TrueCar, Inc.
Form 424B4
November 12, 2014

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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-199650

6,402,601 Shares

Common Stock

TrueCar, Inc. is offering 1,000,000 shares to be sold in this offering. The selling stockholders identified in this prospectus are offering an additional 5,402,601 shares. TrueCar will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

Our common stock is listed on The NASDAQ Global Select Market under the symbol "TRUE". On November 11, 2014, the last reported sale price of our common stock on The NASDAQ Global Select Market was $17.49 per share.

We are an "emerging growth company" under the federal securities laws and are therefore subject to reduced public company reporting requirements.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 19 to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$ 17.00	$ 108,844,217
Underwriting discounts(1)	$ 0.81	$ 5,186,107
Proceeds, before expenses, to TrueCar	$ 16.19	$ 16,190,000
Proceeds, before expenses, to the selling stockholders	$ 16.19	$ 87,468,110

(1) See "Underwriting" for a description of the compensation payable to the underwriters.

To the extent that the underwriters sell more than 6,402,601 shares of common stock, the underwriters have the option to purchase up to an additional 960,390 shares from us at the public offering price less the underwriting discount.

Scott Painter, our Founder and Chief Executive Officer, has indicated an interest in purchasing up to an aggregate of approximately $500,000 of TrueCar's common stock in this offering at the public offering price. Because this indication of interest is not a binding agreement or commitment to purchase, Mr. Painter may elect not to purchase shares in this offering or the underwriters may elect not to sell any shares in this offering to Mr. Painter. The underwriters will receive the same discount from any shares of our common stock purchased by Mr. Painter as they will from any other shares of our common stock sold to the public in this offering.

The underwriters expect to deliver the shares against payment in New York, New York on or about November 17, 2014.

J.P. Morgan **Goldman, Sachs & Co.** **Morgan Stanley** **RBC Capital Markets**

JMP Securities **Cowen and Company**

Prospectus dated November 11, 2014.

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Neither we, the selling stockholders, nor the underwriters have authorized anyone to provide you with information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

For investors outside the United States: Neither we, the selling stockholders, nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about, and to observe any restrictions relating to, this offering and the distribution of this prospectus.

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PROSPECTUS SUMMARY

This summary highlights selected information appearing elsewhere in this prospectus and is qualified in its entirety by the more detailed information and financial statements included elsewhere in this prospectus. This summary may not contain all the information you should consider before investing in our common stock. You should carefully read this prospectus in its entirety before investing in our common stock, including the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus. Unless the context otherwise requires, we use the terms "TrueCar," the "Company," "we," "us" and "our" in this prospectus to refer to TrueCar, Inc. and, where appropriate, our consolidated subsidiaries.

Overview

Our mission is to transform the car-buying experience for consumers and the way that dealers attract customers and sell cars. We have established an intelligent, data-driven online platform operating on a common technology infrastructure, powered by proprietary data and analytics. We operate our company-branded platform on the TrueCar website and our branded mobile experience. In addition, we customize and operate our platform for affinity group marketing partners, such as USAA and Consumer Reports, financial institutions, and other large enterprises such as Boeing and Verizon. We enable users to obtain market-based pricing data on new and used cars, and to connect with our network of TrueCar Certified Dealers.

We benefit consumers by providing information related to what others have paid for a make and model of car in their area and, where available, estimated prices for that make and model of car, which we refer to as upfront pricing information, from our network of TrueCar Certified Dealers. This upfront pricing information generally includes guaranteed savings off MSRP which the consumer may then take to the dealer in the form of a Guaranteed Savings Certificate and apply toward the purchase of the specified make and model of car. We benefit our network of TrueCar Certified Dealers by enabling them to attract these informed, in-market consumers in a cost-effective, accountable manner, which we believe helps them to sell more cars.

We are currently focused primarily on new car transactions. In the future, we intend to introduce additional products and services designed to improve the car-buying and car-ownership experience through TrueCar Labs, an incubator focused on developing innovative solutions for the automotive ecosystem. TrueCar Labs deploys new products and solutions in their earliest phase in order to seek feedback from consumers and dealers, enabling them to shape a better product experience. For example, we are developing TrueTrade to provide users with an estimated daily market value for their existing cars and a guaranteed trade-in price which we plan to launch in 2015. In addition, we are developing TrueLoan and TrueLease to provide users with a more convenient way to finance their cars at TrueCar Certified Dealers. We are also in the process of launching a number of new services for our dealers designed to enable them to make better informed inventory management and pricing decisions and to close transactions more efficiently.

Our network of over 9,100 TrueCar Certified Dealers consists primarily of new car franchises, representing all major makes of cars, as well as independent dealers. TrueCar Certified Dealers operate in all 50 states and the District of Columbia. We estimate that users of our platform purchasing cars from TrueCar Certified Dealers accounted for approximately 3.4% of all new car sales in the United States in the second quarter of 2014, excluding fleet car sales, an increase from 2.4% in 2013 and 1.5% in 2012. Since our founding in 2005, TrueCar users have purchased over 1.5 million cars from TrueCar Certified Dealers. We obtain automobile purchase data from a variety of sources and use this data to provide consumers and dealers with highly accurate, geographically specific, real-time pricing information.

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Our subsidiary, ALG, Inc., provides data and consulting services regarding determination of the residual value of an automobile at given points in time in the future. These residual values are used to underwrite automotive loans and leases to determine payments by consumers. In addition, financial institutions use this information to measure exposure and risk across loan, lease and fleet portfolios.

During 2013, we generated revenues of $134.0 million and recorded a net loss of $25.1 million. Of the $134.0 million in revenues, 89% consisted of transaction revenues with the remaining 11% derived primarily from the sale of data and consulting services to the automotive and financial services industries. Revenues from the sale of data and consulting services are derived primarily from the operations of our ALG subsidiary. During the six months ended June 30, 2014, we generated revenues of $94.4 million and recorded a net loss of $25.0 million. Of the $94.4 million in revenues, 91% consisted of transaction revenues with the remaining 9% derived primarily from the sale of data and consulting services to the automotive and financial services industries. Transaction revenues primarily consist of fees paid to us by our network of TrueCar Certified Dealers under our pay-for-performance business model where we generally earn a fee only when a TrueCar user purchases a car from them.

Industry Overview and Market Opportunity

The automotive sector is one of the largest segments of the U.S. economy. There were 15.5 million new cars sold in the United States in 2013 for a total retail value of nearly $500 billion, based on information published by the Bureau of Economic Analysis, or BEA, and the National Automobile Dealers Association, or NADA. In 2013, the largest automotive dealer group accounted for only 1.9% of new vehicle sales, and the top ten dealer groups accounted in the aggregate for only 8.2% of new vehicle sales, according to Automotive News.

Consumers face a number of complex issues when buying a car, including obtaining market pricing information with respect to the car they want to buy and negotiating a transaction. While consumers have a number of available information sources that provide pricing data, these alternatives generally do not have information on what others actually paid for a car. As a result, consumers still lack the market data and upfront pricing information that might shorten the negotiation with the dealer and lead to a successful transaction.

Automobile dealers operate in a highly competitive market in which access to consumers and informed vehicle pricing are essential to dealer profitability. Overall dealer profitability is closely tied to the volume of new car sales as those sales can lead to higher-margin offerings for the dealer such as trade-ins, financing, maintenance and service, and accessories. In addition, dealers can earn financial incentives and improved vehicle allocation from manufacturers based on their volume of new car sales. Automobile dealers are increasingly shifting from reliance on their physical location and offline media and turning to the Internet to attract consumers and broaden their reach. However, dealers must pay high marketing costs to attract customers and lack empirical data on pricing at the local level. As a result of these challenges, automobile dealers are looking for ways to attract informed, in-market consumers in a cost-effective and accountable manner and effectively price their vehicle inventory to achieve their sales goals.

Our Solution

We have established an intelligent, data-driven online platform operating on a common technology infrastructure, powered by proprietary data and analytics. We operate our company-branded platform via the TrueCar website and our branded mobile experience. In addition, we customize and operate our platform for affinity group marketing partners, such as USAA, financial institutions, and other large enterprises such as Boeing and Verizon. We enable users to obtain market-based pricing data on new and used cars, and to connect with our network of TrueCar Certified Dealers. We believe the combination of transparent market data, upfront pricing information and guaranteed savings off MSRP benefits both consumers and dealers, resulting in more transactions by users of our platform.

Why consumers choose TrueCar

We believe consumers choose TrueCar.com and our affinity group marketing partner websites to simplify the car-buying process and to achieve confidence in the price they receive for a car. Our platform provides the following benefits:

Upfront pricing information. We access a broad array of transaction data to provide consumers with relevant pricing information on every major make and model of new car sold in the U.S. We also generally provide consumers with an Estimated TrueCar Dealer Price based on data provided by TrueCar Certified Dealers in their area.

Quality of service of our network of TrueCar Certified Dealers. We strive to provide consumers with a superior car-buying experience through our network of TrueCar Certified Dealers. To become a TrueCar Certified Dealer, dealers must agree to adhere to certain conditions, including providing upfront pricing information and guaranteed savings off MSRP, where available.

Price Confidence. Our users generally receive up to three Guaranteed Savings Certificates, which provide a guaranteed savings off MSRP on the user's specified make and model of car. Our platform allows the user to compare relevant market data for their specified make and model of car with the guaranteed savings from MSRP identified in these certificates. For the six months ended June 30, 2014, TrueCar users paid, on average, nearly $3,200 less than MSRP.

Why dealers use TrueCar

We believe dealers use TrueCar to attract informed, in-market consumers in a cost-effective and accountable manner, efficiently price their inventory and, ultimately, sell more cars.

Under our pay-for-performance business model, we generally earn a fee only when a consumer purchases a car, providing dealers with an accountable marketing channel. We typically charge TrueCar Certified Dealers $299 upon the sale of a new car to a TrueCar user. In 2013, the overall industry average advertising expense per new car across all forms of media was $616, according to NADA. By helping dealers better target their acquisition efforts to in-market consumers using our platform, we believe that dealers can improve their close rates, which results in other operating cost efficiencies such as savings on selling expenses and inventory carrying costs.

Why affinity groups partner with TrueCar

For many of our affinity group marketing partners, offering a car-buying service is a valuable benefit for their members, but it is not a service that they can provide easily themselves. Affinity groups partner with TrueCar to extend our platform to their members under their own brands. We generally provide members of these groups with access to the same benefits of the TrueCar website and our branded mobile experience with the added recognition of their affinity membership, and other benefits such as improved financing terms and manufacturer incentives. These affinity group marketing partners include USAA, Consumer Reports, AAA, American Express and PenFed.

The future of the TrueCar solution

In the future, we intend to introduce additional products and services to improve the car-buying and car-ownership experience through TrueCar Labs, an incubator focused on

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developing innovative solutions for the automotive ecosystem. TrueCar Labs deploys new products and solutions in their earliest phase in order to seek feedback from consumers and dealers, enabling them to shape a better product experience. For example, TrueCar Labs announced the release of the SellMyCar mobile application to help consumers receive an upfront price on their trade-in. In addition, we are developing TrueLoan and TrueLease to provide users with a more convenient way to finance their cars at TrueCar Certified Dealers. We are also in the process of launching a number of new services for our dealers designed to enable them to make better informed inventory management and pricing decisions and to close transactions more efficiently. We believe that these innovations will offer an improved car-buying experience that will delight consumers and better enable dealers to generate orders from the Internet.

Our Strengths

We believe that our platform offers a superior car-buying experience for our users and TrueCar Certified Dealers. Our strengths include:

Accountable business model operating at scale with powerful network effects

We operate a pay-for-performance business model that allows in-market car buyers to interact with our network of TrueCar Certified Dealers. In addition, our platform is adaptable on a state-by-state basis in response to the local regulatory environment. As the number of vehicles purchased by our users from our network of TrueCar Certified Dealers continues to grow, we believe the platform will become increasingly attractive to high-quality automobile dealers. In addition, as more in-market consumers utilize our platform, the incremental search, inventory and purchase information generated will increase the utility of our data and analytics platform for all participants.

Nationwide network of TrueCar Certified Dealers representing all major makes sold in the U.S.

We have built our network of TrueCar Certified Dealers to provide broad nationwide coverage to our users. Our network of over 9,100 TrueCar Certified Dealers consists primarily of new car franchises, representing all major makes of cars, as well as independent dealers. TrueCar Certified Dealers operate in all 50 states and the District of Columbia.

Robust data and proprietary analytics platform

Our digital platform is powered by data and proprietary analytics. Our data repository contains a wide variety of information, including vehicle-specific information on automotive transactions, vehicle registration records, consumer buying patterns and behavior, demographic information, and macroeconomic data. Our platform also enables our pay-for-performance business model by identifying sales for which a dealer generally pays us a fee only when a TrueCar user purchases a car or based on other performance-based metrics.

Long-term, strategic relationships with affinity groups

We have built long-term relationships with our affinity group marketing partners for which we operate automobile buying programs. We also offer car-buying programs as an employee benefit directly to corporate customers and, indirectly, through employee benefit plan administrators. We believe that affinity group members represent an attractive audience for our network of TrueCar Certified Dealers because the affinity group or employment relationship creates a deeper level of engagement between the in-market car buyer and the TrueCar Certified Dealer.

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Operations guided by insights derived from quantitative data analysis

We access consumer, dealer and third-party data to power our platform. We believe our quantitative analytical capabilities enable us to derive insights into consumers and dealers that help inform several of our key areas of focus. Our business intelligence organization is also responsible for tracking internal performance metrics, gleaning insights, and helping to improve our operations.

Visionary management team with extensive automotive expertise

Our Founder and Chief Executive Officer, Scott Painter, is a pioneer in the online automotive industry, having founded CarsDirect, one of the industry's first successful online automotive businesses. Scott has dedicated his career in the automotive industry to demonstrating that transparency is a more profitable business model. A team of experienced senior executives, with management backgrounds at automotive manufacturers and retailers, online automotive marketing firms, state dealer associations, Internet companies and financial institutions, augments his leadership.

Growth Strategy

We are in the early stages of pursuing our mission to transform car-buying for consumers and dealers. Key elements of our growth strategy are:

Expand the number of visitors to our platform

We intend to grow traffic on the TrueCar website and our branded mobile applications by building our brand through marketing campaigns that emphasize the value of trust and transparency in the car-buying process and the benefits of transacting with TrueCar Certified Dealers. We intend to grow affinity group marketing partner traffic by promoting creative marketing programs, such as subsidizing interest rates on loans, and providing other incentives from third parties that deliver a tangible economic benefit to transacting members, increasing awareness of the car-buying program among the members of our affinity group marketing partners and adding new affinity group marketing partners that bring additional users to our platform.

Improve the user experience

We seek to increase the number of transactions between users of our platform and TrueCar Certified Dealers through a variety of methods, including consistently evaluating and improving our products to enhance the user experience, engaging users with relevant content about car pricing, available incentives and other benefits, while also expanding and improving the geographic coverage of our network of TrueCar Certified Dealers.

Expand monetization opportunities

Over time, we intend to increase monetization opportunities by introducing additional products and services to improve the car-buying and car ownership experience as well as working more closely with automobile manufacturers. For example, we are developing TrueTrade to provide consumers with an estimated daily market value for their existing cars and a guaranteed trade-in price. In addition, we are developing TrueLoan and TrueLease to provide users with a more convenient way to finance their cars at TrueCar Certified Dealers.

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Risks Affecting Our Business

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this prospectus summary. These risks include, but are not limited to, the following:

- If key industry participants, including car dealers and auto manufacturers, perceive us in a negative light or our relationships with them suffer harm, our ability to grow and our financial performance may be damaged.

- Our recent, rapid growth may not be indicative of our future growth and, if we continue to grow rapidly, we may not be able to manage our growth effectively.

- We may be unable to maintain or grow relationships with information data providers or may experience interruptions in the data feeds they provide, which may limit the information that we are able to provide to our users and dealers as well as the timeliness of such information and may impair our ability to attract or retain consumers and TrueCar Certified Dealers and to timely invoice our dealers.

- We have operated our business at scale for a limited period of time and we cannot predict whether we will continue to grow. If we are unable to successfully respond to changes in the market, our business could be harmed.

- We have a history of losses and we may not achieve or maintain profitability in the future.

- The loss of a significant affinity group marketing partner or a significant reduction in the number of cars purchased from our TrueCar Certified Dealers by members of our affinity group marketing partners would reduce our revenue and harm our operating results.

- Any adverse change in our relationship with United Services Automobile Association, or USAA, could harm our business.

- We are subject to a complex framework of federal and state laws and regulations primarily concerning vehicle sales, advertising and brokering, many of which are unsettled, still developing and contradictory, which have in the past, and could in the future, subject us to claims, challenge our business model or otherwise harm our business.

- We participate in a highly competitive market, and pressure from existing and new companies may adversely affect our business and operating results.

- If we suffer a significant interruption in our ability to gain access to third-party data, our business and operating results will suffer.

- The success of our business relies heavily on our marketing and branding efforts, especially with respect to the TrueCar website and our branded mobile applications, as well as those efforts of the affinity group marketing partners whose websites we power, and these efforts may not be successful.

- We rely in part on Internet search engines to drive traffic to our website, and if we fail to appear prominently in the search results, our traffic would decline and our business would be adversely affected.

The failure to maintain our brand would harm our ability to grow unique visitor traffic and to expand our dealer network.

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Recent Developments

Financial Results

The following sets forth our financial results for the three and nine months ended September 30, 2014 that we announced on November 5, 2014. We anticipate that we will file our Quarterly Report on Form 10-Q for the three months ended September 30, 2014 on November 13, 2014.

Consolidated Statements of Operations	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
	(In thousands, except per share amounts)			
Revenues	$ 56,751	$ 37,547	$ 151,178	$ 93,813
Costs and operating expenses:				
Cost of revenue	4,666	3,652	12,524	11,087
Sales and marketing	36,399	21,878	97,458	51,287
Technology and development	10,906	5,512	26,751	16,934
General and administrative	14,919	7,716	42,873	20,658
Depreciation and amortization	3,388	3,241	9,474	9,175
Total costs and operating expenses	70,278	41,999	189,080	109,141
Loss from operations	(13,527)	(4,452)	(37,902)	(15,328)
Interest income	14	30	41	91
Interest expense	(27)	(58)	(327)	(1,809)
Other income	20	5	30	19
Loss before provision for income taxes	(13,520)	(4,475)	(38,158)	(17,027)
Provision for income taxes	(120)	(136)	(437)	(409)
Net loss	$ (13,640)	$ (4,611)	$ (38,595)	$ (17,436)
Net loss per share:				
Basic and diluted	$ (0.18)	$ (0.08)	$ (0.56)	$ (0.30)
Weighted average common shares outstanding, basic and diluted	76,880	59,799	68,315	58,096
Other Financial Information:				
Adjusted EBITDA	$ 3,860	$ 2,411	$ 6,628	$ 2,409

Non-GAAP net income (loss)	$ 339	$ (994)	$ (3,569)	$ (8,893)

Selected Consolidated Balance Sheet Data	At September 30, 2014
	(in thousands)
Cash and cash equivalents	$ 112,999
Working capital	111,974
Property and equipment, net	28,688
Total assets	261,767
Total indebtedness	10,970
Total stockholders' equity	214,677

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Key Metrics

	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Units	171,775	447,282
Franchise Dealer Count	8,149	8,149
Transaction Revenue Per Franchise Dealer	$6,567	$18,663
Average Monthly Unique Visitors	4.6 million	4.3 million

GAAP

Revenues were $56.8 million for the three months ended September 30, 2014, an increase of 51% as compared to $37.5 million for the three months ended September 30, 2013. Revenues were $151.2 million for the nine months ended September 30, 2014, an increase of 61% as compared to $93.8 million for the nine months ended September 30, 2013. The increases in revenues are primarily due to increased transaction volume on our platform which we attribute to an increase in marketing spend and an increase in the number of TrueCar Certified Dealers in our network, platform and product enhancements, and the overall growth in sales of the automotive industry.

Net loss was $(13.6) million for the three months ended September 30, 2014 as compared to net loss of $(4.6) million for the three months ended September 30, 2013. Net loss was $(38.6) million for the nine months ended September 30, 2014 as compared to net loss of $(17.4) million for the nine months ended September 30, 2013. The increases in the net losses as compared to the corresponding periods in 2013 are primarily due to increased expenses related to an increase in the number of and the grant date fair value of equity based awards.

Non-GAAP

Adjusted EBITDA and Non-GAAP net (loss) income are not measures of our financial performance calculated in accordance with generally accepted accounting principles in the United States, or GAAP, and neither should be considered as an alternative to net (loss) income, operating (loss) income or any other measures derived in accordance with GAAP. See "Non-GAAP Financial Measures" for a description of Adjusted EBITDA and Non-GAAP net (loss) income, how we use them and their limitations.

Adjusted EBITDA was $3.9 million for the three months ended September 30, 2014, an increase of 60% as compared to $2.4 million for the three months ended September 30, 2013. Adjusted EBITDA was $6.6 million for the nine months ended September 30, 2014, an increase of 175% as compared to $2.4 million for the nine months ended September 30, 2013. The increases in Adjusted EBITDA are primarily due to increased revenues as well as improved non-GAAP operating margins.

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The following table presents a reconciliation of Adjusted EBITDA to net loss for the three and nine months ended September 30, 2014 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net loss	$ (13,640)	$ (4,611)	$ (38,595)	$ (17,436)
Non-GAAP Adjustments:				
Interest income	(14)	(30)	(41)	(91)
Interest expense	27	58	327	1,809
Depreciation and amortization	3,388	3,241	9,474	9,175
Stock-based compensation	9,440	1,968	20,978	5,584
IPO-related expenses			3,717	
Warrant expense	3,675	1,626	8,289	2,888
Change in fair value of contingent consideration		23		71
Ticker symbol acquisition costs			803	
Certain litigation costs(1)	864		1,239	
Provision for income taxes	120	136	437	409
Adjusted EBITDA	$ 3,860	$ 2,411	$ 6,628	$ 2,409

Non-GAAP net income was $0.3 million for the three months ended September 30, 2014, an increase of 130% as compared to a Non-GAAP net loss of $(1.0) million for the three months ended September 30, 2013. Non-GAAP net loss was $(3.6) million for the nine months ended September 30, 2014, a decrease of 60% as compared to a Non-GAAP net loss of $(8.9) million for the nine months ended September 30, 2013. The increases in Non-GAAP net (loss) income are primarily due to increased revenues as well as improved operating margins, exclusive of stock-based compensation.

The following table presents a reconciliation of Non-GAAP net income to net loss for the three and nine months ended September 30, 2014 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net loss	$ (13,640)	$ (4,611)	$ (38,595)	$ (17,436)
Non-GAAP Adjustments:				
Stock-based compensation	9,440	1,968	20,978	5,584
Warrant expense	3,675	1,626	8,289	2,888
Change in fair value of contingent consideration		23		71
Ticker symbol acquisition costs			803	
IPO-related expenses			3,717	
Certain litigation costs(1)	864		1,239	
Non-GAAP net income (loss)	$ 339	$ (994)	$ (3,569)	$ (8,893)

(1) The excluded amounts relate to legal costs incurred in connection with a claim we filed against Sonic Automotive Holdings, Inc. for trademark infringement and related matters. We have not historically excluded these costs from Adjusted EBITDA; however, as we have incurred increasing costs to advance our claim, we believe that their exclusion is appropriate to facilitate period-to-period operating performance comparisons.

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Corporate Information

Our principal executive offices are located at 120 Broadway, Suite 200, Santa Monica, California 90401, and our telephone number is (800) 200-2000. Our websites are www.TrueCar.com and www.True.com. Information contained on, or that can be accessed through, our websites is not incorporated by reference into this prospectus, and you should not consider information on our websites to be part of this prospectus.

We originally incorporated under the name "Zag.com Inc." in Delaware in February 2005. We later changed our name to TrueCar, Inc.

TrueCar, the TrueCar logo and other trademarks or service marks of TrueCar appearing in this prospectus are the property of TrueCar. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective holders. We have omitted the ® and designations, as applicable, for the trademarks used in this prospectus.

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 (JOBS Act) and are therefore subject to reduced public company reporting requirements. We will remain an emerging growth company until the earliest to occur of: the last day of the fiscal year in which we have more than $1.0 billion in annual revenue; the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates; the issuance, in any three-year period, by us of more than $1.0 billion in non-convertible debt securities; and the last day of the fiscal year ending after the fifth anniversary of our initial public offering.

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THE OFFERING

Common stock offered by us	1,000,000 shares
Common stock offered by the selling stockholders	5,402,601 shares
Common stock to be outstanding after this offering	77,814,334 shares (78,774,724 shares if the underwriters exercise their option to purchase additional shares in full)
Option to purchase additional shares from us	960,390 shares
Use of proceeds	We intend to use the net proceeds from this offering primarily for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds to acquire or invest in complementary technologies, solutions, products, services, businesses or other assets, although we have no present commitments or agreements to enter into any acquisitions or investments. See "Use of Proceeds."
Concentration of ownership	Upon completion of this offering, the executive officers, directors and 5% stockholders of our company and their affiliates will beneficially own, in the aggregate, approximately 66.4% of our outstanding capital stock.
NASDAQ trading symbol	"TRUE"

Scott Painter, our Founder and Chief Executive Officer, has indicated an interest in purchasing up to an aggregate of approximately $500,000 of TrueCar's common stock in this offering at the public offering price. Because this indication of interest is not a binding agreement or commitment to purchase, Mr. Painter may elect not to purchase shares in this offering or the underwriters may elect not to sell any shares in this offering to Mr. Painter. The underwriters will receive the same discount from any shares of our common stock purchased by Mr. Painter as they will from any other shares of our common stock sold to the public in this offering.

The number of shares of our common stock to be outstanding after this offering is based on 76,814,334 shares of our common stock outstanding at June 30, 2014, and excludes:

- 26,664,790 shares of common stock issuable upon the exercise of options outstanding at June 30, 2014, with a weighted average exercise price of $9.40 per share;

- 713,539 shares of common stock subject to restricted stock units ("RSUs") outstanding at June 30, 2014;

- 1,273,640 shares of common stock reserved for future issuance under our 2014 Equity Incentive Plan (the "2014 Plan");

- any shares of common stock that become available subsequent to this offering under our 2014 Plan as a result of the expiration, termination without exercise or forfeiture or repurchase of awards granted under our Amended and Restated 2005 Stock Plan (the "2005 Stock Plan") or our 2008 Stock Plan (the "2008 Stock Plan"), as more fully described in "Executive Compensation Employee Benefits and Stock Plans";

- any shares that become available under our 2014 Plan, pursuant to provisions thereof that automatically increase the share reserves under the plan each year, as more fully described in "Executive Compensation Employee Benefits and Stock Plans"; and

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- 3,981,198 shares of common stock issuable upon the exercise of warrants outstanding at June 30, 2014, with a weighted average exercise price of $10.73 per share.

Unless otherwise noted, the information in this prospectus reflects and assumes the following:

- no purchase by our executive officers, directors or 5% stockholders of any shares to be sold in this offering;
- no exercise of outstanding options;
- no exercise of outstanding warrants; and
- no exercise by the underwriters of their option to purchase up to an additional shares of common stock from us in this offering.

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SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables summarize our consolidated financial data. You should read the summary consolidated financial data set forth below in conjunction with our consolidated financial statements, the notes to our consolidated financial statements and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained elsewhere in this prospectus.

We have derived the summary consolidated statement of operations data for the years ended December 31, 2011, 2012 and 2013 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the summary unaudited consolidated statement of operations data for the six months ended June 30, 2013 and 2014 and our unaudited consolidated balance sheet data as of June 30, 2014 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial statements were prepared on a basis consistent with our annual financial statements and include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the financial information contained in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future, and our interim results are not necessarily indicative of the results to be expected for the full year or any other period.

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	Year Ended December 31,			Six Months Ended June 30,	
	2011(1)(2)	2012	2013	2013	2014
	(in thousands, except per share amounts)				
Consolidated Statement of Operations Data:					
Revenues	$ 76,330	$ 79,889	$ 133,958	$ 56,266	$ 94,427
Cost and operating expenses:					
Cost of revenue (exclusive of depreciation and amortization presented separately below)(3)	7,660	13,559	15,295	7,435	7,858
Sales and marketing(3)	41,992	70,327	75,180	29,409	61,059
Technology and development(3)	18,457	21,960	23,685	11,422	15,843
General and administrative(3)	21,912	34,228	30,857	12,942	27,955
Depreciation and amortization	4,148	11,768	11,569	5,934	6,086
Total costs and operating expenses	94,169	151,842	156,586	67,142	118,801
Loss from operations	(17,839)	(71,953)	(22,628)	(10,876)	(24,374)
Interest income	199	229	121	61	27
Interest expense	(66)	(3,359)	(1,988)	(1,751)	(301)
Other income (expense), net	(20)	(18)	18	14	10
Change in fair value of preferred stock warrant liability	(1,882)				
Loss before (provision) benefit for income taxes	(19,608)	(75,101)	(24,477)	(12,552)	(24,638)
Benefit (provision) for income taxes	10,690	606	(579)	(273)	(317)
Net loss	$ (8,918)	$ (74,495)	$ (25,056)	$ (12,825)	$ (24,955)
Cumulative dividends on Series B, Series C and Series D Preferred Stock	(2,370)				
Net loss attributable to common stockholders of TrueCar, Inc.	$ (11,288)	$ (74,495)	$ (25,056)	$ (12,825)	$ (24,955)
Net loss per share attributable to common stockholders:					
Basic and diluted(4)(5)	$ (0.49)	$ (1.33)	$ (0.43)	$ (0.22)	$ (0.39)
Weighted average shares of common stock outstanding used in computing net loss per share attributable to common stockholders:					
Basic and diluted(4)(5)	22,823	55,828	58,540	57,231	63,962

Other Financial Information:					
Adjusted EBITDA(6)	$ (3,538)	$ (46,523)	$ 2,140	$ (2)	$ 2,771
Non-GAAP net (loss) income(7)	$ 3,137	$ (60,815)	$ (11,875)	$ (7,899)	$ (3,906)

(1) During the preparation of the financial statements for the year ended December 31, 2011, we identified adjustments relating to timing of revenue recognition, accrued sales taxes and expenses on related party loans affecting 2010 and prior periods. The aggregate amount of these adjustments would have reduced net loss by $360,000 for 2009 and $420,000 for 2010. We concluded these adjustments were not material to any prior reporting period. We also concluded that recording the cumulative effect of these adjustments of $780,000 during the year ended December 31, 2011 was not material individually or in the aggregate to the 2011 financial statements and accordingly, we recorded these adjustments during the year ended December 31, 2011.

(2) In 2011, we completed the acquisitions of Carperks, Honk LLC, and ALG Inc. See Note 3 to our consolidated financial statements for information regarding the purchase accounting associated with these acquisitions.

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(3)

The following table presents stock-based compensation expense included in each respective expense category:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
	(in thousands)				
Cost of revenue	$ 47	$ 122	$ 141	$ 53	$ 163
Sales and marketing	1,076	1,571	2,561	1,104	2,344
Technology and development	1,096	1,428	1,762	783	1,865
General and administrative	3,989	7,199	4,882	1,676	7,168
Total stock-based compensation expense	$ 6,208	$ 10,320	$ 9,346	$ 3,616	$ 11,540

(4)

See Note 2 to our audited consolidated financial statements for an explanation of the calculations of our basic and diluted net loss per share attributable to common stockholders.

(5)

All share, per-share and related information has been retroactively adjusted, where applicable, to reflect the impact of a 2-for-3 reverse stock split, which was effected on May 2, 2014.

(6)

Adjusted EBITDA is not a measure of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other measures derived in accordance with GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net loss, see "Non-GAAP Financial Measures." Adjusted EBITDA for the six months ended June 30, 2014 excludes amounts related to legal costs incurred in connection with a claim we filed against Sonic Automotive Holdings, Inc. for trademark infringement and related matters. We have not historically excluded these costs from Adjusted EBITDA; however, as we have incurred increasing costs to advance our claim, we believe that their exclusion is appropriate to facilitate period-to-period operating performance comparisons.

(7)

Non-GAAP net (loss) income is not a measure of our financial performance under GAAP and should not be considered as an alternative to net (loss) income, operating (loss) income or any other measures derived in accordance with GAAP. For a definition of Non-GAAP net (loss) income and a reconciliation of Non-GAAP net (loss) income, see "Non-GAAP Financial Measures."

	At June 30, 2014	
Selected Consolidated Balance Sheet Data	**Actual**	**Pro Forma(1)**
	(in thousands)	
Cash and cash equivalents	$ 111,845	$ 126,964
Working capital excluding restricted cash	114,450	129,569
Property and equipment, net	17,104	17,104
Total assets	247,593	262,712
Total indebtedness		
Total stockholders' equity	214,722	229,841

(1)

The pro forma column gives effect to the sale and issuance by us of 1,000,000 shares of common stock in this offering based upon the public offering price of $17.00 per share, after deducting underwriters' discounts and commissions and estimated offering expenses payable by us.

Non-GAAP Financial Measures

Adjusted EBITDA and Non-GAAP net (loss) income are financial measures that are not calculated in accordance with GAAP. We define Adjusted EBITDA as net loss adjusted to exclude interest income, interest expense, depreciation and amortization, change in the fair value of preferred stock warrant liability, non-cash warrant expense, transaction costs from acquisitions, change in fair value of contingent consideration, stock-based compensation, IPO-related expenses, ticker symbol acquisition costs, certain litigation costs, and income taxes. We define Non-GAAP net

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(loss) as net loss adjusted to exclude stock-based compensation, change in fair value of preferred stock warrant liability, non-cash warrant expense, transaction costs from acquisitions, change in the fair value of contingent consideration, ticker symbol acquisition costs, IPO-related expenses, and certain litigation costs. We have provided below a reconciliation of each of Adjusted EBITDA and Non-GAAP net (loss) income to net loss, the most directly comparable GAAP financial measure. Neither Adjusted EBITDA nor Non-GAAP net (loss) income should be considered as an alternative to net loss or any other measure of financial performance calculated and presented in accordance with GAAP. In addition, our Adjusted EBITDA and Non-GAAP net (loss) income measures may not be comparable to similarly titled measures of other organizations as they may not calculate Adjusted EBITDA or Non-GAAP net (loss) income in the same manner as we calculate these measures.

We have included Adjusted EBITDA and Non-GAAP net (loss) income in this prospectus as they are important measures used by our management and board of directors to assess our operating performance. We believe that using Adjusted EBITDA and Non-GAAP net (loss) income facilitates operating performance comparisons on a period-to-period basis because these measures exclude variations primarily caused by changes in the excluded items noted above. In addition, we believe that Adjusted EBITDA, Non-GAAP net (loss) income and similar measures are widely used by investors, securities analysts, rating agencies and other parties in evaluating companies as a measure of financial performance and debt service capabilities.

Our use of each of Adjusted EBITDA and Non-GAAP net (loss) income has limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect the payment or receipt of interest or the payment of income taxes;
- neither Adjusted EBITDA nor Non-GAAP net (loss) income reflects changes in, or cash requirements for, our working capital needs;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditures or any other contractual commitments;
- neither Adjusted EBITDA nor Non-GAAP net (loss) income reflects the cash costs to advance our claims in respect of our litigation against Sonic Automotive Holdings, Inc.;
- neither Adjusted EBITDA nor Non-GAAP net (loss) income considers the potentially dilutive impact of shares issued or to be issued in connection with share-based compensation or warrant issuances; and
- other companies, including companies in our own industry, may calculate Adjusted EBITDA and Non-GAAP net (loss) income differently from how we do, limiting its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA and Non-GAAP net (loss) income alongside other financial performance measures, including various cash flow metrics, net loss and our other GAAP results. In addition, in evaluating Adjusted EBITDA and Non-GAAP net (loss) income, you should be aware that in the future we will incur expenses such as those that are the subject of adjustments in deriving Adjusted EBITDA and Non-GAAP net (loss) income, and you should not infer from our presentation of Adjusted EBITDA and Non-GAAP net (loss) income that our future results will not be affected by these expenses or any unusual or non-recurring items.

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The following table presents a reconciliation of Adjusted EBITDA to net loss for each of the periods presented:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
			(in thousands)		
Reconciliation of Adjusted EBITDA to Net Loss:					
Net loss	$ (8,918)	$ (74,495)	$ (25,056)	$ (12,825)	$ (24,955)
Non-GAAP adjustments:					
Interest income	(199)	(229)	(121)	(61)	(27)
Interest expense	66	3,359	1,988	1,751	301
Depreciation and amortization	4,148	11,768	11,569	5,934	6,086
Change in fair value of preferred stock warrant liability	1,882				
Warrant expense	2,112	1,990	3,740	1,262	4,615
Transaction costs from acquisitions	1,853				
Change in fair value of contingent consideration		1,370	95	48	
Stock-based compensation	6,208	10,320	9,346	3,616	11,540
IPO-related expenses					3,717
Ticker symbol acquisition costs					803
Certain litigation costs(1)					374
Provision (benefit) for income taxes	(10,690)	(606)	579	273	317
Adjusted EBITDA	$ (3,538)	$ (46,523)	$ 2,140	$ (2)	$ 2,771

(1) The excluded amounts relate to legal costs incurred in connection with a claim we filed against Sonic Automotive Holdings, Inc. for trademark infringement and related matters. We have not historically excluded these costs from Adjusted EBITDA; however, as we have incurred increasing costs to advance our claim, we believe that their exclusion is appropriate to facilitate period-to-period operating performance comparisons.

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Non-GAAP net (loss) income is not a measure of our financial performance under GAAP. We define Non-GAAP net (loss) as net loss adjusted to exclude stock-based compensation, non-cash warrant expense, change in the fair value of contingent consideration, ticker symbol acquisition costs, IPO-related expenses, certain litigation costs, and transaction costs from acquisitions. We have provided below a reconciliation of Non-GAAP net loss to net loss, the most directly comparable GAAP financial measure. Non-GAAP net (loss) income should not be considered as an alternative to net loss or any other measure of financial performance calculated and presented in accordance with GAAP.

The following table presents a reconciliation of Non-GAAP Net (Loss) income to net loss for each of the periods presented:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
	(in thousands)				
Reconciliation of Non-GAAP Net (Loss) Income to Net Loss:					
Net loss	$ (8,918)	$ (74,495)	$ (25,056)	$ (12,825)	$ (24,955)
Non-GAAP adjustments:					
Stock-based compensation	6,208	10,320	9,346	3,616	11,540
Change in fair value of preferred stock warrant liability	1,882				
Warrant expense	2,112	1,990	3,740	1,262	4,615
Transaction costs from acquisitions	1,853				
Change in fair value of contingent consideration		1,370	95	48	
Ticker symbol acquisition costs					803
IPO-related expenses					3,717
Certain litigation costs(1)					374
Non-GAAP net (loss) income	**$ 3,137**	**$ (60,815)**	**$ (11,875)**	**$ (7,899)**	**$ (3,906)**

(1) The excluded amounts relate to legal costs incurred in connection with a claim we filed against Sonic Automotive Holdings, Inc. for trademark infringement and related matters.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including our consolidated financial statements and related notes, before deciding whether to purchase shares of our common stock. If any of the following risks is realized, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the trading price of our common stock could decline and you could lose part or all of your investment.

Risks Related to Our Business and Industry

If key industry participants, including car dealers and automobile manufacturers, perceive us in a negative light or our relationships with them suffer harm, our ability to grow and our financial performance may be damaged.

Our primary source of revenue consists of fees paid by TrueCar Certified Dealers to us in connection with the sales of automobiles to our users. In addition, our value proposition to consumers depends on our ability to provide pricing information on automobiles from a sufficient number of automobile dealers by brand and in a given consumer's geographic area. If our relationships with our network of TrueCar Certified Dealers suffer harm in a manner that leads to the departure of these dealers from our network, then our revenue and ability to maintain and grow unique visitor traffic will be adversely affected.

At the end of 2011 and the beginning of 2012, due to certain regulatory and publicity-related challenges, many dealers cancelled their agreements with us and our franchise dealer count fell from 5,571 at November 30, 2011 to 3,599 at February 28, 2012.

TrueCar Certified Dealers have no contractual obligation to maintain their relationship with us. Accordingly, these dealers may leave our network at any time or may develop or use other products or services in lieu of ours. Further, while we believe that our service provides a lower cost, accountable customer acquisition channel, dealers may have difficulty rationalizing their marketing spend across TrueCar and other channels, which potentially has the effect of diluting our dealer value proposition. If we are unable to create and maintain a compelling value proposition for dealers to become and remain TrueCar Certified Dealers, our dealer network would not grow and may begin to decline.

In addition, although the automobile dealership industry is fragmented, a small number of groups have significant influence over the industry. These groups include state and national dealership associations, state regulators, car manufacturers, consumer groups, individual dealers and consolidated dealer groups. To the extent that these groups believe that automobile dealerships should not partner with us, this belief may become quickly and widely shared by automobile dealerships and we may lose a significant number of dealers in our network. A significant number of automobile dealerships are also members of larger dealer groups, and to the extent that a group decides to leave our network, this decision would typically apply to all dealerships within the group.

Furthermore, automobile manufacturers may provide their franchise dealers with financial or other marketing support, provided that such dealers adhere to certain marketing guidelines. Automobile manufacturers may determine that the manner in which certain of their franchise dealers use our platform is inconsistent with the terms of such marketing guidelines, which determination could result in potential or actual loss of the manufacturers' financial or other marketing support to the dealers whose use of the platform is deemed objectionable. The potential or actual loss of such marketing support may cause such dealers to cease being members of our TrueCar Certified

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Dealer network, which may adversely affect our ability to maintain or grow the number of dealers in our network.

We cannot assure you that we will maintain strong relationships with the dealers in our network of TrueCar Certified Dealers or that we will not suffer dealer attrition in the future. We may also have disputes with dealers from time to time, including relating to the collection of fees from them and other matters. We may need to modify our products, change pricing or take other actions to address dealer concerns in the future. If a significant number of these automobile dealerships decided to leave our network or change their financial or business relationship with us, then our business, growth, operating results, financial condition and prospects would suffer. Additionally, if we are unable to add dealers to our network, our growth could be impaired.

Our recent, rapid growth may not be indicative of our future growth and, if we continue to grow rapidly, we may not be able to manage our growth effectively.

Our revenue grew from $38.1 million in 2010 to $134.0 million in 2013 and from $56.3 million for the six months ended June 30, 2013 to $94.4 million for the six months ended June 30, 2014. We expect that, in the future, as our revenue increases, our rate of growth will decline. In addition, we will not be able to grow as fast or at all if we do not accomplish the following:

- maintain and grow our affinity group marketing partner relationships;
- increase the number of users of our products and services, and in particular the number of unique visitors to the TrueCar website and our branded mobile applications;
- maintain and expand our dealer network;
- further improve the quality of our existing products and services, and introduce high quality new products and services;
- increase the number of transactions between our users and TrueCar Certified Dealers; and
- introduce third party ancillary products and services.

We may not successfully accomplish any of these objectives. We plan to continue our investment in future growth. We expect to continue to expend substantial financial and other resources on:

- marketing and advertising, including a significant increase to our television advertising expenditures;
- product development; including investments in our product development team and the development of new products and new features for existing products; and
- general administration, including legal, accounting and other compliance expenses related to being a public company.

In addition, our historical rapid growth has placed and may continue to place significant demands on our management and our operational and financial resources. We have also experienced significant growth in the number of users of our platform as well as the amount of data that we analyze. As we continue to grow, we expect to hire additional personnel. Finally, our organizational structure is becoming more complex as we add additional staff, and we will need to improve our operational, financial and management controls as well as our reporting systems and procedures. We will require significant capital expenditures and the allocation of valuable management resources to grow and change in these areas without undermining our corporate culture of rapid innovation, teamwork and attention to the car-buying experience for the consumer and the economics of the dealer.

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We may be unable to maintain or grow relationships with information data providers or may experience interruptions in the data feeds they provide, which may limit the information that we are able to provide to our users and dealers as well as the timeliness of such information and may impair our ability to attract or retain consumers and TrueCar Certified Dealers and to timely invoice our dealers.

We receive automobile purchase data from many third-party data providers, including our network of TrueCar Certified Dealers, dealer management system data feed providers, data aggregators and integrators, survey companies, purveyors of registration data and our affinity group marketing partners. In the states in which we employ a pay-per-sale billing model, we use this data to match purchases with users that obtained a Guaranteed Savings Certificate from a TrueCar Certified Dealer so that we may collect a transaction fee from those dealers and recognize revenue from the related transactions.

From time to time, we experience interruptions in one or more data feeds that we receive from third-party data providers, particularly dealer management system data feed providers, in a manner that affects our ability to timely invoice the dealers in our network. These interruptions may occur for a number of reasons, including changes to the software used by these data feed providers and difficulties in renewing our agreements with third-party data feed providers. In the states in which we employ a pay-per-sale billing model, an interruption in the data feeds that we receive may affect our ability to match automobile purchases with users that obtained a Guaranteed Savings Certificate from a TrueCar Certified Dealer, thereby delaying our submission of an invoice to an automobile dealer in our network for a given transaction and delaying the timing of cash receipts from the dealer. The redundancies of data feeds received from multiple providers may not result in sufficient data to match automobile purchases with users that obtained a Guaranteed Savings Certificate from a TrueCar Certified Dealer. In the case of an interruption in our data feeds, our billing structure may transition to a subscription model for automobile dealers in our network until the interruption ceases. However, our subscription billing model may result in lower revenues during an interruption and, when an interruption ceases, we are not always able to retroactively match a transaction and collect a fee. In addition, our likelihood of collection of the fee owed to us for a given transaction decreases for those periods in which we are unable to submit an invoice to automobile dealers. Interruptions which occur in close proximity to the end of a given reporting period could result in delays in our ability to recognize those transaction revenues in that reporting period and these short falls in transaction revenue could be material to our operating results.

We have operated our business at scale for a limited period of time and we cannot predict whether we will continue to grow. If we are unable to successfully respond to changes in the market, our business could be harmed.

Our business has grown rapidly as users and automobile dealers have increasingly used our products and services. However, our business is relatively new and has operated at a substantial scale for only a limited period of time. Given this limited history, it is difficult to predict whether we will be able to maintain or grow our business. We expect that our business will evolve in ways which may be difficult to predict. For example, we anticipate that over time we may reach a point when investments in new user traffic are less productive and the continued growth of our revenue will require more focus on increasing the number of transactions from which we derive revenue. It is also possible that car dealers could broadly determine that they no longer believe in the value of our services. In the event of these or any other developments, our continued success will depend on our ability to successfully adjust our strategy to meet the changing market dynamics. If we are unable to do so, our business could be harmed and our results of operations and financial condition could be materially and adversely affected.

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We have a history of losses and we may not achieve or maintain profitability in the future.

We have not been profitable since inception and had an accumulated deficit of $187.5 million at June 30, 2014. From time to time in the past, we have made significant investments in our operations which have not resulted in corresponding revenue growth and, as a result, increased our losses. We expect to make significant future investments to support the further development and expansion of our business and these investments may not result in increased revenue or growth on a timely basis or at all. In addition, as a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. As a result of these increased expenditures, we have to generate and sustain increased revenue to achieve and maintain profitability.

We may incur significant losses in the future for a number of reasons, including slowing demand for our products and services, increasing competition, weakness in the automobile industry generally, as well as other risks described in this prospectus, and we may encounter unforeseen expenses, difficulties, complications and delays, and other unknown factors. If we incur losses in the future, we may not be able to reduce costs effectively because many of our costs are fixed. In addition, to the extent that we reduce variable costs to respond to losses, this may affect our ability to acquire consumers and dealers and grow our revenues. Accordingly, we may not be able to achieve or maintain profitability and we may continue to incur significant losses in the future, and this could cause the price of our common stock to decline.

The loss of a significant affinity group marketing partner or a significant reduction in the number of cars purchased from our TrueCar Certified Dealers by members of our affinity group marketing partners would reduce our revenue and harm our operating results.

Our financial performance is substantially dependent upon the number of automobiles purchased from TrueCar Certified Dealers by users of the TrueCar website and our branded mobile applications and the car-buying sites we maintain for our affinity group marketing partners. Currently, a majority of the automobiles purchased by our users were matched to the car-buying sites we maintain for our affinity group marketing partners. As a result, our relationships with our affinity group marketing partners are critical to our business and financial performance. However, several aspects of our relationship with affinity groups might change in a manner that harms our business and financial performance, including:

- affinity group marketing partners might terminate their relationship with us or make such relationship non-exclusive, resulting in a reduction in the number of transactions between users of our platform and TrueCar Certified Dealers;

- affinity group marketing partners might de-emphasize the automobile buying programs within their offerings, resulting in a decrease in the number of transactions between their members and our TrueCar Certified Dealers; or

- the economic structure of our agreements with affinity group marketing partners might change, resulting in a decrease in our operating margins on transactions by their members.

A significant change to our relationships with affinity group marketing partners may have a negative effect on our business in other ways. For example, the termination by an affinity group marketing partner of our relationship may create the perception that our products and services are no longer beneficial to the members of affinity groups or a more general negative association with our business. In addition, a termination by an affinity group marketing partner may result in the loss of the data provided to us by them with respect to automobile transactions. This loss of data may decrease the quantity and quality of the information that we provide to consumers and may also reduce our ability to identify transactions for which we can invoice dealers. If our relationships with

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affinity group marketing partners change our business, revenue, operating results and prospects may be harmed.

Any adverse change in our relationship with United Services Automobile Association, or USAA, could harm our business.

The single largest source of user traffic from our affinity group marketing partners comes from the site we maintain for USAA and USAA is our largest single stockholder. Upon completion of this offering, and after giving effect to its sale of shares in the offering, USAA will own 14,065,691 shares, which represents 18.0% of our outstanding shares of common stock at June 30, 2014. In 2013, 171,795 units, or 43.0% of all units purchased by users from TrueCar Certified Dealers, were matched to users of the car-buying site we maintain for USAA. We define units as the number of automobiles purchased by our users from TrueCar Certified Dealers through the TrueCar website and our branded mobile applications or the car buying sites we maintain for our affinity group marketing partners. In the six months ended June 30, 2014, 98,464 units, or 36% of all units purchased by users from TrueCar Certified Dealers, were matched to users of the car-buying site we maintain for USAA. As such, USAA has a significant influence on our operating results. In May 2014, we entered into an extension of our affinity group marketing agreement with USAA that extends through February 13, 2020, but we cannot assure you that our agreement with USAA will be extended at the expiration of the current agreement on terms satisfactory to us, or at all. In addition, USAA has broad discretion in how the car-buying site we maintain for USAA is promoted and marketed on its own website. Changes in this promotion and marketing has in the past and may in the future adversely affect the volume of user traffic we receive from USAA. We cannot assure you that changes in our relationship with USAA or its promotion and marketing of our platform will not adversely affect our business and operating results in the future.

We are subject to a complex framework of federal and state laws and regulations primarily concerning vehicle sales, advertising and brokering, many of which are unsettled, still developing and contradictory, which have in the past, and could in the future, subject us to claims, challenge our business model or otherwise harm our business.

Various aspects of our business are or may be subject, directly or indirectly, to U.S. federal and state laws and regulations. Failure to comply with such laws or regulations may result in the suspension or termination of our ability to do business in affected jurisdictions or the imposition of significant civil and criminal penalties, including fines or the award of significant damages against us and our TrueCar Certified Dealers in class action or other civil litigation.

State Motor Vehicle Sales, Advertising and Brokering Laws

The advertising and sale of new or used motor vehicles is highly regulated by the states in which we do business. Although we do not sell motor vehicles, state regulatory authorities or third parties could take the position that some of the regulations applicable to dealers or to the manner in which motor vehicles are advertised and sold generally are directly applicable to our business. If our products and services are determined to not comply with relevant regulatory requirements, we or our TrueCar Certified Dealers could be subject to significant civil and criminal penalties, including fines, or the award of significant damages in class action or other civil litigation as well as orders interfering with our ability to continue providing our products and services in certain states. In addition, even absent such a determination, to the extent dealers are uncertain about the applicability of such laws and regulations to our business, we may lose, or have difficulty increasing the number of, TrueCar Certified Dealers in our network, which would affect our future growth.

Several states in which we do business have laws and regulations that strictly regulate or prohibit the brokering of motor vehicles or the making of so-called "bird-dog" payments by dealers to third parties in connection with the sale of motor vehicles through persons other than licensed salespersons. If our products or services are determined to fall within the scope of such laws or regulations, we may be forced to implement new measures, which could be costly, to reduce our exposure to those obligations, including the discontinuation of certain products or services in affected jurisdictions. Additionally, such a determination could subject us or our TrueCar Certified Dealers to significant civil or criminal penalties, including fines, or the award of significant damages in class action or other civil litigation.

In addition to generally applicable consumer protection laws, many states in which we do business have laws and regulations that specifically regulate the advertising for sale of new or used motor vehicles. These state advertising laws and regulations are frequently subject to multiple interpretations and are not uniform from state to state, sometimes imposing inconsistent requirements on the advertiser of a new or used motor vehicle. If the content displayed on the websites we operate is determined or alleged to be inaccurate or misleading, under motor vehicle advertising laws, generally applicable consumer protection laws, or otherwise, we could be subject to significant civil and criminal penalties, including fines, or the award of significant damages in class action or other civil litigation. Moreover, such allegations, even if unfounded or decided in our favor, could be extremely costly to defend, could require us to pay significant sums in settlements, and could interfere with our ability to continue providing our products and services in certain states.

From time to time, certain state authorities and dealer associations have taken the position that aspects of our products and services violate state brokering, bird-dog, or advertising laws. When such allegations have arisen, we have endeavored to resolve the identified concerns on a consensual and expeditious basis, through negotiation and education efforts, without resorting to the judicial process. In certain instances, we have nevertheless been obligated to suspend all or certain aspects of our business operations in a state pending the resolution of such issues, the resolution of which included the payment of fines in 2011 and 2012 in the aggregate amount of approximately $26,000. For example, in the beginning of 2012, following implementation of our first nationwide television advertising campaign, state regulatory inquiries with respect to the compliance of our products and services with state brokering, bird-dog, and advertising laws intensified to a degree not previously experienced by us. Responding to and resolving these inquiries, as well as our efforts to ameliorate the related adverse publicity and loss of TrueCar Certified Dealers from our network, resulted in decreased revenues and increased expenses and, accordingly, increased our losses during much of 2012.

In October 2013, we received an Investigative Demand from the Oregon Attorney General (the "Oregon Inquiry") requesting information regarding potential noncompliance with the Oregon Unlawful Trade Practices Act. We are cooperating with the Oregon Department of Justice in an effort to reach consensual resolution of the issues raised by the Oregon Inquiry without making material, unfavorable adjustments to our business practices or user experience in Oregon. We cannot assure you that these efforts will be successful.

More recently, in May 2014, we received a letter from the Consumer Protection Division of the Mississippi Attorney General's Office (the "Mississippi Inquiry") suggesting that we may be acting unlawfully as an auto broker in Mississippi. We intend to cooperate with the Mississippi Attorney General's office in an effort to reach consensual resolution of the issues raised by the Mississippi Inquiry without making material unfavorable adjustments to our business practices or user experience in Mississippi. We cannot assure you that these efforts will be successful.

If state regulators or other third parties take the position in the future that our products or services violate applicable brokering, bird-dog, or advertising laws or regulations, responding to such allegations could be costly, could require us to pay significant sums in settlements, could require us to pay civil and criminal penalties, including fines, could interfere with our ability to

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continue providing our products and services in certain states, or could require us to make adjustments to our products and services or the manner in which we derive revenue from our participating dealers, any or all of which could result in substantial adverse publicity, loss of TrueCar Certified Dealers from our network, decreased revenues, increased expenses, and decreased profitability.

Federal Advertising Regulations

The Federal Trade Commission, or the FTC, has authority to take actions to remedy or prevent advertising practices that it considers to be unfair or deceptive and that affect commerce in the United States. If the FTC takes the position in the future that any aspect of our business constitutes an unfair or deceptive advertising practice, responding to such allegations could require us to pay significant damages, settlements, and civil penalties, or could require us to make adjustments to our products and services, any or all of which could result in substantial adverse publicity, loss of participating dealers, lost revenues, increased expenses, and decreased profitability.

Federal Antitrust Laws

The antitrust laws prohibit, among other things, any joint conduct among competitors that would lessen competition in the marketplace. Some of the information that we obtain from dealers is competitively sensitive and, if disclosed inappropriately, could potentially be used by dealers to impede competition or otherwise diminish independent pricing activity. A governmental or private civil action alleging the improper exchange of information, or unlawful participation in price maintenance or other unlawful or anticompetitive activity, even if unfounded, could be costly to defend and adversely impact our ability to maintain and grow our dealer network. For example, we have been informed that the FTC's Bureau of Competition is conducting an investigation to determine whether firms in the retail automotive industry may have violated Section 5 of the Federal Trade Commission Act by agreeing to refuse to deal with us. We have received a Civil Investigative Demand dated February 11, 2014 requesting that we produce certain documents and information to the FTC related to the matters under investigation by it. We are cooperating with the FTC in an effort to supply the information required by the request without unduly burdening our resources. We cannot assure you that these efforts will be successful.

In addition, governmental or private civil actions related to the antitrust laws could result in orders suspending or terminating our ability to do business or otherwise altering or limiting certain of our business practices, including the manner in which we handle or disclose dealer pricing information, or the imposition of significant civil or criminal penalties, including fines or the award of significant damages against us and our TrueCar Certified Dealers in class action or other civil litigation.

Other

The foregoing description of laws and regulations to which we are or may be subject is not exhaustive, and the regulatory framework governing our operations is subject to continuous change. The enactment of new laws and regulations or the interpretation of existing laws and regulations in an unfavorable way may affect the operation of our business, directly or indirectly, which could result in substantial regulatory compliance costs, civil or criminal penalties, including fines, adverse publicity, loss of participating dealers, lost revenues, increased expenses, and decreased profitability. Further, investigations by government agencies, including the FTC, into allegedly anticompetitive, unfair, deceptive or other business practices by us or our TrueCar Certified Dealers, could cause us to incur additional expenses and, if adversely concluded, could result in substantial civil or criminal penalties and significant legal liability.

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We participate in a highly competitive market, and pressure from existing and new companies may adversely affect our business and operating results.

We face significant competition from companies that provide listings, information, lead generation, and car-buying services designed to reach consumers and enable dealers to reach these consumers.

Our competitors offer various products and services that compete with us. Some of these competitors include:

- Internet search engines and online automotive sites such as Google, AutoTrader.com, eBay Motors, Edmunds.com, KBB.com, Autobytel.com and Cars.com;

- sites operated by automobile manufacturers such as General Motors and Ford;

- providers of offline, membership-based car-buying services such as the Costco Auto Program; and

- offline automotive classified listings, such as trade periodicals and local newspapers.

We compete with many of the above-mentioned companies and other companies for a share of car dealers' overall marketing budget for online and offline media marketing spend. To the extent that car dealers view alternative marketing and media strategies to be superior to TrueCar, we may not be able to maintain or grow the number of TrueCar Certified Dealers and our TrueCar Certified Dealers may sell fewer cars to users of our platform, and our business, operating results and financial condition will be harmed.

We also expect that new competitors will continue to enter the online automotive retail industry with competing products and services, which could have an adverse effect on our revenue, business and financial results.

Our competitors could significantly impede our ability to expand our network of TrueCar Certified Dealers and to reach consumers. Our competitors may also develop and market new technologies that render our existing or future products and services less competitive, unmarketable or obsolete. In addition, if our competitors develop products or services with similar or superior functionality to our solutions, we may need to decrease the prices for our solutions in order to remain competitive. If we are unable to maintain our current pricing structure due to competitive pressures, our revenue will be reduced and our operating results will be negatively affected.

Our current and potential competitors may have significantly more financial, technical, marketing and other resources than we have, and the ability to devote greater resources to the development, promotion, and support of their products and services. Additionally, they may have more extensive automotive industry relationships than we have, longer operating histories and greater name recognition. As a result, these competitors may be better able to respond more quickly with new technologies and to undertake more extensive marketing or promotional campaigns. In addition, to the extent any of our competitors have existing relationships with dealers or automobile manufacturers for marketing or data analytics solutions, those dealers and automobile manufacturers may be unwilling to continue to partner with us. If we are unable to compete with these companies, the demand for our products and services could substantially decline.

In addition, if one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. Our competitors may also establish or strengthen cooperative relationships with our current or future third-party data providers, technology partners, or other parties with whom we have relationships, thereby limiting our ability to develop, improve, and promote our solutions. We

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may not be able to compete successfully against current or future competitors, and competitive pressures may harm our revenue, business and financial results.

If we suffer a significant interruption in our ability to gain access to third-party data, our business and operating results will suffer.

Our business also relies on our ability to analyze data for the benefit of our users and the TrueCar Certified Dealers in our network. In addition, the effectiveness of our user acquisition efforts depends in part on the availability of data relating to existing and potential users of our platform. If we experience a material disruption in the data provided to us or if third-party data providers terminate their relationship with us, the information that we provide to our users and TrueCar Certified Dealers may be limited, the quality of this information may suffer, and our business, results of operations and financial conditions could be materially and adversely affected.

The success of our business relies heavily on our marketing and branding efforts, especially with respect to the TrueCar website and our branded mobile applications, as well as those efforts of the affinity group marketing partners whose websites we power, and these efforts may not be successful.

We believe that an important component of our growth will be the growth of our business derived from the TrueCar website and our branded mobile applications. Because TrueCar.com is a consumer brand, we rely heavily on marketing and advertising to increase the visibility of this brand with potential users of our products and services. We currently advertise through television and radio marketing campaigns, traditional print media, sponsorship programs and other means, the goal of which is to increase the strength, recognition and trust in the TrueCar.com brand and drive more unique visitors to our website and mobile applications. We incurred expenses of $75.2 million and $61.1 million on sales and marketing in the year ended December 31, 2013 and the six months ended June 30, 2014, respectively.

Our business model relies on our ability to scale rapidly and to decrease incremental user acquisition costs as we grow. Some of our methods of advertising, including our television marketing campaign, are not currently profitable on a standalone basis because they have not yet resulted in the acquisition of sufficient users visiting our website and mobile applications such that we may recover such costs by attaining corresponding revenue growth. If we are unable to recover our marketing costs through increases in user traffic and in the number of transactions by users of our platform, or if we discontinue our broad marketing campaigns, it could have a material adverse effect on our growth, results of operations and financial condition.

In addition, the number of transactions generated by the members of our affinity group marketing partners depends in part on the emphasis that these affinity group marketing partners place on marketing the purchase of cars within their platforms. For example, USAA is a large diversified financial services group of companies serving the United States military community with hundreds of highly competitive product and service offerings. At any given time, USAA's car-buying service may or may not be a priority relative to its other offerings. Consequently, changes in how USAA promotes and markets the car buying site we maintain for them can and has, from time to time in the past, affected the volume of purchases generated by USAA members. For example, in the past USAA adjusted the location and prominence of the links to our platform on their web pages, adversely affecting the volume of traffic. Should USAA or one or more of our other affinity group marketing partners decide to de-emphasize the marketing of our platform, or if their marketing efforts are otherwise unsuccessful, our revenue, business and financial results will be harmed.

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We in part rely on Internet search engines to drive traffic to our website, and if we fail to appear prominently in the search results, our traffic would decline and our business would be adversely affected.

We depend in part on Internet search engines such as Google, Bing, and Yahoo! to drive traffic to our website. For example, when a user types an automobile into an Internet search engine, we rely on a high organic search ranking of our webpages in these search results to refer the user to our website. However, our ability to maintain high, non-paid search result rankings is not within our control. Our competitors' Internet search engine optimization efforts may result in their websites receiving a higher search result page ranking than ours, or Internet search engines could revise their methodologies in a way that would adversely affect our search result rankings. If Internet search engines modify their search algorithms in ways that are detrimental to us, or if our competitors' efforts are more successful than ours, overall growth in our user base could slow or our user base could decline. Internet search engine providers could provide automobile dealer and pricing information directly in search results, align with our competitors or choose to develop competing services. Our website has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of users directed to our website through Internet search engines could harm our business and operating results.

The failure to maintain our brand would harm our ability to grow unique visitor traffic and to expand our dealer network.

Maintaining and enhancing the TrueCar brand will depend largely on the success of our efforts to maintain the trust of our users and TrueCar Certified Dealers and to deliver value to each of our users and TrueCar Certified Dealers. If our existing or potential users perceive that we are not focused primarily on providing them with a better car-buying experience, our reputation and the strength of our brand will be adversely affected.

Complaints or negative publicity about our business practices, our marketing and advertising campaigns, our compliance with applicable laws and regulations, the integrity of the data that we provide to users, data privacy and security issues, and other aspects of our business, irrespective of their validity, could diminish users' and dealers' confidence in and the use of our products and services and adversely affect our brand. These concerns could also diminish the trust of existing and potential affinity group marketing partners. There can be no assurance that we will be able to maintain or enhance our brand, and failure to do so would harm our business growth prospects and operating results.

If we are unable to provide a compelling car-buying experience to our users, the number of transactions between our users and TrueCar Certified Dealers will decline and our revenue and results of operations will suffer harm.

We cannot assure you that we are able to provide a compelling car-buying experience to our users, and our failure to do so will mean that the number of transactions between our users and TrueCar Certified Dealers will decline and we will be unable to effectively monetize our user traffic. We believe that our ability to provide a compelling car-buying experience is subject to a number of factors, including:

- our ability to launch new products that are effective and have a high degree of consumer engagement;
- compliance of the dealers within our network of TrueCar Certified Dealers with applicable laws, regulations and the rules of our platform, including honoring the TrueCar certificates submitted by our users; and

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our access to a sufficient amount of data to enable us to be able to provide relevant pricing information to consumers.

The growth of our business relies significantly on our ability to increase the number of TrueCar Certified Dealers such that we are able to increase the number of transactions between our users and TrueCar Certified Dealers. Failure to do so would limit our growth.

Our ability to grow the number of TrueCar Certified Dealers, both on an overall basis and by brand in important geographies, is an important factor in growing our business. As described elsewhere in this "Risk Factors" section, we are a new participant in the automobile retail industry, our business has sometimes been viewed in a negative light by car dealerships, and there can be no assurance that we will be able to maintain or grow the number of car dealers in our network.

In addition, our ability to increase the number of TrueCar Certified Dealers in an optimized manner depends on strong relationships with other constituents, including car manufacturers and state dealership associations. From time to time, car manufacturers have communicated concerns about our business to the dealers in our network. For example, some car manufacturers maintain guidelines that prohibit dealers from advertising a car at a price that is below an established floor. If a TrueCar Certified Dealer within our network submits a price to us that falls below pricing guidelines established by the applicable manufacturer, the manufacturer may discourage that dealer from remaining in the network and may discourage other dealers within its brand from joining the network. For example, in late 2011, Honda publicly announced that it would not provide advertising allowances to dealers that remained in our network of TrueCar Certified Dealers. While we subsequently addressed Honda's concerns and they ceased withholding advertising allowances from our TrueCar Certified Dealers, discord with specific car manufacturers impedes our ability to grow our dealer network. In addition, state dealership associations maintain significant influence over the dealerships in their state as lobbying groups and as thought leaders. To the extent that these associations view us in a negative light, our reputation with car dealers in the corresponding state may be negatively affected. If our relationships with car manufacturers or state dealership associations suffer, our ability to maintain and grow the number of car dealers in our network will be harmed.

We cannot assure you that we will expand our network of TrueCar Certified Dealers in a manner that provides a sufficient number of dealers by brand and geography for our unique visitors and failure to do so would harm our growth.

Our ability to grow our complementary product offerings may be limited, which could negatively impact our growth rate, revenues and financial performance.

As we introduce or expand additional offerings for our platform, such as automobile trade-ins, financing, leasing, maintenance and insurance, we may incur losses or otherwise fail to enter these markets successfully. Our expansion into these markets will place us in competitive and regulatory environments with which we are unfamiliar and involves various risks, including the need to invest significant resources and the possibility that returns on such investments will not be achieved for several years, if at all. In attempting to establish our new product offerings, such as TrueTrade, TrueLoan and TrueLease, we expect to incur significant expenses and face various other challenges, such as expanding our sales force and management personnel to cover these markets and complying with complicated regulations that apply to these markets. In addition, we may not successfully demonstrate the value of these ancillary products to consumers, and failure to do so would compromise our ability to successfully expand into these additional revenue streams.

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Moreover, our affinity group marketing partners already offer products in many of these adjacent markets. For example, USAA, our largest stockholder and most significant affinity group marketing partner, offers financing and insurance products for its members. For those affinity group marketing partners that offer products in adjacent markets that we seek to enter, our ability to offer products in these markets to their members will be limited. If we are unable to successfully expand our ancillary product offerings, our growth rate, revenue and operating performance may be harmed.

If our mobile products do not adequately address the shift to mobile technology by our users, the number of transactions between our users and TrueCar Certified Dealers may not grow as quickly and our operating results could be harmed and our growth could be negatively affected.

Our future success depends in part on the continued growth in the use of our mobile products by our users and the number of transactions with TrueCar Certified Dealers that are completed by those users. In the year ended December 31, 2013, approximately 25% of unique visitors to our TrueCar.com website and the car buying sites we maintain for our affinity group marketing partners were attributable to mobile devices and in the six months ended June 30, 2014 this figure grew to approximately 28%. The shift to mobile technology by our users may harm our business in the following ways:

- the use of mobile technology may not continue to grow at historical rates, and consumers may not continue to use mobile technology for automobile research;
- mobile technology may not be accepted as a viable long-term platform for a number of reasons, including actual or perceived lack of security of information and possible disruptions of service or connectivity;
- we may not continue to innovate and introduce enhanced products on mobile platforms;
- consumers may believe that our competitors offer superior mobile products; or
- our mobile applications may become incompatible with operating systems such as iOS or Android or the devices they support.

If use of our mobile products does not continue to grow, our business and operating results could be harmed.

Our business is subject to risks related to the larger automotive ecosystem, including consumer demand, global supply chain challenges and other macroeconomic issues.

Decreases in consumer demand could adversely affect the market for automobile purchases and, as a result, reduce the number of consumers using our platform. Consumer purchases of new and used automobiles generally decline during recessionary periods and other periods in which disposable income is adversely affected. For example, the number of new vehicle sales in the United States decreased from approximately 16.1 million in 2007 to approximately 10.4 million in 2009, according to BEA. Purchases of new and used automobiles are typically discretionary for consumers and have been, and may continue to be, affected by negative trends in the economy, including the cost of energy and gasoline, the availability and cost of credit, reductions in business and consumer confidence, stock market volatility and increased unemployment. A reduction in the number of automobiles purchased by consumers could adversely affect automobile dealers and car manufacturers and lead to a reduction in other spending by these constituents, including targeted incentive programs. In addition, our business may be negatively affected by challenges to the larger automotive ecosystem, including global supply chain challenges, such as those resulting from the

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Japanese tsunami in 2011 and other macroeconomic issues. The foregoing could have a material adverse effect on our business, results of operations and financial condition.

Seasonality may cause fluctuations in our unique visitors, revenue and operating results.

Our revenue trends are a reflection of consumers' car buying patterns. Across the automotive industry, consumers tend to purchase a higher volume of cars in the second and third quarters of each year, due in part to the introduction of new vehicle models from manufacturers. In the past, these seasonal trends have not been pronounced due the overall growth of our business, but we expect that in the future our revenues may be affected by these seasonal trends. Our business will also be impacted by cyclical trends affecting the overall economy, specifically the retail automobile industry, as well as by actual or threatened severe weather events.

We may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances. If capital is not available to us, our business, operating results and financial condition may be harmed.

Since our founding, we have raised substantial equity and debt financing to support the growth of our business. Because we intend to continue to make investments to support the growth of our business, we may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, including to increase our marketing expenditures to improve our brand awareness, develop new products or services or further improve existing products and services, enhance our operating infrastructure and acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. However, additional funds may not be available when we need them, on terms that are acceptable to us, or at all. In addition, our current revolving credit facility contains restrictive covenants relating to our capital raising activities and other financial and operational matters, and any debt financing that we secure in the future could involve further restrictive covenants which may make it more difficult for us to obtain additional capital and to pursue business opportunities. Volatility in the credit markets may also have an adverse effect on our ability to obtain debt financing.

If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, operating results, financial condition and prospects could be adversely affected.

We collect, process, store, share, disclose and use personal information and other data, and our actual or perceived failure to protect such information and data could damage our reputation and brand and harm our business and operating results.

We collect, process, store, share, disclose and use personal information and other data provided by consumers and dealers. We rely on encryption and authentication technology licensed from third parties to effect secure transmission of such information. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Any failure or perceived failure to maintain the security of personal and other data that is provided to us by consumers and dealers could harm our reputation and brand and expose us to a risk of loss or litigation and possible liability, any of which could harm our business and operating results.

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In addition, from time to time, concerns have been expressed about whether our products, services, or processes compromise the privacy of our users. Concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy related matters, even if unfounded, could harm our business and operating results.

There are numerous federal, state and local laws around the world regarding privacy and the collection, processing, storing, sharing, disclosing, using and protecting of personal information and other data, the scope of which are changing, subject to differing interpretations, and which may be costly to comply with and may be inconsistent between countries and jurisdictions or conflict with other rules. We generally comply with industry standards and are subject to the terms of our privacy policies and privacy-related obligations to third parties. We strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection, to the extent possible. However, it is possible that these obligations may be interpreted and applied in new ways or in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices or that new regulations could be enacted. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to consumers or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of sensitive information, which may include personally identifiable information or other user data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause consumers and automobile dealers to lose trust in us, which could have an adverse effect on our business. Additionally, if vendors, developers or other third parties that we work with violate applicable laws or our policies, such violations may also put consumer or dealer information at risk and could in turn harm our reputation, business and operating results.

A significant disruption in service on our website or of our mobile applications could damage our reputation and result in a loss of consumers, which could harm our business, brand, operating results, and financial condition.

Our brand, reputation and ability to attract consumers, affinity groups and advertisers depend on the reliable performance of our technology infrastructure and content delivery. We may experience significant interruptions with our systems in the future. Interruptions in these systems, whether due to system failures, computer viruses, or physical or electronic break-ins, could affect the security or availability of our products on our website and mobile application, and prevent or inhibit the ability of consumers to access our products. Problems with the reliability or security of our systems could harm our reputation, result in a loss of consumers, dealers and affinity group marketing partners, and result in additional costs.

Substantially all of the communications, network, and computer hardware used to operate our website and mobile applications is located at co-location facilities in Los Angeles and Chicago. Although we have two locations, our systems are not fully redundant. In addition, we do not own or control the operation of these facilities. Our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses, earthquakes, and similar events. The occurrence of any of these events could result in damage to our systems and hardware or could cause them to fail.

Problems faced by our third-party web hosting providers could adversely affect the experience of our consumers. Our third-party web hosting providers could close their facilities without adequate notice. Any financial difficulties, up to and including bankruptcy, faced by our third-party web hosting providers or any of the service providers with whom they contract may have negative effects on our business, the nature and extent of which are difficult to predict. If our third-party web

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hosting providers are unable to keep up with our growing capacity needs, our business could be harmed.

Any errors, defects, disruptions, or other performance or reliability problems with our network operations could cause interruptions in access to our products as well as delays and additional expense in arranging new facilities and services and could harm our reputation, business, operating results, and financial condition.

Failure to adequately protect our intellectual property could harm our business and operating results.

Our business depends on our intellectual property, the protection of which is crucial to the success of our business. We rely on a combination of patent, trademark, trade secret and copyright law and contractual restrictions to protect our intellectual property. In addition, we attempt to protect our intellectual property, technology, and confidential information by requiring our employees and consultants to enter into confidentiality and assignment of inventions agreements and third parties to enter into nondisclosure agreements. These agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property, or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property, or technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our website features, software, and functionality or obtain and use information that we consider proprietary.

Competitors may adopt service names similar to ours, thereby harming our ability to build brand identity and possibly leading to user confusion. For example, we have filed a claim for trademark infringement and related matters against Sonic Automotive, Inc. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of the term "TrueCar."

We currently hold the "TrueCar.com" Internet domain name and various other related domain names. The regulation of domain names in the United States is subject to change. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars, or modify the requirements for holding domain names. As a result, we may not be able to acquire or maintain all domain names that use the name TrueCar.

We may in the future be subject to intellectual property disputes, which are costly to defend and could harm our business and operating results.

We may from time to time face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including from our competitors or non-practicing entities.

Patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may require us to stop offering some features, purchase licenses or modify our products and features while we develop non-infringing substitutes or may result in significant settlement costs.

In addition, we use open source software in our products and will use open source software in the future. From time to time, we may face claims against companies that incorporate open source software into their products, claiming ownership of, or demanding release of, the source code, the open source software or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our platform or services, any of which would have a negative effect on our business and operating results.

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Even if these matters do not result in litigation or are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, our operating results and our reputation.

We depend on key personnel to operate our business, and if we are unable to retain, attract and integrate qualified personnel, our ability to develop and successfully grow our business could be harmed.

We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees, including Scott Painter, our Founder and Chief Executive Officer, and John Krafcik, our President. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, the loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. Our executive officers and other employees are at-will employees, which means they may terminate their employment relationship with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business could be materially and adversely affected.

Complying with the laws and regulations affecting public companies has increased our costs and the demands on management and could harm our operating results.

As a public company, we incur significant legal, accounting, and other expenses that we did not incur as a private company and these expenses will increase after we cease to be an "emerging growth company." In addition, the Sarbanes-Oxley Act and rules subsequently implemented by the SEC and NASDAQ impose various requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased and will continue to increase our legal, accounting, and financial compliance costs and have made and will continue to make some activities more time consuming and costly. For example, these rules and regulations make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or to incur substantial costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or our board committees or as executive officers.

In addition, the Sarbanes-Oxley Act requires, among other things, that we assess the effectiveness of our internal control over financial reporting annually and the effectiveness of our disclosure controls and procedures quarterly. In particular, beginning with the year ending December 31, 2015, we will need to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and our independent registered public accounting firm potentially to attest to, the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, or Section 404. As an "emerging growth company" we may elect to avail ourselves of the exemption from the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act. However, we may no longer avail ourselves of this exemption when we cease to be an "emerging growth company" and, when our independent registered public accounting firm is required to undertake an assessment of our internal control over financial reporting, the cost of our compliance with

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Section 404 will correspondingly increase. Our compliance with applicable provisions of Section 404 will require that we incur substantial accounting expense and expend significant management time on compliance-related issues as we implement additional corporate governance practices and comply with reporting requirements. Moreover, if we are not able to comply with the requirements of Section 404 applicable to us in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

Furthermore, investor perceptions of our company may suffer if, in the future, material weaknesses are found, and this could cause a decline in the market price of our stock. Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our stated operating results and harm our reputation. If we are unable to implement these changes effectively or efficiently, it could harm our operations, financial reporting, or financial results and could result in an adverse opinion on internal control from our independent registered public accounting firm.

We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our operating results.

Our success will depend, in part, on our ability to grow our business in response to the demands of consumers, dealers and other constituents within the automotive industry as well as competitive pressures. In some circumstances, we may determine to do so through the acquisition of complementary businesses and technologies rather than through internal development, such as our acquisition of ALG in 2011. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and we may not be able to successfully complete identified acquisitions. The risks we face in connection with acquisitions include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of technology, research and development and sales and marketing functions;
- transition of the acquired company's users to our website and mobile applications;
- retention of employees from the acquired company;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources, and other administrative systems;
- the need to implement or improve controls, procedures, and policies at a business that prior to the acquisition may have lacked effective controls, procedures, and policies;
- potential write-offs of intangibles or other assets acquired in such transactions that may have an adverse effect our operating results in a given period;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, consumers, former stockholders, or other third parties.

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Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities, and harm our business generally. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses, or the write-off of goodwill, any of which could harm our financial condition. Also, the anticipated benefits of any acquisitions may not materialize.

If our intangible assets and goodwill become impaired we may be required to record a significant non-cash charge to earnings which would materially and adversely affect our results of operations.

We had goodwill and intangible assets of $83.3 million at June 30, 2014. Under accounting principles generally accepted in the United States, we review our goodwill for impairment annually in the fourth quarter of each fiscal year, or more frequently if events or changes in circumstances indicate the carrying value may not be fully recoverable. We review our intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. While we have not recognized any impairment charges since our inception, we may recognize impairment charges in future periods in connection with our acquisitions or from other businesses we may seek to acquire in the future. The carrying value of our goodwill and intangible assets may not be recoverable due to factors such as a decline in our stock price and market capitalization, reduced estimates of future revenues or cash flows or slower growth rates in our industry. Estimates of future revenues and cash flows are based on a long-term financial outlook of our operations. Actual performance in the near-term or long-term could be materially different from these forecasts, which could impact future estimates and the recorded value of the intangibles. For example, a significant, sustained decline in our stock price and market capitalization may result in impairment of our intangible assets, including goodwill, and a significant charge to earnings in our consolidated financial statements during the period in which an impairment is determined to exist. In the event we had to reduce the carrying value of our goodwill or intangible assets, any such impairment charge could materially and adversely affect our results of operations.

If our ability to use our net operating loss carryforwards and other tax attributes is limited, we may not receive the benefit of those assets.

We had federal net operating loss carryforwards of approximately $122.7 million and state net operating loss carryforwards of approximately $106.3 million at December 31, 2013. The federal and state net operating loss carryforwards expire beginning in the years ending December 31, 2026 and 2014, respectively. At December 31, 2013, we had federal and state research and development credit carryforwards of approximately $0.8 million and $0.4 million, respectively. The federal credit carryforwards begin to expire in 2028. The state credit carryforwards can be carried forward indefinitely.

The Internal Revenue Code of 1986, as amended, imposes substantial restrictions on the utilization of net operating losses and other tax attributes in the event of an "ownership change" of a corporation. Accordingly, our ability to use pre-change net operating loss and research tax credits may be limited as prescribed under Internal Revenue Code, or IRC, Sections 382 and 383. Therefore, if we earn net taxable income in the future, our ability to reduce our Federal income tax liability may be subject to limitation. Events which may cause limitation in the amount of the net operating losses and credits that we utilize in any one year include, but are not limited to, a cumulative ownership change of more than 50% over a three-year period. As a result of historical equity issuances, we have determined that the annual utilization of our net operating losses and

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credits and tax credits may be limited pursuant to IRC Sections 382 and 383. Future changes in our stock ownership, including this offering or future offerings, as well as other changes that may be outside our control could potentially result in further limitations on our ability to utilize our net operating loss and credit carryforwards.

Risks Related to this Offering and Our Common Stock

We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which would cause our stock price to decline.

We have provided and may continue to provide guidance about our business and future operating results, including financial results for the three months ended September 30, 2014, as part of our press releases, investor conference calls or otherwise. In developing this guidance, our management must make certain assumptions and judgments about our future performance. Our business results may vary significantly from such guidance due to a number of factors, many of which are outside of our control, and which could materially and adversely affect our operations, financial condition and operating results. Furthermore, if our publicly announced guidance of future operating results fails to meet expectations of securities analysts, investors or other interested parties, the price of our common stock could decline.

Concentration of ownership among our existing executive officers, directors, and their affiliates may prevent new investors from influencing significant corporate decisions.

Upon completion of this offering, our executive officers, directors, and holders of 5% or more of our outstanding common stock will beneficially own, in the aggregate, approximately 66.4% of our outstanding shares of common stock. Some of these persons or entities may have interests that are different from yours. For example, these stockholders may support proposals and actions with which you may disagree or which are not in your interests. These stockholders are able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation, and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of our company or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders, which in turn could reduce the price of our common stock.

The price of our common stock has been and may continue to be volatile, and the value of your investment could decline.

The trading price of our common has been volatile since our initial public offering and is likely to continue to fluctuate substantially. The trading price of our common stock depends on a number of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock since you might be unable to sell your shares at or above the price you paid in this offering. Factors that could cause fluctuations in the trading price of our common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of high technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales of shares of our common stock by us or our stockholders;

- failure of securities analysts to maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of new products;
- the public's reaction to our press releases, other public announcements, and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our operating results or fluctuations in our operating results;
- actual or anticipated developments in our business, our competitors' businesses, or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any significant change in our management;
- conditions in the automobile industry; and
- general economic conditions and slow or negative growth of our markets.

The effect of such factors on the trading market for our stock may be enhanced by the lack of a large and established trading market for our stock. In addition, the stock market in general, and the market for technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market prices of a particular company's securities, securities class action litigations have often been instituted against these companies. Litigation of this type, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Sales of substantial amounts of our common stock in the public markets, or the perception that such sales might occur, could depress the market price of our common stock.

The market price for our common stock could decline as a result of the sale of substantial amounts of our common stock, particularly sales by our directors, executive officers and significant stockholders, a large number of shares of our common stock becoming available for sale or the perception in the market that holders of a large number of shares intend to sell their shares. Based on shares outstanding at June 30, 2014, upon completion of this offering we will have outstanding approximately 77,814,334 shares of common stock, approximately 61,654,939 of which are subject to lock-up agreements entered into in connection with our initial public offering, restricting their sale during the period ending at the close of market November 11, 2014. In addition, officers, directors and their affiliates and stockholders selling shares in this offering, who will hold an aggregate of 48,391,666 shares of common stock following completion of this offering, have agreed to extend these sale restrictions for an additional period ending 90 days or, in the case of certain selling stockholders, 120 days after the date of this prospectus as more fully described in "Underwriting." J.P. Morgan Securities LLC and Goldman, Sachs & Co. may permit our officers, directors, employees and current stockholders to sell shares prior to the expiration of the lock-up agreements.

After this offering, holders of an aggregate of 54,731,966 shares of our common stock at June 30, 2014, will have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or our stockholders.

In addition, the shares of common stock subject to outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. See "Shares Eligible for Future Sale" for a more detailed description of sales that may occur in the future.

If a substantial number of shares are sold, or if it is perceived that they will be sold, in the public market, before or after the expiration of the contractual lock-up period, the trading price of our common stock could decline substantially.

Anti-takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our certificate of incorporation, bylaws, and Delaware law contains provisions which could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors. Our corporate governance documents include provisions:

- creating a classified board of directors whose members serve staggered three year terms;
- authorizing "blank check" preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend, and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors;
- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings; and
- providing our board of directors with the express power to postpone previously scheduled annual meetings and to cancel previously scheduled special meetings.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock.

Any provision of our certificate of incorporation, bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive

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a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

We may invest or spend the proceeds of this offering in ways with which you may not agree or in ways which may not yield a return.

The net proceeds from the sale of our shares of common stock by us in this offering may be used for general corporate purposes, including working capital. We may also use a portion of the net proceeds to acquire complementary businesses, products, services, or technologies. However, we do not have any agreements or commitments for any acquisitions at this time. Our management will have considerable discretion in the application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. The net proceeds may be invested with a view towards long-term benefits for our stockholders and this may not increase our operating results or market value. Until the net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

The public offering price of our common stock of $17.00 per share is substantially higher than the net tangible book value per share of our outstanding common stock immediately after this offering. Therefore, if you purchase our common stock in this offering, you will incur immediate dilution of $15.12 in the net tangible book value per share from the price you paid. The exercise of outstanding stock options and warrants will result in further dilution.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

We do not expect to declare any dividends in the foreseeable future.

We do not anticipate declaring any cash dividends to holders of our common stock in the foreseeable future. In addition, the terms of our credit facility currently prohibit us from paying cash dividends on our capital stock. Consequently, investors may need to rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY AND MARKET DATA

This prospectus contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases you can identify forward-looking statements because they contain words such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "might," "likely," "plans," "potential," "predicts," "projects," "seeks," "should," "target," "will," "would" or similar expressions and the negatives of those terms. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our future financial performance, including our financial results for the quarter ended September 30, 2014 and our expectations regarding our revenue, cost of revenue, gross profit or gross margin, operating expenses, ability to generate cash flow, and ability to achieve, and maintain, future profitability;
- anticipated trends, growth rates and challenges in our business and in the markets in which we operate;
- our ability to anticipate market needs and develop new and enhanced products and services to meet those needs, and our ability to successfully monetize them;
- maintaining and expanding our customer base;
- the impact of competition in our industry and innovation by our competitors;
- our anticipated growth and growth strategies and our ability to effectively manage that growth;
- our ability to sell our products and expand internationally;
- our failure to anticipate or adapt to future changes in our industry;
- the impact of seasonality on our business;
- our ability to hire and retain necessary qualified employees to expand our operations;
- the impact of any failure of our solutions or solution innovations;
- our reliance on our third-party service providers;
- the evolution of technology affecting our products, services and markets;

our ability to adequately protect our intellectual property;

the anticipated effect on our business of litigation to which we are a party;

our ability to stay abreast of new or modified laws and regulations that currently apply or become applicable to our business;

the increased expenses and administrative workload associated with being a public company;

failure to maintain an effective system of internal controls necessary to accurately report our financial results and prevent fraud;

our liquidity and working capital requirements;

our spending of the net proceeds from this offering;

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the estimates and estimate methodologies used in preparing our consolidated financial statements and determining option exercise prices; and

the future trading prices of our common stock and the impact of securities analysts' reports on these prices.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this prospectus.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, operating results and growth prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled "Risk Factors" and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus. Further, our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements.

This prospectus also contains estimates and other statistical data, including those relating to our industry and the market in which we operate, that we have obtained or derived from industry publications and reports, including reports from Automotive News, Borrell Associates, J.D. Power and Associates, NADA, R.L. Polk & Co., and other publicly available information. These industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates, as there is no assurance that any of them will be reached. Based on our industry experience, we believe that the publications and reports are reliable and that the conclusions contained in the publications and reports are reasonable. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause our actual results to differ materially from those expressed in the industry publications and reports.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale by us of 1,000,000 shares of our common stock in this offering will be $15.1 million, based on the public offering price of $17.00 per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' option to purchase additional shares from us is exercised in full, we estimate that our net proceeds would be $30.7 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders.

We currently intend to use the net proceeds that we receive from this offering primarily for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of such net proceeds to acquire or invest in complementary technologies, solutions, products, services, businesses or other assets, although we have no present commitments or agreements to enter into any acquisitions or investments. The amount and timing of our actual expenditures will depend on numerous factors, including the cash used in or generated by our operations, the pace of our expansion plans, and our investments and acquisitions.

We cannot specify with certainty all of the particular uses of the net proceeds that we will receive from this offering. Accordingly, we will have broad discretion in using these proceeds. Pending these uses, we intend to invest the net proceeds that we receive from this offering in short-term and intermediate-term, investment-grade interest-bearing securities and obligations, such as money market accounts, certificates of deposit, commercial paper and guaranteed obligations of the U.S. government. We cannot predict whether the invested proceeds will yield a favorable return.

MARKET PRICE OF COMMON STOCK

Our common stock has been listed on The NASDAQ Global Select Market under the symbol "TRUE" since May 16, 2014. Our initial public offering was priced at $9.00 per share on May 15, 2014. Prior to that date, there was no public trading market for our common stock. The following table sets forth for the periods indicated the high and low sale prices per share of our common stock as reported on The NASDAQ Global Select Market:

	High	Low
Year Ended December 31, 2014:		
Second Quarter (from May 16, 2014)	$ 15.85	$ 9.05
Third Quarter	$ 25.00	$ 11.93
Fourth Quarter (through November 11, 2014)	$ 23.88	$ 15.71

On November 11, 2014, the last reported sale price of our common stock on The NASDAQ Global Select Market was $17.49 per share. As of June 30, 2014, we had 345 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

DIVIDEND POLICY

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions, any restrictions on paying dividends, including the current restriction on our ability to pay dividends under our credit facility, and other factors that our board of directors may deem relevant.

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CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization at June 30, 2014 on:

- an actual basis; and
- a pro forma basis, giving effect to the sale and issuance by us of 1,000,000 shares of common stock in this offering, at the public offering price of $17.00 per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes appearing elsewhere in this prospectus.

	At June 30, 2014	
	Actual	Pro Forma
	(In thousands)	
Cash and cash equivalents	$ 111,845	$ 126,964
Total indebtedness	$	$
Stockholders' equity:		
Preferred stock, $0.0001 par value; 20,000,000 shares authorized, no shares issued and outstanding; 20,000,000 shares authorized, no shares issued and outstanding pro forma		
Common stock, $0.0001 par value; 1,000,000,000 shares authorized, 76,814,334 shares issued and outstanding, actual; 1,000,000,000 shares authorized, 77,814,334 shares issued and outstanding, pro forma	8	8
Additional paid-in capital	402,229	417,348
Accumulated deficit	(187,515)	(187,515)
Total stockholders' equity	214,722	229,841
Total capitalization	$ 214,722	$ 229,841

The number of shares of our common stock set forth in the table above excludes:

- 26,664,790 shares of common stock issuable upon the exercise of options outstanding at June 30, 2014, with a weighted average exercise price of $9.40 per share;
- 713,539 shares of common stock subject to RSUs outstanding at June 30, 2014;

1,273,640 shares of common stock reserved for future issuance under our 2014 Plan;

any shares of common stock that become available subsequent to this offering under our 2014 Plan as a result of the expiration, termination without exercise or forfeiture or repurchase of awards granted under our 2005 Stock Plan or our 2008 Stock Plan, as more fully described in "Executive Compensation Employee Benefits and Stock Plans";

any shares that become available under our 2014 Plan, pursuant to provisions thereof that automatically increase the share reserves under the plan each year, as more fully described in "Executive Compensation Employee Benefits and Stock Plans"; and

3,981,198 shares of common stock issuable upon the exercise of warrants outstanding at June 30, 2014, with a weighted average exercise price of $10.73 per share.

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DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock immediately after this offering. Net tangible book value dilution per share to new investors represents the difference between the amount per share paid by purchasers of shares of common stock in this offering and the pro forma as adjusted net tangible book value per share of common stock immediately after completion of this offering.

Our historical net tangible book value per share is determined by dividing our total tangible assets less our total liabilities by the number of shares of common stock outstanding. Our historical net tangible book value at June 30, 2014 was $131.4 million, or $1.71 per share.

After giving effect to the sale of 1,000,000 shares of common stock by us at the public offering price of $17.00 per share, and after deducting underwriting discount and commissions and estimated offering expenses payable by us, our pro forma net tangible book value at June 30, 2014 would have been approximately $146.6 million, or $1.88 per share. This would represent an immediate increase in the net tangible book value of $0.17 per share to existing stockholders and an immediate dilution of $15.12 per share to investors in this offering.

The following table illustrates this dilution:

Public offering price per share		$ 17.00
Historical net tangible book value per share at June 30, 2014	$ 1.71	
Increase in pro forma net tangible book value per share attributable to new investors in this offering	0.17	
Pro forma net tangible book value per share immediately after this offering		$ 1.88
Dilution in pro forma net tangible book value per share to new investors in this offering		$ 15.12

If the underwriters exercise their option to purchase additional shares from us in full, the pro forma net tangible book value per share of our common stock immediately after this offering would be $2.06 per share, and the dilution in pro forma net tangible book value per share to new investors in this offering would be $14.94 per share.

The foregoing discussion and tables exclude:

- 26,664,790 shares of common stock issuable upon the exercise of options outstanding at June 30, 2014, with a weighted average exercise price of $9.40 per share;
- 713,539 shares of common stock subject to RSUs outstanding at June 30, 2014;
- 1,273,640 shares of common stock reserved for future issuance under our 2014 Plan;
- any shares of common stock that become available subsequent to this offering under our 2014 Plan as a result of the expiration, termination without exercise or forfeiture or repurchase of awards granted under our 2005 Stock Plan or our 2008 Stock Plan, as more fully described in "Executive Compensation Employee Benefits and Stock Plans";
- any shares that become available under our 2014 Plan, pursuant to provisions thereof that automatically increase the share reserves under the plan each year, as more fully described in "Executive Compensation Employee Benefits and Stock Plans"; and

3,981,198 shares of common stock issuable upon the exercise of warrants outstanding at June 30, 2014, with a weighted average exercise price of $10.73 per share.

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

We have derived the following selected consolidated statement of operations data for the years ended December 31, 2011, 2012 and 2013 and the selected consolidated balance sheet data at December 31, 2012 and 2013 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the selected unaudited consolidated statement of operations data for the six months ended June 30, 2013 and 2014 and our unaudited consolidated balance sheet data at June 30, 2014 from our unaudited interim consolidated financial statements included elsewhere in the prospectus. The unaudited interim consolidated financial statements were prepared on a basis consistent with our annual financial statements and include, in the opinion of management, all adjustments necessary for the fair statement of the financial information contained in those statements. We have derived the selected consolidated balance sheet data at December 31, 2011 from our audited consolidated financial statements which are not included in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future, and our interim results are not necessarily indicative of the results that may be expected for the full year or any other period.

You should read the following selected consolidated financial and other data together with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements, related notes and other financial information included elsewhere in this prospectus. The selected consolidated financial data in this section is not intended to replace the consolidated financial statements and are qualified in their entirety by the consolidated financial statements and related notes included elsewhere in this prospectus.

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	Year Ended December 31,			Six Months Ended June 30,	
	2011(1)(2)	2012	2013	2013	2014
	(in thousands, except per share amounts)				
Consolidated Statements of Operations Data:					
Revenues	$ 76,330	$ 79,889	$ 133,958	$ 56,266	$ 94,427
Cost and operating expenses:					
Cost of revenue (exclusive of depreciation and amortization presented separately below)(3):	7,660	13,559	15,295	7,435	7,858
Sales and marketing(3)	41,992	70,327	75,180	29,409	61,059
Technology and development(3)	18,457	21,960	23,685	11,422	15,843
General and administrative(3)	21,912	34,228	30,857	12,942	27,955
Depreciation and amortization	4,148	11,768	11,569	5.934	6,086
Total costs and operating expenses	94,169	151,842	156,586	67,142	118,801
Loss from operations	(17,839)	(71,953)	(22,628)	(10,876)	(24,374)
Interest income	199	229	121	61	27
Interest expense	(66)	(3,359)	(1,988)	(1,751)	(301)
Other income (expense)	(20)	(18)	18	14	10
Change in fair value of preferred stock warrant liability	(1,882)				
Loss before (provision) benefit for income taxes	(19,608)	(75,101)	(24,477)	(12,552)	(24,638)
Benefit (provision) for income taxes	10,690	606	(579)	(273)	(317)
Net loss	$ (8,918)	$ (74,495)	$ (25,056)	$ (12,825)	$ (24,955)
Cumulative dividends on Series B, Series C, and Series D preferred stock	(2,370)				
Net loss attributable to common stockholders of TrueCar, Inc.	$ (11,288)	$ (74,495)	$ (25,056)	$ (12,825)	$ (24,955)
Net loss per share attributable to common stockholders:					
Basic and diluted(4)(5)	$ (0.49)	$ (1.33)	$ (0.43)	$ (0.22)	$ (0.39)

Weighted average shares of common shares outstanding used in computing net loss per share attributable to common stockholders:					
Basic and diluted(4)(5)	22,823	55,828	58,540	57,231	63,962
Other Financial Information:					
Adjusted EBITDA(6)	$ (3,538)	$ (46,523)	$ 2,140	$ (2)	$ 2,771
Non-GAAP net (loss) income(7)	$ 3,137	$ (60,815)	$ (11,875)	$ (7,899)	$ (3,906)

(1) During the preparation of the consolidated financial statements for the year ended December 31, 2011, we identified adjustments relating to timing of revenue recognition, accrued sales taxes and expenses on related party loans affecting 2010 and prior periods. The aggregate amount of these adjustments would have reduced net loss by $360,000 for 2009 and $420,000 for 2010. We concluded these adjustments were not material individually or in the aggregate to any prior reporting period. We also concluded that recording the cumulative effect of these adjustments of $780,000 during the year ended December 31, 2011 was not material to the 2011 financial statements and accordingly, we recorded these adjustments during the year ended December 31, 2011.

(2) In 2011, we completed the acquisitions of Carperks, Honk, and ALG. See Note 3 to our consolidated financial statements for information regarding the purchase accounting associated with these acquisitions.

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(3)

The following table presents stock-based compensation expense included in each respective expense category:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
	(in thousands)				
Cost of revenue	$ 47	$ 122	$ 141	$ 53	$ 163
Sales and marketing	1,076	1,571	2,561	1,104	2,344
Technology and development	1,096	1,428	1,762	783	1,865
General and administrative	3,989	7,199	4,882	1,676	7,168
Total stock-based compensation expense	$ 6,208	$ 10,320	$ 9,346	$ 3,616	$ 11,540

(4)

See Note 2 to our audited consolidated financial statements for an explanation of the calculations of our basic and diluted net loss per share attributable to common stockholders.

(5)

All share, per-share and related information has been retroactively adjusted, where applicable, to reflect the impact of a 2-for-3 reverse stock split, which was effected on May 2, 2014.

(6)

Adjusted EBITDA is not a measure of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other measures derived in accordance with GAAP. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net loss, see "Non-GAAP Financial Measures." Adjusted EBITDA for the six months ended June 30, 2014 excludes amounts related to legal costs incurred in connection with a claim we filed against Sonic Automotive Holdings, Inc. for trademark infringement and related matters. We have not historically excluded these costs from Adjusted EBITDA; however, as we have incurred increasing costs to advance our claim, we believe that their exclusion is appropriate to facilitate period-to-period operating performance comparisons.

(7)

Non-GAAP net (loss) income is not a measure of our financial performance under GAAP and should not be considered as an alternative to net (loss) income, operating (loss) income or any other measures derived in accordance with GAAP. For a definition of Non-GAAP net (loss) income and a reconciliation of Non-GAAP net (loss) income, see "Non-GAAP Financial Measures."

	At December 31,			At June 30, 2014
	2011	2012	2013	
	(in thousands)			
Selected Consolidated Balance Sheet Data				
Cash and cash equivalents and short term investments	$ 42,881	$ 22,062	$ 43,819	$ 111,845
Working capital (deficit), excluding restricted cash	39,118	(9,290)	36,637	114,450
Property and equipment, net	13,720	12,842	15,238	17,104
Total assets	180,165	145,244	174,750	247,593
Total indebtedness		23,696	4,764	
Convertible preferred stock			29,224	
Contingently redeemable common stock(1)		1,000		
Total stockholders' equity	158,769	98,196	112,180	214,722

(1) See Note 9 of our consolidated financial statements included elsewhere in this prospectus for more information about contingently redeemable common stock.

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Non-GAAP Financial Measures

Adjusted EBITDA and Non-GAAP net (loss) income are financial measures that are not calculated in accordance with generally accepted accounting principles in the United States, or GAAP. We define Adjusted EBITDA as net loss adjusted to exclude interest income, interest expense, depreciation and amortization, change in the fair value of preferred stock warrant liability, non-cash warrant expense, transaction costs from acquisitions, change in fair value of contingent consideration, stock-based compensation, IPO-related expenses, ticker symbol acquisition costs, certain litigation costs, and income taxes. We define Non-GAAP net (loss) as net loss adjusted to exclude stock-based compensation, change in fair value of preferred stock warrant liability, non-cash warrant expense, transaction costs from acquisitions, change in the fair value of contingent consideration, ticker symbol acquisition costs, IPO-related expenses, and certain litigation costs. We have provided below a reconciliation of each of Adjusted EBITDA and Non-GAAP net (loss) income to net loss, the most directly comparable GAAP financial measure. Neither Adjusted EBITDA nor Non-GAAP net (loss) income should be considered as an alternative to net loss or any other measure of financial performance calculated and presented in accordance with GAAP. In addition, our Adjusted EBITDA and Non-GAAP net (loss) income measures may not be comparable to similarly titled measures of other organizations as they may not calculate Adjusted EBITDA or Non-GAAP net (loss) income in the same manner as we calculate these measures.

We have included Adjusted EBITDA and Non-GAAP net (loss) income in this prospectus as they are important measures used by our management and board of directors to assess our operating performance. We believe that using Adjusted EBITDA and Non-GAAP net (loss) income facilitates operating performance comparisons on a period-to-period basis because these measures exclude variations primarily caused by changes in the excluded items noted above. In addition, we believe that Adjusted EBITDA, Non-GAAP net (loss) income and similar measures are widely used by investors, securities analysts, rating agencies and other parties in evaluating companies as a measure of financial performance and debt service capabilities.

Our use of each of Adjusted EBITDA and Non-GAAP net (loss) income has limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect the payment or receipt of interest or the payment of income taxes;
- neither Adjusted EBITDA nor Non-GAAP net (loss) income reflects changes in, or cash requirements for, our working capital needs;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditures or any other contractual commitments;
- neither Adjusted EBITDA nor Non-GAAP net (loss) income reflects the cash costs to advance our claims in respect of our litigation against Sonic Automotive Holdings, Inc.;
- neither Adjusted EBITDA nor Non-GAAP net (loss) income consider the potentially dilutive impact of shares issued or to be issued in connection with share-based compensation or warrant issuances; and
- other companies, including companies in our own industry, may calculate Adjusted EBITDA and Non-GAAP net (loss) income differently from how we do, limiting its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA and Non-GAAP net (loss) income alongside other financial performance measures, including various cash flow metrics, net loss and our other GAAP results. In addition, in evaluating Adjusted EBITDA and Non-GAAP net (loss) income you should be aware that in the future we will incur expenses such as those that are the subject of adjustments in deriving Adjusted EBITDA and Non-GAAP net (loss) income, and you should not infer from our presentation of Adjusted EBITDA and Non-GAAP net (loss) income that our future results will not be affected by these expenses or any unusual or non-recurring items.

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The following table presents a reconciliation of Adjusted EBITDA to net loss for each of the periods presented:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
			(in thousands)		
Reconciliation of Adjusted EBITDA to Net Loss:					
Net loss	$ (8,918)	$ (74,495)	$ (25,056)	$ (12,825)	$ (24,955)
Non-GAAP adjustments:					
Interest income	(199)	(229)	(121)	(61)	(27)
Interest expense	66	3,359	1,988	1,751	301
Depreciation and amortization	4,148	11,768	11,569	5,934	6,086
Change in fair value of preferred stock warrant liability	1,882				
Warrant expense	2,112	1,990	3,740	1,262	4,615
Transaction costs from acquisitions	1,853				
Change in fair value of contingent consideration		1,370	95	48	
Stock-based compensation	6,208	10,320	9,346	3,616	11,540
IPO-related expenses					3,717
Ticker symbol acquisition costs					803
Certain litigation costs(1)					374
Provision (benefit) for income taxes	(10,690)	(606)	579	273	317
Adjusted EBITDA	$ (3,538)	$ (46,523)	$ 2,140	$ (2)	$ 2,771

(1) The excluded amounts relate to legal costs incurred in connection with a claim we filed against Sonic Automotive Holdings, Inc. for trademark infringement and related matters. We have not historically excluded these costs from Adjusted EBITDA; however, as we have incurred increasing costs to advance our claim, we believe that their exclusion is appropriate to facilitate period-to-period operating performance comparisons.

The following table presents a reconciliation of Non-GAAP net (loss) income to net loss for each of the periods presented:

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
			(in thousands)		
Reconciliation of Non-GAAP Net (Loss) Income to Net Loss:					
Net loss	$ (8,918)	$ (74,495)	$ (25,056)	$ (12,825)	$ (24,955)
Non-GAAP adjustments:					
Stock-based compensation	6,208	10,320	9,346	3,616	11,540
Change in fair value of preferred stock warrant liability	1,882				
Warrant expense	2,112	1,990	3,740	1,262	4,615
Transaction costs from acquisitions	1,853				

Change in fair value of contingent consideration		1,370	95	48	
Ticker symbol acquisition costs					803
IPO-related expenses					3,717
Certain litigation costs(1)					374
Non-GAAP net (loss) income	**$ 3,137**	**$ (60,815)**	**$ (11,875)**	**$ (7,899)**	**$ (3,906)**

(1) The excluded amounts relate to legal costs incurred in connection with a claim we filed against Sonic Automotive Holdings, Inc. for trademark infringement and related matters.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and the related notes to those statements included elsewhere in this prospectus. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Risk Factors" and elsewhere in this prospectus. See "Special Note Regarding Forward-Looking Statements."

Overview

Our mission is to transform the car-buying experience for consumers and the way that dealers attract customers and sell cars. We have established an intelligent, data-driven online platform operating on a common technology infrastructure, powered by proprietary data and analytics. We operate our company-branded platform via our TrueCar.com website and TrueCar mobile experience. In addition, we customize and operate our platform for affinity group marketing partners, such as USAA, financial institutions, and large enterprises such as Boeing and Verizon. We enable users to obtain market-based pricing data on new and used cars, and to connect with our network of TrueCar Certified Dealers.

We benefit consumers by providing information related to what others have paid for a make and model of car in their area and, where available, estimated prices for that make and model of car, which we refer to as upfront pricing information, from our network of TrueCar Certified Dealers. This upfront pricing information generally includes guaranteed savings off MSRP which the consumer may then take to the dealer in the form of a Guaranteed Savings Certificate and apply toward the purchase of the specified make and model of car. We benefit our network of TrueCar Certified Dealers by enabling them to attract these informed, in-market consumers in a cost-effective, accountable manner, which we believe helps them to sell more cars.

Our subsidiary, ALG, Inc., provides data and consulting services regarding determination of the residual value of an automobile at given points in time in the future. These residual values are used to underwrite automotive loans and leases to determine payments by consumers. In addition, financial institutions use this information to measure exposure and risk across loan, lease and fleet portfolios.

During the year ended December 31, 2013, we generated revenues of $134.0 million and recorded a net loss of $25.1 million. Of the $134.0 million in revenues, 89% consisted of transaction revenues with the remaining 11% derived primarily from the sale of data and consulting services to the automotive and financial services industries. Revenues from the sale of data and consulting services are derived primarily from the operations of our ALG subsidiary. During the six months ended June 30, 2014, we generated revenues of $94.4 million and recorded a net loss of $25.0 million. Of the $94.4 million in revenues, 91% consisted of transaction revenues with the remaining 9% derived primarily from the sale of data and consulting services to the automotive and financial services industries. Transaction revenues primarily consist of fees paid to us by our network of TrueCar Certified Dealers under our pay-for-performance business model where we generally earn a fee only when a TrueCar user purchases a car from them.

From inception in February 2005 through 2010, we developed our car-buying platform under our then corporate name Zag.com Inc. In 2006, we launched a car-buying program for affinity group marketing partners; our affinity group marketing partners have subsequently grown to include USAA (2007), Consumer Reports (2010) and Pentagon Federal Credit Union (2010). We also

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devoted substantial resources during this period to the build-out of our national dealer network and the cultivation of additional affinity group relationships.

Late in 2008, we began to invest in a direct-to-consumer channel under the branded website TrueCar.com. We launched TrueCar.com with the continuing goal of establishing the premier destination for consumers seeking vehicle pricing information and historical context about what others paid for the same car in their local areas. Subsequently, we integrated the users of TrueCar.com into our car-buying platform, allowing them to connect to the same national dealer network that had been built for our affinity group marketing partners. During the period from 2010 to the present, we have devoted significant resources to building awareness of the TrueCar brand through consumer marketing, including television, radio, digital and other media.

During 2011, we substantially increased our sales and marketing expenditures in order to accelerate the growth of our user base and transaction revenue derived from TrueCar.com. We also invested significantly in technology and development activities to improve the consumer experience on our platform. As part of these efforts to grow our business, in the fourth quarter of 2011 we launched a $7.8 million national television advertising campaign promoting TrueCar.com. As a result, our transaction revenue on TrueCar.com grew dramatically in the fourth quarter of 2011 as compared to the prior quarters of 2011. Despite this revenue growth, the significant investments in advertising and technology resulted in higher net losses in the fourth quarter of 2011 as compared to prior periods.

In October 2011, we acquired ALG, which provides data analytics and consulting services to the automotive and financial services industries related to residual value forecasting.

In October 2011, we entered into an Automotive Website Program Partnership Agreement with Yahoo! Inc. or Yahoo!. Under the agreement, we agreed to host Yahoo!'s Auto Buying Program and pay a minimum of $50.0 million annually beginning January 1, 2012 for a period of three years in exchange for a guarantee by Yahoo! of the delivery of specified quantities of unique visitors and users to the Auto Buying Program. In the course of hosting Yahoo!'s Auto Buying Program, we found that the unique visitors from Yahoo! that used our platform were less likely to purchase a car from one of our TrueCar Certified Dealers than users from other marketing channels. We therefore referred many of these users to other car buying websites, in separately negotiated transactions, and we generated lead referral fees from these separate transactions. As this business model was not considered strategic to our long-term growth plans, we modified our agreement with Yahoo! in June 2012, significantly reducing our obligations under the agreement, and also reducing the number of unique visitors provided by Yahoo! to our platform. The modification eliminated the annual minimum guarantee of $50.0 million and provided that we pay Yahoo! a marketing fee based on future vehicle sales generated through the automotive site. The Yahoo! agreement and modification are described more fully in Note 8 to our consolidated financial statements included elsewhere in this prospectus.

Our television advertising campaign increased awareness of our products and services among consumers, dealers, dealer trade associations and automotive retail consultants. This publicity led to increased focus on the effects of our business model on dealers and our regulatory compliance, resulting in inquiries from state regulators concerning our business practices. Consequently, some dealers became concerned about the potential effect of such regulatory inquiries on their own businesses. Other industry sources publicly expressed concern that our services would reduce profits for all automobile dealers. As a result, many dealers cancelled their agreements with us, reducing our franchise dealer count from 5,571 at November 30, 2011 to 3,599 at February 28, 2012. The significant reduction in the number of TrueCar Certified Dealers resulted in decreases in our revenues and, together with the cost structure we had built to support our anticipated growth, increased net losses during the first half of 2012.

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In response to these dealer and regulatory concerns, we invested heavily in regulatory compliance activities and proactively entered into discussions with our network of TrueCar Certified Dealers and other industry participants. We moved to subscription-based billing arrangements in a number of states. In certain states, we redesigned our products and services and changed our advertising approach to address these concerns. We also hired a former dealer trade association executive and established a dealer council to help manage our dealer relations efforts and increase our presence in the industry. By the second quarter of 2012, we began to add more TrueCar Certified Dealers to our network each quarter, with our TrueCar Certified Dealer count rising to 5,306 at December 31, 2012.

In light of the decline in franchise dealer count and the decline in associated revenues, we suspended television advertising and instituted a plan in early 2012 to reduce non-essential and non-productive operating expenses. By the third quarter of 2012, we had made significant progress in reducing expenses in each of our major operating expense categories. Beginning in the fourth quarter of 2012, with a growing network of TrueCar Certified Dealers, we resumed our investments in both television advertising campaigns and digital acquisition channels designed to grow our business. As a result, we achieved sequential revenue growth in each quarter from the second quarter of 2012 through the second quarter of 2014 and achieved positive Adjusted EBITDA for the year ended December 31, 2013 and the first two quarters of 2014. We believe that these continued investments in advertising improve our ability to grow our business and revenues over time, although in any given period increases in revenue resulting from these investments may trail the increase in our expenses and therefore our losses may increase in any quarter.

We intend to grow traffic to TrueCar.com and our TrueCar branded mobile applications by building our brand through marketing campaigns that emphasize the value of trust and transparency in the car-buying process and the benefits of transacting with TrueCar Certified Dealers. We will seek to increase the number of transactions on our platform by enhancing the user experience while expanding and improving the geographic coverage of our network of TrueCar Certified Dealers. Over time, we intend to increase monetization opportunities by introducing additional products and services to improve the car-buying and car-ownership experience.

In May 2014, we completed our initial public offering in which we sold an aggregate of 8,941,250 shares of our common stock, including 1,166,250 shares sold pursuant to the exercise by the underwriters of their option to purchase such shares, at the public offering price of $9.00 per share. We received net proceeds of $69.2 million, after deducting underwriting discounts and commissions and offering expenses payable by us, from sales of our shares in the initial public offering. Immediately prior to the completion of the initial public offering, all shares of the then-outstanding Series A convertible preferred stock automatically converted into 2,857,143 shares of common stock.

Presentation of Financial Statements

Our consolidated financial statements include the accounts of our wholly owned subsidiaries in accordance with ASC 810 *Consolidation.* Business acquisitions are included in our consolidated financial statements from the date of the acquisition. Our purchase accounting resulted in all assets and liabilities of acquired businesses being recorded at their estimated fair values on the acquisition dates. All intercompany balances and transactions have been eliminated in consolidation.

We report our financial results as one operating segment, with two distinct service offerings: transactions, and data and other. Our operating results are regularly reviewed by our chief operating decision maker on a consolidated basis, principally to make decisions about how we allocate our resources and to measure our consolidated operating performance. Our chief operating

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decision maker regularly reviews revenue for each of our transaction and data and other offerings in order to gain more depth and understanding of the factors driving our business.

Key Metrics

We regularly review a number of key metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make operating and strategic decisions.

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
Average Monthly Unique Visitors	1,322,815	1,659,435	2,780,849	2,313,075	4,062,848
Units(1)	239,470	222,683	399,919	169,485	275,507
Monetization	$ 297	$ 291	$ 297	$ 289	$ 313
Franchise Dealer Count	4,916	5,306	6,651	6,176	7,682
Transaction Revenue Per Franchise Dealer	$ 15,398	$ 12,660	$ 19,857	$ 8,528	$ 12,017

(1) We issued full credits of the amount originally invoiced with respect to 13,583, 20,365, 17,664, 8,584 and 5,196 units during the years ended 2011, 2012 and 2013 and the six months ended June 30, 2013 and June 30, 2014, respectively. The number of units has not been adjusted downwards related to units credited as discussed in the description of the unit metric below.

Average Monthly Unique Visitors

We define a monthly unique visitor as an individual who has visited our website, our landing page on our affinity group marketing partner sites, or our mobile applications within a calendar month. We identify unique visitors through cookies for browser-based visits on either a desktop computer or mobile device and through device IDs for mobile application visits. In addition, if a TrueCar.com user logs-in, we supplement their identification with their log-in credentials to attempt to avoid double counting on TrueCar.com across devices, browsers and mobile applications. If an individual accesses our service using different devices or different browsers on the same device within a given month, the first access through each such device or browser is counted as a separate monthly unique visitor, except where adjusted based upon TrueCar.com log-in information. We calculate average monthly unique visitors as the sum of the monthly unique visitors in a given period, divided by the number of months in that period. We view our average monthly unique visitors as a key indicator of the growth in our business and audience reach, the strength of our brand, and the visibility of car buying services to the member base of our affinity group marketing partners.

The number of average monthly unique visitors increased 67.6% to approximately 2.8 million in the year ended December 31, 2013 from approximately 1.7 million in the year ended December 31, 2012. The number of average monthly unique visitors increased 75.6% to approximately 4.1 million in the six months ended June 30, 2014 from approximately 2.3 million in the six months ended June 30, 2013. We attribute the growth in our average monthly unique visitors principally to increased television and digital marketing advertising campaigns that have led to increased brand awareness, as well as increased traffic from our affinity group marketing partners.

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Units

We define units as the number of automobiles purchased by our users from TrueCar Certified Dealers through TrueCar.com, our TrueCar branded mobile applications or the car buying sites we maintain for our affinity group marketing partners. A unit is counted following such time as we have matched the sale to a TrueCar user with one of TrueCar Certified Dealers. We view units as a key indicator of the growth of our business, the effectiveness of our product and the size and geographic coverage of our network of TrueCar Certified Dealers.

On occasion we issue credits to our TrueCar Certified Dealers with respect to units sold. However, we do not adjust our unit metric for these credits as we believe that in substantially all cases a vehicle has in fact been purchased through our platform given the high degree of accuracy of our sales matching process. Credits are most frequently issued to a dealer that claims that it had a pre-existing relationship with a purchaser of a vehicle, and we determine whether we will issue a credit based on a number of factors, including the facts and circumstances related to the dealer claim and the level of claim activity at the dealership. In most cases, we issue credits in order to maintain strong business relations with the dealer and not because we have made an erroneous sales match or billing error.

The number of units increased 79.6% to 399,919 in the year ended December 31, 2013 from 222,683 in the year ended December 31, 2012. The number of units increased 62.6% to 275,507 in the six months ended June 30, 2014 from 169,485 in the same period of the prior year. We attribute this growth in units to the effectiveness of our increased marketing activities, product enhancements, the growing number and geographic coverage of TrueCar Certified Dealers in our network, and the overall growth in new car sales in the automotive industry.

Monetization

We define monetization as the average transaction revenue per unit, which we calculate by dividing all of our transaction revenue in a given period by the number of units in that period. For the year ended December 31, 2013, our monetization increased 2.2% to $297 from $291 primarily as a result of increases in our pricing structure and lower sales credits. For the six months ended June 30, 2014, our monetization increased 8.2% to $313 from $289 in the same period of the prior year primarily as a result of increases in our pricing structure and lower sales credits. We expect our monetization to be affected in the future by changes in our pricing structure, the unit mix between new and used cars, with used cars providing higher monetization, and by the introduction of new products and services.

Franchise Dealer Count

We define franchise dealer count as the number of franchise dealers in the network of TrueCar Certified Dealers at the end of a given period. This number is calculated by counting the number of brands of new cars sold by dealers in the TrueCar Certified Dealer network at their locations, and includes both single-location proprietorships as well as large consolidated dealer groups. We view our ability to increase our franchise dealer count as an indicator of our market penetration and the likelihood of converting users of our platform into unit sales. Our TrueCar Certified Dealer network includes non-franchised dealers that primarily sell used cars and are not included in franchise dealer count. Our franchise dealer count increased to 7,682 at June 30, 2014 from 6,651 at December 31, 2013 and 5,306 at December 31, 2012. We attribute this growth in our franchise dealer count to the continued effectiveness of our dealer sales team, increased brand awareness, and product enhancements.

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Transaction Revenue Per Franchise Dealer

We define transaction revenue per franchise dealer as the aggregate transaction revenue we receive in a given period divided by the average franchise dealer count in that period. We calculate average franchise dealer count in a given period as the average of the franchise dealer count at the beginning of the period and the franchise dealer count at the end of the period. Our transaction revenue per franchise dealer increased 56.9% to $19,857 during the year ended December 31, 2013 from $12,660 for the year ended December 31, 2012. For the six months ended June 30, 2014, our transaction revenue per franchise dealer increased to $12,017 from $8,528 in the same period of the prior year, an increase of 40.9%. These increases primarily reflect an increase in units which was attributable to an increase in marketing spend and an increase in the geographic coverage of our network of TrueCar Certified Dealers, platform and product enhancements, and the overall growth in sales of the automotive industry.

Components of Operating Results

Revenues

Our revenues are comprised of transaction revenues, and data and other revenue.

Transaction Revenue. Revenue consists of fees paid by dealers participating in our network of TrueCar Certified Dealers. Dealers pay us these fees either on a per vehicle basis for sales to our users or in the form of a subscription arrangement. Subscription arrangements fall into three types: flat rate subscriptions, subscriptions subject to downward adjustment based on a minimum number of vehicle sales ("guaranteed sales") and subscriptions subject to downward adjustment based on a minimum number of introductions ("guaranteed introductions"). Under flat rate subscription arrangements, fees are charged at a monthly flat rate regardless of the number of sales made to users of our platform by the dealer. For flat rate subscription arrangements we recognize the fees as revenue over the subscription period on a straight line basis which corresponds to the period that we are providing the dealer with access to our platform. Under guaranteed sales subscription arrangements, fees are charged based on the number of guaranteed sales multiplied by a fixed amount per vehicle. To the extent that the actual number of vehicles sold by the dealers to users of our platform is less than the number of guaranteed sales, we provide a credit to the dealer. To the extent that the actual number of vehicles sold exceeds the number of guaranteed sales, we are not entitled to any additional fees. Under guaranteed introductions subscription arrangements, fees are charged based on a periodically-updated formula that considers, among other things, the introductions anticipated to be provided to the dealer. To the extent that the number of actual introductions is less than the number of guaranteed introductions, we provide a credit to the dealer. To the extent that the actual number of introductions provided exceeds the number guaranteed, we are not entitled to any additional fees. For guaranteed sales and guaranteed introductions subscription arrangements, we recognize revenue based on the lesser of (i) the actual number of sales generated or introductions delivered through our platform during the subscription period multiplied by the contracted price per sale/introduction or (ii) the straight-line of the subscription fee over the period over which the services are delivered.

In addition, we enter into arrangements with automobile manufacturers to promote the sale of their vehicles through the offering of additional consumer incentives to members of our affinity group marketing partners. These manufacturers pay us a per-vehicle fee for promotion of the incentive and we recognize the per-vehicle incentive fee when the vehicle sale has occurred between the member of our affinity group marketing partner and the dealer.

Data and Other Revenue. We derive this type of revenue primarily from the provision of data and consulting services to the automotive and financial services industries through our ALG subsidiary. The data and consulting services that ALG provides typically relate to the determination of the residual value of an automobile at given points in time in the future. These residual values are used to underwrite automotive loans and leases to determine payments by consumers. In addition, financial institutions use this information to measure exposure and risk across loan, lease and fleet portfolios. Our customers generally pay us for these services as information is delivered to them.

For a description of our revenue accounting policies, see "*Critical Accounting Policies and Estimates*" below.

Costs and Operating Expenses

Cost of Revenue (exclusive of depreciation and amortization). Cost of revenue includes expenses related to the fulfillment of our services, consisting primarily of data costs and licensing fees paid to third party service providers and expenses related to operating our website and mobile applications, including those associated with our data centers, hosting fees, data processing costs required to deliver introductions to our network of TrueCar Certified Dealers, employee costs related to dealer operations, sales matching, and employee and consulting costs related to delivering data and consulting services to our customers. Cost of revenue excludes depreciation and amortization of software development costs and other hosting and data infrastructure equipment used to operate our platforms, which are included in the depreciation and amortization line item on our statement of comprehensive loss.

Sales and Marketing. Sales and marketing expenses consist primarily of: television and radio advertising; affinity group partner marketing fees; loan subvention costs where we pay certain affinity group marketing partners a portion of consumers' borrowing costs for car loan products offered by these affinity group marketing partners; marketing sponsorship programs; and digital customer acquisition. In addition, sales and marketing expenses include employee related expenses including salaries, bonuses, benefits and stock-based compensation expenses for sales, customer support, marketing and public relations employees, third-party contractor fees, and allocated overhead. Sales and marketing expenses also include costs related to common stock warrants issued to our affinity group marketing partner, USAA, a third-party marketing firm and a service provider, as part of our commercial arrangements with them. See "Certain Relationships, Related Party And Other Transactions Strategic Partnerships United Services Automobile Association" for a description of our arrangements with USAA. Marketing and advertising costs promote our services and are expensed as incurred, except for media production costs which are expensed the first time the advertisement is aired.

Technology and Development. Technology and development expenses consist primarily of employee related expenses including salaries, bonuses, benefits and stock-based compensation expenses, third-party contractor fees, and allocated overhead primarily associated with development of our platform, as well as our product development, product management, research and analytics and internal IT functions.

General and Administrative. General and administrative expenses consist primarily of employee related expenses including salaries, bonuses, benefits and stock-based compensation expenses for executive, finance, accounting, legal, human resources, and business intelligence personnel. General and administrative expenses also include legal, accounting, and other third-party professional service fees, bad debt, and allocated overhead.

Depreciation and Amortization. Depreciation consists primarily of depreciation expense recorded on property and equipment. Amortization expense consists primarily of amortization recorded on intangible assets, capitalized software development costs and leasehold improvements.

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Interest Income. Interest income consists of interest earned on our cash and cash equivalents and short-term investment balances.

Interest Expense. Interest expense consists of interest on our outstanding short-term debt obligations, and for the period from May 2012 to May 2013, accretion of debt discount resulting from a beneficial conversion feature on our convertible debt, which converted to equity in May 2013. In addition, beginning in August 2013, interest expense includes interest on our credit facility and the amortization of the discount on our line of credit. See Notes 6 and 7 of our consolidated financial statements included elsewhere in this prospectus for more information about our debt obligations.

Change in Fair Value of Preferred Stock Warrant Liability. Change in the fair value of the preferred stock warrant liability includes charges from the re-measurement of our warrant liability to fair value at each period end. While these warrants were initially to purchase preferred stock, they were converted into warrants to purchase common stock in August 2011 in connection with the conversion of all our then outstanding shares of convertible preferred stock into shares of common stock. Following that conversion, the liability associated with the preferred stock warrants was reclassified as additional paid-in capital and, as such, we have not incurred, and do not expect in the future to incur, additional charges associated with the change in fair value of the preferred stock warrant liability.

Benefit (Provision) for Income Taxes. We are subject to federal and state income taxes in the United States. We provided a full valuation allowance against our net deferred tax assets at June 30, 2014, and December 31, 2013 and 2012 as it is more likely than not that some or all of our deferred tax assets will not be realized. As a result of the valuation allowance, our income tax benefit (or expense) is significantly less than the federal statutory rate of 34%. Our benefit for income taxes in 2011 reflected a partial release of the valuation allowance as a result of deferred tax liabilities recognized from the acquisition of ALG being an available source of income to realize a portion of our deferred tax assets. Our benefit from income taxes in 2012 reflected a tax benefit associated with a beneficial conversion feature on our convertible notes which was partially offset by tax expense related to the amortization of tax deductible goodwill. Our provision for income taxes in 2013 and the six months ended June 30, 2014 reflected a tax expense associated with the amortization of tax deductible goodwill that is not an available source of income to realize deferred tax assets.

We have accumulated federal net operating loss carryforwards of approximately $122.7 million and state net operating loss carryforwards of approximately $106.3 million at December 31, 2013.

See Note 11 of our audited financial statements included elsewhere in this prospectus for more information about our provision for income taxes.

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Results of Operations

The following table sets forth our selected consolidated statements of operations data for each of the periods indicated.

	Year Ended December 31, 2011	2012	2013	Six Months Ended June 30, 2013	2014
			(in thousands)		
Consolidated Statements of Operations Data:					
Revenues	$ 76,330	$ 79,889	$ 133,958	$ 56,266	$ 94,427
Costs and operating expenses:					
Cost of revenue (exclusive of depreciation and amortization presented separately below)	7,660	13,559	15,295	7,435	7,858
Sales and marketing	41,992	70,327	75,180	29,409	61,059
Technology and development	18,457	21,960	23,685	11,422	15,843
General and administrative	21,912	34,228	30,857	12,942	27,955
Depreciation and amortization	4,148	11,768	11,569	5,934	6,086
Total costs and operating expenses	94,169	151,842	156,586	67,142	118,801
Loss from operations	(17,839)	(71,953)	(22,628)	(10,876)	(24,374)
Interest income	199	229	121	61	27
Interest expense	(66)	(3,359)	(1,988)	(1,751)	(301)
Other income (expense), net	(20)	(18)	18	14	10
Change in fair value of preferred stock warrant liability	(1,882)				
Loss before benefit (provision) for income taxes	(19,608)	(75,101)	(24,477)	(12,552)	(24,638)
Benefit (provision) for income taxes	10,690	606	(579)	(273)	(317)
Net loss	$ (8,918)	$ (74,495)	$ (25,056)	$ (12,825)	$ (24,955)

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The following table sets forth our selected consolidated statements of operations data as a percentage of revenues for each of the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2011	2012	2013	2013	2014
Revenues	100%	100%	100%	100%	100%
Costs and operating expenses:					
Cost of revenue (exclusive of depreciation and amortization presented separately below)	10	17	11	13	8
Sales and marketing	55	88	56	52	65
Technology and development	24	27	18	20	17
General and administrative	29	43	23	23	30
Depreciation and amortization	5	15	9	11	6
Loss from operations	(23)	(90)	(17)	(19)	(26)
Interest income	*	*	*	*	*
Interest expense	*	(4)	(1)	(3)	*
Other income (expense), net	*	*	*	*	*
Change in fair value of preferred stock warranty liability	(2)	*	*	*	*
Loss before benefit (provision) for income taxes	(26)	(94)	(18)	(22)	(26)
Benefit (provision) for income taxes	14	1	*	*	*
Net loss	(12)%	(93)%	(19)%	(23)%	(26)%

* Less than 0.5% of revenues

Six Months Ended June 30, 2014 Compared to the Six Months Ended June 30, 2013

Revenues

	Six Months Ended June 30,		Change	
	2013	2014	$	%
	(dollars in thousands)			
Transaction revenue	$ 48,959	$ 86,119	$ 37,160	75.9%
Data and other revenue	7,307	8,308	1,001	13.7%
Revenues	$ 56,266	$ 94,427	$ 38,161	67.8%

The increase in our revenues of $38.2 million or 67.8% for the six months ended June 30, 2014 as compared to the six months ended June 30, 2013 primarily reflected the substantial increase in our transaction revenue. Transaction revenue and data and other revenue comprised 91.2% and 8.8%, respectively, of revenues for the six months ended June 30, 2014 as compared to 87.0% and 13.0%, respectively, for the same period in 2013. The increase in transaction revenue for the six months ended June 30, 2014 primarily reflected a 62.6% increase in units due to an increase in marketing spend and an increase in the number of TrueCar Certified Dealers, platform and product enhancements, and the overall growth in sales of the automotive industry. Our average monthly unique visitors grew 75.6% from 2.3 million for the six months ended June 30, 2013 to 4.1 million for the same period in 2014, reflecting our increased advertising expenses which improved brand awareness and the visibility of our car buying services to our users. Our monetization

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increased 8.2% to $313 during the six months ended June 30, 2014 from $289 for the same period in 2013, and primarily reflected improved pricing with our TrueCar Certified Dealers and lower sales credits charged against revenue resulting from improved collection efforts during the six months ended June 30, 2014. Monetization may fluctuate from period to period as a result of changes in our estimated sales allowance, pricing and the unit mix between new and used cars. Our franchise dealer count grew 24.4% from 6,176 at June 30, 2013 to 7,682 at June 30, 2014, reflecting the ongoing adoption of our service among dealers. The 13.7% increase in data and other revenue for the six months ended June 30, 2014 as compared to the six months ended June 30, 2013 primarily reflected improved pricing of our renewal data, consulting service contracts and lead referral fees.

Costs and Operating Expenses

Cost of Revenue (exclusive of depreciation and amortization)

	Six Months Ended June 30,		Change	
	2013	2014	$	%
	(dollars in thousands)			
Cost of revenue (exclusive of depreciation and amortization)	$ 7,435	$ 7,858	$ 423	5.7%
Cost of revenue (exclusive of depreciation and amortization) as a percentage of revenues	13.2%	8.3%		

The increase in cost of revenue of $0.4 million or 5.7% for the six months ended June 30, 2014 was primarily due to a $0.4 million increase in employee related costs primarily due to increases in headcount. The decrease in cost of revenues as a percentage of revenues during the six months ended June 30, 2014 from the six months ended June 30, 2013 reflected operating leverage due to our increased level of transaction revenues during the six months ended June 30, 2014 as compared to the prior year period.

Although we expect our cost of revenue to increase in dollar amount as we add additional data sources, we believe that the nature of our cost structure will enable us to continue to realize operating leverage in our business over time.

Sales and Marketing Expenses

	Six Months Ended June 30,		Change	
	2013	2014	$	%
	(dollars in thousands)			
Sales and marketing expenses	$ 29,409	$ 61,059	$ 31,650	107.6%
Sales and marketing expenses as a percentage of revenues	52.3%	64.7%		

The increase in sales and marketing expenses of $31.6 million or 107.6% for the six months ended June 30, 2014 as compared to the six months ended June 30, 2013 reflected a $20.6 million increase in advertising and promotional activities primarily due to increased television, radio and online marketing spend to grow the TrueCar.com brand, and a $6.8 million increase in affinity partner marketing fees as a result of our increased level of unit sales and increased promotional activities, such as loan subvention, where we pay certain affinity group marketing partners a portion of customers' borrowing costs for car loan products offered by these affinity group marketing partners to incentivize their customers to use our platform. The increase in sales and marketing expenses for the six months ended June 30, 2014 also reflected a $1.8 million increase in

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employee related expenses primarily due to increased salaries and related expenses due to our increased headcount, an increase of $2.0 million in warrant expense associated with our media and marketing services agreement, an increase of $1.2 million in stock-based compensation due to additional stock-based awards, a $0.8 million increase associated with the purchase of our ticker symbol "TRUE", and an increase of $0.6 million associated with a liquidity bonus paid to an executive in connection with our initial public offering. These increases in sales and marketing expenses were partially offset by a decrease of $2.6 million in our corporate sponsorship expense as a result of terminating certain sponsorship agreements that we determined to be ineffective.

We expect sales and marketing expenses to continue to increase in dollar amount due to increased television and radio advertising, digital customer acquisition costs, affinity group marketing partner fees, warrant expense and marketing programs as we grow our business.

Technology and Development Expenses

	Six Months Ended June 30,		Change	
	2013	2014	$	%
	(dollars in thousands)			
Technology and development expenses	$ 11,422	$ 15,843	$ 4,421	38.7%
Technology and development expenses as a percentage of revenues	20.3%	16.8%		
Capitalized software costs	$ 3,360	$ 4,550	$ 1,190	35.4%

The increase in technology and development expenses of $4.4 million or 38.7% for the six months ended June 30, 2014 as compared to the six months ended June 30, 2013 reflected an increase of $2.9 million in increased salaries and related expenses due to our increased headcount, an increase in stock-based compensation due to additional stock-based awards of $1.5 million and a $0.6 million increase in software license expense. These increases were partially offset by a $0.8 million increase in the amount of capitalized internally developed software costs which reduced technology and development expenses during the period.

We expect our technology and development expenses to increase in dollar amount as we continue to increase our engineering headcount to expand the functionality of our platform and provide new product offerings. We also expect technology and development expenses to continue to be affected by variations in the amount of capitalized internally developed software.

General and Administrative Expenses

	Six Months Ended June 30,		Change	
	2013	2014	$	%
	(dollars in thousands)			
General and administrative expenses	$ 12,942	$ 27,955	$ 15,013	116.0%
General and administrative expenses as a percentage of revenues	23.0%	29.6%		

The increase in general and administrative expenses of $15.0 million or 116.0% for the six months ended June 30, 2014 as compared to the six months ended June 30, 2013 reflected a $9.5 million increase in employee related costs primarily due to an increase in stock-based compensation of $5.5 million as a result of additional stock-based awards, a liquidity bonus paid to an executive of $2.0 million in connection with our initial public offering and related expenses tied to

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our increased headcount. Additionally, there was a $3.5 million increase in professional fees related to increased accounting, legal and consulting fees associated with the preparation to become a public company, a $0.7 million increase in facilities costs, and a $0.4 million increase in travel expenses for the six months ended June 30, 2014.

We expect our general and administrative expenses to increase in dollar amount as we increase the headcount in our financial, accounting, and legal organizations and add resources to support both the anticipated growth of our business and our public company reporting requirements.

Depreciation and Amortization Expenses

	Six Months Ended June 30,		Change	
	2013	**2014**	**$**	**%**
	(dollars in thousands)			
Depreciation and amortization expenses	$ 5,934	$ 6,086	$ 152	2.6%

The increase in depreciation and amortization expenses of $0.2 million or 2.6% for the six months ended June 30, 2014 as compared to the six months ended June 30, 2013, reflected a growth in capitalized internally developed software costs.

We expect our depreciation and amortization expenses to continue to be affected by the amount of our investment in capitalized internally developed software costs, property and equipment and the timing of placing projects in service.

Interest Expense

	Six Months Ended June 30,		Change	
	2013	**2014**	**$**	**%**
	(dollars in thousands)			
Interest expense	$ 1,751	$ 301	$ (1,450)	(82.8)%

The decrease in interest expense of $1.5 million or 82.8% for the six months ended June 30, 2014 as compared to the six months ended June 30, 2013 primarily reflected a decrease in the accretion of debt discount resulting from a beneficial conversion feature on our convertible debt, which converted to equity in May 2013, and a decrease in the average outstanding balance of our short-term borrowings.

Provision for Income Taxes

	Six Months Ended June 30,		Change	
	2013	**2014**	**$**	**%**
	(dollars in thousands)			
Provision for income taxes	$ 273	$ 317	$ 44	16.1%

Our provision for income taxes for the six months ended June 30, 2013 and 2014 reflected tax expense due to amortization of tax deductible goodwill that is not an available source of income to realize our deferred tax assets.

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Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Revenues

	Year Ended December 31, 2012	Year Ended December 31, 2013	Change $	Change %
	(dollars in thousands)			
Transaction revenue	$ 64,703	$ 118,713	$ 54,010	83.5%
Data and other revenue	15,186	15,245	59	0.4%
Revenues	$ 79,889	$ 133,958	$ 54,069	67.7%

The increase in our revenues for 2013 as compared to 2012 reflected the substantial increase in our transaction revenue. Transaction revenue and data and other revenue comprised 88.6% and 11.4%, respectively, of revenues for 2013 as compared to 81.0% and 19.0%, respectively, for 2012. The increase in transaction revenue for 2013 primarily reflected the 79.6% increase in units due to the level of marketing spend and the increase in the number of Certified TrueCar Dealers, product enhancements, and the overall growth in sales of the automotive industry. Our average monthly unique visitors grew 67.6% from 1.7 million during 2012 to 2.8 million during 2013, reflecting our increased advertising expenses which improved brand awareness and the visibility of our car buying services to the member base of our affinity group marketing partners. Our franchise dealer count grew 25.3% from 5,306 at December 31, 2012 to 6,651 at December 31, 2013, reflecting the ongoing adoption of our service among dealers. Our monetization was relatively stable between these periods as our pricing and the mix between new and used car units was relatively consistent. Data and other revenue was consistent for 2013 as compared to 2012 and reflected a $2.1 million decrease in lead referral fees arising from the modification of our marketing arrangement with Yahoo! in June 2012 pursuant to which we had generated revenue by referring Yahoo! traffic to other commercial websites. This decrease was more than offset by a $2.2 million increase in revenue due to improved pricing of our renewal data and consulting service contracts.

Costs and Operating Expenses

Cost of Revenue (exclusive of depreciation and amortization)

	Year Ended December 31, 2012	Year Ended December 31, 2013	Change $	Change %
	(dollars in thousands)			
Cost of revenue (exclusive of depreciation and amortization)	$ 13,559	$ 15,295	$ 1,736	12.8%
Cost of revenue (exclusive of depreciation and amortization) as a percentage of revenues	17.0%	11.4%		

The increase in cost of revenue for 2013 as compared to 2012 primarily reflected a $1.0 million increase in data costs and licensing fees to support the growth of our business, and a $0.5 million increase in employee related costs primarily due to increases in headcount. The decline in cost of revenues as a percentage of revenues in 2013 from 2012 reflected operating leverage due to the increased proportion of transaction revenues in 2013.

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Sales and Marketing Expenses

	Year Ended December 31,		Change	
	2012	2013	$	%
	(dollars in thousands)			
Sales and marketing expenses	$ 70,327	$ 75,180	$ 4,853	6.9%
Sales and marketing expenses as a percentage of revenues	88.0%	56.1%		

The increase in sales and marketing expenses for 2013 as compared to 2012 reflected a $14.4 million increase in advertising and promotional activities primarily due to increased television and online marketing spend to grow the TrueCar.com brand, a $10.1 million increase in affinity partner marketing fees as a result of the increased level of unit sales and increased promotional activities, such as loan subvention, where we pay certain affinity group marketing partners a portion of customers' borrowing costs for car loan products offered by these affinity group marketing partners to incentivize their customers to purchase a vehicle from a TrueCar Certified Dealer, a $2.8 million increase in employee related expenses primarily due to increased bonus expenses tied to our improved financial results and headcount increases and an increase in stock-based compensation due to additional stock-based awards, and an increase of $0.9 million in warrant expense associated with our media and marketing services agreement with a direct marketing firm. These increases in sales and expenses were partially offset by a decrease of $20.0 million of spend associated with our marketing arrangement with Yahoo! that was modified in June 2012, and a $3.4 million reduction in our corporate sponsorship expense as a result of terminating certain sponsorship agreements that we deemed were ineffective.

Technology and Development Expenses

	Year Ended December,		Change	
	2012	2013	$	%
	(dollars in thousands)			
Technology and development expenses	$ 21,960	$ 23,685	$ 1,725	7.9%
Technology and development expenses as a percentage of revenues	27.5%	17.7%		
Capitalized software costs	$ 5,219	$ 6,692	$ 1,473	28.2%

The increase in technology and development expenses for 2013 as compared to 2012 reflected an increase of $2.5 million in employee related costs primarily due to increases in bonus expense arising from our improved financial results and to a lesser extent stock-based compensation associated with additional stock-based awards, and a $0.8 million increase in software licensing expenses to support the growth of our business and platform. These increases were partially offset by a $1.5 million increase in the amount of capitalized internally developed software costs which reduced technology and development expenses during the period.

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General and Administrative Expenses

	Year Ended December 31,		Change	
	2012	2013	$	%
	(dollars in thousands)			
General and administrative expenses	$ 34,228	$ 30,857	$ (3,371)	(9.8)%
General and administrative expenses as a percentage of revenues	42.8%	23.0%		

The decrease in general and administrative expenses for 2013 as compared to 2012 reflected a decrease of $2.3 million in stock-based compensation expense primarily due to the absence of a $4.5 million stock-based compensation charge in March 2012 as a result of the modification of an equity award held by a former executive as part of his severance arrangement, partially offset by increased stock-based compensation expense associated with new awards issued in 2013. The decrease in general and administrative expenses for 2013 also reflected lower legal fees and other expenses associated with our regulatory compliance activities in 2012 of $2.1 million and a $1.3 million decrease in expenses associated with changes in fair value of the contingent consideration for our Carperks acquisition as a result of the modification of the agreement in December 2012. These decreases were partially offset by a $1.3 million increase in employee related expenses, primarily due to increased bonus expenses arising from our improved financial results and increases in headcount to support the growth of our business, and a $0.6 million legal settlement associated with a settlement entered into with a marketing sponsorship partner in November 2013.

Depreciation and Amortization Expenses

	Year Ended December 31,		Change	
	2012	2013	$	%
	(dollars in thousands)			
Depreciation and amortization expenses	$ 11,768	$ 11,569	$ (199)	(1.7)%

Depreciation and amortization expenses for 2013 were consistent with 2012. Depreciation and amortization expenses reflected a $0.9 million decrease in write-offs of capitalized internally developed software in 2013 compared to 2012, that was largely offset by an increase of $0.7 million in amortization of internally developed software in 2013 driven by a full year of depreciation for assets capitalized in 2012 and increased software capitalization during 2013. The 2012 write-offs of internally developed software were due to software that provided functionality that was no longer used on our platform due to changes in our business.

Interest Expense

	Year Ended December 31,		Change	
	2012	2013	$	%
	(dollars in thousands)			
Interest expense	$ 3,359	$ 1,988	$ (1,371)	(40.8)%

The decrease in interest expense for 2013 as compared to 2012 primarily reflected a decrease in the accretion of debt discount resulting from a beneficial conversion feature on our convertible

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debt, which converted to equity in May 2013, and a decrease in the average outstanding balance of our short-term borrowings.

Benefit from (Provision for) Income Taxes

	Year Ended December 31, 2012	Year Ended December 31, 2013	Change $	Change %
	(dollars in thousands)			
Benefit (provision) for income taxes	$ 606	$ (579)	$ (1,185)	(195.5)%

Our provision for income taxes for the year ended December 31, 2013 reflected tax expense due to amortization of tax deductible goodwill that is not an available source of income to realize our deferred tax assets. Our benefit from income taxes for the year ended December 31, 2012 reflected a tax benefit associated with a beneficial conversion feature on our convertible notes of $1.1 million which was partially offset by tax expense related to the amortization of tax deductible goodwill of $0.5 million.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Revenues

	Year Ended December 31, 2011	Year Ended December 31, 2012	Change $	Change %
	(dollars in thousands)			
Transaction revenue	$ 71,222	$ 64,703	$ (6,519)	(9.2)%
Data and other revenue	5,108	15,186	10,078	197.3%
Revenues	$ 76,330	$ 79,889	$ 3,559	4.7%

The increase in our revenues for 2012 as compared to 2011 reflected a decrease in our transaction revenue that was more than offset by a substantial increase in our data and other revenue. Transaction revenue and data and other revenue comprised 81.0% and 19.0% of revenues in 2012 as compared to 93.3% and 6.7% of revenues in 2011. The decrease in transaction revenue in 2012 primarily reflected the 7.0% decrease in units, from 239,470 in 2011 to 222,683 in 2012, due primarily to dealer attrition that occurred in the first quarter of 2012. Our franchise dealer count fell from 4,916 at December 31, 2011 to 3,734 at March 31, 2012, and recovered in the second quarter to 4,322 at June 30, 2012 and to 5,306 at December 31, 2012. Our monetization was relatively stable between these years as our mix between new and used units was relatively consistent. The increase in data and other revenue in 2012 reflected the full year of combined operations with ALG following our acquisition of ALG in October 2011; the incremental ALG revenue was $8.4 million. There was also a $2.2 million increase in lead referral fees primarily due to revenues in the first half of 2012 arising from the marketing arrangement with Yahoo! that was modified in June 2012.

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Cost of Revenues (exclusive of depreciation and amortization)

	Year Ended December 31, 2011	Year Ended December 31, 2012	Change $	Change %
	(dollars in thousands)			
Cost of revenues (exclusive of depreciation and amortization)	$ 7,660	$ 13,559	$ 5,899	77.0%
Cost of revenues (exclusive of depreciation and amortization) as a percentage of revenues	10.0%	17.0%		

The increase in cost of revenues for 2012 from 2011 was primarily the result of a $3.2 million increase in employee related expenses due to a full year of combined operations with ALG and headcount increases in our existing business, a $1.0 million increase in data licensing costs and $0.6 million increase hosting costs related to operating our website and mobile applications, and, to a lesser extent, increases in sales matching costs. The increase in cost of revenues as a percentage of revenues in 2012 as compared to 2011 primarily reflected an increase in employee related expenses and the decrease in transaction revenue, as well as a full year of combined operations with ALG.

Sales and Marketing Expenses

	Year Ended December 31, 2011	Year Ended December 31, 2012	Change $	Change %
	(dollars in thousands)			
Sales and marketing expenses	$ 41,992	$ 70,327	$ 28,335	67.5%
Sales and marketing expenses as a percentage of revenues	55.0%	88.0%		

The increase in sales and marketing expenses for 2012 from 2011 reflected $20.0 million of spend associated with our marketing arrangement with Yahoo! which was entered into in January 2012 and significantly modified in June 2012, an increase of $9.7 million in corporate sponsorship expenses related to agreements we entered into in 2012 and a $3.1 million increase in consulting and professional fees primarily as a result of entering into an external consulting agreement with our creative agency for a variety of marketing services. The increase in sales and marketing expenses in 2012 also reflected a $3.4 million increase in employee related expenses as a result of a full year of combined operations with ALG and headcount increases in our existing business, a $0.6 million increase in partner marketing fees as a result of increased promotional activities for our affinity group marketing partners as well as a $0.5 million increase in facilities expenses associated with our increased headcount in sales and marketing functions. These increases were partially offset by an $8.9 million decrease in television and online marketing spend due to changes in our marketing strategies in early 2012 arising from our response to regulatory and publicity matters occurring in early 2012.

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Technology and Development Expenses

	Year Ended December 31,		Change	
	2011	2012	$	%
	(dollars in thousands)			
Technology and development expenses	$ 18,457	$ 21,960	$ 3,503	19.0%
Technology and development expenses as a percentage of revenues	24.2%	27.5%		
Capitalized software costs	$ 6,372	$ 5,219	$ (1,153)	(18.1)%

The increase in technology and development expenses for 2012 from 2011 primarily reflected a $3.9 million increase in headcount and related benefits due to a full year of combined operations with ALG and headcount increases in our existing operations, a decrease in expenses due to a reduction of $1.2 million in the amount of internally developed software costs that were capitalized, and, to a lesser extent, other increases in expense due to a full year of combined operations with ALG. These increases were offset in part by a $2.2 million decrease in consulting and professional fees due to a combination of our cost cutting initiatives and bringing certain of these functions in-house.

General and Administrative Expenses

	Year Ended December 31,		Change	
	2011	2012	$	%
	(dollars in thousands)			
General and administrative expenses	$ 21,912	$ 34,228	$ 12,316	56.2%
General and administrative expenses as a percentage of revenues	28.7%	42.8%		

The increase in general and administrative expenses for 2012 from 2011 reflected $5.8 million in increased legal fees and other expenses primarily associated with our regulatory compliance activities, and increases in stock-based compensation expense of $3.2 million primarily due to a $4.5 million stock-based compensation charge in March 2012 as a result of the modification of an equity award held by a former executive as part of his severance arrangements. General and administrative expenses also increased from 2011 to 2012 due to increases of $3.2 million in employee and related expenses arising from the inclusion of a full year of combined operations with ALG as well as headcount increases in our existing business, a $1.3 million increase in the fair value of contingent consideration associated with our acquisition of Carperks in 2011, a $0.6 million increase due to increases in sales taxes driven by increased sales in states where sales tax is applicable, and a $0.5 million increase in bad debt expense associated with the dealer attrition we experienced in the first half of 2012. These increases were offset, in part by, a $1.9 million decrease in transaction costs associated with our acquisition of ALG in 2011.

Depreciation and Amortization Expenses

	Year Ended December 31,		Change	
	2011	2012	$	%
	(dollars in thousands)			
Depreciation and amortization expenses	$ 4,148	$ 11,768	$ 7,620	183.7%

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The increase in depreciation and amortization expenses for 2012 from 2011 reflected an increase of $3.2 million in amortization of intangible assets primarily due to intangible assets acquired as part of the ALG acquisition in October 2011, an increase of $2.9 million associated with the amortization of capitalized internally developed software costs and depreciation on property, plant and equipment in 2012 as compared to 2011, and a $1.5 million write-off of internally developed software in 2012 as the functionality was no longer used on our platform due to changes in our business, which changes included the termination of two of our marketing arrangements.

Interest Expense

	Year Ended December 31,		Change	
	2011	2012	$	%
	(dollars in thousands)			
Interest expense	$ 66	$ 3,359	$ 3,293	4,989.4%

The increase in interest expense for 2012 from 2011 reflected interest expense and accretion of the beneficial conversion feature recorded on our convertible notes issued in May 2012.

Change in Fair Value of Preferred Stock Warrant Liability

	Year Ended December 31,		Change	
	2011	2012	$	%
	(dollars in thousands)			
Change in fair value of preferred stock warrant liability	$ (1,882)	$	$ 1,882	100.0%

Upon conversion of the preferred stock to common stock in August 2011, the preferred stock warrants were automatically converted into warrants to purchase our common stock. Upon this conversion, the preferred stock warrants were reclassified as equity and were no longer remeasured to fair value.

Benefit (provision) for Income Taxes

	Year Ended December 31,		Change	
	2011	2012	$	%
	(dollars in thousands)			
Benefit (provision) for income taxes	$ 10,690	$ 606	$ (10,084)	(94.3)%

Our income tax benefit in 2012 reflected a tax benefit associated with a beneficial conversion feature on our convertible notes issued in May 2012 of $1.1 million which was partially offset by tax expense related to amortization of tax deductible goodwill of $0.5 million that is not an available source of income to realize our deferred tax assets. Our benefit from income taxes in 2011 reflected a partial release of our valuation allowance as a result of deferred tax liabilities recognized from the acquisition of ALG.

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Quarterly Key Metrics and Results of Operations

The following tables set forth selected key metrics and unaudited quarterly consolidated statements of comprehensive loss data for each of the quarters indicated. The consolidated financial statements for each of these quarters have been prepared on the same basis as the audited consolidated financial statements included in this prospectus and, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the consolidated results of operations for these periods. You should read this information together with our consolidated financial statements and related notes included elsewhere in this prospectus. These quarterly operating results are not necessarily indicative of the results for any future period.

	Three Months Ended									
	Mar. 31, 2012	**Jun. 30, 2012**	**Sept. 30, 2012**	**Dec. 31, 2012**	**Mar. 31, 2013**	**Jun. 30, 2013**	**Sept. 30, 2013**	**Dec. 31, 2013**	**Mar. 31, 2014**	**Jun. 30, 2014**
Average Monthly Unique Visitors	1,904,524	1,464,772	1,541,287	1,727,159	2,184,657	2,441,493	3,201,475	3,295,772	3,935,770	4,189,926
Units(1)	59,455	48,413	54,228	60,587	72,871	96,614	116,503	113,931	125,980	149,527
Monetization	$278	$277	$311	$296	$295	$284	$288	$318	$317	$308
Franchise Dealer Count (Ending)	3,734	4,322	4,735	5,306	5,881	6,176	6,327	6,651	7,210	7,682
Transaction Revenue Per Franchise Dealer	3,820	3,327	3,720	3,572	$3,848	$4,551	$5,365	$5,581	$5,770	$6,195

	Three Months Ended									
	Mar. 31, 2012	**Jun. 30, 2012**	**Sept. 30, 2012**	**Dec. 31, 2012**	**Mar. 31, 2013**	**Jun. 30, 2013**	**Sept. 30, 2013**	**Dec. 31, 2013**	**Mar. 31, 2014**	**Jun. 30, 2014**
	(in thousands)									
Revenues:										
Transaction revenues	$ 16,521	$ 13,402	$ 16,848	$ 17,932	$ 21,523	$ 27,436	$ 33,538	$ 36,216	$ 39,992	$ 46,127
Data and other revenues	3,983	4,203	3,589	3,411	3,520	3,787	4,009	3,929	3,938	4,370
Total revenues	20,504	17,605	20,437	21,343	25,043	31,223	37,547	40,145	43,930	$ 50,497
Costs and operating expenses:										
Cost of revenue (exclusive of depreciation and amortization presented separately below)	3,258	3,241	3,482	3,578	3,762	3,673	3,652	4,208	3,720	4,138

Sales and marketing	27,205	16,607	11,290	15,225	13,783	15,626	21,878	23,893	27,767	33,292
Technology and development	5,869	5,432	5,263	5,396	5,804	5,618	5,512	6,751	7,330	8,513
General and administrative	13,359	7,629	6,210	7,030	6,313	6,629	7,716	10,199	11,517	16,438
Depreciation and amortization	2,709	2,856	2,795	3,408	3,066	2,868	3,241	2,394	3,114	2,972