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

FORM 10-Q

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2003

Commission file number: 001-31262

ASBURY AUTOMOTIVE GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	01-0609375
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

Three Landmark Square, Suite 500, Stamford, Connecticut 06901, (203) 356-4400
(Address of, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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 X No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes X No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date (applicable only to corporate registrants): The number of shares of common stock outstanding as of November 10, 2003 was 32,430,649 net of 1,590,013 treasury shares).

ASBURY AUTOMOTIVE GROUP, INC.
Form 10-Q Quarterly Report

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

ASBURY AUTOMOTIVE GROUP, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

ASSETS	September 30, 2003 (Unaudited)	December 31, 2002
CURRENT ASSETS:		
Cash and cash equivalents	$ 48,804	$ 22,613
Contracts-in-transit	86,380	91,190
Current portion of restricted marketable securities	1,591	1,499
Accounts receivable (net of allowance of $2,218 and $2,122)	112,050	96,090
Inventories	560,268	591,839
Deferred income taxes	8,565	9,044
Prepaid and other current assets	38,840	37,314
Total current assets	856,498	849,589
PROPERTY AND EQUIPMENT, net	259,553	257,305
GOODWILL	464,763	402,133
RESTRICTED CASH AND MARKETABLE SECURITIES	2,974	4,892
OTHER ASSETS	62,620	61,866
ASSETS HELD FOR SALE	29,685	29,859
Total assets	$ 1,676,093	$ 1,605,644
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Floor plan notes payable	$ 488,502	$ 528,591
Current maturities of long-term debt	31,855	36,412
Accounts payable	40,924	40,120
Accrued liabilities	86,910	77,325
Total current liabilities	648,191	682,448
LONG-TERM DEBT	503,949	438,740
DEFERRED INCOME TAXES	32,170	29,972
OTHER LIABILITIES	15,658	15,580
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE	21,596	11,953
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 10,000,000 shares authorized	--	--
Common stock, $.01 par value, 90,000,000 shares authorized, 34,019,147 and 34,000,000 shares issued, including shares held in treasury, respectively	340	340
Additional paid-in capital	411,016	410,718
Retained earnings	58,259	22,645
Treasury stock, at cost; 1,590,013 and 772,824 shares held, respectively	(15,064)	(6,630)
Accumulated other comprehensive loss	(22)	(122)
Total stockholders' equity	454,529	426,951
Total liabilities and stockholders' equity	$ 1,676,093	$ 1,605,644

See Notes to Consolidated Financial Statements.

ASBURY AUTOMOTIVE GROUP, INC.

CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2003	2002	2003	2002
REVENUES:				
New vehicle	$ 786,042	$ 722,851	$ 2,184,833	$ 2,007,252
Used vehicle	319,028	306,033	915,845	887,247
Parts, service and collision repair	143,032	128,429	411,858	373,941
Finance and insurance, net	37,366	33,289	100,497	87,721
Total revenues	1,285,468	1,190,602	3,613,033	3,356,161
COST OF SALES:				
New vehicle	729,376	665,833	2,024,555	1,842,927
Used vehicle	291,316	278,866	833,003	806,393
Parts, service and collision repair	66,701	61,437	193,939	176,996
Total cost of sales	1,087,393	1,006,136	3,051,497	2,826,316
GROSS PROFIT	198,075	184,466	561,536	529,845
OPERATING EXPENSES:				
Selling, general and administrative	150,559	139,148	437,419	403,284
Depreciation and amortization	5,141	4,549	15,007	14,280
Income from operations	42,375	40,769	109,110	112,281
OTHER INCOME (EXPENSE):				
Floor plan interest expense	(4,633)	(4,368)	(14,263)	(13,059)
Other interest expense	(10,087)	(10,074)	(30,038)	(28,748)
Interest income	188	283	450	945
Net losses from unconsolidated affiliates	--	--	--	(100)
Loss on sale of assets, net	(95)	(45)	(454)	(48)
Other, net	(79)	224	10	(114)
Total other expense, net	(14,706)	(13,980)	(44,295)	(41,124)
Income before income taxes and discontinued operations	27,669	26,789	64,815	71,157
INCOME TAX EXPENSE:				
Income tax expense	10,503	10,695	25,287	22,732
Tax adjustment upon conversion from a L.L.C. to a corporation	--	--	--	11,553
Total income tax expense	10,503	10,695	25,287	34,285
Income from continuing operations	17,166	16,094	39,528	36,872
DISCONTINUED OPERATIONS, net of tax	(922)	(1,450)	(3,914)	(4,286)
Net income	$ 16,244	$ 14,644	$ 35,614	32,586
PRO FORMA TAX (BENEFIT) EXPENSE:				
Pro forma income tax expense				5,588
Tax adjustment upon conversion from a L.L.C. to a corporation				(11,553)
Tax affected pro forma net income				$ 38,551
EARNINGS PER COMMON SHARE:				
Basic	$ 0.50	$ 0.43	$ 1.09	$ 0.99
Diluted	$ 0.50	$ 0.43	$ 1.09	$ 0.99
PRO FORMA EARNINGS PER COMMON SHARE:				
Basic				$ 1.17

Diluted				$ 1.17
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	32,419	34,000	32,721	32,813
Diluted	32,612	34,001	32,761	32,834

See Notes to Consolidated Financial Statements.

ASBURY AUTOMOTIVE GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Nine Months Ended September 30,	
	2003	2002
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	$ 35,614	$ 32,586
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	15,007	14,280
Depreciation and amortization from discontinued operations	1,271	3,218
Change in allowance for doubtful accounts	96	(78)
(Gain) loss on sale of discontinued operations	(297)	966
Deferred income taxes	2,618	14,754
Loss from unconsolidated affiliates, net	--	100
Loss on sale of assets	454	48
Amortization of deferred finance fees	3,933	3,212
Change in operating assets and liabilities, net of effects from acquisitions and divestitures-		
Contracts-in-transit	4,810	12,441
Accounts receivable, net	(30,938)	(25,731)
Proceeds from the sale of accounts receivable	15,023	12,597
Inventories	60,517	14,030
Floor plan notes payable	(62,525)	(30,823)
Accounts payable and accrued liabilities	16,860	14,274
Other	5,621	4,007
Net cash provided by operating activities	68,064	69,881
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditures	(33,434)	(38,102)
Proceeds from the sale of assets	682	1,380
Proceeds from the sale of discontinued operations	7,845	4,838
Acquisitions	(72,378)	(14,588)
Maturity of restricted marketable securities	1,826	1,826
Purchase of restricted asset	(750)	--
Net issuance of finance contracts	(2,818)	(276)
Other investing activities	--	(752)
Net cash used in investing activities	(99,027)	(45,674)
CASH FLOW FROM FINANCING ACTIVITIES:		
Distributions to members	(3,010)	(11,680)
Contributions	--	800
Repayments of debt	(32,339)	(352,362)
Proceeds from borrowings	100,689	272,629
Proceeds from initial public offering, net	--	65,415
Payment of debt issuance costs	--	(7,875)
Proceeds from the exercise of stock options	248	--
Purchase of treasury stock	(8,434)	--
Net cash provided by (used in) financing activities	57,154	(33,073)
Net increase (decrease) in cash and cash equivalents	26,191	(8,866)
CASH AND CASH EQUIVALENTS, beginning of period	22,613	60,506
CASH AND CASH EQUIVALENTS, end of period	$ 48,804	$ 51,640
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for-		
Interest	$ 35,826	$ 32,639
Income taxes	$ 13,287	$ 15,534

See Notes to Consolidated Financial Statements.

ASBURY AUTOMOTIVE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

The consolidated balance sheet at September 30, 2003, the consolidated statements of income for the three-month and nine-month periods ended September 30, 2003 and 2002, and the consolidated statements of cash flows for the nine-month periods ended September 30, 2003 and 2002, are unaudited. In the opinion of management, all adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods were made. Certain items in the prior year's financial statements were reclassified to conform to the current financial statement presentation. Due to seasonality and other factors, the results of operations for interim periods are not necessarily indicative of the results that would be realized for the entire year. All significant intercompany balances and transactions have been eliminated in consolidation.

Certain information and footnote disclosures, normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, were omitted. Accordingly, these consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2002.

2. INVENTORIES:

Inventories consisted of the following:

(In thousands)	September 30, 2003	December 31, 2002
New vehicles	$422,818	$464,501
Used vehicles	95,142	86,392
Parts, accessories and other	42,308	40,946
	$560,268	$591,839

3. EARNINGS PER SHARE:

Basic earnings per share is computed by dividing net income by the weighted average common shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average common shares and common share equivalents outstanding during the period.

The following table sets forth the computation of basic and diluted earnings per common share:

(In thousands, except per share data)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2003	2002	2003	2002
Net income applicable to common shares:				
Continuing operations	$ 17,166	$ 16,094	$ 39,528	$ 36,872
Discontinued operations	(922)	(1,450)	(3,914)	(4,286)
	$ 16,244	$ 14,644	$ 35,614	$ 32,586
Earnings per share:				
Basic-				
Continuing operations	$ 0.53	$ 0.47	$ 1.21	$ 1.12
Discontinued operations	(0.03)	(0.04)	(0.12)	(0.13)
	$ 0.50	$ 0.43	$ 1.09	$ 0.99

(In thousands, except per share data)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2003	2002	2003	2002
Diluted-				
Continuing operations	$ 0.53	$ 0.47	$ 1.21	$ 1.12
Discontinued operations	(0.03)	(0.04)	(0.12)	(0.13)
	$ 0.50	$ 0.43	$ 1.09	$ 0.99
Common shares and common share equivalents outstanding:				
Basic weighted average common shares	32,419	34,000	32,721	32,813
Dilutive effect of common share equivalents (stock options)	193	1	40	21
Diluted weighted average common shares	32,612	34,001	32,761	32,834

4. INTANGIBLE ASSETS AND GOODWILL:

Intangible assets consist of the following (included in other assets on the accompanying consolidated balance sheets):

(In thousands)	September 30, 2003	December 31, 2002
Amortizable intangible assets:		
Noncompete agreements	$ 5,331	$ 5,331
Lease agreements (amortization is included in rent expense)	6,527	6,527
Total	11,858	11,858
Less - Accumulated amortization	(8,350)	(7,369)
Intangible assets, net	$ 3,508	$ 4,489
Unamortizable intangible assets - franchise rights	$ 8,000	$ 8,000

Amortization expense, net of discontinued operations, was $0.2 million and $0.3 million for the three months ended September 30, 2003 and 2002, respectively, and $0.7 million and $0.8 million for the nine months ended September 30, 2003 and 2002, respectively.

The changes in the carrying amounts of goodwill for the period ended September 30, 2003 are as follows:

(In thousands)	
Balance as of December 31, 2002	$402,133
Additions related to current year acquisitions	64,503
Goodwill associated with divestitures	(1,873)
Balance as of September 30, 2003	$464,763

5. COMPREHENSIVE INCOME:

(In thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2003	2002	2003	2002
Net income	$ 16,244	$ 14,644	$ 35,614	$ 32,586
Other comprehensive income, net of tax:				
Change in fair value of interest rate swaps	--	--	--	(1,985)
Income tax expense	--	--	--	127
	--	--	--	(1,858)
Reclassification adjustment of loss on interest rate swaps included in net income	46	54	159	72
Income tax expense	(13)	(17)	(59)	(24)
Comprehensive income	$ 16,277	$ 14,681	$ 35,714	$ 30,776

6. EQUITY-BASED COMPENSATION:

The Company accounts for equity-based compensation issued to employees in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." APB No. 25 requires the use of the intrinsic value method, which measures compensation cost as the excess, if any, of the quoted market price of the stock at the measurement date over the amount an employee must pay to acquire the stock. The Company makes disclosures of pro forma net earnings and earnings per share as if the fair-value-based method of accounting had been applied as required by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" and as amended by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition Disclosure."

A reconciliation of the Company's net earnings to pro forma net earnings, and the related pro forma earnings per share amounts, is as follows:

(In thousands, except per share data)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2003	2002	2003	2002
Net income	$ 16,244	$ 14,644	$ 35,614	$ 32,586
Adjustment to net earnings for:				
Stock-based compensation expense included in net earnings, net of tax	12	13	30	58
Pro forma stock-based compensation expense, net of tax	(1,001)	(1,439)	(2,817)	(4,061)
Pro forma net income	$ 15,255	$ 13,218	$ 32,827	$ 28,583
Earnings per share:				
Basic - as reported	$ 0.50	$ 0.43	$ 1.09	$ 0.99
Basic - pro forma	$ 0.47	$ 0.39	$ 1.00	$ 0.87
Diluted - as reported	$ 0.50	$ 0.43	$ 1.09	$ 0.99
Diluted - pro forma	$ 0.47	$ 0.39	$ 1.00	$ 0.87

7. DISCONTINUED OPERATIONS:

During the first nine months of 2003, the Company classified as discontinued operations eight full-service dealership locations (nine franchises), 10

used-only dealership locations and one ancillary business. Five full service dealerships were divested during the first nine months of the year and three dealerships were held for sale as of September 30, 2003. As of September 30, 2003, all of the 10 used-only dealership locations and the ancillary business had been closed. The results of operations of these entities are accounted for as discontinued operations in the consolidated

statements of income. Summary statement of income information relating to the discontinued operations is as follows:

(In thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2003	2002	2003	2002
Revenues	$ 8,382	$ 35,371	$ 54,611	$ 92,700
Cost of sales	7,306	31,210	48,338	80,043
Gross profit	1,076	4,161	6,273	12,657
Operating expenses	2,553	6,481	12,832	17,828
Loss from operations	(1,477)	(2,320)	(6,559)	(5,171)
Other, net	(5)	(146)	(240)	(502)
Net loss	(1,482)	(2,466)	(6,799)	(5,673)
Gain (loss) on disposition of discontinued operations	(32)	27	297	(966)
Loss before income taxes	(1,514)	(2,439)	(6,502)	(6,639)
Related tax benefit	592	989	2,588	2,353
Discontinued operations	$ (922)	$ (1,450)	$ (3,914)	$ (4,286)

8. PROPERTY AND EQUIPMENT AND REAL ESTATE OPERATING LEASES:

During the nine months ended September 30, 2003, the Company sold, in connection with six sale/leaseback agreements, certain land and building assets for $23.0 million. Under the terms of these agreements, the Company is leasing the properties from the purchaser for periods ranging from 15 to 22 years. Under one of these sale/leaseback agreements, the Company sold land to an existing president of one of the Company's platforms, who is also a member of its Board of Directors. The sale price of the land of approximately $0.8 million was equal to the purchase price paid for the land in January 2003. The Company believes that this transaction was comparable to terms that would be obtained from an unaffiliated third party. The Company is accounting for all of these sale/leaseback transactions as operating leases. The estimated annual rental expense under these agreements will be approximately $2.4 million.

During the nine months ended September 30, 2003, in connection with current year acquisitions, the Company entered into two agreements to lease land and building facilities. The Company is accounting for these transactions as operating leases. The leases have 15-year initial terms and the estimated annual rental expense under these agreements will be approximately $1.1 million.

9. ASSETS AND LIABILITIES HELD FOR SALE:

Assets and liabilities classified as held for sale as of September 30, 2003 and December 31, 2002 include dealerships held for sale, real estate held for sale and certain land and buildings which the Company intends to sell under sale/leaseback agreements in the future, as discussed below. A summary of balance sheet information related to assets and liabilities held for sale is as follows:

(In thousands)	September 30, 2003	December 31, 2002
Inventories	$ 4,636	$12,952
Total current assets	4,636	12,952
Property and equipment, net	25,049	16,867
Other	--	40
Total assets	$29,685	$29,859
Floor plan notes payable	$ 3,815	$11,828

Total current liabilities.....	3,815	11,828
Other liabilities	17,781	125
Total liabilities	$21,596	$11,953

In connection with the construction and future sale/leaseback of dealership facilities, the Company has entered into agreements to sell land to an unaffiliated third party in the future. Under these agreements, the purchaser of the properties advanced funds equal to the book value of the land currently owned by the Company and advances the cost of construction for the dealership facilities based on costs incurred by the Company to date. The Company capitalized the cost of the land and continues to capitalize the cost of construction as Assets Held for Sale on the accompanying balance sheet. In addition, the Company records a corresponding liability equal to the amount of the advanced funds, included in Liabilities Associated with Assets Held for Sale on the accompanying balance sheet. The Company capitalizes the rent paid to the third party, under the terms of the agreements, during the construction period. The book value of the land and construction totaled $18.8 million and $8.3 million as of September 30, 2003 and December 31, 2002, respectively. Upon completion of construction, the Company will execute the sale/leaseback agreements with this third party and transfer the ownership of the land and building assets, satisfying the related obligations. The estimated annual rental expense under these agreements, based on advances made through September 30, 2003, will be approximately $1.6 million.

10. ACQUISITIONS:

For the nine months ended September 30, 2003, the Company made four acquisitions (ten franchises) for approximately $72.4 million in cash, which were funded under the Company's existing credit facility. The purchase price was allocated to the underlying assets and liabilities based upon their estimated fair values. The resulting preliminary estimate of goodwill and intangibles assets from these transactions was approximately $64.5 million. The results of operations for these acquisitions are included in the Company's consolidated results from the dates of acquisition.

The seller of one of the dealerships was the existing president of one of the Company's platforms. The Company believes that this transaction involves terms that would be comparable to terms obtained from an unaffiliated third party.

11. NON-CASH INVESTING AND FINANCING ACTIVITY:

During the nine months ended September 30, 2003, the Company entered into a capital lease for land and buildings in the amount of approximately $2.4 million. The lease has an initial term of 15 years.

In connection with the divestitures mentioned in Note 7, approximately $5.7 million of the proceeds were paid directly to the Company's lenders during the nine months ended September 30, 2003.

In connection with the sale/leaseback transactions mentioned in Notes 8 and 9, approximately $27.1 million of the sales proceeds were paid directly to the Company's lenders during the nine months ended September 30, 2003. Of that amount, approximately $5.5 million related to proceeds for the sale of assets that were excluded from capital expenditures as shown on the consolidated statement of cash flows for the period ended September 30, 2003.

12. COMMITMENTS AND CONTINGENCIES:

A significant portion of the Company's vehicle business involves the sale of vehicles, parts or vehicles composed of parts that are manufactured outside the United States. As a result, the Company's 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 the Company's 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.

Manufacturers may direct the Company to implement costly capital improvements to dealerships as a condition for renewing the Company's 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 the Company to divert its financial resources to capital projects from uses that management believes may be of higher long-term value to the Company, such as acquisitions.

Substantially all of the Company's 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 does the Company expect such compliance to have, any material effect upon the capital expenditures, net earnings, financial condition, liquidity or competitive position of the Company.

Management believes that its current practices and procedures for the control and disposition of such materials comply with applicable federal, state and local requirements.

The Company is involved in legal proceedings and claims which arise in the ordinary course of its business and, with respect to certain of these claims, the sellers of previously acquired dealerships have indemnified the Company. In the opinion of management of the Company, the amount of ultimate liability with respect to these actions will not materially affect the financial condition, liquidity or the results of operations of the Company.

The dealerships operated by the Company hold franchise agreements with a number of vehicle manufacturers. In accordance with the individual franchise agreements, each dealership is subject to certain rights and restrictions typical of the industry. The ability of the manufacturers to influence the operations of the dealerships or the loss of a franchise agreement could have a negative impact on the Company's operating results.

13. SUBSEQUENT EVENT

Subsequent to September 30, 2003, a decision was rendered in the arbitration proceedings with the estate of Brian E. Kendrick, the Company's former Chief Executive Officer. The arbitration panel unanimously concluded that the Company had fully satisfied its obligation under Mr. Kendrick's employment agreement when it tendered the 2001 bonus payment of $0.5 million and 17,876 shares of the Company's common stock in early 2002, and no further amounts are due the estate. This decision will have no impact on the Company's future results of operations, as all amounts related to the arbitration were properly accrued in a prior period.

INDEPENDENT ACCOUNTANTS' REPORT

To the Shareholders of Asbury Automotive Group, Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of Asbury Automotive Group, Inc. and subsidiaries ("the Company") as of September 30, 2003, and the related condensed consolidated statements of income for the three-month and nine-month periods ended September 30, 2003 and 2002, and of cash flows for the nine-month periods ended September 30, 2003 and 2002. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Asbury Automotive Group, Inc. and subsidiaries as of December 31, 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 25, 2003 (which includes an explanatory paragraph regarding the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets"), we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2002 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP

Stamford, Connecticut
October 30, 2003

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

The following discussion should be read in conjunction with the unaudited consolidated financial statements and notes thereto included in Item 1 of this report. In addition, reference should be made to our audited consolidated financial statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our most recent Annual Report on Form 10-K.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2003, Compared to Three Months Ended September 30, 2002

Net income for the third quarter of 2003 was $16.2 million compared with $14.6 million in the corresponding period last year. Net income includes the results of discontinued operations, the majority of which consisted of certain now closed non-core businesses, including the closing costs associated with our Price 1 pilot program. Basic and diluted earnings per share, including discontinued operations, were $0.50 for the three months ended September 30, 2003 versus $0.43 for the same period in 2002.

Net income from continuing operations for the third quarter of 2003 was $17.2 million compared with $16.1 million in the corresponding period a year ago. Basic and diluted earnings per share from continuing operations for the third quarter of 2003 were $0.53 compared to $0.47 in the prior year period.

Income from continuing operations before income taxes totaled $27.7 million for the three months ended September 30, 2003, up 3% from $26.8 million for the same period last year. The increase is primarily attributable to strong finance and insurance ("F&I") and parts, service and collision repair ("fixed operations") performance and the impact of acquisitions.

Revenues-

(In thousands, except for unit and per vehicle data)	For the Three Months Ended September 30, 2003	2002	Increase (Decrease)	% Change
New Vehicle Data:				
Retail revenues - same store (1)	$ 741,220	$ 712,039	$ 29,181	4%
Retail revenues - acquisitions	37,492	--		
Total new retail	778,712	712,039	66,673	9%
Fleet revenues - same store (1)	7,133	10,812	(3,679)	(34%)
Fleet revenues -acquisitions	197	--		
Total new fleet revenues	7,330	10,812	(3,482)	(32%)
New vehicle revenue, as reported	$ 786,042	$ 722,851	$ 63,191	9%
New retail units - same store (1)	25,597	26,755	(1,158)	(4%)
New retail units - actual	26,867	26,755	112	0%
Used Vehicle Data:				
Retail revenues - same store (1)	$ 228,338	$ 233,763	$ (5,425)	(2%)
Retail revenues - acquisitions	11,474	--		
Total used retail revenues	239,812	233,763	6,049	3%
Wholesale revenues - same store (1)	75,372	72,270	3,102	4%
Wholesale revenues - acquisitions	3,844	--		
Total wholesale revenues	79,216	72,270	6,946	10%
Used vehicle revenue, as reported	$ 319,028	$ 306,033	$ 12,995	4%
Used retail units - same store (1)	15,124	15,119	5	0%
Used retail units - actual	15,774	15,119	655	4%

(In thousands, except for unit and per vehicle data)	For the Three Months Ended September 30, 2003	2002	Increase (Decrease)	% Change
Parts, Service and Collision Repair:				
Revenues - same store (1)	$ 135,671	$ 128,429	$ 7,242	6%
Revenues - acquisitions	7,361	--		
Parts, service and collision repair revenue, as reported	$ 143,032	$ 128,429	$ 14,603	11%
Finance and Insurance:				
Platform revenues - same store (1)	$ 34,749	$ 33,289	$ 1,460	4%
Corporate revenues	1,300	--		
Revenues - acquisitions	1,317	--		
Finance and insurance revenue, as reported	$ 37,366	$ 33,289	$ 4,077	12%
Total Revenue:				
Same store (1)	$1,222,483	$1,190,602	$ 31,181	3%
Corporate	1,300	--		
Acquisitions	61,685	--		
Total revenue, as reported	$1,285,468	$1,190,602	$ 94,866	8%

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

Revenues of $1.3 billion for the three months ended September 30, 2003, represented a $94.9 million or 8% increase over the three months ended September 30, 2002. Same store revenue grew $33.2 million or 3%, with the remaining increase of $61.7 million derived from acquisitions. On a same store basis, our new retail units were down 4% compared to the three months ended September 30, 2002. However, same store new vehicle retail revenues were up 4%, reflecting an increase in our average selling price which was driven by our strong luxury and midline import sales mix. Used retail vehicle unit sales were flat on a same store basis compared to prior year period. Fixed operations revenues were up 6% on a same store basis as strong import vehicle sales over the past several years has resulted in incremental import customer pay and warranty work. Same store F&I platform revenues grew 4% due to strong product sales, increased penetration rates (the number of F&I contracts sold to the combined total of retail unit sales), maturing of our preferred provider programs and our continued focus on improvement of underperforming stores.

Gross Profit-

(In thousands, except for unit and per vehicle data)	For the Three Months Ended September 30, 2003	2002	Increase (Decrease)	% Change
New Vehicle Data:				
Retail gross profit - same store (1)	$ 53,780	$ 56,657	$ (2,877)	(5%)
Retail gross profit - acquisitions	2,587	--		
Total new retail gross profit	56,367	56,657	(290)	(1%)
Fleet gross profit - same store (1)	301	361	(60)	(17%)
Fleet gross profit -acquisitions	(2)	--		
Total new fleet gross profit	299	361	(62)	(17%)
New vehicle gross profit, as reported	$ 56,666	$ 57,018	$ (352)	(1%)
New retail units - same store (1)	25,597	26,755	(1,158)	(4%)

New retail units - actual	26,867	26,755	112	0%

(In thousands, except for unit and per vehicle data)	For the Three Months Ended September 30, 2003	2002	Increase (Decrease)	% Change
Used Vehicle Data:				
Retail gross profit - same store (1)	$ 27,434	$ 28,916	$ (1,482)	(5%)
Retail gross profit - acquisitions	1,128	--		
Total used retail gross profit	28,562	28,916	(354)	(1%)
Wholesale gross profit - same store (1)	(857)	(1,749)	892	51%
Wholesale gross profit - acquisitions	7	--		
Total wholesale gross profit	(850)	(1,749)	899	51%
Used vehicle gross profit, as reported	$ 27,712	$ 27,167	$ 545	2%
Used retail units - same store (1)	15,124	15,119	5	0%
Used retail units - actual	15,774	15,119	655	4%
Parts, Service and Collision Repair:				
Gross profit - same store (1)	$ 72,525	$ 66,992	$ 5,533	8%
Gross profit - acquisitions	3,806	--		
Parts, service and collision repair gross profit, as reported	$ 76,331	$ 66,992	$ 9,339	14%
Finance and Insurance:				
Platform gross profit - same store (1)	$ 34,749	$ 33,289	$ 1,460	4%
Corporate gross profit	1,300	--		
Gross profit - acquisitions	1,317	--		
Finance and insurance gross profit, as reported	$ 37,366	$ 33,289	$ 4,077	12%
Platform gross profit per vehicle retailed - same store (1)	$ 853	$ 795	$ 58	7%
Platform gross profit per vehicle retailed - actual	$ 846	$ 795	$ 51	6%
Gross profit per vehicle retailed - actual	$ 876	$ 795	$ 81	10%
Total Gross Profit:				
Gross profit - same store (1)	$ 187,932	$ 184,466	$ 3,466	2%
Gross profit - corporate	1,300	--		
Gross profit - acquisitions	8,843	--		
Total gross profit, as reported	$ 198,075	$ 184,466	$ 13,609	7%

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

Gross profit for the quarter ended September 30, 2003, increased $13.6 million or 7% over the quarter ended September 30, 2002. Same store retail gross profit was up 3% for the same period. Consistent with our business model, we achieved same store gross profit growth of 4% in F&I platform gross profit and increases in same store fixed operations gross profit of 8% during the period. Same store F&I platform gross profit per vehicle retailed ("PVR") increased 7%. F&I platform gross profit provides an accurate measure of our finance and insurance performance as it excludes revenue resulting from corporate negotiated contracts which is not attributable to the retail units sold during the period. In addition, wholesale losses during the quarter were in line with our third quarter expectations, but significantly lower than the same quarter of the prior year, during which used car auction prices were under significant pressure. These items were offset by continued margin pressure on new and used vehicles.

Operating Expenses-

Selling, general and administrative ("SG&A) expenses for the quarter ended September 30, 2003, increased $11.4 million or 8% over the quarter ended September 30, 2002. Included in SG&A expenses for the quarter ended September 30, 2003 were $2.0 million of severance, relocation and hiring costs in connection with management changes at our Oregon and Texas platforms and at the

corporate level. In addition, our insurance premiums were $5.2 million for the quarter ended September 30, 2003, a $1.7 million increase compared to the same quarter in the prior year, reflecting the current insurance environment. Including the impact of these items, SG&A expenses as a percentage of gross profit increased only 60 basis points to 76.0% for the quarter ended September 30, 2003, when compared to the same period in 2002.

Depreciation and Amortization-

Depreciation and amortization expense increased approximately $0.6 million to $5.1 million for the quarter ended September 30, 2003, as compared to the same period in 2002. The increase is primarily related to acquisitions.

Other Income (Expense)-

Floor plan interest expense increased to $4.6 million for the three months ended September 30, 2003, from $4.4 million for the three months ended September 30, 2002. This 6% increase was primarily due to higher average inventory levels during the 2003 quarter resulting primarily from acquisitions during 2003. Non-floor plan interest expense remained essentially flat when compared to the prior year quarter.

Income Tax Provision-

Income tax expense was $10.5 million for the three months ended September 30, 2003 compared to $10.7 million for the same quarter in the prior year. Our effective tax rate for the three months ended September 30, 2003, was 38% compared to 39.9% for the prior year quarter. As we operate nationally, our effective tax rate is dependent upon our geographic revenue mix. We evaluate our effective tax rate periodically based on our revenue sources. We will continue to evaluate our effective tax rate in the future, and expect that our annual effective tax rate will fluctuate between 38% and 39%.

Discontinued Operations-

The loss from discontinued operations of approximately $0.9 million for the third quarter of 2003 included a loss associated with the sale of two "full service" dealerships, the cost of closing our Price 1 pilot program and losses incurred in the operation of three franchises which were classified as held for sale as of September 30, 2003. Subsequent to the end of the quarter, we closed one of the franchises that was held for sale and resigned the franchise. The loss from discontinued operations for the third quarter ended September 30, 2002 was $1.5 million, including the operating losses from the stores mentioned above, the operating losses generated during the quarter by the stores that were sold or closed during the twelve-month period ended June 30, 2003, and the net gain recognized on dealership and related real estate assets sold during the quarter.

Nine Months Ended September 30, 2003, Compared to Nine Months Ended September 30, 2002

Net income for the nine months ended September 30, 2003 was $35.6 million or $1.09 per basic and diluted share, including a $3.9 million loss from discontinued operations principally related to our Price 1 pilot program. Net income for the nine months ended September 30, 2002 was $32.6 million or $0.99 per basic and diluted share. For the nine months ended September 30, 2002, tax affected pro forma net income was $38.6 million or $1.17 per basic and diluted share. Pro forma net income from continuing operations for the nine months ended September 30, 2002 was $42.8 million or $1.26 per basic and diluted share. The pro forma results for the prior year exclude a nonrecurring deferred income tax provision required by Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes" related to our change in tax status from a limited liability company to a "C" corporation in conjunction with our March 2002 initial public offering ("IPO"). In addition, the pro forma results from continuing operations also assume that we were a publicly traded "C" corporation for the entire period. A reconciliation of pro forma net income from continuing operations to GAAP net income from continuing operations follows - see "Reconciliation of Non-GAAP Financial Information".

Income from continuing operations before income taxes totaled $64.8 million for the nine months ended September 30, 2003, down 9% from $71.2 million for the nine months ended September 30, 2002. The decrease is attributable to continued vehicle margin pressure, deterioration of our expense structure in the first quarter, weak performance in our Oregon platform and charges of $3.2 million in connection with management changes at our Oregon and Texas platforms and at the corporate level. These items were offset by improvement in expense controls in the second and third quarters and the improved performance of the Arkansas platform, which was underperforming during 2002.

Revenues-

(In thousands, except for unit and per vehicle data)	For the Nine Months Ended September 30, 2003	2002	Increase (Decrease)	% Change
New Vehicle Data:				
Retail revenues - same store (1)	$2,072,222	$1,973,987	$ 98,235	5%
Retail revenues - acquisitions	75,594	310		
Total new retail	2,147,816	1,974,297	173,519	9%
Fleet revenues - same store (1)	36,822	32,955	3,867	12%
Fleet revenues -acquisitions	195	--		
Total new fleet revenues	37,017	32,955	4,062	12%
New vehicle revenue, as reported	$2,184,833	$2,007,252	$ 177,581	9%
New retail units - same store (1)	72,638	73,060	(422)	(1%)
New retail units - actual	75,141	73,072	2,069	3%
Used Vehicle Data:				
Retail revenues - same store (1)	$ 678,158	$ 678,941	$ (783)	0%
Retail revenues - acquisitions	25,401	268		
Total used retail revenues	703,559	679,209	24,350	4%
Wholesale revenues - same store (1)	204,357	208,036	(3,679)	(2%)
Wholesale revenues - acquisitions	7,929	2		
Total wholesale revenues	212,286	208,038	4,248	2%
Used vehicle revenue, as reported	$ 915,845	$ 887,247	$ 28,598	3%
Used retail units - same store (1)	44,616	44,463	153	0%
Used retail units - actual	46,145	44,479	1,666	4%
Parts, Service and Collision Repair:				
Revenues - same store (1)	$ 395,882	$ 373,854	$ 22,028	6%
Revenues - acquisitions	15,976	87		
Parts, service and collision repair revenue, as reported	$ 411,858	$ 373,941	$ 37,917	10%
Finance and Insurance:				
Platform revenues - same store (1)	$ 96,385	$ 87,701	$ 8,684	10%
Corporate revenues	1,300	--		
Revenues - acquisitions	2,812	20		
Finance and insurance revenue, as reported	$ 100,497	$ 87,721	$ 12,776	15%
Total Revenue:				
Same store (1)	$3,483,826	$3,355,474	$ 128,352	4%
Corporate	1,300	--		
Acquisitions	127,907	687		
Total revenue, as reported	$3,613,033	$3,356,161	$ 256,872	8%

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

Revenues of $3.6 billion for the nine months ended September 30, 2003, represented a $256.9 million or 8% increase over the nine months ended September 30, 2002. Same store revenue grew $129.7 million or 4%, with the remainder derived from acquisitions. On a same store basis, new retail units were down 1%. However, same store new vehicle retail revenues were up 5% reflecting an increase in our average selling price driven by our strong luxury and mid-line

import sales mix. Used retail vehicle unit sales were unchanged compared to the

same period of the prior year, as new vehicle incentives continued to adversely affect used vehicle sales. With ongoing focus on fixed operations and platform F&I, we achieved 6% and 10% same store growth, respectively, as we continue to benefit from the sharing of best practices between our platforms in these areas.

Gross Profit-

(In thousands, except for unit and per vehicle data)	For the Nine Months Ended September 30, 2003	2002	Increase (Decrease)	% Change
New Vehicle Data:				
Retail gross profit - same store (1)	$ 154,121	$ 163,325	$ (9,204)	(6%)
Retail gross profit - acquisitions	5,282	20		
Total new retail gross profit	159,403	163,345	(3,942)	(2%)
Fleet gross profit - same store (1)	877	980	(103)	(11%)
Fleet gross profit -acquisitions	(2)	--		
Total new fleet gross profit	875	980	(105)	(11%)
New vehicle gross profit, as reported	$ 160,278	$ 164,325	$ (4,047)	(2%)
New retail units - same store (1)	72,638	73,060	(422)	(1%)
New retail units - actual	75,141	73,072	2,069	3%
Used Vehicle Data:				
Retail gross profit - same store (1)	$ 80,996	$ 82,771	$ (1,775)	(2%)
Retail gross profit - acquisitions	2,549	32		
Total used retail gross profit	83,545	82,803	742	1%
Wholesale gross profit - same store (1)	(632)	(1,950)	1,318	68%
Wholesale gross profit - acquisitions	(71)	1		
Total wholesale gross profit	(703)	(1,949)	1,246	64%
Used vehicle gross profit, as reported	$ 82,842	$ 80,854	$ 1,988	2%
Used retail units - same store (1)	44,616	44,463	153	0%
Used retail units - actual	46,145	44,479	1,666	4%
Parts, Service and Collision Repair:				
Gross profit - same store (1)	$ 208,570	$ 196,888	$ 11,682	6%
Gross profit - acquisitions	9,349	57		
Parts, service and collision repair gross profit, as reported	$ 217,919	$ 196,945	$ 20,974	11%
Finance and Insurance:				
Platform gross profit - same store (1)	$ 96,385	$ 87,701	$ 8,684	10%
Gross profit - corporate	1,300	--		
Gross profit - acquisitions	2,812	20		
Finance and insurance gross profit, as reported	$ 100,497	$ 87,721	$ 12,776	15%
Platform gross profit per vehicle retailed - same store (1)	$ 822	$ 746	$ 76	10%
Platform gross profit per vehicle retailed - actual	$ 818	$ 746	$ 72	10%
Gross profit per vehicle retailed - actual	$ 829	$ 746	$ 83	11%
Total Gross Profit:				
Gross profit - same store (1)	$ 540,317	$ 529,715	$ 10,602	2%
Gross profit - corporate	1,300	--		
Gross profit - acquisitions	19,919	130		
Total gross profit, as reported	$ 561,536	$ 529,845	$ 31,691	6%

(1) Same store amounts include the results of dealerships for the identical

months for each period presented in the comparison, commencing with the first full month in which the dealership was owned by the Company.

Gross profit for the nine months ended September 30, 2003, increased $31.7 million or 6% over the same period ended September 30, 2002. Same store gross profit increased 2% year over year driven by significant growth in F&I and fixed operations, at 10% and 6%, respectively. These increases were offset by same store decreases in gross profit for new and used vehicles.

Operating Expenses-

SG&A expenses for the nine months ended September 30, 2003 were $437.4 million, up 8.5% from $403.3 million for the nine months ended September 30, 2002. The majority of the increase was due to expense deterioration in several platforms in the first quarter and the severance, relocation and hiring costs discussed above. We experienced significant improvement in the second and third quarter with our successful expense reduction initiatives.

Depreciation and Amortization-

Depreciation and amortization expense increased approximately $0.7 million to $15.0 million for the nine months ended September 30, 2003, as compared to the same period in 2002. This increase is primarily related to acquisitions.

Other Income (Expense)-

Floor plan interest expense increased 9.2% to $14.3 million for the nine months ended September 30, 2003. This increase was due to higher average inventory levels during the first nine months of 2003 as compared to the corresponding period in 2002. The increase in non-floor plan interest expense of $1.3 million from the same period of the prior year was principally attributable to the higher interest rate on our Senior Subordinated Notes issued in June 2002.

Income Tax Provision-

Income tax expense was $25.3 million for the nine months ended September 30, 2003 compared to $34.3 million for the nine-month period ended September 30, 2002. Our effective tax rate for the nine months ended September 30, 2003, was 39% compared to 39.9% for the prior year period. As we operate nationally, our effective tax rate is dependent upon our geographic revenue mix. We evaluate our effective tax rate periodically based on our revenue sources. We will continue to evaluate our effective tax rate in the future, and expect that our annual effective tax rate will fluctuate between 38% and 39%.

For the time period from January 1, 2002 through the date of our IPO, we were structured as a limited liability company and only provided a tax provision in accordance with SFAS No. 109 for the nine "C" corporations that we owned directly or indirectly during that period. Effective with our IPO, which closed March 19, 2002, we converted to a corporation and became subject to federal, state and local income taxes. During the nine months ended September 30, 2002, we recorded, in accordance with SFAS No. 109, a one-time non-recurring charge of $11.6 million related to the establishment of a net deferred tax liability, in connection with our conversion. This liability represented the difference between the financial statement and tax basis of our assets and liabilities at the conversion date.

Discontinued Operations-

During the first nine months of 2003, we completed the sale of five "full service" dealerships, closed six "Thomason Select" used-only lots in Oregon and closed our four Price 1 pilot program used vehicle stores. As of September 30, 2003, we were actively pursuing the sale of three full service dealerships, one of which was closed subsequent to the end of the quarter. The $3.9 million loss from discontinued operations includes the operating losses of the dealerships mentioned above offset by a net gain on the sales of the stores sold in the first nine months of the year. The loss from discontinued operations for the nine months ended September 30, 2002 was $4.3 million, which included the results of operations of the dealerships mentioned above and the operating losses and net loss on the sale of four dealerships, and related real estate assets, sold during the first nine months of 2002.

LIQUIDITY AND CAPITAL RESOURCES

We require cash to fund working capital needs, finance acquisitions of new dealerships and fund capital expenditures. These requirements are met principally from cash flow from operations, borrowings under the First Amended and Restated Credit Agreement and the Floor Plan Facilities (as defined below), mortgage notes and proceeds from sale/leaseback transactions. As of September 30, 2003 we had cash and cash equivalents of $48.8 million.

Credit Facilities-

On January 17, 2001, we entered into a committed financing agreement with Ford Motor Credit Company, General Motors Acceptance Corporation and DaimlerChrysler Services North America, LLC (the "Lenders") with total availability of $550 million. The committed financing agreement is used for acquisition financing and working capital purposes. On June 6, 2003, we signed the First Amended and Restated Credit Agreement (the "ARCA"), retaining all the essential provisions of our original committed credit facility, but reducing the availability for borrowings to $450 million and increasing our working capital borrowing capacity from $25 million to $75 million. Our decision to amend the existing credit facility was driven by our desire to reduce the commitment fee paid to the Lenders, which is based on the unused portion of the facility, and to extend the facility by one year through January 2006. All borrowings under the ARCA and our original committed credit facility (collectively the "Committed Credit Facility") bear interest at variable rates based on one-month LIBOR plus a specified percentage that is dependent upon our adjusted debt level as of the end of each quarter.

During the third quarter of 2002, we obtained consent from the Lenders for a cash management sublimit of $75 million under our Committed Credit Facility. The cash management sublimit allows us to repay up to $75 million of debt outstanding under our Committed Credit Facility using cash that has been centrally collected by our cash management system. The net amount repaid under the cash management sublimit may be borrowed by us on short-term notice for general corporate purposes. At September 30, 2003, approximately $306 million was available for borrowings under the Committed Credit Facility, including $18 million under the cash management sublimit. Subsequent to September 30, 2003, we repaid an additional $45 million under the cash management sublimit.

Floor Plan Financing-

We finance substantially all of our new vehicle inventory and a portion of our used vehicle inventory under the floor plan financing credit facilities (the "Floor Plan Facilities"). The Floor Plan Facilities provide used vehicle financing up to a fixed percentage of the value of each financed used vehicle. In connection with the ARCA, total availability under the floor plan facilities was reduced from $750 million to $695 million. Amounts financed under the floor plan arrangements bear interest at variable rates, which are typically tied to LIBOR or the prime rate. As of September 30, 2003, we had $488.5 million outstanding under all of our floor plan financing agreements.

Sale/Leaseback and Operating Lease Agreements-

During the nine months ended September 30, 2003, we sold, in connection with six sale/leaseback agreements, certain land and building assets for approximately $23 million. Under the terms of these agreements, we have committed to leaseback the properties from the purchaser for periods ranging from 15 to 22 years. Under one of these sale/leaseback agreements, we sold land to an existing president of one of our platforms, who is also a member of our Board of Directors. The sale price of the land of approximately $0.8 million was equal to the purchase price paid for the land in January 2003. We believe that this transaction was comparable to terms that would be obtained from an unaffiliated third party. We are accounting for these transactions as operating leases. The estimated annual rental expense under these agreements will be approximately $2.4 million.

In addition to the sale/leaseback agreements discussed above, in connection with the construction and future sale/ leaseback of dealership facilities, we have entered into agreements to sell additional land to an unaffiliated third party in the future. Under these agreements, the purchaser of the properties advanced funds equal to the book value of the land currently owned by us, and advances the cost of construction for the dealership facilities based on costs incurred to date. We capitalized the cost of the land and continue to capitalize the cost of construction included in Assets Held for Sale on the accompanying balance sheet and record a corresponding liability equal to the amount of the advanced funds included in Liabilities Associated with Assets Held for Sale on the accompanying balance sheet. In addition, we capitalize the rent paid to the third party, under the terms of the agreements, during the construction period. Upon completion of construction, we will enter into sale/ leaseback agreements with this third party and transfer the ownership of the land and building

assets, satisfying the related obligations. The estimated annual rental expense under these agreements, based on advances made through September 30, 2003, will be approximately $1.6 million.

During the nine months ended September 30, 2003, in connection with current year acquisitions, we entered into two agreements to lease land and building facilities. We are accounting for these transactions as operating leases. The leases have 15-year initial terms and the estimated annual rental expense under these agreements will be approximately $1.1 million.

Acquisitions and Acquisition Financing-

For the nine months ended September 30, 2003, we made four acquisitions (ten franchises) for approximately $72.4 million in cash, which were funded under our Committed Credit Facility. The purchase price was allocated to the underlying assets and liabilities based upon their estimated fair values. The resulting preliminary estimate of goodwill and intangibles assets from these transactions was approximately $64.5 million. The results of operations for these acquisitions are included in our consolidated results from the dates of acquisition.

The seller of one of the dealerships was the existing president of one of our platforms. We believe that this transaction involves terms that would be comparable to terms that would be obtained from an unaffiliated third party.

Capital Expenditure Financing

During the first nine months of 2003 and 2002, $7.2 million and $5.6 million, respectively, of our capital expenditures were funded through collateralized borrowings.

Cash Flow

Operating Activities-

Net cash provided by operating activities totaled $68.1 million for the nine months ended September 30, 2003 consisting of net income of $35.6 million, non-cash items of $23.1 million (primarily depreciation and amortization), and a $9.4 million net increase in operating assets and liabilities. Operating assets in the aggregate increased due to an increase in accrued liabilities primarily driven by the timing of interest payments on our senior subordinated notes and improved collections of contracts in transit, partially offset by increases in accounts receivable due to normal seasonality.

Net cash provided by operating activities totaled $69.9 million for the nine months ended September 30, 2002 consisting of net income of $32.6 million, non-cash items of $36.5 million (primarily depreciation and amortization and deferred income taxes) and a $0.8 million net increase in operating assets and liabilities. This net increase was primarily the result of a reduction in contracts in transit and inventory and increased accounts payable and accrued liabilities, offset by increased payments on floor plan borrowings and increased accounts receivable.

Investing Activities-

Net cash used in investing activities for the nine months ended September 30, 2003 was $99.0 million, as capital expenditures of $33.4 million, dealership acquisitions of $72.4 million and the net issuance of finance contracts of $2.8 million was offset by the maturity of restricted marketable securities of $1.8 million and proceeds from the sale of discontinued operations of $7.8 million.

Net cash used in investing activities for the nine months ended September 30, 2002 was $45.7 million, as capital expenditures of $38.1 million and dealership acquisitions of $14.6 million were offset by the maturity of restricted marketable securities of $1.8 million, proceeds from the sale of discontinued operations of $4.8 million and proceeds from the sale of fixed assets of $1.4 million.

Financing Activities-

Net cash provided by financing activities for the nine months ended September 30, 2003 was $57.2 million, as proceeds from borrowings of $100.7 million offset debt repayments of $32.3 million, distributions to members in the first quarter of $3.0 million (our final limited liability company distribution to our members) and the repurchase of treasury stock of $8.4 million.

Net cash used in financing activities for the nine months ended September 30, 2002 was $33.1 million as proceeds from our initial public offering of $65.4 million and the net proceeds from borrowings of $264.8 million (mainly the issuance of the Senior Subordinated Notes), were offset by repayments of debt of $352.4 million (as we were required under our Committed Credit Facility to use the majority of IPO proceeds and all subordinated debt proceeds to repay existing debt), and distributions to members of $11.7 million.

Capital Expenditures

Capital spending other than for acquisitions, net of proceeds from and advances associated with sale/leaseback transactions, is expected to total approximately $44 million for the year ending December 31, 2003 and will be primarily related to operational improvements and manufacturer-required spending to upgrade existing dealership facilities.

Stock Repurchase

Pursuant to our Senior Subordinated Note indenture, we are permitted to repurchase shares subject to the following restrictions: (i) up to $15 million under a "Restricted Payments" building basket, plus (ii) up to $2 million per fiscal year under our "Stock Repurchase" basket. The Restricted Payments building basket equals the greater of $15 million, or 50% of the consolidated net income beginning April 1, 2002 (less the cumulative amount of any Restricted Payments since the Senior Subordinated Notes' inception). During 2002, we repurchased 772,824 shares of our common stock for a purchase price of $6.6 million. During the nine months ended September 30, 2003, we repurchased an additional 817,189 shares for an aggregate purchase price of $8.4 million.

Reconciliation of "Non-GAAP" Financial Information

For analysis purposes, in Management's Discussion and Analysis we discuss pro forma net income from continuing operations and related earnings per share for the nine months ended September 30, 2002. The consolidated statement of income reconciles GAAP net income to tax affected pro forma net income by assuming that we were taxed as a "C" corporation for all twelve months of 2002 and excluding the one-time charge for our conversion from a limited liability company to a corporation. The following table assumes that all discontinued entities were sold prior to 2002 and all shares issued in our IPO were outstanding on January 1, 2002.

(In thousands, except for per share data)	For the Nine Months Ended September 30, 2002
Tax affected pro forma net income	$38,551
Discontinued operations	4,286
Pro forma net income from continuing operations	$42,837
Pro forma earnings per share:	
Basic	$ 1.26
Diluted	$ 1.26
Pro forma common shares and share equivalents:	
Weighted average shares outstanding-	
Basic	32,813
Adjustment for 4,500 shares offered March 14, 2002 as if offered on January 1, 2002	1,187
Pro forma basic shares	34,000
Dilutive effect of common share equivalents (stock options)	21
Pro forma diluted shares	34,021

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 $277.2 million of variable rate long-term debt (including the current portion) outstanding at September 30, 2003, a 1% change in interest rates would result in a change of approximately $2.8 million to our annual other interest expense. Based on floor plan amounts outstanding at September 30, 2003, a 1% change in the interest rates would result in a $4.9 million change to annual floor plan interest expense.

We receive interest credit assistance from certain automobile manufacturers, which is reflected as a reduction in the cost of inventory on the balance sheet. Although we can provide no assurance as to the amount of future floor plan credits, it is our expectation, based on historical data, that an increase in prevailing interest rates would result in increased interest credit assistance from certain automobile manufacturers.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company conducted an evaluation (under the supervision of and with the participation of the Company's management, including the chief executive officer and chief financial officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15e and 15d-15e under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on this evaluation, the Company's chief executive officer and chief financial officer concluded that as of the end of such period: such disclosure controls and procedures were reasonably designed to ensure that information required to be disclosed by the Company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

CHANGES IN INTERNAL CONTROLS

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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Forward Looking Statements

This report contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements include statements relating to goals, plans and projections regarding the Company's financial position, results of operations, market position, product development and business strategy. These statements are based on management's current expectations and involve significant risks and uncertainties that may cause results to differ materially from those set forth in the statements. These risks and uncertainties include, among other things,

- market factors,
- the Company's relationships with vehicle manufacturers and other suppliers,
- risks associated with the Company's substantial indebtedness,
- risks related to pending and potential future acquisitions, and
- general economic conditions both nationally and locally and governmental regulations and legislation.

There can be no guarantees the Company's plans for future operations will be successfully implemented or that they will prove to be commercially successful. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

10.1	Sublease dated July 28, 2003 between Monster Worldwide, Inc. and Asbury Automotive Group
10.2	Severance Agreement with Executive Vice President and Chief Financial Officer J. Gordon Smith, dated September 29, 2003
10.3	Indemnification Agreement with Executive Vice President and Chief Financial Officer J. Gordon Smith, dated September 29, 2003
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.

b. Reports on Form 8-K

Report filed July 11, 2003, under Item 7, related to issuance of a press release announcing that the Company has reached a mutual agreement with Wal-Mart Stores, Inc. to end the pilot "Price 1" program.

Report filed July 30, 2003, under Item 9, related to the issuance of a press release announcing that Michael Kane has been named President and CEO of the Company's Texas platform.

Report dated July 31, 2003, filed under Item 9 and furnished under Item 12, related to issuance of a press release announcing the Company's earnings for the second quarter and six months ended June 30, 2003.

Report filed September 17, 2003, under Item 5, related to issuance of a press release announcing that J. Gordon Smith has been named the new Chief Financial Officer.

Report filed October 9, 2003, under Item 5, related to issuance of a press release announcing that the Company is hosting a live "Investor Day" video web cast on October 15, 2003.

Report filed October 15, 2003, under Item 5, related to issuance of a press release announcing that it disclosed selected preliminary financial information for the quarter ended September 30, 2003, in conjunction with its live "Investor Day" video web cast.

Report furnished October 30, 2003, under Item 12, related to issuance of a press release announcing the Company's earnings for the third quarter and nine months ended September 30, 2003.

Report filed November 4, 2003, under Item 5, related to issuance of a press release announcing that a decision has been rendered in the private arbitration proceeding relating to amounts claimed by the estate of Brian E. Kendrick.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Asbury Automotive Group, Inc.

(Registrant)

Date: November 14, 2003

/s/ Kenneth B. Gilman

Kenneth B. Gilman
Chief Executive Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Asbury Automotive Group, Inc.

(Registrant)

Date: November 14, 2003

/s/ J. Gordon Smith

J. Gordon Smith
Senior Vice President and Chief Financial Officer

Index to Exhibits

Exhibit Number	Description
10.1	Sublease dated July 28, 2003 between Monster Worldwide, Inc. and Asbury Automotive Group
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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.

SUBLEASE (this "Sublease"), dated as of July 28, 2003, by and between MONSTER WORLDWIDE, INC., a Delaware corporation, successor-by-merger to TMP Worldwide Inc., a Delaware corporation, having an office at 622 Third Avenue, 38th Floor, New York, New York 10017 ("Sublandlord"), and ASBURY AUTOMOTIVE GROUP, INC., a Delaware corporation having an address at 622 Third Avenue, 37th Floor, New York, New York 10017 ("Subtenant").

W I T N E S S E T H:

WHEREAS, pursuant to a lease ("Original Lease") by and between 622 Third Avenue Company, LLC, successor-in-interest to 622 Building Company LLC, a New York limited liability company ("Landlord"), as landlord, and Sublandlord, as tenant, dated December 13, 1999, as amended by that certain Commencement Date Agreement dated as of February 16, 2000 (the Original Lease, as the same has been amended by such Commencement Date Agreement, and as may hereafter be amended, the "Master Lease"), Landlord did demise and let unto Sublandlord, and Sublandlord did hire and take from Landlord, certain premises as more particularly identified in the Master Lease (collectively, the "Leased Premises"), in a building known as and by the street address of 622 Third Avenue, New York, New York (the "Building"); and

WHEREAS, Subtenant acknowledges and represents that it has received and reviewed the Master Lease, a current copy of which is attached hereto as Exhibit A and made a part hereof, except as hereinafter provided; and

WHEREAS, Sublandlord wishes to sublet to Subtenant, and Subtenant desires to hire and rent from Sublandlord a portion of the Leased Premises being the entire 37th floor as more particularly shown on Exhibit B attached hereto (the "Premises"), and Subtenant is desirous of hiring and taking the Premises from Sublandlord, upon the terms, covenants and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Sublandlord and Subtenant hereby agree as follows:

1. TERM. Sublandlord hereby subleases to Subtenant, and Subtenant hereby hires from Sublandlord, the Premises for the purposes set forth in Section 4.01 of the Master Lease for a term commencing on the later of the date (i) the parties hereto execute and deliver this Sublease, and (ii) Sublandlord receives Landlord's written consent to this Sublease as set forth in paragraph 16 of this Sublease (such later date being the "Commencement Date"), and ending, unless sooner terminated pursuant to any of the provisions of the Master Lease, this Sublease or pursuant to applicable law, on September 29, 2015 at 5:00 p.m. E.S.T. ("Expiration Date"), upon the terms and conditions set forth in this Sublease. If the term of the Master Lease is terminated prior to the Expiration Date, this Sublease shall thereupon be terminated automatically, unless Subtenant has a separate agreement with Landlord to the contrary, and Sublandlord shall not be liable to Subtenant by reason thereof unless (i) and to the extent that said termination shall have been effected because of, or shall have resulted from, the breach or default of Sublandlord, as tenant, under the Master Lease with respect to an obligation not assumed by Subtenant under this Sublease, or (ii) said termination shall have been effected because of, or shall have resulted from, a breach or default by Sublandlord beyond applicable notice and cure periods under this Sublease. In such event, the Rent (hereinafter defined) for the month in which such termination occurs shall be pro-rated based on the actual number of days in such month unless such termination was the result of a default by Subtenant hereunder. The provisions of this paragraph 1 shall be regarded as an "express provision to the contrary" within the meaning of Section 223-a of the Real Property Law of the State of New York.

2. BASE RENT. Subtenant shall pay to Sublandlord as and for base rent ("Base Rent") for the Premises the amounts set forth on Exhibit C attached hereto and made a part hereof, payable in advance and without notice or demand, commencing on the Commencement Date and at least three (3) days prior to the first day of each month during the term of this Sublease, except that Subtenant shall pay to Sublandlord the first full monthly installment with Subtenant's execution and return of this Sublease.

3. ADDITIONAL RENT.

(a) In addition to the Base Rent set forth above, commencing on the Commencement Date, Subtenant shall pay to Sublandlord as additional rent ("Additional Rent"), the following:

(i) additional rent equal to twenty five percent (25%) ("Subtenant's Proportionate Share") of all amounts payable by Sublandlord, if any, pursuant to the Master Lease for porters wage rate escalations (as set forth in Article 22 of the Master Lease), except that for purposes of this Sublease the Base Wage Rate (as defined in the Master Lease) shall

be the Base Wage Rate in effect for calendar year 2003;

(ii) additional rent equal to Subtenant's Proportionate Share of all amounts payable by Sublandlord on account of electricity, as set forth in Article 23 of the Master Lease, except that Subtenant shall have the right, at any time during the term of this Sublease, at Subtenant's sole cost and expense and in accordance with all laws and requirements of governmental authority and in compliance with the Master Lease, to install a submeter which measures consumption of electricity within the Premises only, and, upon the installation and commencement of operation thereof Subtenant shall no longer be required to pay to Sublandlord Subtenant's Proportionate Share of electricity charges and shall thereafter commence paying for electricity usage as measured by such submeter to Sublandlord based upon the actual readings as shown on such meter from time-to-time. Subtenant, at its sole cost and expense, shall be required to maintain said meter in good operating condition;

(iii) additional rent equal to Subtenant's Proportionate Share of any Real Estate Taxes (as defined in the Master Lease) as set forth in Section 22.01 of the Master Lease, except that for purposes of this Sublease, Subtenant's Tax Base Factor shall be deemed to be actual Real Estate Taxes for the period July 1, 2003 to June 30, 2004;

(iv) additional rent equal to Subtenant's Proportionate Share of any and all additional rent payable by Sublandlord under any other provisions of the Master Lease to the extent the same relates to the Premises or is incurred by Subtenant;

(v) the cost of any additional services or materials requested of Landlord by or on behalf or at the request of Subtenant; and

(vi) any other amounts payable by Subtenant pursuant to the provisions of this Sublease.

(b) The aforesaid Additional Rent shall be payable by Subtenant to Sublandlord upon the later of (i) five (5) days prior to the date Sublandlord, as tenant under the Master Lease, is required to make a corresponding payment, if any, for each item of Additional Rent, to the Landlord, or (ii) twenty (20) days after presentation by Sublandlord to Subtenant of the bills therefor, whether issued during or after the term of this Sublease. This paragraph 3 shall survive the expiration or earlier termination of this Sublease.

(c) Base Rent and Additional Rent is referred to in this Sublease collectively as "Rent".

4. PAYMENT OF RENT. All Rent shall be paid to Sublandlord, or as Sublandlord may direct by notice to Subtenant, in lawful money of the United States of America which shall be legal tender for payment of all debts and dues, public and private, at the time of payment, at the principal office of Sublandlord, or such other place as Sublandlord may by notice designate, without any abatement, deduction, set-off or counterclaim whatsoever, except to the extent expressly provided in this Sublease or incorporated herein from the Master Lease. Sublandlord shall have the same remedies for default in the payment of Additional Rent as for default in the payment of Base Rent.

5. CONDITION OF PREMISES.

(a) The Premises are hereby sublet and shall be delivered to Subtenant "as-is" on the date hereof. The execution and delivery of this Sublease by Subtenant shall be conclusive evidence that the Subtenant has inspected the Premises and found them to be satisfactory for Subtenant's occupancy as of the date of this Sublease.

(b) Neither Sublandlord nor Sublandlord's agents or representatives have made any representations, warranties or promises with respect to the condition, quality, permitted use, restrictions, value or adequacy of the Premises and no rights, easements or licenses are granted by Sublandlord or acquired by Subtenant, by implication or otherwise, except as expressly set forth in this Sublease.

6. RIGHTS OF SUBTENANT. Subtenant shall be entitled to the benefit of all of the rights and remedies of the tenant and all of the obligations of Landlord pursuant to the Master Lease with respect to the Building (other than the Leased Premises not included in the Premises) and the Premises including, but not limited to, Landlord's obligations to repair and restore and provide or render work and services, if any, and Subtenant acknowledges and agrees that such obligations are and shall be the responsibility of Landlord and not those of Sublandlord. In the event Landlord shall fail or refuse to comply with any of the terms of the Master Lease affecting the Premises or the use or occupancy thereof by Subtenant or anyone claiming by, under or through Subtenant, Subtenant may notify Sublandlord, and Sublandlord, at Subtenant's request, shall take any action reasonably requested by Subtenant in

accordance with the Master Lease to enforce the provisions of the Master Lease against Landlord, all at Subtenant's cost and expense (unless the Landlord's failure or refusal to comply is as a result of Sublandlord's default under the Master Lease with respect to an obligation not assumed by Subtenant under this Sublease). If Sublandlord shall fail take any action reasonably requested by Subtenant to enforce the obligations of Landlord with respect to the Premises, as set forth above, then, upon seven (7) days notice to Sublandlord, Subtenant shall have the right, in its own name (and in the name of the Sublandlord, if Subtenant shall have obtained Sublandlord's prior written approval of the use of its name, not to be unreasonably withheld or delayed, and Subtenant shall indemnify and hold Sublandlord harmless from and against any and all damages, losses, penalties, fines, costs or expenses, including, without limitation, reasonable attorneys' fees and costs, which Sublandlord may incur or be subject to as a result of any action taken by Subtenant in accordance with this paragraph), and at its own cost, to compel performance by Landlord pursuant to the terms of the Master Lease. Subtenant shall have no claim against Sublandlord by reason of Landlord's failure or refusal to comply with any of the terms of the Master Lease and no such failure or refusal shall be deemed a constructive eviction hereunder (unless the Landlord's failure or refusal to comply is as a result of Sublandlord's default under the Master Lease with respect to an obligation not assumed by Subtenant under this Sublease). This Sublease shall remain in full force and effect notwithstanding Landlord's failure or refusal to comply with any of the terms of the Master Lease, and Subtenant shall pay the Rent provided in this Sublease without any abatement, deduction, set-off or counterclaim, Subtenant's sole remedy being the right to have Sublandlord enforce the provisions of the Master Lease against Landlord at Subtenant's cost as set forth above. Subtenant shall look solely to Landlord (i) to provide any and all services and utilities required to be provided by Landlord under the Master Lease, (ii) to make any of the repairs or restorations that Landlord has agreed to make under the Master Lease, (iii) to comply with any laws or requirements of public authorities with which Landlord has agreed in the Master Lease to comply, and (iv) to take any action with respect to the operation, administration, or control of the Building or any of its public or common areas that the Landlord has agreed in the Master Lease to take; and Subtenant shall not, under any circumstances, seek to require or require Sublandlord to provide any of such services or utilities, make such repairs or restorations, comply with such laws or requirements, or take such action, nor shall Subtenant make any claim upon Sublandlord for any damages, costs or expenses which arise by reason of the negligence, whether by omission or commission, or intentional, willful or tortious acts of Landlord, unless Subtenant is not permitted to make such claim directly against Landlord (in which case any judgment obtained by Subtenant with respect to same shall be satisfied solely out of any recovery Sublandlord may obtain from Landlord with respect to same, and not out of the personal assets of Sublandlord), or unless Sublandlord fails to perform its obligations under this paragraph 6 with respect thereto. Furthermore, Sublandlord shall have no liability to Subtenant by reason of any inconvenience, annoyance, interruption or injury to business or operations arising from Landlord's making any repairs, alterations or changes which Landlord is required or permitted by the Master Lease, or required by law, to make in or to any portion of the Building and/or the Premises, or in or to the fixtures, equipment or appurtenances of the Building and/or the Premises.

7. REMEDIES. In addition to such rights and remedies as it may have pursuant to applicable law, if Subtenant shall default under this Sublease, Sublandlord shall have against Subtenant all of the rights and remedies granted to Landlord pursuant to the Master Lease in the event of a default by Sublandlord, as tenant under the Master Lease. In addition to the other rights Sublandlord may have under the Master Lease (as incorporated in this Sublease), this Sublease or pursuant to applicable law, if Subtenant shall default under this Sublease beyond the expiration of any applicable notice and cure periods, then Sublandlord shall have the right, but not the obligation, without notice to Subtenant in a case of emergency and otherwise after seven (7) days notice to Subtenant, without waiving or releasing Subtenant from any obligations hereunder, to perform any such obligation of Subtenant in such manner and to such extent as Sublandlord shall reasonably deem necessary. Subtenant shall pay to Sublandlord within twenty (20) days after notice from Sublandlord (with reasonable evidence of the amounts incurred), any and all actual, reasonable costs incurred by Sublandlord in so doing, including, without limitation, reasonable attorneys' fees and costs, together with interest thereon (compounded monthly) at a rate of interest equal to the lesser of twelve percent (12%) per annum or the highest legal rate from the date such costs were incurred until the date Sublandlord is reimbursed.

8. PROVISIONS OF THE MASTER LEASE.

(a) This Sublease is in all respects subject to the terms and conditions of

the Master Lease. Except as otherwise provided in this Sublease, the terms, provisions, covenants, stipulations, conditions, rights, obligations, remedies and agreements contained in the Master Lease are incorporated in this Sublease by reference and are made a part hereof as if herein set forth at length and each and every provision, term, condition and covenant of the Master Lease binding upon or inuring to the benefit of Landlord thereunder shall, in respect of this Sublease, bind or inure to the benefit of Sublandlord against Subtenant, and each provision of the Master Lease binding upon or inuring to the benefit of Sublandlord, as tenant thereunder shall, in respect of this Sublease, bind or inure to the benefit of Subtenant against Sublandlord, with the same force and effect as though those provisions were completely set forth in this document. For the purpose of incorporation by reference of provisions of the Master Lease into this Sublease, the words "Lessor" or "Landlord" or "Owner" (whether or not capitalized) wherever used in the Master Lease, shall be construed to mean "Sublandlord" and the words "Lessee" or "Tenant" (whether or not capitalized) wherever used in the Master Lease shall be construed to mean "Subtenant", and the words "Premises" or "Demised Premises" (whether or not capitalized), or words of similar import, wherever used in the Master Lease, shall be construed to mean "Premises" as defined in this Sublease, the words "Agreement", "lease", "Lease", or words of similar import, wherever they appear in the Master Lease, shall be construed to mean this Sublease, the word "rent" and words of similar import, wherever used in the Master Lease, shall be construed to mean the Rent payable under this Sublease, the words "term", "Commencement Date" and "Expiration Date", or words of similar import, wherever used in the Master Lease, shall be construed to mean, respectively, the term of this Sublease and the dates set for the beginning and the end of the term of this Sublease, and the words "sublease", "sublet" or "subtenant", or words of similar import, wherever used in the Master Lease, shall be construed to refer to sub-subleases, sub-sublettings and sub-subtenants, respectively, and any prohibitions on assignment of the Master Lease by Sublandlord, as tenant under the Master Lease, shall be deemed to prohibit Subtenant from assigning this Sublease. To the maximum extent possible, the provisions of the Master Lease incorporated by reference into this Sublease shall be construed as consistent with and complementary to the other provisions of this Sublease, but in the event of any inconsistency, those provisions of this Sublease not incorporated by reference from the Master Lease shall control. Subtenant covenants and agrees to perform and observe and to be bound by, all terms, covenants, obligations and conditions of the Master Lease and the use thereof applicable to the tenant thereunder except as provided to the contrary in this Sublease. Notwithstanding anything in this Sublease to the contrary, Subtenant covenants and agrees not to do or commit or suffer to be done or committed or fail to do any acts or things, or create or suffer to be created, any conditions that might create or result in a default or breach on the part of Sublandlord under any of the terms, covenants or conditions of the Master Lease or render Sublandlord liable for any charge, cost or expense thereunder.

(b) Notwithstanding anything in this Sublease to the contrary, for purposes of incorporation by reference into this Sublease, the following provisions of the Master Lease are deemed deleted from the Master Lease and are expressly not incorporated into this Sublease, except as otherwise provided below in this subsection (b):

Article 1; Sections 2.01, 2.02, 2.04, 3.01, 3.02, 3.03, 4.04 (the final sentence only), 5.01 (to the extent that it obligates Subtenant to make supervisory payments to Sublandlord in addition to those payable to Landlord), 5.05 (only the portions of the final sentence thereof beginning with "provided that" and thereafter), 8.01(a) (the second sentence only), and 8.01(d); 11.09 (the reference therein to September 30, 1999 only, provided that the date of this Sublease is substituted in its place and stead); Article 24; Section 25.01 (only the fourth sentence and the remainder of such Section); Section 25.04 (to the extent it applies to any future sub-subtenants of Subtenant); Section 30.02 (the final sentence thereof only); Article 31; and Articles 37, 38, 39 and 42.

For purposes of the following provisions of the Master Lease, the term "Landlord", as used therein, shall mean Landlord only and not Sublandlord;

Section 6.02; Sections 8.01(c) and 8.04; Article 10 (to the extent the "Landlord" therein has any obligation to restore or repair damage); Article 14 (to the extent the "Landlord" therein has any obligation to repair or restore the Building or any portion thereof); Article 15; and Article 21.

(c) In order to facilitate the coordination of the provisions of this Sublease with those of the Master Lease, the time periods contained in the provisions of the Master Lease that are incorporated by reference into this Sublease and for which the same action must be taken under

both the Master Lease and this Sublease (such as, for example and without limitation, the time period for the curing of a default under this Sublease that is also a default under the Master Lease, or for the response to a request by Subtenant to Sublandlord which also requires Landlord's consent), are changed for the purpose of incorporation by reference by shortening or lengthening, as appropriate, that period in each instance by two (2) business days such that in each instance Subtenant shall have that much less time to observe or perform hereunder than Sublandlord has, as the tenant under the Master Lease, and Sublandlord shall have that much more time to observe, perform, consent, approve, or otherwise act hereunder than Landlord has under the Master Lease.

9. INSURANCE.

(a) Subtenant shall, at its expense, obtain and keep in force and effect during the term of this Sublease such insurance as is required to be carried by Sublandlord as tenant under the Master Lease. Such insurance shall name Sublandlord, Landlord and such other persons as Sublandlord shall designate as additional insureds.

(b) On or prior to the date Subtenant first enters into the Premises (whether or not for the commencement of its ordinary business in the Premises), Subtenant shall deliver to Sublandlord appropriate certificates of insurance, including evidence of the waiver of subrogation required pursuant to Section 9.04 of the Master Lease and covering Subtenant's contractual indemnity pursuant to paragraph 10 of this Sublease, and the insurance required to be carried by Subtenant pursuant to this paragraph 9. Evidence of each renewal or replacement of a policy shall be delivered to Sublandlord at least thirty (30) days prior to the expiration of such policy.

10. INDEMNITY. In addition to any indemnification provisions incorporated herein from the Master Lease, Subtenant shall indemnify Landlord and Sublandlord, and Landlord's and Sublandlord's respective members, directors, officers, shareholders, employees, agents, lenders and managing agents ("Sublandlord Indemnified Parties") against, and hold the Sublandlord Indemnified Parties harmless from, all claims, damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and disbursements and court costs) which any of the Sublandlord Indemnified Parties may incur, pay or be subject to by reason of (i) the non-performance or non-observance by Subtenant of the terms, covenants, obligations and conditions of this Sublease or the Master Lease (as applicable to Subtenant), and (ii) any tortious act or negligence on the part of Subtenant, its agents, contractors, servants, employees, invitees or licensees, and any claims made or damages suffered or incurred as a result of Subtenant's or its agents, contractors, servants, employees, invitees or licensees, occupancy of the Premises and/or the Building.

11. BROKER. Subtenant and Sublandlord hereby represent and warrant to each other that neither has dealt with any broker or real estate agent in connection with this Sublease other than Newmark & Company Real Estate, Inc. ("Newmark") and The Georgetown Group (collectively, "Broker"). Subtenant and Sublandlord hereby agree to indemnify, defend and hold the other harmless from and against any and all claims, losses, liabilities, costs and expenses (including reasonable attorneys' fees and disbursements), resulting from any claims that may be made against the other by any brokers, agents or persons claiming a commission, fee or other compensation by reason of this Sublease, other than Broker, if the same shall arise or result or claim to arise or result by, through or on account of any act of the Subtenant or Sublandlord, as the case may be. Sublandlord shall pay any fees due Broker in accordance with a separate agreement between Sublandlord and Newmark.

12. SUBORDINATION. This Sublease is subject and subordinate to the Master Lease as well as to all of the instruments and matters to which the Master Lease is subordinate. If Landlord shall take over all right, title and interest of Sublandlord under this Sublease, Subtenant shall attorn to Landlord pursuant to the then executory provisions of this Sublease, except that Landlord shall not (i) be liable for any previous act or omission of Sublandlord under this Sublease, (ii) be subject to any offset, not expressly provided in this Sublease, which thereto accrued to Subtenant against Sublandlord, or (iii) be bound by any previous modification of this Sublease not delivered to Landlord or by any previous prepayment by Subtenant of more than one month's Rent.

13. NOTICES. Any notice or other communication by either party to the other relating to this Sublease (other than a bill or statement for Rent due sent by Sublandlord, provided that this provision shall not be deemed to require Sublandlord to send any bill or statement of Rent due) shall be in writing and shall be deemed to have been duly given upon receipt when delivered to the recipient party in person (against signed receipt) or three (3) days after being mailed by United States Registered or Certified Mail, return receipt requested, postage

prepaid, or the next business day when sent by nationally recognized overnight courier regularly maintaining a record of receipt, and addressed: (a) if to Sublandlord, at the address hereinabove set forth, Attention: General Counsel and Director of Real Estate, with a copy sent in the same manner to Mr. Arthur H. Lerner, Vice Chairman, Newmark & Company Real Estate, Inc., 125 Park Avenue, New York, New York 10017, and to Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York, 10103, Attention: Kevin C. George, Esq. or (b) if to Subtenant prior to its initial occupancy of the Premises, at 3 Landmark Square, Suite 500, Stamford, Connecticut 06901, and after its initial occupancy of the Premises at the address hereinabove set forth, in either case, with a copy sent in the same manner to Schulte Roth & Zabel LLP, 919 Third Avenue, New York, NY 10022, Attention: Robert F. Nash, Esq. Either party may by notice to the other party designate a different address within the United States to which notices shall be sent.

14. ASSIGNMENT AND SUBLETTING. In addition to any restrictions on subleasing and/or assigning set forth in the Master Lease and incorporated into this Sublease by reference, Subtenant expressly covenants and agrees that it shall not assign, mortgage, pledge or encumber this Sublease nor sublet the Premises or any part thereof, nor suffer or permit the Premises or any part thereof to be used or occupied by others, except with the prior written consent of Landlord, to the extent required under the Master Lease, and of Sublandlord, which consent Sublandlord agrees not to unreasonably withhold, delay or condition provided Landlord has consented (if required under the Master Lease). If this Sublease be assigned, or if the Premises or any part thereof be sublet or occupied by anyone other than Subtenant, Sublandlord may, after default by Subtenant, collect rent from the assignee, subtenant or occupant, and apply the net amount collected to the Rent reserved in this Sublease, but no such assignment, subletting, occupancy, or collection by Sublandlord shall be deemed a waiver of the covenant set forth above or the acceptance of the assignee, subtenant or occupant as subtenant or a release of Subtenant from the further performance by Subtenant of covenants and agreements on the part of Subtenant contained in this Sublease. Sublandlord covenants and agrees to respond to any request for consent from Subtenant pursuant to this paragraph 14 within the same period of time as the Landlord has to respond to such a request from Sublandlord, as tenant under the Master Lease.

15. HOLDOVER. Subtenant expressly assumes the obligations of Sublandlord to Landlord in the event possession of the Premises is not surrendered at the Expiration Date or sooner termination of the term of this Sublease, including, without limitation, the payment to Sublandlord of two (2) times the monthly minimum rent payable under the Master Lease for the month prior to such termination, as set forth in Section 28.02 of the Master Lease, and all additional rent payable pursuant to the Master Lease, as well as payment to the Landlord of any damages and costs, including, without limitation, reasonable attorney's fees, payable by Sublandlord as a result thereof, except that to the extent any other subtenant of Sublandlord and/or Sublandlord also holds over in the Leased Premises after the Expiration Date, then the amounts payable by Subtenant under this paragraph 15 shall be apportioned (i) among Subtenant and any other subtenants of Sublandlord so holding over equally for so long as such parties shall all be holding over, and (ii) among Subtenant, any other subtenants of Sublandlord and Sublandlord so holding over for so long as such parties shall be holding over based on such parties' proportionate share of the Leased Premises then being subleased by such party, in the case of Subtenant and any other subtenants, and then being occupied in the case of Sublandlord.

16. CONSENT OF LANDLORD. This Sublease is subject to the written consent ("Consent") of Landlord to (a) this Sublease, and (b) Subtenant's performance of the work described on Exhibit D attached hereto and made a part hereof, and notwithstanding the execution of this Sublease by the parties hereto, the term of this Sublease shall not commence until Sublandlord receives Landlord's Consent. Subtenant agrees to provide to Landlord promptly, any financial information of Subtenant reasonably requested by Landlord in connection with the issuance of such consent or evaluation of Subtenant. If Landlord fails to deliver the Consent, on Landlord's standard form and otherwise reasonably satisfactory to Sublandlord and Subtenant, within thirty (30) days after this Sublease is fully-executed by the parties hereto Subtenant shall have the right, commencing on such thirtieth (30th) day and for a period of two (2) days thereafter, time being of the essence, to terminate this Sublease by notice to Sublandlord during such period and prior to receipt of the Consent by Sublandlord, and receive a refund of all amounts paid by Subtenant to Sublandlord on account of this Sublease, without any deduction or setoff whatsoever and no further liability on the part of Sublandlord or Subtenant under this Sublease.

17. ENTIRE AGREEMENT/SUBLANDLORD'S CONSENT. This Sublease contains the entire agreement between the parties relating to the subject matter hereof and supersedes all prior negotiations, conversations,

correspondence and agreements. There are no representations or warranties that are not set forth herein. No waiver, modification or termination of this Sublease or any portion thereof shall be valid or effective unless in writing signed by the parties hereto. In any instance in which Sublandlord is required by any provision of this Sublease or applicable law not unreasonably to withhold consent or approval, Subtenant's sole remedy if Sublandlord unreasonably withholds such consent or approval shall be an action for specific performance or injunction requiring Sublandlord to grant such consent or approval, all other remedies which would otherwise be available being hereby waived by Subtenant.

18. SUCCESSORS AND ASSIGNS. The terms, conditions and covenants of this Sublease shall be binding on and inure to the benefit of Sublandlord and Subtenant and their respective successors, and except as otherwise provided in this Sublease, their assigns.

19. GOVERNING LAW. This Sublease shall be governed by and construed in accordance with the laws of the State of New York as if it were a contract negotiated, entered into and wholly performed within the State of New York.

20. COUNTERPARTS. This Sublease may be executed in any number of counterparts and/or by facsimile, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument, binding on the parties as if all parties had signed one document on the same signature page, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended or attached to, any other counterpart by Sublandlord.

21. NO OFFER. The submission of this Sublease is not and shall not be deemed an offer. This Sublease is submitted to Subtenant for its review and discussion purposes only and neither Subtenant nor Sublandlord shall be bound unless and until Subtenant and Sublandlord shall execute and deliver a copy of this Sublease.

22. SECURITY.

(a) Subtenant shall, upon its execution and return of this Sublease to Sublandlord, deposit with Sublandlord as security for the full and faithful performance and observance by Subtenant of the terms, provisions, covenants and conditions of this Sublease, and any modifications hereof, the sum of $481,000.00 in cash ("Security").

(b) Sublandlord may, at its sole option, retain, use or apply the whole or any part of the Security to the extent required for payment of any:

(1) Base Rent;

(2) Additional Rent;

(3) other sums as to which Subtenant is obligated to pay under this Sublease;

(4) sums which Sublandlord may expend or may be required to expend by reason of Subtenant's default after any required notice and the expiration of any applicable grace or cure period under this Sublease;

(5) loss or damage that Sublandlord may suffer by reason of Subtenant's default, including, without limitation, any damages incurred by Sublandlord; and

(6) all costs, if any, incurred by Sublandlord in connection with the cleaning or repair of the Premises.

(c) In no event shall Sublandlord be obligated to apply the Security, or any portion thereof. Sublandlord's right to bring an action or special proceeding to recover damages or otherwise to obtain possession of the Premises before or after any default or termination of this Sublease shall not be affected by Sublandlord's holding of the Security.

(d) The Security shall not be nor be deemed (1) a limitation on Sublandlord's damages or other rights and remedies available under this Sublease, or at law or in equity; (2) a payment of liquidated damages, or (3) an advance payment of Base Rent or Additional Rent.

(e) If Sublandlord uses, applies or retains all or any portion of the Security, Subtenant shall restore and replenish the Security to its original amount within five (5) days after written demand from Sublandlord.

(f) Sublandlord shall keep the Security separate or segregated from its own funds, and shall not commingle the Security with its own funds, as required by law. Sublandlord shall have no fiduciary responsibilities or trust obligations whatsoever with regard to the Security and shall

not assume the duties of a trustee for the Security.

(g) Sublandlord shall maintain the Security in an interest bearing account, at a banking institution which maintains a place of business in New York State. Subtenant shall be entitled to receive and retain all interest that accrues thereon, less a one percent (1%) annual administration fee payable to Sublandlord in connection with the administration of such account, and Subtenant shall pay all taxes on said interest (except for said one percent (1%) annual administration fee). All interest earned on the Security to which Subtenant shall be entitled shall accrue and be maintained in the account in which the Security is maintained and constitute additional security hereunder for the term of this Sublease and shall be released to Subtenant at the expiration of this Sublease together with the Security, if and to the extent Subtenant is entitled to the Security, or any portion thereof, or such interest. Subtenant hereby authorizes Sublandlord to deduct from such interest-bearing account annually, the one percent (1%) administrative charge to which Sublandlord is entitled, without additional authorization or consent from Subtenant.

(h) If Subtenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this Sublease, and any modifications hereof, any part of the Security (or interest thereon) then not used, applied or retained by Sublandlord shall be returned to Subtenant within forty-five (45) days after Subtenant has discharged all of its then known obligations under this Sublease, and any modifications hereof. In no event shall the release of the Security, or any portion thereof, by Sublandlord be deemed to release Subtenant from any liability under this Sublease, or affect Subtenant's indemnification obligations under this Sublease, which arise, accrue or first become known to Sublandlord after the release of any remaining Security (or such interest thereon).

(i) Subtenant shall not, and shall not attempt to, assign, pledge or otherwise encumber the Security, and Sublandlord and its successors and assigns shall not be bound by any, or any attempted, assignment, pledge or other encumbrance.

(j) In the event of a sale, assignment or transfer of Sublandlord's interest in the Master Lease, Sublandlord shall transfer the Security to the purchaser, assignee or transferee, as the case may be, and Sublandlord shall thereupon automatically be released by Subtenant from all liability for the return of the Security, and Subtenant agrees to look solely to the purchaser, assignee or transferee for the return of the Security.

(k) The payment by Subtenant and acceptance by Sublandlord of the Security submitted by Subtenant shall not render this Sublease effective unless and until Subtenant and Sublandlord shall have executed and each shall have received a fully executed copy of this Sublease.

(l) For purposes of this Sublease, the phrase "Letter of Credit" shall mean a clean, unconditional and irrevocable letter of credit which (i) is issued by a bank or other institution satisfactory to Sublandlord having a retail office in New York County, New York at which office the Letter of Credit may be presented for payment, (ii) is for an amount equal to the Security, (iii) is for a period of one (1) year from the date of issuance thereof, and thereafter automatically renewable each year thereafter with a final expiration no earlier than 147 months from the date of issuance thereof, (iv) is payable to Sublandlord (Attention: David Trapani) upon presentation only of a sight draft and written certification to the issuer of such Letter of Credit stating that Sublandlord is entitled to draw down such letter of credit in accordance with the terms of this Sublease, (v) provides that prior to the expiration or termination thereof, the issuer thereof will provide notice to Sublandlord of the non-renewal or termination thereof at least sixty (60) days prior to the expiration or termination thereof, (vi) is freely transferable by Sublandlord without cost to Sublandlord, and (vii) is otherwise in form and substance satisfactory to Sublandlord.

(m) In lieu of the Security, Subtenant shall have the right at any time during the term hereof to deposit and maintain with Sublandlord during the entire term of this Sublease a Letter of Credit in the amount of the Security, or to initially deposit a cash Security and thereafter at any time during the term of this Sublease, substitute a Letter of Credit for such cash Security. If (i) any default beyond applicable notice and cure periods occurs under this Sublease, or (ii) Sublandlord transfers its right, title and interest under the Master Lease to a third party and the issuer of the Letter of Credit does not consent to the transfer of such Letter of Credit to such third party or if Subtenant at its expense, upon request of Sublandlord, fails or refuses to replace the Letter of Credit delivered to Sublandlord with a Letter of Credit issued to such third party or (iii) Sublandlord receives notice or becomes aware that the issuer of the Letter of Credit does

not intend to renew it prior to the expiration thereof , and Subtenant shall fail to provide a replacement Letter of Credit no later than thirty (30) days prior to the expiration of the Letter of Credit then in Sublandlord's possession, then, in any of such events, Sublandlord may, at its option, draw down the Letter of Credit then in its possession in full prior to the expiration thereof and the proceeds thereof shall then be held and maintained by Sublandlord as the Security. Subtenant shall pay all costs and expenses related to or in any way arising out of the performance by Subtenant of its obligations under this paragraph, including, without limitation, the issuance, delivery, replacement, draw upon, transfer, maintenance or other matters relating to the Letter of Credit, it being understood that Sublandlord shall incur no cost or expense in connection therewith.

23. Furnishings. Provided Subtenant is not in default under this Sublease beyond applicable notice and cure periods, Sublandlord hereby grants to Subtenant a license ("License") to use and have the benefit of the furniture, furnishings, telephone equipment (other than the PBX switch), and other personal property located in the Premises on the date of this Sublease and more particularly described on Exhibit E attached hereto and made a part hereof (collectively, the "Furnishings"), for the term of this Sublease and at no additional cost to Subtenant. The Furnishings are provided to Subtenant "as is" and "where is" and Sublandlord makes no representation or warranty with respect to such Furnishings, including, without limitation, fitness for a particular purpose, except that Sublandlord represents that it owns the Furnishings free and clear and that the same are not subject to any lease or any security agreement. The Furnishings shall not be removed from the Premises by Subtenant and Subtenant shall maintain the Furnishings in good order and repair and shall not permit any waste with respect to the Furnishings. The Furnishings shall be delivered by Subtenant to Sublandlord in the same condition and repair as received by Subtenant, ordinary wear and tear excepted. Subtenant hereby releases Sublandlord from all, and shall indemnify and hold Sublandlord harmless from and against any, losses, liabilities, claims, damages, and injuries caused by, arising out of or relating to, the use of the Furnishings by Subtenant or its employees, agents, contractors, sub-subtenants, officers or any other person claiming by, through or under Subtenant. If Subtenant defaults under the terms and provisions of this Sublease, Sublandlord may, at its option, terminate the License by notice to Subtenant and upon the effective date of such notice, Sublandlord may enter into the Premises, and Subtenant hereby grants access to the Premises to Sublandlord for such purpose, to repossess and remove the Furnishings from the Premises, all at Subtenant's sole cost and expense. If Subtenant shall perform all of its material obligations under this Sublease, at the Expiration Date the Furnishings shall be deemed transferred and conveyed to Subtenant, and, upon Subtenant's request Sublandlord shall execute a bill of sale to Subtenant in form and substance reasonably satisfactory to the parties to confirm such transfer and conveyance.

24. SUBLANDLORD'S CONTRIBUTION.

(a) Subject to compliance with and in accordance with subsection 24(b) below, Sublandlord shall provide to Subtenant an improvement allowance for the Premises of $260,000.00 (the "Allowance"). Subtenant may apply the Allowance to those construction costs incurred by Subtenant in connection with its improvements to the Premises for its initial occupancy. To the extent the costs incurred by Subtenant to complete Subtenant's improvements to the Premises for its initial occupancy exceed the Allowance, Subtenant shall be solely responsible for such excess. To the extent the costs incurred by Subtenant to complete Subtenant's improvement in the Premises for its initial occupancy are less than the Allowance, then Subtenant shall be entitled to a credit against the Rent next due for such amount of the Allowance in excess of Subtenant's actual construction costs. To the extent Landlord requires restoration of any improvements made by Subtenant in the Premises prior to the Leased Premises being returned to Landlord, Subtenant shall be solely responsible for any costs to restore such improvements, and restoration shall be completed prior to the Expiration Date.

(b) (i) Prior to the commencement of construction on any of Subtenant's improvements in the Premises for its initial occupancy, Subtenant shall provide to Sublandlord the following, all in form and substance reasonably satisfactory to Sublandlord:

(A) Detailed plans and specifications for Subtenant's improvements prepared by an architect licensed by the State of New York;

(B) Detailed budget for the improvements including a breakdown of the costs of each line item, contractor's fee, applicable taxes, Landlord's fees, if any, and all other costs to complete such work, sworn to by Subtenant or its duly authorized representative authorized to bind Subtenant as being true and complete;

(C) Landlord's written consent to (I) such improvements, (II) Subtenant's general contractor and Subcontractors (hereinafter defined) performing such work, (III) Subtenant's architect, (IV) the budget with respect to such improvements, and (V) any other items Landlord is required to approve, all to the extent required in the Master Lease;

(D) A certificate of insurance showing that all of the insurance required by paragraph 9 of this Sublease is in effect and that the parties required to be named thereon as additional insureds are so named, and in addition, that Subtenant shall have procured and paid for builders' risk insurance with respect to Subtenant's improvements;

(E) Evidence that all workers performing any portion of such work are covered by workers compensation coverage as required by applicable law; and

(F) All necessary permits, approvals, licenses and authorizations required from any governmental authority in order to complete such work.

(ii) Prior to payment of the Allowance to Subtenant, Subtenant shall provide the following items to Sublandlord, all of which shall be in form and substance reasonably satisfactory to Sublandlord, and Sublandlord shall issue a check payable to Subtenant within thirty (30) days of receipt of the last of such items for the amount of the Allowance to which Subtenant is entitled:

(A) A construction statement sworn to by Subtenant and its general contractor identifying all construction costs subject to reimbursement from the Allowance and evidence reasonably satisfactory to Sublandlord that all of such costs have been paid in full by Subtenant;

(B) A list of all contractors, subcontractors (of any tier), materialmen, suppliers, laborers and any other parties entitled to file a mechanic's lien under the Lien Law of the State of New York against the real property of which the Premises is a part (collectively, "Subcontractors"), certified by Subtenant and its general contractor as being true and correct and complete;

(C) Final unconditional waivers of lien in form and substance reasonably satisfactory to Sublandlord from Subtenant's general contractor and each Subcontractor;

(D) Prior to payment of the final installment of the Allowance (of not less than $10,000.00), a copy of any final approvals or consents required by all governmental authority having jurisdiction over such matters and evidencing that all such work has been completed in accordance with all applicable laws, rules, regulations and requirements; and

(E) Such other items as Sublandlord shall reasonably request.

(iii) All work performed by Subtenant in the Premises to prepare the same for Subtenant's initial occupancy shall be prepared in accordance with the requirements of the Master Lease applicable thereto, including all rules and regulations, and in accordance with all applicable laws, rules, regulations and requirements of governmental authority, including, without limitation, the Americans With Disabilities Act of 1990, as amended, and any regulations enacted in accordance therewith.

(iv) If Sublandlord does not pay to Subtenant the Allowance within thirty (30) days after Subtenant's compliance with the provisions of this paragraph 24, and thereafter Subtenant notifies Sublandlord that Subtenant has not received the Allowance within such thirty (30) day period ("Nonreceipt Notice"), Subtenant shall be entitled to offset against the Rent next becoming due and payable after the effective date of the Nonreceipt Notice, the amount of Allowance then payable until the Allowance is offset in full, unless Subtenant receives payment of the Allowance within the thirty (30) days after the effective date of the Nonreceipt Notice.

25. CARD KEY ACCESS. Subtenant shall have the use of the existing security card access system ("Security System") located in the Premises on the date of this Sublease for the term of this Sublease at no additional cost or expense to Subtenant, except that Subtenant shall pay as and when due as Additional Rent, if such amounts are billed to Sublandlord, or otherwise directly to the entity which incurred such charges if such entity bills Subtenant directly, (i) any reasonable and actual reprogramming costs necessary for Subtenant's use of the Security System in connection with the Premises, and (ii) any monthly maintenance fees payable in connection with the use, maintenance, repair and operation of the Security System in the Premises. The Security System shall be delivered by Sublandlord "as is" and "where is" and Sublandlord makes no representations or warranties with respect to the Security System.

26. LAN. Subtenant shall have the use of the existing local area network cabling ("LAN") located in the Premises on the date of this Sublease

for the term of this Sublease at no additional cost or expense to Subtenant, except that Subtenant shall pay directly to the provider thereof for any charges to connect the LAN to an INTERNET and telephone service provider. The LAN shall be delivered by Sublandlord "as is" and "where is" and Sublandlord makes no representations or warranties with respect to the LAN.

27. SUBLANDLORD'S REPRESENTATIONS, WARRANTIES AND COVENANTS. Sublandlord hereby represents and warrants to, and covenants and agrees with, Subtenant as follows:

(a) Sublandlord covenants and agrees that while this Sublease is in full force and effect, Sublandlord will not surrender or terminate or take any action which would cause the termination of the Master Lease without the prior written consent of Subtenant, except in the case of casualty to or condemnation or eminent domain of the Building or Premises or portion thereof, all in accordance with the terms and conditions of the Master Lease or pursuant to a written agreement between Landlord and Sublandlord following such casualty, condemnation or eminent domain, and except to the extent that such termination will not affect the Premises or Subtenant's occupancy of the Premises.

(b) Sublandlord warrants and represents to Subtenant that the Master Lease attached hereto as Exhibit A is a true, correct and complete copy of the Master Lease, is in full force and effect, and has not been modified or amended except as expressly set forth herein.

(c) Sublandlord covenants and agrees that it shall not default in the payment of its obligations to Landlord under the Master Lease, or otherwise cause a default beyond the expiration of any applicable notice and cure periods under the Master Lease, provided Subtenant is not in default under its obligations under this Sublease beyond the expiration of any applicable notice and cure periods.

(d) Sublandlord represents that it has received no written notice claiming a violation of any applicable laws, governmental rules or regulations with respect to the Premises.

(e) Sublandlord represents that it has not received any notice from Landlord alleging a default by Sublandlord under the Master Lease which has not been cured, and, to Sublandlord's knowledge, there is no default on the part of either Sublandlord or Landlord under the Master Lease.

IN WITNESS WHEREOF, the parties hereto have duly executed this Sublease on or as of the day and year first above

Monster Worldwide, Inc., Sublandlord

By: /s/ John Caporale

John Caporale, Director of Real Estate

By: /s/ Michael Silecy

Michael Silecy, CFO

Asbury Automotive Group, Inc., Subtenant

By: /s/ Kenneth B. Gilman

Kenneth B. Gilman, President and CEO

EXHIBIT A

Copy of the Master Lease Attached

EXHIBIT B

Floor Plan of the Premises Attached

EXHIBIT C

Base Rent Schedule

EXHIBIT D

Subtenant's Work

EXHIBIT E

Inventory of Furnishings

INDEMNIFICATION AGREEMENT

This Indemnification Agreement, dated as of September 29, 2003 (this "Agreement"), is made by and between ASBURY AUTOMOTIVE GROUP, INC., a Delaware corporation (the "Company"), and J. GORDON SMITH ("Indemnitee").

RECITALS:

Indemnitee is a director and/or officer of the Company and his/her willingness to serve in such capacity is predicated, in substantial part, upon the Company's willingness to indemnify him/her to the fullest extent permitted by the laws of the state of Delaware, and upon the other undertakings set forth in this Agreement.

Therefore, in recognition of the need to provide Indemnitee with substantial protection against personal liability, in order to procure Indemnitee's continued service as a director and/or officer of the Company and to enhance Indemnitee's ability to serve the Company in an effective manner, and in order to provide such protection pursuant to express contract rights (intended to be enforceable irrespective of, among other things, any amendment to the Company's certificate of incorporation or bylaws (collectively, the "Constituent Documents"), any change in the composition of the Company's Board of Directors (the "Board") or any change-in-control or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancement of Expenses (as defined in Section 1(c)) to Indemnitee as set forth in this Agreement and for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

In light of the considerations referred to in the preceding recitals, it is the Company's intention and desire that the provisions of this Agreement be construed liberally, subject to their express terms, to maximize the protections to be provided to Indemnitee hereunder.

AGREEMENT:

NOW, THEREFORE, the parties hereby agree as follows:

1. Certain Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

(a) "Claim" means (i) any threatened, asserted, pending or completed claim, demand, action, suit or proceeding, whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; and (ii) any inquiry or investigation, whether made, instituted or conducted by the Company or any other party, including without limitation any federal, state or other governmental entity, that Indemnitee reasonably determines might lead to the institution of any such claim, demand, action, suit or proceeding.

(b) "Disinterested Director" means a director of the Company who is not and was not a party to the Claim in respect of which indemnification is sought by Indemnitee.

(c) "Expenses" means reasonable attorneys' and experts' fees and expenses and all other reasonable costs and expenses paid or payable in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to investigate, defend, be a witness in or participate in (including on appeal), any Claim, including such costs or expenses paid or payable in connection with a Standard of Conduct Determination.

(d) "Incumbent Directors" means the individuals who, as of the date hereof, are Directors of the Company and any individual becoming a Director subsequent to the date hereof whose election, nomination for election by the Company's stockholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual shall not be an Incumbent Director if such individual's election or appointment to the Board occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

(e) "Indemnifiable Claim" means any Claim based upon, arising out of or resulting from (i) any actual, alleged or suspected act or failure to act by Indemnitee in his or her capacity as a director or officer of the Company or as a director, officer, member, manager or trustee of any other corporation,

limited liability company, partnership, joint venture, trust or other entity or enterprise, whether or not for profit, as to which Indemnitee is or was serving at the request of the Company as a director, officer, member, manager or trustee, or (ii) Indemnitee's status as a current or former director or officer of the Company or as a current or former director, officer, member, manager or trustee of the Company or any other entity or enterprise referred to in clause (i) of this sentence or any actual, alleged or suspected act or failure to act by Indemnitee in connection with any obligation or restriction imposed upon Indemnitee by reason of such status. In addition to any service at the actual request of the Company, for purposes of this Agreement, Indemnitee shall be deemed to be serving or to have served at the request of the Company as a director, officer, member, manager or trustee of another entity or enterprise if Indemnitee is or was serving as a director, officer, member, manager or trustee of such entity or enterprise and the Company directly or indirectly caused Indemnitee to be nominated, elected, appointed, designated or selected to serve in such capacity.

(f) "Indemnifiable Losses" means any and all Losses relating to, arising out of or resulting from any Indemnifiable Claim.

(g) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of Delaware corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Indemnifiable Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(h) "Losses" means any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other) and amounts paid in settlement, including without limitation all interest, assessments and other charges paid or payable in connection with or in respect of any of the foregoing.

(i) "Notification Date" means the date of receipt by the Company of written notice from Indemnitee advising the Company of the final disposition of the applicable Indemnifiable Claim.

2. Indemnification Obligation. Subject to Section 7, the Company shall indemnify, defend and hold harmless Indemnitee, to the fullest extent permitted by the laws of the State of Delaware as such laws may from time to time hereafter be amended against any and all Indemnifiable Claims and Indemnifiable Losses; provided, however, that, (a) except as provided in Section 5, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by Indemnitee against the Company or any director or officer of the Company unless the Company has joined in or consented to the initiation of such Claim and (b) no repeal or amendment of any law of the State of Delaware shall in any way diminish or adversely affect the rights of Indemnitee pursuant to this Agreement in respect of any occurrence or matter arising prior to any such repeal or amendment.

3. Advancement of Expenses. Indemnitee shall have the right to advancement by the Company prior to the final disposition of any Indemnifiable Claim of any and all Expenses relating to, arising out of or resulting from any Indemnifiable Claim paid or incurred by Indemnitee or which Indemnitee determines are reasonably likely to be paid or incurred by Indemnitee; provided that Indemnitee shall not be entitled to request the advancement of Expenses more than 60 days in advance of the date on which Indemnitee reasonably determines such Expenses are likely to be paid. Indemnitee's right to such advancement is not subject to the satisfaction of any standard of conduct. Indemnitee shall submit to the Company a written request specifying the Expenses for which Indemnitee seeks an advancement under this Section 3, together with documentation reasonably evidencing that Indemnitee has incurred such Expenses or, if such Expenses have not yet been incurred, a reasonably detailed estimate of such Expenses and an undertaking to provide such documentation once the estimated Expenses have been incurred. Within twenty days after any such request properly made by Indemnitee, the Company shall, in accordance with such request (but without duplication), (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses; provided that Indemnitee shall repay, without interest, any amounts actually advanced to Indemnitee that are in excess of amounts paid or payable by Indemnitee in respect of Expenses relating to, arising out of or resulting from such Indemnifiable Claim. In connection with any such payment, advancement or reimbursement, Indemnitee shall execute and deliver to the Company an undertaking, which need not be secured and shall be accepted without reference to Indemnitee's ability to repay the Expenses, by or on behalf of the Indemnitee, to repay, without interest, any amounts paid, advanced or reimbursed by the Company in respect of Expenses relating to, arising out of or resulting from any Indemnifiable Claim in respect of which it shall have been determined, following the final disposition of such Indemnifiable Claim, that Indemnitee is

not entitled to indemnification hereunder.

4. Indemnification for Additional Expenses. Without limiting the generality or effect of the foregoing, the Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within twenty days of such request, any and all Expenses paid or incurred by Indemnitee (or which Indemnitee determines are reasonably likely to be paid or incurred by Indemnitee; provided that Indemnitee shall not be entitled to request the advancement of Expenses more than 60 days in advance of the date on which Indemnitee reasonably determines such Expenses are likely to be paid) in connection with any Claim made, instituted or conducted by Indemnitee for (a) indemnification or reimbursement or advance payment of Expenses by the Company under any provision of this Agreement (including a Standard of Conduct Determination), or under any other agreement or provision of the Constituent Documents now or hereafter in effect relating to Indemnifiable Claims, and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company; provided that, if Indemnitee ultimately is determined not to be entitled to such indemnification, reimbursement, advance payment of expenses or insurance recovery and Indemnitee did not make, institute or conduct such Claim in good faith and with a reasonable belief that such Claim was not frivolous, Indemnitee shall, and Indemnitee hereby undertakes to, reimburse the Company, with interest, for all such amounts received by Indemnitee promptly after receipt of a written demand therefor from the Company.

5. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Indemnifiable Loss but not for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

6. Procedure for Notification.

(a) Not later than fifteen (15) days after receipt by Indemnitee of notice of the commencement of any Claim, Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission so to notify the Company will not relieve it from any liability under this Agreement except to the extent, if any, that such omission actually prejudices the use by the Company of defenses, rights or insurance coverage.

(b) To obtain indemnification under this Agreement in respect of an Indemnifiable Claim or Indemnifiable Loss, Indemnitee shall submit to the Company a written request therefor including a reasonable description (based upon information then available to Indemnitee) of such Indemnifiable Claim or Indemnifiable Loss and the basis for the assertion of a claim under this Agreement. If, at the time of the receipt of such request, the Company has directors' and officers' liability insurance in effect under which coverage for such Indemnifiable Claim or Indemnifiable Loss is potentially available, the Company shall give prompt written notice of such Indemnifiable Claim or Indemnifiable Loss to the applicable insurers in accordance with the procedures set forth in the applicable policies. The Company shall provide to Indemnitee a copy of such notice delivered to the applicable insurers, and copies of all subsequent correspondence between the Company and such insurers regarding the Indemnifiable Claim or Indemnifiable Loss, in each case substantially concurrently with the delivery or receipt thereof by the Company. The failure by Indemnitee to timely notify the Company of any Indemnifiable Claim or Indemnifiable Loss shall not relieve the Company from any liability hereunder unless, and only to the extent that, such failure actually prejudices the use by the Company of defenses, rights or insurance coverage.

7. Determination of Right to Indemnification.

(a) To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Indemnifiable Claim, or in defense of any issue or matter therein, Indemnitee shall be indemnified against all Indemnifiable Losses relating to, arising out of or resulting from such Indemnifiable Claim or issue or matter in accordance with Section 2 and no Standard of Conduct Determination (as defined in Section 7(b)) shall be required.

(b) To the extent that the provisions of Section 7(a) are inapplicable to an Indemnifiable Claim that shall have been finally disposed of, any determination of whether Indemnitee has satisfied any applicable standard of conduct under Delaware law that is a legally required condition precedent to indemnification of Indemnitee hereunder against Indemnifiable Losses relating to, arising out of or resulting from such Indemnifiable Claim (a "Standard of Conduct Determination") shall be made as follows: (i) by a majority vote of the Disinterested Directors, even if less than a quorum of the Board, (ii) if such Disinterested Directors so direct, by a majority vote of a committee of Disinterested Directors designated by a majority vote of all Disinterested Directors, or (iii) if there are no such Disinterested Directors or if requested by Indemnitee, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee. Indemnitee will cooperate with the person or persons making such Standard of Conduct Determination, including providing to such person or persons, upon reasonable

advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination.

(c) The Company shall use its reasonable best efforts to cause any Standard of Conduct Determination required under Section 7(b) to be made as promptly as practicable and in no event later than 45 days after the Notification Date; provided that such 45 day period may be extended for a reasonable time not to exceed an additional 30 days if the person or persons making such determination in good faith requires such additional time for the obtaining or evaluation or documentation and/or information relating thereto If any such Standard of Conduct Determination is not made within such 45 (or 75) day period, Indemnitee shall be permitted to petition the Delaware Court of Chancery to make such determination.

(d) If (i) Indemnitee shall be entitled to indemnification hereunder against any Indemnifiable Losses pursuant to Section 7(a), (ii) no determination of whether Indemnitee has satisfied any applicable standard of conduct under Delaware law is a legally required condition precedent to indemnification of Indemnitee hereunder against any Indemnifiable Losses, or (iii) Indemnitee has been determined or deemed pursuant to Section 7(b) to have satisfied any applicable standard of conduct under Delaware law which is a legally required condition precedent to indemnification of Indemnitee hereunder against any Indemnifiable Losses, then the Company shall pay to Indemnitee within twenty days after the earliest date on which the applicable criterion specified in clause (i), (ii) or (iii) above shall have been satisfied an amount equal to the amount of such Indemnifiable Losses.

(e) If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 7(b), the Independent Counsel shall be selected by the Board of Directors, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. Indemnitee may, within five business days after receiving written notice of selection from the Company, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of "Independent Counsel" in Section 1(g), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person or firm so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If no Independent Counsel that is permitted under the foregoing provisions of this Section 7(e) to make the Standard of Conduct Determination shall have been selected within 30 days after the Company gives its initial notice pursuant to the first sentence of this Section 7(e) either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware for resolution of any objection which shall have been made by the Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Court or by such other person as the Court shall designate, and the person or firm with respect to whom all objections are so resolved or the person or firm so appointed will act as Independent Counsel. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to Section 7(b).

8. Presumption of Entitlement. In making any Standard of Conduct Determination, the person or persons making such determination shall presume that Indemnitee has satisfied the applicable standard of conduct, and the Company may overcome such presumption only by its adducing clear and convincing evidence to the contrary. Any Standard of Conduct Determination that is adverse to Indemnitee may be challenged by the Indemnitee in the Court of Chancery of the State of Delaware. No determination by the Company (including by its directors or any Independent Counsel) that Indemnitee has not satisfied any applicable standard of conduct shall be a defense to any Claim by Indemnitee for indemnification or reimbursement or advance payment of Expenses by the Company hereunder or create a presumption that Indemnitee has not met any applicable standard of conduct.

9. No Other Presumption. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, will not create a presumption that Indemnitee did not meet any applicable standard of conduct or that indemnification hereunder is otherwise not permitted.

10. Non-Exclusivity. The rights of Indemnitee hereunder will be in addition to, and not in limitation of, any other rights Indemnitee may have under the Constituent Documents, or the substantive laws of the State of Delaware, any other contract or otherwise (collectively, "Other Indemnity Provisions"). The Company will not adopt any amendment to any of the Constituent Documents the effect of which would be to deny, diminish or encumber Indemnitee's right to indemnification under this Agreement.

11. Liability Insurance and Funding. For the duration of Indemnitee's service as a director and/or officer of the Company, and thereafter for so long as

Indemnitee shall be subject to any pending or possible Indemnifiable Claim, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to cause to be maintained in effect policies of directors' and officers' liability insurance providing coverage for Indemnitee of the Company that is at least substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. Upon request, the Company shall provide Indemnitee with a copy of all directors' and officers' liability insurance applications, binders, policies, declarations, endorsements and other related materials, and shall provide Indemnitee with a reasonable opportunity to review and comment on the same. Without limiting the generality or effect of the two immediately preceding sentences, the Company shall not discontinue or significantly reduce the scope or amount of coverage from one policy period to the next policy period (i) without the prior approval thereof by a majority vote of the Incumbent Directors, even if less than a quorum, or (ii) if at the time that any such discontinuation or significant reduction in the scope or amount of coverage is proposed there are no Incumbent Directors, without the prior written consent of Indemnitee (which consent shall not be unreasonably withheld or delayed). In all policies of directors' and officers' liability insurance obtained by the Company, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits, subject to the same limitations, as are accorded to the Company's directors and officers most favorably insured by such policy. The Company may, but shall not be required to, create a trust fund, grant a security interest or use other means, including without limitation a letter of credit, to ensure the payment of such amounts as may be necessary to satisfy its obligations to indemnify and advance expenses pursuant to this Agreement.

12. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the related rights of recovery of Indemnitee against other persons or entities (other than Indemnitee's successors), including any entity or enterprise referred to in clause (i) of the definition of "Indemnifiable Claim" in Section 1. Indemnitee shall take, at the request of the Company, all actions reasonably necessary to secure such rights, including the execution of all papers reasonably required to evidence such rights (all of Indemnitee's reasonable Expenses, including attorneys' fees and charges, related thereto to be reimbursed by the Company).

13. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Indemnifiable Losses to the extent Indemnitee has otherwise actually received payment (net of Expenses incurred in connection therewith) under any insurance policy, the Constituent Documents and Other Indemnity Provisions or otherwise (including from any entity or enterprise referred to in clause (i) of the definition of "Indemnifiable Claim" in Section 1(e)) in respect of such Indemnifiable Losses otherwise indemnifiable hereunder.

14. Defense of Claims. The Company shall be entitled to participate in the defense of any Indemnifiable Claim or to assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee; provided that if Indemnitee reasonably believes, after consultation with counsel selected by Indemnitee, that (a) the use of counsel chosen by the Company to represent Indemnitee would present such counsel with an actual or potential conflict, (b) the named parties in any such Indemnifiable Claim (including any impleaded parties) include both the Company and Indemnitee and Indemnitee shall conclude that there may be one or more legal defenses available to him or her that are different from or in addition to those available to the Company, or (c) any such representation by such counsel would be precluded under the applicable standards of professional conduct then prevailing, then Indemnitee shall be entitled to retain separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any particular Indemnifiable Claim) at the Company's expense. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending Indemnifiable Claim effected without the Company's prior written consent. The Company shall not, without the prior written consent of the Indemnitee, effect any settlement of any threatened or pending Indemnifiable Claim which the Indemnitee is or could have been a party unless such settlement solely involves the payment of money and includes a complete and unconditional release of the Indemnitee from all liability on any claims that are the subject matter of such Indemnifiable Claim. Neither the Company nor Indemnitee shall unreasonably withhold its consent to any proposed settlement.

15. Successors and Binding Agreement. (a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company to assume and agree to and perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement shall be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any person acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor will thereafter be deemed the "Company" for purposes of this Agreement), but shall not otherwise be assignable or delegatable by the Company.

(b) This Agreement shall be binding on and inure to the benefit of and be enforceable by the Indemnitee's personal or legal representatives, executors, administrators, heirs, distributees, legatees and other successors.

(c) This Agreement is personal in nature and neither of the parties hereto shall, without the written consent of the other, assign or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 15(a) and 15(b). Without limiting the generality or effect of the foregoing, Indemnitee's right to receive payments hereunder shall not be assignable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by the Indemnitee's will or by the laws of descent and distribution, and, in the event of any attempted assignment or transfer contrary to this Section 15(c), the Company shall have no liability to pay any amount so attempted to be assigned or transferred.

16. Notices. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid or one business day after having been sent for next-day delivery by a nationally recognized overnight courier service, addressed to the Company (to the attention of the General Counsel of the Company) and to Indemnitee at the addresses shown on the signature page hereto, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflict of laws of such State. The Company and Indemnitee each hereby irrevocably and unconditionally consent to the jurisdiction of the Chancery Court of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the Chancery Court of the State of Delaware.

18. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstance shall not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent, and only to the extent, necessary to make it enforceable, valid or legal. In the event that any court or other adjudicative body shall decline to reform any provision of this Agreement held to be invalid, unenforceable or otherwise illegal as contemplated by the immediately preceding sentence, the parties thereto shall take all such action as may be necessary or appropriate to replace the provision so held to be invalid, unenforceable or otherwise illegal with one or more alternative provisions that effectuate the purpose and intent of the original provisions of this Agreement as fully as possible without being invalid, unenforceable or otherwise illegal.

19. Miscellaneous. No provision of this Agreement may be waived, modified or discharged unless such waiver, modification or discharge is agreed to in writing signed by Indemnitee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement. References to Sections are to references to Sections of this Agreement.

20. Certain Interpretive Matters. No provision of this Agreement shall be interpreted in favor of, or against, either of the parties hereto by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof.

21. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together shall constitute one and the same agreement.

[Signatures Appear On Following Page]

IN WITNESS WHEREOF, Indemnitee has executed and the Company has caused its duly authorized representative to execute this Agreement as of the date first above written.

ASBURY AUTOMOTIVE GROUP, INC.
3 Landmark Square, Suite 500
Stamford, Connecticut 06902

By: /s/ Kenneth B. Gilman

Name: Kenneth B. Gilman
Title: President & Chief Executive Officer

INDEMNITEE

/s/ J. Gordon Smith

J. Gordon Smith

This agreement is entered into as of September 29,2003 between Asbury Automotive Group, Inc. ("Asbury") and J. Gordon Smith ("Executive"), a key employee of Asbury, in order to provide for an agreed-upon compensation in the event that Executive's employment is terminated as defined in this agreement.

1. Severance Pay Arrangement

If a Termination (as defined below) of Executive's employment occurs at any time during Executive's employment, Asbury will pay Executive 12 months of Executive's base salary as of the date of Termination as Severance Pay. Payment (subject to required withholding) will be made by Asbury to Executive monthly on the regular payroll dates of Asbury starting with the date of Termination.

If Executive participates in a bonus compensation plan at the date of Termination, Severance Pay will also include a portion of the target bonus for the year of Termination in an amount equal to the target bonus multiplied by the percentage of such year that has expired through the date of Termination.

In addition, Executive shall be entitled for 12 months following the date of Termination to continue to participate at the same level of coverage and Executive contribution in any health, dental, disability and life insurance plans, as may be amended from time to time, in which Executive was participating immediately prior to the date of Termination. Such participation will terminate 30 days after Executive has obtained other employment under which Executive is covered by equal benefits. Executive agrees to notify Asbury promptly upon obtaining such other employment. At the option of Executive, COBRA coverage will be available, as provided by company policy, at the termination of the extended benefits provided above.

2. Change of Control Arrangement

In the event that a Termination occurs at any time within two years after a Change of Control, then (1) the term "12 months" in the first and third paragraphs of Section 1 of this agreement shall be replaced with "36 months" and (2) the term "one year" in Section 5 and Section 6 of this agreement shall be replaced with "36 months". For purposes of this Section, "Change of Control" shall having the meaning ascribed to such term in Asbury's 2002 Stock Option Plan, as such plan may be amended from time to time.

3. Definition of Termination Triggering Severance Pay

A "Termination" triggering the Severance Pay set forth above in Sections 1 and 2 is defined as (1) termination of Executive's employment by Asbury for any reason, except death, disability, retirement, voluntary resignation or "cause", or (2) termination by Executive because of mandatory relocation of Executive's current principal place of business to a location more than 50 miles away, or (3) Asbury's reduction of Executive's base salary, or (4) any material diminution of Executive's duties or job title, except in a termination for "cause", death, "disability," retirement or voluntary resignation. The definition of "cause" is: (a) Executive's gross negligence or serious misconduct (including, without limitation, any criminal, fraudulent or dishonest conduct) that is injurious to Asbury or any of its affiliates; or (b) Executive being convicted of, or entering a plea of nolo contendere to, any crime that constitutes a felony or involves moral turpitude; or (c) Executive's material breach of Sections 4, 5 or 6 below or (d) Executive's willful and continued failure to substantially perform Executive's duties with Asbury or (e) Executive's material breach of a material written policy of Asbury. The definition of "disability" is a physical or mental disability or infirmity that prevents the performance by Executive of his duties lasting (or likely to last, based on competent medical evidence presented to Asbury) for a continuous period of six months or longer.

4. Confidential Information Nondisclosure Provision

During and after employment with Asbury, Executive agrees not to disclose to any person (other than to an employee or director of Asbury or any affiliate and except as may be required by law) and not to use to compete with Asbury or any affiliate any confidential or proprietary information, knowledge or data that is not in the public domain that was obtained by Executive while employed by Asbury with respect to Asbury or any affiliate or with respect to any products, improvements, customers, methods of distribution, sales, prices, profits, costs, contracts, suppliers, business prospects, business methods, techniques, research, trade secrets or

know-how of Asbury or any affiliate (collectively, "Confidential Information"). In the event Executive's employment terminates for any reason, Executive will deliver to Asbury on or before the date of termination all documents and data of any nature pertaining to Executive's work with Asbury and will not take any documents or data or any reproduction, or any documents containing or pertaining to any Confidential Information. Executive agrees that in the event of a breach by Executive of this provision, Asbury shall be entitled to inform all potential or new employers of this provision and to cease payments and benefits that would otherwise be made pursuant to Sections 1 and 2 above, as well as to obtain injunctive relief and damages which may include recovery of amounts paid to Executive under this agreement.

5. Non-Solicitation of Employees

Executive agrees that for a period of one year following final payment to Executive as required under Sections 1and 2, Executive shall not directly or indirectly solicit for employment or employ any person who, at any time during the 12 months preceding such last day of Executive's employment, is or was employed by Asbury or any affiliate or induce or attempt to persuade any employee of Asbury or any affiliate to terminate their employment relationship. Executive agrees that in the event of a breach by Executive of this provision, Asbury shall be entitled to inform all potential or new employers of this provision and to cease payments and benefits that would otherwise be made pursuant to Sections 1 and 2 above, as well as to obtain injunctive relief and damages which may include recovery of amounts paid to Executive under this agreement.

6. Covenant Not to Compete

While Executive is employed by Asbury, Executive shall not directly or indirectly engage in, participate in, represent or be connected with in any way, as an officer, director, partner, owner, employee, agent, independent contractor, consultant, proprietor or stockholder (except for the ownership of a less than 5% stock interest in a publicly-traded corporation) or otherwise, any business or activity which competes with the business of Asbury or any affiliate unless expressly consented to in writing by the Chief Executive Officer of Asbury (collectively, "Covenant Not To Compete").

In the event Executive's employment terminates for any reason, the provisions of the Covenant Not To Compete shall remain in effect for a period of one year following final payment to Executive as required under Sections 1 and 2, except that the prohibition above on "any business or activity which competes with the business of Asbury or any affiliate" shall be limited to Autonation, Sonic, Lithia, United Auto Group and other public groups. Executive shall disclose in writing to Asbury the name, address and type of business conducted by any proposed new employer of Executive if requested in writing by Asbury. Executive agrees that in the event of a breach by Executive of this Covenant Not To Compete, Asbury shall be entitled to inform all potential or new employers of this Covenant and to cease payments and benefits that would otherwise be made pursuant to Sections 1 and 2 above, as well as to obtain injunctive relief and damages which may include recovery of amounts paid to Executive under this agreement.

7. Parachute Payment Limitation

Notwithstanding anything in this agreement to the contrary, if any severance pay or benefits payable under this agreement (without the application of this Section 7), either alone or together with other payments, awards, benefits or distributions (or any acceleration of any payment, award, benefit or distribution) pursuant to any agreement, plan or arrangement with Asbury or any of its affiliates (the "Total Payments"), would constitute a "parachute payment" (as defined in Section 280G of the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code")), then [the following shall occur:

(a) tax counsel selected by Asbury's independent auditors and acceptable to Executive shall compute the net present value to Executive of all the Total Payments after reduction for the excise taxes imposed by Code Section 4999 and for any normal income taxes that would be imposed on Executive if such Total Payments constituted Executive's sole taxable income; and

(b) said tax counsel shall next compute the maximum Total Payments that can be provided without any such Total Payments being characterized as "Excess Parachute Payments" (as defined in Code Section 280G) and reduce the result by the amount of any normal income taxes that would be imposed on Executive if such reduced Total Payments constituted Executive's sole taxable income.

If the result derived in clause (a) above is greater than the result derived in clause (b) above by more than 10% of the result derived in clause (b) above, then Asbury shall pay Executive the full amount of the

Total Payments without reduction. If the result derived from clause (a) above is not greater than the result derived in clause (b) above by more than 10% of the result derived in clause (b) above, then Asbury shall pay Executive the maximum Total Payments possible without any such Total Payments being characterized as Excess Parachute Payments. The determination of how such Total Payments will be reduced shall be made by Executive in good faith after consultation with Asbury.

GENERAL PROVISIONS

A. Employment is At Will

Executive and Asbury acknowledge and agree that Executive is an "at will" employee, which means that either Executive or Asbury may terminate the employment relationship at any time, for any reason, with or without cause or notice, and that nothing in this agreement shall be construed as an express or implied contract of employment.

B. Execution of Release

As a condition to the receipt of the Severance Pay payments and benefits described in Sections 1 and 2 above, Executive agrees to execute a release of all claims arising out of Executive's employment or termination, including, but not limited to, any claim of discrimination, harassment or wrongful discharge under local, state or federal law.

C. Other Provisions

This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of Executive and Asbury, including any successor to Asbury.

The transfer of Executive from Asbury to any of its affiliates shall not be deemed to be a termination pursuant to clause (1) of Section 3 of this agreement until such time as Executive is no longer employed by Asbury or any of its affiliates. If Executive is transferred to an affiliate of Asbury, references to "Asbury" herein shall be deemed to include the applicable affiliate to which Executive is transferred.

The headings and captions are provided for reference and convenience only and shall not be considered part of this agreement.

If any provision of this agreement shall be held invalid or unenforceable, such holding shall not affect any other provisions, and this agreement shall be construed and enforced as if such provisions had not been included.

Any disputes arising under or in connection with this agreement shall be resolved by third party mediation of the dispute and, if such dispute is not resolved within 30 days, by binding arbitration, to be held in New York City, New York, in accordance with the rules and procedures of the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Each party shall bear his or its own costs of the mediation, arbitration or litigation.

All notices and other communications required or permitted under this agreement shall be in writing (including a facsimile or similar writing) and shall be deemed given when (1) delivered personally, (2) sent by certified or registered mail, postage prepaid, return receipt requested or delivered by overnight courier (provided that a written acknowledgment of receipt is obtained by the overnight courier) to the party concerned at the address indicated below or to such changed address as such party may subsequently give such notice of or (3) if given by facsimile, at the time transmitted to the respective facsimile numbers set forth below, or to such other facsimile number as either party may have furnished to the other in writing in accordance herewith, and the appropriate confirmation received (or, if such time is not during a business day, at the beginning of the next such business day); provided, however, that notice of change of address shall be effective only upon receipt:

If to Asbury: Asbury Automotive Group, Inc.
c/o General Counsel
3 Landmark Square
Suite 500
Stamford, CT 06901

Facsimile: (203) 356-4474

If to Executive: To the most recent address and facsimile number, if applicable, of Executive set forth in the personnel records of Asbury.

This agreement supercedes any and all agreements between Asbury and Executive relating to payments upon termination of employment or severance pay and may only be modified in writing signed by Asbury and Executive.

This agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

All payments hereunder shall be subject to any required withholding of federal, state, local and foreign taxes pursuant to any applicable law or regulation.

No provision of this agreement shall be waived unless the waiver is agreed to in writing and signed by Executive and the Chief Executive Officer of Asbury. No waiver by either party of any breach of, or of compliance with, any condition or provision of this agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

This agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

AGREED TO AS OF THE DATE FIRST WRITTEN ABOVE:

BY EXECUTIVE	BY ASBURY AUTOMOTIVE GROUP, INC.
/s/ J. Gordon Smith	/s/ Kenneth B. Gilman
J. Gordon Smith	Kenneth B. Gilman

Exhibit 31.1

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

I, Kenneth B. Gilman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Asbury Automotive Group, Inc.;

2. Based on my knowledge, this quarterly 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 circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures 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 quarterly report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls 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

   (c) 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 that has materially affected, or is reasonably likely to 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 function):

   (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/ Kenneth B. Gilman
- --
Kenneth B. Gilman
Chief Executive Officer
November 14, 2003

Exhibit 31.2

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

I, J. Gordon Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Asbury Automotive Group, Inc.;

2. Based on my knowledge, this quarterly 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 circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures 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 quarterly report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls 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

   (c) 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 that has materially affected, or is reasonably likely to 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 function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which and 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/ J. Gordon Smith
- ----------
J. Gordon Smith
Chief Financial Officer
November ___, 2003

Exhibit 32.1

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

In connection with the Quarterly Report of Asbury Automotive Group, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth B. Gilman, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 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 result of operations of the Company.

/s/ Kenneth B. Gilman
Kenneth B. Gilman
Chief Executive Officer
November 14, 2003

Exhibit 32.2

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 period ending September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Gordon Smith, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 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 result of operations of the Company.

/s/ J. Gordon Smith
- ------------------------------------
J. Gordon Smith
Chief Financial Officer
November 14, 2003