant date and ratably over twenty-four months thereafter. The vesting of these awards is contingent upon the employee's continued employment with the Company during the vesting period.

Performance-based Options. During the nine months ended September 30, 2012, the Company granted 249,199 performance-based stock options (" **2012 Performance Options** ") to certain employees with a weighted average grant date fair value of $2.39, using a Black-Scholes option pricing model. The 2012 Performance Options are subject to two vesting requirements and conditions: (i) percentage achievement of 2012 revenues and earnings before interest, taxes, depreciation and amortization (" **EBITDA** ") goals and (ii) time vesting.

During the nine months ended September 30, 2011, the Company granted 255,407 performance-based stock options (" **2011 Performance Options** ") to certain employees with a weighted average grant date fair value of $2.98, using a Black-Scholes option pricing model. The 2011 Performance Options are subject to two vesting requirements and conditions: (i) percentage achievement of 2011 revenues and EBITDA goals and (ii) time vesting. Based on the Company's 2011 revenues and EBITDA performance, 145,080 of the 2011 Performance Options vested under the performance vesting condition, and one-third of these options vested on the first anniversary of the grant date, with the remainder vesting ratably over twenty-four months thereafter.

Market Condition Options. In 2009 the Company granted 213,650 stock options to substantially all employees at exercise prices equal to the price of the stock on the grant date of $1.75, with a fair market value per option granted of $0.97, using a Black-Scholes option pricing model. One-third of these options cliff vested on the first anniversary following the grant date and the remaining two-thirds vest ratably over twenty-four months thereafter. In addition, the remaining two-thirds of the awards were subject to satisfaction of market price conditions for the Company's common stock, which conditions have been satisfied. During the three months ended September 30, 2012 and September 30, 2011, 2,500 and 1,127 of these market condition stock options were exercised, respectively. During the nine months ended September 30, 2012 and September 30, 2011, 7,706 and 22,669 of these market condition stock options were exercised, respectively.

During the three and nine months ended September 30, 2012, 2,738 and 9,482 stock options (inclusive of the 2,500 and 7,706 market condition stock options exercised during the period, respectively) were exercised, with aggregate weighted average exercise prices of $1.87 and $2.00, respectively. There were 7,699 and 85,101 stock options (inclusive of the 1,127 and 22,669 market condition stock options exercised during the period, respectively) exercised during the three and nine months ended September 30, 2011 with aggregate weighted average exercise prices of $3.82 and $4.03, respectively. The grant date fair value of stock options granted during these periods was estimated using the Black-Scholes option pricing model using the following weighted average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Dividend yield	—	—	—	—
Volatility	81%	85%	84%	84%
Risk-free interest rate	0.5%	1.1%	0.6%	1.5%
Expected life (years)	4.2	4.1	4.2	4.1

6. Selected Balance Sheet Accounts

Property and Equipment . Property and equipment consists of the following:

	September 30, 2012	December 31, 2011
	(in thousands)	
Computer software and hardware and capitalized internal use software	$ 12,640	$ 12,035
Furniture and equipment	1,274	1,272
Leasehold improvements	942	942
	14,856	14,249
Less – Accumulated depreciation and amortization	(13,210)	(12,620)
Property and equipment, net	$ 1,646	$ 1,629

The Company periodically reviews long-lived assets to determine if there are any impairment indicators. 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. The Company's judgments regarding the existence of impairment indicators are based on legal factors, market conditions and operational performance of our long-lived assets. If such indicators exist, the Company evaluates 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. Should the carrying amount of an asset exceed 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 the fair value of these assets using a discounted cash flow model, which includes assumptions and estimates. An impairment charge related to a long-lived asset of $68,000 was recorded in the three months ended September 30, 2012.

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 and accounts receivable. Cash and cash equivalents are primarily maintained with two high credit quality financial institutions in the United States. Deposits held by banks exceed the amount of insurance provided for such deposits. These deposits may be redeemed upon demand. Accounts receivable are primarily derived from fees billed to Dealers and Manufacturers. The Company generally requires no collateral to support its accounts receivables and maintains an allowance for bad debts for potential credit losses.

The Company has a concentration of credit risk with its automotive industry related accounts receivable balances, particularly with General Motors, Urban Science Applications (which represents several Manufacturer programs) and AutoNation. During the first nine months of 2012, approximately 27% of the Company's total revenues were derived from these three customers, and approximately 27%, or $3.1 million of gross accounts receivable related to these three customers at September 30, 2012.

During the first nine months of 2011, approximately 7% of the Company's total revenues were derived from General Motors, and approximately 11%, or $1.1 million of gross accounts receivables related to General Motors at September 30, 2011.

Investments. On August 16, 2010, the Company acquired less than a 5% interest in Driverside, Inc. (" **Driverside** ") for $1,000,000. The Company made an additional investment in Driverside in the three months ended June 30, 2011 for $16,737. The Company recorded the investments in Driverside at cost because the Company does not have significant influence over Driverside. In the three months ended September 30, 2011, Driverside merged with another entity and the Company received a cash payment of $823,000, representing the Company's pro rata share of the initial merger consideration. The $823,000 received at closing of the transaction was recorded as a reduction to the Driverside investment on the Company's consolidated balance sheet. The Company is also entitled to receive its pro rata share of amounts, if any, payable upon satisfaction of contingent payment milestones by Driverside and amounts, if any, released from an escrow account established to satisfy post-closing indemnification claims. The Company reviews for indicators of impairment on a quarterly basis by evaluating whether an event or change in circumstance has occurred that may have a significant adverse effect on the value of the investment. As of September 30, 2012, there were no other changes in the recognized amount of the investment in Driverside.

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

In connection with the acquisition of Cyber on September 17, 2010, the Company identified $4.5 million of intangible assets. The intangible assets will be amortized over the following estimated useful lives:

Intangible Asset	**Estimated Useful Life**
Trademarks/trade names	5 years
Software and publications	3 years
Customer relationships	3 years
Employment/non-compete agreements	5 years

Amortization expense for the remainder of the year and for the next four years is as follows:

Year	**Amortization Expense** *(in thousands)*
2012	$ 335
2013	1,036
2014	284
2015	208
2016	3
	$ 1,866

Goodwill. The Company recognized $11.7 million in goodwill related to the acquisition of Cyber in 2010. 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.

Accrued Expenses and Other Current Liabilities . Accrued expenses and other current liabilities consisted of the following:

	September 30, 2012	December 31, 2011
	(in thousands)	
Compensation and related costs	$ 1,624	$ 2,084
Professional fees and other accrued expenses	2,411	2,221
Amounts due to customers	143	180
Other current liabilities	506	509
Total accrued expenses and other current liabilities	$ 4,684	$ 4,994

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

7. Taxes

The Company was audited in June 2011 by the New York State Department of Taxation and Finance for sales tax for the period December 1, 2003 through February 28, 2011 and is awaiting the results of the state's audit. The Company maintains a liability of $175,000 as of September 30, 2012 related to this sales tax audit. The Company was also under examination by the New York State Department of Taxation and Finance for income tax for the period January 1, 2006 through December 31, 2008. The Company paid $24,000 to the New York State Department of Taxation and Finance in July 2012 related to this income tax audit and the audit is now closed. The Company believes it has made adequate reserves for state tax items through September 30, 2012.

8. Commitments and Contingencies

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 by the Company without cause or by the employee 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. The actions filed against the Company and other 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.

Item 6. Exhibits

31.1*	Rule 13a-14(a)/15d-14(a) Certification by Principal Executive Officer
31.2*	Rule 13a-14(a)/15d-14(a) Certification by Principal Financial Officer
32.1*	Section 1350 Certification by Principal Executive Officer and Principal Financial Officer
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

** 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.

SIGNATURES

Pursuant to the requirements 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.

AUTOBYTEL INC.

Date: November 13, 2012	By:	/s/ Curtis E. DeWalt
		Curtis E. DeWalt
		Senior Vice President and Chief Financial Officer
		(Duly Authorized Officer and Principal Financial Officer)
Date: November 13, 2012	By:	/s/ Wesley Ozima
		Wesley Ozima
		Vice President and Controller
		(Principal Accounting Officer)

EXHIBIT INDEX

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Exhibit 31.1

CERTIFICATION

I, Jeffrey H. Coats, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Autobytel Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-1 for the registrant and we have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entit 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 su provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpos 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 eff 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 rec quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materiall 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 th 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 reasor 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 cc financial reporting.

Date: November 13, 2012

/s/ Jeffrey H. Coats
Jeffrey H. Coats
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Curtis E. DeWalt, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Autobytel Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-1 for the registrant and we have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entit 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 su provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpos 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 eff 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 rec quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materiall 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 th 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 reasor 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 cc financial reporting.

Date: November 13, 2012

/s/ Curtis E. DeWalt

Curtis E. DeWalt,

Senior Vice President and

Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Autobytel Inc. (the " *Company* ") on Form 10-Q/A for the period ended September 30, 2012 (the " *Report* "), we, Jeffrey H. Coats, President and Chief Executive Officer of the Company, and Curtis E. DeWalt, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Jeffrey H. Coats
Jeffrey H. Coats
President and Chief Executive Officer
November 13, 2012

/s/ Curtis E. DeWalt
Curtis E. DeWalt
Senior Vice President and
Chief Financial Officer
November 13, 2012

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