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 June 30, 2005

OR

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

For the transition period from to

Commission file number: 001-31262

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.)
622 Third Avenue, 37th Floor New York, New York	10017
(Address of principal executive offices)	(Zip Code)

(212) 885-2500
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the 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: The number of shares of common stock outstanding as of August 3, 2005, was 32,745,053 (net of 1,586,587 treasury shares).

ASBURY AUTOMOTIVE GROUP, INC.
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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

ASBURY AUTOMOTIVE GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

ASSETS	June 30, 2005 (Unaudited)	December 31, 2004
CURRENT ASSETS:		
Cash and cash equivalents	$ 11,049	$ 28,093
Contracts-in-transit	112,432	105,360
Restricted investments	1,813	1,645
Accounts receivable (net of allowance of $2,224 and $2,073, respectively)	150,183	148,196
Inventories	722,160	761,557
Deferred income taxes	15,576	15,576
Prepaid and other current assets	58,512	56,831
Assets held for sale	44,660	26,248
Total current assets	1,116,385	1,143,506
PROPERTY AND EQUIPMENT, net	205,982	195,788
GOODWILL	464,947	461,650
RESTRICTED INVESTMENTS, net of current portion	3,282	2,478
OTHER LONG-TERM ASSETS	97,903	94,537
Total assets	$ 1,888,499	$ 1,897,959
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Floor plan notes payable	$ 613,137	$ 650,948
Current maturities of long-term debt	32,936	33,880
Accounts payable	66,649	53,078
Accrued liabilities	88,993	89,066
Liabilities associated with assets held for sale	27,618	20,538
Total current liabilities	829,333	847,510
LONG-TERM DEBT	476,408	492,536
DEFERRED INCOME TAXES	38,375	40,360
OTHER LONG-TERM LIABILITIES	39,927	35,821
COMMITMENTS AND CONTINGENCIES (Note 13)		
SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value per share, 10,000,000 shares authorized	--	--
Common stock, $.01 par value per share, 90,000,000 shares authorized 34,195,206 and 34,163,759 shares issued, including shares held in treasury, respectively	342	342
Additional paid-in capital	413,490	413,094
Retained earnings	113,532	87,905
Treasury stock, at cost; 1,586,587 shares held	(15,032)	(15,032)
Accumulated other comprehensive loss	(7,876)	(4,577)
Total shareholders' equity	504,456	481,732
Total liabilities and shareholders' equity	$ 1,888,499	$ 1,897,959

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 June 30,		For the Six Months Ended June 30,	
	2005	2004	2005	2004
REVENUES:				
New vehicle	$ 903,767	$ 814,427	$ 1,688,962	$ 1,494,018
Used vehicle	366,917	316,278	705,023	615,330
Parts, service and collision repair	164,529	146,085	322,696	283,933
Finance and insurance, net	41,646	37,453	79,334	68,374
Total revenues	1,476,859	1,314,243	2,796,015	2,461,655
COST OF SALES:				
New vehicle	841,065	755,381	1,571,227	1,383,735
Used vehicle	335,403	289,033	643,015	561,044
Parts, service and collision repair	79,016	68,224	154,701	134,172
Total cost of sales	1,255,484	1,112,638	2,368,943	2,078,951
GROSS PROFIT	221,375	201,605	427,072	382,704
OPERATING EXPENSES:				
Selling, general and administrative	170,551	156,332	338,358	300,694
Depreciation and amortization	5,102	5,084	10,037	9,947
Income from operations	45,722	40,189	78,677	72,063
OTHER INCOME (EXPENSE):				
Floor plan interest expense	(7,977)	(4,883)	(14,973)	(9,128)
Other interest expense	(10,131)	(10,186)	(19,619)	(20,506)
Interest income	235	109	491	381
Other income (expense), net	186	152	158	(59)
Total other expense, net	(17,687)	(14,808)	(33,943)	(29,312)
Income before income taxes	28,035	25,381	44,734	42,751
INCOME TAX EXPENSE	10,513	9,341	16,775	15,855
INCOME FROM CONTINUING OPERATIONS	17,522	16,040	27,959	26,896
DISCONTINUED OPERATIONS, net of tax ..	(1,536)	(1,292)	(2,332)	(1,784)
Net income	$ 15,986	$ 14,748	$ 25,627	$ 25,112
EARNINGS PER COMMON SHARE:				
Basic	$ 0.49	$ 0.45	$ 0.79	$ 0.77
Diluted	$ 0.49	$ 0.45	$ 0.78	$ 0.77
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	32,604	32,470	32,596	32,452
Diluted	32,725	32,656	32,753	32,688

See Notes to Consolidated Financial Statements.

ASBURY AUTOMOTIVE GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Six Months Ended June 30, 2005	For the Six Months Ended June 30, 2004
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	$ 25,627	$ 25,112
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	10,037	9,947
Depreciation and amortization from discontinued operations	552	719
Amortization of deferred financing fees	1,013	1,170
Change in allowance for doubtful accounts	151	(327)
(Gain) loss on sale of discontinued operations	(10)	474
Other adjustments	2,993	3,543
Changes in operating assets and liabilities, net of acquisitions and divestitures-		
Contracts-in-transit	(7,072)	(2,482)
Accounts receivable	(10,375)	(35,511)
Proceeds from the sale of accounts receivable	8,126	9,976
Inventories	31,705	(63,735)
Prepaid and other current assets	(14,027)	(5,862)
Floor plan notes payable	(19,777)	52,471
Accounts payable and accrued liabilities	13,097	16,578
Other long-term assets and liabilities	1,354	(7,422)
Net cash provided by operating activities	43,394	4,651
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditures - non-financed	(16,942)	(18,391)
Capital expenditures - financeable	(18,236)	(16,130)
Construction advances associated with sale-leaseback agreements	2,595	9,493
Acquisitions	(4,692)	(71,594)
Proceeds from the sale of property and equipment	477	870
Proceeds from the sale of discontinued operations	2,771	834
Purchases of restricted investments	(1,791)	--
Maturities of restricted investments	913	913
Net proceeds (issuance) of finance contracts	253	(372)
Net cash used in investing activities	(34,652)	(94,377)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	20,734	3,850
Repayments of debt	(41,989)	(6,813)
Payments of debt issuance costs	(4,927)	--
Proceeds from the exercise of stock options	396	857
Net cash used in financing activities	(25,786)	(2,106)
Net decrease in cash and cash equivalents	(17,044)	(91,832)
CASH AND CASH EQUIVALENTS, beginning of period	28,093	106,711
CASH AND CASH EQUIVALENTS, end of period	$ 11,049	$ 14,879

See Note 12 for supplemental cash flow information

See Notes to Consolidated Financial Statements

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

1. DESCRIPTION OF BUSINESS

Asbury Automotive Group, Inc. is a national automotive retailer, operating 94 dealership locations (129 franchises) as of June 30, 2005. We offer an extensive range of automotive products and services, including new and used vehicles, financing and insurance, vehicle maintenance and collision repair services, replacement parts and service contracts. We offer 33 domestic and foreign brands of new vehicles, including four heavy truck brands. We also operate 22 collision repair centers that serve our markets. Our retail network is organized into regional dealership groups, formerly called "platforms," in 23 metropolitan markets, which are marketed under different local brands.

During the first quarter of 2005, we reorganized our platforms into principally four regions: (i) Florida (comprising our Coggin dealerships, operating primarily in Jacksonville and Orlando, and our Courtesy dealerships operating in Tampa), (ii) West (comprising our McDavid dealerships operating throughout Texas, our Thomason dealerships operating in Portland, Oregon, our Spirit dealerships operating primarily in Los Angeles, California and our Northern California Dealerships operating in Sacramento and Fresno, California), (iii) Mid-Atlantic (comprising our Crown dealerships operating in North Carolina, South Carolina and Southern Virginia) and (iv) South (comprising our Nalley dealerships operating in Atlanta, Georgia, and our North Point dealerships operating in Little Rock, Arkansas.) Our Plaza dealerships operating in St. Louis, Missouri and our Gray Daniels dealerships operating in Jackson, Mississippi remain standalone operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited interim consolidated financial statements reflect the consolidated accounts of Asbury Automotive Group, Inc. and our wholly owned subsidiaries. All intercompany transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current period presentation.

In the opinion of management, all adjustments (consisting only of normal, recurring adjustments) considered necessary for a fair presentation of the interim consolidated financial statements as of June 30, 2005, and for the three and six months ended June 30, 2005 and 2004 have been included. The results of operations for the three and six months ended June 30, 2005 are not necessarily indicative of the results that may be expected for the full year. Our interim consolidated financial statements should be read together with our consolidated financial statements and the notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2004.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results could differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary.

Revenue Recognition

Revenue from the sale of new and used vehicles is recognized upon delivery, passage of title, signing of the sales contract and approval of financing. Revenue from the sale of parts, service and collision repair is recognized upon delivery of parts to the customer or at the time vehicle service or repair work is completed. Manufacturer vehicle incentives and rebates, including holdbacks, are recognized as a component of new vehicle cost of sales when earned, generally at the time the related vehicles are sold.

We receive commissions from the sale of vehicle service contracts, credit life insurance and disability insurance to customers. In addition, we receive commissions from financing institutions for arranging customer financing. We may be charged back ("chargebacks") for finance, insurance or vehicle service contract commissions in the event a contract is terminated. The revenues from financing fees and commissions are recorded at the time the vehicles are sold and a reserve for future chargebacks is established based on historical operating results and the termination provisions of the applicable contracts. Finance, insurance and vehicle service contract commissions, net of estimated chargebacks, are included in Finance and insurance, net in the accompanying Consolidated Statements of Income.

Goodwill and Other Intangible Assets

Upon adoption of Statement of Financial Accounting Standards ("SFAS") No. 142 "Goodwill and Other Intangible Assets," on January 1, 2002, we determined that each of our platforms qualified as a reporting unit since we operate in one segment, our platforms are one level below our corporate level, discrete financial information existed for each platform and the management of each platform directly reviewed the platform's performance. In late 2004, we began the process of reorganizing our platforms into four regions. Within this more streamlined structure, we will evaluate our operations and financial results by dealership in the aggregate, rather than by platform. The general managers, with direction from a centralized management team, including corporate and regional management, will continue to have the independence and flexibility to respond effectively to local market conditions. Based on the changes in our management, operational and reporting structure during the first quarter of 2005, we evaluate goodwill at the operating segment level.

Stock-Based Compensation

We account for stock-based compensation issued to employees in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." APB Opinion 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. We have adopted the disclosure provisions of SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure-An amendment of FASB Statement No. 123."

The following table illustrates the effect on net income and net income per share had stock-based employee compensation been recorded based on the fair value method under SFAS No. 123 "Accounting for Stock-Based Compensation":

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In thousands, except per share data)	2005	2004	2005	2004
Net income	$ 15,986	$ 14,748	$ 25,627	$ 25,112
Adjustments to net income:				
Stock-based compensation expense included in net income, net of tax	--	62	1	83
Pro forma stock-based compensation expense, net of tax	(674)	(1,406)	(1,340)	(2,595)
Pro forma net income	$ 15,312	$ 13,404	$ 24,288	$ 22,600
Net income per common share--basic (as reported)	$ 0.49	$ 0.45	$ 0.79	$ 0.77
Net income per common share--diluted (as reported)	$ 0.49	$ 0.45	$ 0.78	$ 0.77
Pro forma net income per common share--basic	$ 0.47	$ 0.41	$ 0.75	$ 0.70
Pro forma net income per common share--diluted	$ 0.47	$ 0.41	$ 0.74	$ 0.69

We use the Black-Scholes option valuation model ("Black-Scholes"), which is the measure of fair value most often utilized under SFAS No. 123. Traded options, unlike our stock-based awards, are not subject to vesting restrictions, are fully transferable and may use lower expected stock price volatility measures than those assumed below. We estimated the fair value of stock-based compensation issued to employees during each respective period using Black-Scholes with the following weighted average assumptions:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2005	2004	2005	2004
Risk free interest rate	3.7%	3.6%	3.8%	3.3%
Expected life of options	4 years	4 years	4 years	4 years
Expected stock price volatility	45%	51%	45%	51%
Expected dividend yield	N/A	N/A	N/A	N/A

Derivative Instruments and Hedging Activities

We utilize derivative financial instruments to manage our capital structure. The types of risks hedged are those relating to the variability of cash flows and changes in the fair value of our financial instruments caused by movements in interest rates. We document our risk management strategy and assess hedge effectiveness at the inception and during the term of each hedge.

Derivatives are reported at fair value on the accompanying Consolidated Balance Sheets. The changes in fair value of the effective portion of "cash flow" hedges are reported as a component of accumulated other comprehensive income (loss). Amounts in accumulated other comprehensive income (loss) are reclassified to interest expense to the extent the hedge becomes ineffective. The change in fair value of "fair value" hedges are recorded as a component of interest expense. Changes in the fair value of the associated hedged exposures (i.e., notes payable) are also recorded as a component of interest expense.

Measurements of hedge ineffectiveness are based on comparisons between the gains or losses of the actual interest rate swaps and the gains or losses of hypothetical interest rate swaps which are designed to reflect the critical terms of the defined hedged exposures. Ineffective portions of these interest rate swaps are reported as a component of interest expense in the accompanying Consolidated Statements of Income. We recognized minor ineffectiveness during the three and six months ended June 30, 2005 and no ineffectiveness during the three and six months ended June 30, 2004.

Discontinued Operations

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," certain amounts reflected in the accompanying Consolidated Balance Sheets as of June 30, 2005 and December 31, 2004, have been classified as Assets Held for Sale and Liabilities Associated with Assets Held for Sale. In addition, the accompanying Consolidated Statements of Income for the three and six months ended June 30, 2004, have been reclassified to reflect the status of our discontinued operations as of June 30, 2005.

Statements of Cash Flows

The net change in floor plan financing of inventories is reflected as an operating activity in the accompanying Consolidated Statements of Cash Flows.

The net change in service loaner vehicle financing is reflected as an operating activity in the accompanying Consolidated Statements of Cash Flows.

Construction advances from third parties in connection with sale-leaseback agreements for the construction of new dealership facilities or leasehold improvements on our dealership facilities are included in investing activities in the accompanying Consolidated Statements of Cash Flows, which is the preferred presentation from a selection of alternatives.

Financeable capital expenditures include all expenditures that we have financed during the reporting period or intend to finance in future reporting periods through sale-leaseback transactions or mortgage financing. In addition, in connection with the sale of one of our dealerships, we purchased the real estate on which the dealership is located for approximately $5.4 million and the buyer of our dealership has agreed to purchase the real estate from us for $5.4 million. We have classified this transaction as a financeable capital expenditure in the accompanying Consolidated Statement of Cash Flows. Non-financed capital expenditures include all capital expenditures that are not included in financeable capital expenditures.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (revised 2004), "Share-based Payment." This statement requires compensation costs related to share-based payment transactions to be recognized in the financial statements. With limited exceptions, the amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. Compensation cost will be recognized over the period that an employee provides service in exchange for the award. SFAS No. 123 (revised 2004) replaces SFAS No. 123, "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." In April 2005, the Securities and Exchange Commission adopted a new rule that amends the compliance dates for SFAS No. 123 (revised 2004). Registrants would have been required to implement the standard as of the beginning of the first interim or annual period that begins after June 15, 2005. The Commission's new rule allows companies to implement SFAS No 123 (Revised 2004) at the beginning of their next fiscal year, instead of the next reporting period, that begins after June 15, 2005. We are currently evaluating the effect of this statement on our consolidated financial statements and related disclosures.

3. INVENTORIES

Inventories consist of the following:

(In thousands)	June 30, 2005	December 31, 2004
New vehicles	$ 563,414	$ 619,098
Used vehicles	114,429	98,071
Parts and accessories	44,317	44,388
Total inventories	$ 722,160	$ 761,557

The lower of cost or market reserves for inventory totaled $4.4 million and $4.9 million as of June 30, 2005 and December 31, 2004, respectively.

4. ACQUISITIONS

During the six months ended June 30, 2005, we acquired one dealership location (one franchise) for an aggregate purchase price of $5.2 million, of which $4.7 million was paid in cash through the use of available funds, with the remaining $0.5 million representing the fair value of future payments. During the six months ended June 30, 2004, we acquired six dealership locations (six franchises) for an aggregate purchase price of $73.8 million, of which $71.6 million was paid in cash through the use of available funds, with the remaining $2.2 million representing the fair value of future payments associated with one of our acquisitions.

The allocation of purchase price for acquisitions is as follows:

	For the Six Months Ended June 30,	
(In thousands)	2005	2004
Working capital	$ 8	$ 5,155
Fixed assets	278	3,774
Other assets	--	257
Goodwill	3,541	53,101
Franchise rights	1,350	11,500
Total purchase price	$ 5,177	$73,787

The allocation of purchase price to assets acquired and liabilities assumed for certain current and prior year acquisitions was based on preliminary estimates of fair value and may be revised as additional information concerning valuation of such assets and liabilities becomes available.

5. GOODWILL AND MANUFACTURER FRANCHISE RIGHTS

The changes in the carrying amount of goodwill for the six months ended June 30, 2005 are as follows:

(In thousands)	
Balance, December 31, 2004	$461,650
Current year acquisitions	3,541
Adjustments associated with prior year acquisitions	519
Current year divestitures	(763)
Balance, June 30, 2005	$464,947

The changes in the carrying amount of manufacturer franchise rights, which are included in Other Long-Term Assets on the accompanying Consolidated Balance Sheets, are as follows:

(In thousands)	
Balance, December 31, 2004	$ 41,513
Current year acquisitions	1,350
Franchises held for sale	(1,236)
Other	(294)
Balance, June 30, 2005	$ 41,333

During the six months ended June 30, 2005, we sold two dealership locations (four franchises) resulting in the removal of $0.8 million of goodwill from our Consolidated Balance Sheets. Two of the franchises sold had been allocated a total of $0.5 million of manufacturer franchise rights, which were also removed from our Consolidated Balance Sheets.

During the six months ended June 30, 2005, we acquired one dealership location (one franchise) and allocated $1.4 million of the purchase price to manufacturer franchise rights.

6. ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities classified as held for sale include (i) assets and liabilities associated with discontinued operations and real estate associated with former dealership locations, (ii) costs of completed construction projects included in pending sale-leaseback transactions where an unaffiliated third party has advanced us or will advance us funds equal to the cost of construction and (iii) costs of completed construction projects included in pending sale-leaseback transactions where an unaffiliated third party has agreed to purchase the assets from us upon completion of the construction.

Assets and liabilities associated with discontinued operations include three dealership locations (five franchises) and real estate associated with one former dealership location as of June 30, 2005, and two dealership locations (four franchises) and real estate associated with two former dealership locations as of December 31, 2004. During the three months ended June 30, 2005, we sold real estate associated with one former dealership location with a book value of $0.8 million for $0.9 million. Assets associated with discontinued operations totaled $44.7 million and $11.8 million, and liabilities associated with discontinued operations totaled $27.6 million and $7.5 million as of June 30, 2005 and December 31, 2004, respectively.

Included in Assets Held for Sale as of December 31, 2004 was $14.5 million of costs associated with one completed project included in a pending sale-leaseback transaction. As of December 31, 2004, Liabilities Associated with Assets Held for Sale included $13.1 million of funds advanced to us from an unaffiliated third party associated with the completed construction project. During the six months ended June 30, 2005, we received $1.4 million of funds from the unaffiliated third party and completed this pending sale-leaseback transaction, which resulted in the removal of $14.5 million of Assets Held for Sale and Liabilities Associated with Assets Held for Sale from our Consolidated Balance Sheets.

A summary of assets and liabilities held for sale is as follows:

(In thousands)	June 30, 2005	December 31, 2004
Assets:		
Inventories	$30,722	$ 7,846
Property and equipment, net	12,702	17,902
Manufacturer franchise rights	1,236	500
Total assets	44,660	26,248
Liabilities:		
Floor plan notes payable	27,618	7,456
Other liabilities	--	13,082
Total liabilities	27,618	20,538
Net assets held for sale	$17,042	$ 5,710

Included in Prepaid and Other Current Assets on the accompanying Consolidated Balance Sheets are costs associated with construction projects, which we intend to sell through sale-leaseback transactions but have not been completed and therefore are not available for sale. In connection with these construction projects, we have entered into sale-leaseback agreements whereby an unaffiliated third party purchased the land and is either advancing funds to us equal to the cost of construction of dealership facilities being constructed on the land or has agreed to purchase the assets from us upon completion of the project. We capitalize the cost of the construction and lease payments during the construction period and record a corresponding liability equal to the amount of the advanced funds. Upon completion of the construction, we will execute the sale-leaseback transaction, remove the cost of construction and the related liability from our Consolidated Balance Sheets and amortize the capitalized lease payments on a straight-line basis over the lease term. During the six months ended June 30, 2005, we completed one sale-leaseback transaction associated with a construction project that was completed subsequent to December 31, 2004, which resulted in the removal of $1.2 million of Assets Held for Sale and Liabilities Associated with Assets Held for Sale from our Consolidated Balance Sheets. The book value of assets associated with construction projects that have not been completed as of June 30, 2005 and December 31, 2004 totaled $10.2 million and $6.7 million, respectively. As of June 30, 2005 and December 31, 2004, the book value of liabilities associated with these construction projects totaled $1.6 million.

7. LONG-TERM DEBT

Long-term debt consists of the following:

(In thousands)	June 30, 2005	December 31, 2004
9% Senior Subordinated Notes due 2012	$ 250,000	$ 250,000
8% Senior Subordinated Notes due 2014 ($200.0 million face value, net of hedging activity of $446 and $2,736, respectively)	199,554	197,264
Mortgage notes payable	24,727	49,732
Notes payable collateralized by loaner vehicles....	22,810	21,627
Committed Credit Facility	5,000	--
Capital lease obligations	4,370	4,421
Other notes payable	2,883	3,372
	509,344	526,416
Less--current portion	(32,936)	(33,880)
Long-term debt	$ 476,408	$ 492,536

During the three months ended June 30, 2005, we borrowed $15.0 million from our committed credit facility, of which $8.2 million was used for the purchase of real estate on which two of our dealerships are located. The remainder of the borrowings was used for general corporate purposes. During the three months ended June 30, 2005, we repaid $10.0 million of the amounts borrowed from our committed credit facility and subsequent to the end of the quarter we repaid the remaining $5.0 million.

8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITY

We have entered into two forward interest rate swaps with a combined notional principal amount of $170.0 million, which will provide a hedge against changes in the interest rates of our variable rate floor plan notes payable for a period of eight years beginning in March 2006. The swap agreements were designated and qualify as cash flow hedges of our variable rate floor plan notes payable and will contain minor ineffectiveness. As of June 30, 2005 and December 31, 2004, the swaps had a fair value of $12.3 million and $7.1 million, respectively, and are included in Other Long-term Liabilities on the accompanying Consolidated Balance Sheets.

We have entered into an interest rate swap agreement with a notional principal amount of $200.0 million as a hedge against changes in the fair value of our 8% Senior Subordinated Notes due 2014. Under the terms of the swap agreement, we are required to make variable rate payments based on six-month LIBOR and receive a fixed rate of 8.0%. This swap agreement was designated and qualifies as a fair value hedge of our 8% Senior Subordinated Notes due 2014 and did not contain any ineffectiveness. As a result our 8% Senior Subordinated Notes due 2014 have been adjusted by the fair value of the related swap. As of June 30, 2005 and December 31, 2004, the swap agreement had a fair value of $0.4 million and $2.7 million, respectively, and is included in Other Long-Term Liabilities on the accompanying Consolidated Balance Sheets.

We have entered into an interest rate swap agreement with a notional principal amount of $15.2 million as a hedge against future changes in the interest rate of our variable rate mortgage notes payable. Under the terms of the swap agreement, we are required to make payments at a fixed rate of 6.08% and receive a variable rate based on LIBOR. This swap agreement was designated and qualifies as a cash flow hedge of changes in the interest rate of our variable rate mortgage notes payable and will contain minor ineffectiveness. As of June 30, 2005 and December 31, 2004, the swap agreement had a fair value of $0.2 million, which was included in Other Long-Term Liabilities on the accompanying Consolidated Balance Sheets.

9. COMPREHENSIVE INCOME

The following table provides a reconciliation of net income to comprehensive income:

(In thousands)	For the Three Months Ended June 30, 2005	For the Three Months Ended June 30, 2004	For the Six Months Ended June 30, 2005	For the Six Months Ended June 30, 2004
Net income	$ 15,986	$ 14,748	$ 25,627	$ 25,112
Other comprehensive income:				
Change in fair value of cash flow hedges	(8,368)	(4,631)	(5,279)	(6,701)
Income tax benefit associated with cash flow hedges	3,138	1,737	1,980	2,532
Comprehensive income	$ 10,756	$ 11,854	$ 22,328	$ 20,943

10. DISCONTINUED OPERATIONS

During the six months ended June 30, 2005, we sold two dealership locations (four franchises) and real estate associated with one former dealership location and placed three dealership locations (five franchises) into discontinued operations. As of June 30, 2005, three dealership locations (five franchises) and real estate associated with one former dealership location were pending disposition. The accompanying Consolidated Statements of Income for the three and six months ended June 30, 2004, have been reclassified to reflect the status of our discontinued operations as of June 30, 2005.

The following table provides further information regarding our discontinued operations as of June 30, 2005, and includes the results of businesses sold prior to June 30, 2005, and businesses pending disposition as of June 30, 2005:

(Dollars in thousands)	For the Three Months Ended June 30, 2005			For the Three Months Ended June 30, 2004		
	Sold	Pending Disposition	Total	Sold*	Pending Disposition**	Total
Franchises	2	5	7	17	5	22
Revenues	$ 3,212	$ 34,060	$ 37,272	$ 48,938	$ 39,358	$ 88,296
Cost of sales	2,790	29,404	32,194	41,554	34,418	75,972
Gross profit	422	4,656	5,078	7,384	4,940	12,324
Operating expenses	806	5,523	6,329	7,426	6,010	13,436
Loss from operations	(384)	(867)	(1,251)	(42)	(1,070)	(1,112)
Other expense, net	(92)	(738)	(830)	(351)	(298)	(649)
Net loss	(476)	(1,605)	(2,081)	(393)	(1,368)	(1,761)
Loss on disposition of discontinued operations	(376)	--	(376)	(306)	--	(306)
Loss before income taxes	(852)	(1,605)	(2,457)	(699)	(1,368)	(2,067)
Income tax benefit	313	608	921	252	523	775
Discontinued operations, net of tax	$ (539)	$ (997)	$ (1,536)	$ (447)	$ (845)	$ (1,292)

(Dollars in thousands)	For the Six Months Ended June 30, 2005 Sold	Pending Disposition	Total	For the Six Months Ended June 30, 2004 Sold***	Pending Disposition**	Total
Franchises	4	5	9	18	5	23
Revenues	$ 8,884	$ 66,906	$ 75,790	$ 99,166	$ 74,801	$173,967
Cost of sales	7,560	57,453	65,013	84,068	65,074	149,142
Gross profit	1,324	9,453	10,777	15,098	9,727	24,825
Operating expenses	2,044	11,108	13,152	15,120	10,810	25,930
Loss from operations	(720)	(1,655)	(2,375)	(22)	(1,083)	(1,105)
Other expense, net	(211)	(1,155)	(1,366)	(711)	(564)	(1,275)
Net loss	(931)	(2,810)	(3,741)	(733)	(1,647)	(2,380)
Gain (loss) on disposition of discontinued operations	10	--	10	(474)	--	(474)
Loss before income taxes	(921)	(2,810)	(3,731)	(1,207)	(1,647)	(2,854)
Income tax benefit	336	1,063	1,399	433	637	1,070
Discontinued operations, net of tax	$ (585)	$ (1,747)	$ (2,332)	$ (774)	$ (1,010)	$ (1,784)

* Businesses were sold between April 1, 2004 and June 30, 2005
** Businesses pending disposition as of June 30, 2005
*** Businesses were sold between January 1, 2004 and June 30, 2005

11. EARNINGS PER SHARE

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

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

(In thousands, except per share data)	For the Three Months Ended June 30, 2005	2004	For the Six Months Ended June 30, 2005	2004
Net income:				
Continuing operations	$ 17,522	$ 16,040	$ 27,959	$ 26,896
Discontinued operations	(1,536)	(1,292)	(2,332)	(1,784)
Net income	$ 15,986	$ 14,748	$ 25,627	$ 25,112
Earnings per share - basic and diluted:				
Continuing operations - basic	$ 0.54	$ 0.49	$ 0.86	$ 0.83
Discontinued operations - basic	(0.05)	(0.04)	(0.07)	(0.06)
Net income	$ 0.49	$ 0.45	$ 0.79	$ 0.77
Continuing operations - diluted	$ 0.54	$ 0.49	$ 0.85	$ 0.82
Discontinued operations - diluted	(0.05)	(0.04)	(0.07)	(0.05)
Net income	$ 0.49	$ 0.45	$ 0.78	$ 0.77
Common shares and common share equivalents:				
Weighted average common shares outstanding - basic	32,604	32,470	32,596	32,452
Common share equivalents (stock options)	121	186	157	236
Weighted average common shares outstanding - diluted	32,725	32,656	32,753	32,688

12. SUPPLEMENTAL CASH FLOW INFORMATION

During the six months ended June 30, 2005 and 2004, we made interest payments, net of amounts capitalized, totaling $36.3 million and $29.8 million, respectively. During the six months ended June 30, 2005 and 2004, we received $2.5 million and $1.5 million, respectively, of proceeds associated with our interest rate swap agreement that was entered into in December 2003 in connection with the issuance of our 8% Senior Subordinated Notes due 2014.

During the six months ended June 30, 2005 and 2004, we made income tax payments totaling $8.2 million and $9.3 million, respectively.

During the six months ended June 30, 2005, we completed two sale-leaseback transactions, which resulted in the sale of approximately $15.7 million of Assets Held for Sale and the removal of $15.7 million of Liabilities Associated with Assets Held for Sale from our Consolidated Balance Sheets.

13. COMMITMENTS AND CONTINGENCIES

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

Manufacturers may direct us to implement costly capital improvements to dealerships as a condition upon entering into franchise agreements with them. Manufacturers also typically require that their franchises meet specific standards of appearance. These factors, either alone or in combination, could cause us to divert our financial resources to capital projects from uses that management believes may be of higher long-term value, such as acquisitions.

Substantially all of our facilities are subject to federal, state and local provisions regarding the discharge of materials into the environment. Compliance with these provisions has not had, nor do we expect such compliance to have, any material effect upon our capital expenditures, net earnings, financial condition, liquidity or competitive position. We believe that our current practices and procedures for the control and disposition of such materials comply with applicable federal, state and local requirements.

From time to time, we and our dealerships are named in claims involving the manufacture and sale or lease of motor vehicles, including but not limited to the charging of administrative fees, the operation of dealerships, contractual disputes and other matters arising in the ordinary course of our business. With respect to certain of these claims, the sellers of our acquired dealerships have indemnified us. We do not expect that any potential liability from these claims will materially affect our financial condition, liquidity, results of operations or financial statement disclosures.

Our dealerships hold dealer agreements with a number of vehicle manufacturers. In accordance with the individual dealer 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 dealer agreement could have a negative impact on our operating results.

We have guaranteed a loan made by a financial institution directly to a non-consolidated entity controlled by a former executive, which totaled approximately $2.1 million as of June 30, 2005. This loan was made by a corporation we acquired in October 1998, and guarantees an industrial revenue bond, which we are legally required to guarantee. The primary obligor of the note is a non-dealership business entity and that entity's partners as individuals.

14. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

Our 8% Senior Subordinated Notes due 2014 are guaranteed by all of our current subsidiaries, other than our current Toyota and Lexus dealership subsidiaries, and all of our future domestic restricted subsidiaries, other than our future Toyota and Lexus dealership facilities. The following tables set forth, on a condensed consolidating basis, our balance sheets, statements of income and statements of cash flows, for our guarantor and non-guarantor subsidiaries for all financial statement periods presented in our interim consolidated financial statements.

Condensed Consolidating Balance Sheet
As of June 30, 2005
(In thousands)

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ --	$ 11,049	$ --	$ --	$ 11,049
Inventories	--	668,522	53,638	--	722,160
Other current assets	--	282,270	56,246	--	338,516
Assets held for sale	--	44,660	--	--	44,660
Total current assets	--	1,006,501	109,884	--	1,116,385
Property and equipment, net	--	200,708	5,274	--	205,982
Goodwill	--	403,635	61,312	--	464,947
Other assets	--	98,140	3,045	--	101,185
Investment in subsidiaries	504,456	132,159	--	(636,615)	--
Total assets	$504,456	$1,841,143	$179,515	$(636,615)	$1,888,499
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Floor plan notes payable	$ --	$ 570,793	$ 42,344	$ --	$ 613,137
Other current liabilities	--	184,540	4,038	--	188,578
Liabilities associated with assets held for sale	--	27,618	--	--	27,618
Total current liabilities	--	782,951	46,382	--	829,333
Long-term debt	--	476,377	31	--	476,408
Other liabilities	--	77,359	943	--	78,302
Shareholders' equity	504,456	504,456	132,159	(636,615)	504,456
Total liabilities and shareholders' equity	$504,456	$1,841,143	$179,515	$(636,615)	$1,888,499

Condensed Consolidating Balance Sheet
As of December 31, 2004
(In thousands)

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ --	$ 28,093	$ --	$ --	$ 28,093
Inventories	--	713,205	48,352	--	761,557
Other current assets	--	286,675	40,933	--	327,608
Assets held for sale	--	26,248	--	--	26,248
Total current assets	--	1,054,221	89,285	--	1,143,506
Property and equipment, net	--	190,706	5,082	--	195,788
Goodwill	--	400,338	61,312	--	461,650
Other assets	--	78,935	18,080	--	97,015
Investment in subsidiaries	481,732	130,098	--	(611,830)	--
Total assets	$481,732	$1,854,298	$173,759	$(611,830)	$1,897,959
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Floor plan notes payable	$ --	$ 613,539	$ 37,409	$ --	$ 650,948
Other current liabilities	--	170,227	5,797	--	176,024
Liabilities associated with assets held for sale	--	20,538	--	--	20,538
Total current liabilities	--	804,304	43,206	--	847,510
Long-term debt	--	492,499	37	--	492,536
Other liabilities	--	75,763	418	--	76,181
Shareholders' equity	481,732	481,732	130,098	(611,830)	481,732
Total liabilities and shareholders' equity	$481,732	$1,854,298	$173,759	$(611,830)	$1,897,959

Condensed Consolidating Statement of Income
For the Three Months Ended June 30, 2005
(In thousands)

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ --	$1,284,148	$195,781	$ (3,070)	$1,476,859
Cost of sales	--	1,090,200	168,354	(3,070)	1,255,484
Gross profit	--	193,948	27,427	--	221,375
Operating expenses:					
Selling, general and administrative ..	--	150,436	20,115	--	170,551
Depreciation and amortization	--	4,636	466	--	5,102
Income from operations	--	38,876	6,846	--	45,722
Other income (expense):					
Floor plan interest expense	--	(7,477)	(500)	--	(7,977)
Other interest expense	--	(8,682)	(1,449)	--	(10,131)
Other income, net	--	413	8	--	421
Equity in earnings of subsidiaries ...	15,986	3,065	--	(19,051)	--
Total other income (expense), net	15,986	(12,681)	(1,941)	(19,051)	(17,687)
Income before income taxes	15,986	26,195	4,905	(19,051)	28,035
Income tax expense	--	8,673	1,840	--	10,513
Income from continuing operations	15,986	17,522	3,065	(19,051)	17,522
Discontinued operations, net of tax	--	(1,536)	--	--	(1,536)
Net income	$ 15,986	$ 15,986	$ 3,065	$(19,051)	$ 15,986

Condensed Consolidating Statement of Income
For the Three Months Ended June 30, 2004
(In thousands)

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ --	$1,145,371	$173,196	$ (4,324)	$1,314,243
Cost of sales	--	966,546	150,416	(4,324)	1,112,638
Gross profit	--	178,825	22,780	--	201,605
Operating expenses:					
Selling, general and administrative ..	--	138,462	17,870	--	156,332
Depreciation and amortization	--	4,658	426	--	5,084
Income from operations	--	35,705	4,484	--	40,189
Other income (expense):					
Floor plan interest expense	--	(4,510)	(373)	--	(4,883)
Other interest expense	--	(9,005)	(1,181)	--	(10,186)
Other income, net	--	225	36	--	261
Equity in earnings of subsidiaries ...	14,748	1,854	--	(16,602)	--
Total other income (expense), net	14,748	(11,436)	(1,518)	(16,602)	(14,808)
Income before income taxes	14,748	24,269	2,966	(16,602)	25,381
Income tax expense	--	8,229	1,112	--	9,341
Income from continuing operations	14,748	16,040	1,854	(16,602)	16,040
Discontinued operations, net of tax	--	(1,292)	--	--	(1,292)
Net income	$ 14,748	$ 14,748	$ 1,854	$(16,602)	$ 14,748

Condensed Consolidating Statement of Income
For the Six Months Ended June 30, 2005
(In thousands)

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ --	$2,433,434	$368,797	$ (6,216)	$2,796,015
Cost of sales	--	2,058,827	316,332	(6,216)	2,368,943
Gross profit	--	374,607	52,465	--	427,072
Operating expenses:					
Selling, general and administrative	--	299,233	39,125	--	338,358
Depreciation and amortization	--	9,142	895	--	10,037
Income from operations	--	66,232	12,445	--	78,677
Other income (expense):					
Floor plan interest expense	--	(14,055)	(918)	--	(14,973)
Other interest expense	--	(16,861)	(2,758)	--	(19,619)
Other income, net	--	628	21	--	649
Equity in earnings of subsidiaries	25,627	5,493	--	(31,120)	--
Total other income (expense), net	25,627	(24,795)	(3,655)	(31,120)	(33,943)
Income before income taxes	25,627	41,437	8,790	(31,120)	44,734
Income tax expense	--	13,478	3,297	--	16,775
Income from continuing operations	25,627	27,959	5,493	(31,120)	27,959
Discontinued operations, net of tax	--	(2,332)	--	--	(2,332)
Net income	$ 25,627	$ 25,627	$ 5,493	$ (31,120)	$ 25,627

Condensed Consolidating Statement of Income
For the Six Months Ended June 30, 2004
(In thousands)

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ --	$2,129,007	$340,407	$ (7,759)	$2,461,655
Cost of sales	--	1,792,859	293,851	(7,759)	2,078,951
Gross profit	--	336,148	46,556	--	382,704
Operating expenses:					
Selling, general and administrative ..	--	265,860	34,834	--	300,694
Depreciation and amortization	--	9,122	825	--	9,947
Income from operations	--	61,166	10,897	--	72,063
Other income (expense):					
Floor plan interest expense	--	(8,417)	(711)	--	(9,128)
Other interest expense	--	(18,258)	(2,248)	--	(20,506)
Other income, net	--	294	28	--	322
Equity in earnings of subsidiaries ...	25,112	4,979	--	(30,091)	--
Total other income (expense), net	25,112	(21,402)	(2,931)	(30,091)	(29,312)
Income before income taxes	25,112	39,764	7,966	(30,091)	42,751
Income tax expense	--	12,868	2,987	--	15,855
Income from continuing operations	25,112	26,896	4,979	(30,091)	26,896
Discontinued operations, net of tax	--	(1,784)	--	--	(1,784)
Net income	$ 25,112	$ 25,112	$ 4,979	$ (30,091)	$ 25,112

Condensed Consolidating Statement of Cash Flows
For the Six Months Ended June 30, 2005
(In thousands)

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ --	$ 47,723	$ (4,329)	$ --	$ 43,394
Cash flow from investing activities:					
Capital expenditures	--	(34,707)	(471)	--	(35,178)
Acquisitions	--	(4,692)	--	--	(4,692)
Other investing activities	--	5,217	1	--	5,218
Net cash used in investing activities	--	(34,182)	(470)	--	(34,652)
Cash flow from financing activities:					
Proceeds from borrowings	--	20,734	--	--	20,734
Repayments of debt	--	(41,983)	(6)	--	(41,989)
Intercompany financing	--	(4,805)	4,805	--	--
Other financing activities	--	(4,531)	--	--	(4,531)
Net cash (used in) provided by financing activities	--	(30,585)	4,799	--	(25,786)
Net decrease in cash and cash equivalents	--	(17,044)	--	--	(17,044)
Cash and cash equivalents, beginning of period	--	28,093	--	--	28,093
Cash and cash equivalents, end of period	$ --	$ 11,049	$ --	$ --	$ 11,049

Condensed Consolidating Statement of Cash Flows
For the Six Months Ended June 30, 2004
(In thousands)

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net cash used in operating activities	$ --	$(15,752)	$ 20,403	$ --	$ 4,651
Cash flow from investing activities: --					
Capital expenditures	--	(32,771)	(1,750)	--	(34,521)
Payments for acquisitions	--	(71,594)	--	--	(71,594)
Other investing activities	--	11,738	--	--	11,738
Net cash used in investing activities	--	(92,627)	(1,750)	--	(94,377)
Cash flow from financing activities:					
Proceeds from borrowings	--	3,850	--	--	3,850
Repayments of debt	--	(6,808)	(5)	--	(6,813)
Intercompany financing	--	26,432	(26,432)	--	--
Other financing activities	--	857	--	--	857
Net cash (used in) financing activities	--	24,331	(26,437)	--	(2,106)
Net decrease in cash and cash equivalents	--	(84,048)	(7,784)	--	(91,832)
Cash and cash equivalents, beginning of period	--	98,927	7,784	--	106,711
Cash and cash equivalents, end of period	$ --	$ 14,879	$ --	$ --	$ 14,879

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Asbury Automotive Group, Inc.:

We have reviewed the accompanying consolidated balance sheet of Asbury Automotive Group, Inc. and subsidiaries (the "Company") as of June 30, 2005, and the related consolidated statements of income for the three and six-month periods ended June 30, 2005 and 2004, and statements of cash flows for the six-month periods ended June 30, 2005 and 2004. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards of the Public Company Accounting Oversight Board (United States). 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 the standards of the Public Company Accounting Oversight Board (United States), 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 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 standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2004, 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 March 14, 2005 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, 2004 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ DELOITTE & TOUCHE LLP

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New York, New York
August 4, 2005

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

We are one of the largest automotive retailers in the United States, operating 94 dealership locations (129 franchises) in 23 metropolitan markets within 11 states as of June 30, 2005. We offer 33 different brands of new vehicles, including four heavy truck brands. We also operate 22 collision repair centers that serve our markets.

We have grown our business through the acquisition of large dealership groups formerly referred to as "platforms" and numerous "tuck-in" acquisitions. "Tuck-in" acquisitions refer to the purchase of dealerships in the market areas in which we have existing dealerships. We use "tuck-in" acquisitions to increase the number of vehicle brands we offer in a particular market area and to create a larger gross profit base over which to spread overhead costs.

During the first quarter of 2005, we reorganized our dealerships into principally four regions: (i) Florida (comprising our Coggin dealerships, operating primarily in Jacksonville and Orlando, and our Courtesy dealerships operating in Tampa), (ii) West (comprising our McDavid dealerships operating throughout Texas, our Thomason dealerships operating in Portland, Oregon, our Spirit dealerships operating primarily in Los Angeles, California and our Northern California Dealerships operating in Sacramento and Fresno, California), (iii) Mid-Atlantic (comprising our Crown dealerships operating in North Carolina, South Carolina and Southern Virginia) and (iv) South (comprising our Nalley dealerships operating in Atlanta, Georgia and our North Point dealerships operating in Little Rock, Arkansas). Our Plaza dealerships operating in St. Louis, Missouri and our Gray Daniels dealerships operating in Jackson, Mississippi remain standalone operations. Within this more streamlined structure, we will evaluate our operations and financial results by dealership in the aggregate, rather than by platform. The general managers, with direction from a centralized management team, including corporate and regional management, will continue to have the independence and flexibility to respond effectively to local market conditions. We expect a significant improvement in management effectiveness as a result of this reorganization, as well as added operating and cost efficiencies. During the six months ended June 30, 2005, we incurred $3.6 million in severance and other costs related to our regional reorganization. We expect to complete the final phases of our reorganization during the remainder of 2005. Currently, we estimate that the regional reorganization will have a negative impact on income from continuing operations of $0.03 per diluted share during 2005 and will improve income from continuing operations by approximately $3.0 million or $0.10 per diluted share each year beginning in 2006.

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

Our gross profit percentage varies with our revenue mix. The sale of vehicles generally results in lower gross profit percentages than our fixed operations. As a result, when fixed operations revenue increases as a percentage of total revenue, we expect our overall gross profit percentage to increase.

Selling, general and administrative ("SG&A") expenses consist primarily of fixed and incentive-based compensation, advertising, rent, insurance, utilities and other customary operating expenses. A significant portion of our selling expenses is variable (such as sales commissions), or controllable expenses (such as advertising), generally allowing our cost structure to adapt in response to trends in our business. We evaluate commissions paid to salespeople as a percentage of retail vehicle gross profit and all other SG&A expenses in the aggregate as a percentage of total gross profit.

Sales of vehicles (particularly new vehicles) have historically fluctuated with general macroeconomic conditions, including consumer confidence, availability of consumer credit and fuel prices. Although these factors may impact our business, we believe that any future negative trends will be mitigated by increased used vehicle sales, stability in our fixed operations, our variable cost structure, our regional diversity and our advantageous brand mix. Historically, our brand mix, which is weighted towards luxury and mid-line import brands, has been less affected by market volatility than the U.S. automobile retailing industry as a whole. We expect the recent industry-wide gain in market share of the luxury and mid-line import brands to continue in the near future.

Our operations are generally subject to modest seasonal variations as we tend to generate more revenue and operating income in the second and third quarters than in the first and fourth quarters of a calendar year. Historically, the seasonal variations in our operations have been caused by factors relating to weather conditions, model changeovers and consumer buying patterns, among other things. Over the past several years, certain automobile manufacturers have used a combination of vehicle pricing and financing incentive programs to generate increased customer demand for new vehicles. In addition to the traditional manufacturer incentive programs, domestic manufacturers have begun to offer customers "employee discount pricing". The extensive use of manufacturer incentive programs and pricing promotions has impacted the historical cyclicality of new vehicle sales in the United States as customers have been conditioned to postpone the purchase of a vehicle until a manufacturer program or promotion is available.

The manufacturer incentive programs on new vehicles have also served to increase competition with late-model used vehicles. We anticipate that the manufacturers will continue to use these incentive programs in the future and, as a result, we will continue to monitor and adjust our used vehicle inventory mix in response to these programs. In addition, we will continue to expand our service capacity in order to meet anticipated future demand as we expect the relatively high volume of new vehicle sales, resulting from the highly "incentivized" new vehicle market, will drive future service demand at our dealership locations.

Interest rates over the past several years have been at historic lows. We do not believe that changes in interest rates significantly impact customer overall buying patterns, as changes in interest rates do not dramatically increase the monthly payment of a financed vehicle. For example, the monthly payment for a typical vehicle financing transaction in which a customer finances $25,000 at 7.0% over 60 months increases by approximately $5.90 with each 0.5% increase in interest rates.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2005, Compared to Three Months Ended June 30, 2004

Net income increased $1.3 million to $16.0 million, or $0.49 per diluted share, for the three months ended June 30, 2005, from $14.7 million, or $0.45 per diluted share, for the three months ended June 30, 2004.

Income from continuing operations increased $1.5 million to $17.5 million, or $0.54 per diluted share, for the three months ended June 30, 2005, from $16.0 million, or $0.49 per diluted share, for the three months ended June 30, 2004.

The 8% increase in net income and 9% increase in income from continuing operations resulted from several factors, including: (i) increases in new and used vehicle sales volumes, (ii) an improvement in the average gross profit of used vehicles, (iii) substantial increases in our fixed operations gross profit, (iv) significant increases in same store F&I revenue resulting from a combination of an increase in platform F&I PVR and an increase in new and used retail vehicle sales and (v) a significant improvement in our wholesale business. These factors were partially offset by the following: (i) margin pressure on new vehicle retail sales and (ii) increased floor plan expense due to rising interest rates.

Revenues-

(Dollars in thousands)	For the Three Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
New vehicle data:				
Retail revenues-same store (1)	$ 848,376	$ 798,482	$ 49,894	6%
Retail revenues-acquisitions	30,826	--		
Total new retail revenues	879,202	798,482	80,720	10%
Fleet revenues-same store (1)	23,346	15,945	7,401	46%
Fleet revenues-acquisitions	1,219	--		
Total fleet revenues	24,565	15,945	8,620	54%
New vehicle revenue, as reported	$ 903,767	$ 814,427	$ 89,340	11%
New retail units-same store (1)	27,866	27,114	752	3%
New retail units-actual	29,094	27,114	1,980	7%

(Dollars in thousands)	For the Three Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
Used vehicle data:				
Retail revenues-same store (1)	$ 272,140	$ 234,321	$ 37,819	16%
Retail revenues-acquisitions	7,311	--		
Total used retail revenues	279,451	234,321	45,130	19%
Wholesale revenues-same store (1)	84,552	81,957	2,595	3%
Wholesale revenues-acquisitions	2,914	--		
Total wholesale revenues	87,466	81,957	5,509	7%
Used vehicle revenue, as reported	$ 366,917	$ 316,278	$ 50,639	16%
Used retail units-same store (1)	16,005	15,072	933	6%
Used retail units-actual	16,520	15,072	1,448	10%
Parts, service and collision repair:				
Revenues-same store (1)	$ 162,302	$ 146,085	$ 16,217	11%
Revenues-acquisitions	2,227	--		
Parts, service and collision repair revenue, as reported	$ 164,529	$ 146,085	$ 18,444	13%
Finance and insurance, net:				
Platform revenues-same store (1)	$ 38,715	$ 35,547	$ 3,168	9%
Platform revenues-acquisitions	1,564	--		
Platform finance and insurance revenue	40,279	35,547	4,732	13%
Corporate revenues	1,367	1,906		
Finance and insurance revenue, as reported	$ 41,646	$ 37,543	$ 4,193	11%
Total revenue:				
Same store (1)	$1,429,431	$1,312,337	$117,094	9%
Corporate	1,367	1,906		
Acquisitions	46,061	--		
Total revenue, as reported	$1,476,859	$1,314,243	$162,616	12%

(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 us.

Total revenues increased 12% to $1.5 billion for the three months ended June 30, 2005, from $1.3 billion for the three months ended June 30, 2004. Same store revenues increased 9% to $1.4 billion for the three months ended June 30, 2005, from $1.3 billion for the three months ended June 30, 2004.

Same store new retail revenue increased 6% for the three months ended June 30, 2005, compared to the prior year period, reflecting a 3% increase in new retail unit sales due to the "employee pricing programs" and an increase in the percentage of luxury and mid-line import sales, which on average have a higher selling price. Same store used vehicle retail revenue increased 16% to $272.1 million, compared to $234.3 million for the prior year period. Our same-store used retail unit sales increased 6% due to the strength of the used vehicle market during the quarter. We anticipate that the manufacturer incentives on new vehicles will continue to drive customers toward new vehicles during 2005, which may create a challenging used vehicle retail market in the near future. However, we do believe that opportunities to increase unit sales exist in the used vehicle retail market, especially with respect to customers interested in lower priced inventory, which we view as a separate market from higher priced used and new vehicle inventory.

Fixed operations revenue increased 13%, to $164.5 million for the three months ended June 30, 2005, from $146.1 million for the three months ended June 30, 2004. Same store fixed operations revenue increased 11%, for the three months ended June 30, 2005, compared to the three months ended June 30, 2004, where we had substantial growth across each line of our fixed business (9% increase in parts, 16% increase in service and 7% increase in collision repair)

driven by "customer pay" and warranty work. The growth in our "customer pay" business is a result of (i) our continued service adviser training, (ii) expansion of our product offerings and (iii) the implementation of more aggressive advertising campaigns. Our warranty business continued its positive performance driven by continued manufacturer recall programs and increased work on imported vehicles, which typically generates higher revenue due to customer retention. We expect fixed operations to continue to grow as we expand our service capacity in 2005 with the addition of approximately 100 service stalls, the hiring of 200 to 250 technicians and a focused effort on more rigorous and consistent training of our service advisors.

Platform F&I revenue increased 9% to $38.7 million on a same store basis for the three months ended June 30, 2005, compared to the three months ended June 30, 2004. The increase in Platform F&I is attributable to (i) increased service contract penetration, (ii) utilization of menus in the F&I sales process and (iii) maturation of our corporate-sponsored programs. Platform F&I excludes revenue resulting from contracts negotiated by our corporate office, which is attributable to retail units sold during prior periods. Corporate F&I revenue was $1.4 million for the three month periods ended June 30, 2005, compared to $1.9 million for the prior year period. We expect this revenue to decrease significantly over the next few years and ultimately be zero by 2008 as the portfolio runs off.

We expect total revenue to increase as we continue to acquire dealerships, expand our service capacity and improve our platform F&I PVR. However, future revenue growth will rely heavily on our performance in the vehicle retail business, in particular our ability to maintain or improve upon our sales volumes of new and used vehicles.

Gross Profit-

(Dollars in thousands, except for per vehicle data)	For the Three Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
New vehicle data:				
Retail gross profit-same store (1)	$ 59,975	$ 58,397	$ 1,578	3%
Retail gross profit-acquisitions	1,928	--		
Total new retail gross profit	61,903	58,397	3,506	6%
Fleet gross profit-same store (1)	808	649	159	24%
Fleet gross profit-acquisitions	(9)	--		
Total fleet gross profit	799	649	150	23%
New vehicle gross profit, as reported	$ 62,702	$ 59,046	$ 3,656	6%
New retail units-same store (1)	27,866	27,114	752	3%
New retail units-actual	29,094	27,114	1,980	7%
Used vehicle data:				
Retail gross profit-same store (1)	$ 30,763	$ 28,050	$ 2,713	10%
Retail gross profit-acquisitions	724	--		
Total used retail gross profit	31,487	28,050	3,437	12%
Wholesale gross profit-same store (1)	52	(805)	857	106%
Wholesale gross profit-acquisitions	(25)	--		
Total wholesale gross profit	27	(805)	832	103%
Used vehicle gross profit, as reported	$ 31,514	$ 27,245	$ 4,269	16%
Used retail units-same store (1)	16,005	15,072	933	6%
Used retail units-actual	16,520	15,072	1,448	10%
Parts, service and collision repair:				
Gross profit-same store (1)	$ 84,015	$ 77,861	$ 6,154	8%
Gross profit-acquisitions	1,498	--		
Parts, service and collision repair gross profit, as reported	$ 85,513	$ 77,861	$ 7,652	10%

(Dollars in thousands, except for per vehicle data)	For the Three Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
Finance and insurance, net:				
Platform gross profit-same store (1)	$ 38,715	$ 35,547	$ 3,168	9%
Platform gross profit-acquisitions	1,564	--		
Platform finance and insurance gross profit (2)	40,279	35,547	4,732	13%
Gross profit-corporate	1,367	1,906		
Finance and insurance gross profit, as reported	$ 41,646	$ 37,453	$ 4,193	11%
Platform gross profit PVR-same store (1)	$ 882	$ 843	$ 39	5%
Platform gross profit PVR-actual (2)	$ 883	$ 843	$ 40	5%
Gross profit PVR-actual	$ 913	$ 888	$ 25	3%
Total gross profit:				
Same store (1)	$ 214,328	$ 199,699	$14,629	7%
Corporate	1,367	1,906		
Acquisitions	5,680	--		
Total gross profit, as reported	$ 221,375	$ 201,605	$19,770	10%

(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 us.

(2) Refer to "Reconciliation of Non-GAAP Financial Information" for further discussion regarding platform finance and insurance gross profit PVR.

Gross profit increased 10% to $221.4 million for the three months ended June 30, 2005, from $201.6 million for the three months ended June 30, 2004. Same store gross profit increased 7% to $214.3 million for the three months ended June 30, 2005, compared to the three months ended June 30, 2004.

Same store gross profit on new retail vehicle sales increased $1.5 million to $60.0 million for the three months ended June 30, 2005, compared to the three months ended June 30, 2004. The overall increase in same store gross profit on new retail vehicle sales was directly attributable to a 3% increase in unit sales. We expect that margins on new vehicles will continue to be under pressure for the foreseeable future, as the automotive manufacturers continue offer incentive programs and pricing promotions to contend with overcapacity in their factories.

Same store gross profit on used vehicle retail sales increased $2.7 million to $30.8 million for the three months ended June 30, 2005, compared to the three months ended June 30, 2004. Due to a strong market during the first part of the quarter, we were able to increase average gross profit dollars earned per vehicle retailed by 3% over the prior year period. In addition, the strength of the used vehicle market enabled us to generate a modest profit in our wholesale business, compared to a wholesale loss of $0.8 million for the three months ended June 30, 2004.

Same store gross profit from fixed operations increased 8% to $84.0 million for the three months ended June 30, 2005, from $77.9 million for the three months ended June 30, 2004, resulting primarily from "customer pay" and warranty work.

Same-store platform F&I PVR revenue increased 5% to $882 for the three months ended June 30, 2005, from $843 for the three months ended June 30, 2004. The increase in F&I PVR is attributable to (i) increased service contract penetration, (ii) utilization of menus in the F&I sales process and (iii) maturation of our corporate-sponsored programs. We anticipate that the positive trends in platform F&I PVR will continue in the future as we focus on improving F&I PVR levels at our lowest performing stores and continue to add new products.

Selling, General and Administrative Expenses-

SG&A expenses increased $14.3 million to $170.6 million for the three months ended June 30, 2005, from $156.3 million for the three months ended June 30, 2004. SG&A expenses as a percentage of gross profit for the three months ended June 30, 2005, improved slightly to 77.0%, from 77.5% for the prior year period. SG&A expenses for the three months ended June 30, 2005, includes incremental rent of $2.3 million resulting from the refinancing of 20 of our dealerships using a sale-leaseback transaction early in the third quarter of

2004. Excluding rent expense from both periods, SG&A expenses as a percentage of gross profit decreased to 71.4% for the three months ended June 30, 2005, compared to 73.2% for the three months ended June 30, 2004. The improvement in SG&A expense as a percentage of gross profit, after adjusting for the incremental rent expense, was attributable to the reorganization of the company into regions largely completed during the first quarter of 2005, a strategic reduction in new vehicle advertising and lower insurance costs principally in the area of workman's compensation.

Although there are many variables which impact the ratio of SG&A expenses as a percentage of gross profit, including the seasonality of the automotive retail business, we believe our regional reorganization demonstrates our commitment to reducing our fixed cost structure and, absent other factors, will result in a decrease in SG&A expenses as a percentage of gross profit in future periods. During the first six months of 2005 we incurred approximately $3.6 million in severance and other costs related to our regional reorganization. We expect to incur between $0.8 million and $1.0 million of additional reorganization costs during the remainder of 2005. Currently, we estimate that our regional reorganization will reduce SG&A expenses by approximately $5.0 million annually, beginning in 2006.

Depreciation and Amortization-

Depreciation and amortization expense totaled $5.1 million for the three months ended June 30, 2005 and 2004, as depreciation and amortization expense related to property and equipment additions and dealership facilities purchased during 2004, were offset by reductions in property and equipment sold in a sale-leaseback transaction completed in the third quarter of 2004.

We expect depreciation and amortization expense to increase in the future as we continue to upgrade our facilities, expand our service centers and acquire additional dealerships.

Other Income (Expense)-

Floor plan interest expense increased $3.1 million to $8.0 million for the three months ended June 30, 2005, from $4.9 million for the three months ended June 30, 2004. The increase in floor plan interest expense over the prior year period is principally attributable to higher interest rates. We expect interest rates to continue to rise in the future.

Other interest expense decreased $0.1 million to $10.1 million for the three months ended June 30, 2005, from $10.2 million for the three months ended June 30, 2004. The decrease was principally attributable to the repayment of $63.7 million of mortgage notes payable with the proceeds from a sale-leaseback transaction in the third quarter of 2004 and the repayment of approximately $29.0 million of variable rate mortgage notes payable during the six months ended June 30, 2005. We expect that our outstanding debt balances will remain relatively consistent for the near future, as we anticipate our next several acquisitions will be funded with our available cash. Fluctuations in other interest expense during the remainder of 2005 will be affected by potential changes in interest rates on $236.2 million of variable rate debt.

Income Tax Expense-

Income tax expense increased $1.2 million to $10.5 million for the three months ended June 30, 2005, from $9.3 million for the three months ended June 30, 2004, due to a $2.7 million increase in income before income taxes for the three months ended June 30, 2005, compared to the three months ended June 30, 2004. In addition, our effective tax rate for the six months ended June 30, 2005, was 37.5% compared to 36.8% for the six months ended June 30, 2004, as we received a state tax benefit of $0.2 million during the second quarter of 2004, which reduced our tax provision. As a result of operating nationally, our effective tax rate is dependent upon our geographic revenue mix, and we evaluate our effective tax rate periodically based on our revenue sources. We expect that our annual effective tax rate will be approximately 37.5% for the year ending December 31, 2005.

Discontinued Operations-

During the three months ended June 30, 2005, we sold one dealership location (two franchises), and as of June 30, 2005, we were actively pursuing the sale of three dealership locations (five franchises) and real estate associated with one former dealership location. The $1.5 million loss from discontinued operations is attributable to the net loss on the sale of dealerships and real estate associated with one former dealership location during the quarter and the operating losses of the franchises mentioned above. The loss from discontinued operations for the three months ended June 30, 2004, of $1.3 million included the results of operations of the dealerships mentioned above; eleven dealership locations (fifteen franchises) that were sold or closed between April 1, 2004 and March 31, 2005; and the net loss on the sale of businesses during the three months ended June 30, 2004.

Six Months Ended June 30, 2005, Compared to Six Months Ended June 30, 2004

Net income increased $0.5 million to $25.6 million, or $0.78 per diluted share, for the six months ended June 30, 2005, from $25.1 million, or $0.77 per diluted share, for the six months ended June 30, 2004.

Income from continuing operations increased $1.1 million to $28.0 million, or $0.85 per diluted share, for the six months ended June 30, 2005, from $26.9 million, or $0.82 per diluted share, for the six months ended June 30, 2004.

The 2% increase in net income and 4% increase in income from continuing operations resulted from several factors, including: (i) increases in new and used vehicle sales volumes, (ii) an improvement in the average gross profit of used vehicles, (iii) substantial increases in our fixed operations gross profit, (iv) significant increases in same store F&I revenue resulting from a combination of an increase in platform F&I PVR and an increase in new and used retail vehicle sales and (v) a significant improvement in our wholesale business. These factors were partially offset by the following: (i) margin pressure on new vehicle retail sales and (ii) increased floor plan expense due to rising interest rates.

Revenues-

	For the Six Months Ended June 30,			
(Dollars in thousands)	2005	2004	Increase (Decrease)	% Change
New vehicle data:				
Retail revenues-same store (1)	$1,567,930	$1,467,999	$ 99,931	7%
Retail revenues-acquisitions	71,122	--		
Total new retail revenues	1,639,052	1,467,999	171,053	12%
Fleet revenues-same store (1)	48,418	26,019	22,399	86%
Fleet revenues-acquisitions	1,492	--		
Total fleet revenues	49,910	26,019	23,891	92%
New vehicle revenue, as reported	$1,688,962	$1,494,018	$194,944	13%
New retail units-same store (1)	51,264	49,692	1,572	3%
New retail units-actual	53,997	49,692	4,305	9%
Used vehicle data:				
Retail revenues-same store (1)	$ 514,403	$ 458,351	$ 56,052	12%
Retail revenues-acquisitions	17,528	--		
Total used retail revenues	531,931	458,351	73,580	16%
Wholesale revenues-same store (1)	165,545	156,979	8,566	5%
Wholesale revenues-acquisitions	7,547	--		
Total wholesale revenues	173,092	156,979	16,113	10%
Used vehicle revenue, as reported	$ 705,023	$ 615,330	$ 89,693	15%
Used retail units-same store (1)	30,908	29,795	1,113	4%
Used retail units-actual	32,027	29,795	2,232	7%
Parts, service and collision repair:				
Revenues-same store (1)	$ 313,819	$ 283,933	$ 29,886	11%
Revenues-acquisitions	8,877	--		
Parts, service and collision repair revenue, as reported	$ 322,696	$ 283,933	$ 38,763	14%

(Dollars in thousands)	For the Six Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
Finance and insurance, net:				
Platform revenues-same store (1)	$ 73,487	$ 65,225	$ 8,262	13%
Platform revenues-acquisitions	3,277	--		
Platform finance and insurance revenue	76,764	65,225	11,539	18%
Corporate revenues	2,570	3,149		
Finance and insurance revenue, as reported	$ 79,334	$ 68,374	$ 10,960	16%
Total revenue:				
Same store (1)	$2,683,602	$2,458,506	$225,096	9%
Corporate	2,570	3,149		
Acquisitions	109,843	--		
Total revenue, as reported	$2,796,015	$2,461,655	$334,360	14%

(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 us.

Total revenues increased 14% to $2.8 billion for the six months ended June 30, 2005, from $2.5 billion for the six months ended June 30, 2004. Same store revenue grew 9% to $2.7 billion for the six months ended June 30, 2005, from $2.5 billion for the six months ended June 30, 2004.

Same store new vehicle retail revenue grew $99.9 million, or 7%, during the first six months of 2005, compared to the first six months of 2004, reflecting a 3% increase in new retail unit sales and an increase in our sales mix toward luxury and mid-line import sales. Same store used vehicle retail revenue increased $56.1 million, or 12%, to $514.4 million on a 4% increase in unit sales and 8% increase in average selling price per vehicle retailed in the first six months of 2005, compared to the same period of 2004.

Fixed operations revenue increased 14%, 11% on a same store basis, for the six months ended June 30, 2005, compared to the six months ended June 30, 2004. Our warranty business continued its positive performance, driven by continued manufacturer recall programs and increased work on import brands, which typically generate higher revenues than domestic brands.

Platform F&I increased $8.3 million to $73.5 million on a same store basis for the six months ended June 30, 2005, compared to the six months ended June 30, 2004. Corporate F&I revenue was $2.6 million for the six month periods ended June 30, 2005, compared to $3.1 million for the prior year period.

Gross Profit-

(Dollars in thousands, except for per vehicle data)	For the Six Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
New vehicle data:				
Retail gross profit-same store (1)	$ 111,467	$ 109,268	$ 2,199	2%
Retail gross profit-acquisitions	4,868	--		
Total new retail gross profit	116,335	109,268	7,067	6%
Fleet gross profit-same store (1)	1,404	1,015	389	38%
Fleet gross profit-acquisitions	(4)	--		
Total fleet gross profit	1,400	1,015	385	38%
New vehicle gross profit, as reported	$ 117,735	$ 110,283	$ 7,452	7%
New retail units-same store (1)	51,264	49,692	1,572	3%
New retail units-actual	53,997	49,692	4,305	9%

(Dollars in thousands, except for per vehicle data)	For the Six Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
Used vehicle data:				
Retail gross profit-same store (1)	$ 59,150	$ 55,179	$ 3,971	7%
Retail gross profit-acquisitions	1,720	--		
Total used retail gross profit	60,870	55,179	5,691	10%
Wholesale gross profit-same store (1)	1,125	(893)	2,018	226%
Wholesale gross profit-acquisitions	13	--		
Total wholesale gross profit	1,138	(893)	2,031	227%
Used vehicle gross profit, as reported	$ 62,008	$ 54,286	$ 7,722	14%
Used retail units-same store (1)	30,908	29,795	1,113	4%
Used retail units-actual	32,027	29,795	2,232	7%
Parts, service and collision repair:				
Gross profit-same store (1)	$ 163,134	$ 149,761	$13,373	9%
Gross profit-acquisitions	4,861	--		
Parts, service and collision repair gross profit, as reported	$ 167,995	$ 149,761	$18,234	12%
Finance and insurance, net:				
Platform gross profit-same store (1)	$ 73,487	$ 65,225	$ 8,262	13%
Platform gross profit-acquisitions	3,277	--		
Platform finance and insurance gross profit (2)	76,764	65,225	11,539	18%
Gross profit-corporate	2,570	3,149		
Finance and insurance gross profit, as reported	$ 79,334	$ 68,374	$10,960	16%
Platform gross profit PVR-same store (1)	$ 894	$ 821	$ 73	9%
Platform gross profit PVR-actual (2)	$ 892	$ 821	$ 71	9%
Gross profit PVR-actual	$ 922	$ 860	$ 62	7%
Total gross profit:				
Same store (1)	$ 409,767	$ 379,555	$30,212	8%
Corporate	2,570	3,149		
Acquisitions	14,735	--		
Total gross profit, as reported	$ 427,072	$ 382,704	$44,368	12%

(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 us.

(2) Refer to "Reconciliation of Non-GAAP Financial Information" for further discussion regarding platform finance and insurance gross profit PVR.

Gross profit increased 12% to $427.1 million for the six months ended June 30, 2005, from $382.7 million for the six months ended June 30, 2004. Same store gross profit increased 8% to $409.8 million for the six months ended June 30, 2005, from $379.6 million for the six months ended June 30, 2004.

Same store gross profit on new retail vehicle sales increased 2% for the six months ended June 30, 2005, compared to the six months ended June 30, 2004 due to a 3% increase in unit sales.

Same store gross profit on used vehicle retail sales increased 7% to $59.2 million for the six months ended June 30, 2005, from $55.2 million for the six months ended June 30, 2004, due to a strong used vehicle market in the during the first half of 2005.

Same store gross profit from fixed operations increased 9% to $163.1 million for the six months ended June 30, 2005, from $149.8 million for the six months ended June 30, 2004, resulting primarily from increased "customer pay" and warranty work in both parts and service.

Same-store platform F&I PVR revenue increased 9% to $894 for the six months ended June 30, 2005, from $821 for the six months ended June 30, 2004. The increase in F&I PVR is attributable to (i) increased service contract penetration, (ii) utilization of menus in the F&I sales process and (iii) maturation of our corporate-sponsored programs.

Selling, General and Administrative Expenses-

For the six months ended June 30, 2005, SG&A expenses increased $37.7 million to $338.4 million, from $300.7 million for the six months ended June 30, 2004. SG&A expenses as a percentage of gross profit for the six months ended June 30, 2005 increased to 79.2%, from 78.6% for the six months ended June 30, 2004. Excluding the $3.6 million of reorganization costs, SG&A expenses as a percentage of gross profit for the six months ended June 30, 2005, improved to 78.4%, from 78.6% for the prior year period. In addition, SG&A expenses for the six months ended June 30, 2005, includes incremental rent of $4.6 million resulting from the refinancing of 20 of our dealerships using a sale-leaseback transaction in the third quarter of 2004. Excluding rent expense from both periods, as well as the previously discussed reorganization costs, SG&A expenses as a percentage of gross profit decreased to 72.5 % for the three months ended June 30, 2005, compared to 74.1% for the prior year period. The improvement in SG&A expense as a percentage of gross profit, after adjusting for reorganization costs and rent expense, was attributable to the reorganization of the company into regions, a reduction in advertising expense PVR and lower insurance costs principally in the area of workman's compensation.

Depreciation and Amortization-

Depreciation and amortization expense increased $0.1 million to $10.0 million for the six months ended June 30, 2005, from $9.9 million for the six months ended June 30, 2004. The slight increase in depreciation and amortization was primarily related to the addition of property and equipment acquired during 2004 and 2005, offset by a reduction in property and equipment sold in sale-leaseback transactions completed during 2004 and 2005.

Other Income (Expense)-

Floor plan interest expense increased $5.9 million to $15.0 million for the six months ended June 30, 2005, from $9.1 million for the six months ended June 30, 2004. This increase was attributable to higher average interest rates on our floor plan note payable.

Other interest expense decreased $0.9 million to $19.6 million for the six months ended June 30, 2005, as compared to the six months ended June 30, 2004, as a result of our decision to repay approximately $29.0 million of our variable rate mortgage notes payable during 2005.

Income Tax Provision-

Income tax expense increased $0.9 million to $16.8 million for the six months ended June 30, 2005, compared to the six months ended June 30, 2004, due, in part, to the $2.0 million increase in income from continuing operations before taxes for the six months ended June 30, 2005, compared to the six months ended June 30, 2004. In addition, our effective tax rate for the six months ended June 30, 2005, was 37.5% compared to 37.1% for the six months ended June 30, 2004.

Discontinued Operations-

During the six months ended June 30, 2005, we sold two dealership locations (four franchises), and as of June 30, 2005, we were actively pursuing the sale of three dealership locations (five franchises) and real estate associated with one former dealership location. The $2.3 million loss from discontinued operations is attributable to the net gain on sale of dealerships and real estate associated with one former dealership location sold during the six months ended June 30, 2005, and the operating losses of the franchises mentioned above. The loss from discontinued operations for the six months ended June 30, 2004, of $1.8 million includes the net operating losses of the dealerships mentioned above; ten dealership locations (fourteen franchises), that were sold during 2004, and the net loss on the sale of businesses during the six months ended June 30, 2004.

LIQUIDITY AND CAPITAL RESOURCES

We require cash to fund working capital needs, finance acquisitions of new dealerships and fund capital expenditures. We believe that our cash and cash equivalents on hand as of June 30, 2005, our funds generated through future operations and the funds available for borrowings under our committed credit facility, floor plan financing agreements, mortgage notes payable and proceeds from sale-leaseback transactions will be sufficient to fund our debt service and working capital requirements, commitments and contingencies, acquisitions and any seasonal operating requirements for the foreseeable future.

As of June 30, 2005, we had cash and cash equivalents of $11.0 million and working capital of $287.1 million. In addition, we had $145.0 million available for borrowings under our committed credit facility for working capital, general corporate purposes and acquisitions.

Committed Credit Facility

On March 23, 2005, we entered into a committed credit facility (the "Committed Credit Facility") with JPMorgan Chase, N.A., 17 other financial institutions (the "Syndicate") and Ford Motor Credit Corporation ("FMCC"), collectively the Lenders. Concurrently with entering into the Committed Credit Facility we terminated our First Amended and Restated Credit Agreement with FMCC, General Motors Acceptance Corporation ("GMAC") and DaimlerChrysler Financial Services North America LLC. The Committed Credit Facility provides us with $650.0 million of new and used vehicle inventory financing ("Floor Plan Tranche") and $150.0 million of working capital borrowing capacity ("Working Capital Tranche"). In addition, FMCC and GMAC have committed $150.0 million and $100.0 million, respectively, of floor plan financing outside of the Syndicate to finance inventory at our "Ford Family" (Ford, Lincoln Mercury, Mazda, Volvo, Jaguar and Land Rover) and General Motors' dealerships. In total, these commitments give us $150.0 million of working capital borrowing capacity and $900.0 million of floor plan borrowing capacity.

During the three months ended June 30, 2005, we borrowed $15.0 million from our Committed Credit Facility, of which $8.2 million was used for the purchase of real estate on which two of our dealerships are located. The remainder of the borrowings was used for general corporate purposes. During the three months ended June 30, 2005, we repaid $10.0 million of the amounts borrowed from our Committed Credit Facility and subsequent to the end of the quarter we repaid the remaining $5.0 million.

Floor Plan Financing-

We finance substantially all of our new vehicle inventory and a portion of our used vehicle inventory. As of June 30, 2005, total borrowing capacity under the floor plan financing agreements with our vehicle floor plan providers totaled $900.0 million. In addition, as of June 30, 2005, we had total borrowing capacity of $32.2 million under ancillary floor plan financing agreements with Comerica Bank and Navistar Financial for our heavy trucks business in Atlanta, Georgia. As of June 30, 2005, we had $613.1 million outstanding under all our floor plan financing agreements.

Acquisitions and Acquisition Financing-

During the second quarter of 2005, we acquired one dealership location (one franchise) in Arkansas for a total purchase price of $5.2 million, of which $4.7 million was paid in cash through the use of our working capital, with the remaining $0.5 million representing the fair value of future payments. We estimate annual revenues of the acquired franchises will total approximately $35.0 million, based on historical performance. We plan to use our available cash, borrowings under our Committed Credit Facility or proceeds from future sale-leaseback transactions to finance future acquisitions.

Sale-Leaseback Transactions

During the six months ended June 30, 2005, we completed two sale-leaseback transactions, which resulted in the sale of approximately $15.7 million of real estate and construction improvements and the commencement of long-term operating leases for the assets sold.

Debt Covenants-

We are subject to certain financial covenants in connection with our debt and lease agreements, including the financial covenants described below. Our Committed Credit Facility includes certain financial ratios with the following requirements: (i) an adjusted current ratio of at least 1.2 to 1, of which our ratio was approximately 1.5 to 1 as of June 30, 2005; (ii) a fixed charge coverage ratio of at least 1.2 to 1, of which our ratio was approximately 1.5 to 1 as of June 30, 2005; (iii) an adjusted leverage ratio of not more than 4.5 to 1, of which our ratio was approximately 3.6 to 1 as of June 30, 2005 and (iv) a minimum adjusted net worth of not less than $350.0 million, of which our adjusted net worth was approximately $464.3 million as of June 30, 2005. A breach of these covenants could cause an acceleration of repayment of our Committed Credit Facility if not otherwise waived or cured. Certain of our lease agreements include financial ratios with the following requirements: (i) a liquidity ratio of at least 1.2 to 1, of which our ratio was approximately 1.4 to 1 as of June 30, 2005 and (ii) an EBITDA based coverage ratio of at least 1.5 to 1, of which our ratio was approximately 2.8 to 1 as of June 30, 2005. A breach of these covenants would give rise to certain lessor remedies under our various lease agreements, the most severe of which include the following: (a) termination of the applicable lease, (b) termination of certain of the tenant's lease rights, such as renewal rights and rights of first offer or negotiation relating to the purchase of the premises, and/or (c) a liquidated damages claim equal to the extent to which the accelerated rents under the applicable lease for the remainder of the lease term exceed the fair market rent over the same periods. As of June 30, 2005, we were in compliance with all our debt and lease agreement covenants.

Cash Flows for the Six Months Ended June 30, 2005 Compared to the Six Months Ended June 30, 2004

Operating Activities-

Net cash provided by operating activities totaled $43.4 million and $4.7 million for the six months ended June 30, 2005, and 2004, respectively. Cash flow from operating activities includes net income adjusted for non-cash items and changes in working capital, including changes in floor plan notes payable related to vehicle inventory.

The increase in our cash flow from operating activities for the six months ended June 30, 2005, compared to the six months ended June 30, 2004, was primarily attributable to (i) the timing of collection of accounts receivable, (ii) the timing of inventory purchases resulting from changes in the equity of our inventory and increased sales activity in June 2005 compared to June 2004, which caused contracts-in-transit to increase compared to June of last year and (iii) timing of payments of accounts payable and accrued liabilities and timing differences in prepaid assets and other assets and liabilities.

As of June 30, 2005, we had approximately $64.7 million of equity in our vehicle inventory (vehicle inventory in excess of floor plan borrowings), as compared to $66.2 million as of December 31, 2004. Had we maintained the same level of equity in our vehicle inventory as of June 30, 2005 as we had as of December 31, 2004, our cash flow from operations for the six months ended June 30, 2005, would have increased by approximately $2.1 million. As of June 30, 2004, we had approximately $30.0 million of equity in our vehicle inventory, as compared to $5.7 million as of December 31, 2003. Had we maintained the same level of equity in our vehicle inventory as of June 30, 2004 as we had as of December 31, 2003, our cash flow from operations for the six months ended June 30, 2004 would have improved by approximately $23.3 million.

Investing Activities--

Net cash used in investing activities totaled $34.7 million and $94.4 million for the six months ended June 30, 2005 and 2004, respectively. Cash flows from investing activities relate primarily to capital expenditures, acquisition and divestiture activity, sale of property and equipment and construction advances from lessors in connection with our sale-leaseback agreements.

Capital expenditures were $35.2 million and $34.5 million for the six months ended June 30, 2005 and 2004, respectively, of which $18.2 million and $16.1 million, were financed or were pending financing through sale-leaseback agreements or mortgage notes payable for the six months ended June 30, 2005 and 2004, respectively. Our capital investments consisted of upgrades of our existing facilities and construction of new facilities. Future capital expenditures will relate primarily to upgrading existing dealership facilities and operational improvements that we expect will provide us with acceptable rates of return on our investments. During the six months ended June 30, 2005 and 2004, we received $2.6 million and $9.5 million, respectively, in construction advances from lessors in connection with our sale-leaseback agreements. We expect that capital expenditures during 2005 will total between $80.0 million and $90.0 million, of which we intend to finance between 60% and 70% principally through sale-leaseback agreements.

Cash used for acquisitions totaled $4.7 million and $71.6 million for the six months ended June 30, 2005 and 2004, respectively. We anticipate that we will spend between $25.0 million to $50.0 million on acquisitions in 2005.

Proceeds from the sale of discontinued operations totaled $2.8 million and $0.8 million for the six months ended June 30, 2005 and 2004, respectively. We continuously monitor the profitability and market value of our dealerships and, under certain conditions, may strategically divest non-profitable dealerships.

Financing Activities--

Net cash used in financing activities totaled $25.8 million and $2.1 million for the six months ended June 30, 2005 and 2004, respectively. During the six months ended June 30, 2005 and 2004, proceeds from borrowings amounted to $20.7 million and $3.9 million, which was used to finance construction on our dealership facilities and general corporate purposes. In addition, we incurred $4.9 million of debt issuance costs associated with our Committed Credit Facility.

During the six months ended June 30, 2005 and 2004, we repaid debt of $42.0 million and $6.8 million, respectively. During the six months ended June 30, 2005, we repaid $30.7 million of our outstanding mortgage notes payable the majority of which resulted from our decision to repay approximately $29.0 million of our variable rate mortgage notes payable.

Off-Balance Sheet Transactions

We had no material off-balance sheet transactions during the periods presented other than those disclosed in Note 13 of our consolidated financial statements.

Stock Repurchase Restrictions

Pursuant to the indentures governing our 9% Senior Subordinated Notes due 2012, our 8% Senior Subordinated Notes due 2014 and our Committed Credit Facility, our ability to repurchase shares of our common stock is limited. As of June 30, 2005, our ability to repurchase shares was limited to an aggregate purchase price of $29.6 million due to these restrictions. We did not repurchase any shares of our common stock during 2005 or 2004.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual amounts could differ from those estimates. On an ongoing basis, management evaluates its estimates and assumptions and the effects of revisions are reflected in the financial statements in the period in which they are determined to be necessary. The accounting policies described below are those that most frequently require management to make estimates and judgments, and therefore are critical to understanding our results of operations. Senior management has discussed the development and selection of these accounting estimates and the related disclosures with the audit committee of our board of directors.

Inventories--

Our inventories are stated at the lower of cost or market. We use the specific identification method to value our vehicle inventories and the "first-in, first-out" method ("FIFO") to account for our parts inventories. We maintain a reserve for specific inventory vehicles where cost basis exceeds fair value and for parts that we believe are excess or obsolete. In assessing lower of cost or market for new vehicles, we primarily consider the aging of vehicles and loss histories, along with the timing of annual and model changeovers. The assessment of lower of cost or market for used vehicles considers recent data and trends such as loss histories, current aging of the inventory and current market conditions. The assessment of excess and obsolete parts considers the sales activity of specific parts over the last twelve months. These reserves were $4.4 million and $4.9 million as of June 30, 2005 and December 31, 2004, respectively.

Notes Receivable--Finance Contracts--

As of June 30, 2005 and December 31, 2004, we had outstanding notes receivable from finance contracts of $30.4 million and $30.9 million, respectively (net of an allowance for credit losses of $4.6 million and $6.3 million, respectively). These notes have initial terms ranging from 12 to 60 months, and are collateralized by the related vehicles. The assessment of our allowance for credit losses considers historical loss ratios and the performance of the current portfolio with respect to past due accounts. We continually analyze our current portfolio against our historical performance. In addition, we attribute minimal value to the underlying collateral in our assessment of the reserve.

F&I Chargeback Reserve--

We receive commissions from the sale of vehicle service contracts, credit life insurance and disability insurance to customers. In addition, we receive commissions from financing institutions for arranging customer financing. We may be charged back ("chargebacks") for finance, insurance or vehicle service contract commissions in the event a contract is terminated. The revenues from financing fees and commissions are recorded at the time the vehicles are sold and a reserve for future chargebacks is established based on historical operating results and the termination provisions of the applicable contracts. This data is evaluated on a product-by-product basis. These reserves were $12.0 million as of June 30, 2005 and December 31, 2004.

Equity-Based Compensation--

We account for stock-based compensation issued to employees in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." APB Opinion 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. We have adopted the disclosure provisions of SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure-An amendment of FASB Statement No. 123." See also "Recent

Accounting Pronouncements" below for a discussion of the impact on our financial statements from the adoption of SFAS No. 123 (revised 2004), "Share-based Payment."

Goodwill and Other Intangible Assets--

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," we do not amortize goodwill and other intangible assets that are deemed to have indefinite lives. We test these assets for impairment at least annually, or more frequently if any event occurs or circumstances change that indicate possible impairment. We have determined that manufacturer franchise rights have an indefinite life as there are no legal, contractual, economic or other factors that limit their useful lives and they are expected to generate cash flows indefinitely due to the historically long lives of the manufacturers' brand names. Goodwill is allocated at the entity level and manufacturer franchise rights are allocated to each individual dealership franchise, respectively. Goodwill represents the excess cost of the businesses acquired over the fair market value of the identifiable net assets. The fair market value of our manufacturer franchise rights is determined at the acquisition date through discounting the projected cash flows attributable to each franchise.

Upon adoption of SFAS No. 142 "Goodwill and Other Intangible Assets," on January 1, 2002, we determined that each of our platforms qualified as a reporting unit since we operate in one segment, our platforms are one level below our corporate level, discrete financial information existed for each platform and the management of each platform directly reviewed the platform's performance. In late 2004, we began the process of reorganizing our platforms into four regions. Within this more streamlined structure, we will evaluate our operations and financial results by dealership in the aggregate, rather than by platform. The general managers, with direction from a centralized management team, including corporate and regional management, will continue to have the independence and flexibility to respond effectively to local market conditions. Based on the changes in our management, operational and reporting structure during the first quarter of 2005, we evaluate goodwill at the operating segment level.

We review goodwill and indefinite lived manufacturer franchise rights for impairment annually on October 1st of each year, or more often if events or circumstances indicate that impairment may have occurred. We are subject to financial statement risk to the extent that intangible assets become impaired due to decreases in the related fair market value of our underlying businesses or entity.

All other intangible assets are deemed to have definite lives and are amortized on a straight-line basis over the life of the asset ranging from 3 to 15 years and are tested for impairment when circumstances indicate that the carrying value of the asset might be impaired.

Accrued Expenses--

Payments owed to our various service providers are expensed during the month in which the applicable service is performed. The amount of these expenses is dependent upon information provided by our internal systems and processes. Due to the length of time necessary to receive accurate information, estimates of amounts due are necessary in order to record monthly expenses. In subsequent months, expenses are reconciled and adjusted where necessary. We continue to refine the estimation process based on an increased understanding of the time requirements and close working relationships with our service providers.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (revised 2004), "Share-based Payment." This statement requires compensation costs related to share-based payment transactions to be recognized in the financial statements. With limited exceptions, the amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. Compensation cost will be recognized over the period that an employee provides service in exchange for the award. SFAS No. 123 (revised 2004) replaces SFAS No. 123, "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." In April 2005, the Securities and Exchange Commission adopted a new rule that amends the compliance dates for SFAS No. 123 (revised 2004). Registrants would have been required to implement the standard as of the beginning of the first interim or annual period that begins after June 15, 2005. The Commission's new rule allows companies to implement SFAS No 123 (Revised 2004) at the beginning of their next fiscal year, instead of the next reporting period, that begins after June 15, 2005. We are currently evaluating the effect of this statement on our consolidated financial statements and related disclosures.

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

Platform Finance and Insurance Gross Profit PVR-

We evaluate our finance and insurance gross profit performance on a Per Vehicle Retailed ("PVR") basis by dividing our total finance and insurance gross profit by the number of retail vehicles sold. During 2003, our corporate office renegotiated a contract with one of our third party finance and insurance product providers, which resulted in the recognition of revenue during the three and six months ended June 30, 2005 and 2004, that was attributable to retail vehicles sold during prior periods. We believe that platform finance and insurance, which excludes the additional revenue derived from this contract, provides a more accurate measure of our finance and insurance operating performance.

The following table reconciles finance and insurance gross profit to platform finance and insurance gross profit, and provides the necessary components to calculate platform finance and insurance gross profit PVR:

(In thousands, except for unit and per vehicle data)	For the Three Months Ended June 30, 2005	2004
Reconciliation of Finance and Insurance Gross Profit to Platform Finance and Insurance Gross Profit:		
Finance and insurance gross profit, net (as reported)	$ 41,646	$ 37,453
Less: Corporate finance and insurance gross profit	(1,367)	(1,906)
Platform finance and insurance gross profit	$ 40,279	$ 35,547
Platform finance and insurance gross profit PVR	$ 883	$ 843
Retail units sold:		
New retail units	29,094	27,114
Used retail units	16,520	15,072
Total	45,614	42,186

(In thousands, except for unit and per vehicle data)	For the Six Months Ended June 30, 2005	2004
Reconciliation of Finance and Insurance Gross Profit to Platform Finance and Insurance Gross Profit:		
Finance and insurance gross profit, net (as reported)	$ 79,334	$ 68,374
Less: Corporate finance and insurance gross profit	(2,570)	(3,149)
Platform finance and insurance gross profit	$ 76,764	$ 65,225
Platform finance and insurance gross profit PVR	$ 892	$ 821
Retail units sold:		
New retail units	53,997	49,692
Used retail units	32,027	29,795
Total	86,024	79,487

Adjusted SG&A Expense-

Our operating income was largely impacted by reorganization costs incurred during the first six months of 2005 and incremental rent expense associated with a sale-leaseback transaction that was entered into in the third quarter of 2004. During the first six months of 2005, we incurred severance costs of $3.6 million associated with the reorganization of our regional structure. We believe that excluding the reorganization costs and rent expense from the selling, general and administrative expense provides a more meaningful basis to measure the results of our operations compared to that of the prior year period. A reconciliation of our adjusted selling, general and administrative expense is presented below.

	For the Three Months Ended June 30,	
	2005	2004
Reconciliation of SG&A Expense to Adjusted SG&A Expense:		
SG&A expense	$170,551	$156,332
Less: Rent expense	(12,544)	(8,811)
Adjusted SG&A expense	$158,007	$147,521
Gross Profit	$221,375	$201,605
Adjusted SG&A expense as a percentage of Gross Profit	71.4%	73.2%

	For the Six Months Ended June 30,	
	2005	2004
Reconciliation of SG&A Expense to Adjusted SG&A Expense:		
SG&A expense	$338,358	$300,694
Less: Reorganization costs	(3,566)	--
SG&A, net of reorganization costs	334,792	300,694
Less: Rent expense	(25,299)	(16,993)
Adjusted SG&A expense	$309,493	$283,701
Gross Profit	$427,072	$382,704
SG&A, net of reorganization costs, as a percentage of Gross Profit	78.4%	78.6%
Adjusted SG&A expense as a percentage of Gross Profit	72.5%	74.1%

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 $236.2 million of variable rate long-term debt (including the current portion) outstanding at June 30, 2005, a 1% change in interest rates would result in a change of approximately $2.4 million to our annual other interest expense. Conversely, based on fixed-rate debt of $273.6 million a 1% change in interest would mean we would not experience the impact of a $2.7 million change in interest expense. Based on floor plan amounts outstanding at June 30, 2005, a 1% change in the interest rates would result in a change of approximately $6.1 million to annual floor plan interest expense.

We received $14.0 million of interest credit assistance from certain automobile manufacturers during the six months ended June 30, 2005. Interest credit assistance reduced new vehicle cost of sales for the six months ended June 30, 2005 by $13.7 million and reduced new vehicle inventory by $4.2 million and $3.9 million as of June 30, 2005 and December 31, 2004, respectively. Although we can provide no assurance as to the amount of future interest credit assistance, 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.

Interest Rate Hedges

We have entered into two forward interest rate swaps with a combined notional principal amount of $170.0 million, which will provide a hedge against changes in the interest rates of our variable rate floor plan notes payable for a period of eight years beginning in March 2006. The swap agreements were designated and qualify as cash flow hedges of our variable rate floor plan notes payable and will contain minor ineffectiveness. As of June 30, 2005 and December 31, 2004, the swaps had a fair value of $12.3 million and $7.1 million, respectively, and are included in Other Long-term Liabilities on the accompanying Consolidated Balance Sheets

We have entered into an interest rate swap agreement with a notional principal amount of $200.0 million as a hedge against changes in the fair value of our 8% Senior Subordinated Notes due 2014. Under the terms of the swap agreement, we are required to make variable rate payments based on six-month LIBOR and receive a fixed rate of 8.0%. This swap agreement was designated and qualifies as a fair value hedge of our 8% Senior Subordinated Notes due 2014 and did not contain any ineffectiveness. As a result our 8% Senior Subordinated Notes due 2014 have been written down by the fair value of the related swap. As of June 30, 2005 and December 31, 2004, the swap agreement had a fair value of $0.4 million and $2.7 million, respectively, and is included in Other Long-Term Liabilities on the accompanying Consolidated Balance Sheets.

We have entered into an interest rate swap agreement with a notional principal amount of $15.2 million as a hedge against future changes in the interest rate of our variable rate mortgage notes payable. Under the terms of the swap agreement, we are required to make payments at a fixed rate of 6.08% and receive a variable rate based on LIBOR. This swap agreement was designated and qualifies as a cash flow hedge of changes in the interest rate of our variable rate mortgage notes payable and will contain minor ineffectiveness. As of June 30, 2005 and December 31, 2004, the swap agreement had a fair value of $0.2 million, which was included in Other Long-Term Liabilities on the accompanying Consolidated Balance Sheets.

Item 4. Controls and Procedures

As of the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of the Company's 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-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("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 (i) 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 period specified in the rules and forms of the Securities and Exchange Commission and (ii) were effective.

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.

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 our 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;
- our relationships with vehicle manufacturers and other suppliers;
- risks associated with our substantial indebtedness;
- risks related to pending and potential future acquisitions;
- general economic conditions both nationally and locally; and
- governmental regulations and legislation.

There can be no guarantees that our 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 4. Submission of Matters to a Vote of Security Holders

The results of the votes cast at the Company's Annual Meeting on April 28, 2005 were as follows:

Election of Class I Directors:

	For	Withheld
Timothy C. Collins	27,919,315	3,304,680
Kenneth B. Gilman	30,989,588	234,407
Vernon E. Jordan, Jr.	27,919,115	3,304,880
Thomas F. McLarty, III	30,946,203	277,792

Ratification of appointment of Deloitte & Touche L.L.P. as independent public accountants for 2005:

For	31,217,012
Against	1,240
Abstain	5,743

Item 6. Exhibits

Exhibits required to be filed by Item 601 of Regulation S-K:

10.1 1999 Stock Option Plan, as amended.

10.2 Severance Pay Agreement of Charles B. Tomm, dated as of June 10, 2005.

10.3 Compensation Plan of Charles B. Tomm

31.1 Certificate of the 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, dated August 4, 2005.

31.2 Certificate of the 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, dated August 4, 2005.

32.1 Certificate of Chief Executive Officer pursuant to Rule 13a-14(b)/15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated August 4, 2005.

32.2 Certificate of Chief Financial Officer pursuant to Rule 13a-14(b)/15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated August 4, 2005.

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: August 4, 2005 By: /s/ KENNETH B. GILMAN

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

Date: August 4, 2005 By: /s/ J. GORDON SMITH

Name: J. Gordon Smith
Title: Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

INDEX TO EXHIBITS

Exhibit Number	Description of Documents
10.1	1999 Stock Option Plan, as amended.
10.2	Severance Pay Agreement of Charles B. Tomm, dated as of June 10, 2005.
10.3	Compensation Plan of Charles B. Tomm
31.1	Certificate of the 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, dated August 4, 2005.
31.2	Certificate of the 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, dated August 4, 2005.
32.1	Certificate of Chief Executive Officer pursuant to Rule 13a-14(b)/ 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated August 4, 2005.
32.2	Certificate of Chief Financial Officer pursuant to Rule 13a-14(b)/ 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated August 4, 2005.

Exhibit 31.1

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

I, 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 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kenneth B. Gilman
- ---
Kenneth B. Gilman
Chief Executive Officer
August 4, 2005

Exhibit 31.2

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

I, 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 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ J. Gordon Smith
- --
J. Gordon Smith
Chief Financial Officer
August 4, 2005

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 quarter ended June 30, 2005 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 results of operations of the Company.

/s/ Kenneth B. Gilman

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Kenneth B. Gilman
Chief Executive Officer
August 4, 2005

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 quarter ended June 30, 2005 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 results of operations of the Company.

/s/ J. Gordon Smith
- ---
J. Gordon Smith
Chief Financial Officer
August 4, 2005

Exhibit 10.1

ASBURY AUTOMOTIVE GROUP, INC.

1999 OPTION PLAN

As Amended and Restated Effective March 19, 2002

The purpose of the Asbury Automotive Group, Inc. 1999 Option Plan (the "Plan") is to provide designated officers and other key employees of Asbury Automotive Group, Inc., a Delaware corporation (the "Company"), and its subsidiaries with the opportunity to receive grants of options to purchase common shares of the Company, $0.01 par value ("Shares"). The Company believes that the Plan will encourage the participants to contribute materially to the growth of the Company, attract talented management personnel and align the economic interests of the participants with those of the owners.

1. Administration. (a) Committee. The Plan shall be administered and interpreted by a committee of two or more individuals (the "Committee") appointed by the Board of Directors of the Company (the "Board"); however, the Board itself may ratify or approve any grants as the Board deems appropriate.

(b) Committee Authority. The Committee shall have the sole authority to (i) determine the individuals to whom grants shall be made under the Plan, (ii) determine the type, size and terms of the grants to be made to each such individual, (iii) determine the time when the grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability, (iv) amend the terms of any previously issued grant and (v) deal with any other matters arising under the Plan.

(c) Committee Determination. The Committee shall have full power and authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Committee's interpretations of the Plan and all determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in the Plan or in any grants awarded hereunder. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated individuals.

2. Grants. Awards under the Plan shall consist of grants (each, a "Grant") of nonqualified options (the "Options"), as described in Section 5. All Grants shall be subject to the terms and conditions set forth herein and to such other terms and conditions consistent with this Plan as the Committee deems appropriate and as are specified in writing by the Committee to the individual in a grant instrument or an amendment to the grant instrument (the "Grant Instrument"). The Committee shall approve the form and provisions of each Grant Instrument. Grants need not be uniform as among the Grantees (as defined below).

3. Shares Subject to the Plan. (a) Nature of Options Granted. Each Option granted under the Plan shall provide the Grantee solely the right to acquire Shares in exchange for a dollar amount (the "Exercise Price") specified in such Option.

(b) Sources of Shares Deliverable Under Options. Any Shares delivered pursuant to an Option may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares.

(c) Share Certificates. All certificates for Shares or other securities of the Company or any Affiliate delivered under the Plan pursuant to any Option or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(d) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Option, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

4. Eligibility for Participation. (a) Eligible Persons. All officers and other key employees of the Company and its Subsidiaries ("Employees") shall be

eligible to participate in the Plan. Effective March 19, 2002, no new Grants will be made under the Plan, and eligible participants in the Plan shall consist of those persons who hold, as of March 19, 2002, outstanding Options granted under the Plan.

(b) Selection of Grantees. The Committee shall select the Employees who receive Grants under this Plan (the "Grantees").

5. Granting of Options. (a) Amount of Exercise Price. The Committee shall determine the Exercise Price with respect to each Option at the time of grant, which, except as the Committee may otherwise provide, shall not be less than the Fair Market Value (as defined below) of the Shares in respect of which the Option is granted. Subject to adjustment as provided in Section 6 of this Plan, the aggregate number of Shares for which Options may be issued under this Plan shall not, in the aggregate, exceed 1,072,738 Shares.

(b) Type of Option. Grants shall be "nonqualified options" that are not intended to satisfy the provisions of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") and shall be made in accordance with the terms and conditions set forth herein.

(c) Option Term. The Committee shall determine the term of each Option. The term of any Option shall not exceed 10 years from the date of Grant.

(d) Exercisability of Options; Conditions. Options shall become exercisable in accordance with such terms and conditions, consistent with the Plan, as may be determined by the Committee and specified in the Grant Instrument. The Committee may accelerate the vesting or exercisability of any or all outstanding Options at any time for any reason. Unless the Committee provides otherwise in the Grant Instrument, only Options that are vested may be exercised and Options shall vest, subject to the continuous employment of the Grantee by the Company, at the rate of 33-1/3% for each year the Grantee is employed by, or rendering services to, the Company following the date of Grant; provided that, unless the Committee provides otherwise in the Grant Instrument, no Option shall vest until the Grantee has been employed by, or rendering services to, the Company for a period of one year following the date of Grant.

(e) Termination of Employment, Disability or Death. (i) Except as provided below or as otherwise provided by the Committee in the Grant Instrument, an Option may only be exercised while the Grantee is employed by, or providing services to, the Company as an Employee, consultant or member of the Board. Unless the Committee provides otherwise in the Grant Instrument, in the event that a Grantee ceases to be employed by, or provide services to, the Company for any reason other than resignation (except resignation in connection with retirement) or termination for Cause (as defined below), any Option which is otherwise vested and exercisable by the Grantee shall terminate unless exercised within 90 days after the date on which the Grantee ceases to be employed by, or provide services to, the Company (or within such other period of time as may be specified by the Committee), but in any event no later than the date of expiration of the Option term. Except as otherwise provided by the Committee, any of the Grantee's Options that are not otherwise vested and exercisable as of the date on which the Grantee ceases to be employed by, or provide services to, the Company shall terminate as of such date.

(ii) Except as otherwise provided by the Committee, in the event that the Grantee ceases to be employed by, or provide services to, the Company on account of a resignation (except resignation in connection with retirement) or a termination for Cause by the Company, any Option held by the Grantee (whether or not then vested and exercisable) shall terminate and be canceled as of the date the Grantee ceases to be employed by, or provide services to, the Company. Except as otherwise provided by the Committee, any of the Grantee's Options that are not otherwise vested and exercisable as of the date on which the Grantee ceases to be employed by, or provide services to, the Company shall terminate as of such date.

(iii) For purposes of Section 5(d), Section 5(e) and Section 7:

(A) The term "Company" shall mean the Company and its Affiliates.

(B) "Employed by, or provide services to, the Company" shall mean employment or service as an employee, consultant or Board member (so that, for purposes of exercising Options, a Grantee shall not be considered to have terminated employment or service until the Grantee ceases to be an employee, consultant or Board member), unless the Committee determines otherwise.

(C) "Cause" shall mean, except to the extent specified otherwise by the Committee in the Grant Instrument, a finding by the Committee that the Grantee (i) has breached his or her employment or service contract with the Company, (ii) has engaged in disloyalty to the Company, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his or her employment or service, (iii) has disclosed trade secrets or confidential information of the Company to persons not entitled to receive such information or (iv) has engaged in such other behavior detrimental to the interests of the Company as the Committee determines.

(f) Exercise of Options. Except as otherwise provided by the Committee in the Grant Instrument, a Grantee may exercise an Option that has become vested and exercisable, in whole or in part, by delivering a notice of exercise to the

Company with payment of the Exercise Price (plus the amount of any withholding tax due at the time of exercise after the application of Section 7 hereof) and taking such other action as the Committee may request or approve.

(g) Payment. (i) No Shares shall be delivered pursuant to any exercise of an Option until payment in full of the aggregate exercise price therefor is received by the Company. Such payment may be made in cash, or its equivalent, or (A) by exchanging Shares owned by the Grantee (which are not the subject of any pledge or other security interest and which have been owned by such Grantee for at least six (6) months), or (B) if there shall be a public market for the Shares at such time, subject to such rules as may be established by the Committee, through delivery of irrevocable instructions to a broker to sell the Shares otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the aggregate exercise price, or by a combination of the foregoing; provided that the combined value of all cash and cash equivalents and the Fair Market Value of any such Shares so tendered to the Company as of the date of such tender is at least equal to such aggregate exercise price.

(ii) Wherever in this Plan or any Grant Instrument a Grantee is permitted to pay the exercise price of an Option or taxes relating to the exercise of an Option by delivering Shares, the Grantee may, subject to procedures satisfactory to the Committee, satisfy such delivery requirement by presenting proof of beneficial ownership of such Shares, in which case the Company shall treat the Option as exercised without further payment and shall withhold such number of Shares from the Shares acquired by the exercise of the Option.

(h) Adjustments Upon Conversion. As of March 19, 2002, no new Grants shall be made under the Plan. The terms of Options granted under the Plan and outstanding on March 19, 2002, shall continue, with adjustments being made to such Options as appropriate as a result of the conversion of membership interests in Asbury Automotive Group, L.L.C. into Shares in connection with the Company's initial public offering.

6. Adjustments. (a) In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee in its discretion to be appropriate or desirable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable or desirable, adjust any or all of (i) the number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Options may be granted, including the maximum number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Options may be granted to any Grantee in any fiscal year of the Company; (ii) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Options and (iii) the exercise price with respect to any Option or, if deemed appropriate or desirable, make provision for a cash payment to the holder of an outstanding Option in consideration for the cancellation of such Option in an amount equal to the excess, if any, of the Fair Market Value of the Shares subject to the Options over the aggregate exercise price of such Option.

(b) Amendments to Options. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Option theretofore granted, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would impair the rights of any Grantee or any holder or beneficiary of any Option theretofore granted shall not to that extent be effective without the consent of the affected Grantee holder or beneficiary.

(c) Adjustment of Options Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, Options in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 6(a) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

7. Withholding of Taxes. Each Grant (and each issuance of Shares pursuant to the exercise of any Option) shall be subject to applicable federal (including FICA), state and local tax withholding requirements. The Company shall have the right to deduct from other wages paid to the Grantee any federal, state or local taxes required by law to be withheld with respect to such Grants, or the exercise thereof, or require that the Grantee or other person receiving or exercising Grants pay to the Company the amount of any federal, state or local taxes that the Company is required to withhold with respect to such Grants or exercise and the Company may defer issuance of Shares until such requirements are satisfied.

8. Nontransferability of Grants. (a) Except as provided below, only the Grantee may exercise rights under a Grant during the Grantee's lifetime. A Grantee may not transfer those rights except by will or by the laws of descent and distribution. When a Grantee dies, the personal representative or other person entitled to succeed to the rights of the Grantee ("Successor Grantee") may exercise such rights. A Successor Grantee must furnish proof satisfactory to the Company of his or her right to receive the Grant under the Grantee's will or under the applicable laws of descent and distribution.

(b) If any transfer of all or any portion of an Option or of any beneficial interest therein, upon default, foreclosure, forfeit, bankruptcy (voluntary or involuntary), court order, levy of attachment, execution or otherwise than voluntarily (an "Involuntary Transfer") or a transfer in violation of this Plan or the applicable Grant Instrument has occurred and not been cured within 30 days after written notice has been given to the person transferring such Option (the "Transferor") or to the person to whom or to which such Option is transferred (the "Transferee"), the Company shall have the right to terminate such Option without consideration.

9. Requirements for Issuance of Shares. The Committee may refuse to issue or transfer any Shares or other consideration under an Option if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation or entitle the Company to recover the same under Section 16(b) of the Securities Exchange Act of 1934, as amended, and any payment tendered to the Company by a Grantee, other holder or beneficiary in connection with the exercise of such Option shall be promptly refunded to the relevant Grantee, holder or beneficiary. Without limiting the generality of the foregoing, no Option granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. federal and any other applicable securities laws.

10. Change of Control of the Company. Unless otherwise defined in the Grant Instrument, a "Change of Control" shall be deemed to have occurred if Ripplewood Holdings L.L.C., or its affiliates, cease to control the Company or its business.

(a) Notice and Acceleration. Unless otherwise set forth in the Grant Instrument, upon a Change of Control (i) the Company shall provide each Grantee with outstanding Grants written notice of such Change of Control and (ii) all outstanding Options shall automatically accelerate and become fully exercisable unless otherwise determined by the Committee.

(b) Assumption of Grants. In the event of (i) a merger of the Company with or into another corporation, (ii) a merger of any Subsidiary with or into another corporation that requires the approval of the Company's stockholders under the law of the Company's jurisdiction of organization, or (iii) the sale or disposition of substantially all of the assets of the Company, each outstanding Option shall either continue in effect, be assumed or an equivalent option substituted therefor by the successor corporation or a "parent corporation" (as defined in Section 424(e) of the Code) or "subsidiary corporation" (as defined in Section 424(f) of the Code) of the successor corporation. In the event that the Option does not continue in effect or the successor corporation refuses to assume or substitute for the Option, the Grantee shall fully vest in and have the right to exercise the Option as to all Shares subject to the Option, including Shares as to which it would not otherwise be vested or exercisable. If an Option becomes fully vested and exercisable in lieu of continuation, assumption or substitution as set forth herein, the Company shall notify the Grantee in writing or electronically that the Option shall be fully vested and exercisable for a period of fifteen (15) days from the date of such notice, or such shorter period as the Committee may determine to be reasonable, and the Option shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option shall be considered assumed if, following the merger or sale or disposition of assets, the Option confers the right to purchase or receive, for each Share subject to the Option immediately prior to the merger or sale or disposition of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale or disposition of assets by holders of Shares for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale or disposition of assets is not solely common stock of the successor corporation or its "parent corporation" or "subsidiary corporation", the Committee may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option, for each Share subject to the Option, to be solely common stock of the successor corporation or its "parent corporation" or "subsidiary corporation" equal in fair market value to the per share consideration received by holders of Shares in the merger or sale or disposition of assets.

11. Amendment and Termination of the Plan. (a) Amendment. The Board may amend or terminate the Plan at any time; provided that no such amendment or termination shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan.

(b) Termination of Plan. The Plan shall terminate on December 31, 2008, unless the Plan is terminated earlier by the Board or is extended by the Board.

(c) Termination and Amendment of Outstanding Grants. A termination or amendment of the Plan that occurs after a Grant is made shall not materially impair the rights of a Grantee unless the Grantee consents. The termination of the Plan shall not impair the power and authority of the Committee with respect to an outstanding Grant. Whether or not the Plan has terminated, an outstanding Grant may be terminated or amended (i) by the Company as provided hereunder or (ii) by agreement of the Company and the Grantee consistent with the Plan.

(d) Governing Document. This Plan shall be the controlling document. No other statements, representations, explanatory materials or examples, oral or written, may amend this Plan in any manner, except for termination or amendment pursuant to Section 11 hereof. This Plan shall be binding upon and enforceable against the Company and its successors and assigns.

12. Funding of the Plan. This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Grants under this Plan. In no event shall interest be paid or accrued on any Grant, including unpaid installments of Grants.

13. Rights of Participants. Nothing in this Plan shall entitle any Employee or other person to any claim or right to be granted a Grant under this Plan. Neither this Plan nor any action taken hereunder shall be construed as giving any individual any rights to be retained by or in the employ of the Company or any other employment rights. No Grantee shall have any rights as a shareholder with respect to any Shares to be distributed under the Plan until he or she has become the holder of such Shares.

14. Headings. Section headings are for reference only. In the event of a conflict between a heading and the content of a Section, the content of the Section shall control.

15. Effective Date of the Plan. The amended and restated Plan shall be effective March 19, 2002.

16. Miscellaneous. (a) Compliance with Law. The Plan, the exercise of Options and the obligations of the Company to issue Shares under Grants shall be subject to all applicable laws and to approvals by any governmental or regulatory agency as may be required, including national or foreign securities exchanges. The Committee may revoke any Grant if it is contrary to law, including the federal securities laws and any applicable state or foreign securities laws or modify a Grant to bring it into compliance with any valid and mandatory government regulation. The Committee may also adopt rules regarding the withholding of taxes on payments to Grantees. The Committee may, in its sole discretion, agree to limit its authority under this Section.

(b) Governing Law. THE VALIDITY, CONSTRUCTION, INTERPRETATION AND EFFECT OF THE PLAN AND GRANT INSTRUMENTS ISSUED UNDER THE PLAN SHALL BE GOVERNED AND CONSTRUED BY AND DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

(c) Indemnification. Each person who is or shall have been a member of the Board or the Committee shall be indemnified and held harmless by the Company to the fullest extent permitted by law against and from any loss, cost, liability or expense (including any related attorney's fees and advances thereof) in connection with, based upon or arising or resulting from any claim, action, suit or proceeding to which such person may be made a party or in which such person may be involved by reason of any action taken or failure to act under or in connection with the Plan or any Grant Instrument and from and against any and all amounts paid by such person in settlement thereof, with the Company's approval, or paid by such person in satisfaction of any judgment in any such action, suit or proceeding against such person, provided that he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive and shall be independent of any other rights of indemnification to which such persons may be entitled under by contract, as a matter of law or otherwise.

(d) No Limitation on Compensation. Nothing in the Plan shall be construed to limit the right of the Company to establish other plans or to pay compensation to its employees in cash or property, in a manner which is not expressly authorized under the Plan.

(e) No Impact on Benefits. Options granted under the Plan are not compensation for purposes of calculating an employee's rights under any employee benefit plan, except to the extent provided in any such plan.

(f) Freedom of Action. Subject to Section 11, nothing in the Plan or any Grant Instrument shall be construed as limiting or preventing the Company or any of its Affiliates from taking any action with respect to the operation or conduct of its or their business that it deems appropriate or in its best interest.

(g) No Right to Particular Assets. Nothing contained in this Plan and no action taken pursuant to this Plan shall create or be construed to create a trust of any kind or any fiduciary relationship between the Company and its Affiliates, on the one hand, and any Grantee or executor, administrator or other personal representative or designated beneficiary of such Grantee, on the other hand, or any other persons. Any reserves that may be established by the Company or its Affiliates in connection with this Plan shall continue to be held as part of the general funds of the Company or such Affiliate, and no individual or entity other than the Company or such Affiliate shall have any interest in such funds until paid to a Grantee. To the extent that any Grantee or such Grantee's executor, administrator or other personal representative, as the case may be, acquires a right to receive any payment from the Company or any of its Affiliates pursuant to this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company or such Affiliate.

(h) Notices. Each Grantee shall be responsible for furnishing the Committee with his or her current and proper address for the mailing of notices and delivery of agreements. Any notices required or permitted to be given shall be deemed given if directed to the person to whom addressed at such address and mailed by regular United States mail, first-class and prepaid. If any item mailed to such address is returned as undeliverable to the addressee, mailing will be suspended until the Grantee furnishes the proper address.

(i) Severability of Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provision had not been included.

(j) Incapacity. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receiving such benefit shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Board, the Committee, the Company, its Affiliates and other parties with respect thereto.

(k) Definitions. As used in the Plan, the following terms shall have the meanings set forth below:

"Affiliate" shall mean, with respect to any person, any other person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or executor, or otherwise.

"Fair Market Value" shall mean, (i) with respect to any property other than Shares, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee and (ii) with respect to the Shares, as of any date, (A) the mean between the high and low sales prices of the Shares as reported on the composite tape for securities traded on the New York Stock Exchange for such date (or if not then trading on the New York Stock Exchange, the mean between the high and low sales price of the Shares on the stock exchange or over-the-counter market on which the Shares are principally trading on such date), or, if there were no sales on such date, on the closest preceding date on which there were sales of Shares or (B) in the event there shall be no public market for the Shares on such date, the fair market value of the Shares as determined in good faith by the Committee.

"Subsidiary" shall mean (i) any entity that, directly or indirectly, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Committee.

Exhibit 10.2

SEVERANCE PAY AGREEMENT FOR KEY EMPLOYEE

This agreement is entered into as of April 1, 2005 (the "Employment Date") between Asbury Automotive Group, Inc. ("Asbury") and Charlie Tomm ("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, except as provided herein, Asbury will pay Executive Severance Pay based upon Executive's base salary as of the date of Termination, as calculated below. 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. The amount of Executive's Severance Pay will at no time be less than 18 months or greater than 36 months of Executive's base salary. If Executive's employment were terminated in the first month following the Employment Date, Executive would be eligible for 36 months of Severance Pay. Following the first month after the Employment Date and each successive month of employment that Executive completes, up to 18, one month of severance pay eligibility will be removed. For example, after 6 completed months of employment, Executive would be eligible for 30 months of Severance Pay. After 18 months of employment, and for the duration of Executive's employment with Asbury, Executive will be eligible for 18 months of Severance Pay. For purposes of calculating Severance Pay eligibility, time spent by Executive on any type of approved or required leave of absence, vacation or holiday will count towards completed months of employment determinations.

If Executive participates in a bonus compensation plan at the date of Termination, Severance Pay will also include a bonus payment in an amount equal to the bonus earned but not already paid for the year of Termination prorated 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 and dental 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.

However, nothing herein shall be construed to provide Executive Severance Pay eligibility should Executive be found to have engaged in conduct that would qualify as "cause" for termination, as that term is defined in Section 2 below, even if the conduct was discovered by the Company after Executive's "termination" and the commencement of Severance Pay. If such "cause" is found after any amount of Severance Pay has already been

remitted to Executive, Executive agrees and understands that the Company expressly reserves the right to stop any future payments, and recover any amounts already paid.

2. Definition of Termination Triggering Severance Pay

A "Termination" triggering the Severance Pay set forth above in Section 1 is defined as (1) termination of Executive's employment by Asbury for any reason, except death, disability, retirement, voluntary resignation or "cause", or (2) Asbury's reduction of Executive's base salary. 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 3, 4 or 5 below; or (d) Executive's willful and continued failure to substantially perform Executive's duties with Asbury; (e) Executive's material breach of a material written policy of Asbury; or (f) Executive's acceptance of compensation from any source and in any form, other than that specifically provided for by this

Agreement, related in any way to Executive's position with the Company. 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.

3. Confidential Information Nondisclosure Provision

During and after employment with Asbury, Executive agrees not to disclose to any person (other 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 Section 1 above, as well as to obtain injunctive relief and damages which may include recovery of amounts paid to Executive under this agreement.

4. Non-Solicitation of Employees

Executive agrees that for a period of one year from Executive's last day of employment with Asbury, 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 Section 1 above, as well as to obtain injunctive relief and damages which may include recovery of amounts paid to Executive under this agreement.

5. 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").

Covenant Not To Compete shall remain in effect for one year following the date of termination except that the prohibition above on "any business or activity which competes with the business of Asbury or any affiliate" shall be limited to any business competing with Asbury that is located or does business within 50 miles of any Asbury location where Executive had supervisory responsibility while employed by Asbury. 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 Section 1 above, as well as to obtain injunctive relief and damages which may include recovery of amounts paid to Executive under this agreement.

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 Section 1 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 2 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.

Any controversy or claim arising out of or relating to Executive's employment with the Company, the termination of Executive's employment, this Agreement, or the breach thereof, shall be finally settled by binding arbitration in accordance with the Federal Arbitration Act before an arbitrator (who shall be an attorney with at least ten years' experience in employment law) mutually-agreed to by the parties, in or near the city where Executive resides. The arbitrator will be bound to follow the substantive law governing the claims pled in the jurisdiction in which the claims arise, and shall apply the federal rules of procedure and evidence applicable to disputes resolved by a bench trial in a United States District Court. Executive and the Company agree that any judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

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.

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
622 Third Avenue
37th Floor
New York, NY 10017
Facsimile: (212) 297-2653

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 supersedes 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 Florida.

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 ON JUNE 10, 2005, EFFECTIVE AS OF THE DATE FIRST WRITTEN ABOVE:

BY EXECUTIVE	BY ASBURY AUTOMOTIVE GROUP, INC.
/s/ Charlie Tomm	/s/ Kenneth B. Gilman President and Chief Executive Officer

Exhibit 10.3

Charlie Tomm
2005 Platform CEO Compensation Plan

Goals:

- Accountability for the most important operating performance elements managed by you
- Financial reward for successfully managing these elements
- Financially reward "recovery" results if the first half of the year is less than par

2004 Compensation Elements

- Base Salary is $600,000 (This is an increase from 500,000)
- Total Par Bonus Percent is 80%
- Total Par Bonus Dollars are $480,000
- Annual Net Operating Income Bonus (70% of the total Par Bonus Dollars) is $336,000
- Semi annual NOI Par Bonus is $168,000
- Annual Business Development Bonus (30% of the total Par Bonus Dollars) is $144,000

Net Operating Income Bonus Formula (70% of the total Par Bonus)

The Bonus Plan is being divided into 2 half-year opportunities but will never pay you less than an annual plan calculation. The approach provides you with the opportunity to rebound from a disappointing first half with a new bonus opportunity in the second half. The details are shown in the chart below.

The first half Bonus:		Final year end Bonus (2)	
If NOI Result:	Using the first half bonus formula the Mid year payment will be:	Final Payment will be calculated: (1)	Final Bonus payment will be:
Meets or exceeds Par	Par Bonus for the first 1/2 year	Using the Annual Bonus calculation	The annual calculation less the par bonus paid in the first half.
Between Threshold and par	Actual first half Bonus	Second half Bonus Formula	Actual second half Bonus. This can pay up to 10% more than the annual Plan calculation
Below Threshold	No Bonus	Second half Bonus Formula	Actual second half Bonus. Potential for meaningful increase over the annual plan

1. First 1/2 Payments are never forfeited

2. The annual Business Development bonus will be paid out with the final Bonus payment

The Bonus targets and formulas for 2005 are detailed in the next 2 charts.

Annual Targets

Level	NOI Dollars	NOI (% of Budget)(1)	Bonus Dollars	Annual Formula
Threshold	47,300,000	90%	$67,200	$67,200
Par	52,500,000	100%	$336,000	$67,200 Plus 5.1% of NOI over threshold
Double	62,000,000	118%	$672,000	$336,000 Plus 3.6% of NOI over Par

(1) Intentionally Omitted

Semi Annual Targets (based upon your calendarized budgets)

Level	First Half NOI Dollars	First Half Formula	Second half NOI Dollars	Second half Formula
Threshold	23,100,000	$33,600	24,100,000	$33,600
Par	25,700,000	$33,600plus 5.2% of NOI in excess of the threshold	26,800,000	$33,600 plus 5% of NOI in excess of the threshold
Double	30,300,000	$168,000 Plus 3.6% of NOI in excess of Par	31,600,000	$168,000 Plus 3.5% of NOI in excess of Par

Business Development Objectives Bonus (30% of the total Par Bonus)

- Goals/metrics for each of the objectives, addressing the specific challenges, are set at the beginning of the year. The categories are detailed below.
- Regular reviews with Ken Gilman to evaluate YTD performance against these objectives. The metrics will facilitate a fact-based discussion.
- Final review with Ken Gilman at the end of the year to establish year- end payout. The payout will not be based upon a numerical calculation, rather a subjective evaluation of the Business Development topics in the below table (including related metrics).
- Payout range 0% to 200% of the Par.

Frame work Agreement Compliance	General Manager Success	Productivity	Pre-owned Vehicles
Toyota, Honda, GM,Nissan	Market Share	Total platform personnel expense (including management co.) as a % of total gross: Evaluated versus budget and trend to prior years' performance	Used Car Inventory "core" percent total. Goal is 65%
Unit sales for all but Honda	GM Turnover		
CSI for Honda	Management Turnover		

Tuck-in Acquisition Bonus

- 12-month measurement period using NOI vs. the deal pro-forma
- 3-month grace period (longer periods may be set when the pro-forma is created)
- Team Bonus- For team members who helped with integration- 20% of CEO bonus
- Payout scale- see table below

	Franchise bonus %	
Actual NOI vs. Pro-forma	Non-Targeted	Targeted*
%	% Of NOI	% Of NOI
80%- 99%	2%	4%
100%- 109%	3%	5%
110%-119%	4%	6%
120% and up	5%	7%

*Acura, BMW, Honda, Lexus, Mercedes Benz, Toyota, Nissan