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

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**FORM 10-Q**

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

For the quarterly period ended June 30, 2014

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-31262

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**ASBURY AUTOMOTIVE GROUP, INC.**

(Exact name of Registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**2905 Premiere Parkway NW, Suite 300**  
**Duluth, Georgia**

(Address of principal executive offices)

**01-0609375**

(I.R.S. Employer  
Identification No.)

**30097**

(Zip Code)

**(770) 418-8200**

(Registrant's telephone number, including area code)

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

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

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

Large Accelerated Filer	<input checked="" type="radio"/>	Accelerated Filer	<input type="radio"/>
Non-Accelerated Filer	<input type="radio"/>	Smaller Reporting Company	<input type="radio"/>

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: The number of shares of common stock outstanding as of July 22, 2014 was 30,344,595.

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**PART I. FINANCIAL INFORMATION**
**Item 1. Condensed Consolidated Financial Statements**

**ASBURY AUTOMOTIVE GROUP, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In millions, except par value and share data)  
(Unaudited)

	June 30, 2014	December 31, 2013
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 7.0	\$ 5.4
Contracts-in-transit	131.6	140.9
Accounts receivable (net of allowance of \$1.1 and \$1.0, respectively)	95.8	95.7
Inventories	793.1	767.7
Deferred income taxes	8.9	9.4
Assets held for sale	7.5	9.1
Other current assets	79.6	80.4
Total current assets	1,123.5	1,108.6
PROPERTY AND EQUIPMENT, net	677.5	651.5
GOODWILL	61.9	54.5
DEFERRED INCOME TAXES, net of current portion	12.5	13.1
OTHER LONG-TERM ASSETS	60.5	60.9
Total assets	<u>\$ 1,935.9</u>	<u>\$ 1,888.6</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Floor plan notes payable—trade	\$ 64.0	\$ 74.7
Floor plan notes payable—non-trade	546.7	534.8
Current maturities of long-term debt	11.4	11.1
Accounts payable and accrued liabilities	226.1	213.6
Total current liabilities	848.2	834.2
LONG-TERM DEBT	537.5	543.3
OTHER LONG-TERM LIABILITIES	21.4	20.5
<b>COMMITMENTS AND CONTINGENCIES (Note 10)</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$.01 par value, 90,000,000 shares authorized; 40,302,060 and 40,095,557 shares issued, including shares held in treasury, respectively	0.4	0.4
Additional paid-in capital	518.1	510.5
Retained earnings	230.8	163.5
Treasury stock, at cost; 9,956,211 and 9,330,443 shares, respectively	(219.6)	(184.0)
Accumulated other comprehensive (loss) income	(0.9)	0.2
Total shareholders' equity	528.8	490.6
Total liabilities and shareholders' equity	<u>\$ 1,935.9</u>	<u>\$ 1,888.6</u>

See accompanying Notes to Condensed Consolidated Financial Statements

**ASBURY AUTOMOTIVE GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(In millions, except per share data)  
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
<b>REVENUES:</b>				
New vehicle	\$ 831.5	\$ 743.5	\$ 1,557.5	\$ 1,408.0
Used vehicle	445.3	395.5	862.2	761.8
Parts and service	168.2	153.9	327.6	301.5
Finance and insurance, net	58.4	52.4	111.8	99.4
Total revenues	1,503.4	1,345.3	2,859.1	2,570.7
<b>COST OF SALES:</b>				
New vehicle	779.7	698.4	1,460.3	1,322.2
Used vehicle	411.9	364.6	794.8	699.6
Parts and service	63.9	60.0	126.0	120.3
Total cost of sales	1,255.5	1,123.0	2,381.1	2,142.1
GROSS PROFIT	247.9	222.3	478.0	428.6
<b>OPERATING EXPENSES:</b>				
Selling, general and administrative	169.2	153.9	329.0	301.6
Depreciation and amortization	6.4	5.9	12.7	11.8
Other operating expense (income), net	0.1	5.1	(0.1)	5.2
Income from operations	72.2	57.4	136.4	110.0
<b>OTHER EXPENSES:</b>				
Floor plan interest expense	(3.3)	(3.1)	(6.3)	(6.2)
Other interest expense, net	(9.5)	(9.5)	(18.6)	(18.7)
Swap interest expense	(0.4)	(0.9)	(1.0)	(2.1)
Total other expenses, net	(13.2)	(13.5)	(25.9)	(27.0)
Income before income taxes	59.0	43.9	110.5	83.0
INCOME TAX EXPENSE	22.8	16.7	42.8	31.9
INCOME FROM CONTINUING OPERATIONS	36.2	27.2	67.7	51.1
DISCONTINUED OPERATIONS, net of tax	(0.3)	(0.2)	(0.4)	8.4
NET INCOME	\$ 35.9	\$ 27.0	\$ 67.3	\$ 59.5
<b>EARNINGS PER COMMON SHARE:</b>				
Basic—				
Continuing operations	\$ 1.19	\$ 0.88	\$ 2.23	\$ 1.66
Discontinued operations	(0.01)	—	(0.01)	0.27
Net income	\$ 1.18	\$ 0.88	\$ 2.22	\$ 1.93
Diluted—				
Continuing operations	\$ 1.19	\$ 0.87	\$ 2.21	\$ 1.64
Discontinued operations	(0.01)	—	(0.01)	0.27
Net income	\$ 1.18	\$ 0.87	\$ 2.20	\$ 1.91
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>				
Basic	30.3	30.8	30.3	30.8
Restricted stock	0.1	0.2	0.2	0.2
Performance share units	0.1	0.1	0.1	0.1
Diluted	30.5	31.1	30.6	31.1

See accompanying Notes to Condensed Consolidated Financial Statements

**ASBURY AUTOMOTIVE GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In millions)  
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
Net income	\$ 35.9	\$ 27.0	\$ 67.3	\$ 59.5
Other comprehensive (loss) income — net of tax:				
Change in fair value of cash flow swaps	(1.0)	0.1	(1.8)	0.2
Amortization of terminated cash flow swaps	—	0.8	—	1.9
Income tax benefit (expense) associated with cash flow swaps	0.4	(0.3)	0.7	(0.8)
Comprehensive income	<u>\$ 35.3</u>	<u>\$ 27.6</u>	<u>\$ 66.2</u>	<u>\$ 60.8</u>

See accompanying Notes to Condensed Consolidated Financial Statements

**ASBURY AUTOMOTIVE GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)  
(Unaudited)

	For the Six Months Ended June 30,	
	2014	2013
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 67.3	\$ 59.5
Adjustments to reconcile net income to net cash provided by operating activities—		
Depreciation and amortization	12.7	11.8
Stock-based compensation	4.3	4.4
Deferred income taxes	1.9	4.0
Loaner vehicle amortization	6.3	4.7
Excess tax benefit on share-based arrangements	(3.3)	(2.2)
Lease termination charges	—	3.4
Loss on disposal of fixed assets	0.7	2.4
Gain on sale of assets, net	—	(14.6)
Other adjustments, net	0.7	2.4
Changes in operating assets and liabilities, net of acquisitions and divestitures—		
Contracts-in-transit	9.3	10.8
Accounts receivable	(2.7)	4.5
Proceeds from the sale of accounts receivable	2.5	7.5
Inventories	16.0	(33.9)
Other current assets	(36.0)	(41.3)
Floor plan notes payable—trade	(10.7)	5.6
Accounts payable and accrued liabilities	12.6	(5.7)
Proceeds from deferred compensation plan termination	—	7.8
Distribution of deferred compensation plan assets to participants	—	(7.8)
Other long-term assets and liabilities, net	(0.9)	1.4
Net cash provided by operating activities	80.7	24.7
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Capital expenditures—excluding real estate	(31.3)	(15.8)
Capital expenditures—capitalized interest	(0.6)	(0.5)
Purchases of real estate	—	(0.5)
Purchases of previously leased real estate	—	(13.8)
Acquisitions	(21.9)	—
Proceeds from the sale of assets	—	33.9
Net cash (used in) provided by investing activities	(53.8)	3.3
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Floor plan borrowings—non-trade	1,627.5	1,499.7
Floor plan borrowings—non-trade acquisitions	6.5	—
Floor plan repayments—non-trade	(1,622.1)	(1,564.5)
Floor plan repayments—non-trade divestitures	—	(5.4)
Proceeds from borrowings	—	122.2
Repayments of borrowings	(4.9)	(2.4)
Payment of debt issuance costs	—	(2.4)
Repurchases of common stock, including those associated with net share settlement of employee share-based awards	(35.6)	(16.7)
Excess tax benefit on share-based arrangements	3.3	2.2
Proceeds from the exercise of stock options	—	0.1
Net cash (used in) provided by financing activities	(25.3)	32.8
Net increase in cash and cash equivalents	1.6	60.8
CASH AND CASH EQUIVALENTS, beginning of period	5.4	6.2
CASH AND CASH EQUIVALENTS, end of period	\$ 7.0	\$ 67.0

See Note 9 for supplemental cash flow information  
See accompanying Notes to Condensed Consolidated Financial Statements

**ASBURY AUTOMOTIVE GROUP, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

## **1. DESCRIPTION OF BUSINESS**

We are one of the largest automotive retailers in the United States, operating 81 dealership locations (102 franchises) in 18 metropolitan markets within 10 states as of June 30, 2014. We offer an extensive range of automotive products and services, including new and used vehicles; vehicle maintenance, replacement parts and collision repair services; and financing, insurance and service contracts. As of June 30, 2014, we offered 29 domestic and foreign brands of new vehicles. Our current new vehicle brand mix is weighted 85% towards luxury and mid-line import brands, with the remaining 15% consisting of domestic brands. We also operate 24 collision repair centers that serve customers in our local markets.

Our retail network is made up of dealerships operating primarily under the following locally-branded dealership groups:

- Coggin dealerships, operating primarily in Jacksonville, Fort Pierce and Orlando, Florida;
- Courtesy dealerships operating in Tampa, Florida;
- Crown dealerships operating in New Jersey, North Carolina, South Carolina and Virginia;
- Nalley dealerships operating in metropolitan Atlanta, Georgia;
- McDavid dealerships operating in Austin, Dallas and Houston, Texas;
- North Point dealerships operating in the Little Rock, Arkansas area;
- Plaza dealerships operating in metropolitan St. Louis, Missouri; and
- Gray-Daniels dealerships operating in the Jackson, Mississippi area.

In addition, we own and operate one stand-alone used vehicle store under the “Q auto” brand name in Brandon, Florida.

Our operating results are generally subject to changes in the economic environment as well as seasonal variations. Historically, we have generated more revenue and operating income in the second and third quarters than in the first and fourth quarters of the calendar year. Generally, the seasonal variations in our results of operations are caused by factors related to weather conditions, changes in manufacturer incentive programs, model changeovers and consumer buying patterns, among other things.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### *Basis of Presentation*

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), and reflect the consolidated accounts of Asbury Automotive Group, Inc. and our wholly owned subsidiaries. All intercompany transactions have been eliminated in consolidation. In addition, certain reclassifications of amounts previously reported have been made to the accompanying Condensed Consolidated Financial Statements in order to conform to current presentation. These reclassifications had no effect on previously reported net income.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results could differ materially from these estimates. Estimates and assumptions are reviewed quarterly and the effects of any revisions are reflected in the condensed consolidated financial statements in the period they are determined to be necessary. Significant estimates made in the accompanying condensed consolidated financial statements include, but are not limited to, those relating to inventory valuation reserves, reserves for chargebacks against revenue recognized from the sale of finance and insurance products, certain assumptions related to intangible and long-lived assets, reserves for insurance programs, reserves for certain legal or similar proceedings relating to our business operations, realization of deferred tax assets and reserves for estimated tax liabilities.

In the opinion of management, all adjustments (consisting only of normal, recurring adjustments) considered necessary for a fair presentation of the condensed consolidated financial statements as of June 30, 2014, and for the three and six months ended June 30, 2014 and 2013, have been included. The results of operations for the three and six months ended June 30, 2014 are not necessarily indicative of the results that may be expected for any other interim period, or any full year period. Our

condensed consolidated financial statements should be read together with our consolidated financial statements and the notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2013.

#### *Contracts-In-Transit*

Contracts-in-transit represent receivables from third-party finance companies for the portion of new and used vehicle purchase price financed by customers through sources arranged by us. Amounts due from contracts-in-transit are generally collected within two weeks following the date of sale of the related vehicle.

#### *Revenue Recognition*

Revenue from the sale of new and used vehicles (which excludes sales tax) is recognized upon the latest of delivery, passage of title, signing of the sales contract or approval of financing. Revenue from the sale of parts, service and collision repair work (which excludes sales tax) is recognized upon delivery of parts to the customer or at the time vehicle service or repair work is completed, as applicable. Manufacturer incentives and rebates, including manufacturer holdbacks, floor plan interest assistance and certain advertising assistance, are recognized as a reduction of new vehicle cost of sales at the time the related vehicles are sold.

We receive commissions from third-party lending and insurance institutions for arranging customer financing and from the sale of vehicle service contracts, credit life insurance and disability insurance, and other insurance, to customers (collectively “F&I”). We may be charged back (“chargebacks”) for F&I commissions in the event a contract is prepaid, defaulted upon or terminated. F&I commissions are recorded at the time a vehicle is sold and a reserve for future chargebacks is established based on historical chargeback experience and the termination provisions of the applicable contract. F&I commissions, net of estimated future chargebacks, are included in Finance and Insurance, net in the accompanying Condensed Consolidated Statements of Income.

#### *Earnings per Common Share*

Basic earnings per common share is computed by dividing net income by the weighted-average common shares outstanding during the period. Diluted earnings per common share is computed by dividing net income by the weighted-average common shares and common share equivalents outstanding during the period. For all periods presented, there were no adjustments to the numerator necessary to compute diluted earnings per share.

#### *Discontinued Operations*

Certain amounts reflected in the accompanying Condensed Consolidated Balance Sheets have been classified as Assets Held for Sale, and from time to time may be reflected on the consolidated balance sheets as Liabilities Associated with Assets Held for Sale, with such classification beginning on the date that the assets and any associated liabilities were first considered held for sale.

We report franchises and ancillary businesses as discontinued operations when it is evident that the operations and cash flows of a franchise or ancillary business being actively marketed for sale will be eliminated from our on-going operations and that we will not have any significant continuing involvement in its operations. We do not classify franchises as discontinued operations if we believe that the cash flows generated by the franchise will be replaced by expanded operations of our remaining franchises within the respective local market area.

Amounts in the accompanying Condensed Consolidated Statements of Income for the three and six months ended June 30, 2013 have been reclassified to reflect the results of franchises sold or closed subsequent to June 30, 2013 as if we had classified those franchises as discontinued operations for all periods presented.

#### *Statements of Cash Flows*

Borrowings and repayments of floor plan notes payable to a lender unaffiliated with the manufacturer from which we purchase a particular new vehicle (“Non-Trade”), and all floor plan notes payable relating to used vehicles (together referred to as “Floor Plan Notes Payable-Non-Trade”), are classified as financing activities on the accompanying Condensed Consolidated Statements of Cash Flows, with borrowings reflected separately from repayments. The net change in floor plan notes payable to a lender affiliated with the manufacturer from which we purchase a particular new vehicle (collectively referred to as “Floor Plan Notes Payable - Trade”) is classified as an operating activity on the accompanying Condensed Consolidated Statements of Cash Flows. Borrowings of floor plan notes payable associated with inventory acquired in connection with all acquisitions are classified as a financing activity. Cash flows related to floor plan notes payable included in operating activities differ from cash flows related to floor plan notes payable included in financing activities only to the extent that the former are payable to a lender affiliated with the manufacturer from which we purchased the related inventory, while the latter are payable to a lender



not affiliated with the manufacturer from which we purchased the related inventory. Repayments of Floor Plan Notes Payable - Trade associated with divestitures are classified as an operating activity. Repayments of Floor Plan Notes Payable - Non-Trade associated with divestitures are classified as a financing activity.

Loaner vehicles account for a significant portion of Other Current Assets. We acquire loaner vehicles either with available cash or through borrowings from manufacturer affiliated lenders. Loaner vehicles are initially used by our service department for only a short period of time (typically six to twelve months) before we seek to sell them. Therefore, we classify the acquisition of loaner vehicles and the related borrowings and repayments as operating activities in the accompanying Condensed Consolidated Statements of Cash Flows. The cash outflow to acquire loaner vehicles is presented in Other Current Assets in the accompanying Condensed Consolidated Statements of Cash Flows. Borrowings and repayments of loaner vehicle notes payable are presented in Accounts Payable and Accrued Liabilities in the accompanying Condensed Consolidated Statements of Cash Flows. When loaner vehicles are taken out of loaner status they are transferred to used vehicle inventory, which is reflected as a non-cash transfer in the accompanying Condensed Consolidated Statements of Cash Flows. The cash inflow from the sale of loaner vehicles is reflected in Inventories in the accompanying Condensed Consolidated Statements of Cash Flows.

#### *Recent Accounting Pronouncements*

In April 2014, the Financial Accounting Standards Board (the “FASB”) issued an accounting standard that raises the threshold for disposals to qualify as discontinued operations and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. The standard revised the definition of a discontinued operation to cover only asset disposals that are considered to be a strategic shift with a major impact on an entity's operations and finances, such as the disposal of a major geographic area or a significant line of business. Application of the standard, which is to be applied prospectively, is required for fiscal years beginning on or after December 15, 2014, and for interim periods within that year. We currently plan to adopt the standard in January 2015. Based on our initial assessment of the standard, we expect that any potential future disposals of our dealerships will not be reported as discontinued operations and that the results of operations of any such disposed dealerships, including revenues, costs and any gains or losses on disposal, will be classified as continuing operations within our Consolidated Statements of Income for all periods presented through the date of disposition.

In May 2014, the FASB issued their new standard on revenue recognition. The new standard will supersede existing revenue recognition guidance and apply to all entities that enter into contracts to provide goods or services to customers. The guidance also addresses the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as real estate, property and equipment. The new standard will become effective for us beginning with the first quarter of 2017 and can be adopted either retrospectively to each reporting period presented or as a cumulative effect adjustment as of the date of adoption. We are currently evaluating the impact of adopting this new guidance on our consolidated financial statements.

### **3. ACQUISITIONS**

Results of acquired dealerships are included in our accompanying Condensed Consolidated Statements of Income commencing on the date of acquisition. Our acquisitions are accounted for using the acquisition method of accounting, which requires, among other things, that the assets acquired and liabilities assumed be recognized at their acquisition date fair values, with any excess of the consideration transferred over the estimated fair values of the identifiable net assets acquired recorded as goodwill. Goodwill is an asset representing operational synergies and future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

In January 2014, we acquired the assets of one franchise in our existing market of Greenville, South Carolina for an aggregate purchase price of \$4.6 million. Upon acquisition, this franchise was integrated with one of our existing dealership locations in Greenville. We financed this acquisition with \$4.1 million of cash and \$0.5 million of floor plan borrowings for the purchase of the related new vehicle inventory.

In June 2014, we acquired the assets of one franchise (one dealership location) in our existing market of Orlando, Florida for an aggregate purchase price of \$17.3 million. We financed this acquisition with \$11.3 million of cash and \$6.0 million of floor plan borrowings.

Below is the allocation of purchase price for the acquisitions completed during the six months ended June 30, 2014. The \$8.6 million of goodwill and manufacturer franchise rights associated with our acquisitions will be deductible for federal and state income taxes ratably over a 15 year period.

	<b>As of June 30, 2014</b>	
	<b>(In millions)</b>	
Inventory	\$	7.3
Real estate		5.5
Property and equipment		0.5
Goodwill		7.3
Manufacturer franchise rights		1.3
Total purchase price	\$	21.9

#### 4. INVENTORIES

Inventories consisted of the following:

	<b>As of</b>	
	<b>June 30, 2014</b>	<b>December 31, 2013</b>
	<b>(In millions)</b>	
New vehicles	\$ 598.0	\$ 605.2
Used vehicles	152.6	121.8
Parts and accessories	42.5	40.7
Total inventories	\$ 793.1	\$ 767.7

The lower of cost or market reserves reduced total inventory cost by \$6.5 million and \$6.0 million as of June 30, 2014 and December 31, 2013, respectively. As of June 30, 2014 and December 31, 2013, certain automobile manufacturer incentives reduced new vehicle inventory cost by \$6.6 million and \$7.4 million, respectively, and reduced new vehicle cost of sales from continuing operations for the six months ended June 30, 2014 and June 30, 2013 by \$14.8 million and \$13.0 million, respectively.

#### 5. ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities classified as held for sale include (i) assets and liabilities associated with discontinued operations held for sale at each balance sheet date and (ii) real estate not currently used in our operations that we are actively marketing to sell and the related mortgage notes payable, if applicable.

Real estate not currently used in our operations that we are actively marketing to sell totaled \$7.5 million and \$9.1 million as of June 30, 2014 and December 31, 2013, respectively. There were no liabilities associated with our real estate assets held for sale as of June 30, 2014 or December 31, 2013.

A summary of assets held for sale is as follows:

	<b>As of</b>	
	<b>June 30, 2014</b>	<b>December 31, 2013</b>
	<b>(In millions)</b>	
Assets:		
Property and equipment, net	\$ 7.5	\$ 9.1
Total assets	\$ 7.5	\$ 9.1

## 6. LONG-TERM DEBT

Long-term debt consists of the following:

	As of	
	June 30, 2014	December 31, 2013
	(In millions)	
8.375% Senior Subordinated Notes due 2020	\$ 300.0	\$ 300.0
Mortgage notes payable bearing interest at fixed and variable rates	163.2	166.5
Real estate credit agreement	73.3	75.0
Capital lease obligations	3.7	3.7
	540.2	545.2
Add: unamortized premium on 8.375% Senior Subordinated Notes due 2020	8.7	9.2
Long-term debt, including current portion	548.9	554.4
Less: current portion (a)	(11.4)	(11.1)
Long-term debt	\$ 537.5	\$ 543.3

(a) Includes \$1.1 million of unamortized premium on our 8.375% Senior Subordinated Notes as of June 30, 2014 and December 31, 2013.

Asbury Automotive Group, Inc. is a holding company with no independent assets or operations. For all periods presented, our 8.375% Senior Subordinated Notes due 2020 (the “8.375% Notes”) have been fully and unconditionally guaranteed, on a joint and several basis, by substantially all of our subsidiaries. Any subsidiaries which have not guaranteed such notes are “minor” (as defined in Rule 3-10(h) of Regulation S-X). As of June 30, 2014, there were no significant restrictions on the ability of our subsidiaries to distribute cash to us or our guarantor subsidiaries.

## 7. FINANCIAL INSTRUMENTS AND FAIR VALUE

In determining fair value, we use various valuation approaches, including market, income and/or cost approaches. Accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect our assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access.

Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Assets and liabilities utilizing Level 2 inputs include cash flow swap instruments and exchange-traded debt securities that are not actively traded or that do not have a high trading volume.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Asset and liability measurements utilizing Level 3 inputs include those used in estimating fair value of non-financial assets and non-financial liabilities in purchase acquisitions and those used in assessing impairment of manufacturer franchise rights.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment required to determine fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant who holds the asset or owes the liability rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, our

assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. We use inputs that are current as of the measurement date, including during periods of significant market fluctuations.

Financial instruments consist primarily of cash and cash equivalents, contracts-in-transit, accounts receivable, cash surrender value of corporate-owned life insurance policies, accounts payable, floor plan notes payable, subordinated long-term debt, mortgage notes payable and interest rate swap agreements. The carrying values of our financial instruments, with the exception of subordinated long-term debt, approximate fair value due to (i) their short-term nature, (ii) recently completed market transactions or (iii) existence of variable interest rates, which approximate market rates. The fair value of our subordinated long-term debt is based on reported market prices which reflect Level 2 inputs. A summary of the carrying values and fair values of our 8.375% Notes is as follows:

	As of	
	June 30, 2014	December 31, 2013
	(In millions)	
<b><u>Carrying Value:</u></b>		
8.375% Senior Subordinated Notes due 2020	\$ 308.7	\$ 309.2
Total carrying value	<u>\$ 308.7</u>	<u>\$ 309.2</u>
<b><u>Fair Value:</u></b>		
8.375% Senior Subordinated Notes due 2020	\$ 333.0	\$ 336.8
Total fair value	<u>\$ 333.0</u>	<u>\$ 336.8</u>

In November 2013, we entered into an interest rate swap agreement with a notional principal amount of \$75.0 million. This swap was designed to provide a hedge against changes in variable rate cash flows through maturity in September 2023. The notional value of this swap was \$73.3 million as of June 30, 2014 and is reducing over its remaining term to \$38.7 million at maturity.

We are also party to an interest rate swap agreement that had a notional principal amount of \$17.8 million as of June 30, 2014. This swap is designed to provide a hedge against changes in variable interest rate cash flows through maturity in October 2015. The notional value of this swap is reducing over the remaining term to \$16.1 million at maturity.

Both of our interest rate swaps qualify for cash flow hedge accounting treatment and do not, and will not, contain any ineffectiveness.

Information about the effect of derivative instruments on the accompanying Condensed Consolidated Statements of Income, including the impact on Accumulated Other Comprehensive Income ("AOCI") (in millions):

For the Three Months Ended June 30,	Derivative in Cash Flow Hedging Relationships	Results Recognized in AOCI (Effective Portion)	Location of Results Reclassified from AOCI to Earnings	Amount Reclassified from AOCI to Earnings—Active Swaps	Amount Reclassified from AOCI to Earnings—Terminated Swaps	Ineffective Results Recognized in Earnings	Location of Ineffective Results
2014	Interest rate swaps	\$ (1.5)	Swap interest expense	\$ (0.5)	\$ —	\$ —	N/A
2013	Interest rate swaps	\$ —	Swap interest expense	\$ (0.1)	\$ (0.8)	\$ —	N/A

For the Six Months Ended June 30,	Derivative in Cash Flow Hedging Relationships	Results Recognized in AOCI (Effective Portion)	Location of Results Reclassified from AOCI to Earnings	Amount Reclassified from AOCI to Earnings—Active Swaps	Amount Reclassified from AOCI to Earnings—Terminated Swaps	Ineffective Results Recognized in Earnings	Location of Ineffective Results
2014	Interest rate swaps	\$(2.8)	Swap interest expense	\$(1.0)	\$—	\$—	N/A
2013	Interest rate swaps	\$—	Swap interest expense	\$(0.2)	\$(1.9)	\$—	N/A

On the basis of yield curve conditions as of June 30, 2014 and including assumptions about future changes in fair value, we anticipate that the amount expected to be reclassified out of AOCI into earnings in the next 12 calendar months will be a loss of \$1.9 million.

Fair value estimates reflect a credit adjustment to the discount rate applied to all expected cash flows under the swap. Other than that assumption, all other inputs reflect Level 2 inputs.

Information about amounts reclassified out of AOCI	(In millions)
Accumulated other comprehensive income — December 31, 2013	\$ 0.2
Change in fair value of cash flow swaps	(1.8)
Total amount reclassified to swap interest expense	(1.8)
Income tax impact associated with cash flow swaps	0.7
Accumulated other comprehensive loss — June 30, 2014	\$ (0.9)

*Market Risk Disclosures as of June 30, 2014:*

Instruments entered into for trading purposes—None

Instruments entered into for hedging purposes (in millions)—

Type of Derivative	Notional Size	Underlying Rate	Expiration	Fair Value
Interest Rate Swap*	\$73.3	1 month LIBOR	September 2023	\$ (1.3)
Interest Rate Swap*	\$17.8	1 month LIBOR	October 2015	\$ (0.3)

\* The total fair value of our swaps is a \$1.6 million net liability, of which \$1.9 million is included in Accounts Payable and Accrued Liabilities, \$0.1 million is included in Other Long-Term Liabilities and \$0.4 million is included in Other Long-Term Assets on the accompanying Condensed Consolidated Balance Sheet.

*Market Risk Disclosures as of December 31, 2013:*

Instruments entered into for trading purposes—None

Instruments entered into for hedging purposes (in millions)—

Type of Derivative	Notional Size	Underlying Rate	Expiration	Fair Value
Interest Rate Swap*	\$75.0	1 month LIBOR	September 2023	\$ 0.7
Interest Rate Swap*	\$18.4	1 month LIBOR	October 2015	\$ (0.4)

\* The total fair value of our swaps is a \$0.3 million net asset, of which \$1.9 million is included in Accounts Payable and Accrued Liabilities, \$0.1 million is included in Other Long-Term Liabilities and \$2.3 million is included in Other Long-Term Assets on the accompanying Condensed Consolidated Balance Sheet.

## 8. DISCONTINUED OPERATIONS AND DIVESTITURES

As of June 30, 2014, there were no franchises pending disposition. Operating expenses in the table below include rent and other expenses of idle facilities previously associated with businesses sold or closed prior to June 30, 2014.

The following tables provide further information regarding our discontinued operations as of June 30, 2014, and includes the results of businesses sold prior to June 30, 2014:

	For the Three Months Ended June 30,	
	2014	2013
	(In millions)	
Revenues	\$ —	\$ —
Cost of sales	—	—
Gross profit	—	—
Operating expenses	0.4	0.3
Impairment expenses	—	—
Loss from operations	(0.4)	(0.3)
Other expense, net	—	—
Gain on disposition	—	—
Loss before income taxes	(0.4)	(0.3)
Income tax benefit	0.1	0.1
Discontinued operations, net of tax	<u>\$ (0.3)</u>	<u>\$ (0.2)</u>

	For the Six Months Ended June 30,	
	2014	2013
	(In millions, except franchise data)	
Franchises:		
Mid-line import	—	1
Total	<u>—</u>	<u>1</u>
Revenues	\$ —	\$ 3.8
Cost of sales	—	3.4
Gross profit	—	0.4
Operating expenses	0.7	1.3
Loss from operations	(0.7)	(0.9)
Other expense, net	—	—
Gain on disposition	—	14.6
(Loss) income before income taxes	(0.7)	13.7
Income tax benefit (expense)	0.3	(5.3)
Discontinued operations, net of tax	<u>\$ (0.4)</u>	<u>\$ 8.4</u>

## 9. SUPPLEMENTAL CASH FLOW INFORMATION

During the six months ended June 30, 2014 and 2013, we made interest payments, including amounts capitalized, totaling \$25.6 million and \$23.2 million, respectively. Included in these interest payments are \$6.6 million and \$5.8 million, of floor plan interest payments for the six months ended June 30, 2014 and 2013, respectively.

During the six months ended June 30, 2014 and 2013, we made income tax payments, net of refunds received, totaling \$34.0 million and \$29.3 million, respectively.

During the six months ended June 30, 2014 and 2013, we sold \$2.6 million and \$7.7 million, respectively, of trade receivables at a discount of \$0.1 million and \$0.2 million, respectively.

During the six months ended June 30, 2014 and 2013, we transferred \$34.0 million and \$30.8 million, respectively, of loaner vehicles from Other Current Assets to Inventory on our Condensed Consolidated Balance Sheets.

## 10. COMMITMENTS AND CONTINGENCIES

Our dealerships are party to dealer and framework agreements with applicable vehicle manufacturers. In accordance with these agreements, each dealership has certain rights and is subject to restrictions typical in the industry. The ability of these manufacturers to influence the operations of the dealerships or the loss of any of these agreements could have a materially negative impact on our operating results.

In some instances, manufacturers may have the right, and may direct us, to implement costly capital improvements to dealerships as a condition to entering into, renewing or extending franchise agreements with them. Manufacturers also typically require that their franchises meet specific standards of appearance. These factors, either alone or in combination, could cause us to use our financial resources on capital projects that we might not have planned for or otherwise determined to undertake.

From time to time, we and our dealerships are or may become involved in various claims relating to, and arising out of, our business and our operations. These claims may involve, but not be limited to, financial and other audits by vehicle manufacturers, lenders and certain federal, state and local government authorities, which have historically related primarily to (a) incentive and warranty payments received from vehicle manufacturers, or allegations of violations of manufacturer agreements or policies, (b) compliance with lender rules and covenants and (c) payments made to government authorities relating to federal, state and local taxes, as well as compliance with other government regulations. Claims may also arise through litigation, government proceedings and other dispute resolution processes. Such claims, including class actions, could relate to, but may not be limited to, the practice of charging administrative fees and other fees and commissions, employment-related matters, truth-in-lending and other dealer assisted financing obligations, contractual disputes, actions brought by governmental authorities and other matters. We evaluate pending and threatened claims and establish loss contingency reserves based upon outcomes we currently believe to be probable and reasonably estimable.

We believe we have adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable. Based on our review of the various types of claims currently known to us, there is no indication of material reasonably possible losses in excess of amounts accrued in the aggregate. We currently do not anticipate that any known claim will materially adversely affect our financial condition, liquidity or results of operations. However, the outcome of any matter cannot be predicted with certainty, and an unfavorable resolution of one or more matters presently known or arising in the future could have a material adverse effect on our financial condition, liquidity or results of operations.

A significant portion of our business involves the sale of vehicles, parts or vehicles composed of parts that are manufactured outside the United States. As a result, our operations are subject to customary risks of importing merchandise, including fluctuations in the relative values of currencies, import duties, exchange controls, trade restrictions, work stoppages and general political and socio-economic conditions in foreign countries. The United States or the countries from which our products are imported may, from time to time, impose new quotas, duties, tariffs or other restrictions, or adjust presently prevailing quotas, duties or tariffs, which may affect our operations and our ability to purchase imported vehicles and/or parts at reasonable prices.

Substantially all of our facilities are subject to federal, state and local provisions regarding the discharge of materials into the environment. Compliance with these provisions has not had, nor do we expect such compliance to have, any material effect upon our capital expenditures, net earnings, financial condition, liquidity or competitive position. We believe that our current practices and procedures for the control and disposition of such materials comply with applicable federal, state and local requirements. No assurances can be provided, however, that future laws or regulations, or changes in existing laws or regulations, would not require us to expend significant resources in order to comply therewith.

We had \$14.6 million of letters of credit outstanding as of June 30, 2014, which are required by certain of our insurance providers. In addition, as of June 30, 2014, we maintained a \$5.0 million surety bond line in the ordinary course of our business. Our letters of credit and surety bond line are considered to be off balance sheet arrangements.

Our other material commitments include (i) floor plan notes payable, (ii) operating leases, (iii) long-term debt and (iv) interest on long-term debt, as described elsewhere herein.

## 11. SUBSEQUENT EVENTS

In July 2014, we entered into seven fixed rate mortgage notes payable, which were collateralized by the related real estate at seven of our owned dealership locations. The total initial principal amount of the mortgage notes payable was \$59.8 million.

In July 2014, our Board of Directors approved an increase of our then-existing repurchase authorization to a new total of \$100.0 million of the Company's common stock in open market transactions or privately negotiated transactions from time to time.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

### Forward-Looking Information

Certain of the discussions and information included in this report may constitute "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements are statements that are not historical in nature and may include statements relating to our goals, plans and projections regarding industry and general economic trends, our expected financial position, results of operations or market position and our business strategy. Such statements can generally be identified by words such as "may," "target," "could," "would," "will," "should," "believe," "expect," "anticipate," "plan," "intend," "foresee" and other similar words or phrases. Forward-looking statements may also relate to our expectations and assumptions with respect to, among other things:

- our ability to execute our business strategy;
- the seasonally adjusted annual rate ("SAAR") of new vehicle sales in the U.S.;
- our ability to further improve our operating cash flows, and the availability of capital and liquidity;
- our estimated future capital expenditures;
- the duration of the economic recovery process and its impact on our revenues and expenses;
- our parts and service revenue due to, among other things, improvements in manufacturing quality;
- the variable nature of significant components of our cost structure;
- our ability to limit our exposure to regional economic downturns due to our geographic diversity and brand mix;
- manufacturers' willingness to continue to use incentive programs to drive demand for their product offerings;
- our ability to leverage our common systems, infrastructure and processes in a cost-efficient manner;
- our acquisition and divestiture strategies;
- the continued availability of financing, including floor plan financing for inventory;
- the ability of consumers to secure vehicle financing, including at favorable rates;
- the growth of mid-line import and luxury brands over the long-term;
- our ability to mitigate any future negative trends in new vehicle sales; and
- our ability to increase our net income as a result of the foregoing and other factors.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual future results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to:

- our ability to execute our balanced automotive retailing and service business strategy;
- the level of SAAR;
- changes in the mix, and total number, of vehicles we are able to sell;
- changes in general economic and business conditions, including changes in consumer confidence levels, interest rates, consumer credit availability and employment levels;



- changes in laws and regulations governing the operation of automobile franchises, including trade restrictions, consumer protections, accounting standards, taxation requirements and environmental laws;
- changes in the price of oil and gasoline;
- the timing and extent of any manufacturer recalls;
- our ability to generate sufficient cash flows, maintain our liquidity and obtain additional funds for working capital, capital expenditures, acquisitions, debt maturities and other corporate purposes, if necessary;
- our continued ability to comply with applicable covenants in various of our financing and lease agreements, or to obtain waivers of these covenants as necessary;
- our relationships with, and the reputation and financial health and viability of, the vehicle manufacturers whose brands we sell, and their ability to design, manufacture, deliver and market their vehicles successfully;
- significant disruptions in the production and delivery of vehicles and parts for any reason, including natural disasters, product recalls, work stoppages or other occurrences that are outside of our control;
- adverse results from litigation or other similar proceedings involving us;
- our relationships with, and the financial stability of, our lenders and lessors;
- our ability to execute our initiatives and other strategies;
- high levels of competition in our industry, which may create pricing and margin pressures on our products and services;
- our ability to renew, and enter into new, framework and dealer agreements with vehicle manufacturers whose brands we sell, on terms acceptable to us;
- our ability to attract and to retain key personnel;
- our ability to leverage gains from our dealership portfolio; and
- significant disruptions in the financial markets, which may impact our ability to access capital.

Many of these factors are beyond our ability to control or predict, and their ultimate impact could be material. Moreover, the factors set forth in the discussion and analysis below and under Item 1A entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013 and other cautionary statements made in this report should be read and considered as forward-looking statements subject to such uncertainties. Forward-looking statements speak only as of the date they are made, and we assume no obligation to update any forward-looking statements.

## OVERVIEW

We are one of the largest automotive retailers in the United States, operating 81 dealership locations (102 franchises) in 18 metropolitan markets within 10 states as of June 30, 2014. We offer an extensive range of automotive products and services, including new and used vehicles; vehicle maintenance, replacement parts and collision repair services; and financing, insurance and service contracts. As of June 30, 2014, we offered 29 domestic and foreign brands of new vehicles. Our current new vehicle brand mix is weighted 85% towards luxury and mid-line import brands, with the remaining 15% consisting of domestic brands. We also operate 24 collision repair centers that serve customers in our local markets.

Our retail network is made up of dealerships operating primarily under the following locally-branded dealership groups:

- Coggin dealerships, operating primarily in Jacksonville, Fort Pierce and Orlando, Florida;
- Courtesy dealerships operating in Tampa, Florida;
- Crown dealerships operating in New Jersey, North Carolina, South Carolina and Virginia;
- Nalley dealerships operating in metropolitan Atlanta, Georgia;
- McDavid dealerships operating in Austin, Dallas and Houston, Texas;
- North Point dealerships operating in the Little Rock, Arkansas area;
- Plaza dealerships operating in metropolitan St. Louis, Missouri; and

- Gray-Daniels dealerships operating in the Jackson, Mississippi area.

In addition, we own and operate one stand-alone used vehicle store under the “Q auto” brand name in Brandon, Florida.

Our revenues are derived primarily from: (i) the sale of new vehicles to individual retail customers (“new vehicle retail”) and commercial customers (“fleet”) (the terms “new vehicle retail” and “fleet” being together referred to as “new”); (ii) the sale of used vehicles to individual retail customers (“used retail”) and to other dealers at auction (“wholesale”) (the terms “used retail” and “wholesale” being together referred to as “used”); (iii) maintenance and collision repair services and the sale of automotive parts (together referred to as “parts and service”); and (iv) the arrangement of vehicle financing and the sale of a number of aftermarket products, such as insurance and service contracts (collectively referred to as “F&I”). We evaluate the results of our new and used vehicle sales based on unit volumes and gross profit per vehicle sold, our parts and service operations based on aggregate gross profit, and F&I based on dealership generated F&I gross profit per vehicle sold. We assess the organic growth of our revenue and gross profit by comparing the year-to-year results of stores that we have operated for at least twelve full months (“same store”).

Our organic growth is dependent upon the execution of our balanced automotive retailing and service business strategy, the continued strength of our brand mix and the production of desirable vehicles by automobile manufacturers whose brands we sell. Our vehicle sales have historically fluctuated with product availability as well as local and national economic conditions, including consumer confidence, availability of consumer credit, fuel prices and employment levels. We believe that the impact on our business of any future negative trends in new vehicle sales would be partially mitigated by (i) the expected relative stability of our parts and service operations over the long-term, (ii) the variable nature of significant components of our cost structure and (iii) our brand mix. Historically, our brand mix has been less affected by market volatility than the U.S. automobile industry as a whole. We believe that our new vehicle revenue brand mix, which included approximately 48% of revenue from mid-line import brands and 37% of revenue from luxury brands in the second quarter of 2014, is well positioned for growth over the long term.

Our operating results are generally subject to changes in the economic environment as well as seasonal variations. Historically, we have generated more revenue and operating income in the second and third quarters than in the first and fourth quarters of the calendar year. Generally, the seasonal variations in our results of operations are caused by factors related to weather conditions, changes in manufacturer incentive programs, model changeovers and consumer buying patterns, among other things.

Our gross profit margin varies with our revenue mix. The sale of new vehicles generally results in lower gross profit margin than used vehicle sales and sales of parts and service. As a result, when used vehicle and parts and service revenue increase as a percentage of total revenue, we expect our overall gross profit margin to increase.

Selling, general and administrative (“SG&A”) expenses consist primarily of fixed and incentive-based compensation, advertising, rent, insurance, utilities and other customary operating expenses. A significant portion of our cost structure is variable (such as sales commissions), or controllable (such as advertising), generally allowing us to adapt to changes in the retail environment over the long-term. We evaluate commissions paid to salespeople as a percentage of retail vehicle gross profit and all other SG&A expenses in the aggregate as a percentage of total gross profit, with the exception of advertising expense, which we evaluate on a per vehicle retailed (“PVR”) basis.

The United States automotive retail market showed continued year-over-year improvement through the second quarter of 2014, with new vehicle SAAR increasing to 16.6 million during the second quarter of 2014 as compared to 15.5 million during the second quarter of 2013. We continued to benefit from improving economic conditions in the first half of 2014, which we attribute to continued increases in consumer confidence, the continued availability of credit at terms favorable to consumers resulting primarily from the current low interest rate environment, gradually improving unemployment levels, stable fuel prices and the increasing age of the U.S. automotive fleet. We believe that the overall economic recovery will continue to be fragile, and may be subject to change based on consumer confidence, interest rates, unemployment levels and other macro-economic factors as the long-term prospects for, and the timing of, a return to a stronger economy continue to be difficult to predict.

We had total available liquidity of \$308.5 million as of June 30, 2014, which consisted of cash and cash equivalents of \$7.0 million, borrowing availability of \$160.4 million under our revolving credit facility, borrowing availability of \$91.6 million under our used vehicle revolving floor plan facility and \$49.5 million of availability under our floor plan offset account. For further discussion of our liquidity, please refer to “Liquidity and Capital Resources” below.

## RESULTS OF OPERATIONS

### Three Months Ended June 30, 2014 Compared to the Three Months Ended June 30, 2013

	For the Three Months Ended June 30,		Increase	%
	2014	2013	(Decrease)	Change
(Dollars in millions, except per share data)				
<b>REVENUES:</b>				
New vehicle	\$ 831.5	\$ 743.5	88.0	12 %
Used vehicle	445.3	395.5	49.8	13 %
Parts and service	168.2	153.9	14.3	9 %
Finance and insurance, net	58.4	52.4	6.0	11 %
Total revenues	1,503.4	1,345.3	158.1	12 %
<b>GROSS PROFIT:</b>				
New vehicle	51.8	45.1	6.7	15 %
Used vehicle	33.4	30.9	2.5	8 %
Parts and service	104.3	93.9	10.4	11 %
Finance and insurance, net	58.4	52.4	6.0	11 %
Total gross profit	247.9	222.3	25.6	12 %
<b>OPERATING EXPENSES:</b>				
Selling, general and administrative	169.2	153.9	15.3	10 %
Depreciation and amortization	6.4	5.9	0.5	8 %
Other operating expense, net	0.1	5.1	(5.0)	(98)%
Income from operations	72.2	57.4	14.8	26 %
<b>OTHER EXPENSES:</b>				
Floor plan interest expense	(3.3)	(3.1)	0.2	6 %
Other interest expense, net	(9.5)	(9.5)	—	— %
Swap interest expense	(0.4)	(0.9)	(0.5)	(56)%
Total other expense, net	(13.2)	(13.5)	(0.3)	(2)%
Income before income taxes	59.0	43.9	15.1	34 %
INCOME TAX EXPENSE	22.8	16.7	6.1	37 %
INCOME FROM CONTINUING OPERATIONS	36.2	27.2	9.0	33 %
DISCONTINUED OPERATIONS, net of tax	(0.3)	(0.2)	(0.1)	50 %
NET INCOME	\$ 35.9	\$ 27.0	\$ 8.9	33 %
Income from continuing operations per common share—Diluted	\$ 1.19	\$ 0.87	\$ 0.32	37 %
Net income per common share—Diluted	\$ 1.18	\$ 0.87	\$ 0.31	36 %

	For the Three Months Ended June 30,	
	2014	2013
<b>REVENUE MIX PERCENTAGES:</b>		
New vehicles	55.3 %	55.3 %
Used retail vehicles	26.1 %	26.1 %
Used vehicle wholesale	3.5 %	3.3 %
Parts and service	11.2 %	11.4 %
Finance and insurance, net	3.9 %	3.9 %
Total revenue	100.0 %	100.0 %
<b>GROSS PROFIT MIX PERCENTAGES:</b>		
New vehicles	20.9 %	20.3 %
Used retail vehicles	13.5 %	14.2 %
Used vehicle wholesale	(0.1)%	(0.3)%
Parts and service	42.1 %	42.2 %
Finance and insurance, net	23.6 %	23.6 %
Total gross profit	100.0 %	100.0 %
<b>SG&amp;A EXPENSES AS A PERCENTAGE OF GROSS PROFIT</b>	<b>68.3 %</b>	<b>69.2 %</b>

Net income and income from continuing operations increased by \$8.9 million (33%) and \$9.0 million (33%), respectively, during the second quarter of 2014 as compared to the second quarter of 2013. The increase in income from continuing operations was primarily driven by a \$25.6 million (12%) increase in gross profit, which was partially offset by a \$15.3 million (10%) increase in SG&A expenses and a \$6.1 million (37%) increase in income tax expense. Net income and income from continuing operations for the second quarter of 2013 were reduced by \$3.2 million, net of tax, due to real estate related charges. On a pre-tax basis, these charges totaled \$5.2 million and are included in Other Operating Expense, net.

Gross profit increased across all four of our business lines and was driven by (i) a \$10.4 million (11%) increase in parts and service gross profit, (ii) a \$6.7 million (15%) increase in new vehicle gross profit and (iii) a \$6.0 million (11%) increase in F&I gross profit. Our total gross profit margin remained unchanged at 16.5% with a 20 basis points increase in our same store new vehicle retail gross margin offset by a 40 basis point decrease in our same store used vehicle retail gross margin.

The \$158.1 million (12%) increase in total revenue was primarily a result of (i) an \$88.0 million (12%) increase in new vehicle revenue and (ii) a \$49.8 million (13%) increase in used vehicle revenue.

# *New Vehicle—*

	For the Three Months Ended June 30,			%
	2014	2013	Increase	Change
(Dollars in millions, except for per vehicle data)				
Revenue:				
New vehicle revenue—same store(1)				
Luxury	\$ 300.8	\$ 261.4	\$ 39.4	15%
Mid-line import	386.4	373.6	12.8	3%
Mid-line domestic	120.1	108.5	11.6	11%
Total new vehicle revenue—same store(1)	807.3	743.5	63.8	9%
New vehicle revenue—acquisitions and new stores	24.2	—		
New vehicle revenue, as reported	\$ 831.5	\$ 743.5	\$ 88.0	12%
Gross profit:				
New vehicle gross profit—same store(1)				
Luxury	\$ 21.7	\$ 18.5	\$ 3.2	17%
Mid-line import	21.5	19.7	1.8	9%
Mid-line domestic	7.4	6.9	0.5	7%
Total new vehicle gross profit—same store(1)	50.6	45.1	5.5	12%
New vehicle gross profit—acquisitions and new stores	1.2	—		
New vehicle gross profit, as reported	\$ 51.8	\$ 45.1	\$ 6.7	15%

	For the Three Months Ended June 30,			%
	2014	2013	Increase	Change
New vehicle units:				
New vehicle retail units—same store(1)				
Luxury	5,895	5,202	693	13%
Mid-line import	14,551	13,916	635	5%
Mid-line domestic	3,030	2,964	66	2%
Total new vehicle retail units—same store(1)	23,476	22,082	1,394	6%
Fleet vehicles	636	363	273	75%
Total new vehicle units—same store(1)	24,112	22,445	1,667	7%
New vehicle units—acquisitions and new stores	925	—		
New vehicle units—actual	25,037	22,445	2,592	12%

# *New Vehicle Metrics—*

	For the Three Months Ended June 30,		Increase	% Change
	2014	2013		
Revenue per new vehicle sold—same store(1)	\$ 33,481	\$ 33,125	\$ 356	1%
Gross profit per new vehicle sold—same store(1)	\$ 2,099	\$ 2,009	\$ 90	4%
New vehicle gross margin—same store(1)	6.3%	6.1%	0.2%	3%

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

The \$88.0 million (12%) increase in new vehicle revenue was primarily a result of a 7% increase in same store new vehicle unit sales, combined with a 1% increase in same store revenue per new vehicle sold. Our total new vehicle revenue also benefited from \$24.2 million derived from acquisitions.

Total new vehicle gross profit increased by \$6.7 million (15%), largely driven by a \$3.2 million (17%) increase in gross profit from our luxury brands. Our new vehicle gross profit also included \$1.2 million derived from acquisitions. Our same store gross profit per new vehicle sold increased by \$90 (4%) overall, largely driven by our luxury and mid-line import brands. Our margins in the near future are expected to be primarily dependent upon market-based forces of supply and demand.

Same store unit volumes for our higher-priced luxury brands increased 13%, driving the overall 7% increase in same store new vehicle unit sales and reflecting (i) an increase in sales of new and redesigned models offered by luxury manufacturers, (ii) the continued availability of credit at terms favorable to our customers and (iii) an improvement in the availability of new vehicle inventory from which to choose. New vehicle SAAR increased by 7% to 16.6 million for the second quarter of 2014 as compared to 15.5 million in the second quarter of 2013.

#### Used Vehicle—

	For the Three Months Ended June 30,			%
	2014	2013	Increase	Change
(Dollars in millions, except for per vehicle data)				
Revenue:				
Used vehicle retail revenues—same store(1)	\$ 380.2	\$ 351.0	\$ 29.2	8 %
Used vehicle retail revenues—acquisitions and new stores	12.8	—		
Total used vehicle retail revenues	393.0	351.0	42.0	12 %
Used vehicle wholesale revenues—same store(1)	50.8	44.5	6.3	14 %
Used vehicle wholesale revenues—acquisitions and new stores	1.5	—		
Total used vehicle wholesale revenues	52.3	44.5	7.8	18 %
Used vehicle revenue, as reported	<u>\$ 445.3</u>	<u>\$ 395.5</u>	<u>\$ 49.8</u>	<u>13 %</u>
Gross profit:				
Used vehicle retail gross profit—same store(1)	\$ 32.8	\$ 31.5	\$ 1.3	4 %
Used vehicle retail gross profit—acquisitions and new stores	0.9	—		
Total used vehicle retail gross profit	33.7	31.5	2.2	7 %
Used vehicle wholesale gross profit—same store(1)	(0.3)	(0.6)	0.3	(50)%
Used vehicle wholesale gross profit—acquisitions and new stores	—	—		
Total used vehicle wholesale gross profit	(0.3)	(0.6)	0.3	(50)%
Used vehicle gross profit, as reported	<u>\$ 33.4</u>	<u>\$ 30.9</u>	<u>\$ 2.5</u>	<u>8 %</u>
Used vehicle retail units:				
Used vehicle retail units—same store(1)	18,155	17,703	452	3 %
Used vehicle retail units—acquisitions and new stores	685	—		
Used vehicle retail units—actual	18,840	17,703	1,137	6 %

#### Used Vehicle Metrics—

	For the Three Months Ended June 30,		Increase (Decrease)	% Change
	2014	2013		
Revenue per used vehicle retailed—same store(1)	\$ 20,942	\$ 19,827	\$ 1,115	6 %
Gross profit per used vehicle retailed—same store(1)	\$ 1,807	\$ 1,779	\$ 28	2 %
Used vehicle retail gross margin—same store(1)	8.6%	9.0%	(0.4)%	(4)%

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

The \$49.8 million (13%) increase in used vehicle revenue was primarily the result of (i) a 6% increase in same store revenue per used vehicle retailed, (ii) a 3% increase in same store used vehicle retail unit sales and (iii) a \$7.8 million (18%) increase in used vehicle wholesale revenue. Used vehicle revenue for the second quarter of 2014 also included a total of \$14.3 million derived from acquisitions. The 3% increase in same store used vehicle retail unit sales reflects the continued availability of credit at terms favorable to customers and the ongoing impact of our “Asbury 1-2-1” program, a volume-driven initiative with a goal of retailing one used vehicle for every new vehicle retailed. This program is designed to drive not only used retail volume, but to increase revenues from associated parts and service reconditioning and F&I as well.

The \$2.2 million (7%) increase in used vehicle retail gross profit was driven primarily by a 3% increase in same store unit volumes and a 2% increase in gross profit per vehicle used vehicle retailed. Additionally, our used vehicle retail margins in second quarter of 2014 were impacted by margin pressures created by the general increase in the supply of used vehicles as a result of customer trade-ins and vehicles coming off lease, as well as our focus on selling more used vehicles as retail units instead of wholesale units.

Our used vehicle inventory had approximately 41 days of supply in our inventory as of June 30, 2014 as compared to 36 days of supply as of March 31, 2014.

#### Parts and Service—

	For the Three Months Ended June 30,			%
	2014	2013	Increase	Change
(Dollars in millions)				
Revenue:				
Parts and service revenue—same store(1)	\$ 164.9	\$ 153.9	\$ 11.0	7%
Parts and service revenues—acquisitions and new stores	3.3	—		
Parts and service revenue, as reported	<u>\$ 168.2</u>	<u>\$ 153.9</u>	\$ 14.3	9%
Gross profit:				
Parts and service gross profit—same store(1)				
Customer pay	\$ 58.5	\$ 55.0	\$ 3.5	6%
Warranty	13.6	12.2	1.4	11%
Reconditioning and preparation	25.0	21.7	3.3	15%
Wholesale parts	5.1	5.0	0.1	2%
Total parts and service gross profit—same store(1)	102.2	93.9	8.3	9%
Parts and service gross profit—acquisitions and new stores	2.1	—		
Parts and service gross profit, as reported	<u>\$ 104.3</u>	<u>\$ 93.9</u>	\$ 10.4	11%
Parts and service gross margin—same store(1)	62.0%	61.0%	1.0%	2%

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

The \$14.3 million (9%) increase in parts and service revenue was primarily due to (i) an \$8.5 million (8%) increase in same store customer pay revenue, (ii) a \$2.1 million (9%) increase in same store warranty revenue and (iii) \$3.3 million derived from acquisitions. The 100 basis point increase in our same store parts and service gross margin was primarily the result of increases in our higher margin parts and service businesses, including a 15% increase in gross profit from reconditioning and preparation of vehicles, an 11% increase in gross profit from warranty work and a 6% increase in our customer pay parts and service gross profit. The \$3.3 million (15%) increase in reconditioning and preparation gross profit was primarily driven by a 3% increase in our same store used vehicle retail unit sales and a 7% increase in our same store new vehicle unit sales. Gross profit associated with warranty work increased by \$1.4 million (11%), partially due to certain manufacturer recalls that occurred during the second quarter of 2014, as well as increased units in operation as sales of new vehicles in the United States have steadily increased over the past few years.

We continue to focus on further increasing our parts and service revenue, and specifically our customer pay business, over the long-term by (i) continuing to invest in additional service capacity, where appropriate, (ii) upgrading equipment, (iii) focusing on improving customer retention and customer satisfaction and (iv) capitalizing on our employee training and recruiting programs.

*Finance and Insurance, net—*

	For the Three Months Ended June 30,			%
	2014	2013	Increase	Change
(Dollars in millions, except for per vehicle data)				
Finance and insurance, net—same store(1)	\$ 55.3	\$ 52.4	\$ 2.9	6%
Finance and insurance, net—acquisitions and new stores	3.1	—		
Finance and insurance, net as reported	\$ 58.4	\$ 52.4	\$ 6.0	11%
Finance and insurance, net per vehicle sold—same store(1)	\$ 1,308	\$ 1,305	\$ 3	—%

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

F&I increased by \$6.0 million (11%) during the second quarter of 2014 as compared to second quarter of 2013, primarily due to (i) a 5% increase in same store retail unit sales and (ii) \$3.1 million derived from acquisitions. We continue to focus on improving the number of F&I contracts sold as a percentage of retail unit sales (also known as our F&I penetration rate), as well as improving the F&I results at our lower-performing stores through our F&I training programs, which include implementing a certification process and certain best practices initiatives.

*Selling, General and Administrative Expense—*

	For the Three Months Ended June 30,					% of Gross Profit (Decrease) Increase
	2014	% of Gross Profit	2013	% of Gross Profit	Increase (Decrease)	
	(Dollars in millions)					
Personnel costs	\$ 75.8	31.5%	\$ 71.5	32.2%	\$ 4.3	(0.7)%
Sales compensation	24.8	10.3%	24.6	11.1%	0.2	(0.8)%
Share-based compensation	1.8	0.7%	1.9	0.9%	(0.1)	(0.2)%
Outside services	17.1	7.1%	15.1	6.8%	2.0	0.3 %
Advertising	8.3	3.4%	7.9	3.6%	0.4	(0.2)%
Rent	7.7	3.2%	8.3	3.7%	(0.6)	(0.5)%
Utilities	3.6	1.5%	3.2	1.4%	0.4	0.1 %
Insurance	3.1	1.3%	2.0	0.9%	1.1	0.4 %
Other	21.2	8.9%	19.4	8.6%	1.8	0.3 %
Selling, general and administrative expense—same store(1)	163.4	67.9%	153.9	69.2%	9.5	(1.3)%
Acquisitions and new stores	5.8		—			
Selling, general and administrative—actual	\$ 169.2	68.3%	\$ 153.9	69.2%	\$ 15.3	(0.9)%
Gross profit—same store(1)	\$ 240.6		\$ 222.3			
Gross profit—actual	\$ 247.9		\$ 222.3			

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.



Same store SG&A expense as a percentage of gross profit was 67.9% for the second quarter of 2014 as compared to 69.2% for the second quarter of 2013. The 130 basis point decrease was primarily attributable to (i) an 70 basis point decrease in personnel costs as a result of further leveraging our fixed cost structure and (ii) a 50 basis point decrease in rent expense primarily as a result of our purchase of certain previously leased real estate during 2013.

We continue to be engaged in numerous productivity initiatives designed to further reduce our fixed cost structure and improve our profitability and are currently focused on fully leveraging our single dealer management system with our other technology platforms and centralizing additional back office processes. We also continuously evaluate opportunities to purchase real estate properties that we lease.

#### *Depreciation and Amortization Expense —*

The \$0.5 million (8%) increase in depreciation and amortization expense during the second quarter of 2014 when compared to the second quarter of 2013 was primarily the result of our purchase of certain previously leased real estate throughout 2013, additional fixed assets acquired in acquisitions, and construction projects placed into service during the past year.

#### *Other Operating Expense, net —*

Other Operating Expense, net includes gains and losses from the sale of property and equipment, income derived from lease arrangements and other non-core operating items. During the second quarter of 2013, we recognized (i) \$3.4 million of lease termination charges as a result of our purchase of certain previously leased real estate and (ii) \$1.8 million of charges related to property and equipment disposals.

#### *Swap Interest Expense —*

We have historically entered into various derivative financial instruments, including fair value and cash flow interest rate swaps, which have been designed to provide hedges against changes in fair value of certain debt obligations and variable rate cash flows. Our earnings have been impacted by these interest rate swaps in the form of (i) amounts reclassified from AOCI to earnings for active swaps, (ii) amortization of amounts reclassified from AOCI to earnings for terminated cash flow swaps and (iii) amortization of terminated fair value swaps. The pre-tax impact on earnings related to our various derivative financial instruments during the second quarter of 2014 and 2013 was \$0.4 million and \$0.9 million, respectively. The \$0.5 million decrease in swap interest expense during the second quarter of 2014 when compared to the second quarter 2013 is primarily the result of a \$0.8 million decrease in amortization expense of a previously terminated swap, partially offset by approximately \$0.4 million of additional swap expense as a result of an interest rate swap entered into during the fourth quarter of 2013.

#### *Income Tax Expense—*

The \$6.1 million (37%) increase in income tax expense was primarily a result of the \$15.1 million (34%) increase in income before income taxes in the second quarter of 2014 compared to the second quarter of 2013. Our effective tax rate increased from 38.0% for the 2013 period to 38.6% in the 2014 period. Our effective tax rate is highly dependent on our level of income before income taxes and permanent differences between book and tax income. As a result, it is difficult to project our overall effective tax rate for any given period. Based upon our current expectation of 2014 income before income taxes, we expect our effective income tax rate will be between 38% and 40% in 2014.

#### *Discontinued Operations—*

The \$0.3 million and \$0.2 million, net of tax, net loss from discontinued operations for the second quarter of 2014 and 2013, respectively, consists of rent and other expenses of idle facilities associated with franchises sold prior to June 30, 2014.

We continuously evaluate the financial and operating results of our dealerships, as well as each dealership's geographical location, and may continue to refine our dealership portfolio through strategic acquisitions or divestitures from time to time.

**RESULTS OF OPERATIONS**
**Six Months Ended June 30, 2014 Compared to the Six Months Ended June 30, 2013**

	For the Six Months Ended June 30,		Increase (Decrease)	% Change
	2014	2013		
(Dollars in millions, except per share data)				
<b>REVENUES:</b>				
New vehicle	\$ 1,557.5	\$ 1,408.0	\$ 149.5	11 %
Used vehicle	862.2	761.8	100.4	13 %
Parts and service	327.6	301.5	26.1	9 %
Finance and insurance, net	111.8	99.4	12.4	12 %
Total revenues	2,859.1	2,570.7	288.4	11 %
<b>GROSS PROFIT:</b>				
New vehicle	97.2	85.8	11.4	13 %
Used vehicle	67.4	62.2	5.2	8 %
Parts and service	201.6	181.2	20.4	11 %
Finance and insurance, net	111.8	99.4	12.4	12 %
Total gross profit	478.0	428.6	49.4	12 %
<b>OPERATING EXPENSES:</b>				
Selling, general and administrative	329.0	301.6	27.4	9 %
Depreciation and amortization	12.7	11.8	0.9	8 %
Other operating (income) expense, net	(0.1)	5.2	(5.3)	(102)%
Income from operations	136.4	110.0	26.4	24 %
<b>OTHER EXPENSES:</b>				
Floor plan interest expense	(6.3)	(6.2)	0.1	2 %
Other interest expense, net	(18.6)	(18.7)	(0.1)	(1)%
Swap interest expense	(1.0)	(2.1)	(1.1)	(52)%
Total other expense, net	(25.9)	(27.0)	(1.1)	(4)%
Income before income taxes	110.5	83.0	27.5	33 %
INCOME TAX EXPENSE	42.8	31.9	10.9	34 %
INCOME FROM CONTINUING OPERATIONS	67.7	51.1	16.6	32 %
DISCONTINUED OPERATIONS, net of tax	(0.4)	8.4	(8.8)	(105)%
NET INCOME	\$ 67.3	\$ 59.5	\$ 7.8	13 %
Income from continuing operations per common share—Diluted	\$ 2.21	\$ 1.64	\$ 0.57	35 %
Net income per common share—Diluted	\$ 2.20	\$ 1.91	\$ 0.29	15 %

	For the Six Months Ended June 30,	
	2014	2013
<b>REVENUE MIX PERCENTAGES:</b>		
New vehicles	54.5%	54.8%
Used retail vehicles	26.5%	26.0%
Used vehicle wholesale	3.6%	3.6%
Parts and service	11.5%	11.7%
Finance and insurance, net	3.9%	3.9%
Total revenue	100.0%	100.0%
<b>GROSS PROFIT MIX PERCENTAGES:</b>		
New vehicles	20.3%	20.0%
Used retail vehicles	14.0%	14.5%
Used vehicle wholesale	0.1%	—%
Parts and service	42.2%	42.3%
Finance and insurance, net	23.4%	23.2%
Total gross profit	100.0%	100.0%
<b>SG&amp;A EXPENSES AS A PERCENTAGE OF GROSS PROFIT</b>	<b>68.8%</b>	<b>70.4%</b>

Income from continuing operations increased by \$16.6 million (32%) during the six months ended June 30, 2014 as compared to the six months ended June 30, 2013. The increase in income from continuing operations was primarily driven by a \$49.4 million (12%) increase in gross profit, which was partially offset by a \$27.4 million (9%) increase in SG&A expenses and a \$10.9 million (34%) increase in income tax expense. Net income increased by \$7.8 million (13%) during the six months ended June 30, 2014 as compared to the six months ended June 30, 2013. Net income for the six months ended June 30, 2013 was positively impacted by the sale of one franchise (one dealership location), which resulted in an \$8.9 million net-of-tax gain, which is included in discontinued operations, net.

Gross profit increased across all four of our business lines and was driven by (i) a \$20.4 million (11%) increase in parts and service gross profit, (ii) a \$12.4 million (12%) increase in F&I gross profit and (iii) a \$11.4 million (13%) increase in new vehicle gross profit. Our total gross profit margin was 16.7% for the six months ended June 30, 2014 and 2013, with increases in our same store new vehicle retail gross margin and our same store parts and service gross margin offset by a 50 basis point decrease in our same store used vehicle retail gross margin.

The \$288.4 million (11%) increase in total revenue was primarily a result of (i) a \$149.5 million (11%) increase in new vehicle revenue and (ii) a \$100.4 million (13%) increase in used vehicle revenue.

## New Vehicle—

	For the Six Months Ended June 30,				%
	2014	2013	Increase		Change
(Dollars in millions, except for per vehicle data)					
Revenue:					
New vehicle revenue—same store(1)					
Luxury	\$ 575.5	\$ 500.7	\$ 74.8		15%
Mid-line import	715.9	702.3	13.6		2%
Mid-line domestic	225.1	205.0	20.1		10%
Total new vehicle revenue—same store(1)	1,516.5	1,408.0	108.5		8%
New vehicle revenue—acquisitions and new stores	41.0	—			
New vehicle revenue, as reported	\$ 1,557.5	\$ 1,408.0	\$ 149.5		11%
Gross profit:					
New vehicle gross profit—same store(1)					
Luxury	\$ 41.9	\$ 35.7	\$ 6.2		17%
Mid-line import	38.9	36.7	2.2		6%
Mid-line domestic	14.3	13.4	0.9		7%
Total new vehicle gross profit—same store(1)	95.1	85.8	9.3		11%
New vehicle gross profit—acquisitions and new stores	2.1	—			
New vehicle gross profit, as reported	\$ 97.2	\$ 85.8	\$ 11.4		13%
	For the Six Months Ended June 30,				%
	2014	2013	Increase		Change
New vehicle units:					
New vehicle retail units—same store(1)					
Luxury	11,264	9,928	1,336		13%
Mid-line import	26,930	26,208	722		3%
Mid-line domestic	5,727	5,668	59		1%
Total new vehicle retail units—same store(1)	43,921	41,804	2,117		5%
Fleet vehicles	1,199	682	517		76%
Total new vehicle units—same store(1)	45,120	42,486	2,634		6%
New vehicle units—acquisitions and new stores	1,573	—			
New vehicle units—actual	46,693	42,486	4,207		10%

## New Vehicle Metrics—

	For the Six Months Ended June 30,		Increase	% Change
	2014	2013		
Revenue per new vehicle sold—same store(1)	\$ 33,610	\$ 33,140	\$ 470	1%
Gross profit per new vehicle sold—same store(1)	\$ 2,108	\$ 2,019	\$ 89	4%
New vehicle gross margin—same store(1)	6.3%	6.1%	0.2%	3%

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

The \$149.5 million (11%) increase in new vehicle revenue was primarily a result of a 6% increase in same store new vehicle unit sales, combined with a 1% increase in same store revenue per new vehicle sold and \$41.0 million derived from acquisitions. Same store unit volumes for our higher-priced luxury brands increased 13%, driving the overall 6% increase in same store new vehicle unit sales and reflecting (i) an increase in new and redesigned models offered by luxury manufacturers,

(ii) the continued availability of credit at terms favorable to our customers and (iii) an improvement in the availability of new vehicle inventory from which to choose. Our total new vehicle revenue also benefited from \$41.0 million derived from acquisitions. New vehicle SAAR increased by 5% to 16.1 million for the six months ended June 30, 2014 as compared to 15.4 million for the six months ended June 30, 2013.

Total new vehicle gross profit increased by \$11.4 million (13%), largely driven by a \$6.2 million (17%) increase in gross profit from our luxury brands and a \$2.2 million (6%) increase in our mid-line import brands. In addition, our new vehicle gross profit also benefited from \$2.1 million derived from acquisitions. Our same store gross profit per new vehicle sold increased by \$89 (4%) overall, primarily driven by our luxury brands.

#### Used Vehicle—

	For the Six Months Ended June 30,			%
	2014	2013	Increase	Change
(Dollars in millions, except for per vehicle data)				
Revenue:				
Used vehicle retail revenues—same store(1)	\$ 738.1	\$ 669.5	\$ 68.6	10%
Used vehicle retail revenues—acquisitions and new stores	22.2	—		
Total used vehicle retail revenues	760.3	669.5	90.8	14%
Used vehicle wholesale revenues—same store(1)	99.5	92.3	7.2	8%
Used vehicle wholesale revenues—acquisitions and new stores	2.4	—		
Total used vehicle wholesale revenues	101.9	92.3	9.6	10%
Used vehicle revenue, as reported	\$ 862.2	\$ 761.8	\$ 100.4	13%
Gross profit:				
Used vehicle retail gross profit—same store(1)	\$ 65.3	\$ 62.0	\$ 3.3	5%
Used vehicle retail gross profit—acquisitions and new stores	1.6	—		
Total used vehicle retail gross profit	66.9	62.0	4.9	8%
Used vehicle wholesale gross profit—same store(1)	0.5	0.2	0.3	150%
Used vehicle wholesale gross profit—acquisitions and new stores	—	—		
Total used vehicle wholesale gross profit	0.5	0.2	0.3	150%
Used vehicle gross profit, as reported	\$ 67.4	\$ 62.2	\$ 5.2	8%
Used vehicle retail units:				
Used vehicle retail units—same store(1)	36,137	34,046	2,091	6%
Used vehicle retail units—acquisitions and new stores	1,206	—		
Used vehicle retail units—actual	37,343	34,046	3,297	10%

#### Used Vehicle Metrics—

	For the Six Months Ended June 30,		Increase (Decrease)	% Change
	2014	2013		
Revenue per used vehicle retailed—same store(1)	\$ 20,425	\$ 19,665	\$ 760	4 %
Gross profit per used vehicle retailed—same store(1)	\$ 1,807	\$ 1,821	\$ (14)	(1)%
Used vehicle retail gross margin—same store(1)	8.8%	9.3%	(0.5)%	(5)%

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

The \$100.4 million (13%) increase in used vehicle revenue was primarily the result of a 6% increase in same store used vehicle retail unit sales and a 4% increase in same store revenue per used vehicle retailed, as well as \$22.2 million in used

vehicle retail revenue derived from acquisitions. Additionally, total Company used vehicle wholesale revenue increased by \$9.6 million (10%). The 6% increase in same store used vehicle retail unit sales reflects increased consumer demand, the continued availability of credit at terms favorable to customers and the ongoing impact of our “Asbury 1-2-1” program.

The \$4.9 million (8%) increase in used vehicle retail gross profit was driven by a 10% increase in used vehicle retail units partially offset by a 50 basis point decrease in our same store used vehicle retail gross margin. Additionally, our used vehicle retail margins for the six months ended June 30, 2014 were impacted by margin pressures created by the general increase in the supply of used vehicles as a result of customer trade-ins and vehicles coming off lease, as well as our focus on selling more used vehicles as retail units instead of wholesale units.

*Parts and Service—*

	For the Six Months Ended June 30,			%
	2014	2013	Increase	Change
(Dollars in millions)				
Revenue:				
Parts and service revenue—same store(1)	\$ 321.6	\$ 301.5	\$ 20.1	7%
Parts and service revenues—acquisitions and new stores	6.0	—		
Parts and service revenue, as reported	<u>\$ 327.6</u>	<u>\$ 301.5</u>	\$ 26.1	9%
Gross profit:				
Parts and service gross profit—same store(1)				
Customer pay	\$ 113.5	\$ 107.0	\$ 6.5	6%
Warranty	26.3	23.4	2.9	12%
Reconditioning and preparation	47.7	40.9	6.8	17%
Wholesale parts	10.2	9.9	0.3	3%
Total parts and service gross profit—same store(1)	<u>197.7</u>	<u>181.2</u>	16.5	9%
Parts and service gross profit—acquisitions and new stores	3.9	—		
Parts and service gross profit, as reported	<u>\$ 201.6</u>	<u>\$ 181.2</u>	\$ 20.4	11%
Parts and service gross margin—same store(1)	61.5%	60.1%	1.4%	2%

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

The \$26.1 million (9%) increase in parts and service revenue was primarily due to (i) a \$14.6 million (7%) increase in same store customer pay revenue, (ii) a \$4.1 million (9%) increase in same store warranty revenue and (iii) \$6.0 million derived from acquisitions. The 140 basis point increase in our same store parts and service gross margin was primarily the result of increases in our higher margin parts and service businesses, including a 12% increase in gross profit from warranty work, a 17% increase in reconditioning and preparation gross profit and a 6% increase in our customer pay parts and service gross profit. The \$6.8 million increase in reconditioning and preparation gross profit was primarily driven by a 4% increase in our same store used vehicle retail unit sales and a 6% increase in our same store new vehicle unit sales for the six months ended June 30, 2014. Gross profit associated with warranty work increased by \$2.9 million (12%), partially due to certain manufacturer recalls that occurred during 2014, as well as increased units in operation.

### Finance and Insurance, net—

	For the Six Months Ended June 30,			%
	2014	2013	Increase	Change
(Dollars in millions, except for per vehicle data)				
Finance and insurance, net—same store(1)	\$ 106.3	\$ 99.4	\$ 6.9	7%
Finance and insurance, net—acquisitions and new stores	5.5	—		
Finance and insurance, net as reported	<u>\$ 111.8</u>	<u>\$ 99.4</u>	\$ 12.4	12%
Finance and insurance, net per vehicle sold—same store(1)	<u>\$ 1,308</u>	<u>\$ 1,299</u>	\$ 9	1%

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

F&I increased by \$12.4 million (12%) during the six months ended June 30, 2014 as compared to six months ended June 30, 2013, primarily due to (i) a 6% increase in same store retail unit sales and (ii) \$5.5 million derived from acquisitions.

### Selling, General and Administrative Expense—

	For the Six Months Ended June 30,					% of Gross Profit (Decrease) Increase
	2014	% of Gross Profit	2013	% of Gross Profit	Increase (Decrease)	
	(Dollars in millions)					
Personnel costs	\$ 149.9	32.2%	\$ 139.5	32.5%	\$ 10.4	(0.3)%
Sales compensation	47.7	10.3%	46.5	10.8%	1.2	(0.5)%
Share-based compensation	4.3	0.9%	4.4	1.0%	(0.1)	(0.1)%
Outside services	33.2	7.1%	29.4	6.9%	3.8	0.2 %
Advertising	15.6	3.4%	15.2	3.5%	0.4	(0.1)%
Rent	15.3	3.3%	17.1	4.0%	(1.8)	(0.7)%
Utilities	7.3	1.6%	6.6	1.5%	0.7	0.1 %
Insurance	4.8	1.0%	4.9	1.1%	(0.1)	(0.1)%
Other	41.3	8.9%	38.0	9.1%	3.3	(0.2)%
Selling, general and administrative expense—same store(1)	319.4	68.7%	301.6	70.4%	17.8	(1.7)%
Acquisitions and new stores	9.6		—			
Selling, general and administrative—actual	\$ 329.0	68.8%	\$ 301.6	70.4%	\$ 27.4	(1.6)%
Gross profit—same store(1)	\$ 464.9		\$ 428.6			
Gross profit—actual	\$ 478.0		\$ 428.6			

(1) Same store amounts consist of information from dealerships for the identical months of each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

Same store SG&A expense as a percentage of gross profit was 68.7% for the six months ended June 30, 2014 as compared to 70.4% for the six months ended June 30, 2013. The 170 basis point decrease was primarily attributable to a 50 basis point decrease in sales compensation, a 30 basis points decrease in personnel costs, and a 70 basis point decrease in rent expense primarily as a result of our purchase of certain previously leased real estate during 2013.

### Depreciation and Amortization Expense —

The \$0.9 million (8%) increase in depreciation and amortization expense during the six months ended June 30, 2014 when compared to the six months ended June 30, 2013 was primarily the result of our purchase of certain previously leased real estate

throughout 2013, additional fixed assets acquired in acquisitions, and construction projects placed into service during the past year.

#### *Other Operating (Income) Expense, net —*

Other operating (income) expense, net includes gains and losses from the sale of property and equipment, income derived from lease arrangements and other non-core operating items. During the six months ended June 30, 2013, we recognized (i) \$3.4 million of lease termination charges as a result of our purchase of certain previously leased real estate and (ii) \$1.8 million of charges related to property and equipment disposals.

#### *Swap Interest Expense —*

The pre-tax impact on earnings related to our various derivative financial instruments during the six months ended June 30, 2014 and 2013 was \$1.0 million and \$2.1 million, respectively. The \$1.1 million decrease in swap interest expense during the six months ended June 30, 2014 when compared to the six months ended June 30, 2013 is primarily the result of a \$1.9 million decrease in amortization expense of a previously terminated swap, partially offset by approximately \$0.8 million of additional swap expense as a result of an interest rate swap entered into during the fourth quarter of 2013.

#### *Income Tax Expense—*

The \$10.9 million (34%) increase in income tax expense was primarily a result of the \$27.5 million (33%) increase in income before income taxes during the six months ended June 30, 2014 when compared to the six months ended June 30, 2013. Our effective tax rate increased from 38.4% for the 2013 period to 38.7% in the 2014 period.

#### *Discontinued Operations—*

The \$0.4 million, net of tax, net loss from discontinued operations for the six months ended June 30, 2014 consists of rent and other expenses of idle facilities.

During the six months ended June 30, 2013, we sold one franchise (one dealership location) that was classified as discontinued operations. The \$8.4 million, net of tax, net gain from discontinued operations includes an \$8.9 million, net of tax, gain on the sale of one franchise (one dealership location), which was partially offset by \$0.5 million, net of tax, of net operating losses of franchises sold prior to June 30, 2014, including rent and other expenses of idle facilities.

## **LIQUIDITY AND CAPITAL RESOURCES**

As of June 30, 2014, we had total available liquidity of \$308.5 million, which consisted of cash and cash equivalents of \$7.0 million, borrowing availability of \$160.4 million and \$91.6 million under our revolving credit facility and our used vehicle revolving floor plan facility, respectively, and \$49.5 million of availability under our floor plan offset account, described below, which is generally accessible within one to two days. The total borrowing capacity under our revolving credit facilities is limited by borrowing base calculations and, from time to time, may be further limited by our required compliance with certain financial covenants. As of June 30, 2014, these financial covenants did not further limit our availability under our credit facilities. For more information on our financial covenants, see “Covenants” below.

We continually evaluate our liquidity and capital resources based upon (i) our cash and cash equivalents on hand, (ii) the funds that we expect to generate through future operations, (iii) current and expected borrowing availability under our revolving credit facilities, our floor plan facilities and our mortgage financings, (iv) amounts in our new vehicle floor plan notes payable offset account and (v) the potential impact of any contemplated or pending future transactions, including, but not limited to, financings, acquisitions, dispositions, equity and/or debt repurchases or other capital expenditures. We believe we will have sufficient liquidity to meet our debt service and working capital requirements; commitments and contingencies; debt repayment, maturity and repurchase obligations; acquisitions; capital expenditures; and any operating requirements for at least the next twelve months.

We currently have the following material credit facilities, floor plan facilities, real estate credit agreement, mortgage notes and senior subordinated notes. For a more detailed description of the material terms of our senior secured credit facilities, real estate credit agreement, mortgage notes and senior subordinated notes, refer to the “Floor Plan Notes Payable”, “Long-Term Debt” and “Subsequent Events” footnotes included in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (the “2013 Form 10-K”).



- **Revolving credit facility** — a \$175.0 million senior secured revolving credit facility for, among other things, acquisitions, working capital and capital expenditures, including a \$50.0 million sublimit for letters of credit. Our borrowing capacity under the revolving credit facility is limited by a borrowing base calculation and any outstanding letters of credit. As of June 30, 2014, we had \$14.6 million in outstanding letters of credit, resulting in \$160.4 million of borrowing availability under our revolving credit facility. There were no amounts drawn under our revolving credit facility as of June 30, 2014.
- **New inventory floor plan facilities** — an \$825.0 million senior secured new vehicle revolving floor plan facility. In connection with the new vehicle floor plan facility, we established an account with Bank of America, N.A. (“Bank of America”) that allows us to transfer cash to an account as an offset to floor plan notes payable (a “floor plan offset account”). These transfers reduce the amount of outstanding new vehicle floor plan notes payable that would otherwise accrue interest, while retaining the ability to transfer amounts from the offset account into our operating cash accounts within one to two days. As a result of the use of our floor plan offset account, we experience a reduction in floor plan interest expense on our Condensed Consolidated Statements of Income. As of June 30, 2014, we had \$49.5 million in this floor plan offset account. We also have a floor plan facility with Ford to purchase new Ford and Lincoln vehicle inventory, as well as facilities with certain other manufacturers for loaner vehicles. Neither our floor plan facility with Ford nor our facilities for loaner vehicles have stated borrowing limitations. As of June 30, 2014, we had \$546.7 million, net, outstanding under our senior secured new vehicle revolving floor plan facility and \$64.0 million outstanding under our floor plan facility with Ford.
- **Used vehicle floor plan facility** — a \$100.0 million senior secured used vehicle revolving floor plan facility to finance the acquisition of used vehicle inventory and for, among other things, other working capital and capital expenditures, as well as to refinance used vehicles. Our borrowing capacity under the used vehicle floor plan facility is limited by a borrowing base calculation. As of June 30, 2014, we had \$2.0 million outstanding under our used vehicle revolving floor plan facility, which was drawn for general corporate purposes, and \$91.6 million of remaining borrowing availability under our used vehicle revolving floor plan facility.
- **Real estate credit agreement** — a \$75.0 million real estate term loan credit agreement collateralized by first priority liens, subject to certain permitted exceptions, on all of the real property financed thereunder. As of June 30, 2014, we had \$73.3 million outstanding under the real estate credit agreement.
- **Mortgage notes** — as of June 30, 2014, we had \$163.2 million of mortgage note obligations (excluding amounts outstanding under our real estate credit agreement). Subsequent to June 30, 2014, we entered into an additional \$59.8 million of mortgage notes. These obligations are collateralized by the related real estate at our applicable owned dealership locations.
- **8.375% Senior Subordinated Notes due 2020 (“8.375% Notes”)** — as of June 30, 2014, we had \$300.0 million in aggregate principal amount of our 8.375% Notes outstanding. We are required to pay interest on the 8.375% Notes on May 15 and November 15 of each year until their maturity on November 15, 2020.

Under the terms of the senior secured credit facilities and certain mortgage notes payable, our ability to incur new indebtedness is currently limited to (i) permitted floor plan indebtedness, (ii) certain refinancings, refunds, renewals or extensions of existing indebtedness, and (iii) other customary permitted indebtedness.

#### *Covenants*

We are subject to a number of covenants in our various debt and lease agreements. We were in compliance with all of our covenants as of June 30, 2014.

#### *Subordinated Note Repurchases*

Our board of directors has authorized us, from time to time, to repurchase various of our 8.375% Notes in open market purchases or privately negotiated transactions. The decision to repurchase our 8.375% Notes is dependent upon prevailing market conditions, our liquidity position, applicable limitations in any agreements to which we are a party, and other factors. Currently, the credit agreement governing our senior secured credit facilities allows us to purchase at least \$50.0 million of our debt securities per calendar year, subject to increase based on availability under our senior secured credit facilities. During the six months ended June 30, 2014, we did not repurchase any of our 8.375% Notes.

#### *Share Repurchases*

During the three and six months ended June 30, 2014, we repurchased a total of 321,520 and 503,248 shares, respectively, of our common stock under our authorized repurchase program for a total of \$20.0 million and \$29.4 million. As of June 30, 2014,

we had remaining authorization to repurchase \$40.6 million in shares of our common stock. In July 2014, our Board of Directors approved an increase of our then-existing repurchase authorization to a new total of \$100.0 million of the Company's common stock in open market transactions or privately negotiated transactions from time to time.

During the three and six months ended June 30, 2014, we also repurchased 16,414 and 122,520 shares, respectively of our common stock for \$0.9 million and \$6.2 million from employees in connection with a net share settlement feature of employee equity-based awards.

## Cash Flows

### *Classification of Cash Flows Associated with Floor Plan Notes Payable*

Borrowings and repayments of floor plan notes payable to a lender unaffiliated with the manufacturer from which we purchase a particular new vehicle ("Non-Trade"), and all floor plan notes payable relating to used vehicles (together referred to as "Floor Plan Notes Payable - Non-Trade"), are classified as financing activities on the accompanying Condensed Consolidated Statements of Cash Flows, with borrowings reflected separately from repayments. The net change in floor plan notes payable to a lender affiliated with the manufacturer from which we purchase a particular new vehicle (collectively referred to as "Floor Plan Notes Payable - Trade") is classified as an operating activity on the accompanying Condensed Consolidated Statements of Cash Flows. Borrowings of floor plan notes payable associated with inventory acquired in connection with all acquisitions are classified as a financing activity in the accompanying Condensed Consolidated Statement of Cash Flows. Cash flows related to floor plan notes payable included in operating activities differ from cash flows related to floor plan notes payable included in financing activities only to the extent that the former are payable to a lender affiliated with the manufacturer from which we purchased the related inventory, while the latter are payable to a lender not affiliated with the manufacturer from which we purchased the related inventory. Repayments of Floor Plan Notes Payable - Trade associated with divestitures are classified as an operating activity. Repayments of Floor Plan Notes Payable - Non-Trade associated with divestitures are classified as a financing activity.

Floor plan borrowings are required by all vehicle manufacturers for the purchase of new vehicles, and all floor plan lenders require amounts borrowed for the purchase of a vehicle to be repaid within a short time period after the related vehicle is sold. As a result, we believe that it is important to understand the relationship between the cash flows of all of our floor plan notes payable and new vehicle inventory in order to understand our working capital and operating cash flow and to be able to compare our operating cash flow to that of our competitors (i.e., if our competitors have a different mix of trade and non-trade floor plan financing as compared to us). In addition, we include all floor plan borrowings and repayments in our internal operating cash flow forecasts. As a result, we use the non-GAAP measure "cash provided by (used in) operating activities, as adjusted" (defined below) to compare our results to forecasts. We believe that splitting the cash flows of floor plan notes payable between operating activities and financing activities, while all new vehicle inventory activity is included in operating activities, results in significantly different operating cash flow than if all the cash flows of floor plan notes payable were classified together in operating activities.

Cash provided by operating activities, as adjusted, includes borrowings and repayments of floor plan notes payable to lenders not affiliated with the manufacturer from which we purchase the related vehicle. Cash provided by operating activities, as adjusted, has material limitations, and therefore, may not be comparable to similarly titled measures of other companies and should not be considered in isolation, or as a substitute for analysis of our operating results in accordance with GAAP. In order to compensate for these potential limitations we also review the related GAAP measures.

We have provided below a reconciliation of cash flow from operating activities, as if all changes in floor plan notes payable, except for (i) borrowings associated with acquisitions and repayments associated with divestitures and (ii) borrowings and repayments associated with the purchase of used vehicle inventory, were classified as an operating activity.

	For the Six Months Ended June 30,	
	2014	2013
	(In millions)	
Reconciliation of Cash provided by operating activities to Cash provided by (used in) operating activities, as adjusted		
Cash provided by operating activities, as reported	\$ 80.7	\$ 24.7
New vehicle floor plan repayments - non-trade, net	5.4	(64.8)
Cash provided by (used in) operating activities, as adjusted	\$ 86.1	\$ (40.1)

### *Operating Activities—*

Net cash provided by operating activities totaled \$80.7 million and \$24.7 million for the six months ended June 30, 2014 and 2013, respectively. Net cash provided by operating activities, as adjusted, totaled \$86.1 million for the six months ended June 30, 2014. Net cash used in operating activities, as adjusted, totaled \$40.1 million for the six months ended June 30, 2013. Net cash provided by (used in) operating activities, as adjusted, includes net income, adjustments to reconcile net income to net cash used in operating activities and changes in working capital, including changes in floor plan notes payable and inventory.

The \$126.2 million increase in our net cash provided by operating activities, as adjusted, for the six months ended June 30, 2014 compared to the six months ended June 30, 2013 was primarily the result of the following:

- \$103.8 million related to a decrease in inventory, net of floor plan notes payable, primarily as a result of a \$90.2 million decrease in our floor plan offset account during the six months ended June 30, 2014 when compared to the six months ended June 30, 2013;
- the \$14.8 million increase in net income adjusted for non-cash items;
- \$5.3 million related to a net decrease in prepaid and other current assets; and
- \$18.3 million related to a net increase in accounts payable and accrued expenses.

The increase in our cash provided by operating activities, as adjusted, was partially offset by:

- a \$13.7 million decrease related to sales volume and the timing of collection of accounts receivable and contracts-in-transit during the six months ended June 30, 2014 as compared to the six months ended June 30, 2013; and
- \$2.3 million related to a decrease in other long terms assets and liabilities, net during the first six months of 2014 when compared to the first six months of 2013.

### *Investing Activities—*

Net cash used in investing activities totaled \$53.8 million for the six months ended June 30, 2014. Net cash provided by investing activities totaled \$3.3 million for the six months ended June 30, 2013. Cash flows from investing activities relate primarily to capital expenditures, acquisition and divestiture activity and sales of property and equipment.

Capital expenditures, excluding acquisitions, the purchase of real estate, lease buyouts and capitalized interest, were \$31.3 million and \$15.8 million for the six months ended June 30, 2014 and 2013, respectively.

During the six months ended June 30, 2014, we acquired one franchise in Greenville, South Carolina and one dealership in Orlando, Florida for an aggregate purchase price of \$21.9 million.

Proceeds from the sale of assets totaled \$33.9 million for the six months ended June 30, 2013. Included in proceeds from the sale of assets was \$7.5 million associated with the sale of inventory in connection with the sale of one franchise (one dealership location).

We expect that capital expenditures during 2014 will include approximately \$60.0 million to upgrade our existing facilities, expand our service capacity and invest in technology and equipment. In addition to investing in our core business, we anticipate additional capital investment in our recently announced plans to open two stand-alone used vehicle stores branded as “*Q auto*” which could total as much as \$25.0 million over the remainder of 2014. Additional capital investment in *Q auto* in 2014 will include construction of store locations we intend to open during 2014 and may include the acquisition of land and building assets for future *Q auto* stores.

As part of our capital allocation strategy, we continuously evaluate opportunities to purchase properties currently under lease. No assurances can be provided that we will have or be able to access capital at times or on terms in amounts deemed necessary to execute this strategy.

### *Financing Activities—*

Net cash used in financing activities totaled \$25.3 million for the six months ended June 30, 2014. Net cash provided by financing activities totaled \$32.8 million for the six months ended June 30, 2013.

During the six months ended June 30, 2014 and 2013, we had non-trade floor plan borrowings of \$1.63 billion and \$1.50 billion, respectively. In addition, during six months ended June 30, 2014 we had non-trade floor plan borrowings of \$6.5 million related to our acquisitions of one franchise and one dealership. The majority of our floor plan notes are payable to parties unaffiliated with the entities from which we purchase our new vehicle inventory, with the exception of floor plan notes payable relating to the financing of new Ford and Lincoln vehicles.

During the six months ended June 30, 2014 and 2013, we made non-trade floor plan repayments of \$1.62 billion and \$1.56 billion, respectively. Included in the \$1.62 billion and \$1.56 billion of non-trade floor plan repayments was a \$5.2 million and a \$95.4 million increase in our floor plan offset account, respectively.

During the six months ended June 30, 2013 we made non-trade floor plan repayments of \$5.4 million related to the divestiture of one franchise (one dealership location).

Proceeds from borrowings totaled \$122.2 million for the six months ended June 30, 2013. During the six months ended June 30, 2013, we issued an additional \$100.0 million of our 8.375% Senior Subordinated Notes and entered into one fixed rate mortgage note payable which was collateralized by the related real estate of that dealership location. We paid a total of \$2.4 million in debt issuance costs associated with these borrowings.

Repayments of borrowings totaled \$4.9 million and \$2.4 million for the six months ended June 30, 2014 and 2013, respectively.

During the six months ended June 30, 2014, we repurchased a total of 503,248 shares of our common stock under our authorized repurchase program for a total of \$29.4 million and 122,520 shares of our common stock for \$6.2 million from employees in connection with a net share settlement feature of employee equity-based awards.

### **Stock Repurchase and Dividend Restrictions**

Pursuant to the indenture governing our 8.375% Notes and the agreements governing our senior secured credit facilities, our ability to repurchase shares of our common stock and pay cash dividends is limited to \$94.6 million as of June 30, 2014, with an additional \$10.0 million available to repurchase common stock only.

In January 2014, our Board of Directors authorized us to repurchase up to an additional \$50.0 million of the Company's common stock. As of June 30, 2014, we had remaining authorization to purchase up to \$40.6 million of our common stock. In July 2014, our Board of Directors approved an increase of our then-existing repurchase authorization to a new total of \$100.0 million of the Company's common stock in open market transactions or privately negotiated transactions from time to time.

### **Off Balance Sheet Arrangements**

We had no off balance sheet arrangements during any of the periods presented other than those disclosed in Note 10 of our accompanying condensed consolidated financial statements.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

### **Interest Rate Risk**

We are exposed to market risk from changes in interest rates on a significant portion of our outstanding indebtedness. Based on \$610.7 million of total variable interest rate debt (including floor plan notes payable) outstanding as of June 30, 2014, a 1% change in interest rates could result in a change of as much as \$6.1 million to our annual other interest expense.

We received \$12.8 million of floor plan assistance from certain automobile manufacturers during six months ended June 30, 2014. Floor plan assistance reduced cost of sales (including amounts classified as discontinued operations) for the six months ended June 30, 2014 by \$13.5 million and reduced new vehicle inventory by \$5.5 million and \$6.2 million as of June 30, 2014 and December 31, 2013, respectively. Although we can provide no assurance as to the amount of future floor plan assistance, it is our expectation, based on historical data that an increase in prevailing interest rates would result in increased floor plan assistance from certain automobile manufacturers.

### **Hedging Risk**

In November 2013, we entered into an interest rate swap agreement with a notional principal amount of \$75.0 million. This swap was designed to provide a hedge against changes in variable rate cash flows through maturity in September 2023. The notional value of this swap was \$73.3 million as of June 30, 2014 and is reducing over its remaining term to \$38.7 million at

maturity. This interest rate swap qualifies for cash flow hedge accounting treatment and does not, and will not, contain any ineffectiveness.

We are also party to an interest rate swap agreement which had a notional principal amount of \$17.8 million as of June 30, 2014. This swap was designed to provide a hedge against changes in variable interest rate cash flows through maturity in October 2015. The notional value of this swap is reducing over the remaining term to \$16.1 million at maturity. This interest rate swap qualifies for cash flow hedge accounting treatment and does not, and will not, contain any ineffectiveness.

For additional information about the effect of our derivative instruments on the accompanying condensed consolidated financial statements, see Note 7 “Financial Instruments and Fair Value” of the notes thereto.

#### **Item 4. Controls and Procedures**

##### **Disclosure Controls and Procedures**

As of the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of the Company’s principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”). Based on this evaluation, the Company’s principal executive officer and principal financial officer concluded that as of the end of such period such disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in reports it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time period specified in the rules and forms of the U.S. Securities and Exchange Commission and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding disclosure. Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management’s control objectives. The Company’s management, including the principal executive officer and the principal financial officer, does not expect that our disclosure controls and procedures can prevent all possible errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that objectives of the control system are met. There are inherent limitations in all control systems, including the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the intentional acts of one or more persons. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and while our disclosure controls and procedures are designed to be effective under circumstances where they should reasonably be expected to operate effectively, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in any control system, misstatements due to possible errors or fraud may occur and not be detected.

##### **Changes in Internal Control Over Financial Reporting**

There were no changes in the Company’s internal control over financial reporting during the quarter ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

## PART II

### Item 1. Legal Proceedings.

From time to time, we are and may become involved in various claims relating to, and arising out of our business and our operations. These claims may involve, but are not limited to, financial and other audits by vehicle manufacturers, lenders and certain federal, state and local government authorities, which relate primarily to (a) allegations of violations of manufacturer agreements or policies, (b) compliance with lender rules and covenants and (c) payments made to government authorities relating to federal, state and local taxes, as well as compliance with other government regulations. Claims may also arise through litigation, government proceedings and other dispute resolution processes. Such claims, including class actions, can relate to, but are not limited to, the practice of charging administrative fees, employment-related matters, truth-in-lending practices, contractual disputes, actions brought by governmental authorities and other matters. We evaluate pending and threatened claims and establish loss contingency reserves based upon outcomes we currently believe to be probable and reasonably estimable.

We currently do not anticipate that any known claim will materially adversely affect our financial condition, liquidity or results of operations. However, the outcome of any matter cannot be predicted with certainty, and an unfavorable resolution of one or more matters presently known or arising in the future could have a material adverse effect on our financial condition, liquidity or results of operations.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Pursuant to the indenture governing our 8.375% Notes and the agreements governing our senior secured credit facilities, our ability to repurchase shares of our common stock and pay cash dividends is limited to \$92.6 million as of June 30, 2014, with an additional \$10.0 million available to repurchase common stock only.

In December 2012, our Board of Directors authorized us to repurchase up to \$50.0 million of the Company's common stock from time to time. In January 2014, our Board of Directors authorized us to repurchase up to an additional \$50.0 million of the Company's common stock. During the three months ended June 30, 2014 we repurchased a total of 321,520 shares of our common stock under our authorized repurchase program for a total of \$20.0 million. As of June 30, 2014, we had remaining authorization to repurchase \$40.6 million in shares of our common stock. In July 2014, our Board of Directors approved an increase of our then-existing repurchase authorization to a new total of \$100.0 million of the Company's common stock in open market transactions or privately negotiated transactions from time to time.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Program (in millions)
04/01/2014 - 04/30/2014	72,000	\$ 55.53	72,000	\$ 56.6
05/01/2014 - 05/31/2014	110,000	\$ 63.09	110,000	\$ 49.7
06/01/2014 - 06/30/2014	139,520	\$ 64.91	139,520	\$ 40.6

### Item 4. Mine Safety Disclosures

Not applicable.

**Item 6. Exhibits**

<b><u>Exhibit Number</u></b>	<b><u>Description of Documents</u></b>
3.1	Bylaws of Asbury Automotive Group, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on April 21, 2014).
10.1*	Separation Agreement and General Release by and between Asbury Automotive Group, Inc. and Scott J. Krenz, dated as of December 10, 2013.
10.2	Amendment No. 1 to Credit Agreement, dated as of June 27, 2014, by and among Asbury Automotive Group, Inc., as Borrower, certain of its subsidiaries, as Vehicle Borrowers, Bank of America, N.A., as Administrative Agent, Revolving Swing Line Lender, New Vehicle Floorplan Swing Line Lender, Used Vehicle Floorplan Swingline Lender and an L/C Issuer, and the other lenders party thereto.
31.1	Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certificate of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certificate of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Asbury Automotive Group, Inc.

Date: July 23, 2014

By: /s/ Craig T. Monaghan  
Name: **Craig T. Monaghan**  
Title: **Chief Executive Officer and President**

Asbury Automotive Group, Inc.

Date: July 23, 2014

By: /s/ Keith R. Style  
Name: **Keith R. Style**  
Title: **Senior Vice President and Chief Financial Officer**



## INDEX TO EXHIBITS

<b><u>Exhibit Number</u></b>	<b><u>Description of Documents</u></b>
3.1	Bylaws of Asbury Automotive Group, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on April 21, 2014).
10.1*	Separation Agreement and General Release by and between Asbury Automotive Group, Inc. and Scott J. Krenz, dated as of December 10, 2013.
10.2	Amendment No. 1 to Credit Agreement, dated as of June 27, 2014, by and among Asbury Automotive Group, Inc., as Borrower, certain of its subsidiaries, as Vehicle Borrowers, Bank of America, N.A., as Administrative Agent, Revolving Swing Line Lender, New Vehicle Floorplan Swing Line Lender, Used Vehicle Floorplan Swingline Lender and an L/C Issuer, and the other lenders party thereto.
31.1	Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certificate of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certificate of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	Management contract or compensatory plan or arrangement.

## SEPARATION AGREEMENT AND GENERAL RELEASE

Asbury Automotive Group, Inc. (the "Company"), and Scott J. Krenz ("Employee") have entered into this Separation Agreement and General Release (this "Agreement") as of this 10<sup>th</sup> day of December, 2013 (the "Agreement Date"), which is the date of the last signature hereto. In consideration of the mutual promises contained in this Agreement, the parties agree as follows:

1. Voluntary Resignation and Separation from Employment.

(a) Subject to any earlier termination of Employee's employment for cause (as such term was used in the Employment Agreement (as defined below)), the Company will continue to employ Employee until March 31, 2014 (the "Separation Date") in accordance with the terms and subject to the conditions set forth in this Agreement. As of 11:59 p.m. on December 31, 2013, Employee will resign his position as the Chief Financial Officer and accept the position of Senior Vice President of the Company. Effective January 1, 2014, the only position Employee will hold with the Company is that of Senior Vice President. From and after January 1, 2014, Employee's base salary will be \$36,666.66 per month subject to applicable withholding and Employee will perform duties as assigned to him by the Chief Executive Officer, including assisting with the transition of the role of Chief Financial Officer. Employee acknowledges that the job transfer does not affect his eligibility for an award of performance shares for the 2013 performance period (the "2013 Performance Shares"), and that the same eligibility requirements for such awards of performance shares and any other outstanding equity awards will continue to apply following the job transfer. Employee agrees that his continued employment and the significant financial benefit he would receive from his award of 2013 Performance Shares, his 2013 annual cash bonus and the continued vesting of his other outstanding equity awards, in each case as a result of his continued employment through the Separation Date, constitute adequate consideration for Employee's obligations under this Agreement and the Supplemental Release of All Claims attached hereto as Exhibit B.

(b) Employee's Agreement with the Company, executed effective July 27, 2011, and attached hereto as Exhibit A (the "Employment Agreement") is hereby immediately terminated, except that Sections 3, 4, 5, 6 and 7 will survive termination of the Employment Agreement. Employee hereby acknowledges and affirms that he is subject to, and has complied and will continue to comply with, the obligations under Sections 3, 4, 5, 6 and 7 of the Employment Agreement.

(c) Subject to any earlier termination of Employee's employment for cause (as such term was used in the Employment Agreement), effective as of 11:59 p.m. on March 31, 2014:

(i) Employee's employment with the Company and its subsidiaries and affiliates (the "Company Group") will terminate as a result of his voluntary resignation and such resignation will be reflected in the personnel records of the Company;

(ii) Employee's salary and benefits from the Company Group will cease to accrue and Employee will no longer have any right to contribute to any employee benefit plans or programs of any member of the Company Group;

(iii) Employee will resign all positions Employee held as an officer, director, manager or employee of, and relinquishes all titles and authorities with respect to, the Company Group, and will promptly execute such documents and take such actions as may be necessary or reasonably requested by any member of the Company Group to effectuate or memorialize the resignation of such positions and relinquishment of such titles and authorities; and

(iv) Employee's resignation and separation on the Separation Date pursuant to Section 1(c) will be a "separation from service," as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations and official guidance issued thereunder ("Section 409A").

2. Payments and Other Consideration. If Employee (I) executes and does not revoke this Agreement during the revocation period described in Section 20, (II) continues to comply with the terms and conditions of this Agreement, and Sections 3, 4, 5, 6 and 7 of the Employment Agreement, and (III) within 30 days following the Separation Date, delivers to the Company a fully executed and effective copy of the Supplemental Release of All Claims attached hereto as Exhibit B, with all periods for revocation therein having expired, then:

(a) Cash Bonus. The Company will pay Employee a prorated portion of his annual bonus under the Company's Corporate Office Incentive Program (the "Bonus Plan") for the year of the termination of his employment, equal to the amount of the bonus that Employee would have received under the Bonus Plan if Employee's employment with the Company had not terminated during such year, multiplied by the percentage of such year that elapsed through the Separation Date. Such prorated bonus will be paid at such time as bonuses are paid under the Bonus Plan to the Company's other participants thereunder whose employment was not terminated in such year.

(b) Health and Dental Insurance. For the 12 months immediately following the Separation Date, Employee will be entitled to continue to participate at the same level of coverage and Employee contribution in any Company health and dental insurance plans, as may be amended from time to time, in which Employee was participating immediately prior to the Separation Date. Such participation will terminate 30 days after Employee has obtained other employment under which Employee is eligible for similar benefits. Employee agrees to notify the Company promptly upon obtaining such other employment. At the end of such 12-month period, Employee, at his option, may elect to obtain coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") in accordance with the terms and conditions of applicable law and the Company's standard policy, provided, however, that the coverage period for purposes of the group health continuation requirements of COBRA will commence on the Separation Date, and will run concurrently immediately following the Separation Date.

In addition, while Employee remains employed by the Company, Employee will be entitled to receive his award of 2013 Performance Shares and will continue to vest in all of his outstanding equity awards in accordance with their respective terms and conditions. However, Employee hereby agrees that, in the event that Employee does not deliver a fully executed and effective copy of the Supplemental Release of All Claims attached hereto as Exhibit B within 30 days following the Separation Date, with all periods for revocation therein having expired, Employee will, on the 30<sup>th</sup> day following the Separation Date, return or repay to the Company the amount

of value Employee realized as a result of any equity award vesting that occurred from or after January 1, 2014.

### 3. General Release of Claims.

(a) Release. In exchange for the payments and benefits set forth in Section 2 and the Company's obligations set forth in Section 1, Employee and his affiliates, heirs, beneficiaries, personal representatives, agents, successors and assigns and their respective successors and assigns (collectively, the "Releasing Parties"), hereby forever knowingly, voluntarily, unconditionally and absolutely release, acquit, remise and discharge the Company Group, and each member of the Company Group's past, present, and future officers, directors, managers, stockholders, members, employees, trustees, agents, representatives, affiliates, successors and assigns, including all affiliated dealerships (collectively, the "Released Parties"), from any and all claims, claims for relief, demands, actions and causes of action of any kind or description whatsoever, known or unknown, whether arising out of contract, tort, statute, treaty or otherwise, in law or in equity, which a Releasing Party now has, has had, or may hereafter have against any of the Released Parties) (each a "Potential Claim") from the beginning of time through the Agreement Date, including those directly or indirectly arising from, connected with, or in any way related to:

(i) Employee's employment by any member of the Company Group;

(ii) Employee's service as a director, officer, manager or employee, as the case may be, of any member of the Company Group;

(iii) any transaction prior to the Agreement Date, including all effects, consequences, losses and damages relating thereto;

(iv) any services provided by Employee to any Company Group member;

(v) the Employment Agreement or any documents ancillary thereto; or

(vi) Employee's resignation and separation from employment with any member of the Company Group under any law, including the common law or any federal or state statute, including all claims arising under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the False Claims Act, 31 U.S.C.A. § 3730, including any right to personal gain with respect to any claim asserted under its "qui tam" provisions; Sections 1981 through 1988 of Title 42 of the United States Code, the Employee Retirement Income Security Act of 1974, the Immigration Reform and Control Act, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967 (the "ADEA"), including all rights and claims under the ADEA, the Older Workers' Benefit Protection Act of 1990, the Workers Adjustment and Retraining Notification Act, the Occupational Safety and Health Act, Georgia Equal Employment of Persons with Disabilities Code, Georgia Sex Discrimination in Employment Act, Georgia Wage Payment Act, Georgia Fair Employment Practices Act of 1978, the Georgia Code of Ordinances, any other federal, state or local civil or human rights law or any other local, state or federal law, regulation or ordinance, any public policy, contract, tort, or common law or any allegation for costs, fees, or other expenses including attorneys' fees incurred in these matters

(the Potential Claims from the beginning of time through the Agreement Date, including those set forth in clauses (i) through (vi), the “Released Matters”), except that the Released Matters do not include any Potential Claims directly arising from: (w) this Agreement, (x) any claims to the extent that such claims cannot be waived under law, including the right to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission (“EEOC”) (except that Employee is expressly waiving any claim for monetary damages, recovery or relief should the EEOC or any other agency or commission pursue any such claims on Employee’s behalf) and any claims under the ADEA that may arise after the Agreement Date, (y) indemnification under applicable law or the Company’s charter or bylaws and any related insurance coverage or (z) any accrued and vested compensation or benefits, whether under any tax-qualified retirement plans or otherwise.

(b) No Transfer of Potential Claims. Employee represents and warrants to the Released Parties that neither Employee nor any Releasing Party has made an assignment or transfer of any of the Potential Claims for any Released Matter.

(c) Release Not Considered an Admission. Employee acknowledges and agrees that neither this Agreement nor the furnishing of the consideration under this Agreement, including for the release given under this Section 3, will be deemed or construed at any time to be an admission by Employee or any Released Party of any liability or improper or unlawful conduct of any kind.

(d) Waiver of Unknown Claims. With respect to any and all Potential Claims for any Released Matter, Employee expressly waives and relinquishes, and the other Releasing Parties will be deemed to have expressly waived and relinquished, any and all provisions, rights and benefits conferred by any law of any other jurisdiction or principle of common law that provides that a general release does not extend to claims that are unknown or unsuspected to the releasor at the time the releasor executes the release. Employee acknowledges that the inclusion of such unknown Potential Claims herein was separately bargained for and was a key element of this Section 3. Employee acknowledges, and the other Releasing Parties will be deemed to have acknowledged, that they may hereafter discover facts which are different from or in addition to those that they may now know or believe to be true with respect to any and all Potential Claims herein released and agree that all such unknown Potential Claims are nonetheless released and that this Section 3 will remain effective in all respects even if such different or additional facts are subsequently discovered.

(e) Sufficiency of Consideration. Employee acknowledges and agrees that the Company’s obligations under Sections 1 and 2, and the other covenants of the Company herein, have provided good and sufficient consideration for every promise, duty, release, obligation, agreement and right contained in this Section 3.

(f) Basis of Defense; Attorneys’ Fees. This Section 3 may be pleaded by the Released Parties as a full and complete defense and may be used as the basis for an injunction against any action at law or equity instituted or maintained against them in violation of this Section 3. In the event any Potential Claim is brought or maintained by Employee or any Releasing Party against any Released Party in violation of this Section 3, Employee will be responsible for all costs and expenses, including reasonable attorneys’ fees, incurred by the Released Parties in defending same.

4. Affirmations. Employee affirms that he (a) has not filed or caused to be filed, and is not presently a party to any claim, grievance, complaint, charge, or action against any member of the Company Group in any forum or form, (b) has no known workplace injuries or occupational diseases, and (c) has been provided and has not been denied any leave requested under the Family and Medical Leave Act.

5. Non-Disparagement. Employee will not, at any time, take any action or make any public statement, including statements to individuals, subsequent employers, vendors, clients, customers, suppliers or licensors or the news media, that would disparage, defame or place in a negative light, any member of the Company Group, or any of their respective officers, directors, managers, stockholders, members, creditors, affiliates, employees, successors, assigns, business services, products or dealerships, except that nothing herein will restrict Employee from making truthful statements that are required by applicable law or by order of any court of competent jurisdiction.

6. Cooperation.

(a) Compliance and Internal Investigations Employee has given the Company written notice of any and all concerns he may have regarding suspected ethical or compliance issues or violations on the part of the Company or any other Released Party with respect to the Company Group. Employee will cooperate and assist the Company, its stockholders or any other member of the Company Group with any compliance or other matters related to the Company or the other Released Parties with respect to the Company Group, including any internal investigation or audit.

(b) Third Party Proceedings. Employee will not voluntarily appear in any action or proceeding brought by a third party that is known to him to be adverse to any member of the Company Group, unless required by law and, if so required, Employee will promptly notify the Company of such appearance.

7. Further Assurances. From and after the Agreement Date, at the request of the Company, Employee will execute and deliver to any member of the Company Group, as applicable, such instruments and other documents as the Company may reasonably request in connection with this Agreement or the transactions contemplated hereby.

8. Injunctive Relief. The obligations of Employee under, and the subject matter of, this Agreement are unique. If Employee fails to perform or otherwise breaches any of its warranties, covenants or other agreements hereunder, Employee acknowledges that it would be extremely impracticable to measure the resulting damages and that the Company or any other Releasing Parties would be irreparably damaged by any such breach. Accordingly, the Company Group, in addition to any other available rights or remedies that may be available at law or in equity, will be entitled to, and may sue in equity for, an injunction or injunctions to prevent breaches of, and specific performance with respect to the obligations of Employee under, this Agreement. Employee expressly waives the defense that a remedy in damages will be adequate and any requirement to post bond or provide similar security in connection with actions or proceedings instituted for injunctive relief or specific performance of this Agreement.

9. Survival. The representations, warranties, covenants, and other agreements in this Agreement survive the execution hereof and will survive the expiration and termination of this Agreement.

10. Expenses; Attorneys' Fees. Each party will pay its own expenses in connection with the negotiation and execution of this Agreement and the transactions contemplated hereby. If either party brings an action or proceeding to enforce, interpret or construe this Agreement, the prevailing party in such action or proceeding will be entitled to recover their reasonable attorneys' fees and costs related to such action or proceeding from the other party.

11. Notices. All notices, requests, demands and other communications made under or by reason of the provisions of this Agreement must be in writing and be given by hand delivery or next business day courier to the affected party at the address set forth below or at such other address as such party may have provided to the other party in accordance herewith. Such notices will be deemed given at the time personally delivered (if delivered by hand with receipt acknowledged) and the first business day after timely delivery to the courier (if sent by next business day courier specifying next business day delivery).

To the Company:

Asbury Automotive Group, Inc.  
2905 Premiere Parkway, Suite 300  
Duluth, GA 30097  
Attention: Joseph G. Parham, Jr., Vice President and Chief Human Resources Officer

With a copy to:

Asbury Automotive Group, Inc.  
2905 Premiere Parkway, Suite 300  
Duluth, GA 30097  
Attention: George A. Villasana, Vice President and General Counsel

To Employee:

Scott J. Krenz, at Employee's most recent address as set forth in the Company's employment records

12. Amendment; Waiver. No supplement, modification or amendment of this Agreement will be binding unless signed in writing by the parties. No waiver of any of the provisions of this Agreement will be deemed to be or will constitute a continuing waiver. No waiver will be binding unless signed in writing by the party making the waiver.

13. Binding Effect; Assignment. This Agreement will inure to the benefit of the heirs, executors, administrators, successors and permitted assigns of the parties. This Agreement is not assignable

by either party without the prior written consent of the other, except that the Company may, without prior written consent of Employee, assign this Agreement to (x) any of its affiliates or (y) an assignee of all or substantially all of the business or assets of the Company.

14. Governing Law. This Agreement will be governed by and construed and enforced in accordance with the internal laws (and not the choice of law principles) of the State of Georgia.

15. Jurisdiction; Venue. The parties consent to the exclusive jurisdiction of all state and federal courts located in Atlanta, Georgia, as well as to the jurisdiction of all courts of which an appeal may be taken from such courts, for the purpose of any suit, action or other proceeding arising out of, or in connection with, this Agreement or the transactions contemplated hereby. Each party hereby expressly waives (a) any and all rights to bring any suit, action or other proceeding in or before any court or tribunal other than the courts described in this Section 15, and agrees that it will not seek in any manner to resolve any dispute other than as set forth in this Section 15 and (b) any and all objections that it may have to venue, including the inconvenience of such forum, in any of such courts. In addition, the parties consent to the service of process by personal service or any manner in which notices may be delivered hereunder.

16. Entire Agreement. This Agreement, the Supplemental Release of all Claims attached hereto as Exhibit B and the terms surviving termination of the Employment Agreement set forth the entire agreement between the parties and supersede any other prior agreements or understandings between the parties concerning the subject matter of this Agreement. Each party acknowledges that such party has not relied on any representations, promises or agreements of any kind made to such party in connection with the other party's decision to enter into this Agreement, except for those set forth in this Agreement.

17. Severability. If any provision of this Agreement or the application of any provision of this Agreement to any party or circumstance is, to any extent, adjudged invalid or unenforceable, the application of the remainder of such provision to such party or circumstance, the application of such provision to the other party or circumstance, and the application of the remainder of this Agreement will not be affected thereby. If the general release in Section 3 or any part thereof or the Supplemental Release of All Claims attached hereto as Exhibit B or any part thereof is adjudged invalid or unenforceable, Employee and the Company will execute a valid release of all Potential Claims for all Released Matters (as defined in the applicable release) as an amendment hereto or thereto, without the need for additional consideration.

18. Construction and Interpretation.

(a) Drafting. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

(b) Interpretation. Unless the context clearly indicates otherwise: (i) each definition includes the singular and the plural, (ii) each reference to any gender includes the masculine,



feminine and neuter where appropriate, (iii) the words “include” and “including” and variations thereof are not terms of limitation, but rather are deemed followed by the words “without limitation,” (iv) the words “hereof,” “herein,” “hereto,” “hereby,” “hereunder” and derivative or similar words refer to this Agreement in its entirety and not solely to any particular provision of this Agreement, (v) each reference in this Agreement to a particular Section or Exhibit means an Section of, or an Exhibit to, this Agreement, (vi) any reference to laws or statutes also refers to all rules and regulations promulgated thereunder and (vii) any definition of or reference to any agreement, instrument, document, law, statute or regulation will refer to such agreement, instrument, document, statute or regulation as it may from time to time be amended, supplemented or otherwise modified.

(c) Headings. The headings contained in this Agreement are included only for purposes of convenience and will not affect the meaning, interpretation or construction of this Agreement.

19. Section 409A. To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A. For purposes of Section 409A, any payments or benefits provided under this Agreement will be separate payments and not one of a series of payments. Additionally, the following rules will apply to any obligation to reimburse an expense or provide an in-kind benefit that is nonqualified deferred compensation within the meaning of Section 409A: (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; (ii) the reimbursement of an eligible expense must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (iii) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

20. Revocation. Employee acknowledges and agrees that he has been given 21 calendar days to consider the terms of this Agreement (unless the offer to enter into this Agreement is revoked by the Company prior to acceptance by Employee), although Employee may sign this Agreement sooner (and by doing so, Employee waives any portion of the remaining 21-day consideration period). Employee agrees that any modifications, material or otherwise, made to this Agreement do not restart or affect in any manner the original 21 calendar day consideration period. Employee will have seven calendar days from the date on which Employee signs this Agreement to revoke Employee’s consent to the terms of this Agreement. Such revocation must be in writing and timely delivered to the Company in person or by next day courier in accordance with the requirements of Section 11. For the revocation to be effective, notice of such revocation must be received within such seven calendar days referenced above. In the event of such revocation by Employee, this Agreement will not become effective and Employee will not have any rights under this Agreement. If Employee does not revoke this Agreement within such seven-day period, this Agreement will, on the eighth calendar day after the Agreement Date, become and will be deemed effective as of the Agreement Date.

21. Consultation with Attorney; Voluntary Agreement. Employee acknowledges that (a) the Company has advised Employee of Employee’s right to consult with an attorney of Employee’s own choosing prior to executing this Agreement, and Employee has so consulted an attorney, (b)

Employee has carefully read and fully understands all of the provisions of this Agreement, (c) Employee is entering into this Agreement, including the release set forth herein, knowingly, freely and voluntarily in exchange for good and valuable consideration and (d) in exchange for Employee's release and waiver of claims under the ADEA pursuant to Section 3, Employee is receiving consideration in addition to anything of value to which he was already entitled, as required by 29 U.S.C. § 626(f)(1)(D).

22. Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Signatures transmitted by facsimile or email will be deemed originals for purposes of this Agreement.

23. Sealed Instrument. The parties acknowledge and agree that it is their intent that this Agreement is, and will be treated and construed as, a sealed instrument for all purposes of Georgia law, including the statute of limitations applicable to sealed instruments.

**[SIGNATURES ON FOLLOWING PAGE]**

The parties have executed this Agreement as of the Agreement Date.

COMPANY:

ASBURY AUTOMOTIVE GROUP, INC.

By: /s/ Joseph G. Parham Jr. (SEAL)

Name: Joseph G. Parham, Jr.

Title: Vice President and Chief Human Resources Officer

EMPLOYEE:

/s/ Scott J. Krenz (SEAL)

Scott J. Krenz, an individual

## AMENDMENT NO. 1 TO CREDIT AGREEMENT

This **AMENDMENT NO. 1 TO CREDIT AGREEMENT** (this “**Agreement**”) dated as of June 27, 2014 is made by and among ASBURY AUTOMOTIVE GROUP, INC., a Delaware corporation (the “**Company**” and a “**Borrower**”), the New Vehicle Borrowers, the Used Vehicle Borrowers, BANK OF AMERICA, N.A., in its capacity as administrative agent for the Lenders (as defined in the Credit Agreement referred to below) (in such capacity, the “**Administrative Agent**”), and as Revolving Swing Line Lender, New Vehicle Floorplan Swing Line Lender, Used Vehicle Floorplan Swing Line Lender and an L/C Issuer, each of the Lenders under such Credit Agreement signatory hereto, and each of the other Loan Parties (as defined in the Credit Agreement) signatory hereto.

### WITNESSETH:

**WHEREAS**, the Company, the New Vehicle Borrowers, the Used Vehicle Borrowers, Bank of America, N.A., as Administrative Agent, Revolving Swing Line Lender, New Vehicle Floorplan Swing Line Lender, Used Vehicle Floorplan Swing Line Lender and an L/C Issuer, and the Lenders have entered into that certain Amended and Restated Credit Agreement dated as of August 8, 2013, (as hereby amended and as from time to time further amended, modified, supplemented, restated, or amended and restated, the “**Credit Agreement**”; capitalized terms used in this Agreement not otherwise defined herein shall have the respective meanings given thereto in the Credit Agreement), pursuant to which the Lenders have made available to the Borrowers a revolving credit facility, including a letter of credit facility and a swing line facility, a new vehicle floorplan facility and a used vehicle floorplan facility; and

**WHEREAS**, the Company has entered into the Company Guaranty pursuant to which it has guaranteed the payment and performance of the obligations of each Borrower under the Credit Agreement and the other Loan Documents; and

**WHEREAS**, each of the Subsidiary Guarantors has entered into a Subsidiary Guaranty pursuant to which it has guaranteed the payment and performance of certain or all of the obligations of the Borrowers under the Credit Agreement and the other Loan Documents, and the Borrowers and the Subsidiary Guarantors have entered into various Security Instruments to secure their respective obligations and liabilities in respect the Loan Documents; and

**WHEREAS**, the Borrower has advised the Administrative Agent and the Lenders that the Borrowers desire to amend certain provisions of the Credit Agreement, as set forth below, and the Administrative Agent and the Lenders signatory hereto are willing to agree to such amendments on the terms and conditions contained in this Agreement;

**NOW, THEREFORE**, in consideration of the premises and further valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments to Credit Agreement. Subject to the terms and conditions set forth herein, the Credit Agreement is hereby amended as follows:

(a) The following definition is hereby added to Section 1.01 of the Credit Agreement, each in the appropriate alphabetical order therein:

“Deemed To Be A Mileage Vehicle” means, with respect to any New Vehicle which has been Deemed Floored, the date such New Vehicle is deemed to be a Demonstrator, Rental Vehicle or other mileage New Vehicle under the New Vehicle Floorplan Facility, which such date may be the same day as, or a date after, the date such New Vehicle is Deemed Floored.

(b) The final paragraph of the definition of “Eligible Used Vehicle Inventory” in Section 1.01 of the Credit Agreement is amended, so that, as amended, such paragraph shall read as follows:

The Company, by including a Used Vehicle in any computation of the Used Vehicle Floorplan Borrowing Base or the Revolving Borrowing Base, shall be deemed to represent and warrant to the Administrative Agent and the Lenders that (1) such Vehicle satisfies each of the requirements set forth in (a)(i) through (iv) above and (2) such Vehicle is not a Demonstrator, Rental Vehicle or other mileage New Vehicle, or any other New Vehicle. If the Administrative Agent or the Required Lenders have reasonable grounds to believe that a Used Vehicle does not satisfy any of clauses (a)(i) through (iv) above or the foregoing clause (2), the Administrative Agent shall inform the Company of the grounds for such belief and shall request confirmation by the Company of the eligibility of such Used Vehicle. Prior to confirmation of the eligibility thereof by the Company, such Used Vehicle shall not be considered Eligible Used Vehicle Inventory and no representation and warranty shall have been deemed made with respect thereto.

(c) The definition of “Eurodollar Rate” in Section 1.01 of the Credit Agreement is amended, so that, as amended, such definition shall read as follows:

“Eurodollar Rate” means:

(a) for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to the London Interbank Offered Rate (“LIBOR”) or, to the extent LIBOR is not available, a comparable or successor rate, which rate is approved by the Administrative Agent, as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to LIBOR, at or about 11:00 a.m., London time determined

two Business Days prior to such date for U.S. Dollar deposits with a term of one month commencing that day;

provided that to the extent a comparable or successor rate is approved by the Administrative Agent in connection herewith, the approved rate shall be applied in a manner consistent with market practice; provided, further that to the extent such market practice is not administratively feasible for the Administrative Agent, such approved rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

A Loan bearing interest at the Eurodollar Rate may be (a) borrowed on any day (whether or not it is the first day of the applicable Interest Period) and (b) repaid or converted to a different Type of Loan on any day (whether or not it is the last day of an Interest Period) without giving rise to any additional payment for “break funding” losses.

If such a comparable or successor rate is adopted, the Administrative Agent will provide notice thereof to the Company.

(d) The definition of “New Vehicle” in Section 1.01 of the Credit Agreement is amended, so that, as amended, such definition shall read as follows:

“New Vehicle” means a Vehicle which has (x) never been owned except by a manufacturer, distributor or dealer and (y) except in the case of a Vehicle which otherwise qualifies as a Demonstrator, Rental Vehicle or other mileage Vehicle, has never been registered.

(e) The definitions of “New Vehicle Floorplan Committed Loan Notice”, “New Vehicle Floorplan Swing Line Loan Notice”, “Revolving Vehicle Floorplan Committed Loan Notice”, “Revolving Vehicle Floorplan Swing Line Loan Notice”, “Used Vehicle Floorplan Committed Loan Notice”, and “Used Vehicle Floorplan Swing Line Loan Notice” in Section 1.01 of the Credit Agreement are amended, so that, as amended, such definitions shall read as follows:

“New Vehicle Floorplan Committed Loan Notice” means a notice of (a) a New Vehicle Floorplan Committed Borrowing, or (b) a conversion of New Vehicle Floorplan Committed Loans from one Type to the other, pursuant to Section 2.07, which shall be substantially in the form of Exhibit A-1 or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Company.

“New Vehicle Floorplan Swing Line Loan Notice” means a notice of conversion of a New Vehicle Floorplan Swing Line Loan from one Type to the other pursuant to Section 2.07(b), which shall be substantially in the form of Exhibit B-1 or such other form as approved by the Administrative Agent (including any form on an electronic

platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Company.

“Revolving Committed Loan Notice” means a notice of (a) a Revolving Borrowing or (b) a conversion of Revolving Committed Loans from one Type to the other, pursuant to Section 2.02(a), which shall be substantially in the form of Exhibit A-2 or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Company.

“Revolving Swing Line Loan Notice” means a notice of a Revolving Swing Line Borrowing pursuant to Section 2.04(b) which shall be substantially in the form of Exhibit B-2 or such other form as approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Company.

“Used Vehicle Floorplan Committed Loan Notice” means a notice of (a) a Used Vehicle Floorplan Committed Borrowing, or (b) a conversion of Used Vehicle Floorplan Committed Loans from one Type to the other, pursuant to Section 2.11(a), which shall be substantially in the form of Exhibit A-3 or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Company.

“Used Vehicle Floorplan Swing Line Loan Notice” means a notice of a Used Vehicle Floorplan Swing Line Borrowing pursuant to Section 2.12(b) which shall be substantially in the form of Exhibit B-3 or such other form as approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Company.

(f) The definition of “Rental Vehicle” in Section 1.01 of the Credit Agreement is amended, so that, as amended, such definition shall read as follows:

“Rental Vehicle” means a New Vehicle less than two years old owned by a New Vehicle Borrower and purchased directly from a manufacturer as a New Vehicle and that is used as a service or daily loaner vehicle or is periodically subject to a rental contract with customers of the New Vehicle Borrower for loaner or rental periods of up to sixty (60) consecutive days or is used by dealership personnel in connection with parts and service operations. Rental Vehicles may be registered with applicable Governmental Authorities in the ordinary course of business.

(g) Section 2.02(a) of the Credit Agreement is hereby amended so that, as amended, such section shall read as follows:

(a) Each Revolving Committed Borrowing and each conversion of Revolving Committed Loans from one Type to the other, shall be made upon the Company's irrevocable notice to the Administrative Agent, which may be given by (A) telephone, or (B) a Revolving Committed Loan Notice; provided that any telephonic notice must be confirmed promptly by delivery to the Administrative Agent of a Revolving Committed Loan Notice. Each such Revolving Committed Loan Notice must be received by the Administrative Agent not later than 1:00 p.m. (i) one Business Day prior to the requested date of any Revolving Borrowing of Eurodollar Rate Committed Loans or of any conversion of Eurodollar Rate Committed Loans to Base Rate Committed Loans, and (ii) one Business Day prior to the requested date of any Borrowing of Base Rate Committed Loans. Each Borrowing of, conversion to or continuation of Eurodollar Rate Committed Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Except as provided in Sections 2.03(c) and 2.04(c), each Borrowing of or conversion to Base Rate Committed Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof. Each Revolving Committed Loan Notice shall specify (i) whether the Company is requesting a Revolving Committed Borrowing, a conversion of Revolving Committed Loans from one Type to the other, or a continuation of Eurodollar Rate Committed Loans, (ii) the requested date of the Borrowing or conversion, as the case may be (which shall be a Business Day), (iii) the principal amount of Revolving Committed Loans to be borrowed or converted, and (iv) the Type of Revolving Committed Loans to be borrowed or to which existing Revolving Committed Loans are to be converted. If the Company fails to provide a timely Revolving Committed Loan Notice requesting a conversion of Eurodollar Rate Loans to Base Rate Loans, such Loans shall, subject to Article III, continue as Eurodollar Rate Loans. If the Company fails to specify a Type of Revolving Committed Loan in a Revolving Committed Loan Notice, then the applicable Revolving Committed Loans shall, subject to Article III, be made as, or converted to, Eurodollar Rate Loans.

(h) Section 2.04(b) of the Credit Agreement is hereby amended so that, as amended, such section shall read as follows:

At any time a Revolving Autoborrow Agreement is not in effect, each Revolving Swing Line Borrowing and each conversion of Revolving Swing Line Loans from one type to the other shall be made upon the Company's irrevocable notice to the Revolving Swing Line Lender and the Administrative Agent, which may be given by (A) telephone or (B) by a Revolving Swing Line Loan Notice. Each such Revolving Swing Line Loan Notice must be received by the Revolving Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the requested borrowing date or date of any conversion of Eurodollar Rate Loans to Base Rate Loans or of any conversion of Base Rate Loans to Eurodollar Rate Loans, and in



each case shall specify (i) the amount to be borrowed, which shall be a minimum of \$100,000, (ii) the requested borrowing date, which shall be a Business Day and (iii) the Type of Revolving Swing Line Loan to be borrowed or to which existing Revolving Swing Line Loans are to be converted. Promptly after receipt by the Revolving Swing Line Lender of any Revolving Swing Line Loan Notice, the Revolving Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Revolving Swing Line Loan Notice and, if not, the Revolving Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Revolving Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Revolving Lender) prior to 2:00 p.m. on the date of the proposed Revolving Swing Line Borrowing (A) directing the Revolving Swing Line Lender not to make such Revolving Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Article IV is not then satisfied, then, subject to the terms and conditions hereof, the Revolving Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Revolving Swing Line Loan Notice, make the amount of its Revolving Swing Line Loan available to the Company at its office by crediting the account of the Company on the books of the Revolving Swing Line Lender in immediately available funds. If the Company fails to provide a timely Revolving Swing Line Loan Notice requesting a conversion of Eurodollar Rate Loans to Base Rate Loans, such Loans shall, subject to Article III, continue as Eurodollar Rate Loans. If the Company fails to specify a Type of Revolving Swing Line Loan in a Revolving Swing Line Loan Notice, then the applicable Revolving Swing Line Loan shall, subject to Article III, be made as a Eurodollar Rate Loan.

(i) The proviso in Section 2.05 of the Credit Agreement is amended to correct a typographical error by replacing “New Vehicle Floorplan Borrower” used therein with “New Vehicle Borrower”.

(j) Section 2.06(a) of the Credit Agreement is hereby amended so that, as amended, such section shall read as follows:

(a) Each New Vehicle Floorplan Committed Borrowing and each conversion of New Vehicle Floorplan Committed Loans from one Type to the other shall be made (i) upon the Company’s irrevocable notice to the Administrative Agent, which may be given by (A) telephone, or (B) a New Vehicle Floorplan Committed Loan Notice; provided that any telephonic notice must be confirmed promptly by delivery to the Administrative Agent of a New Vehicle Floorplan Committed Loan Notice; provided further, that New Vehicle Floorplan Committed Borrowings at the request of the Company shall only be permitted on the Closing Date, during the Asbury New Vehicle Control Period, and otherwise at times permitted by the Administrative Agent in its sole discretion and (ii) at any time other than during an Asbury New Vehicle Control Period, upon the request of the New Vehicle Floorplan Swing Line Lender

(on behalf of the Company) to the Administrative Agent; provided that the entire proceeds of any New Vehicle Floorplan Committed Loans requested by the New Vehicle Floorplan Swing Line Lender pursuant to this clause (ii) shall be applied to repay the Outstanding Amount of the New Vehicle Floorplan Swing Line Loans or to honor Payoff Letter Commitments. Each such New Vehicle Floorplan Committed Loan Notice from the Company must be received by the Administrative Agent not later than 1:00 p.m. (A) one Business Day prior to the requested date of any New Vehicle Floorplan Borrowing of Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Committed Loans or of any conversion of Base Rate Committed Loans to Eurodollar Rate Loans, and (B) one Business Day prior to the requested date of any Borrowing of Base Rate Committed Loans. Each New Vehicle Floorplan Committed Loan Notice from the Company shall specify (W) whether the Company is requesting a New Vehicle Floorplan Committed Borrowing, a conversion of New Vehicle Floorplan Committed Loans from one Type to the other, (X) the requested date of the Borrowing or conversion, as the case may be (which shall be a Business Day), (Y) the principal amount of New Vehicle Floorplan Committed Loans to be borrowed or converted, and (Z) the Type of New Vehicle Floorplan Committed Loans to be borrowed. If the Company fails to provide a timely New Vehicle Floorplan Committed Loan Notice requesting a conversion of Eurodollar Rate Loans to Base Rate Loans, such Loans shall continue as Eurodollar Rate Loans. If the Company fails to specify a Type of New Vehicle Floorplan Committed Loan in a New Vehicle Floorplan Committed Loan Notice then the applicable New Vehicle Floorplan Committed Loans shall be made as, or converted to, Eurodollar Rate Loans.

(k) Section 2.11(a) of the Credit Agreement is hereby amended so that, as amended, such section shall read as follows:

(a) Each Used Vehicle Floorplan Committed Borrowing and each conversion of Used Vehicle Floorplan Committed Loans from one Type to the other, shall be made upon the Company's irrevocable notice to the Administrative Agent, which may be given by (A) telephone, or (B) a Used Vehicle Floorplan Committed Loan Notice; provided that any telephonic notice must be confirmed promptly by delivery to the Administrative Agent of a Used Vehicle Floorplan Committed Loan Notice. Each such Used Vehicle Floorplan Committed Loan Notice must be received by the Administrative Agent not later than 1:00 p.m. (i) one Business Day prior to the requested date of any Used Vehicle Floorplan Borrowing of Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Committed Loans or of any conversion of Base Rate Committed Loans to Eurodollar Rate Loans, and (ii) one Business Day prior to the requested date of any Borrowing of Base Rate Committed Loans. Each Borrowing of or conversion to Eurodollar Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Except as provided in Section 2.11(c), each Borrowing of or conversion to Base Rate Committed Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$100,000 in excess thereof. Each Used Vehicle Floorplan Committed

Loan Notice shall specify (i) whether the Company is requesting a Used Vehicle Floorplan Committed Borrowing, a conversion of Used Vehicle Floorplan Committed Loans from one Type to the other, (ii) the requested date of the Borrowing or conversion, as the case may be (which shall be a Business Day), (iii) the principal amount of Used Vehicle Floorplan Committed Loans to be borrowed or converted, (iv) the Type of Used Vehicle Floorplan Committed Loans to be borrowed or to which existing Used Vehicle Floorplan Committed Loans are to be converted and (v) the applicable Borrower. If the Company fails to provide a timely Used Vehicle Floorplan Committed Loan Notice requesting a conversion of Eurodollar Rate Loans to Base Rate Loans, such Loans shall, subject to Article III, continue as Eurodollar Rate Loans. If the Company fails to specify a Type of Used Vehicle Floorplan Committed Loan in a Used Vehicle Floorplan Committed Loan Notice, then the applicable Used Vehicle Floorplan Committed Loans shall, subject to Article III, be made as, or converted to, Eurodollar Rate Loans.

(l) Section 2.12(b) of the Credit Agreement is hereby amended so that, as amended, such section shall read as follows:

(b) Borrowing Procedures. At any time a Used Vehicle Autoborrow Agreement is not in effect, each Used Vehicle Floorplan Swing Line Borrowing and each conversion of Used Vehicle Floorplan Swing Line Loans from one type to the other shall be made upon the Company's irrevocable notice to the Used Vehicle Swing Line Lender and the Administrative Agent, which may be given by (A) telephone or (B) by a Used Vehicle Floorplan Swing Line Loan Notice. Each such Used Vehicle Floorplan Swing Line Loan Notice must be received by the Used Vehicle Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the requested borrowing date or date of any conversion of Eurodollar Rate Loans to Base Rate Loans or of any conversion of Base Rate Loans to Eurodollar Rate Loans, and in each case shall specify (i) the amount to be borrowed, which shall be a minimum of \$100,000, (ii) the requested borrowing date, which shall be a Business Day and (iii) the Type of Used Vehicle Floorplan Swing Line Loan to be borrowed or to which existing Used Vehicle Floorplan Swing Line Loans are to be converted. Promptly after receipt by the Used Vehicle Swing Line Lender of any Used Vehicle Floorplan Swing Line Loan Notice, the Used Vehicle Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Used Vehicle Floorplan Swing Line Loan Notice and, if not, the Used Vehicle Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Used Vehicle Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Used Vehicle Floorplan Lender) prior to 2:00 p.m. on the date of the proposed Used Vehicle Floorplan Swing Line Borrowing (A) directing the Used Vehicle Swing Line Lender not to make such Used Vehicle Floorplan Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of Section 2.12(a), or (B) that one or more of the applicable conditions specified in Article IV is not then satisfied, then, subject to the terms and

conditions hereof, the Used Vehicle Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Used Vehicle Floorplan Swing Line Loan Notice, make the amount of its Used Vehicle Floorplan Swing Line Loan available to the Company at its office by crediting the account of the Company on the books of the Used Vehicle Swing Line Lender in immediately available funds. If the Company fails to provide a timely Used Vehicle Floorplan Swing Line Loan Notice requesting a conversion of Eurodollar Rate Loans to Base Rate Loans, such Loans shall, subject to Article III, continue as Eurodollar Rate Loans. If the Company fails to specify a Type of Used Vehicle Floorplan Swing Line Loan in a Used Vehicle Floorplan Swing Line Loan Notice, then the applicable Used Vehicle Floorplan Swing Line Loan shall, subject to Article III, be made as a Eurodollar Rate Loan.

(m) Clause (ii) of the second sentence of Section 2.15(b)(iii) of the Credit Agreement is hereby amended so that, as amended, such clause shall read as follows:

and (ii) in the case of each Demonstrator, Rental Vehicle, and other mileage New Vehicle, beginning with the first Automatic Debit Date occurring after the date such New Vehicle is Deemed To Be A Mileage Vehicle, monthly payments of 2% of the original amount of the New Vehicle Floorplan Loan relating to such New Vehicle, with the final payment for all amounts then outstanding under such New Vehicle Floorplan Loan due 24 months after the date such New Vehicle is Deemed Floored.

(n) The fourth sentence of Section 2.17(a) of the Credit Agreement is hereby amended by adding “after the end” after the phrase “Automatic Debit Date” so that, as amended, such sentence shall read as follows:

The commitment fees shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the next succeeding Automatic Debit Date after the end of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the Maturity Date.

(o) Section 3.03 of the Credit Agreement is hereby amended so that, as amended, such section shall read as follows:

**3.03 Inability to Determine Rates.** If in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof, (a) the Administrative Agent determines that (i) Dollar deposits are not being offered to banks in the London interbank Eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, or (ii) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan or in connection with an existing or proposed Base Rate Loan (in each case with respect to clause (a) (i) above, “Impacted Loans”), or (b) the Administrative Agent or affected Lenders determine that for any reason the

Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Eurodollar Rate Loan, the Administrative Agent will promptly so notify the Company and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended, (to the extent of the affected Eurodollar Rate Loans or Interest Periods), and (y) in the event of a determination described in the preceding sentence with respect to the Eurodollar Rate component of the Base Rate, the utilization of the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent upon the instruction of the affected Lenders revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans (to the extent of the affected Eurodollar Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Committed Borrowing of Base Rate Loans in the amount specified therein.

Notwithstanding the foregoing, if the Administrative Agent has made the determination described in clause (a) (i) of this section, the Administrative Agent, in consultation with the Company and the affected Lenders, may establish an alternative interest rate for the Impacted Loans, in which case, such alternative rate of interest shall apply with respect to the Impacted Loans until (1) the Administrative Agent revokes the notice delivered with respect to the Impacted Loans under clause (a) of the first sentence of this section, (2) the Administrative Agent or affected Lenders notify the Administrative Agent and the Company that such alternative interest rate does not adequately and fairly reflect the cost to such Lenders of funding the Impacted Loans, or (3) any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to such alternative rate of interest or to determine or charge interest rates based upon such rate or any Governmental Authority has imposed material restrictions on the authority of such Lender to do any of the foregoing and provides the Administrative Agent and the Company written notice thereof.

(p) Section 6.17 of the Credit Agreement is hereby amended so that, as amended, such section shall read as follows:

**6.17 Demonstrator, Rental Vehicle or Other Mileaged New Vehicle.** With respect to any Vehicle used by the Company or any Subsidiary as a Demonstrator, Rental Vehicle or other mileaged New Vehicle, the Company or such Subsidiary shall designate such Vehicle in its books and records as a Demonstrator, Rental Vehicle or other mileaged New Vehicle, as the case may be, and indicate in such books and records when such Vehicle was Deemed To Be A Mileage Vehicle.

(q) Section 10.17 of the Credit Agreement is hereby amended so that, as amended, such section shall read as follows:

**10.17 Electronic Execution of Assignments and Certain Other Documents.** The words “execute,” “execution,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation Assignment and Assumption, amendments or other modification modifications, Revolving Committed Loan Notices, Revolving Swing Line Loan Notices, New Vehicle Floorplan Committed Loan Notices, New Vehicle Floorplan Swing Line Loan Notices, Used Vehicle Floorplan Committed Loan Notices, Used Vehicle Floorplan Swing Line Loan Notices, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

2. Conditions Precedent. The effectiveness of this Agreement and the effectiveness of the amendments and waivers to the Credit Agreement provided herein are subject to the satisfaction of the following conditions precedent:

(a) the Administrative Agent shall have received counterparts of this Agreement, duly executed by the Company, each other Borrower, each Subsidiary Guarantor, and such Lenders as are necessary to constitute the Required Lenders; and

(b) all fees and expenses payable to the Administrative Agent and the Lenders (including the fees and expenses of counsel to the Administrative Agent) accrued to date shall have been paid in full to the extent invoiced prior to the date hereof, but without prejudice to the later payment of accrued fees and expenses not so invoiced.

3. Consent of the Subsidiary Guarantors. Each Subsidiary Guarantor hereby consents, acknowledges and agrees to the amendments and waivers set forth herein and hereby confirms and ratifies in all respects the Subsidiary Guaranty to which such Subsidiary Guarantor is a party (including without limitation the continuation of such Subsidiary Guarantor's payment and performance obligations thereunder upon and after the effectiveness of this Agreement and the amendments and waivers contemplated hereby) and the enforceability of such Subsidiary Guaranty against such Subsidiary Guarantor in accordance with its terms.

4. Representations and Warranties. In order to induce the Lenders party hereto to enter into this Agreement, each Loan Party represents and warrants to the Administrative Agent and the Lenders as follows:

(a) The representations and warranties made by or with respect to each Loan Party in Article V of the Credit Agreement and in each of the other Loan Documents to which such Loan Party is a party are true and correct on and as of the date hereof, except to the extent that such representations and warranties expressly relate to an earlier date in which case they are true and correct as of such earlier date;

(b) The Persons appearing as Subsidiary Guarantors on the signature pages to this Agreement constitute all Persons who are required to be Subsidiary Guarantors pursuant to the terms of the Credit Agreement and the other Loan Documents, including without limitation all Persons who became Subsidiaries or were otherwise required to become Subsidiary Guarantors after the Closing Date, and each such Person has executed and delivered a Subsidiary Guaranty;

(c) This Agreement has been duly authorized, executed and delivered by the Borrowers and Subsidiary Guarantors party hereto and constitutes a legal, valid and binding obligation of each such party, except as may be limited by general principles of equity or by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally; and

(d) No Default or Event of Default has occurred and is continuing either immediately prior to or immediately after the effectiveness of this Agreement.

5. Entire Agreement. This Agreement, together with all the Loan Documents (collectively, the "**Relevant Documents**"), sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relative to such subject matter. No promise, condition, representation or warranty, express or implied, not set forth in the Relevant Documents shall bind any party hereto, and not one of them has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as otherwise expressly stated in the Relevant Documents, no representations, warranties or commitments, express or implied, have been made by any party to the other in relation to the subject matter hereof or thereof. None of the terms or conditions of this Agreement may be changed, modified, waived or canceled orally or otherwise, except as permitted pursuant to Section 10.01 of the Credit Agreement.

6. Full Force and Effect of Agreement. After giving effect to this Agreement and the amendments and waivers contained herein, the Credit Agreement and all other Loan Documents are hereby confirmed and ratified in all respects by each party hereto and shall be and remain in full force and effect according to their respective terms.

7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or electronic delivery (including by .pdf) shall be effective as delivery of a manually executed counterpart of this Agreement.

8. Governing Law. This Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed and to be performed entirely within such State, and shall be further subject to the provisions of Section 10.14 of the Credit Agreement.

9. Enforceability. Should any one or more of the provisions of this Agreement be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

10. References. All references in any of the Loan Documents to the “Credit Agreement” shall mean the Credit Agreement, as amended and modified hereby and as further amended, supplemented or otherwise modified from time to time in accordance with the terms of the Credit Agreement.

11. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent and each of the Subsidiary Guarantors and Lenders, and their respective successors, legal representatives and assignees to the extent such assignees are permitted assignees as provided in Section 10.06 of the Credit Agreement.

*[Signature pages follow.]*



**IN WITNESS WHEREOF**, the parties hereto have caused this instrument to be made, executed and delivered by their duly authorized officers as of the day and year first above written.

**BORROWER AND GUARANTOR:**

**ASBURY AUTOMOTIVE GROUP, INC.**

By: /s/ Keith Style

Name: Keith Style

Title: Senior Vice President and Chief Financial Officer

**SUBSIDIARIES THAT ARE NEW VEHICLE BORROWERS, USED VEHICLE BORROWERS, AND SUBSIDIARY GUARANTORS:**

**ASBURY AR NISS L.L.C.  
ASBURY ATLANTA AC L.L.C.  
ASBURY ATLANTA AU L.L.C.  
ASBURY ATLANTA BM L.L.C.  
ASBURY ATLANTA HON L.L.C.  
ASBURY ATLANTA INF L.L.C.  
ASBURY ATLANTA INFINITI L.L.C.  
ASBURY ATLANTA LEX L.L.C.  
ASBURY ATLANTA NIS L.L.C.  
ASBURY ATLANTA TOY L.L.C.  
ASBURY ATLANTA VB L.L.C.  
ASBURY AUTOMOTIVE BRANDON, L.P.  
ASBURY AUTOMOTIVE ST. LOUIS, L.L.C.  
ASBURY DELAND HUND, LLC  
ASBURY JAX AC, LLC  
ASBURY JAX HON L.L.C.  
ASBURY MS CHEV L.L.C.  
ASBURY SC JPV L.L.C.  
ASBURY SC LEX L.L.C.  
ASBURY SC TOY L.L.C.  
ASBURY ST. LOUIS LEX L.L.C.  
ASBURY ST. LOUIS LR L.L.C.  
ASBURY ST. LOUIS M L.L.C.  
ASBURY-DELAND IMPORTS, L.L.C.  
AVENUES MOTORS, LTD.  
BFP MOTORS L.L.C.**

By: /s/ Keith Style

Name: Keith Style

Title: Chief Financial Officer

CFP MOTORS L.L.C.  
CH MOTORS L.L.C.  
CHO PARTNERSHIP, LTD.  
CN MOTORS L.L.C.  
COGGIN CARS L.L.C.  
COGGIN CHEVROLET L.L.C.  
CROWN CHH L.L.C.  
CROWN FDO L.L.C.  
CROWN GAC L.L.C.  
CROWN GBM L.L.C.  
CROWN GDO L.L.C.  
CROWN GH0 L.L.C.  
CROWN GNI L.L.C.  
CROWN GVO L.L.C.  
CROWN MOTORCAR COMPANY L.L.C.  
CROWN PBM L.L.C.  
CROWN RIA L.L.C.  
CROWN RIB L.L.C.  
CROWN SNI L.L.C.  
CSA IMPORTS L.L.C.  
ESCUDE-NN L.L.C.  
ESCUDE-NS L.L.C.  
ESCUDE-T L.L.C.  
HFP MOTORS L.L.C.  
KP MOTORS L.L.C.  
MCDAVID AUSTIN-ACRA, L.L.C.  
MCDAVID FRISCO-HON, L.L.C.  
MCDAVID HOUSTON-NISS, L.L.C.  
MCDAVID IRVING-HON, L.L.C.  
MCDAVID PLANO-ACRA, L.L.C.  
NP MZD L.L.C.  
NP VKW L.L.C.  
PRECISION INFINITI, INC.  
PRECISION MOTORCARS, INC.  
PRECISION NISSAN, INC.  
PREMIER NSN L.L.C.  
PREMIER PON L.L.C.  
PRESTIGE BAY L.L.C.  
PRESTIGE TOY L.L.C.  
TAMPA HUND, L.P.  
TAMPA KIA, L.P.  
WTY MOTORS, L.P.

By: /s/ Keith Style  
Name: Keith Style  
Title: Chief Financial Officer

**ADDITIONAL USED VEHICLE BORROWERS  
AND SUBSIDIARY GUARANTORS:**

**AF MOTORS, L.L.C.  
ASBURY MS GRAY-DANIELS L.L.C.  
CROWN FFO L.L.C.  
NP FLM L.L.C.  
PLANO LINCOLN-MERCURY, INC.**

By: /s/ Keith Style  
Name: Keith Style  
Title: Chief Financial Officer

**ADDITIONAL SUBSIDIARY GUARANTORS:**

**ANL, L.P.  
ARKANSAS AUTOMOTIVE SERVICES, L.L.C.  
ASBURY ATLANTA CHEVROLET L.L.C.  
ASBURY ATLANTA JAGUAR L.L.C.  
ASBURY ATLANTA VL L.L.C.  
ASBURY AUTOMOTIVE ARKANSAS DEALERSHIP HOLDINGS L.L.C.  
ASBURY AUTOMOTIVE ARKANSAS L.L.C.  
ASBURY AUTOMOTIVE ATLANTA II L.L.C.  
ASBURY AUTOMOTIVE ATLANTA L.L.C.  
ASBURY AUTOMOTIVE CENTRAL FLORIDA, L.L.C.  
ASBURY AUTOMOTIVE DELAND, L.L.C.  
ASBURY AUTOMOTIVE FRESNO L.L.C.  
ASBURY AUTOMOTIVE GROUP L.L.C.  
ASBURY AUTOMOTIVE JACKSONVILLE GP L.L.C.  
ASBURY AUTOMOTIVE JACKSONVILLE, L.P.  
ASBURY AUTOMOTIVE MANAGEMENT L.L.C.  
ASBURY AUTOMOTIVE MISSISSIPPI L.L.C.  
ASBURY AUTOMOTIVE NORTH CAROLINA DEALERSHIP HOLDINGS L.L.C.  
ASBURY AUTOMOTIVE NORTH CAROLINA L.L.C.  
ASBURY AUTOMOTIVE NORTH CAROLINA MANAGEMENT L.L.C.**

By: /s/ Keith Style  
Name: Keith Style  
Title: Chief Financial Officer

ASBURY AUTOMOTIVE NORTH CAROLINA REAL ESTATE HOLDINGS L.L.C.  
ASBURY AUTOMOTIVE OREGON L.L.C.  
ASBURY AUTOMOTIVE SOUTHERN CALIFORNIA L.L.C.  
ASBURY AUTOMOTIVE ST. LOUIS II L.L.C.  
ASBURY AUTOMOTIVE TAMPA GP L.L.C.  
ASBURY AUTOMOTIVE TAMPA, L.P.  
ASBURY AUTOMOTIVE TEXAS L.L.C.  
ASBURY AUTOMOTIVE TEXAS REAL ESTATE HOLDINGS L.L.C.  
ASBURY DELAND IMPORTS 2, L.L.C.  
ASBURY FRESNO IMPORTS L.L.C.  
ASBURY JAX HOLDINGS, L.P.  
ASBURY JAX K L.L.C.  
ASBURY JAX MANAGEMENT L.L.C.  
ASBURY JAX VW L.L.C.  
ASBURY NO CAL NISS L.L.C.  
ASBURY SACRAMENTO IMPORTS L.L.C.  
ASBURY SO CAL DC L.L.C.  
ASBURY SO CAL HON L.L.C.  
ASBURY SO CAL NISS L.L.C.  
ASBURY SOUTH CAROLINA REAL ESTATE HOLDINGS L.L.C.  
ASBURY ST. LOUIS CADILLAC L.L.C.  
ASBURY ST. LOUIS FSKR, L.L.C.  
ASBURY TAMPA MANAGEMENT L.L.C.  
ASBURY TEXAS D FSKR, L.L.C.  
ASBURY TEXAS H FSKR, L.L.C.  
ATLANTA REAL ESTATE HOLDINGS L.L.C.  
BAYWAY FINANCIAL SERVICES, L.P.  
C & O PROPERTIES, LTD.  
CAMCO FINANCE II L.L.C.  
CK CHEVROLET L.L.C.  
CK MOTORS LLC  
COGGIN AUTOMOTIVE CORP.  
COGGIN MANAGEMENT, L.P.  
CP-GMC MOTORS L.L.C.  
CROWN ACURA/NISSAN, LLC  
CROWN CHO L.L.C.  
CROWN CHV L.L.C.

By: /s/ Keith Style  
Name: Keith Style  
Title: Chief Financial Officer

**CROWN FFO HOLDINGS L.L.C.**  
**CROWN GCA L.L.C.**  
**CROWN GPG L.L.C.**  
**CROWN HONDA, LLC**  
**CROWN SJC L.L.C.**  
**FLORIDA AUTOMOTIVE SERVICES L.L.C.**  
**JC DEALER SYSTEMS, LLC**  
**MCDAVID GRANDE, L.L.C.**  
**MCDAVID HOUSTON-HON, L.L.C.**  
**MCDAVID OUTFITTERS, L.L.C.**  
**MID-ATLANTIC AUTOMOTIVE SERVICES, L.L.C.**  
**MISSISSIPPI AUTOMOTIVE SERVICES, L.L.C.**  
**MISSOURI AUTOMOTIVE SERVICES, L.L.C.**  
**PRECISION COMPUTER SERVICES, INC.**  
**PRECISION ENTERPRISES TAMPA, INC.**  
**SOUTHERN ATLANTIC AUTOMOTIVE SERVICES, L.L.C.**  
**TAMPA LM, L.P.**  
**TAMPA MIT, L.P.**  
**TEXAS AUTOMOTIVE SERVICES, L.L.C.**  
**THOMASON AUTO CREDIT NORTHWEST, INC.**  
**THOMASON DAM L.L.C.**  
**THOMASON FRD L.L.C.**  
**THOMASON HUND L.L.C.**  
**THOMASON PONTIAC-GMC L.L.C.**  
**WMZ MOTORS, L.P.**

By: /s/ Keith Style  
Name: Keith Style  
Title: Chief Financial Officer

**ADMINISTRATIVE AGENT:**

**BANK OF AMERICA, N.A.**, as Administrative Agent

By: /s/ Linda Lov

Name: Linda Lov

Title: AVP

**LENDERS:**

**BANK OF AMERICA, N.A.**, as a Lender, Revolving Swing Line Lender, New Vehicle Floorplan Swing Line Lender, Used Vehicle Floorplan Swing Line Lender and an L/C Issuer

By: /s/ M. Patricia Kay

Name: M. Patricia Kay

Title: Senior Vice President

**TOYOTA MOTOR CREDIT CORPORATION,**  
as a Lender

By: /s/ Thomas F. Miller  
Name: Thomas F. Miller  
Title: National Accounts Manager



**JPMORGAN CHASE BANK, N.A.**, as a Lender

By: /s/ Adam Sigman

Name: Adam Sigman

Title: Vice President

**MERCEDES-BENZ FINANCIAL SERVICES USA LLC**, as a Lender

By: /s/ Michele Nowak

Name: Michele Nowak

Title: Credit Director, National Accounts

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as a Lender

By: /s/ Manuel H. Comas  
Name: Manuel H. Comas  
Title: SVP

**AMERICAN HONDA FINANCE CORPORATION**, as a Lender

By: /s/ Vijay Raman

Name: Vijay Raman

Title: AM DFS

**BMW FINANCIAL SERVICES, NA, LLC, as a Lender**

By: /s/ Scott Bargar

Name: Scott Bargar

Title: Commercial Finance, Credit Manager

**BMW FINANCIAL SERVICES, NA, LLC, as a Lender**

By: /s/ Alex Calcasola

Name: Alex Calcasola

Title: Commercial Finance Services Manager

**US BANK NATIONAL ASSOCIATION**, as a Lender

By: /s/ Noor H. Noordin

Name: Noor H. Noordin

Title: Vice President

**BANK OF THE WEST**, as a Lender

By: /s/ Ryan Mauser

Name: Ryan Mauser

Title: Vice President

**MASSMUTUAL ASSET FIANANCE LLC**, as a Lender

By: /s/ Don Buttler

Name: Don Buttler

Title: SVP



**DEUTSCHE BANK TRUST COMPANY AMERICAS,**

as a Lender

By: /s/ Peter Cucchiara

Name: Peter Cucchiara

Title: Vice President

By: /s/ Kirk L. Tashjian

Name: Kirk L. Tashjian

Title: Vice President

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**CERTIFICATION PURSUANT TO  
RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Craig T. Monaghan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Asbury Automotive Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Craig T. Monaghan

Craig T. Monaghan  
Chief Executive Officer  
July 23, 2014

**CERTIFICATION PURSUANT TO  
RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Keith R. Style, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Asbury Automotive Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Keith R. Style

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Keith R. Style  
Chief Financial Officer  
July 23, 2014

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

In connection with the Quarterly Report of Asbury Automotive Group, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Craig T. Monaghan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

/s/ Craig T. Monaghan

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Craig T. Monaghan  
Chief Executive Officer  
July 23, 2014

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

In connection with the Quarterly Report of Asbury Automotive Group, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Keith R. Style, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

/s/ Keith R. Style

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Keith R. Style  
Chief Financial Officer  
July 23, 2014