

ADOPTED JANUARY 27, 2004

AUTOBYTEL INC.

**CODE OF CONDUCT AND ETHICS
FOR EMPLOYEES, OFFICERS AND DIRECTORS**

The Board of Directors (the “**Board**”) of Autobytel Inc. (the “**Company**”) has adopted this Code of Conduct and Ethics for Employees, Officers and Directors (the “**Code**”) to guide and remind the Directors, officers and other employees (collectively, “**Team Members**”) of the Company and its subsidiaries (the “**Company Group**”), including without limitation, the Chief Executive Officer and senior financial officers (collectively, “**Financial Officers**”) of the Company Group, of their responsibilities to the Company Group, Team Members, customers and investors of the Company Group, governmental authorities and the general public. Because the Company’s business depends on its reputation and the reputation of its Team Members, this Code goes beyond the requirements of the law in many cases.

This Code should be read together with any other policies of the Company, and all Team Members must become familiar and fully comply with this Code and such other policies. Because this Code cannot and does not cover every applicable law or provide answers to all questions that might arise, all Team Members are expected to use common sense of what is right and wrong, including a sense of when it is proper to seek guidance from others on the appropriate course of conduct.

This Code may be modified from time to time by the Board. Any changes to this Code will be provided to Team Members.

A. PROVISIONS APPLICABLE TO ALL TEAM MEMBERS

1. CONFLICTS OF INTEREST

Team Members must avoid situations in which their personal interests conflict, or even appear to conflict, in any way with the interests of the Company Group.

- A conflict situation arises when an employee, officer or Director takes actions or has interests that may make it difficult to perform work for the Company Group objectively and effectively, or are somehow inconsistent with or opposed to the best interests of the Company Group. Conflicts of interest may arise directly with Team Members or through family connections or live-in partners.
- Conflicts of interest also arise when a Team Member, or a member of his or her family or live-in partner, receives improper personal benefits as a result of his or her position in the Company Group.
- Executive officers and Directors, including Director nominees, of the Company Group or their family members or live-in partners must not request of or accept from the Company Group any direct or indirect extension of credit, renewal or

modification of an extension of credit, or arrangement for the extension of credit, in the form of a personal loan.

- Employee Team Members should devote their full energies to their work with the Company Group. Any outside relationships or activities of an Employee Team Member should not place excessive demands on such Team Member's time, impair such Team Member's job performance, be contrary to such Team Member's obligations to the Company Group, or otherwise result in a conflict or an apparent conflict between such Team Member's private interests and the interests of the Company Group.
- Team Members must not accept from any organization or individual that has, or is seeking to have, a business relationship with the Company Group (i) any commissions, share in profits, cash, gift certificates, merchandise or other gifts (other than items of an advertising nature of no more than nominal value); (ii) any other payments, loans or advances, or any labor, materials, services, repairs or improvements at no cost or at prices other than for fair value; or (iii) excessive or extravagant entertainment or other similar gratuities. All such gifts and gratuities must be returned or refused with an explanation that the Company's conflict of interest policy prohibits their acceptance.
- A conflict of interest would generally arise if a Team Member participated as an officer, director or employee of, or consultant to, or had an equity interest in (other than owning securities of a publicly traded company or where the number of securities owned is less than 5% of the number of securities outstanding and represents an investment of less than \$100,000), any entity or individual that has, or is seeking to have, a business relationship with the Company Group (such as a contractor, supplier, carrier or customer).
- A conflict of interest would generally arise if a Team Member or his or her family members or live-in partners bought, sold or leased any kind of property, materials, supplies, services, facilities or equipment from or to the Company Group, or to any entity or individual that has, or is seeking to have, a business relationship with the Company Group (such as a contractor, supplier, carrier or customer).
- Whether a conflict of interest would in fact arise would depend on the facts of each situation. Such facts would include the amount of business involved, the extent to which the Team Member could influence the Company Group's decisions with respect to the transaction, and whether the interest is of such a nature that it might affect the objectivity or the business judgment of the Team Member.

- This Code cannot and does not set forth every possible conflict of interest scenario. Therefore, there is no substitute for sound judgment by Team Members in each case based upon the particular facts involved.
- Any Team Member who may be involved in a situation or activity that might be a conflict of interest or give the appearance of a conflict of interest must immediately report such situation or activity to the Chairman of the Audit Committee of the Board or to the General Counsel or the Team Member's supervisor, who must report such situation or activity to the Chairman of the Audit Committee upon becoming advised of such situation or activity. The Chairman of the Audit Committee will confer with the other members of the Audit Committee and, if appropriate under the circumstances, request that the General Counsel issue a written advisory to such Team Member as to whether or not the reported situation or activity is in fact a conflict of interest. If the General Counsel would not be the appropriate party to issue such written advisory, outside counsel may be retained to issue such written advisory unless the Audit Committee determines that such written advisory can be issued by the Chairman of the Audit Committee without outside counsel input. The Audit Committee will not be responsible for monitoring or enforcing this conflict of interest policy, but rather each Team Member is responsible for self-compliance with this conflict of interest policy.

2. RELATED PARTY TRANSACTIONS

All related party transactions must be approved by the Audit Committee of the Board.

- A **“related party transaction”** is
 - (i) any transaction (or series of transactions) in excess of \$60,000 involving any member of the Company Group since the beginning of the Company's last fiscal year or currently proposed, in which there is a direct or indirect material interest by a Director, Director nominee, executive officer, stockholder owning more than 5% of the Company's voting stock, or immediate family member or live-in partner of any of the foregoing persons;
 - (ii) any relationship where a Director or Director nominee is/was since the beginning of the Company's last fiscal year an executive officer or greater than 10% equity owner of any business or entity (A) that has made to the Company Group or received from the Company Group during the Company's last fiscal year, or proposes to make or receive during the Company's current fiscal year, payments for property or services in excess of 5% of the Company Group's or the other entity's consolidated gross

revenues for its last full fiscal year, or (B) to which any member of the Company Group was indebted at the end of the Company's last full fiscal year in excess of 5% of the Company Group's consolidated assets at the end of such fiscal year;

(iii) any relationship where a Director or Director nominee is/was since the beginning of the Company's last fiscal year (A) a member of, or of counsel to, a law firm retained by the Company during its last fiscal year or proposed to be retained during its current fiscal year, or (B) a partner or executive officer of any investment banking firm that performed services for the Company during its last fiscal year or proposes to perform services during the Company's current fiscal year;

(iv) any other similar relationship; and

(v) indebtedness to the Company Group in excess of \$60,000 since the beginning of the Company's last fiscal year by a corporation or organization of which a Director, Director nominee or executive officer of the Company is an executive officer, partner or greater than 10% equity owner, or a trust of which a Director, Director nominee or executive officer of the Company is a substantial beneficiary or a trustee.

- Any Team Member who may be involved in a related party transaction must immediately report such transaction to the Chairman of the Audit Committee or to the General Counsel or the Team Member's supervisor, who must report such transaction to the Chairman of the Audit Committee upon becoming advised of such transaction.
- The Company shall conduct an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis. The Audit Committee, in its discretion, must approve all related party transactions.

3. CORPORATE OPPORTUNITIES

Team Members must not (i) take for themselves personally any opportunities discovered through the use of property or information of or position with the Company Group; (ii) use any property or information of or position with the Company Group for personal gain; or (iii) compete with the Company Group.

- Team Members owe a duty to the Company Group to advance its legitimate interests when the opportunity to do so arises.
- Team Members must not participate as an officer, director or employee of, or consultant to, or have an equity interest in (other than owning securities of a

publicly traded company or where the number of securities owned is less than 5% of the number of securities outstanding and represents an investment of less than \$100,000), any entity or individual that is, or plans to be, engaged in any type of business that is similar to the types of businesses carried on by the Company Group.

4. CONFIDENTIALITY

Team Members must not disclose any confidential information of the Company Group, its customers, suppliers, business partners or Team Members, except when disclosure is authorized by the Company or is legally mandated.

- Confidential information includes all non-public information concerning the Company Group, its customers, suppliers, business partners or Team Members.
- Confidential information may include, among other things, information relating to decisions, operations, procedures, plans, earnings, financial or business forecasts, databases, names and addresses, competitive bids, formulas, designs, configurations, technical processes, methods or characteristics of machines, supplies, products or materials, strategies and know-how.

5. FAIR DEALING

Team Members should endeavor to deal fairly with the customers, suppliers, competitors and employees of the Company Group, governmental authorities and the general public.

- Team Members should not take unfair advantage of or injure anyone through manipulation, concealment, abuse of privileged or confidential information, misrepresentation of material facts, fraudulent behavior or any other unfair dealing practice.

6. PROTECTION AND PROPER USE OF COMPANY ASSETS

Assets of the Company Group shall be used by Team Members for legitimate business purposes and not for personal use.

- Assets of the Company Group include, among other things, information, resources, materials, supplies, money, property (including intellectual property, software, hardware and facilities) and the time and talent of Team Members.
- Team Members should protect the assets of the Company Group by avoiding carelessness and waste and by using such assets prudently and efficiently to conduct the business of the Company Group for its customers.

- The personal use (including theft) of assets of the Company Group without permission from the Company is prohibited.

7. COMPANY RECORDS

Team Members are responsible for providing honest, accurate information in the course of their work with the Company Group.

- Accounts, financial reports, research reports, marketing information, sales reports, tax returns and information, expense accounts, time reports, claims and all other books, records and documents of the Company Group must be kept in such a way as to accurately and completely reflect all Company Group transactions.
- Knowingly providing false, incomplete or inaccurate information is improper and, in some situations, illegal. Certain types of information and documents must be updated or amended if changes become known. Team Members must not withhold or fail to provide information to their supervisors or management.

8. POLITICAL CONTRIBUTIONS AND INFLUENCES

Team Members must not use any funds or assets of the Company Group for contributions to any political party or candidate for public office.

Team Members must not give anything of value to any public employee with the intent of improperly influencing any governmental decision being made with respect to the Company Group.

9. EMPLOYMENT PRACTICES

Team Members are expected to assist in maintaining a work environment that is drug-free, healthy, safe, secure and free from all forms of discrimination, harassment and intimidation.

- The Company Group is committed to the principles of equal opportunity in the recruiting, hiring, training, transferring and promotion of all Team Members. The Company Group has developed and administers policies and programs designed to ensure all personnel actions are applied equally, fairly and consistently to all Team Members without regard to race, religion, sex, marital status, age, veteran's status, disability, national origin, or other protected characteristics. Team Members are expected to conduct themselves in accordance with such principles and programs.

10. COMPLIANCE WITH LAWS

All Team Members must conduct themselves in accordance with all applicable laws, rules and regulations, including insider trading laws, in connection with the business of the Company Group.

- If a Team Member has questions as to whether an action or conduct complies with the law, a supervisor or the General Counsel for the Company Group should be contacted.
- If a Team Member has any “material non-public information” regarding the Company Group or any other public entity that has a business relationship with the Company Group, the Team Member may not buy or sell any securities of the Company Group or such other public entity or pass such “material non-public information” along to others, until such information has become public and is no longer “material non-public information.”
- The prohibition against insider trading also extends to certain non-Team Members who may have “material non-public information” regarding the Company Group or any other public entity that has a business relationship with the Company Group, such as spouses, relatives and close friends.
- Team Members are provided with and are expected to become familiar and fully comply with Company’s Securities Trading Policy.

B. PROVISIONS APPLICABLE TO FINANCIAL OFFICERS

11. PURPOSE OF ARTICLE B

The purpose of this Article B of this Code is to set standards for the Financial Officers as are reasonably necessary to promote (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) full, fair, accurate, timely and understandable disclosure in the reports and documents that the Company files or submits to the Securities and Exchange Commission, the Internal Revenue Service and in any other public communications by the Company; (iii) compliance with applicable governmental laws, rules and regulations; (iv) prompt internal reporting of any violations of this Code; and (v) accountability for adherence to this Code.

12. DUE PROFESSIONAL CARE

Financial Officers must exercise due professional care in the performance of their duties and responsibilities for the Company Group.

- Financial Officers are expected to carry out their duties and responsibilities with due professional care and a genuine interest in serving the Company Group, customers and investors of the Company Group, governmental authorities and the general public. Financial Officers are expected to provide quality services in a manner that demonstrates commitment to a level of professionalism consistent with this Code.
- Financial Officers who are certified public accountants are expected to carry out their duties and responsibilities in a manner consistent with the principles governing the certified public accounting profession, including any guidelines or principles issued by the American Institute of Certified Public Accountants from time to time.

13. INTEGRITY

Financial Officers must perform their duties and responsibilities for the Company Group with the highest sense of integrity.

- Integrity requires Financial Officers to perform their work with honesty, diligence, responsibility and in accordance with applicable laws. In the performance of their work, Financial Officers must not knowingly be a party to any illegal activity or engage in acts that are discreditable to the Company Group. Integrity requires Financial Officers to observe both the form and the spirit of the ethical principles contained in this Code.
- Financial Officers are expected to follow the principles contained in Article A of this Code with respect to all Team Members in performing their work.

14. OBJECTIVITY

Financial Officers must maintain objectivity and must avoid conflicts of interest and subordination of judgment in the performance of their duties and responsibilities for the Company Group.

- Objectivity requires Financial Officers to be impartial and free of conflicts of interest. Financial Officers must not subordinate their judgment to personal gain and advantage or to the judgment of others, or be unduly influenced by their own

interests or by the interests of others in forming judgments. Financial Officers must not participate in any activity or relationship that would constitute a conflict of interest.

- A conflict of interest would generally arise if a Financial Officer participated in any activity or relationship, directly or indirectly, that may impair or be presumed to impair the Financial Officer's objectivity. Conflicts of interest also generally arise in the circumstances described in Article A of this Code under "**CONFLICTS OF INTEREST.**"
- Any Financial Officer who may be involved in a situation or activity that might be a conflict of interest or give the appearance of a conflict of interest must immediately report such situation or activity to the Chairman of the Audit Committee of the Board or to the General Counsel, who must report such situation or activity to the Chairman of the Audit Committee upon becoming advised of such situation or activity. The Chairman of the Audit Committee will confer with the other members of the Audit Committee and issue a written advisory to such Financial Officer as to whether or not the reported situation or activity is in fact a conflict of interest. The Audit Committee will not be responsible for monitoring or enforcing this conflict of interest policy, but rather each Financial Officer is responsible for self-compliance with this conflict of interest policy.
- If a Financial Officer and his or her supervisor have a disagreement or dispute relating to the preparation of financial statements or the recording of transactions, the Financial Officer should take the following steps to ensure that the situation does not constitute a subordination of judgment:
 - (i) The Financial Officer should consider whether (A) the entry or the failure to record a transaction in the records, or (B) the financial statement presentation or the nature or omission of disclosure in the financial statements, as proposed by the supervisor, represents the use of an acceptable alternative and does not materially misrepresent the facts or result in an omission of a material fact. If, after appropriate research or consultation, the Financial Officer concludes that the matter has authoritative support and/or does not result in a material misrepresentation such that the Financial Officer no longer has such disagreement or dispute, the Financial Officer need do nothing further.
 - (ii) If the Financial Officer concludes that the financial statements or records could be materially misstated, the Financial Officer should make his or her concerns known to the Chairman of the Audit Committee or to the General Counsel, who must report such concerns to the Chairman of the Audit

Committee upon becoming advised of such concerns. The Chairman of the Audit Committee will confer with the other members of the Audit Committee and advise the Financial Officer and his or her supervisor of the Audit Committee's position on the matter.

- (iii) If, after receiving the Audit Committee's position on the matter, the Financial Officer concludes that appropriate action was not taken, he or she should consider his or her continuing relationship with the Company Group. The Financial Officer also should consider any responsibility that may exist to communicate to third parties, such as regulatory authorities or the Company's independent auditor. In this connection, the Financial Officer may wish to consult with his or her legal counsel at such Financial Officer's expense.

15. COMPETENCY AND DILIGENCE

Financial Officers must perform their duties and responsibilities for the Company Group with competence and diligence.

- Diligence requires Financial Officers to carry out their responsibilities and duties carefully, thoroughly and in a timely manner, and to observe applicable technical standards and the ethical principles contained in this Code.
- Competence requires Financial Officers to undertake only those duties and responsibilities for which they have the necessary knowledge, skills and experience, or can reasonably expect to obtain the necessary knowledge, skills and experience through training, supervision or otherwise.
- The maintenance of competence requires Financial Officers to be committed to learning and professional improvement throughout their professional lives.

16. PREPARATION OF FINANCIAL STATEMENTS

Financial Officers must not knowingly make any misrepresentations regarding the Company's financial statements or any facts in the preparation of the Company's financial statements, and must comply with all applicable laws, standards, principles, guidelines, rules and regulations in the preparation of the Company's financial statements.

- Financial Officers must not knowingly make any misrepresentations regarding any facts in the preparation of the Company's financial statements, records or related information, which includes knowingly:
 - (i) making, or permitting or directing another to make, materially false or misleading entries in an the Company's financial statements or records;

- (ii) failing to correct the Company's financial statements or records that are materially false or misleading when he or she has the authority to record an entry; or
 - (iii) signing, or permitting or directing another to sign, a document containing materially false or misleading financial information.
- Financial Officers must be scrupulous in their application of generally accepted accounting principles ("GAAP"). Financial Officers must not (i) express an opinion or state affirmatively that the financial statements or other financial data of the Company Group are presented in conformity with GAAP, or (ii) state that he or she is not aware of any modifications that should be made to such statements or data in order for them to be in conformity with GAAP, in each case, if such statements or data contain any departure from GAAP then in effect in the United States.
- Financial Officers must follow the laws, standards, principles, guidelines, rules and regulations established by all applicable governmental bodies, commissions or other regulatory agencies in the preparation of financial statements, records and related information. If a Financial Officer prepares financial statements, records or related information (such as "Management's Discussion and Analysis") for purposes of reporting to such bodies, commissions or regulatory agencies, the Financial Officer should follow the requirements of such organizations in addition to GAAP.
- Financial Officers must coordinate and consult with the Company's Disclosure Committee so that they are aware of and carry out their duties and responsibilities in accordance with all relevant disclosure obligations of the Company.

17. OBLIGATIONS TO THE COMPANY'S INDEPENDENT AUDITOR

Financial Officers must be candid in all dealings with the Company's independent auditor.

- In dealing with the Company's independent auditor, Financial Officers must be candid and not knowingly misrepresent facts or knowingly fail to disclose material facts, and must respond to specific inquiries and requests by the Company's independent auditor.
- Financial Officers must not take any action, or direct any person to take any action, to fraudulently influence, coerce, manipulate or mislead the Company's independent auditor in the performance of an audit of the Company's financial statements for the purpose of rendering such financial statements materially misleading.

C. ENFORCEMENT AND AMENDMENT

18. REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOR; ENFORCEMENT

Team Members should report any conduct or actions by a Team Member that do not comply with the law or with this Code.

- Any Team Member who questions whether a practice is acceptable must immediately report such practice to the Chairman of the Audit Committee or to the General Counsel, the Team Member's supervisor or the Human Resources Department, who must report such situation or activity to the Chairman of the Audit Committee and, if appropriate under the circumstances, to the General Counsel upon becoming advised of such situation or activity.
- The Chairman of the Audit Committee will confer with the other members of the Audit Committee and, if appropriate under the circumstances, request that the General Counsel issue a written advisory to such Team Member as to whether or not the reported practice is in fact acceptable. If the General Counsel would not be the appropriate party to issue such written advisory, outside counsel may be retained to issue such written advisory unless the Audit Committee determines that such written advisory can be issued by the Chairman of the Audit Committee without outside counsel input. The Audit Committee will not be responsible for monitoring or enforcing this reporting of violations policy, but rather each Team Member is responsible for self-compliance with this reporting of violations policy.
- If the Audit Committee determines that a Team Member violated this Code, failed to report a known or suspected violation of this Code, or provided intentionally false or malicious information in connection with an alleged violation of this Code, the Company may take disciplinary action against any such Team Member to the extent the Audit Committee deems appropriate (including termination for cause and/or legal action). No Team Member will be disciplined for reporting a concern in good faith.
- To the extent possible, as allowed by law, and subject to the confidentiality protections for employees contained in the Company's Complaint Procedures regarding Auditing and Accounting Matters under "COMPLAINTS BY EMPLOYEES," reports will be treated as confidential.
- The Company Group must report violations of the law to the appropriate authorities.

19. WAIVERS AND AMENDMENTS OF THIS CODE

Any waiver or amendment of this Code for executive officers or Directors, including without limitation, Financial Officers, may be made only by the Board and must be promptly disclosed to stockholders of the Company.

- The nature of any amendment, other than technical, administrative or other non-substantive amendments, of this Code must be disclosed.
- The nature of any waiver, including an implicit waiver, of this Code, the name of the officer or Director to whom the waiver was granted, and the date of the waiver must be disclosed.
- “Waiver” means the Company’s approval of a material departure from any provision of this Code after full disclosure by the executive officer or Director involved.
- “Implicit waiver” means the Company’s failure to take action within a reasonable time regarding any material provision of this Code that has been made known to an executive officer of the Company.

A copy of this Code shall be posted on the Company’s website, www.autobytel.com.

TEAM MEMBER ACKNOWLEDGEMENT

I acknowledge that I have received and reviewed a copy of the Autobytel Inc.'s Code of Conduct and Ethics for Employees, Officers and Directors (the "Code"). I understand that I am responsible for complying with the contents of the Code as it pertains to my duties.

I understand that I am responsible for reporting known or suspected violations of the guiding principles or business practices contained in the Code to the Chairman of the Audit Committee, the General Counsel, my supervisor or the Human Resources Department.

Signature

Printed Name

Title

Date