UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2004

or

o **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**
(Current address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None.

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 o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

Based on the closing price of the registrant's common stock as of June 30, 2004, the aggregate market value of the common stock held by non-affiliates of the registrant was $106,429,350.

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 March 11, 2005, was 32,600,821 (net of 1,586,587 treasury shares).

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents incorporated by reference and the Part of the Form 10-K into which the document is incorporated:

Portions of the definitive Proxy Statement for the Annual Meeting of Stockholders to be filed within 120 days after the end of the registrant's fiscal year are incorporated by reference into Part III, Items 10 through 14 of this Form 10-K.

ASBURY AUTOMOTIVE GROUP, INC.

2004 FORM 10-K ANNUAL REPORT

PART I

Forward-Looking Information

Certain statements in this report constitute "forward-looking statements" as such term is defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements in this report include statements relating to goals, plans and pending acquisitions, projections regarding our financial position, results of operations, market position, business strategy and expectations of our management with respect to, among other things:

- capital expenditures;
- our relationships with vehicle manufacturers;
- operating cash flows and availability of capital;
- our substantial indebtedness;
- the completion of pending and future acquisitions;
- general economic trends, including consumer confidence levels and interest rates; and
- automotive retail industry trends.

To the extent that statements in this report are not recitations of historical fact, such statements constitute forward-looking statements that, by definition, are based on our current expectations and assumptions and involve significant risks and uncertainties. As a result, there can be no guarantees that our plans for future operations will be successfully implemented or that they will prove to be commercially successful. The following are some but not all of the factors that could cause actual results or events to differ materially from those anticipated, including:

- our ability to generate sufficient cash flows or obtain additional financing to support acquisitions, capital expenditures and general operating activities;
- market factors and the future economic environment, including consumer confidence, interest rates, the price of oil and gasoline, the level of manufacturer incentives and the availability of consumer credit;
- the ability of our principal automotive manufacturers to continue to produce vehicles that are in high demand by our customers;
- our ability to enter into and/or renew our framework and dealership agreements on favorable terms;
- the inability of our dealership operations to perform at expected levels or achieve expected improvements;
- our relationships with manufacturers which may affect our ability to complete additional acquisitions;
- changes in laws and regulations governing the operation of automobile franchises;
- changes in laws and regulations governing the environment, which may increase environmental regulation compliance costs;
- high level competition in the automotive retailing industry which may create pricing pressures on the products and services we offer;
- our inability to minimize operating expenses or adjust our cost structure;

- the loss of key personnel;
- any adverse or unexpected litigation; and
- accounting standards issued but not yet adopted.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this report. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, whether as a result of new information, future events or otherwise.

Please see the section under "Item 1. Business—Risk Factors" for a further discussion of the factors that may cause actual results to differ from our projections. Moreover, the factors set forth under "Item 1. Business—Risk Factors," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" below and other cautionary statements made in this report should be read and understood as being applicable to all related forward-looking statements wherever they appear in this report. We urge you to carefully consider those factors.

Additional Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act are made available free of charge on our Internet site at *http://www.asburyauto.com* on the same day that the information is filed with the Securities and Exchange Commission (the "Commission"). We also make available on our website copies of our charter, bylaws and copies of materials regarding our corporate governance policies and practices, including the charters of our audit committee and compensation committee, our criteria for independence of members of our board of directors and audit committee, our Corporate Governance Guidelines and our Code of Conduct and Ethics for Directors, Officers and Employees. In February 2005, our board of directors established a governance and nominating committee. Once a charter is adopted for this committee, it will also be available on our website. You may also obtain a printed copy of the foregoing materials by sending a written request to: Investor Relations Department, Asbury Automotive Group, Inc., 622 Third Avenue, 37th Floor, New York, New York 10017. In addition, the Commission's website is *http://www.sec.gov*. The Commission makes available on its website, free of charge, reports, proxy and information statements and other information regarding issuers, such as us, that file

electronically with the Commission. Unless specified otherwise, information contained on our website, available by hyperlink from our website or on the Commission's website, is not incorporated into this report or other documents we file with, or furnish to, the Commission.

As required by Section 303A.12 of the Listed Company Manual of the New York Stock Exchange (the "NYSE"), our chief executive officer submitted to the NYSE his annual certification on June 4, 2004 stating that he was not aware of any violation by our company of the corporate governance listing standards of the NYSE. In addition, we have filed, as exhibits to our annual report on Form 10-K for the year ended December 31, 2003, the certifications of our chief executive officer and chief financial officer required under Section 302 of the Sarbanes-Oxley Act of 2002 to be filed with the Commission.

Item 1. Business

We are one of the largest automotive retailers in the United States, operating 132 franchises at 96 dealership locations as of December 31, 2004. We offer our customers an extensive range of automotive products and services including new and used vehicles and related financing, vehicle maintenance and repair services, replacement parts and warranty, insurance and extended service contracts. For the year ended December 31, 2004, our revenues were approximately $5.3 billion and our net income was approximately $50.1 million.

We compete in a large and highly fragmented industry comprised of approximately 21,700 franchised dealerships. The U.S. automotive retailing industry is estimated to have annual sales of approximately $1 trillion, with the 100 largest dealer groups generating less than 10% of total revenues and controlling less than 10% of all franchised dealerships. We believe that further consolidation is likely due to increased capital requirements of dealerships, the number of dealership owners approaching retirement age and the limited number of viable exit strategies for dealership owners. We also believe that dealership groups with significant equity capital and experience in identifying, acquiring and professionally managing dealerships have the opportunity to acquire additional dealerships. We intend to continue to seek acquisitions, consistent with our business strategy.

Asbury Automotive Group, Inc. was incorporated in Delaware on February 15, 2002. On March 13, 2002, we effected an initial public offering of our common stock, and our stock was listed on the NYSE under the ticker symbol "ABG" on March 14, 2002. Our predecessor entity, a limited liability company, was formed in 1994 by then-current management and Ripplewood L.L.C. In 1997, an investment fund affiliated with Freeman Spogli, acquired a significant interest in us. These groups identified an opportunity to aggregate a number of the nation's top automotive dealers as one cohesive organization.

General Description of Our Operations

Our dealerships are located in 23 metropolitan markets throughout the United States. In late 2004, we began the process of reorganizing our retail network. Prior to that time, we had nine regional dealership groups or "platforms." See "—Recent Developments" below for further discussion on the reorganization. Each platform originally operated as an independent business before being acquired and integrated into our operations and each continues to enjoy high local brand name recognition. The following is a detailed breakdown of our markets and dealerships as of December 31, 2004:

Brand Names by Region	Date of Initial Acquisition	Markets	Franchises
South			
Nalley Automotive Group	September 1996	Atlanta, GA	Acura, Audi, BMW, Chrysler, Hino, Honda, Infiniti, Isuzu Truck, Jaguar, Jeep, Lexus(a), Navistar, Peterbilt, Volvo
North Point Auto Group	February 1999	Little Rock, AR	BMW, Ford, Hyundai(a), Lincoln, Mazda, Mercury, Nissan, Toyota, Volkswagen, Volvo
Florida			
Courtesy Autogroup	September 1998	Tampa, FL	Chrysler, GMC, Hyundai, Infiniti, Jeep, Kia, Lincoln(b), Mercedes-Benz, Mercury(b), Nissan, Pontiac, Toyota
Coggin Automotive Group	October 1998	Jacksonville, FL	Chevrolet, GMC(a), Honda(a), Kia, Nissan(a), Pontiac(a), Toyota
		Orlando, FL	Buick, Chevrolet, Ford, GMC, Honda(a), Lincoln, Mercury, Pontiac
		Fort Pierce, FL	BMW, Honda, Mercedes-Benz
West			
Thomason Autogroup	December 1998	Portland, OR	Ford(a), GMC(b), Honda, Hyundai(a), Pontiac(b), Toyota
Northern California Dealerships	April 2003	Fresno, CA Sacramento, CA	Mercedes-Benz, Nissan Mercedes-Benz
Spirit Automotive Group	April 2004	Rancho Santa Margarita, CA Los Angeles, CA	Nissan Dodge, Honda
David McDavid Auto Group	April 1998	Dallas/Fort Worth, TX	Acura, Buick, GMC, Honda(a), Lincoln, Mercury, Pontiac

		Houston, TX	Honda, Nissan
		Austin, TX	Acura
Mid-Atlantic			
Crown Automotive Company	December 1998	Greensboro, NC	Acura, BMW, Cadillac, Chevrolet, Chrysler, Dodge, GMC, Honda, Nissan, Pontiac, Volvo
		Chapel Hill, NC	Honda, Volvo
		Fayetteville, NC	Dodge, Ford
		Charlotte, NC	Honda
		Richmond, VA	Acura, BMW(a), Mini
		Charlottesville, VA	BMW, Porsche
		Greenville, SC	Chrysler, Jeep, Nissan
Gray-Daniels Auto Family	April 2000	Jackson, MS	Buick, Cadillac, Chevrolet, Chrysler, Ford, GMC, Jeep, Lincoln, Mercury, Nissan(a), Pontiac, Toyota
Plaza Motor Company	December 1997	St. Louis, MO	Audi, BMW, Cadillac, Infiniti, Land Rover, Lexus, Mercedes-Benz, Porsche

(a) This market has two of these franchises.

(b) Pending divestitures as of December 31, 2004.

In addition to the sale of new and used vehicles, our dealerships offer a wide range of other products and services, including repair and warranty work, replacement parts, extended warranty coverage and finance and insurance products.

New vehicle sales

Our franchises include a diverse portfolio of 33 American, European and Asian brands. In 2004, we retailed approximately 106,000 new vehicles through our dealerships. New vehicle sales were approximately 62% of our total revenues and 29% of our total gross profit for the year ended December 31, 2004. We believe that our diverse brand, product and price mix enables us to reduce our exposure to specific product supply shortages and changing customer preferences. Please see "Business Strategy—Focus on Premier Brand Mix, Strategic Markets and Diversification" below for a discussion on our diverse offering of brands and products.

Our new vehicle retail sales include new vehicle sales, new vehicle retail lease transactions and other similar agreements, which are arranged by our individual dealerships. Due to their terms, new vehicle leases, which are provided by third parties, generally cause customers to return to the market more frequently than in the case of purchased vehicles. In addition, because third party lessors frequently give our dealerships the first option to purchase vehicles returned by customers at lease-end, leases provide us with an additional source of late-model vehicles for our used vehicle inventory. Generally, leased vehicles remain under factory warranty for the term of the lease, allowing dealerships to provide repair service to the lessee throughout the lease term. Historically, approximately 1% of our new vehicle sales revenue has been derived from the sale of new vehicles to commercial customers (referred to as "fleet" sales).

Used vehicle sales

We sell used vehicles at virtually all of our franchised dealerships. Retail sales of used vehicles, which generally have higher gross margins than new vehicles, made up approximately 24% of our total revenues and 14% of our total gross profit for the year ended December 31, 2004. In 2004, we retailed approximately 61,000 used vehicles through our dealerships. Profits from the sales of used vehicles are dependent primarily on the ability of our dealerships to obtain a high quality supply of used vehicles and

effectively manage inventory. Our new vehicle operations provide our used vehicle operations with a large supply of high quality trade-ins and off-lease vehicles, which we believe are a good source of attractive used vehicle inventory. In addition, a significant portion of our used vehicle inventory is purchased at auctions restricted to new vehicle dealers (offering off-lease, rental and fleet vehicles) and "open" auctions which offer vehicles sold by other dealers and repossessed vehicles. We sell a majority of our used vehicles to retail customers. We dispose of used vehicles that are not purchased by retail customers through sales to other dealers and at auctions. The reconditioning of used vehicles also creates profitable service work for our fixed operations departments.

We intend to grow our used vehicle sales by maintaining high quality inventory across all price ranges, providing competitive prices and extended service contracts and continuing to enhance our marketing initiatives. Based on sharing of best practices among our dealerships, we have regionally centralized used car functions responsible for determining which vehicles to stock at each store.

Used vehicles are generally offered at our dealerships for not more than 60 days, after which, if they have not been sold to a retail buyer, they are either sold to an outside dealer or offered at auction. We may transfer used vehicles among dealerships to provide balanced inventories of used vehicles at each of our dealerships. We believe that acquisitions of additional dealerships will expand the internal market for the transfer of used vehicles among our dealerships and, therefore, increase the ability of each dealership to offer a balanced mix of used vehicles.

We have taken several steps towards building client confidence in our used vehicle inventory, including participation in the manufacturers' certification processes, which is available only to new vehicle franchises. These processes make certain used vehicles eligible for new vehicle benefits such as new vehicle finance rates and extended manufacturer warranties. In addition, each dealership offers customers the opportunity to purchase extended warranties, which are provided by third parties, on its used car sales.

Parts, service and collision repair

We refer to the parts, service and collision repair area of our business as "fixed operations". We sell parts and provide maintenance and repair service at all of our franchised dealerships, primarily for the vehicle brands sold at those dealerships. In addition, we maintain 22 free-standing collision repair centers in close proximity to our dealerships. Our dealerships and collision repair centers collectively operate approximately 2,200 service bays. Parts, service and collision repair centers accounted for approximately 11% of our total revenues and 39% of our total gross profit as of December 31, 2004.

Historically, fixed operations revenues have been more stable than vehicle sales. Industry-wide, parts and service revenues have consistently increased over the last 20 years primarily due to the increased cost of maintaining vehicles, the added technical complexity of vehicles and the increased number of vehicles on the road. We believe the variety and quality of extended warranty plans available for both new and used vehicles in recent years has seen progressive expansion and improvement. We believe this trend may also be a contributing factor in our fixed operations revenue growth. As of December 31, 2004, warranty work accounted for approximately 23% of our parts and service business revenue.

Historically, the automotive repair industry has been highly fragmented. However, we believe that the increased use of advanced technology in vehicles has made it difficult for independent repair shops to have the expertise required to perform major or technical repairs, especially as such repairs relate to luxury and mid-line imports which comprise a majority of our new vehicle retail sales. Additionally, many manufacturers require warranty work to be performed only at franchised dealerships. As a result, unlike independent service stations or independent and superstore used car dealerships with service operations, our franchised dealerships are qualified to perform work covered by manufacturer warranties on increasingly technologically complex motor vehicles.

We use variable rate compensation structures designed to reflect the difficulty and sophistication of different types of repairs to compensate employees working in parts and service. In addition, the profit percentages for parts vary according to market conditions and type.

One of our major goals is to retain each vehicle purchaser as a long-term customer of our parts and service departments. Currently, we estimate that approximately 30% of customers return to our dealerships for other services after the vehicle warranty expires. Therefore we believe that significant opportunity for growth exists in the maintenance services part of our business. Each dealership has systems in place to track customer maintenance records and to notify owners of vehicles purchased at the dealership when their vehicles are due for periodic services. Service and repair activities are an integral part of our overall approach to customer service.

Finance and insurance

We generally arrange for the financing of the sale or lease of new and used vehicles to customers through third party vendors. We arranged customer financing with no recourse to us on approximately 65% of the vehicles we sold during the year ended December 31, 2004. These transactions result in commissions being paid to us by the third party lenders, including manufacturer captive finance subsidiaries. To date, we have entered into "preferred lender agreements" with 17 lenders. Under the terms of the preferred lender agreements, each lender has agreed to provide a marketing fee to us above the standard commission for each loan that our dealerships place with that lender. Furthermore, many of the insurance products we sell result in additional underwriting profits and investment income yields based on portfolio performance.

We receive highly favorable pricing on these products from our vendors as a result of our size and sales volume. We earn sales-based commissions on substantially all of these products while taking virtually no risk related to loan payments, insurance payments or investment performance, which are generally borne by third parties. These commissions are subject to cancellation, in certain circumstances, if the customer cancels the contract. Our finance and insurance business generated approximately 3% of our total revenues and 18% of our total gross profit for the year ended December 31, 2004.

Recent Developments

In late 2004, we began the process of reorganizing 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), (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 in St. Louis, Missouri and our Gray Daniels dealerships operating in Jackson, Mississippi remain standalone operations. Our decision to reorganize the platforms was based on the belief that there will be a significant increase in management effectiveness, as well as added operating and cost efficiencies. The reorganization of our platforms does not change the structure of our internal organization in a manner that impacts our reporting in only one segment. Furthermore, there was no change in our financial reporting for 2004 as a result of this reorganization. However, we anticipate that changes in our management, operational and reporting structure, effective as of January 2005, and additional changes to be made in 2005, will ultimately lead us to the determination that goodwill will be evaluated at the operating segment level in the future. Please see our "Management's Discussion and Analysis of Financial Condition and Results of Operations" section below for additional discussion regarding this reorganization.

Business Strategy

Focus on Premier Brand Mix, Strategic Markets and Diversification

We classify our franchise sales lines into luxury, mid-line import, mid-line domestic, value and heavy trucks. Luxury and mid-line imports together accounted for approximately 68% of our new retail vehicle revenues as of December 31, 2004 and comprised over half of our total franchises. Over the last 15 years, luxury and mid-line imports have gained market share at the expense of mid-line domestic brands. Generally, luxury and mid-line imports generate above average gross margins and greater customer loyalty. Furthermore, customers for these brands tend to service their vehicles more frequently at a franchised dealership than customers of other brands, which makes these brands more profitable from a parts and service perspective.

The following table reflects current franchises and the share of new retail vehicle revenue represented by each class of franchise:

Class/Franchise	Number of Franchises as of December 31, 2004	% of New Retail Vehicle Revenue for the Year Ended December 31, 2004
Luxury		
BMW	7	6%
Acura	5	4
Lincoln(a)	5	1
Mercedes-Benz	5	7
Volvo	4	2
Audi	3	1
Cadillac	3	1
Infiniti	3	3
Lexus	3	5
Porsche	2	*
Jaguar	1	1
Land Rover	1	*
Total Luxury	42	31%
Mid-Line Import		
Honda	14	18%
Nissan	11	10
Toyota	5	8
Mazda	1	*
MINI	1	*
Volkswagen	1	1
Total Mid-Line Import	33	37%
Mid-Line Domestic		
GMC(a)	8	3%
Pontiac(a)	8	1
Ford	6	9
Chrysler	5	2
Mercury(a)	5	1
Chevrolet	4	3
Jeep	4	1
Buick	3	*
Dodge	3	2
Total Mid-Line Domestic	46	22%
Value		
Hyundai	5	3%
Kia	2	1
Total Value	7	4%
Heavy Trucks		
Hino	1	*%

Isuzu	1	1
Navistar	1	4
Peterbilt	1	1
Total Heavy Trucks	4	6%
TOTAL	132	100%

* Franchise accounted for less than 1% of new retail vehicle revenue for the year ended December 31, 2004.

(a) Includes one pending divestiture as of December 31, 2004.

Asbury's geographic coverage encompasses 23 different metropolitan markets at 96 locations in 11 states as of December 31, 2004: Arkansas, California, Florida, Georgia, Mississippi, Missouri, North Carolina, Oregon, South Carolina, Texas and Virginia. New vehicle sales revenue is diversified among manufacturers and for the year ended December 31, 2004, consisted of Honda (18%), Nissan (10%), Ford (9%), Toyota (8%), Mercedes-Benz (7%), BMW (6%) and Lexus (5%) representing the highest concentrations. We believe that our broad geographic coverage as well as diversification among manufacturers decreases our exposure to regional economic downturns and manufacturer-specific risks such as warranty issues or production disruption. See "Risk Factors—Risk Factors Related to our Dependence on Vehicle Manufacturers—Adverse conditions affecting one or more manufacturers may negatively impact our profitability" for a list of such manufacturer specific risks.

Each of our dealerships maintains a strong local brand that has been enhanced through local advertising over many years. We believe that our cultivation of strong local brands may be beneficial because consumers may prefer to interact with a locally recognized brand. By placing franchises in one geographic location under a single brand we expect to generate significant advertising savings and retain customers even as they purchase and service different automobile brands.

Maintain Variable Cost Structure and Emphasize Expense Control

We continually focus on controlling expenses and expanding margins at our existing dealerships and those that are integrated into our operations upon acquisition. Our variable cost structure generally helps us manage expenses in a variety of economic environments, as the majority of our operating expenses consist of incentive-based compensation, vehicle carrying costs, advertising and other variable and controllable costs. The majority of our general manager compensation and virtually all salesperson compensation are tied to profits and profit margins of the dealership. Salespersons, sales managers, service managers, parts managers, service advisors, service technicians and the majority of other non-clerical dealership personnel are paid a commission or a modest salary plus commission. In addition, dealership management compensation is tied to individual dealership profitability. We believe we can further manage these types of costs through best practices, standardization of compensation plans, controlled oversight and accountability and centralized processing systems.

Focus on Higher Margin Products and Services

While new vehicle sales are critical to drawing customers to our dealerships, used vehicle retail sales, fixed operations and finance and insurance generally provide significantly higher profit margins and account for the majority of our profitability. In addition, we have discipline-specific executives at both the corporate and dealership levels who focus on increasing the penetration of current services and expanding the breadth of our offerings to customers. While each of our dealerships operates independently in a manner consistent with its specific market's characteristics, each pursues an integrated strategy to grow these higher margin businesses to enhance profitability and stimulate internal growth.

- **Fixed Operations.** We offer parts, perform vehicle service work and operate collision repair centers, all of which provide important sources of recurring revenue with high gross profit margins. For the year ended December 31, 2004, gross profits from these businesses absorbed approximately 55.2% of our total operating expenses, including corporate office expenses and excluding salespersons' compensation. We intend to continue to grow this higher-margin business and increase this cost absorption rate by adding new service bays, increasing capacity utilization of existing service bays and ensuring high levels of customer satisfaction within our parts, service and collision repair operations. In addition, given the increased sophistication of vehicles, our repair operations provide detailed expertise and state-of-the-art diagnostic equipment that we believe independent repair shops cannot adequately provide. Our repair operations also provide

manufacturer warranty work that must be done at certified franchise dealerships, rather than through independent dealers.

- **Finance and Insurance.** We intend to continue to bolster our finance and insurance revenues by offering a broad range of conventional finance and lease alternatives to fund the purchase of new and used vehicles. In addition to offering these third party financing products, we intend to expand our already broad offering of third party products such as credit insurance, extended service contracts, maintenance programs and a host of other niche products to meet all of our customer needs on a "one stop" shopping basis. Moreover, continued in-depth sales training efforts and innovative computer technologies will serve as important tools in growing our finance and insurance profitability. We have increased platform finance and insurance revenue per vehicle retailed to $848 for the year ended December 31, 2004 from $756 for the year ended December 31, 2002. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Reconciliation of Non-GAAP Financial Information." We have successfully increased our platform finance and insurance revenue per vehicle retailed each year since our inception.

Local Management of Dealership Operations and Centralized Administrative and Strategic Functions

We believe that local management of dealership operations enables our retail network to provide market-specific responses to sales, customer service and inventory requirements. Our dealerships are operated as distinct profit centers in which the general managers are responsible for the operations, personnel and financial performance of their dealerships as well as other day-to-day operations. Our local management teams' familiarity with their markets enables them to effectively run day-to-day operations, market to customers, recruit new employees and gauge acquisition opportunities in these markets. The general manager of each dealership is supported by a management team consisting, in most cases, of a new vehicle sales manager, a used vehicle sales manager, a finance and insurance manager, a parts manager and service managers. We have a management structure that is intended to promote and reward entrepreneurial spirit and the achievement of team goals and is complemented by regionally centralized technology and financial controls, as well as sharing best practices and market intelligence throughout the organization. See "—Experienced and 'Incentivized' Corporate and Dealership Management" below for a discussion of the incentive-based pay system for management at our corporate office and at our dealerships.

We employ professional management practices in all aspects of our operations, including information technology and employee training. Our dealership operations are complemented by regionally centralized technology and strategic and financial controls, as well as shared market intelligence throughout the organization. Corporate and dealership management utilize computer-based management information systems to monitor each dealership's sales, profitability and

inventory on a regular basis. We believe the application of professional management practices provides us with a competitive advantage over many independent dealerships. In addition, the corporate headquarters coordinates a peer review process in which regional dealership management formulates goals and addresses best practices, operational challenges and successes for other dealerships in our retail network. On a rotating basis, each regional group's operations are examined in detail by management from other regions. Through this process, we identify areas for improvement and disseminate best practices company-wide.

Our corporate headquarters are located in New York, New York. The corporate office is responsible for the capital structure of the business and its expansion and operating strategy. The implementation of our operational strategy rests with each dealership management team based on the policies and procedures set forth by the corporate office.

Experienced and "Incentivized" Corporate and Dealership Management

We have a management team with extensive experience and expertise in the retail and automotive sectors. Kenneth B. Gilman, our president and chief executive officer, served for 25 years at Limited Brands (formerly, The Limited, Inc.) where his last assignment was as chief executive officer of Lane Bryant, a retailer of women's clothing and a subsidiary of Limited Brands. From 1993 to 2001, Mr. Gilman served as vice chairman and chief administrative officer of Limited Brands with responsibility for, among other things, finance, information technology, supply chain management and production. Robert D. Frank, our senior vice president of automotive operations, has spent most of his 36-year career working in all aspects of automotive operations, including serving from 1993 to 1997 as chief operating officer of the Larry H. Miller Group, an operator of more than 20 auto dealerships, and as vice president of Chrysler's Asian operations. J. Gordon Smith has served as our senior vice president and chief financial officer since September 2003. He joined us following over 26 years with General Electric Company ("GE"). During his last twelve years at GE he served as chief financial officer for three of GE's commercial finance businesses: Corporate Financial Services, Commercial Equipment Finance and Capital Markets. Furthermore, we believe that our leadership at the store level represents some of the best talent in the industry. Our regional chief executive officers and store general managers are proven leaders in their local markets and have many years of experience in the automotive retail industry. In addition, our continued focus on college recruiting, training, development, and retention is designed to maintain our talented management pool.

We tie compensation of our senior dealership management to performance by relying upon an incentive-based pay system. We compensate our general managers based on dealership profitability, and our department managers and salespeople are similarly compensated based upon departmental profitability and individual performance.

Continued Growth Through Targeted Acquisitions

We intend to continue to grow through acquisitions. We will pursue tuck-in acquisitions to complement our current dealerships by increasing brand diversity, market coverage and products and services offered. We will also seek to establish a presence in new markets through the purchase of multiple individual franchises or through the acquisition of large, profitable and well-managed dealership groups with leading market positions.

- **Tuck-In Acquisitions.** One of our goals is to become the market leader in every region in which we operate. We plan to acquire additional dealerships in each of the markets in which we operate to increase our brand mix, products and services offered in that market. Tuck-in acquisitions are typically re-branded immediately and operate thereafter under the respective local brand name. We believe that these acquisitions have facilitated, and will continue to facilitate, our regional operating efficiencies and cost savings. In addition, we have generally been able to improve the gross profit of tuck-in dealerships within twelve months following an acquisition. We believe this is due to improvements in the number of finance and insurance products sold per vehicle retailed, greater utilization of service bays, improved management practices and enhanced unit sales volumes related to the strength of our local brand names.
- **Platform Acquisitions.** We will seek to establish a presence in new geographic markets through multiple purchases of individual franchises over time, or through acquisitions of large, profitable and well-managed dealership groups with leading market positions. We target metropolitan and high-growth suburban markets in which we are not currently present and platforms with superior operational and financial management personnel. We believe that the retention of existing high-quality management who understand the local market enables acquired platforms to continue to operate efficiently, while allowing us to effectively expand our operations through future

acquisitions without having to employ and train new personnel. We also believe retention of the local, established brand name is important to attracting a broad and loyal customer base. We believe we are able to pursue larger, established acquisition candidates as a result of our platform management retention strategies, the reputation of our existing and former platform managers as leaders in the automotive retailing industry, our size and our financial resources.

- **Focus on Acquisitions Providing Geographic and Brand Diversity.** By focusing on geographic and brand diversity, we seek to manage economic risk and drive growth and profitability. By having a presence in all major brands and by avoiding concentration with one manufacturer, we are well-positioned to reduce our exposure to specific product supply shortages and changing customer preferences. At the same time, we will seek to continue to increase the proportion of our dealerships that are in markets with favorable demographic characteristics or that are franchises of fast-growing, high-margin brands.

Commitment to Customer Service

We are focused on providing a high level of customer service to meet the needs of an increasingly sophisticated and demanding automotive consumer. We attempt to design our dealership service to meet the needs of our customers and establish relationships that will result in both repeat business and additional business through customer referrals. Furthermore, we incentivize our dealership managers to employ more efficient selling approaches, engage in extensive follow-up to develop long-term relationships with customers and extensively train our sales staff to be able to meet customer needs. We continually evaluate innovative ways to improve the buying experience for our customers and believe that our ability to share best practices across our dealerships gives us an advantage over independent dealerships. In addition, our dealerships regard service and repair operations as an integral part of the overall approach to customer service, providing an opportunity to foster ongoing relationships with customers and deepen loyalty.

Marketing

Our advertising and marketing efforts are focused at the local market level, with the aim of building our business with a broad base of repeat, referral and new customers. Our primary advertising medium is local newspapers, followed by radio, television, direct mail, the Internet and the yellow pages. The retail automotive industry has traditionally used locally produced, largely non-professional materials, often developed under the direction of each dealership's general manager. We have created common marketing materials for our brand names using professional advertising agencies. Our sales and marketing department helps oversee and share creative materials and general marketing best practices across our dealerships. Our total company marketing expense was $57.0 million for the year ended December 31, 2004,

which translates into an average of $340 per retail vehicle sold. In addition, manufacturers' direct advertising spending in support of their brands has been historically a significant component of the total amount spent on new car advertising in the United States.

Management Information Systems

We consolidate financial, accounting and operational data received from our dealers nationwide through an exclusive private communication network.

The data from the dealers is gathered and processed through their individual dealer management system. Our dealers use software from ADP, Inc., Reynolds & Reynolds, Co. or UCS, Inc. as their dealer management system. Our systems approach allows us to choose the dealer management system that best fit our daily operational needs. We aggregate the information from the dealer systems at our corporate headquarters to create one single view of the business using Hyperion financial products.

Our information technology approach enables us to quickly integrate and aggregate the information from a new acquisition. By creating a connection over our private network between the dealer management system and corporate Hyperion financial products, corporate management can quickly view the financial, accounting and operational data of the newly acquired dealer. Therefore, we are able to efficiently integrate the acquired dealer into our operations. Hyperion's products allow us to easily and quickly review operating and financial data at a variety of levels. For example, from our headquarters, management can review the performance of any specific department (*e.g.*, parts and services) at any particular dealership. This system also allows us to quickly compile and monitor our consolidated financial results.

Competition

In new vehicle sales, our dealerships compete primarily with other franchised dealerships in their regions. We do not have any cost advantage in purchasing new vehicles from the manufacturers. Instead, we rely on advertising and merchandising, sales expertise, service reputation, strong local brand names and location of our dealerships to sell new vehicles. In recent years, automobile dealers have also faced increased competition in the sale or lease of new vehicles from independent leasing companies, on-line purchasing services and warehouse clubs. Our used vehicle operations compete with other franchised dealers, independent used car dealers, automobile rental agencies and private parties for supply and resale of used vehicles. See "Risk Factors—Risks Related to Competition-Substantial competition in automobile sales may adversely affect our profitability."

We compete with other franchised dealers to perform warranty repairs and with other automobile dealers, franchised and independent service centers for non-warranty repair and routine maintenance business. We compete with other automobile dealers, service stores and auto parts retailers in our parts operations. We believe that the principal competitive factors in parts and service sales are the use of factory-approved replacement parts, price, the familiarity with a manufacturer's brands and models, and the quality of customer service. A number of regional and national chains as well as some competing franchised dealers may offer certain parts and services at prices that may be lower than our prices.

In arranging financing for our customers' vehicle purchases, we compete with a broad range of financial institutions. In addition, financial institutions are now offering finance and insurance products through the Internet, which may reduce our profits on these items. We believe that the principal competitive factors in providing financing are convenience, interest rates and flexibility in contract length.

In the acquisition area, we compete with other national dealer groups and individual investors for acquisitions. Some of our competitors may have greater financial resources and competition may increase acquisition pricing.

Dealer and Framework Agreements

Each of our dealerships operates pursuant to a dealer agreement between the dealership and the manufacturer (or in some cases the distributor) of each brand of new vehicles sold at the dealership. In addition, in connection with our heavy trucks business in Atlanta, Georgia, certain dealerships have entered into dealer agreements pursuant to which they provide factory authorized service and warranty repairs on vehicle brands that they are not also authorized to sell. Our typical dealer agreement specifies the locations at which the dealer has the right and obligation to sell the manufacturer's vehicles and related parts and products and/or to perform certain approved services and governs the use of the manufacturer's trademarks and service marks.

The allocation of new vehicles among dealerships is subject to the discretion of the manufacturer, and generally does not guarantee the dealership exclusivity within a given territory. Most dealer agreements

impose requirements on virtually every aspect of the dealer's operations. For example, most of our dealer agreements contain provisions and standards related to inventories of new vehicles and manufacturer replacement parts, the maintenance of minimum net working capital and in some cases minimum net worth, the achievement of certain sales and customer satisfaction targets, advertising and marketing practices, facilities, signs, products offered to customers, dealership management, personnel training, information systems and dealership monthly and annual financial reporting.

In addition to requirements under dealer agreements, we are subject to additional provisions contained in supplemental agreements, framework agreements, dealer addenda and manufacturers' policies, collectively referred to as "framework agreements". Framework agreements impose additional requirements similar to those discussed above. Such agreements also define other standards and limitations including company-wide performance criteria, capitalization requirements, limitations on changes in our ownership or management, limitations on the number of a particular manufacturer's franchises owned by us, restrictions or prohibitions on our ability to pledge the stock of certain of our subsidiaries or have these subsidiaries guarantee payment of certain obligations, and conditions for consent to proposed acquisitions, including limitations on the total local, regional and national market share percentage that would be represented by a particular manufacturer's franchises owned by us after giving effect to a proposed acquisition.

Some dealer agreements and framework agreements grant the manufacturer the right to purchase its dealerships from us under certain additional circumstances, including the dealerships' failure to meet the manufacturer's capitalization or working capital requirements or operating guidelines, our failure to meet certain financial requirements, the occurrence of an extraordinary corporate transaction (at our parent entity level or dealership operating entity level) without the manufacturer's prior consent, a material breach of the framework agreement, or acceleration of obligations under our credit facility (the "Committed Credit Facility") with Ford Motor Credit Company, General Motors Acceptance Corporation and DaimlerChrysler Services North America, LLC (the "Lenders"), our 9% Senior Subordinated Notes due 2012 or our 8% Senior Subordinated Notes due 2014. Some of our dealer agreements and framework agreements also give the manufacturer a right of first refusal if we propose to sell any dealership representing the manufacturer's brands to a third party. These agreements may also attempt to limit the protections available under state dealer laws and require us to resolve disputes through binding arbitration.

Provisions for Termination or Non-renewal of Dealer and Framework Agreements. Certain of our dealer agreements expire after a specified period of time, ranging from one year to six years, while other of our agreements have a perpetual term. We expect to renew expiring agreements in the ordinary course of business. However, typical dealer agreements provide for termination or non-renewal by the manufacturer under certain circumstances, including:

- insolvency or bankruptcy of the dealership;
- failure to adequately operate the dealership or to maintain required capitalization levels;
- impairment of the reputation or financial condition of the dealership;
- change of control of the dealership without manufacturer approval;
- failure to complete facility upgrades required by the manufacturer or agreed to by the dealer; or
- material breach of other provisions of a dealer agreement.

See "Risk Factors—Risk Factors Related to Our Dependence on Vehicle Manufacturers—If we fail to obtain renewals of one or more of our dealer agreements on favorable terms, if certain of our franchises are terminated, or if certain manufacturers' rights under their agreements with us are triggered, our

operations may be adversely affected," for a further discussion of the risks related to the termination or non-renewal of our dealer and framework agreements.

Manufacturers' Limitations on Acquisitions. Our dealer agreements and framework agreements typically require us to maintain certain performance standards and obtain the consent of the applicable manufacturer before we can acquire any additional dealership franchises. A majority of these agreements impose limits on the number of dealerships we are permitted to own at the metropolitan, regional and national levels. These limits vary according to the agreements we have with each of the manufacturers but are generally based on fixed numerical limits or on a fixed percentage of the aggregate sales of the manufacturer. Under our current framework and dealer agreements, we are close to our franchise ceiling with Toyota, Lexus, Jaguar and Acura. As a result of certain performance deficiencies asserted by Ford, we are currently ineligible to acquire additional Ford dealerships and we do not anticipate regaining such eligibility any time in the foreseeable future. However, we do not believe our inability to acquire additional Ford dealerships will have a material affect on our business. From time to time certain other manufacturers also assert sales and customer satisfaction and other deficiencies at certain of our dealerships causing us to be ineligible to acquire certain additional dealerships until such deficiencies have been remedied or relief from such requirements can be negotiated. It is our practice to cooperate with these manufacturers to correct the asserted performance and other issues, including at times entering into supplemental "action plan" agreements detailing the steps we will take and in some cases specifying the timeframes in which we plan to achieve improved performance at these dealerships. Unless we negotiate favorable terms with, or receive the consent of, the manufacturers, we may be prevented from making further acquisitions upon reaching the limits or if we fail to maintain performance standards provided for in the framework agreements. See also "Risk Factors—Risk Factors Related to Our Dependence on Vehicle Manufacturers—Manufacturers' restrictions on acquisitions may limit our future growth."

State Dealer Laws. We operate in states that have state dealer laws limiting manufacturers' ability to terminate dealer agreements. However, some framework agreements attempt to limit the protection of state dealer laws. We are basing the following discussion of state dealer laws on our understanding of these laws. Furthermore, we cannot predict to what degree we will be entitled to state dealer law protections as a result of provisions in our framework agreements that purport to limit our state law rights.

State dealer laws generally provide that it is a violation for manufacturers to terminate or refuse to renew dealer agreements unless they provide written notice to the dealers setting forth "good cause" and stating the grounds for termination or nonrenewal. State dealer laws typically require reasonable advance notice to dealers prior to termination or nonrenewal of a dealer agreement. Some state dealer laws allow dealers to file protests or petitions within the notice period and allow dealers an opportunity to cure non-compliance with the manufacturers' criteria. These statutes also provide that manufacturers are prohibited from unreasonably withholding approval for a proposed change in ownership of the dealership. In several states, acceptable grounds for disapproval are limited to material reasons relating to the character, financial ability or business experience of the proposed transferee and may also include current performance of the proposed transferee in operating other dealerships of the same manufacturer. See "Risk Factors—Risks Related to Our Dependence On Vehicle Manufacturers—If state dealer laws are repealed or weakened or superceded by our framework agreements with manufacturers, our dealerships will be more susceptible to termination, non-renewal or renegotiation of their dealer agreements."

Governmental Regulations

We are subject to extensive federal, state and local regulations governing our marketing, advertising, selling, leasing, financing and servicing of motor vehicles and related products. Our dealerships also are subject to state laws and regulations generally relating to corporate entities.

Under various state laws, each of our dealerships must obtain a license in order to establish, operate or relocate a dealership or provide certain automotive repair services. These laws also regulate conduct of our businesses, including advertising and sales practices. Other states into which we may expand our operations in the future are likely to have similar requirements.

The sales of financing products to our customers are subject to federal, state and local laws and regulations regarding truth-in-lending, deceptive and unfair trade practices, leasing, equal credit opportunity, motor vehicle finance, installment sales, insurance and usury. Some states regulate finance fees and other charges that may be charged in connection with vehicle sales. Penalties for violation of any of these laws or regulations may include revocation of necessary licenses, injunctive relief, assessment of criminal and civil fines and penalties, and in certain instances, create a private cause of action for individuals. We believe that we comply substantially with all laws and regulations affecting our business and do not have any material liabilities under such laws and regulations and that compliance with all such laws and regulations will not, individually or in the aggregate, have a material adverse effect on our capital expenditures, earnings or competitive position. See "Risk Factors—Other Risks Related to Our Business—Governmental regulations and environmental regulation compliance costs may adversely affect our profitability."

Environmental Matters

We are subject to a wide range of environmental laws and regulations, including those governing discharges into the air and water, the storage of petroleum substances and chemicals, the handling and disposal of wastes and the remediation of contamination. As with automobile dealerships generally, and service and parts and collision repair center operations in particular, our business involves the generation, use, handling and disposal of hazardous or toxic substances and wastes. Operations involving the management of wastes are subject to requirements of the Federal Resource Conservation and Recovery Act and comparable state statutes.

Pursuant to these laws, federal and state environmental agencies have established approved methods for handling, storage, treatment, transportation and disposal of regulated substances and wastes with which we must comply.

Our business also involves the use of above ground and underground storage tanks. Under applicable laws and regulations, we are responsible for the proper use, maintenance and abandonment of our regulated storage tanks and for remediation of subsurface soils and groundwater impacted by releases from existing or abandoned storage tanks. In addition to these regulated tanks, we own, operate, or have otherwise closed in place other underground and above ground devices or containers (such as automotive lifts and service pits) that may not be classified as regulated tanks, but which could or may have released stored materials into the environment, thereby potentially obligating us to clean up any soils or groundwater resulting from such releases.

We are also subject to laws and regulations governing remediation of contamination at or from our facilities or to which we send hazardous or toxic substances or wastes for treatment, recycling or disposal. The Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, also known as the "Superfund" law, imposes liability, without regard to fault or the legality of the original conduct, on those that are considered to have contributed to the release of a "hazardous substance". Responsible parties include the owner or operator of the site or sites where the release occurred and companies that disposed or arranged for the disposal of the hazardous substances released at such sites. These responsible parties may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances. Currently, we are not subject to any material "Superfund" liabilities.

Further, the Federal Clean Water Act and comparable state statutes prohibit discharges of pollutants into regulated waters without the necessary permits, require containment of potential discharges of oil or hazardous substances and require preparation of spill contingency plans. We believe that we are in material compliance with those wastewater discharge requirements as well as requirements for the containment of potential discharges and spill contingency planning.

Environmental laws and regulations are very complex and it has become difficult for businesses that routinely handle hazardous and non-hazardous wastes to achieve and maintain full compliance with all applicable environmental laws. From time to time we experience incidents and encounter conditions that will not be in compliance with environmental laws and regulations. However, none of our dealerships has been subject to any material environmental liabilities in the past, nor do we know of any fact or condition that would result in any material environmental liabilities being incurred in the future. Nevertheless, environmental laws and regulations and their interpretation and enforcement are changed frequently and we believe that the trend of more expansive and stricter environmental legislation and regulations is likely to continue. Hence, there can be no assurance that compliance with environmental laws or regulations or the future discovery of unknown environmental conditions will not require additional expenditures by us, or that such expenditures would not be material. See "Risk Factors—Other Risks Related to Our Business—Governmental regulations and environmental regulation compliance costs may adversely affect our profitability."

Employees

As of December 31, 2004, we employed approximately 8,700 persons. We believe our relationship with our employees is favorable. Currently, certain employees of one of our dealerships are represented by a labor union. In the future, we may acquire additional businesses that have unionized employees. Certain of our facilities are located in areas of high union concentration, and such facilities are susceptible to union-organizing activity. In addition, because of our dependence on vehicle manufacturers, we may be affected adversely by labor strikes, work slowdowns and walkouts at vehicle manufacturers' production facilities and transportation modes.

Insurance

Because of their vehicle inventory and nature of business, automobile retail dealerships generally require significant levels of insurance covering a broad variety of risks. Our insurance program includes multiple umbrella policies with a total per occurrence and aggregate limit of $100.0 million. We also have directors and officers insurance, real property insurance, comprehensive coverage for our vehicle inventory, garage liability, general liability insurance and employee dishonesty insurance.

Risk Factors

In addition to the other information in this report, you should consider carefully the following risk factors when evaluating our business.

RISK FACTORS RELATED TO OUR DEPENDENCE ON VEHICLE MANUFACTURERS

If we fail to obtain renewals of one or more of our dealer agreements on favorable terms, if certain of our franchises are terminated, or if certain manufacturers' rights under their agreements with us are triggered, our operations may be adversely affected.

Each of our dealerships operates under the terms of a dealer agreement with the manufacturer (or manufacturer-authorized distributor) of each new vehicle brand it carries. Our dealerships may obtain new vehicles from manufacturers, sell new vehicles and display vehicle manufacturers' trademarks only to the

extent permitted under dealer agreements. As a result of the terms of our dealer agreements and our dependence on these franchise rights, manufacturers exercise a great deal of control over our day-to-day operations and the terms of our dealer agreements govern key aspects of our operations, acquisition strategy and capital spending.

Most of our dealer agreements provide the manufacturer with the right to terminate the agreement or refuse to renew it after the expiration of the term of the agreement under specified circumstances. We cannot assure you we will be able to renew any of our existing dealer agreements or that we will be able to obtain renewals on favorable terms. Specifically, many of our dealer agreements provide that the manufacturer may terminate the agreement or direct us to divest the subject dealership if there is a change of control of the dealership. Some of our dealer agreements also provide the manufacturer with the right of first refusal to purchase from us any franchise we seek to sell. Provisions such as these may provide manufacturers with superior bargaining positions in the event that they seek to terminate our dealer agreements or renegotiate the agreements on terms that are disadvantageous to us. Our results of operations may be materially and adversely affected to the extent that our franchise rights become compromised or our operations restricted due to the terms of our dealer agreements or if we lose franchises representing a significant source of our revenues.

In addition, we have agreements with Toyota which provide that in the event that our payment obligations under our Committed Credit Facility or our 9% Senior Subordinated Notes due 2012 (the "9% Notes") are accelerated or demand for payment is made under our subsidiaries' guarantees of the Committed Credit Facility or

our 9% Notes, Toyota will have the right to purchase our Toyota and Lexus dealerships for cash at their fair market value, unless the acceleration or demand is waived within a cure period of no less than 30 days after Toyota's notification of its intent to exercise its right to purchase. If fair market value cannot be agreed by the parties, it will be determined by an independent nationally recognized and experienced appraiser. We also have an agreement with Ford that provides if any of the lenders of our Committed Credit Facility or floor plan facilities accelerate those payment obligations, or if we are notified of any default under our Committed Credit Facility, then Ford may exercise its right to acquire our Ford, Lincoln and Mercury dealerships for their fair market value.

Our failure to meet manufacturer consumer satisfaction, financial or sales performance requirements may adversely affect our ability to acquire new dealerships and our profitability.

Many manufacturers attempt to measure customers' satisfaction with their experience in our sales and service departments through rating systems that are generally known as consumer satisfaction indexes ("CSI"), augmenting manufacturers' monitoring of dealerships' financial and sales performance. At the time we acquire a dealership or enter into a new dealership or framework agreement, several manufacturers establish certain sales or performance criteria for that dealership, in some cases in the form of a business plan. In the event that that dealership is unable to meet these goals, we may be prevented from making future acquisitions, which would have an adverse effect on our ability to grow. Manufacturers may use these performance indicators, as well as sales performance numbers, as factors in evaluating applications for acquisitions. The components of these performance indicators have been modified by various manufacturers from time to time in the past, and we cannot assure you that these components will not be further modified or replaced by different systems in the future. Some of our dealerships have had difficulty from time to time meeting these standards. We cannot assure you that we will be able to comply with these standards in the future. A manufacturer may refuse to consent to our acquisition of one of its franchises if it determines our dealerships do not comply with its performance standards. This may impede our ability to execute our acquisition strategy. In addition, we receive payments from certain manufacturers based, in part, on CSI scores, and future payments may be materially reduced or eliminated if our CSI scores decline.

Manufacturers' restrictions on acquisitions may limit our future growth.

We are generally required to obtain manufacturer consent before we can acquire any additional dealerships. In addition, many of our dealer and framework agreements require that we meet certain customer service and sales performance standards as a condition to additional dealership acquisitions. We cannot assure you that we will meet these performance standards and that manufacturers will consent to future acquisitions, which may deter us from being able to take advantage of market opportunities and restrict our ability to expand our business. The process of applying for and obtaining manufacturer consents can take a significant amount of time, generally 60 to 90 days or more. Delays in consummating acquisitions caused by this process may negatively affect our ability to acquire dealerships that we believe will produce acquisition synergies and integrate well to our overall growth strategy. In addition, manufacturers typically establish minimum capital requirements for each of their dealerships on a case-by-case basis. As a condition to granting consent to a proposed acquisition, a manufacturer may require us to remodel and upgrade our facilities and capitalize the subject dealership at levels we would not otherwise choose, causing us to divert our financial resources from uses that management believes may be of higher long-term value to us. Furthermore, the exercise by manufacturers of their right of first refusal to acquire a dealership may prevent us from acquiring dealerships that we have identified as important to our growth, thereby having an adverse affect on our business.

Many vehicle manufacturers place limits on the total number of franchises that any group of affiliated dealerships may obtain. Certain manufacturers place limits on the number of franchises or share of total brand vehicle sales maintained by an affiliated dealership group on a national, regional or local basis. Manufacturers may also tailor these types of restrictions to particular dealership groups. Because of our current franchise mix, we are close to our franchise ceilings with Toyota, Lexus, Acura and Jaguar. If we reach these franchise ceilings discussed above, we may be prevented from making further acquisitions, which could affect our growth. While we have not reached a numerical limit with Ford, we have a dispute over whether our performance should limit additional acquisitions at this time. However, we do not believe our inability to acquire additional Ford dealerships will have a material affect on our business.

If state dealer laws are repealed, weakened or superseded by our framework agreements with manufacturers, our dealerships will be more susceptible to termination, non-renewal or renegotiation of their dealer agreements.

State dealer laws generally provide that a manufacturer may not terminate or refuse to renew a dealer agreement unless it has first provided the dealer with written notice setting forth "good cause" and stating the grounds for termination or non-renewal. Some state dealer laws allow dealers to file protests or petitions or attempt to comply with the manufacturer's criteria within the notice period to avoid the termination or non-renewal. Though unsuccessful to date, manufacturers' lobbying efforts may lead to the repeal or revision of state dealer laws. We have framework agreements with certain of our manufacturers. Among other provisions, these agreements attempt to limit the protections available to dealers under state dealer laws. If dealer laws are repealed in the states in which we operate, manufacturers may be able to terminate our franchises without providing advance notice, an opportunity to cure or a showing of good cause. Without the protection of state dealer laws, it may also be more difficult for our dealers to renew their dealer agreements upon expiration. In addition, in some states these laws restrict the ability of automobile manufacturers to compete directly in the retail market. If manufacturers obtain the ability to directly retail vehicles and do so in our markets, such competition could have a material adverse effect on us. See "Business—Dealer and Framework Agreements—State Dealer Laws."

Manufacturers' restrictions regarding a change in our stock ownership may result in the termination or forced sale of our franchises, which could have a material adverse effect on our ability to grow and may adversely impact the value of our common stock.

Some of our dealer agreements with manufacturers prohibit transfers of any ownership interests of a dealership or, in some cases, its parent, without manufacturer consent. Our agreements with several manufacturers provide that, under certain circumstances, we may lose (either through termination or forced sale) the franchise if a person or entity acquires an ownership interest in us above a specified level (ranging from 20% to 50% depending on the particular manufacturer's restrictions) or if a person or entity acquires the right to vote 20% or more of our common stock without the approval of the applicable manufacturer. This trigger level can fall to as low as 5% if another vehicle manufacturer or a person with a criminal record is the entity acquiring the ownership interest or voting rights. One manufacturer, Toyota, in addition to imposing the restrictions previously mentioned, provides that we may be required to sell our Toyota franchises (including Lexus) if without its consent the owners of our equity prior to our initial public offering cease to control a majority of our voting stock or if Timothy C. Collins ceases to indirectly control us.

Violations by our stockholders of these ownership restrictions are generally outside of our control and may result in the termination or non-renewal of our dealer and framework agreements or forced sale of one or more franchises, which may have a material adverse effect on us. These restrictions may also prevent or deter prospective acquirers from acquiring control of us and, therefore, may adversely impact the value of our common stock.

Our dealers depend upon vehicle sales and, therefore, their success depends in large part upon customer demand for the particular vehicle lines they carry.

The success of our dealerships depends in large part on the overall success of the vehicle lines they carry. New vehicle sales generate the majority of our total revenue and lead to sales of higher-margin products and services such as finance and insurance products and parts and service operations. Although we have sought to limit our dependence on any one vehicle brand, we have focused our new vehicle sales operations in mid-line import and luxury brands.

For the year ended December 31, 2004, brands representing 5% or more of our revenues from new vehicle retail sales were as follows:

Brand	% of Total New Vehicle Retail Sales
Honda	18%
Nissan	10%
Ford	9%
Toyota	8%
Mercedes-Benz	7%
BMW	6%
Lexus	5%

No other brand accounted for more than 5% of our total new vehicle retail sales revenue for the year ended December 31, 2004.

If we fail to obtain a desirable mix of popular new vehicles from manufacturers, our profitability will be negatively impacted.

We depend on manufacturers to provide us with a desirable mix of popular new vehicles. Typically, popular vehicles produce the highest profit margins but tend to be the most difficult to obtain from

manufacturers. Manufacturers generally allocate their vehicles among their franchised dealerships based on the sales history of each dealership. If our dealerships experience prolonged sales slumps, those manufacturers will cut back their allotments of popular vehicles to our dealerships and new vehicle sales and profits may decline.

If automobile manufacturers discontinue incentive programs, our sales volumes may be materially and adversely affected.

Our dealerships depend on manufacturers for certain sales incentives, warranties and other programs that are intended to promote and support new vehicle sales. Manufacturers often make many changes to their incentive programs during each year. Some key incentive programs include:

- customer rebates on new vehicles;
- dealer incentives on new vehicles;
- special financing or leasing terms; and
- warranties on new and used vehicles.

A reduction or discontinuation of key manufacturers' incentive programs may reduce our new vehicle sales volume resulting in decreased vehicle sales and related revenues.

Adverse conditions affecting one or more manufacturers may negatively impact our profitability.

The success of each of our dealerships depends to a great extent on vehicle manufacturers':

- financial condition;
- marketing efforts;
- vehicle design;
- production capabilities;
- reputation;
- management; and
- labor relations.

Adverse conditions affecting these and other important aspects of manufacturers' operations and public relations may adversely affect our ability to market their automobiles to the public and, as a result, significantly and detrimentally affect our profitability.

RISKS RELATED TO OUR ACQUISITION STRATEGY

If we are unable to acquire and successfully integrate additional dealerships, we will be unable to realize desired results from our growth through acquisition strategy and acquired operations will drain resources from comparatively profitable operations.

We believe that the automobile retailing industry is a mature industry in which we expect relatively slow growth in industry unit sales. Accordingly, we believe that our future growth depends in large part on our ability to acquire additional dealerships, manage expansion, control costs in our operations and consolidate acquired dealerships into our organization. In pursuing our strategy of acquiring other dealerships, we face risks commonly encountered with growth through acquisitions. These risks include, but are not limited to:

- failing to obtain manufacturers' consents to acquisitions of additional franchises;

- incurring significant transaction related costs for both completed and failed acquisitions;
- incurring significantly higher capital expenditures and operating expenses;
- failing to integrate the operations and personnel of the acquired dealerships;

· incurring undiscovered liabilities at acquired dealerships;

· disrupting our ongoing business and diverting our management resources;

· impairing relationships with employees, manufacturers and customers as a result of changes in management; and

· incorrectly valuing acquired entities.

We may not adequately anticipate all the demands that our growth will impose on our personnel, procedures and structures, including our financial and reporting control systems, data processing systems and management structure. Moreover, our failure to retain qualified management personnel at any acquired dealership may increase the risk associated with integrating the acquired dealership. If we cannot adequately anticipate and respond to these demands, we may fail to realize acquisition synergies and our resources will be focused on incorporating new operations into our structure rather than on areas that may be more profitable. If we incorrectly value acquisition targets or fail to successfully integrate acquired businesses we may be required to take write downs of the goodwill attributed to the acquired businesses, which could be significant. See "Risk Factors Related to our Dependence on Vehicle Manufacturers—Manufacturers' restrictions on acquisitions may limit our future growth."

We may be unable to capitalize on acquisition opportunities because of financing constraints.

We have substantial indebtedness and, as a result, significant debt service obligations. Our substantial indebtedness could limit the future availability of debt financing to fund acquisitions. We would like the ability to finance our platform acquisitions in part by issuing shares of our common stock. The extent to which we will be able or willing to issue common stock for acquisitions will depend on the market value of our common stock from time to time and the willingness of potential acquisition candidates to accept common stock as part of the consideration for the sale of their businesses. We may also be prevented from issuing shares of common stock to finance acquisitions because of manufacturers' stock ownership restrictions under our dealer agreements. See "Risk Factors Related to our Dependence on Vehicle Manufacturers—Manufacturers' restrictions regarding a change in our stock ownership may result in the termination or forced sale of our franchises, which could have a material adverse effect on our ability to grow and may adversely impact the value of our common stock."

We cannot assure you that we will be able to obtain additional capital in the future by issuing stock or additional debt securities, and using cash to complete acquisitions may substantially limit our operating or financial flexibility or our ability to meet our debt service obligations. Furthermore, if we are unable to obtain financing on acceptable terms, we may be required to reduce the scope of our presently anticipated expansion, which may materially and adversely affect our growth strategy.

The competition with other dealer groups to acquire automotive dealerships is intense, and we may not be able to fully implement our growth through acquisition strategy if attractive targets are acquired by competing groups or priced out of our reach due to competitive pressures.

We believe that the United States automotive retailing market is fragmented and offers many potential acquisition candidates that meet our targeting criteria. However, we compete with several other national, regional and local dealer groups, some of which may have greater financial and other resources. Competition with existing dealer groups and dealer groups formed in the future for attractive acquisition

targets may result in fewer acquisition opportunities and increased acquisition costs. We will have to forego acquisition opportunities to the extent that we cannot negotiate acquisitions on acceptable terms.

RISKS RELATED TO COMPETITION

Substantial competition in automobile sales and services may adversely affect our profitability.

The automotive retailing and servicing industry is highly competitive with respect to price, service, location and selection. Our competition includes:

· franchised automobile dealerships in our markets that sell the same or similar new and used vehicles that we offer;

· other national or regional affiliated groups of franchised dealerships;

· privately negotiated sales of used vehicles;

· Internet-based vehicle brokers that sell vehicles obtained from franchised dealers directly to consumers;

· sales of used vehicles by rental car companies;

· service center chain stores; and

· independent service and repair shops.

We do not have any cost advantage in purchasing new vehicles from manufacturers. We typically rely on advertising, merchandising, sales expertise, service reputation and dealership location to sell new and used vehicles. Our dealer agreements do not grant us the exclusive right to sell a manufacturer's product within a given geographic area. Our revenues or profitability may be materially and adversely affected if competing dealerships expand their market share or are awarded additional franchises by manufacturers that supply our dealerships.

RISKS RELATED TO THE AUTOMOTIVE INDUSTRY

Our business will be harmed if overall consumer demand suffers from a severe or sustained downturn.

Our business is heavily dependent on consumer demand and preferences. Our revenues will be materially and adversely affected if there is a severe or sustained downturn in overall levels of consumer spending. Retail vehicle sales are cyclical and historically have experienced periodic downturns characterized by oversupply and weak demand. These cycles are often dependent on general economic conditions and consumer confidence, as well as the level of discretionary personal income, credit availability and interest rates. Future recessions may have a material adverse effect on our retail business, particularly sales of new and used automobiles. In addition, severe or sustained increases in gasoline prices may lead to a reduction in automobile purchases or a shift in buying patterns from luxury/SUV models (which typically provide higher profit margins to retailers) to smaller, more economical vehicles (which typically have lower margins).

Our business may be adversely affected by unfavorable conditions in our local markets, even if those conditions are not prominent nationally.

Our performance is also subject to local economic, competitive and other conditions prevailing in our various geographic areas. Our dealerships currently are located in the Atlanta, Austin, Chapel Hill, Charlotte, Charlottesville, Dallas-Fort Worth, Fayetteville, Fort Pierce, Fresno, Greensboro, Greenville, Houston, Jackson, Jacksonville, Little Rock, Los Angeles, Orlando, Portland, Rancho Santa Margarita, Richmond, Sacramento, St. Louis and Tampa markets and our results of operations therefore depend substantially on general economic conditions and consumer spending levels in those areas.

The seasonality of the automobile retail business magnifies the importance of our second and third quarter results.

The automobile industry is subject to seasonal variations in revenues. Demand for automobiles is generally lower during the first and fourth quarters of each year. Accordingly, we expect our revenues and operating results generally to be lower in our first and fourth quarters than in our second and third quarters. If conditions surface during the second or third quarters that retard automotive sales, such as severe weather in the geographic areas in which our dealerships operate, war, high fuel costs, depressed economic conditions or similar adverse conditions, our revenues for the year will be disproportionately adversely affected.

Our business may be adversely affected by import product restrictions and foreign trade risks that may impair our ability to sell foreign vehicles or parts profitably.

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

OTHER RISKS RELATED TO OUR BUSINESS

Our substantial leverage could adversely affect our ability to operate our business and adversely impact our compliance with our Committed Credit Facility and other debt covenants.

We are highly leveraged and have significant debt service obligations. As of December 31, 2004, we had total debt of $529.2 million, excluding floor plan notes payable. In addition, we and our subsidiaries may incur additional debt from time to time to finance acquisitions or capital expenditures or for other purposes, subject to the restrictions contained in our Committed Credit Facility and the indentures governing our 9% Notes and our 8% Senior Subordinated Notes due 2014 (the “8% Notes”). We will have substantial debt service obligations, consisting of required cash payments of principal and interest, for the foreseeable future.

In addition, the operating and financial restrictions and covenants in our debt instruments, including our Committed Credit Facility and the indentures under our 9% Notes and our 8% Notes may adversely affect our ability to finance our future operations or capital needs or to pursue certain business activities. In particular, our Committed Credit Facility requires us to maintain certain financial ratios. Our ability to comply with these ratios may be affected by events beyond our control. A breach of any of the covenants in our debt instruments or our inability to comply with the required financial ratios could result in an event of default, which, if not cured or waived, could have a material adverse effect on us. In the event of any default under our Committed Credit Facility, the Lenders thereunder could accelerate the payment of all borrowings outstanding, together with accrued and unpaid interest and other fees, and require us to apply all of our available cash to repay these borrowings or prevent us from making debt service payments on our 9% Notes and our 8% Notes, any of which would be an event of default under the respective indentures for such Notes. Our substantial debt service obligations could increase our vulnerability to adverse economic or industry conditions.

Our capital costs and our results of operations may be materially and adversely affected by a rising interest rate environment.

We generally finance our purchases of new vehicle inventory and have the ability to finance the purchase of used vehicle inventory using floor plan credit facilities under which we are charged interest at floating rates. In addition, we obtain capital for general corporate purposes, dealership acquisitions and real estate purchases and improvements under predominantly floating interest rate credit facilities. Therefore, excluding the potential mitigating effects from interest rate hedging techniques, our interest expenses will rise with increases in interest rates. Rising interest rates are generally associated with increasing macroeconomic business activity and improvements in gross domestic product. However, rising interest rates may also have the effect of depressing demand in the interest rate sensitive aspects of our business, particularly new and used vehicle sales, because many of our customers finance their vehicle purchases. As a result, rising interest rates may have the effect of simultaneously increasing our costs and reducing our revenues. Given our debt composition as of December 31, 2004, each one percent increase in market interest rates would increase our total annual interest expense, including floor plan interest, by $9.0 million.

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

Governmental regulations and environmental regulation compliance costs may adversely affect our profitability.

We are subject to a wide range of federal, state and local laws and regulations, such as local licensing requirements, consumer protection and privacy laws, wage and hour, anti-discrimination and other employment practices laws, and environmental requirements governing, among other things, discharges into the air and water, aboveground and underground storage of petroleum substances and chemicals, handling and disposal of wastes and remediation of contamination arising from spills and releases. If we or our employees at the individual dealerships violate these laws and regulations, we may be subject to civil and criminal penalties, or a cease and desist order may be issued against our operations that are not in compliance. Our future acquisitions may also be subject to governmental regulation, including antitrust reviews. Future laws and regulations relating to our business may be more stringent than current laws and regulations and require us to incur significant additional costs.

Our business and financial results may be adversely affected by claims alleging violations of laws and regulations related to our advertising, sales, and finance and insurance activities.

Our business is highly regulated. In the past several years, private plaintiffs and state attorneys general have increased their scrutiny of advertising, sales, and finance and insurance activities in the sale and leasing of motor vehicles. The conduct of our business is subject to numerous federal, state and local laws and regulations regarding unfair, deceptive and/or fraudulent trade practices (including advertising, marketing, sales, insurance, repair and promotion practices), truth-in-lending, consumer leasing, fair credit practices, equal credit opportunity, privacy, insurance, motor vehicle finance, installment finance, closed-end credit, usury and other installment sales. Vehicle lessors could be subject to claims of negligent leasing in connection with their lessees’ vehicle operation. We could be susceptible to such claims or related actions if we fail to operate our business in accordance with practices designed to avert such liability. Claims arising out of actual or alleged violations of law may be asserted against us or any of our dealers by individuals, either individually or through class actions, or by governmental entities in civil or criminal investigations and proceedings. Such actions may expose us to substantial monetary damages and legal

defense costs, injunctive relief and criminal and civil fines and penalties, including suspension or revocation of our licenses and franchises to conduct dealership operations.

The loss of key personnel may adversely affect our business.

Our success depends to a significant degree upon the continued contributions of our management team, particularly our senior management and service and sales personnel. Manufacturer dealer agreements may require the prior approval of the applicable manufacturer before any change is made in dealership general managers. The loss of the services of one or more of these key employees may materially impair the efficiency and productivity of our operations.

In addition, we may need to hire additional managers as we expand. Potential acquisitions are viable to us only if we are able to retain experienced managers or obtain replacement managers should the owner/manger retire. The market for qualified employees in the industry and in the regions in which we operate, particularly for general managers and sales and service personnel, is highly competitive and may subject us to increased labor costs during periods of low unemployment. The loss of the services of key employees or the inability to attract additional qualified managers may adversely affect the ability of our dealerships to conduct their operations in accordance with the standards set by our headquarters management.

We depend on our executive officers as well as other key personnel. Not all our key personnel are bound by employment agreements, and those with employment agreements are bound only for a limited period of time. Further, we do not maintain “key man” life insurance policies on any of our executive officers or key personnel. If we are unable to retain our key personnel, we may be unable to successfully develop and implement our business plans.

Our principal stockholders have substantial influence over us.

Our principal stockholders, Ripplewood L.L.C. and Freeman Spogli, beneficially own over 50% of our outstanding common stock. In addition, these entities have entered into a stockholders agreement with several of our other stockholders pursuant to which the other stockholders are required to vote their stock with Ripplewood and Freemen Spogli. In addition, Ripplewood and Freeman Spogli both have representatives that are members of our board of directors. As a result, these principal stockholders have the ability to control us and direct our affairs and business.

Future changes in financial accounting standards or practices or existing taxation rules or practices may affect our reported results of operations.

A change in accounting standards or practices or a change in existing taxation rules or practices can have a significant effect on our reported results and may affect our reporting of transactions completed before the change is effective. New accounting pronouncements and taxation rules and varying interpretations of accounting pronouncements and taxation practices have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business. For example, any changes requiring that we record compensation expense in the statement of operations for employee stock options using the fair value method or changes in existing taxation rules related to stock options could have a significant negative effect on our reported results. The Financial Accounting Standards Board has announced a change to generally accepted accounting principles in the United States that will require us to record charges to earnings for employee stock option grants. This requirement will negatively impact our earnings in the future. For example, recording a charge for employee stock options under Statement of Financial Accounting Standards No. 123 (revised 2004) “Accounting for Stock-Based Compensation,” would have reduced our net income by $5.1 million for the year ended December 31, 2004.

Item 2. Properties

We lease our corporate headquarters, which is located at 622 Third Avenue, 37th Floor, New York, New York. In addition, we have 132 franchises situated in 96 dealership locations throughout 11 states. We lease 87 of these locations and own the remainder. We have three locations in Mississippi, two locations in North Carolina and one location in St. Louis where we lease the land but own the building facilities. These locations are included in the leased column of the table below. In addition, we operate 22 collision repair centers. We lease 19 of these collision repair centers and own the remainder.

	Dealerships		Collision Repair Centers	
	Owned	Leased	Owned	Leased
Coggin Automotive Group	2	15(a)	1	4
Courtesy Autogroup	—	9(b)	—	2
Crown Automotive Company	3	17	—	3
David McDavid Auto Group	—	8	—	5
Gray-Daniels Auto Family	—	6	—	1
Nalley Automotive Group	—	11(a)	2	1
Northern California Dealerships	—	3	—	—
Northpoint Auto Group	—	7	—	2
Plaza Motor Company	4	1	—	1
Spirit Automotive Group	—	3	—	—
Thomason Autogroup	—	7(b)	—	—
Total	9	87	3	19

(a) Includes one dealership that leases a new vehicle facility and operates a separate used vehicle facility that is owned.

(b) Includes one pending divestiture as of December 31, 2004.

Item 3. Legal Proceedings

From time to time, we and our dealerships are named in claims involving the manufacture and sale or lease of motor vehicles, 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 dealerships we have acquired 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.

We are currently involved in a breach of contract action in Arkansas state court that commenced on or about February 24, 2004, relating to amounts allegedly due the parties from whom Asbury purchased assets related to the pilot “Price 1” program. Asbury discontinued this program in the third quarter of 2003. Patric Brosh, Mark Lunsford, Mel Anderson and their companies, NCAS, L.L.C. and New Century Auto Sales Corporation, seek damages in excess of $23.0 million for purported breach of their Purchase Agreement and Employment Agreements due to discontinuation of the pilot Price 1 program. We believe that any claim for amounts in excess of those already paid under those agreements is meritless pursuant to the specific terms of the agreements and we are vigorously defending our position in this action.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange under the symbol "ABG". The following table shows the high and low closing sales price per share of our common stock as reported by the New York Stock Exchange.

	High	Low
Fiscal Year Ended December 31, 2003		
First Quarter	$ 9.45	$ 5.95
Second Quarter	13.70	7.25
Third Quarter	18.20	13.09
Fourth Quarter	18.99	15.20
Fiscal Year Ended December 31, 2004		
First Quarter	$ 19.35	$ 15.71
Second Quarter	17.36	13.30
Third Quarter	14.97	12.59
Fourth Quarter	14.10	12.87

On March 11, 2005, the last reported sale price of our common stock on the New York Stock Exchange was $15.25 per share, and there were approximately 44 record holders of our common stock.

We intend to retain all our earnings to finance the growth and development of our business, including future acquisitions. Our Committed Credit Facility prohibits us from declaring or paying cash dividends or other distributions to our stockholders. Any future change in our dividend policy will be made at the discretion of our board of directors and will depend on then applicable contractual restrictions contained in our financing credit facilities and other agreements, our results of operations, earnings, capital requirements and other factors considered relevant by our board of directors.

Item 6. Selected Financial Data

The accompanying income statement data for the years ended December 31, 2003, 2002, 2001 and 2000 have been reclassified to reflect the status of our discontinued operations as of December 31, 2004.

	For the Years Ended December 31,				
Income Statement Data:	**2004**	**2003**	**2002**	**2001**	**2000**
	(in thousands, except per share data)				
Revenues:					
New vehicle	$ 3,261,709	$ 2,786,744	$ 2,514,519	$ 2,354,963	$ 2,178,501
Used vehicle	1,286,361	1,142,824	1,116,320	1,066,978	960,164
Parts, service and collision repair	605,315	517,904	465,780	437,199	385,760
Finance and insurance, net	147,750	125,041	110,044	97,496	80,000
Total revenues	5,301,135	4,572,513	4,206,663	3,956,636	3,604,425
Cost of sales	4,487,394	3,860,462	3,536,855	3,343,093	3,065,009
Gross profit	813,741	712,051	669,808	613,543	539,416
Selling, general and administrative expenses	650,152	557,478	518,704	475,626	405,811
Depreciation and amortization	20,422	19,686	18,471	27,104	21,986
Impairment of goodwill	—	37,930	—	—	—
Income from operations	143,167	96,957	132,633	110,813	111,619
Other income (expense):					
Floor plan interest expense	(21,248)	(16,624)	(15,828)	(24,104)	(31,396)
Other interest expense	(39,256)	(40,228)	(38,398)	(44,439)	(41,064)
Interest income	822	480	1,143	2,482	5,742
Net losses from unconsolidated affiliates	—	—	(100)	(3,248)	(6,066)
Loss on extinguishment of debt	—	—	—	(1,433)	—
Other income (expense), net	623	(1,626)	(467)	1,495	(812)
Total other expense, net	(59,059)	(57,998)	(53,650)	(69,247)	(73,596)
Income before income tax expense, minority interest and discontinued operations	84,108	38,959	78,983	41,566	38,023
Income tax expense	31,364	20,468	37,690	4,980	3,570
Minority interest in subsidiary earnings	—	—	—	1,240	9,740
Income from continuing operations	52,744	18,491	41,293	35,346	24,713
Discontinued operations	(2,671)	(3,304)	(3,208)	8,838	6,002
Net income	$ 50,073	$ 15,187	$ 38,085	$ 44,184	$ 30,715
Earnings per common share:					
Basic	$ 1.54	$ 0.47	$ 1.15		
Diluted	$ 1.53	$ 0.46	$ 1.15		

	As of December 31,
Balance Sheet Data:	

	2004	2003	2002	2001	2000
			(in thousands)		
Working Capital	$ 295,996	$ 259,784	$ 167,141	$ 147,617	$ 150,481
Inventories	761,557	650,397	591,839	496,054	558,164
Total assets	1,897,959	1,814,279	1,605,644	1,465,013	1,408,223
Floor plan notes payable	650,948	602,167	528,591	451,375	499,332
Total debt (including current portion)	529,152	592,378	475,152	538,337	471,664
Total shareholders'/members' equity	480,023	433,707	426,951	347,907	325,883

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

We are one of the largest automotive retailers in the United States, operating 96 dealership locations (132 franchises) in 23 metropolitan markets within 11 states as of December 31, 2004. We offer 33 different brands of new vehicles, including four heavy truck brands. We also operate 22 collision repair centers that serve our markets.

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.

We have grown our business through the acquisition of "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, the reorganization of our platforms became effective. Our dealerships are now organized 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), (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 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, rather than by platform. The general managers, with direction from the regional CEOs, will continue to have the independence and flexibility to respond effectively to local market conditions. We expect a significant increase in management effectiveness as a result of this reorganization, as well as added operating and cost efficiencies. However, we expect to incur severance and other related costs, which should be offset in the future by anticipated expense efficiencies to our ongoing cost structure.

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 increase as a percentage of total sales, 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 and 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 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. Generally, the seasonal variations in our operations are caused by factors relating to weather conditions, changes in manufacturer incentive programs, 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. These programs have 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 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 historical 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 6.0% over 60 months increases by approximately $5.80 with each 50-basis-point increase in interest rates.

RESULTS OF OPERATIONS

Year Ended December 31, 2004, Compared to Year Ended December 31, 2003

Net income increased $34.9 million, or $1.07 per diluted share, to $50.1 million, or $1.53 per diluted share, for the year ended December 31, 2004, from $15.2 million, or $0.46 per diluted share, for the year ended December 31, 2003.

Income from continuing operations increased $34.2 million, or $1.04 per diluted share, to $52.7 million, or $1.61 per diluted share, for the year ended December 31, 2004, from $18.5 million, or $0.57 per diluted share, for the year ended December 31, 2003.

The increase in net income and income from continuing operations for the year ended December 31, 2004, compared to the year ended December 31, 2003, resulted from several factors, including: (i) charges during 2003 of $37.9 million related to a goodwill impairment at our Oregon platform and $2.5 million of costs associated with the termination of our agreement to acquire the Bob Baker dealerships, (ii) the incremental results of franchises acquired during 2004 and (iii) continued strong performance of our F&I and fixed operations businesses. These factors were partially offset by (i) incremental advertising costs incurred in an effort to maintain new vehicle sales volumes and (ii) "start-up" costs associated with new dealership locations and our entrance into the Southern California market.

Revenues—	For the Years Ended December 31, 2004	2003	Increase (Decrease)	% Change
	(In thousands, except for unit data)			
New vehicle data:				
Retail revenues—same store(1)	$ 2,896,385	$ 2,742,637	$ 153,748	6%
Retail revenues—acquisitions	296,190	—		
Total new retail revenues	3,192,575	2,742,637	449,938	16%
Fleet revenues—same store(1)	66,063	44,107	21,956	50%
Fleet revenues—acquisitions	3,071	—		
Total fleet revenues	69,134	44,107	25,027	57%
New vehicle revenue, as reported	$ 3,261,709	$ 2,786,744	$ 474,965	17%
New retail units—same store(1)	95,802	94,527	1,275	1%
New retail units—actual	106,298	94,527	11,771	12%
Used vehicle data:				
Retail revenues—same store(1)	$ 878,922	$ 872,071	$ 6,851	1%
Retail revenues—acquisitions	80,710	—		
Total used retail revenues	959,632	872,071	87,561	10%
Wholesale revenues—same store(1)	295,462	270,753	24,709	9%
Wholesale revenues—acquisitions	31,267	—		
Total wholesale revenues	326,729	270,753	55,976	21%
Used vehicle revenue, as reported	$ 1,286,361	$ 1,142,824	$ 143,537	13%
Used retail units—same store(1)	56,789	57,090	(301)	(1)%
Used retail units—actual	61,311	57,090	4,221	7%
Parts, service and collision repair:				
Revenues—same store(1)	$ 553,174	$ 517,904	$ 35,270	7%
Revenues—acquisitions	52,141	—		
Parts, service and collision repair revenue, as reported	$ 605,315	$ 517,904	$ 87,411	17%
Finance and insurance, net:				
Platform revenues—same store(1)	$ 131,235	$ 122,348	$ 8,887	7%
Platform revenues—acquisitions	10,820	—		
Platform finance and insurance revenue	142,055	122,348	19,707	16%
Corporate revenues	5,695	2,693		
Finance and insurance revenue, as reported	$ 147,750	$ 125,041	$ 22,709	18%
Total revenue:				
Same store(1)	$ 4,821,241	$ 4,569,820	$ 251,421	6%
Corporate	5,695	2,693	3,002	111%
Acquisitions	474,199	—		
Total revenue, as reported	$ 5,301,135	$ 4,572,513	$ 728,622	16%

(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 16% to $5.3 billion for the year ended December 31, 2004, from $4.6 billion for the year ended December 31, 2003. Same store revenues were up 6% to $4.8 billion for the year ended December 31, 2004, compared to the year ended December 31, 2003. Same store new retail units increased 1% during 2004, compared to 2003, and same store new vehicle retail revenues were up 6% to $2.9 billion for 2004, from $2.7 billion for 2003, reflecting an increase in the average selling price per unit as a result of a change in the product mix within our brands. Same store used vehicle retail revenue increased 1%, on relatively flat same store unit sales, to $0.9 billion for the year ended December 31, 2004, as manufacturer incentive programs on new vehicles continue to impact our used vehicle retail unit sales volume and sales revenue per used vehicle retailed. We anticipate that manufacturer incentives on new vehicles will continue to drive customers toward new vehicles during 2005.

Fixed operations revenue increased 17%, 7% on a same store basis, for the year ended December 31, 2004, compared to the year ended December 31, 2003, primarily due to an increase in our "customer pay" and warranty parts and service businesses, collectively up approximately 9% on a same store basis. The growth in our "customer pay" business is a result of increased capacity utilization, equipment upgrades, continued focus on customer retention initiatives and 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 generate higher revenue than domestic brands. These improvements were offset by a reduction in our collision repair center business, which decreased 4.0% for the year ended December 31, 2004, compared to the year ended December 31, 2003. The decrease in our collision repair center business is primarily attributable to our dealerships located in Texas, where a major hailstorm in 2003 resulted in incremental collision repair revenues in 2003.

Total F&I revenue increased $22.8 million, or 18%, to $147.8 million for the year ended December 31, 2004, from $125.0 million for the year ended December 31, 2003. Platform F&I revenue increased 7% or $8.9 million on a same store basis to $131.2 million for the year ended December 31, 2004, compared to

the year ended December 31, 2003. This increase is attributable to (i) increased service contract penetration, (ii) utilization of menus in the F&I sales process (iii) maturation of our corporate-sponsored programs and (iv) improvement of the F&I operations at franchises we acquired in prior periods, as F&I revenues have historically continued to improve for several years after we acquire a dealership. Platform F&I excludes revenue resulting from a contract negotiated by our corporate office in July of 2003, which is attributable to retail units sold during prior periods. Corporate F&I revenue was $5.7 million and $2.7 million for the years ended December 31, 2004 and 2003, respectively. The increase of $3.0 million was a result of the full year impact in 2004 of the contract negotiated by our corporate office compared to a six-month impact in 2003. We expect this revenue to decrease significantly over the next few years and ultimately to zero by 2008.

We expect total revenue to increase as we continue to acquire dealerships and expand our service capacity in order to meet anticipated future demand. In addition, we expect that the relatively high volume of new vehicle sales over the past several years, which resulted from the highly "incentivized" new vehicle market, will drive future service demand.

Gross Profit—	For the Years Ended December 31, 2004	2003	Increase (Decrease)	% Change
	(In thousands, except for unit and per vehicle data)			
New vehicle data:				
Retail gross profit—same store(1)	$ 211,088	$ 207,951	$ 3,137	2%
Retail gross profit—acquisitions	24,623	—		
Total new retail gross profit	235,711	207,951	27,760	13%
Fleet gross profit—same store(1)	2,249	1,216	1,033	85%
Fleet gross profit—acquisitions	23	—		
Total fleet gross profit	2,272	1,216	1,056	87%
New vehicle gross profit, as reported	$ 237,983	$ 209,167	$ 28,816	14%
New retail units—same store(1)	95,802	94,527	1,275	1%
New retail units—actual	106,298	94,527	11,771	12%
Used vehicle data:				
Retail gross profit—same store(1)	$ 104,654	$ 103,885	$ 769	1%
Retail gross profit—acquisitions	8,627	—		
Total used retail gross profit	113,281	103,885	9,396	9%
Wholesale gross profit—same store(1)	(2,706)	(1,624)	(1,082)	(67)%
Wholesale gross profit—acquisitions	(469)	—		
Total wholesale gross profit	(3,175)	(1,624)	(1,551)	(96)%
Used vehicle gross profit, as reported	$ 110,106	$ 102,261	$ 7,845	8%
Used retail units—same store(1)	56,789	57,090	(301)	(1)%
Used retail units—actual	61,311	57,090	4,221	7%
Parts, service and collision repair:				
Gross profit—same store(1)	$ 291,656	$ 275,582	$ 16,074	6%
Gross profit—acquisitions	26,246	—		
Parts, service and collision repair gross profit, as reported	$ 317,902	$ 275,582	$ 42,320	15%
Finance and insurance, net:				
Platform gross profit—same store(1)	$ 131,235	$ 122,348	$ 8,887	7%
Platform gross profit—acquisitions	10,820	—		
Platform finance and insurance gross profit	142,055	122,348	19,707	16%
Gross profit—corporate	5,695	2,693	3,002	111%
Finance and insurance gross profit, as reported	$ 147,750	$ 125,041	$ 22,709	18%
Platform gross profit PVR—same store(1)	$ 860	$ 807	$ 53	7%
Platform gross profit PVR—actual(2)	$ 848	$ 807	$ 41	5%
Gross profit PVR—actual	$ 882	$ 825	$ 57	7%
Total gross profit:				
Same store(1)	$ 738,176	$ 709,358	$ 28,818	4%
Corporate	5,695	2,693	3,002	111%
Acquisitions	69,870	—		
Total gross profit, as reported	$ 813,741	$ 712,051	$ 101,690	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.

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

Gross profit increased 14% to $813.7 million for the year ended December 31, 2004, from $712.1 million for the year ended December 31, 2003. Same store gross profit increased 4% to $738.2 million for the year ended December 31, 2004, from $709.4 million for the year ended December 31, 2003.

Same store gross profit on new and used retail vehicle sales increased 2% to $211.1 million and 1% to $104.7 million, respectively, for the year ended December 31, 2004, compared to the year ended December 31, 2003. General market conditions, particularly in the second and third quarters of 2004, forced us to reduce our new vehicle gross profit PVR in order to maintain unit sales volumes. The used vehicle market continued to be affected by the use of new vehicle incentives by manufacturers, encouraging many customers who otherwise would have purchased used vehicles to purchase new vehicles instead.

Same store gross profit from fixed operations increased 6% to $291.7 million for the year ended December 31, 2004, from $275.6 million for the year ended December 31, 2003, resulting primarily from increased gross profit from our "customer pay" and warranty parts and service businesses.

Selling, General and Administrative Expenses—

For the year ended December 31, 2004, SG&A expenses increased $92.7 million to $650.2 million, from $557.5 million for the year ended December 31, 2003. SG&A expenses as a percentage of gross profit for the year ended December 31, 2004 increased to 79.9%, from 78.3% for the year ended December 31, 2003.

SG&A expenses as a percentage of gross profit increased in 2004 as a result of (i) "start-up" operations of a new dealership in Texas and our entrance into the Southern California market, the combined operations of which incurred $20.0 million of SG&A while contributing only $17.1 million of gross profit (ii) $4.6 million of increased rent resulting from a sale-leaseback transaction completed during 2004, (iii) $3.4 million of increased advertising expense, primarily in the second and third quarters, in an effort to maintain retail unit volumes, and (iv) $1.4 million of incremental costs associated with Sarbanes-Oxley Section 404 compliance.

We estimate that the annualized rent from the completion of a sale-leaseback transaction in which we sold land and buildings with a net book value of $102.5 million to an unaffiliated third party for net proceeds of $114.9 million will be approximately $9.2 million, net of amortization of the $12.4 million deferred gain.

We will adopt Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004) "Share-based Payment" in the third quarter of 2005. We are currently evaluating the effect of this statement on our financial statements and related disclosures; however, had we adopted the provisions of SFAS No. 123 in 2004 our SG&A expense would have increased by $8.2 million.

In connection with the reorganization of our platforms into four regions, we expect to incur approximately $4.0 million of severance and other related costs including the settlement of multi-year contracts, which should be partially offset in 2005 by anticipated expense efficiencies to our ongoing cost structure. We estimate that these efficiencies will reduce SG&A expense annually by $4.0 million to $5.0 million, beginning in 2006.

Depreciation and Amortization—

Depreciation and amortization expense increased approximately $0.7 million to $20.4 million for the year ended December 31, 2004, as compared to the year ended December 31, 2003. This increase is primarily related to the addition of property and equipment acquired during 2003 and 2004, offset by a reduction in property and equipment sold in a sale-leaseback transaction completed in 2004.

We expect depreciation and amortization to increase in the future as a result of previous and future capital expenditure projects to remodel and upgrade our facilities.

Impairment of Goodwill—

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," we assess goodwill and other intangibles for impairment on an annual basis, or more frequently if circumstances warrant. Upon adoption of SFAS No. 142 on January 1, 2002, we determined that, based on how our business was organized and managed at that time, each of our platforms qualified as a reporting unit for the purpose of assessing goodwill for impairment. Impairment of goodwill occurs if the net book value of a platform exceeds its estimated fair value. On October 1, 2003, in connection with our annual impairment test, we determined that the fair value of our Oregon platform declined below its carrying value due to (i) the delay in its expected recovery following changes of top level management; (ii) the reduction in retail used vehicle sales volumes due to manufacturer rebates and incentives on new vehicles; (iii) the delay in the timing of the anticipated recovery of the Oregon economy; and (iv) the decline in its market share. We engaged a third party valuation firm to determine the fair value of the Oregon platform, which resulted in a non-cash impairment charge of $37.9 million. As a result of this charge, our Oregon platform's goodwill was reduced from $49.9 million to $12.0 million.

As a result of the implementation of productivity and expense reduction initiatives, changes at the top level of management and improvements in the local economy, we experienced improvement in the financial and operating results of our dealerships in Oregon during the year ended December 31, 2004, and expect continued improvements in 2005.

We anticipate that changes in our management, operational and reporting structure associated with the reorganization of our platforms into four regions, which became effective in January 2005, and additional changes to be made in 2005 will ultimately lead us to the determination that goodwill will be evaluated at the operating segment level in the future.

Other Income (Expense)—

Floor plan interest expense increased 27.8% to $21.2 million for the year ended December 31, 2004. This increase was the result of an increasing interest rate environment and higher average inventory levels during 2004 as compared to 2003, resulting primarily from the additional inventory of acquired franchises. These factors were offset by our decision to repay a portion of our floor plan notes payable in the fourth quarter of 2004.

The decrease in other interest expense of approximately $1.0 million from the prior year to $39.3 million was principally attributable to the repayment of $63.7 million of mortgage debt with the proceeds from a sale-leaseback transaction and the effect of capitalized interest on a higher level of construction in progress during 2004, compared to 2003. These factors were offset by a higher average debt balance during 2004, compared to 2003.

Income Tax Provision—

Income tax expense was $31.4 million for the year ended December 31, 2004, compared to $20.5 million for the year ended December 31, 2003. Our effective tax rate for the year ended December 31, 2004, was 37.3% compared to 52.5% for the same period in 2003. Excluding the $37.9 million goodwill impairment charge associated with our Oregon platform and the related $8.7 million tax benefit, our effective tax rate was 38.0% for the year ended December 31, 2003. As we operate nationally, our effective tax rate is dependent upon our geographic revenue mix. We evaluate our effective tax rate periodically based on our revenue sources. We will continue to evaluate our effective tax rate in the future, and expect that our future annual effective tax rate will fluctuate between 37% and 38%.

Discontinued Operations—

During the year ended December 31, 2004, we sold ten dealership locations (fourteen franchises), and as of December 31, 2004, we were actively pursuing the sale of two dealership locations (four franchises) and real estate associated with two former dealership locations. The $2.7 million loss from discontinued operations is attributable to the loss on the sale of dealerships during the year ended December 31, 2004, and the operating losses of the franchises mentioned above. The loss from discontinued operations for the year ended December 31, 2003, of $3.3 million includes the net operating losses of the dealerships mentioned above and the net operating losses and net loss on the sale of (i) four dealership locations (six franchises); (ii) eleven used-only dealership locations and (iii) two ancillary businesses, which were sold during 2003.

We continuously evaluate the financial and operating results of our dealerships, specifically the 10% contributing the least amount of operating income, and we will look to divest dealerships that do not meet our expectations.

Year Ended December 31, 2003, Compared to Year Ended December 31, 2002

Net income for the year ended December 31, 2003, was $15.2 million or $0.46 per diluted share, including a $3.3 million loss from discontinued operations principally related to our Price 1 pilot program, a $37.9 million charge related to the impairment of goodwill at our Oregon platform and other non-operational expenses as discussed in more detail below. Net income for the year ended December 31, 2002, was $38.1 million or $1.15 per diluted share. For the year ended December 31, 2002, pro forma net income was $44.3 million or $1.34 per diluted share. The pro forma results for 2002 exclude a nonrecurring deferred income tax charge required by SFAS No. 109, "Accounting for Income Taxes," related to our change in tax status from a limited liability company to a "C" corporation in conjunction with our March 2002 initial public offering ("IPO").

Income before income taxes totaled $39.0 million for the year ended December 31, 2003, down from $79.0 million for the year ended December 31, 2002. The decrease in income before income taxes for the year ended December 31, 2003, compared to the year ended December 31, 2002 was primarily caused by the following items (i) a non-cash goodwill impairment charge of $37.9 million related to our Oregon platform (see further discussion below under "Impairment of Goodwill"), (ii) a charge of $2.5 million related to the termination of our agreement to acquire the Bob Baker dealerships and (iii) $3.2 million of costs in connection with management changes at our Oregon and Texas platforms and at the corporate level. In addition, we experienced an increase in same store insurance costs of $4.1 million in 2003 compared to 2002. Approximately 25% of the increase was the result of the full year impact of the insurance purchased for our directors and officers, which we did not have for most of the first quarter of 2002, as we were not a publicly traded company until March 2002. The remaining portion of the insurance increase reflected the overall trend of increasing rates in the insurance environment. Offsetting the increase in insurance costs during 2003 were (i) the impact of concentrated expense reduction initiatives focusing on personnel costs and consulting services in the second and third quarters and on dealership advertising in the fourth quarter and (ii) the improved performance of our Arkansas platform, which was underperforming during 2002.

Revenues—	For the Years Ended December 31, 2003	2002	Increase (Decrease)	% Change
	(In thousands, except for unit data)			
New vehicle data:				
Retail revenues—same store(1)	$ 2,625,324	$ 2,471,396	$ 153,928	6%
Retail revenues—acquisitions	117,313	799		
Total new retail revenues	2,742,637	2,472,195	270,442	11%
Fleet revenues—same store(1)	43,584	42,324	1,260	3%
Fleet revenues—acquisitions	523	—		
Total fleet revenues	44,107	42,324	1,783	4%
New vehicle revenue, as reported	$ 2,786,744	$ 2,514,519	$ 272,225	11%
New retail units—same store(1)	90,823	89,797	1,026	1%
New retail units—actual	94,527	89,828	4,699	5%
Used vehicle data:				
Retail revenues—same store(1)	$ 834,002	$ 857,643	$ (23,641)	(3)%
Retail revenues—acquisitions	38,069	687		
Total used retail revenues	872,071	858,330	13,741	2%
Wholesale revenues—same store(1)	257,433	257,972	(539)	—
Wholesale revenues—acquisitions	13,320	18		
Total wholesale revenues	270,753	257,990	12,763	5%
Used vehicle revenue, as reported	$ 1,142,824	$ 1,116,320	$ 26,504	2%
Used retail units—same store(1)	54,974	55,738	(764)	(1)%
Used retail units—actual	57,090	55,784	1,306	2%
Parts, service and collision repair:				
Revenues—same store(1)	$ 492,557	$ 465,556	$ 27,001	6%
Revenues—acquisitions	25,347	224		
Parts, service and collision repair revenue, as reported	$ 517,904	$ 465,780	$ 52,124	11%
Finance and insurance, net:				
Platform revenues—same store	$ 118,091	$ 109,956	$ 8,135	7%
Platform revenues—acquisitions	4,257	88		
Platform finance and insurance revenue	122,348	110,044	12,304	11%
Corporate revenues	2,693	—		
Finance and insurance revenue, as reported	$ 125,041	$ 110,044	$ 14,997	14%
Total revenue:				
Same store(1)	$ 4,370,991	$ 4,204,847	$ 166,144	4%
Corporate	2,693	—		
Acquisitions	198,829	1,816		
Total revenue, as reported	$ 4,572,513	$ 4,206,663	$ 365,850	9%

(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.

Revenues of $4.6 billion for the year ended December 31, 2003, represented a $365.9 million or 9% increase over the year ended December 31, 2002. Same store revenue grew $166.1 million or 4%, for the year ended December 31, 2003, compared to the year ended December 31, 2002. On a same store basis, new retail units were up 1% while same store new vehicle retail revenues were up 6% reflecting an increase in our average selling price driven by our strong luxury and mid-line import sales mix. Used retail vehicle unit sales increased 2% related to acquisitions as same store unit sales decreased 1%. Manufacturer incentive programs on

new vehicles and a competitive used vehicle market negatively impacted used retail unit sales volume and sales revenue per used vehicle. Fixed operations increased 6% on a same store basis due to our focus on our "customer pay" business, service adviser training, expansion of our product offerings, implementation of advertising campaigns and growth in our import warranty business. We achieved 7% same store growth in Platform F&I revenue, as we continue to benefit from increased product offerings, the utilization of menus in the F&I sales process, the maturation of our corporate sponsored programs and the sharing of best practices between our platforms. Platform F&I revenue excludes revenue resulting from contracts negotiated by our corporate office that is attributable to retail units sold during a prior period.

Gross Profit—	For the Years Ended December 31, 2003	2002	Increase (Decrease)	% Change
	(Dollars in thousands, except for unit and per vehicle data)			
New vehicle data:				
Retail gross profit—same store(1)	$ 198,836	$ 207,586	$ (8,750)	(4)%
Retail gross profit—acquisitions	9,115	54		
Total new retail gross profit	207,951	207,640	311	—
Fleet gross profit—same store(1)	1,213	1,419	(206)	(15)%
Fleet gross profit—acquisitions	3	—		
Total fleet gross profit	1,216	1,419	(203)	(14)%
New vehicle gross profit, as reported	$ 209,167	$ 209,059	$ 108	—
New retail units—same store(1)	90,823	89,797	1,026	1%
New retail units—actual	94,527	89,828	4,699	5%
Used vehicle data:				
Retail gross profit—same store(1)	$ 100,169	$ 103,822	$ (3,653)	(4)%
Retail gross profit—acquisitions	3,716	92		
Total used retail gross profit	103,885	103,914	(29)	—
Wholesale gross profit—same store(1)	(1,347)	(2,819)	1,472	52%
Wholesale gross profit—acquisitions	(277)	3		
Total wholesale gross profit	(1,624)	(2,816)	1,192	42%
Used vehicle gross profit, as reported	$ 102,261	$ 101,098	$ 1,163	1%
Used retail units—same store(1)	54,974	55,738	(764)	(1)%
Used retail units—actual	57,090	55,784	1,306	2%
Parts, service and collision repair:				
Gross profit—same store(1)	$ 261,337	$ 249,451	$ 11,886	5%
Gross profit—acquisitions	14,245	156		
Parts, service and collision repair gross profit, as reported	$ 275,582	$ 249,607	$ 25,975	10%
Finance and insurance, net:				
Platform gross profit—same store(1)	$ 118,091	$ 109,956	$ 8,135	7%
Platform gross profit—acquisitions	4,257	88		
Platform finance and insurance gross profit	122,348	110,044	12,304	11%
Gross profit—corporate	2,693	—		
Finance and insurance gross profit, as reported	$ 125,041	$ 110,044	$ 14,997	14%
Platform gross profit PVR—same store(1)	$ 810	$ 756	$ 54	7%
Platform gross profit PVR—actual(2)	$ 807	$ 756	$ 51	7%
Gross profit PVR—actual	$ 825	$ 756	$ 69	9%
Total gross profit:				
Same store(1)	$ 678,299	$ 669,415	$ 8,884	1%
Corporate	2,693	—		
Acquisitions	31,059	393		
Total gross profit, as reported	$ 712,051	$ 669,808	$ 42,243	6%

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

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

Gross profit for the year ended December 31, 2003 increased $42.2 million or 6% over the year ended December 31, 2002. Same store gross profit increased 1% year over year driven by significant growth in platform F&I and fixed operations, of 7% and 5%, respectively. Same store gross profit on new and used retail vehicle sales for the year ended December 31, 2003, each decreased 4% as compared to the prior year as competition negatively impacted new vehicle margins and as manufacturer incentive programs on new vehicles reduced the sales volumes of comparatively higher margin used vehicles. Same store Platform F&I gross profit PVR increased 7%.

Selling, General and Administrative Expenses—

SG&A expenses for the year ended December 31, 2003 were $557.5 million, up 7.5% from $518.7 million for the year ended December 31, 2002. SG&A as a percentage of gross profit was 78.3% and 77.4% for the years ended December 31, 2003 and 2002, respectively. The increase in SG&A expenses was due to (i) $3.2 million of costs associated with management changes at our Oregon and Texas platforms and at the corporate level; (ii) expense deterioration in several platforms in the first quarter of 2003; and (iii) $4.1 million of incremental same store insurance costs due to the full year impact of our directors and officers insurance and the effect of the insurance environment. These increases in SG&A were off-set by our successful expense reduction initiatives during the second and third quarters of 2003, which focused on personnel and consulting services, and during the fourth quarter, with our focus on reducing advertising per vehicle retailed.

Depreciation and Amortization—

Depreciation and amortization expense increased approximately $1.2 million to $19.7 million for the year ended December 31, 2003, as compared to the year ended December 31, 2002. This increase is primarily related to depreciation of capital expenditures made during 2003 and 2002 and property and equipment acquired in connection with the acquisition of dealerships during 2003.

Impairment of Goodwill—

On October 1, 2003, in connection with our annual impairment test, we determined that the fair value of our Oregon platform declined below its carrying value due to (i) the delay in its expected recovery following changes of top level management; (ii) the reduction in retail used vehicle sales volumes due to manufacturer rebates and incentives on new vehicles; (iii) the delay in the timing of the anticipated recovery of the Oregon economy; and (iv) the decline in its market share. We engaged a third party valuation firm to determine the fair value of the Oregon platform, which resulted in a non-cash impairment charge of $37.9 million. As a result of this charge, our Oregon platform's goodwill was reduced from $49.9 million to $12.0 million.

Other Income (Expense)—

Floor plan interest expense increased 5% to $16.6 million for the year ended December 31, 2003. This increase was due to higher average inventory levels during 2003 as compared to 2002. The increase in non-floor plan interest expense of $1.8 million from the prior year to $40.2 million was principally attributable to the higher interest rate on our 9% Senior Subordinated Notes due 2012, which were outstanding for the entire year in 2003, as compared to the lower variable rate interest associated with our Committed Credit Facility, as defined below, during 2002.

Income Tax Provision—

Income tax expense was $20.5 million for the year ended December 31, 2003 compared to $37.7 million for the year ended December 31, 2002. Our effective tax rate for the year ended December 31, 2003, was 52.5% compared to 39.8% for the same period in 2002 subsequent to our IPO, which took place in March 2002. Excluding the $37.9 million goodwill impairment charge associated with our Oregon platform and the related $8.7 million tax benefit, our effective tax rate was 38.0% for the year ended December 31, 2003.

From January 1, 2002 through the date of our IPO, we were structured as a limited liability company and only provided a tax provision in accordance with SFAS No. 109 for the nine "C" corporations that we owned directly or indirectly during that period. Effective with our IPO, which closed March 19, 2002, we converted to a corporation and became subject to federal, state and local income taxes. During the year ended December 31, 2002, we recorded, in accordance with SFAS No. 109, a one-time, non-recurring charge of $11.6 million related to the establishment of a net deferred tax liability, in connection with our conversion. This liability represented the difference between the financial statement and tax basis of our assets and liabilities at the conversion date.

Discontinued Operations—

During the year ended December 31, 2003, we sold (i) four dealership locations (six franchises) (ii) eleven used-only dealership locations and (iii) two ancillary businesses and as of December 31, 2003, we were actively pursuing the sale of two dealership locations (three franchises) and real estate associated with two former dealership locations. The $3.3 million loss from discontinued operations is attributable to the net operating losses and the net loss on sale of the franchises mentioned above. The loss from discontinued operations for the year ended December 31, 2002 of $3.2 million includes the net operating losses of the dealerships mentioned above and the net operating losses and net loss on sale of four dealership locations (four franchises), which were sold during 2002.

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 December 31, 2004, our funds generated through future operations, and the funds available for borrowings under our Committed Credit Facility (as defined below), Floor Plan Facilities (as defined below), mortgage notes and proceeds from sale-leaseback transactions will be sufficient to fund our debt service, working capital requirements, commitments and contingencies, acquisitions, capital expenditures and any seasonal operating requirements for the foreseeable future.

As of December 31, 2004, we had cash and cash equivalents of $28.1 million. As of December 31, 2004, we did not have any amounts outstanding under our Committed Credit Facility and had $100.0 million available for borrowings to finance our future acquisitions. Our Floor Plan Facilities have no stated limit as to how much we may borrow for inventory purchases and as a result we have sufficient borrowing capacity to operate our business. As of December 31, 2004, we had $650.9 million of floor plan notes payable outstanding.

Credit Facility—

In December 2003, we repaid all of the outstanding indebtedness under our committed credit facility (the "Committed Credit Facility") with Ford Motor Credit Company, General Motors Acceptance Corporation and DaimlerChrysler Services North America, LLC (the "Lenders") with the proceeds from the issuance of our 8% Senior Subordinated Notes due 2014. As of December 31, 2004, we did not have

any amounts outstanding under the Committed Credit Facility and had $100.0 million available for borrowings to finance our future acquisitions.

Our Committed Credit Facility allows us to borrow up to $100.0 million to finance our acquisitions and includes a cash management sublimit, under which we may repay up to $75.0 million to temporarily reduce the aggregate amount outstanding. The amounts repaid under the cash management sublimit may be borrowed for general corporate purposes. As of December 31, 2004, we had no borrowings available under our cash management sublimit because we did not have any amounts outstanding under our Committed Credit Facility. All borrowings under our Committed Credit Facility bear interest at variable rates based on one-month LIBOR plus a specified percentage that is dependent upon our adjusted debt level at the end of each calendar quarter.

Our Committed Credit Facility imposes mandatory minimum requirements with regard to the terms of our proposed acquisitions, before we can borrow funds to finance our acquisitions. The terms of the Committed Credit Facility require us to meet certain financial ratios as discussed below in ("Covenants"). A breach of these covenants or any other of the covenants in the facility would be cause for acceleration of repayment and termination of the facility by the Lenders. Our Committed Credit Facility also contains provisions for default upon, among other things, a change of control, a material adverse change in our financial condition, the non-payment of obligations and a default under certain other agreements. The terms of the Committed Credit Facility provide that a default under the Floor Plan Facilities

described below, among other obligations, constitutes a default under the Committed Credit Facility. As of December 31, 2004, we were in compliance with all of the covenants and provisions of our Committed Credit Facility.

Floor Plan Financing—

We have floor plan financing credit facilities (the "Floor Plan Facilities") with the Lenders, which provide new vehicle financing up to the value of each new vehicle and up to a fixed percentage of the value of each used vehicle. We continue to evaluate the best use of our cash between capital expenditures, acquisitions and debt reduction and depending on our financial condition, may decide to increase or decrease the level of floor plan notes payable outstanding relating to our vehicle inventory. Our Floor Plan Facilities have no stated limit as to how much we may borrow for inventory purchases and as a result we have sufficient borrowing capacity to operate our business. In addition, we have total availability of $32.2 million as of December 31, 2004, under ancillary floor plan facilities with Comerica Bank and Navistar Financial for our heavy trucks business in Atlanta, Georgia. As of December 31, 2004 we had $650.9 million of floor plan notes payable outstanding.

We are required to make monthly interest payments on our Floor Plan Facilities, but generally we are not required to repay the principal prior to the sale of the vehicle. The terms of certain floor plan arrangements impose upon us and our subsidiaries ongoing covenants including financial ratio requirements. As of December 31, 2004, we were in compliance with these financial covenants. Amounts financed under our Floor Plan Facilities bear interest at variable rates, which are typically tied to LIBOR or the prime rate. The weighted average annualized interest rate on our floor plan facilities was 3.4% during the year ended December 31, 2004. Historically, certain vehicle manufacturers have offered floor plan assistance, a portion of which increase or decrease in conjunction with changes in prevailing interest rates.

9% Senior Subordinated Notes due 2012—

We have $250.0 million in aggregate principal amount of 9% Senior Subordinated Notes due 2012 outstanding as of December 31, 2004. We pay interest on June 15 and December 15 of each year until maturity of the notes on June 15, 2012. At any time on or after June 15, 2007, we may, at our option,

choose to redeem all or a portion of the notes at a redemption price that begins at 104.5% of the aggregate principal amount of the notes and reduces in each calendar year by 1.5% until the price reaches 100% of the aggregate principal amount in 2010 and thereafter. On or before June 15, 2005, we may, at our option, use the net proceeds of one or more equity offerings to redeem up to 35% of the aggregate principal amount of the notes at a redemption price equal to 109% of their principal amount plus accrued and unpaid interest thereon. At any time before June 15, 2007, we may, at our option, choose to redeem all or a portion of the notes at a price equal to 100% of their principal amount plus the make-whole premium set forth in the indenture governing the 9% Senior Subordinated Notes due 2012.

Our 9% Senior Subordinated Notes due 2012 are guaranteed by substantially all of our current subsidiaries. We have also agreed to have all of our future subsidiaries become guarantors upon their formation or acquisition. The terms of our 9% Senior Subordinated Notes due 2012, in certain circumstances, restrict our ability to, among other things, incur additional indebtedness and sell assets.

8% Senior Subordinated Notes due 2014—

We have $200.0 million in aggregate principal amount of 8% Senior Subordinated Notes due 2014 outstanding as of December 31, 2004. We pay interest on March 15 and September 15 of each year until maturity of the notes on March 15, 2014. At any time on or after March 15, 2009, we may, at our option, choose to redeem all or a portion of these notes at a redemption price that begins at 104.0% of the aggregate principal amount of these notes and reduces in each calendar year by approximately 1.3% until the price reaches 100% of the aggregate principal amount in 2012 and thereafter. On or before March 15, 2007, we may, at our option, use the net proceeds of one or more equity offerings to redeem up to 35% of the aggregate principal amount of these notes at a redemption price equal to 108% of their principal amount plus accrued and unpaid interest thereon. At any time before March 15, 2009, we may, at our option, choose to redeem all or a portion of these notes at a price equal to 100% of their principal amount plus the make-whole premium set forth in the indenture governing our 8% Senior Subordinated Notes due 2014.

Our 8% Senior Subordinated Notes due 2014 are guaranteed by all of our current subsidiaries, other than our current Toyota and Lexus dealership subsidiaries. We have also agreed to have all of our future subsidiaries, other than our future Toyota and Lexus subsidiaries, become guarantors upon their formation or acquisition. Our current Toyota and Lexus dealership subsidiaries do not guarantee these notes and our future Toyota and Lexus subsidiaries will not be required to guarantee these notes, except in certain circumstances. The terms of our 8% Senior Subordinated Notes due 2014, in certain circumstances, restrict our ability to, among other things, incur additional indebtedness and sell assets.

Mortgage Notes Payable—

As of December 31, 2004, we had thirteen real estate mortgage notes payable outstanding totaling $49.7 million. The mortgage notes payable bear interest at fixed and variable rates (the weighted average interest rate was 5.7% for the year ended December 31, 2004). These obligations are collateralized by the related real estate with a carrying value of $68.3 million as of December 31, 2004, and mature between 2005 and 2014. Under the terms of our Committed Credit Facility, no guarantees from us or any of our subsidiaries are allowed in support of our mortgage notes payable, unless approved by our Lenders; however, certain indebtedness which was in place prior to the Committed Credit Facility is subject to certain guarantees. Our Lenders have taken a second mortgage position behind the respective first lien holder on all of our financed real estate except for one property. The terms of certain mortgage notes payable require our subsidiaries to comply with specific financial ratio requirements and other ongoing covenants. As of December 31, 2004, we were in compliance with financial ratios and other ongoing covenants required by the terms of our mortgage notes payable.

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) a current ratio of at least 1.2 to 1, of which our ratio was approximately 1.3 to 1 as of December 31, 2004; (ii) a fixed charge coverage ratio of at least 1.2 to 1, of which our ratio was approximately 1.3 to 1 as of December 31, 2004; and (iii) leverage ratio of not more than 4.4 to 1, of which our ratio was approximately 0.4 to 1 as of December 31, 2004. A breach of these covenants could cause an acceleration of repayment and termination of the Committed Credit Facility by the Lenders. 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 we were approximately 1.3 to 1 as of December 31, 2004; and (ii) a coverage ratio relating to earnings before income taxes, depreciation and amortization ("EBITDA") of at least 1.5 to 1, of which we were approximately 2.6 to 1 as of December 31, 2004. 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 December 31, 2004, we were in compliance with our debt and lease agreement covenants.

Guarantees—

We have guaranteed a loan made by a financial institution directly to a non-consolidated entity controlled by a current regional executive, which totaled approximately $2.5 million as of December 31, 2004. This loan was made by a corporation we acquired in October 1998, and guarantees an industrial revenue bond maturing in 2007, 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.

Contractual Obligations—

As of December 31, 2004, we had the following contractual obligations (in thousands):

	2005	2006	2007	2008	2009	Thereafter	Total
Floor plan notes payable	$ 650,948	$ —	$ —	$ —	$ —	$ —	$ 650,948
Long-term debt, including capital lease obligations	33,880	5,570	4,141	3,853	10,127	471,581	529,152
Interest on long-term debt	40,891	40,356	40,035	39,753	39,453	126,269	326,757
Operating leases	53,209	52,023	50,287	48,246	43,164	248,062	494,991
Acquisitions under contract	19,800	—	—	—	—	—	19,800
Employment contracts	4,080	2,149	1,303	167	—	—	7,699
Guarantee liability	2,509	—	—	—	—	—	2,509
Total	$ 805,317	$ 100,098	$ 95,766	$ 92,019	$ 92,744	$ 845,912	$ 2,031,856

Cash Flow

Operating Activities—

Net cash used in operating activities totaled $10.4 million for the year ended December 31, 2004, and net cash provided by operating activities totaled $80.6 million and $54.6 million for the years ended December 31, 2003 and 2002, respectively. Cash flows associated with operating activities include net income adjusted for non-cash items and changes in working capital, including changes in floor plan notes payable related to vehicle inventory purchases.

Our cash flow from operations for the year ended December 31, 2004 was negatively impacted by several factors, including our decision to reduce the level of our floor plan notes payable, our strong sales volume in December and our investment in the working capital of our acquired dealerships. During the second half of 2004, we used our available cash to pay down our floor plan notes payable, thereby increasing the equity in our inventory. Had we maintained the same percentage of equity in our inventory as of December 31, 2004 as we had as of December 31, 2003, our cash flow from operating activities would have improved by approximately $68.0 million. Our sales revenue for December 2004 increased 33.2% compared to December 2003, contributing to an increase in contracts-in-transit and accounts receivable of $47.5 million, which we expect to benefit from in early 2005.

During 2003, differences in the timing of inventory purchases and the payment of related floor plan notes payable resulted in additional cash flow from operations of $34.1 million.

Investing Activities—

Net cash used in investing activities totaled $114.7 million, $85.1 million and $68.4 million for the years ended December 31, 2004, 2003 and 2002, 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 $69.5 million, $54.6 million and $54.6 million for the years ended December 31, 2004, 2003 and 2002, respectively, of which $23.6 million, $20.0 million and $21.6 million, were financed or were pending financing through sale-leaseback agreements or mortgage notes payable for the years ended December 31, 2004, 2003 and 2002, respectively. Our capital investments consisted of manufacturer-required improvements of our existing dealerships, upgrades of existing facilities and construction of new facilities. Future capital expenditures will relate primarily to manufacturer-required spending to upgrade existing dealership facilities and operational improvements that we expect will provide us with acceptable rates of return on our investments. During 2004 and 2003, we received $10.1 million and $36.9 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, net of cash and cash equivalents acquired, was $75.9 million, $79.9 million and $20.5 million for the years ended December 31, 2004, 2003 and 2002, respectively. We anticipate that we will spend between $75.0 million to $125.0 million on acquisitions in 2005.

Proceeds from the sale of assets totaled $3.2 million, $3.6 million and $0.7 million for the years ended December 31, 2004, 2003 and 2002, respectively. The proceeds from the sale of assets in 2004 and 2003 related primarily to the sale of real estate. We continuously evaluate our investments in property and equipment and from time to time sell assets that are not critical to our operations.

Proceeds from the sale of discontinued operations, net of cash and cash equivalents divested, totaled $16.8 million, $7.8 million and $5.2 million for the years ended December 31, 2004, 2003 and 2002, respectively. We continuously monitor the profitability and market value of our dealerships and, under certain conditions, may strategically divest of non-profitable dealerships.

Financing Activities—

Net cash provided by financing activities totaled $46.5 million and $88.6 million for the years ended December 31, 2004 and 2003. Net cash used in financing activities totaled $24.1 million for the year ended December 31, 2002.

During 2003, we received net proceeds of $193.3 million from the issuance of our 8% Senior Subordinated Notes due 2014, of which a substantial portion was used to repay the outstanding indebtedness under our Committed Credit Facility. During 2002, we received net proceeds of $241.3 million from the issuance of our 9% Senior Subordinated Notes due 2012, which were used repay the outstanding indebtedness under our Committed Credit Facility.

During 2004, proceeds from borrowings amounted to $21.6 million, of which $15.2 million was used to refinance an existing mortgage note payable and $6.4 million was used to finance construction on our dealership facilities. During 2003, our proceeds from borrowings included $98.1 million under our Committed Credit Facility, which was used for acquisitions and working capital, mortgages on dealership facilities and related real estate of $12.4 million and loans associated with construction projects of $5.1 million. During 2002, our proceeds from borrowings included $65.6 million under our Committed Credit Facility, which was used for acquisitions and working capital, and mortgages on dealership facilities and related real estate of $5.4 million.

During 2004, 2003 and 2002 we repaid debt of $91.8 million, $207.7 million and $385.7 million, respectively. During 2004, we utilized the proceeds from a sale-leaseback transaction to repay $63.7 million of mortgages associated with the property sold in the transaction and we used the proceeds from a mortgage refinancing to repay the balance of the original mortgage. During 2003, we repaid all amounts outstanding under our Committed Credit Facility with the net proceeds of $193.3 million from the issuance of our 8% Senior Subordinated Notes due 2014 and the proceeds from certain of our sale-leaseback transactions. During 2002, we received net proceeds of $65.4 million from the sale of shares of our common stock in our IPO, which we used to repay the outstanding indebtedness under our Committed Credit Facility and we used the net proceeds of $241.3 million from the issuance of our 9% Senior Subordinated Notes due 2012 to repay amounts outstanding under our Committed Credit Facility.

During 2004, we received net proceeds of $114.9 million from the sale of 20 properties associated with a sale-leaseback transaction. We consider this a financing activity as we continue to use the dealership facilities and related real estate in our operations and have entered into long-term lease agreements with the lessors.

During 2003 and 2002, we paid $9.7 million and $5.4 million, respectively, to repurchase shares of our common stock. Included in the amount paid during 2003 was $1.3 million related to shares of our common stock purchased and accrued for in 2002. We did not repurchase any shares of our common stock during 2004.

We distributed $3.0 million and $11.6 million to our members during 2003 and 2002, respectively, to cover their income tax liabilities. The 2003 distribution represented our final limited liability company distribution to our members. In addition, during 2002, we received $0.8 million from one of our members.

Sale-Leaseback Transactions

During the year ended December 31, 2004, we completed a sale-leaseback transaction in which we sold land and buildings with a net book value of $102.5 million to an unaffiliated third party for net proceeds of $114.9 million. The gain on the transaction of $12.4 million is being amortized as a reduction to SG&A expense over the lease terms. We estimate that the annualized rent associated with these leases will be approximately $9.2 million, net of amortization of the deferred gain.

In addition, we have entered into agreements with unaffiliated third parties, under which the third parties have either (i) purchased land for new dealership locations and advance funds to us equal to the cost of construction of dealership facilities being constructed on the land or (ii) agreed to purchase leasehold improvements on current dealership locations upon completion of the construction. Upon completion of the construction, we will execute the sale-leaseback agreements and transfer the ownership

of the land and buildings or sell the leasehold improvements to the third parties, and enter into long-term operating leases with the third parties. As of December 31, 2004, we have incurred $21.8 million of construction costs and have received $14.7 million from unaffiliated third parties related to current construction projects under our sale-leaseback agreements. We expect to receive the remaining funding of $7.1 million upon approval of the expenditures by the third parties. During the year ended December 31, 2004, we completed a sale-leaseback transaction, which resulted in the removal of $17.6 million of Assets Held for Sale and Liabilities Associated with Assets Held for Sale from our Consolidated Balance Sheets.

During the first quarter of 2005, we completed a 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.

Acquisitions and Divestitures

During the year ended December 31, 2004, we acquired seven dealership locations (seven franchises) for an aggregate purchase price of $78.4 million, of which $75.9 million was paid in cash through the use of available funds, with the remaining $2.5 million representing the fair value of future payments associated with our acquisitions.

During the year ended December 31, 2004, we placed ten dealership locations (fifteen franchises) into discontinued operations and sold ten dealership locations (fourteen franchises), eight (eleven franchises) of which were placed into discontinued operations in the same period.

Pending Acquisitions and Divestitures

As of December 31, 2004, we had executed contracts to acquire one dealership location (one franchise) representing annual revenues of approximately $35.0 million for $6.5 million in cash.

As of December 31, 2004, two dealership locations (four franchises) and real estate associated with two former dealership locations were pending disposition.

During the first quarter of 2005, we executed a contract to acquire one dealership location (one franchise) representing annual revenues of approximately $60.0 million for $13.3 million in cash.

We anticipate that we will spend between $75.0 million to $125.0 million on acquisitions in 2005, contributing between $300.0 million and $500.0 million of annual revenues.

Stock Repurchase Restrictions

Pursuant to the indentures governing our 9% Senior Subordinated Notes due 2012 and our 8% Senior Subordinated Notes due 2014, our ability to repurchase shares of our common stock is limited. As of December 31, 2004, our ability to repurchase shares was limited to an aggregate purchase price of $17.0 million due to these restrictions. We did not repurchase any shares of our common stock during 2004.

Off Balance Sheet Transactions

We had no off balance sheet transactions during the years presented other than those already disclosed in Notes 19 and 20 of our consolidated financial statements.

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 units where cost basis exceeds fair value. 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. These reserves were $4.9 million and $4.6 million as of December 31, 2004 and 2003, respectively.

Notes Receivable—Finance Contracts—

As of December 31, 2004 and 2003, we had outstanding notes receivable from finance contracts of $30.9 million and $32.0 million, respectively (net of an allowance for credit losses of $6.3 million and $4.7 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 and $11.8 million as of December 31, 2004 and 2003, respectively.

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 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 and manufacturer franchise rights are allocated to each reporting unit at the platform and dealership level, respectively. 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. Goodwill represents the excess cost of the businesses acquired over the fair market value of the identifiable net assets.

Upon adoption of SFAS No. 142 on January 1, 2002, we determined that each of our platforms qualified as a reporting unit as we operate in one segment, and 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, rather than by platform. The general managers, with direction from the regional CEOs, will continue to have the independence and flexibility to respond effectively to local market conditions. We anticipate that changes in our management, operational and reporting structure, which became effective in January 2005, and additional changes to be made in 2005 will ultimately lead us to the determination that goodwill will be evaluated at the operating segment level in the future.

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.

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.

RELATED PARTY TRANSACTIONS

Certain of our directors, shareholders and their affiliates, and regional management have engaged in transactions with us. These transactions primarily relate to long-term operating leases of our dealership

facilities. We believe that these transactions and our other related party transactions involve terms comparable to what would be obtained from unaffiliated third parties.

For the years ended December 31, 2004, 2003 and 2002, $13.5 million, $13.4 million and $13.8 million, respectively, of lease payments were made to entities controlled by our directors, shareholders or employees.

For the years ended December 31, 2004, 2003 and 2002, $0.1 million, $0.6 million and $1.0 million, respectively, was paid to an advertising entity in which one of our former directors had a substantial interest.

During each of the years ended December 31, 2004 and 2003, we paid $0.1 million in legal fees to a law firm in which one of our directors is of counsel.

In 2004, we sold one dealership facility (three franchises) to a member of our board of directors for $7.4 million. After the allocation of $3.7 million of goodwill, the book value approximated the selling price of the franchises sold.

In 2004, in two separate transactions, we leased two vehicles to two members of our board of directors for a total of $0.2 million.

In 2003, we purchased land for $0.8 million, sold it to one of our directors for $0.8 million and entered into a long-term operating lease with the director for the property. The land is contiguous to other property owned by this director, for which we currently have long-term operating leases.

In 2003, we acquired one dealership facility (five franchises) with annualized revenue of approximately $47.0 million from an executive of one of our platforms for $8.0 million.

In 2002, we acquired land from one of our former directors for $3.7 million for the purpose of expanding the operations of one of our dealership's facilities and for the construction of a new body shop facility.

RECENT ACCOUNTING PRONOUNCEMENTS

In November 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43." This statement clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. This statement will not have an impact on our consolidated results of operations or financial condition.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29." This Statement amends APB Opinion No. 29, "Accounting for Nonmonetary Transactions," to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. This statement is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. This statement will not have an impact on our consolidated results of operations or financial condition.

In December 2004, the 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." This statement is effective as of the first interim or

annual reporting period that begins after June 15, 2005 and applies to all awards granted after June 30, 2005 and to previously-granted awards unvested as of the adoption date. We are currently evaluating the effect of this statement on our financial statements and related disclosures.

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

Platform F&I Gross Profit PVR—

We evaluate our F&I gross profit performance on a PVR basis by dividing our total F&I gross profit by the number of retail vehicles sold during the period. During 2003, we renegotiated a contract with one of our third party F&I product providers, which resulted in the recognition of income that was not attributable to retail vehicles sold during the year. We believe that Platform F&I, which excludes the additional revenue derived from contracts negotiated by our corporate office, provides a more accurate measure of our F&I operating performance. The following table reconciles F&I gross profit to platform F&I gross profit, and provides the necessary components to calculate platform F&I gross profit PVR (in thousands, except for unit and per vehicle data):

	For the Years Ended December 31,		
	2004	2003	2002
F&I gross profit, net (as reported)	$ 147,750	$ 125,041	$ 110,044
Less: Corporate F&I gross profit	(5,695)	(2,693)	—
Platform F&I gross profit	$ 142,055	$ 122,348	$ 110,044
Platform F&I gross profit PVR	$ 848	$ 807	$ 756
Retail units sold:			
New retail units	106,298	94,527	89,828
Used retail units	61,311	57,090	55,784
Total	167,609	151,617	145,612

Item 7A. 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 $253.8 million of variable rate long-term debt (including the current portion) outstanding as of December 31, 2004, a 1% change in interest rates would result in a change of approximately $2.5 million to our annual other interest expense. Conversely, based on fixed-rate debt of $275.4 million a 1% change in interest would mean we would not experience the impact of a $2.8 million change in interest expense. Based on floor plan amounts outstanding at December 31, 2004, a 1% change in the interest rates would result in a $6.5 million change to annual floor plan interest expense.

We received $25.8 million of interest credit assistance from certain automobile manufacturers during the year ended December 31, 2004. Interest credit assistance reduced cost of sales for the year ended December 31, 2004 by $25.4 million and reduced new vehicle inventory by $3.9 million and $3.5 million as of December 31, 2004 and 2003, respectively. Although we can provide no assurance as to the amount of future floor plan credits, it is our expectation, based on historical data, that an increase in prevailing interest rates would result in increased interest credit assistance from certain automobile manufacturers.

Hedging Risk

We use interest rate swaps to manage our capital structure. In December 2003, we entered into two forward interest rate swaps with a combined notional principal amount of $200.0 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. During the second quarter of 2004, we reduced the notional principal amount of these swap agreements to $170.0 million. This transaction resulted in a gain of $0.4 million, which is included in Other Long-term Liabilities on the accompanying Consolidated Balance Sheets and will be amortized on a straight-line basis as a reduction to interest expense over the swap period, beginning in March 2006. The swap agreements were designated and qualify as cash flow hedges of future changes in interest rates of our variable rate floor plan indebtedness and we expect that these hedges, which may contain minor ineffectiveness, will be highly effective during the swap period from March 2006 through February 2014. As of December 31, 2004, the swaps had a fair value of $7.1 million, which was included in Other Long-term Liabilities on the accompanying Consolidated Balance Sheets.

In December 2003, we 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 fixed rate senior subordinated debt and did not contain any ineffectiveness. As of December 31, 2004, the swap agreement had a fair value of $2.7 million, which was included in Other Long-Term Liabilities on the accompanying Consolidated Balance Sheets.

In December 2004, we entered into a forward interest rate swap agreement with a notional principal amount of $15.2 million as a hedge against future changes in the interest rate of one of our variable rate mortgage notes payable beginning in January 2005. 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 in 2005 and we expect that it will qualify as an cash flow hedge of future changes in the interest rate of one of our variable rate mortgage notes payable and will not contain any ineffectiveness. As of 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 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Asbury Automotive Group, Inc.
New York, New York

We have audited the accompanying consolidated balance sheets of Asbury Automotive Group, Inc. and subsidiaries (the "Company") as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders'/members' equity and cash flows for each of the three years in the period ended December 31, 2004. We also have audited management's assessment, included in the accompanying "Management Report on Internal Control Over Financial Reporting", that the Company maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on these financial statements, an opinion on management's assessment, and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of financial statements included examining, on a test basis, evidence supporting the

amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2004 and 2003, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in Note 2 to the consolidated financial statements, as of January 1, 2002 the Company changed its method of accounting for goodwill to conform to Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets."

/s/ DELOITTE & TOUCHE LLP

New York, New York
March 14, 2005

ASBURY AUTOMOTIVE GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31, 2004	December 31, 2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 28,093	$ 106,711
Contracts-in-transit	105,360	93,881
Restricted investments	1,645	1,591
Accounts receivable (net of allowance of $2,073 and $2,371, respectively)	148,196	114,201
Inventories	761,557	650,397
Deferred income taxes	15,576	8,811
Prepaid and other current assets	49,526	36,417
Assets held for sale	33,553	29,533
Total current assets	1,143,506	1,041,542
PROPERTY AND EQUIPMENT, net	195,788	266,991
GOODWILL	461,650	404,143
RESTRICTED INVESTMENTS, net of current portion	2,478	2,974
OTHER LONG-TERM ASSETS	94,537	98,629
Total assets	$ 1,897,959	$ 1,814,279
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Floor plan notes payable	$ 650,948	$ 602,167
Current maturities of long-term debt	33,880	33,250
Accounts payable	53,078	42,882
Accrued liabilities	87,446	78,727
Liabilities associated with assets held for sale	22,158	24,732
Total current liabilities	847,510	781,758
LONG-TERM DEBT	495,272	559,128
DEFERRED INCOME TAXES	39,333	22,179
OTHER LONG-TERM LIABILITIES	35,821	17,507
COMMITMENTS AND CONTINGENCIES (Notes 19 and 20)		

SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 10,000,000 shares authorized	—	—
Common stock, $.01 par value, 90,000,000 shares authorized 34,163,759 and 34,022,008 shares issued, including shares held in treasury, respectively	342	340
Additional paid-in capital	413,094	411,082
Retained earnings	87,905	37,832
Treasury stock, at cost; 1,586,587 and 1,590,013 shares held, respectively	(15,032)	(15,064)
Accumulated other comprehensive loss	(6,286)	(483)
Total shareholders' equity	480,023	433,707
Total liabilities and shareholders' equity	$ 1,897,959	$ 1,814,279

See Notes to Consolidated Financial Statements.

ASBURY AUTOMOTIVE GROUP, INC.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

	For the Years Ended December 31,		
	2004	2003	2002
REVENUES:			
New vehicle	$ 3,261,709	$ 2,786,744	$ 2,514,519
Used vehicle	1,286,361	1,142,824	1,116,320
Parts, service and collision repair	605,315	517,904	465,780
Finance and insurance, net	147,750	125,041	110,044
Total revenues	5,301,135	4,572,513	4,206,663
COST OF SALES:			
New vehicle	3,023,726	2,577,577	2,305,460
Used vehicle	1,176,255	1,040,563	1,015,222
Parts, service and collision repair	287,413	242,322	216,173
Total cost of sales	4,487,394	3,860,462	3,536,855
GROSS PROFIT	813,741	712,051	669,808
OPERATING EXPENSES:			
Selling, general and administrative	650,152	557,478	518,704
Depreciation and amortization	20,422	19,686	18,471
Impairment of goodwill	—	37,930	—
Income from operations	143,167	96,957	132,633
OTHER INCOME (EXPENSE):			
Floor plan interest expense	(21,248)	(16,624)	(15,828)
Other interest expense	(39,256)	(40,228)	(38,398)
Interest income	822	480	1,143
Net losses from unconsolidated affiliates	—	—	(100)
Other income (expense)	623	(1,626)	(467)
Total other expense, net	(59,059)	(57,998)	(53,650)
Income before income taxes	84,108	38,959	78,983
INCOME TAX EXPENSE:			
Income tax expense	31,364	20,468	26,137
Tax adjustment upon conversion from an L.L.C. to a corporation	—	—	11,553
Total income tax expense	31,364	20,468	37,690
INCOME FROM CONTINUING OPERATIONS	52,744	18,491	41,293
DISCONTINUED OPERATIONS, net of tax	(2,671)	(3,304)	(3,208)
Net income	$ 50,073	$ 15,187	38,085
PRO FORMA INCOME TAX EXPENSE (BENEFIT):			
Income tax expense			5,298
Net tax effect of 2003 and 2004 discontinued operations			1
Tax adjustment upon conversion from an L.L.C. to a corporation			(11,553)
Tax affected pro forma net income			$ 44,339
EARNINGS PER COMMON SHARE:			
Basic	$ 1.54	$ 0.47	$ 1.15
Diluted	$ 1.53	$ 0.46	$ 1.15
PRO FORMA EARNINGS PER COMMON SHARE:			
Basic			$ 1.34
Diluted			$ 1.34
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	32,502	32,648	33,065
Diluted	32,674	32,715	33,073

See Notes to Consolidated Financial Statements.

ASBURY AUTOMOTIVE GROUP, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS'/MEMBERS' EQUITY

(Dollars in thousands)

	Common Stock		Additional Paid-in	Contributed	Retained	Treasury Stock		Accumulated Other Comprehensive	
	Shares	Amount	Capital	Capital	Earnings	Shares	Amount	Income (Loss)	Total
Balances, January 1, 2002	—	$ —	$ —	$ 305,363	$ 40,888	—	$ —	$ 1,656	$ 347,907
Contributions	—	—	—	800	—	—	—	—	800

Distributions	—	—	—	—	(14,590)	—	—	—	(14,590)
Comprehensive Income:									
Net income	—	—	—	—	38,085	—	—	—	38,085
Change in fair value of interest rate swaps, net of $127 tax benefit	—	—	—	—	—	—	—	(1,858)	(1,858)
Amortization of loss on interest rate swaps, net of $47 tax effect	—	—	—	—	—	—	—	80	80
Comprehensive income									36,307
Stock and stock option compensation	—	—	614	—	—	—	—	—	614
Proceeds from initial public offering, net	4,500,000	45	62,498	—	—	—	—	—	62,543
Purchase of common stock	—	—	—	—	—	(772,824)	(6,630)	—	(6,630)
Exchange of membership interests for shares of common stock	29,500,000	295	347,606	(306,163)	(41,738)	—	—	—	—
Balances, December 31, 2002	**34,000,000**	**340**	**410,718**	**—**	**22,645**	**(772,824)**	**(6,630)**	**(122)**	**426,951**
Comprehensive Income:									
Net income	—	—	—	—	15,187	—	—	—	15,187
Change in fair value of interest rate swaps, net of $260 tax benefit	—	—	—	—	—	—	—	(483)	(483)
Amortization of loss on interest rate swaps, net of $80 tax effect	—	—	—	—	—	—	—	122	122
Comprehensive income									14,826
Issuance of common stock in connection with the exercise of stock options	22,008	—	295	—	—	—	—	—	295
Stock and stock option compensation	—	—	69	—	—	—	—	—	69
Purchase of common stock	—	—	—	—	—	(817,189)	(8,434)	—	(8,434)
Balances, December 31, 2003	**34,022,008**	**340**	**411,082**	**—**	**37,832**	**(1,590,013)**	**(15,064)**	**(483)**	**433,707**
Comprehensive Income:									
Net income	—	—	—	—	50,073	—	—	—	50,073
Change in fair value of interest rate swaps, net of $3,513 tax benefit	—	—	—	—	—	—	—	(5,803)	(5,803)
Comprehensive income									44,270
Issuance of common stock in connection with the exercise of stock options, including $95 tax benefit	141,751	2	1,955	—	—	—	—	—	1,957
Stock and stock option compensation	—	—	57	—	—	3,426	32	—	89
Balances, December 31, 2004	**34,163,759**	**$ 342**	**$ 413,094**	**$ —**	**$ 87,905**	**(1,586,587)**	**$ (15,032)**	**$ (6,286)**	**$ 480,023**

See Notes to Consolidated Financial Statements.

ASBURY AUTOMOTIVE GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	For the Years Ended December 31,		
	2004	**2003**	**2002**
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income	$ 50,073	$ 15,187	$ 38,085
Adjustments to reconcile net income to net cash (used in) provided by operating activities—			
Depreciation and amortization	20,422	19,686	18,471
Depreciation and amortization from discontinued operations	429	1,851	2,913
Impairment of goodwill	—	37,930	—
Amortization of deferred financing fees	1,579	5,333	4,548
Change in allowance for doubtful accounts	(298)	249	(253)
Loss on sale of discontinued operations	79	123	1,622
Change in deferred income taxes	13,530	(6,927)	15,490
Other adjustments	6,540	3,546	3,670
Changes in operating assets and liabilities, net of acquisitions and divestitures—			
Contracts-in-transit	(12,902)	(2,691)	1,854
Accounts receivable	(53,664)	(38,177)	(31,625)
Proceeds from the sale of accounts receivable	19,046	19,958	17,136
Inventories	(81,983)	(3,553)	(79,594)
Prepaid and other current assets	(38,376)	(20,511)	(12,257)
Floor plan notes payable	43,779	37,646	73,945
Accounts payable and accrued liabilities	16,983	11,186	1,693
Other long-term assets and liabilities	4,345	(282)	(1,060)
Net cash (used in) provided by operating activities	(10,418)	80,554	54,638
CASH FLOW FROM INVESTING ACTIVITIES:			
Capital expenditures—non-financed	(45,881)	(34,659)	(32,983)
Capital expenditures—financeable	(23,591)	(19,974)	(21,609)
Construction advances associated with sale-leaseback agreements	10,138	36,932	—
Acquisitions (net of cash and cash equivalents acquired of $—, $— and $26 in 2004, 2003 and 2002, respectively)	(75,861)	(79,866)	(20,459)
Proceeds from the sale of property and equipment	3,193	3,578	692
Proceeds from the sale of discontinued operations (net of cash and cash equivalents divested of $1,478, $— and $— in 2004, 2003 and 2002, respectively)	16,759	7,845	5,173
Purchase of restricted investments	(1,279)	(750)	(1,069)
Proceeds from the sale of restricted investments	1,781	1,826	1,826
Net cash used in investing activities	(114,741)	(85,068)	(68,429)
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from issuance of senior subordinated notes	—	200,000	250,000
Payment of debt issuance costs	—	(6,740)	(8,742)
Proceeds from borrowings	21,606	115,510	71,108
Repayments of debt	(91,800)	(207,743)	(385,739)
Proceeds from the sale of assets associated with sale-leaseback agreements	114,873	—	—
Proceeds from initial public offering, net	—	—	65,415
Proceeds from the exercise of stock options	1,862	295	—
Purchase of treasury stock	—	(9,700)	(5,364)
Distributions to members	—	(3,010)	(11,580)
Contributions from members	—	—	800
Net cash provided by (used in) financing activities	46,541	88,612	(24,102)
Net (decrease) increase in cash and cash equivalents	(78,618)	84,098	(37,893)
CASH AND CASH EQUIVALENTS, beginning of year	106,711	22,613	60,506
CASH AND CASH EQUIVALENTS, end of year			

$ 28,093	$ 106,711	$ 22,613

See Note 18 for supplemental cash flow information

See Notes to Consolidated Financial Statements

ASBURY AUTOMOTIVE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2004, 2003 and 2002

1. DESCRIPTION OF BUSINESS

Asbury Automotive Group, Inc. is a national automotive retailer, operating 96 dealership locations (132 franchises) as of December 31, 2004. 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. Until the first quarter of 2005, our retail network was organized into regional dealership groups, or "platforms," in 19 metropolitan markets, which were marketed under different regional brands. In addition, we operate three dealerships in two metropolitan markets in Northern California and three dealerships in two metropolitan markets in Southern California. In total, we operate our retail dealerships in 23 metropolitan markets throughout the United States.

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), (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 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 consolidated financial statements, including the accounts of Asbury Automotive Group, Inc. and our wholly owned subsidiaries, have been prepared in accordance with accounting principles generally accepted in the United States of America. All intercompany transactions have been eliminated in consolidation.

The 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 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. Significant estimates made in the accompanying Consolidated Financial Statements include, but are not limited to, allowances for doubtful accounts, inventory valuation reserves, reserves for chargebacks against revenue recognized from the sale of finance and insurance products, certain assumptions related to intangible and long-lived assets, reserves for self-insurance programs, reserves for certain legal proceedings, and reserves for estimated tax liabilities.

ASBURY AUTOMOTIVE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
December 31, 2004, 2003 and 2002

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments that have an original maturity of three months or less at the date of purchase.

Contracts-In-Transit

Contracts-in-transit represent receivables from unrelated finance companies for the portion of the vehicle purchase price financed by customers through sources arranged by us.

Inventories

Inventories are stated at the lower of cost or market. We use the specific identification method to value vehicle inventories and the "first-in, first-out" method ("FIFO") to account for our parts inventories. We assess the lower of cost or market reserve requirement on an individual unit basis, based on historical loss rates, the age and composition of the inventory and current market conditions. Additionally, we receive advertising and interest credit assistance from certain automobile manufacturers. In accordance with Emerging Issues Task Force ("EITF") 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor," manufacturer advertising credits that are reimbursements of costs associated with specific advertising programs are recognized as a reduction of advertising expense in the period they are earned. All other manufacturer advertising and interest credits are accounted for as purchase discounts and are recorded as a reduction of inventory and recognized in New Vehicle Cost of Sales in the accompanying Consolidated Statements of Income in the period the related inventory is sold.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives. Leasehold improvements are capitalized and amortized over the lesser of the life of the lease or the useful life of the related asset. The range of estimated useful lives is as follows (in years):

Buildings and improvements	10-39
Machinery and equipment	5-10
Furniture and fixtures	3-10
Company vehicles	3-5

Expenditures for major additions or improvements, which extend the useful lives of assets, are capitalized. Minor replacements, maintenance and repairs, which do not improve or extend the lives of such assets, are expensed as incurred.

We review property and equipment for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable in accordance with Statement of Financial Accounting Standard ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." If the carrying value exceeds the sum of the future undiscounted cash flows to be generated by the asset, the asset

would be adjusted to its net recoverable value and an impairment loss would be charged to operations in the period identified.

We capitalize interest on borrowings during the active construction period of capital projects. Capitalized interest is added to the cost of the assets and is depreciated over the estimated useful lives of the assets.

Acquisitions

Acquisitions are accounted for under the purchase method of accounting and the assets acquired and liabilities assumed are recorded at their fair value as of the acquisition dates. The operations of the acquired dealerships are included in the accompanying Consolidated Statements of Income commencing on the date of acquisition.

Goodwill and Other Intangible Assets

In accordance with 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 and manufacturer franchise rights are allocated to each reporting unit at the platform and dealership level, respectively. 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. Goodwill represents the excess cost of the businesses acquired over the fair market value of the identifiable net assets.

Upon adoption of SFAS No. 142 on January 1, 2002, we determined that each of our platforms qualified as a reporting unit as we operate in one segment, and 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, rather than by platform. The general managers, with direction from the regional CEOs, will continue to have the independence and flexibility to respond effectively to local market conditions. We anticipate that changes in our management, operational and reporting structure, which became effective in January 2005, and additional changes to be made in 2005 will ultimately lead us to the determination that goodwill will be evaluated at the operating segment level in the future.

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.

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 to15 years and are tested for impairment when circumstances indicate that the carrying value of the asset might be impaired.

Fair Value of Financial Instruments

Financial instruments consist primarily of cash, contracts-in-transit, accounts receivable, notes receivable, restricted investments, accounts payable, floor plan notes payable, long-term debt and interest rate swap agreements. The carrying amounts of our accounts receivable, notes receivable, restricted investments, accounts payable, floor plan notes payable and interest rate swap agreements approximate fair value due either to length of maturity or existence of variable interest rates, which approximate market rates. As of December 31, 2004, our 9% Senior Subordinated Notes due 2012 and our 8% Senior Subordinated Notes due 2014 had a carrying value of $250.0 million and $200.0 million, respectively, and a fair market value, based on current market prices, of $265.0 million and $199.0 million, respectively.

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.

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."

The following table illustrates the effect on net income and net income per common 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 Years Ended December 31,		
	2004	2003	2002
	(In thousands, except per share data)		
Net income	$ 50,073	$ 15,187	$ 38,085
Adjustments to net income:			
Stock-based compensation expense included in net income, net of tax	57	69	614
Pro forma stock-based compensation expense, net of tax	(5,133)	(4,002)	(3,201)
Pro forma net income	$ 44,997	$ 11,254	$ 35,498
Net income per common share—basic (as reported)	$ 1.54	$ 0.47	$ 1.15
Pro forma net income per common share—basic	$ 1.38	$ 0.34	$ 1.07
Net income per common share—diluted (as reported)	$ 1.53	$ 0.46	$ 1.15
Pro forma net income per common share—diluted	$ 1.38	$ 0.34	$ 1.07

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:

	2004	2003	2002
Expected life of option	4 years	5 years	5 years
Risk-free interest rate	3.3%	2.7%	4.7%
Expected volatility	51%	63%	55%
Expected dividend yield	NA	NA	NA

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 gain or loss on the effective portion of a hedge is reported as a component of accumulated other comprehensive income (loss). Amounts in accumulated other comprehensive income (loss) are recognized in income in the period in which the hedge expires. The measurement of hedge ineffectiveness is based on a comparison of the change in fair value of the actual interest rate swap and the change in fair value of a hypothetical interest rate swap with terms that identically match the critical terms of the debt. The ineffective portion of

these interest rate swaps is reported in other income (expense) in the accompanying Consolidated Statements of Income. No ineffectiveness was recognized in 2004, 2003 or 2002.

Advertising

We expense production and other costs of advertising as incurred and media is expensed when the advertising takes place, net of certain manufacturer advertising credits and other discounts. Advertising expense from continuing operations totaled $57.0 million, $46.0 million and $46.4 million for the years ended December 31, 2004, 2003 and 2002, net of earned advertising credits and volume discounts of $7.8 million, $6.5 million and $5.7 million, respectively, and is included in Selling, General and Administrative expense in the accompanying Consolidated Statements of Income.

Income Taxes

We use the liability method to account for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis using currently enacted tax rates. The effect on deferred assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all the deferred tax assets will not be realized.

Through the date of our initial public offering in March 2002, we consisted primarily of limited liability companies and partnerships, which were treated as partnerships for tax purposes. Under this structure, such companies and partnerships were not subject to income taxes. Therefore, no provision for federal or state income taxes was included in the accompanying consolidated financial statements for these limited liability companies and partnerships prior to our initial public offering in March 2002. However, we also have nine subsidiaries that are "C" corporations under the provisions of the U.S. Internal Revenue Code. Accordingly, we followed the liability method of accounting for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," for earnings of these subsidiaries for all twelve months of 2002.

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 December 31, 2004 and 2003, have been classified to Assets Held for Sale and Liabilities Associated with Assets Held for Sale. In addition, the accompanying Consolidated Statements of Income for the years ended December 31, 2003 and 2002, have been reclassified to reflect the results of businesses sold during 2004 or held for sale as of December 31, 2004 as if we had classified those businesses as discontinued operations during the respective fiscal years presented (see Note 16).

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 financing 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.

Proceeds from the sale of dealership facilities and the related real estate previously owned and subsequently leased back in connection with sale-leaseback agreements are reflected as financing activities in the accompanying Consolidated Statements of Cash Flows.

Financeable capital expenditures includes 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. Non-financeable capital expenditures include all capital expenditures not included in financeable capital expenditures.

Concentration of Credit Risk

Financial instruments, which potentially subject us to concentration of credit risk, consist principally of cash deposits. We maintain cash balances in financial institutions with strong credit ratings. Generally, amounts invested with financial institutions are in excess of FDIC insurance limits.

Concentrations of credit risk with respect to contracts-in-transit and accounts receivable are limited primarily to automakers and financial institutions. Credit risk arising from receivables from commercial customers is minimal due to the large number of customers comprising our customer base.

For the year ended December 31, 2004, Honda, Nissan, Ford, Toyota, Mercedes-Benz, BMW and Lexus accounted for 18%, 10%, 9%, 8%, 7%, 6% and 5% of our revenues from new vehicle sales, respectively. No other franchise accounted for more than 5% of our total new vehicle retail revenues in 2004.

Segment Reporting

We follow the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." Based upon definitions contained in SFAS No. 131, we have determined that we operate in one segment and have no international operations.

Our operating businesses (dealerships) deliver the same products and services to a common customer group. Our customers are generally individuals. Our businesses generally follow the same management and marketing strategies, and each operate in a similar regulatory environment. We evaluate performance and allocate resources based on the operating results of our businesses.

Recent Accounting Pronouncements

In November 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43." This statement clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). This statement is

effective for inventory costs incurred during fiscal years beginning after June 15, 2005. This statement will not have an impact on our consolidated results of operations or financial condition.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29." This statement amends APB Opinion No. 29, "Accounting for Nonmonetary Transactions," to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. This statement is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. This statement will not have an impact on our consolidated results of operations or financial condition.

In December 2004, the 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." This statement is effective as of the first interim or annual reporting period that begins after June 15, 2005 and applies to all awards granted after June 30, 2005 and to previously-granted awards unvested as of the adoption date. We are currently evaluating the effect of this statement on our consolidated financial statements and related disclosures.

3. ACQUISITIONS

During the year ended December 31, 2004, we acquired seven dealership locations (seven franchises) for an aggregate purchase price of $78.4 million, of which $75.9 million was paid in cash through the use of available funds, with the remaining $2.5 million representing the fair value of future payments associated with our acquisitions. During the year ended December 31, 2003, we acquired seven dealership locations (thirteen franchises) and one ancillary business for an aggregate purchase price of $79.9 million, of which $0.3 million was paid in cash through the use of available funds and $79.6 million was funded through borrowings under our Committed Credit Facility. During the year ended December 31, 2002, we acquired six dealership locations (eight franchises) for an aggregate purchase price of $19.7 million, which was funded through borrowings under our Committed Credit Facility. In addition, we paid $0.8 million in 2002 as a final settlement of purchase price contingencies for prior period acquisitions.

The allocation of purchase price for acquisitions is as follows:

	For the Years Ended December 31,		
	2004	2003	2002
	(In thousands)		
Working capital	$ 5,561	$ 3,277	$ 2,891
Fixed assets	4,048	4,200	981
Other assets	226	600	1,755
Goodwill	53,180	42,178	10,861
Franchise rights	15,428	30,000	3,000
Acquisition of minority interest	—	—	177
Other liabilities	—	(389)	—
Total purchase price	$ 78,443	$ 79,866	$ 19,665

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.

4. ACCOUNTS AND NOTES RECEIVABLE

Accounts Receivable

We have agreements to sell certain of our trade receivables, without recourse as to credit risk, in an amount not to exceed $25.0 million per year. The receivables are sold at a discount, which is included in Selling, General and Administrative expense in the accompanying Consolidated Statements of Income. The discounts totaled $0.5 million, $0.5 million and $0.4 million for the years ended December 31, 2004, 2003 and 2002, respectively. During the years ended December 31, 2004, 2003 and 2002, $19.5 million, $20.5 million and $17.5 million of receivables, respectively, were sold under these agreements and were reflected as reductions of trade accounts receivable.

Notes Receivable—Finance Contracts

Notes receivable resulting from the issuance of finance contracts in connection with the sale of new and used vehicles is included in Prepaid and Other Current Assets and Other Long-term Assets on the accompanying Consolidated Balance Sheets. Notes receivable have initial terms ranging from 12 to 60 months bearing interest at rates ranging from 8% to 31% and are collateralized by the related vehicles. Notes receivable from finance contracts consists of the following:

	As of December 31,	
	2004	2003
	(In thousands)	
Notes receivable—finance contracts, current	$ 14,135	$ 14,280
Notes receivable—finance contracts, long-term	23,007	22,423
Less—Allowance for credit losses	(6,279)	(4,715)

Total notes receivable—finance contracts, net	30,863	31,988
Notes receivable—finance contracts, current, net	(11,827)	(11,739)
Notes receivable—finance contracts, long-term, net	$ 19,036	$ 20,249

Contractual maturities of gross notes receivable-finance contracts as of December 31, 2004 are as follows (in thousands):

2005	$ 14,135
2006	11,595
2007	8,042
2008	2,973
2009	395
Thereafter	2
	$ 37,142

5. INVENTORIES

Inventories consist of the following:

	As of December 31,	
	2004	2003
	(In thousands)	
New vehicles	$ 619,098	$ 517,227
Used vehicles	98,071	90,683
Parts and accessories	44,388	42,487
Total inventories	$ 761,557	$ 650,397

The lower of cost or market reserves reduced total inventory cost by $4.9 million and $4.6 million as of December 31, 2004 and 2003, respectively. As of December 31, 2004 and 2003, advertising and interest credits from automobile manufacturers reduced new vehicle inventory cost by $5.7 million and $4.6 million, respectively; and reduced new vehicle cost of sales from continuing operations for the years ended December 31, 2004, 2003 and 2002, by $34.1 million, $30.1 million and $30.4 million, respectively.

6. PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets consist of the following:

	As of December 31,	
	2004	2003
	(In thousands)	
Service loaner vehicles	$ 23,640	$ 18,237
Notes receivable—finance contracts, current, net	11,827	11,739
Prepaid federal income taxes	6,820	—
Other	7,239	6,441
Total prepaid and other current assets	$ 49,526	$ 36,417

7. ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Assets and liabilities classified as held for sale as of December 31, 2004 include (i) assets and liabilities associated with discontinued operations and real estate associated with former dealership locations, (ii) real estate of new dealership locations where an unaffiliated third party purchased land and is

advancing funds to us equal to the cost of construction of dealership facilities being constructed on the land and (iii) leasehold improvements that an unaffiliated third party has agreed to purchase upon completion of the construction.

Assets and liabilities associated with discontinued operations include two dealership locations (four franchises) and real estate associated with two former dealership locations as of December 31, 2004, and two dealership locations (three franchises) and real estate associated with two former dealership locations as of December 31, 2003. Assets associated with discontinued operations totaled $11.8 million and $6.7 million, and liabilities associated with discontinued operations totaled $7.5 million and $1.9 million as of December 31, 2004 and December 31, 2003, respectively.

In connection with the construction of certain new dealership locations, we have entered into sale-leaseback agreements whereby an unaffiliated third party purchased the land and is advancing funds to us equal to the cost of construction of dealership facilities being constructed on the land. The agreements include an option for the third party to cancel the agreement and require us to return the advanced funds in the event we fail to complete construction of the facilities, among

other customary conditions. As a result, we capitalize the cost of the land, facilities 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 the land, facilities 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 year ended December 31, 2004, we completed a sale-leaseback transaction, which resulted in the removal of $17.6 million of Assets Held for Sale and Liabilities Associated with Assets Held for Sale from our Consolidated Balance Sheets. As of December 31, 2004 and 2003, the book value of assets held for sale associated with new dealership locations and leasehold improvements to be sold totaled $21.8 million and $22.8 million, respectively. As of December 31, 2004 and 2003, the book value of liabilities associated with these assets held for sale totaled $14.7 million and $22.8 million, respectively.

A summary of assets held for sale and liabilities associated with assets held for sale are as follows:

	As of December 31,	
	2004	2003
	(In thousands)	
Assets:		
Inventories	$ 7,846	$ 2,116
Property and equipment, net	25,207	27,417
Manufacturer Franchise Rights	500	—
Total assets	33,553	29,533
Liabilities:		
Floor plan notes payable	7,456	1,954
Other liabilities	14,702	22,778
Total liabilities	22,158	24,732
Net assets held for sale	$ 11,395	$ 4,801

8. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	As of December 31,	
	2004	2003
	(In thousands)	
Land	$ 37,085	$ 68,988
Buildings and leasehold improvements	132,886	187,639
Machinery and equipment	69,268	46,363
Furniture and fixtures	17,105	28,629
Company vehicles	9,525	8,899
Total	265,869	340,518
Less—Accumulated depreciation	(70,081)	(73,527)
Property and equipment, net	$ 195,788	$ 266,991

During the years ended December 31, 2004, 2003 and 2002, we capitalized $1.4 million, $0.8 million and $0.9 million, respectively, of interest in connection with various capital projects to upgrade and remodel our facilities. Depreciation expense from continuing operations was $19.9 million, $18.8 million and $17.3 million for the years ended December 31, 2004, 2003 and 2002, respectively.

During the year ended December 31, 2004, we completed a sale-leaseback transaction in which we sold land and buildings with a net book value of $102.5 million to an unaffiliated third party for $114.9 million, net of transaction costs. The gain on the transaction of $12.4 million is being amortized as a reduction to selling, general and administrative expense over the lease terms. We estimate that the annualized rent associated with these leases will be approximately $9.2 million, net of amortization of the deferred gain.

9. GOODWILL AND INTANGIBLE ASSETS

Goodwill and Manufacturer Franchise Rights

The changes in the carrying amount of goodwill for the years ended December 31, 2004 and 2003 are as follows (in thousands):

Balance as of December 31, 2002	$ 402,133
Acquisitions	42,178
Adjustments related to prior period acquisitions	(367)
Goodwill impairment—Oregon platform	(37,930)
Divestitures	(1,871)
Balance as of December 31, 2003	404,143
Acquisitions	53,180
Adjustments related to prior period acquisitions	10,508
Divestitures	(6,181)
Balance as of December 31, 2004	$ 461,650

In the fourth quarter of 2003, we retained a third party valuation firm to assist in determining the implied fair value of goodwill at our Oregon platform. Upon completion of our impairment test on October 1, 2003, we recorded a non-cash impairment charge of $37.9 million ($29.2 million after-tax) to reduce the carrying value of goodwill associated with our Oregon platform.

Upon completion of our impairment test on October 1, 2004, the fair value of each of our platforms' tangible and intangible assets exceeded carrying value and therefore not indicating an impairment of goodwill or other intangibles.

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. Manufacturer franchise rights are included in Other Long-term Assets on the accompanying Consolidated Balance Sheets. The changes in the carrying amount of manufacturer franchise rights for the years ended December 31, 2004 and 2003 are as follows (in thousands):

Balance as of December 31, 2002	$ 8,000
Acquisitions	30,000
Balance as of December 31, 2003	38,000
Acquisitions	15,428
Adjustments related to prior period acquisitions	(11,210)
Franchises held for sale	(500)
Divestitures	(205)
Balance as of December 31, 2004	$ 41,513

Amortizable Intangible Assets

Amortizable intangible assets are included in Other Long-term Assets on the accompanying Consolidated Balance Sheets and include the following:

	As of December 31, 2004	2003
	(In thousands)	
Amortizable intangible assets		
Noncompete agreements	$ 1,440	$ 5,331
Lease agreements (amortization included in SG&A expense)	6,527	6,527
Total	7,967	11,858
Less: Accumulated amortization	(5,796)	(8,665)
Amortizable intangible assets, net	$ 2,171	$ 3,193

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Amortization expense from continuing operations was $0.9 million, $1.3 million and $1.5 million for the years ended December 31, 2004, 2003 and 2002, respectively. During the year ended December 31, 2004 we sold one dealership location (one franchise), which resulted in a $0.1 million reduction of a noncompete agreement that no longer provided future benefit. Future estimated amortization expense is as follows (in thousands):

For the years ended December 31:	
2005	$ 512
2006	507
2007	507
2008	508
2009	137
Thereafter	—
	$ 2,171

10. OTHER LONG-TERM ASSETS

	As of December 31, 2004	2003
	(In thousands)	
Manufacturer franchise rights	$ 41,513	$ 38,000
Notes receivable-finance contracts, long-term, net	19,036	20,249
Deferred financing costs	13,958	15,205
Amortizable intangibles	2,171	3,193
Other	17,859	21,982
Total other long-term assets	$ 94,537	$ 98,629

11. FLOOR PLAN NOTES PAYABLE

We have floor plan financing credit facilities (the "Floor Plan Facilities") with the Lenders, which provide new vehicle financing up to the value of each new vehicle and up to a fixed percentage of the value of each used vehicle. We continue to evaluate the best use of our cash between capital expenditures, acquisitions and debt reduction and depending on our financial condition, may decide to increase or decrease the level of floor plan notes payable outstanding relating to our vehicle inventory. Our Floor Plan Facilities have no stated limit as to how much we may borrow for inventory purchases and as a result we have sufficient borrowing capacity

to operate our business. In addition, we have total availability of $32.2 million under ancillary floor plan facilities with Comerica Bank and Navistar Financial for our heavy trucks business in Atlanta, Georgia.

We are required to make monthly interest payments on the amount financed, but generally we are not required to repay the principal prior to the sale of the vehicle. These Floor Plan Facilities require a guarantee from each of our intermediate subsidiaries, and participating subsidiary dealers grant a blanket lien on all of our assets and the assets of such subsidiaries, including a security interest in the financed vehicles as well as the related sales proceeds. The terms of our Floor Plan Facilities impose upon us and

our subsidiaries certain financial covenants. As of December 31, 2004 we were in compliance with these financial covenants.

Amounts financed under the Floor Plan Facilities bear interest at variable rates, which are typically based on LIBOR or the prime rate. The weighted average interest rate on our floor plan notes payable was 3.4% for the years ended December 31, 2004 and 2003. As of December 31, 2004 and 2003, we had $650.9 million and $602.2 million of floor plan notes payable outstanding, respectively.

12. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	As of December 31,	
	2004	2003
	(In thousands)	
Accrued compensation	$ 24,569	$ 22,245
Taxes payable	15,597	13,390
Accrued finance and insurance chargebacks	8,461	7,558
Accrued interest	8,308	4,162
Accrued insurance	6,024	6,496
Accrued advertising and promotions	5,099	3,616
Accrued vacation	4,950	3,884
Customer deposits	2,969	1,748
Other accrued liabilities	11,469	15,628
Accrued liabilities	$ 87,446	$ 78,727

13. LONG-TERM DEBT

Long-term debt consists of the following:

	As of December 31,	
	2004	2003
	(In thousands)	
9% Senior Subordinated Notes due 2012	$ 250,000	$ 250,000
8% Senior Subordinated Notes due 2014	200,000	200,000
Mortgage notes payable to banks and financing institutions bearing interest at fixed and variable rates (the weighted average interest rates were 5.7% and 4.7% for years ended December 31, 2004 and 2003, respectively)	49,732	116,664
Notes payable to financing institutions collateralized by service loaner vehicles bearing interest at variable rates (the weighted average interest rates were 4.2% and 3.6% for the years ended December 31, 2004 and 2003, respectively), maturing at various dates during 2005	21,627	15,744
Non-interest bearing note payable to former shareholders of one of our subsidiaries, net of unamortized discount of $62 and $252 as of December 31, 2004 and 2003, respectively, determined at an effective interest rate of 6.1%, payable in semiannual installments of approximately $913, due January 2006, collateralized by marketable securities equal to the outstanding debt	2,637	4,228
Capital lease obligations	4,421	4,226
Other notes payable	735	1,516
	529,152	592,378
Less: current portion	(33,880)	(33,250)
Long-term debt	$ 495,272	$ 559,128

The aggregate maturities of long-term debt as of December 31, 2004, are as follows (in thousands):

2005	$ 33,880
2006	5,570
2007	4,141
2008	3,853
2009	10,127
Thereafter	471,581
	$529,152

9% Senior Subordinated Notes due 2012

In June 2002, we issued our 9% Senior Subordinated Notes due 2012 in the aggregate principal amount of $250.0 million, receiving net proceeds of $241.3 million. The costs related to the issuance of the notes were capitalized and are being amortized to interest expense over the term of the notes. The net proceeds from the notes issuance were utilized to repay a substantial portion of the outstanding indebtedness under our Committed Credit Facility (as defined below). We pay interest on these notes on June 15 and December 15 of each year until maturity on June 15, 2012. At any time on or after June 15,

2007, we may, at our option, choose to redeem all or a portion of these notes at the redemption prices set forth in the indenture governing our 9% Senior Subordinated Notes due 2012. On or before June 15, 2005, we may, at our option, use the net proceeds of one or more equity offerings to redeem up to 35% of the aggregate principal amount of the notes at a redemption price set forth in the note indenture and unpaid interest thereon. At any time before June 15, 2007, we may, at our option, choose to redeem all or a portion of the notes at a price equal to 100% of their principal amount plus the make-whole premium set forth in the note indenture.

Our 9% Senior Subordinated Notes due 2012 are guaranteed by substantially all of our current subsidiaries. We have also agreed to have all of our future subsidiaries become guarantors upon their formation or acquisition. The 9% Senior Subordinated Notes due 2012 and the subsidiary guarantees rank behind all of our and the subsidiary guarantors' current and future indebtedness, other than trade payables, except any future indebtedness that expressly provides that it ranks equally with, or is subordinated in right of payment to, the 9% Senior Subordinated Notes due 2012 and subsidiary guarantees. The 9% Senior Subordinated Notes due 2012 rank equally with all of our and our subsidiary guarantors' existing and future senior subordinated indebtedness, including the 8% Subordinated Notes due 2014 and our subsidiaries' guarantees thereof, except for guarantees of our 8% Senior Subordinated Notes due 2014 by our present and future Toyota and Lexus dealership subsidiaries, which guarantee the 9% Senior Subordinated Notes due 2012, but do not guarantee the 8% Senior Subordinated Notes due 2014, except under certain circumstances. The terms of our 9% Senior Subordinated Notes due 2012, in certain circumstances, restrict our ability to, among other things, incur additional indebtedness and sell assets.

8% Senior Subordinated Notes due 2014

In December 2003, we issued our 8% Senior Subordinated Notes due 2014 in the aggregate principal amount of $200.0 million, receiving net proceeds of $193.3 million. The issuance of the notes was exempt from registration pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended. In May 2004, we exchanged the notes in a registered offering for $200.0 million of new notes with identical terms. The costs related to the issuance of these notes were capitalized and are being amortized to interest expense over the term of these notes. The net proceeds from the issuance of our 8% Senior Subordinated Notes due 2014 were used to repay all of our outstanding indebtedness under our Committed Credit Facility (as defined below). We pay interest on these notes on March 15 and September 15 of each year until maturity on March 15, 2014. At any time on or after March 15, 2009, we may, at our option, choose to redeem all or a portion of these notes at the redemption prices set forth in the indenture governing our 8% Senior Subordinated Notes due 2014. On or before March 15, 2007, we may, at our option, use the net proceeds of one or more equity offerings to redeem up to 35% of the aggregate principal amount of these notes at a redemption price set forth in the note indenture and unpaid interest thereon. At any time before March 15, 2009, we may, at our option, choose to redeem all or a portion of these notes at a price equal to 100% of their principal amount plus the make-whole premium set forth in the note indenture.

Our 8% Senior Subordinated Notes due 2014 are guaranteed by all of our current subsidiaries, other than our current Toyota and Lexus dealership subsidiaries (see Note 24). We have also agreed to have all of our future subsidiaries, other than our future Toyota and Lexus subsidiaries, become guarantors upon their formation or acquisition. Our current Toyota and Lexus dealership subsidiaries do not guarantee

these notes and our future Toyota and Lexus subsidiaries will not be required to guarantee these notes, except in certain circumstances.

The notes and the subsidiary guarantees rank behind all of our and the subsidiary guarantors' current and future indebtedness, other than trade payables, except any future indebtedness that expressly provides that it ranks equally with, or is subordinated in right of payment to, the notes and subsidiary guarantees. The notes rank equally with all of our and our subsidiary guarantors' existing and future senior subordinated indebtedness, including our 9% Senior Subordinated Notes due 2012 and our subsidiaries' guarantees thereof, except for guarantees of our 9% Senior Subordinated Notes due 2012 by our present and future Toyota and Lexus dealership subsidiaries, which do not and will not be required to guarantee our 8% Senior Subordinated Notes due 2014, except under certain circumstances. The notes are effectively subordinated to all existing and future indebtedness and liabilities of our current and future Toyota and Lexus dealership subsidiaries. The terms of our 8% Senior Subordinated Notes due 2014, in certain circumstances, restrict our ability to, among other things, incur additional indebtedness and sell assets.

Credit Facility—

In December 2003, we repaid all of the outstanding indebtedness under our committed credit facility (the "Committed Credit Facility") with Ford Motor Credit Company, General Motors Acceptance Corporation and DaimlerChrysler Services North America, LLC (the "Lenders") with the proceeds from the issuance of our 8% Senior Subordinated Notes due 2014. As of December 31, 2004, we did not have any amounts outstanding under the Committed Credit Facility and had $100.0 million available for borrowings to finance our future acquisitions.

Our Committed Credit Facility allows us to borrow up to $100.0 million to finance our acquisitions and includes a cash management sublimit, under which we may repay up to $75.0 million to temporarily reduce the aggregate amount outstanding. The amounts repaid under the cash management sublimit may be borrowed for general corporate purposes. As of December 31, 2004, we had no borrowings available under our cash management sublimit because we did not have any amounts outstanding under our Committed Credit Facility. All borrowings under our Committed Credit Facility bear interest at variable rates based on one-month LIBOR plus a specified percentage that is dependent upon our adjusted debt level at the end of each calendar quarter.

Our Committed Credit Facility requires a guarantee from each of our direct and indirect subsidiaries and imposes a blanket lien upon all our assets and the assets of such subsidiaries, and contains covenants that, among other things, place significant restrictions on our ability to incur additional debt, encumber our property and other assets, repay other debt, dispose of assets, invest capital and the issuance of equity securities by our subsidiaries. The Committed Credit Facility also imposes mandatory minimum requirements with regard to the terms of our proposed acquisitions, before we can borrow funds under the facility to finance the transactions. The terms of the Committed Credit Facility require us on an ongoing basis to meet certain financial ratios, including a current ratio, as defined in our Committed Credit Facility, of at least 1.2 to 1, a fixed charge coverage ratio, as defined in our Committed Credit Facility, of no less than 1.2 to 1, and a leverage ratio, as defined in our Committed Credit Facility, of no greater than 4.4 to 1. A breach of these covenants or any other of the covenants in the facility would be cause for acceleration of repayment and termination of the facility by the Lenders. This Committed Credit Facility also contains provisions for default upon, among other things, a change of control, a material adverse change, the non-

payment of obligations and a default under certain other agreements. The terms of the Committed Credit Facility provides that a default under the Floor Plan Facilities, among other obligations, constitutes a default under the Committed Credit Facility. As of December 31, 2004, we were in compliance with all of the covenants and provisions of our Committed Credit Facility.

The Committed Credit Facility requires us to apply 80% of the net proceeds of equity offerings and 100% of the net proceeds of debt offerings to outstanding indebtedness under the Committed Credit Facility. Our subsidiaries have guaranteed, and substantially all of our future subsidiaries will be required to guarantee, our obligations under the Committed Credit Facility. Substantially all of our assets not subject to security interests granted to floor plan lenders are subject to security interests to the Lenders. We pay annually in arrears a commitment fee for the Committed Credit Facility of 0.35% of the undrawn amount available to us. The Committed Credit Facility provides for an indefinite series of one-year extensions at our request, if approved by the Lenders at their sole discretion. We can terminate the Committed Credit Facility by repaying all of the outstanding balances under the facility and the related uncommitted floor plan lines plus a termination fee. The termination fee, equal to 1% of the Lender's commitment under the Committed Credit Facility as of December 31, 2004, declined to zero percent as of January 17, 2005.

Mortgage Notes Payable—

As of December 31, 2004, we had thirteen real estate mortgage notes payable outstanding. These obligations are collateralized by the related real estate with a carrying value of $68.3 million as of December 31, 2004, and mature between 2005 and 2014. Under the terms of our Committed Credit Facility, no guarantees from us or any of our subsidiaries are allowed in support of our mortgage notes payable, unless approved by our Lenders; however, certain indebtedness, which was in place prior to the Committed Credit Facility, is subject to guarantees. Our Lenders have taken a second mortgage position behind the respective first lien holder on all of our financed real estate except for one property. As of December 31, 2004, we were in compliance with financial ratios and other ongoing covenants required by the terms of our mortgage notes payable.

14. FINANCIAL INSTRUMENTS

We use interest rate swaps to manage our capital structure. In December 2003, we entered into two forward interest rate swaps with a combined notional principal amount of $200.0 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. During the second quarter of 2004, we reduced the notional principal amount of these swap agreements to $170.0 million. This transaction resulted in a gain of $0.4 million, which is included in Other Long-term Liabilities on the accompanying Consolidated Balance Sheets and will be amortized on a straight-line basis as a reduction to interest expense over the swap period, beginning in March 2006. The swap agreements were designated and qualify as cash flow hedges of future changes in interest rates of our variable rate floor plan indebtedness and we expect that these hedges, which may contain minor ineffectiveness, will be highly effective during the swap period from March 2006 through February 2014. As of December 31, 2004, the swaps had a fair value of $7.1 million, which was included in Other Long-term Liabilities on the accompanying Consolidated Balance Sheets.

In December 2003, we 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 fixed rate senior subordinated debt and did not contain any ineffectiveness. As of December 31, 2004, the swap agreement had a fair value of $2.7 million, which was included in Other Long-Term Liabilities on the accompanying Consolidated Balance Sheets.

In December 2004, we entered into a forward interest rate swap agreement with a notional principal amount of $15.2 million as a hedge against future changes in the interest rate of one of our variable rate mortgage notes payable beginning in January 2005. 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 in 2005 and we expect that it will qualify as a cash flow hedge of changes in the interest rate of one of our variable rate mortgage notes payable and will not contain any ineffectiveness. As of 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.

15. INCOME TAXES

Effective with our IPO, which closed March 19, 2002, we converted to a corporation and became subject to federal, state and local income taxes. Prior to the conversion to a corporation, except for nine subsidiaries which were already corporations, Asbury Automotive Group L.L.C. was comprised primarily of limited liability companies and partnerships (with Asbury Automotive Group L.L.C. as the parent), which were treated as one partnership for tax purposes and accordingly we did not record income tax expense or income tax liabilities for these entities. During 2001 and prior to our IPO in 2002, we recorded income tax only for the nine "C" Corporations in accordance with SFAS No. 109, "Accounting for Income Taxes."

In connection with the IPO and in accordance with SFAS No. 109, we recorded a one-time, non-recurring charge of $11.6 million for deferred taxes upon the exchange of the limited liability company interests in Asbury Automotive Group L.L.C. for shares of our common stock. This charge reflects the net deferred tax liability associated with the difference between the financial statement and tax basis of our assets and liabilities as of the conversion date.

The components of our income tax provisions from continuing operations are as follows:

	For the Years Ended December 31,		
	2004	2003	2002
	(In thousands)		
Current:			
Federal	$ 19,637	$ 25,371	$ 18,591
State	1,338	2,657	3,417
Subtotal	20,975	28,028	22,008
Deferred:			
Federal	9,088	(6,701)	13,216
State	1,301	(859)	2,466
Subtotal	10,389	(7,560)	15,682
Total	$ 31,364	$ 20,468	$ 37,690

A reconciliation of the statutory federal rate to the effective tax rate from continuing operations is as follows:

	For the Years Ended December 31,		
	2004	2003	2002
	(In thousands)		
Provision at the statutory rate	$ 29,438	$ 13,636	$ 27,644
Increase (decrease) resulting from:			
State income tax, net	1,715	1,169	3,824
Impairment of goodwill	—	5,474	—
Net deferred tax liability resulting from conversion to a corporation	—	—	11,553
Tax benefit of L.L.C. structure	—	—	(5,299)
Other	211	189	(32)
Provision for income taxes	$ 31,364	$ 20,468	$ 37,690

The tax effects of these temporary differences representing deferred tax assets (liabilities) result principally from the following:

	December 31,	
	2004	2003
	(In thousands)	
Reserves and accruals	$ 18,817	$ 11,579
Net operating loss and alternative minimum tax credit carryforwards	932	656
Tax goodwill amortization	(28,752)	(16,361)
Depreciation	(16,836)	(7,773)
Hedging activity	3,773	260

Valuation allowance	(636)	(656)
Other	(1,055)	(1,073)
Net deferred tax liability	$ (23,757)	$ (13,368)

Balance sheet classification:	December 31, 2004	2003
	(In thousands)	
Deferred tax assets:		
Current	$ 16,734	$ 11,403
Long term	8,617	3,292
Deferred tax liabilities:		
Current	(1,158)	(2,592)
Long term	(47,950)	(25,471)
Net deferred tax liability	$ (23,757)	$ (13,368)

We have federal net operating loss ("NOL") carryforwards of $1.2 million and state NOL carryforwards of $11.9 million that are attributable to certain of our "C" corporation subsidiaries and are subject to separate return year limitations. The NOL carryforwards begin to expire in 2015. Pursuant to our accounting policy, a valuation allowance was recorded on these carryforwards.

16. DISCONTINUED OPERATIONS AND DIVESTITURES

During the year ended December 31, 2004, we placed ten dealership locations (fifteen franchises) into discontinued operations and sold ten dealership locations (fourteen franchises), eight (eleven franchises) of which were placed into discontinued operations in the same period. As of December 31, 2004, two dealership locations (four franchises) and real estate associated with two former dealership locations were pending disposition. The accompanying Consolidated Statements of Income for the years ended December 31, 2003 and 2002, have been reclassified to reflect the status of our discontinued operations as of December 31, 2004.

The following table provides further information regarding our discontinued operations as of December 31, 2004, and includes the results of businesses sold prior to December 31, 2004, and businesses pending disposition as of December 31, 2004:

	For the Year Ended December 31, 2004			For the Year Ended December 31, 2003			For the Year Ended December 31, 2002		
	Sold	Pending Disposition	Total	Sold**	Pending Disposition*	Total	Sold**	Pending Disposition*	Total
	(Dollars in thousands)								
Franchises	14	4	18	20	4	24	22	4	26
Used-only locations	—	—	—	11	—	11	11	—	11
Ancillary businesses	—	—	—	2	—	2	2	—	2
Revenues	$ 132,343	$ 34,752	$ 167,095	$ 218,292	$ 42,979	$ 261,271	$ 298,981	$ 31,396	$ 330,377
Cost of sales	112,642	30,095	142,737	185,089	37,957	223,046	253,106	27,667	280,773
Gross profit	19,701	4,657	24,358	33,203	5,022	38,225	45,875	3,729	49,604
Operating expenses	21,299	4,873	26,172	37,564	4,359	41,923	48,861	2,567	51,428
Income (loss) from operations	(1,598)	(216)	(1,814)	(4,361)	663	(3,698)	(2,986)	1,162	(1,824)
Other expense, net	(1,151)	(312)	(1,463)	(1,138)	(369)	(1,507)	(1,816)	(195)	(2,011)
Net income (loss)	(2,749)	(528)	(3,277)	(5,499)	294	(5,205)	(4,802)	967	(3,835)
Loss on disposition of discontinued operations	(79)	—	(79)	(123)	—	(123)	(1,622)	—	(1,622)
Income (loss) before income taxes	(2,828)	(528)	(3,356)	(5,622)	294	(5,328)	(6,424)	967	(5,457)
Income tax benefit (expense)	487	198	685	2,136	(112)	2,024	2,640	(391)	2,249
Discontinued operations, net of tax	$ (2,341)	$ (330)	$ (2,671)	$ (3,486)	$ 182	$ (3,304)	$ (3,784)	$ 576	$ (3,208)

* Businesses placed into discontinued operations in 2004 and pending disposition as of December 31, 2004
** Businesses were sold between January 1, 2002 and December 31, 2004

17. EARNINGS PER SHARE

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

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

	For the Years Ended December 31,		
	2004	2003	2002
	(In thousands, except per share data)		
Net income:			

Continuing operations	$ 52,744	$ 18,491	$ 41,293
Discontinued operations	(2,671)	(3,304)	(3,208)
Net Income	$ 50,073	$ 15,187	$ 38,085
Earnings per share:			
Basic—			
Continuing operations	$ 1.62	$ 0.57	$ 1.25
Discontinued operations	(0.08)	(0.10)	(0.10)
Net income	$ 1.54	$ 0.47	$ 1.15
Diluted—			
Continuing operations	$ 1.61	$ 0.57	$ 1.25
Discontinued operations	(0.08)	(0.11)	(0.10)
Net income	$ 1.53	$ 0.46	$ 1.15
Weighted Average common shares and common share equivalents:			
Weighted average common shares outstanding—basic	32,502	32,648	33,065
Common share equivalents (stock options)	172	67	8
Weighted average common shares outstanding—diluted	32,674	32,715	33,073

18. SUPPLEMENTAL CASH FLOW INFORMATION

During the years ended December 31, 2004, 2003 and 2002, we made interest payments, net of amounts capitalized, totaling $61.7 million $53.9 million and $51.9 million, respectively. During the year ended December 31, 2004, we received $4.9 million 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 years ended December 31, 2004, 2003 and 2002, we made income tax payments totaling $24.2 million, $16.6 million and $28.5 million, respectively.

During the year ended December 31, 2004, we executed a sale-leaseback transaction, which resulted in the removal of approximately $17.6 million from Assets Held for Sale and Liabilities Associated with Assets Held for Sale from our Consolidated Balance Sheets.

During the years ended December 31, 2004 and 2003, we entered into capital leases totaling $1.1 million and $3.7 million. We did not enter into any capital leases during the year ended December 31, 2002.

19. LEASE OBLIGATIONS

We lease various facilities, real estate and equipment under long-term operating lease agreements. In instances where we entered into leases in which the rent escalates at fixed rates over time, we record the rent expense on a straight-line basis over the life of the lease. Rent expense from continuing operations totaled $43.3 million, $30.7 million and $26.0 million for the years ended December 31, 2004, 2003 and 2002, respectively.

During the year ended December 31, 2004, we completed a sale-leaseback transaction in which we sold land and buildings with a net book value of $102.5 million to an unaffiliated third party for $114.9 million, net of transaction costs. The gain on the transaction of $12.4 million is being amortized as a reduction to selling, general and administrative expense over the lease terms. We estimate that the annualized rent associated with these leases will be approximately $9.2 million, net of amortization of the deferred gain.

Future minimum payments under long-term, non-cancelable leases as of December 31, 2004, are as follows:

	Operating	Capital	Total
		(In thousands)	
2005	$ 53,209	$ 945	$ 54,154
2006	52,023	930	52,953
2007	50,287	818	51,105
2008	48,246	625	48,871
2009	43,164	370	43,534
Thereafter	248,062	3,734	251,796
Total minimum lease payments	$ 494,991	7,422	$ 502,413
Less: amount representing interest		(3,001)	
Present value of net minimum lease payments		4,421	
Less: current portion		(607)	
Total long-term capital lease obligation		$ 3,814	

We have an option to acquire certain properties that we currently lease. The purchase option, initially based on the aggregate appraised value, adjusts each year for movements in the Consumer Price Index. The purchase option of $54.0 million as of December 31, 2004, can only be exercised in total.

20. 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, 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 dealerships we have acquired 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 current regional executive, which totaled approximately $2.5 million as of December 31, 2004. This loan was made by a corporation we acquired in October 1998, and guarantees an industrial revenue bond maturing in 2007, 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.

21. RELATED PARTY TRANSACTIONS

Certain of our directors, shareholders and their affiliates, and regional management, have engaged in transactions with us. These transactions primarily relate to long-term operating leases of our facilities. We believe that these transactions and our other related party transactions involve terms comparable to what would be obtained from unaffiliated third parties.

For the years ended December 31, 2004, 2003 and 2002, $13.5 million, $13.4 million and $13.8 million, respectively, of lease payments were made to entities controlled by our directors, shareholders or employees.

For the years ended December 31, 2004, 2003 and 2002, $0.1 million, $0.6 million and $1.0 million, respectively, was paid to an advertising entity in which one of our former directors had a substantial interest.

During each of the years ended December 31, 2004 and 2003, we paid $0.1 million in legal fees to a law firm in which one of our directors is of counsel.

In 2004, we sold one dealership facility (three franchises) to a member of our board of directors for $7.4 million. After the allocation of $3.7 million of goodwill, the book value approximated the selling price of the franchises sold.

In 2004, in two separate transactions, we leased two vehicles to two members of our board of directors for a total of $0.2 million.

In 2003, we purchased land for $0.8 million, sold it to one of our directors for $0.8 million and entered into a long-term operating lease with the director for the property. The land is contiguous to other property owned by this director, for which we currently have long-term operating leases.

In 2003, we acquired one dealership facility (five franchises) with annualized revenue of approximately $47.0 million from an executive of one of our platforms for $8.0 million.

In 2002, we acquired land from one of our former directors for $3.7 million for the purpose of expanding the operations of one of our dealerships facilities and for the construction of a new body shop facility.

22. INITIAL PUBLIC OFFERING

In March 2002, we offered 4.5 million shares of our common stock at a price of $16.50 per share in our initial public offering (“IPO”) resulting in net proceeds of $62.5 million. Upon the closing of the IPO on March 19, 2002, Asbury Automotive Group L.L.C. became a wholly owned direct and indirect subsidiary of Asbury Automotive Group, Inc. Membership interests in the limited liability company were exchanged for 29.5 million shares of our common stock in the new corporation on the basis of 295,000 shares of our common stock for each 1% of membership interest.

23. EMPLOYEE BENEFIT PLANS

Stock Option Plan

We have established two stock option plans under which we may grant non-qualified stock options to our officers and employees at fair market value on the date of the grant. For all the plans, the stock options become exercisable over a three-year vesting period and expire ten years from the date of grant. As of December 31, 2004, there were approximately 2,256,000 stock options available for grant under our stock option plans.

	Stock Options	Weighted Average Exercise Price
Options outstanding March 14, 2002	1,072,738	$ 16.56
Granted	1,072,439	$ 16.05
Cancelled	(32,756)	$ 16.12
Options outstanding December 31, 2002	2,112,421	$ 16.31
Granted	942,850	$ 12.03
Exercised	(22,008)	$ 13.43
Cancelled	(234,866)	$ 14.78
Options outstanding December 31, 2003	2,798,397	$ 15.02
Granted	1,162,927	$ 14.87
Exercised	(141,751)	$ 13.18
Canceled	(416,576)	$ 14.48
Options outstanding December 31, 2004	3,402,997	$ 15.11

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contract Life Years	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
$6.00—$9.99	46,100	8.0	$ 7.83	23,599	$ 8.26
$10.00—$14.99	1,545,952	8.8	$ 12.89	323,556	$ 11.62
$15.00—$17.99	1,810,945	4.9	$ 17.18	1,327,769	$ 17.31
	3,402,997	6.7	$ 15.11	1,674,924	$ 16.08

The weighted average fair value of stock options granted during 2004, 2003 and 2002 was $6.39, $6.63 and $8.17, respectively, and were estimated using the Black-Scholes option valuation model with the following weighted-average assumptions:

	2004	2003	2002
Expected life of option	4 years	5 years	5 years
Risk-free interest rate	3.3%	2.7%	4.7%
Expected volatility	51%	63%	55%
Expected dividend yield	NA	NA	NA

ASBURY AUTOMOTIVE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
December 31, 2004, 2003 and 2002

Employee Retirement Plan

We sponsor the Asbury Automotive Retirement Savings Plan (the “Plan”), a 401(k) plan, for eligible employees except for the employees of one of our dealer groups, which maintains a separate retirement plan. Employees are eligible to participate in the Plan after one year of service. Employees electing to participate in the Plan may contribute up to 40% of their annual compensation limited to the maximum amount that can be deducted for income tax purposes each year. We match 50% of employees’ contributions up to 4% of their base compensation, with a maximum match of 2% of an employee’s salary. Employer contributions vest ratably over three years after entering the Plan. Expenses from continuing operations related to employer matching contributions totaled $2.5 million for each of the years ended December 31, 2004, 2003 and 2002.

Deferred Compensation Plan

We sponsor the Asbury Automotive Wealth Accumulation Plan (the “Deferred Compensation Plan”) wherein eligible employees, generally those at senior levels, may elect to defer a portion of their annual compensation. Participants are 100% vested in their respective deferrals and the earnings thereon. Annually, we may elect to match a portion of certain eligible employee’s contributions. The employee deferral match expense totaled $0.2 million for the year ended December 31, 2004. Each annual employee deferral match vests in full three years from the date on which the employee deferral match is funded. The total liability associated with employee deferrals was $1.3 million as of December 31, 2004. We maintain an investment portfolio, included in Restricted Investments on our Consolidated Balance Sheets, the value of which approximates the liability associated with employee deferrals

24. 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 Consolidated Financial Statements.

ASBURY AUTOMOTIVE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
December 31, 2004, 2003 and 2002

Condensed Consolidating Balance Sheet
December 31, 2004

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ —	$ 28,093	$ —	$ —	$ 28,093
Inventories	—	713,205	48,352	—	761,557
Other current assets	—	279,370	40,933	—	320,303
Assets held for sale	—	33,553	—	—	33,553
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	480,023	130,098	—	(610,121)	—
Total assets	$ 480,023	$ 1,854,298	$ 173,759	$ (610,121)	$ 1,897,959
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Floor plan notes payable	$ —	$ 613,539	$ 37,409	$ —	$ 650,948
Other current liabilities	—	168,607	5,797	—	174,404
Liabilities associated with assets held for sale	—	22,158	—	—	22,158
Total current liabilities	—	804,304	43,206	—	847,510
Long-term debt	—	495,235	37	—	495,272
Other liabilities	—	74,736	418	—	75,154
Shareholders' equity	480,023	480,023	130,098	(610,121)	480,023
Total liabilities and shareholders' equity	$ 480,023	$ 1,854,298	$ 173,759	$ (610,121)	$ 1,897,959

ASBURY AUTOMOTIVE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
December 31, 2004, 2003 and 2002

Condensed Consolidating Balance Sheet
December 31, 2003

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
ASSETS					
Current assets:					
Cash and cash equivalents	$ —	$ 98,927	$ 7,784	$ —	$ 106,711
Inventories	—	601,923	48,474	—	650,397
Other current assets	—	206,910	47,991	—	254,901
Assets held for sale	—	29,533	—	—	29,533
Total current assets	—	937,293	104,249	—	1,041,542
Property and equipment, net	—	262,450	4,541	—	266,991
Goodwill	—	342,831	61,312	—	404,143
Other assets	—	90,800	10,803	—	101,603
Investment in subsidiaries	433,707	69,240	—	(502,947)	—
Total assets	$ 433,707	$ 1,702,614	$ 180,905	$ (502,947)	$ 1,814,279
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Floor plan notes payable	$ —	$ 558,586	$ 43,581	$ —	$ 602,167
Other current liabilities	—	93,064	61,795	—	154,859
Liabilities associated with assets held for sale	—	24,732	—	—	24,732
Total current liabilities	—	676,382	105,376	—	781,758
Long-term debt	—	559,079	49	—	559,128
Other liabilities	—	33,446	6,240	—	39,686

Shareholders' equity	433,707	433,707	69,240	(502,947)	433,707
Total liabilities and shareholders' equity	$ 433,707	$ 1,702,614	$ 180,905	$ (502,947)	$ 1,814,279

Condensed Consolidating Statement of Income
For the Year Ended December 31, 2004

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues	$ —	$ 4,639,804	$ 674,441	$ (13,110)	$ 5,301,135
Cost of sales	—	3,923,200	577,304	(13,110)	4,487,394
Gross profit	—	716,604	97,137	—	813,741
Operating expenses:					
Selling, general and administrative	—	577,222	72,930	—	650,152
Depreciation and amortization	—	18,770	1,652	—	20,422
Income from operations	—	120,612	22,555	—	143,167
Other income (expense):					
Floor plan interest expense	—	(19,725)	(1,523)	—	(21,248)
Other interest expense	—	(34,577)	(4,679)	—	(39,256)
Other income	—	1,347	98	—	1,445
Equity in earnings of subsidiaries	50,073	10,282	—	(60,355)	—
Total other income (expense), net	50,073	(42,673)	(6,104)	(60,355)	(59,059)
Income before income taxes	50,073	77,939	16,451	(60,355)	84,108
Income tax expense	—	25,195	6,169	—	31,364
Income from continuing operations	50,073	52,744	10,282	(60,355)	52,744
Discontinued operations, net of tax	—	(2,671)	—	—	(2,671)
Net income	$ 50,073	$ 50,073	$ 10,282	$ (60,355)	$ 50,073

Condensed Consolidating Statement of Income
For the Year Ended December 31, 2003

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues	$ —	$ 3,941,559	$ 645,634	$ (14,680)	$ 4,572,513
Cost of sales	—	3,319,838	555,304	(14,680)	3,860,462
Gross profit	—	621,721	90,330	—	712,051
Operating expenses:					
Selling, general and administrative	—	490,570	66,908	—	557,478
Depreciation and amortization	—	18,157	1,529	—	19,686
Impairment of goodwill	—	37,930	—	—	37,930
Income from operations	—	75,064	21,893	—	96,957
Other income (expense):					
Floor plan interest expense	—	(15,227)	(1,397)	—	(16,624)
Other interest expense	—	(36,395)	(3,833)	—	(40,228)
Other expense	—	(715)	(431)	—	(1,146)
Equity in earnings of subsidiaries	15,187	10,064	—	(25,251)	—
Total other income (expense), net	15,187	(42,273)	(5,661)	(25,251)	(57,998)
Income before income taxes	15,187	32,791	16,232	(25,251)	38,959
Income tax expense	—	14,300	6,168	—	20,468
Income from continuing operations	15,187	18,491	10,064	(25,251)	18,491
Discontinued operations, net of tax	—	(3,304)	—	—	(3,304)
Net income	$ 15,187	$ 15,187	$ 10,064	$ (25,251)	$ 15,187

Condensed Consolidating Statement of Income
For the Year Ended December 31, 2002

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues	$ —	$ 3,612,565	$ 609,200	$ (15,102)	$ 4,206,663
Cost of sales	—	3,025,797	526,160	(15,102)	3,536,855
Gross profit	—	586,768	83,040	—	669,808
Operating expenses:					
Selling, general and administrative	—	455,922	62,782	—	518,704
Depreciation and amortization	—	16,754	1,717	—	18,471
Income from operations	—	114,092	18,541	—	132,633
Other income (expense):					
Floor plan interest expense	—	(14,438)	(1,390)	—	(15,828)
Other interest expense	—	(35,894)	(2,504)	—	(38,398)
Other income	—	529	47	—	576
Equity in earnings of subsidiaries	38,085	7,913	—	(45,998)	—
Total other income (expense), net	38,085	(41,890)	(3,847)	(45,998)	(53,650)
Income before income taxes	38,085	72,202	14,694	(45,998)	78,983
Income tax expense	—	21,940	4,197	—	26,137
Tax adjustment upon conversion from an LLC to a corporation	—	8,969	2,584	—	11,553
Income from continuing operations	38,085	41,293	7,913	(45,998)	41,293
Discontinued operations, net of tax	—	(3,208)	—	—	(3,208)
Net income	38,085	38,085	7,913	(45,998)	38,085
Pro forma income tax expense (benefit):					
Income tax expense	—	3,648	1,651	—	5,299
Tax adjustment upon conversion from an L.L.C. to a corporation	—	(8,969)	(2,584)	—	(11,553)
Tax affected pro forma net income	$ 38,085	$ 43,406	$ 8,846	$ (45,998)	$ 44,339

Condensed Consolidating Statement of Cash Flows
For the Year Ended December 31, 2004

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Net cash (used in) provided by operating activities	$ —	$ (21,439)	$ 11,021	$ —	$ (10,418)
Cash flow from investing activities:					
Capital expenditures	—	(67,245)	(2,227)	—	(69,472)
Acquisitions	—	(75,861)	—	—	(75,861)
Other investing activities	—	30,465	127	—	30,592
Net cash used in investing activities	—	(112,641)	(2,100)	—	(114,741)
Cash flow from financing activities:					
Proceeds from borrowings	—	21,606	—	—	21,606
Repayments of debt	—	(91,791)	(9)	—	(91,800)
Proceeds from the sale of assets associated with sale-leaseback agreements	—	114,607	266	—	114,873
Intercompany financing, net	—	16,962	(16,962)	—	—
Other financing activities	—	1,862	—	—	1,862
Net cash provided by financing activities	—	63,246	(16,705)	—	46,541
Net (decrease) increase in cash and cash equivalents	—	(70,834)	(7,784)	—	(78,618)
Cash and cash equivalents, beginning of year	—	98,927	7,784	—	106,711
Cash and cash equivalents, end of year	$ —	$ 28,093	$ —	$ —	$ 28,093

Condensed Consolidating Statement of Cash Flows
For the Year Ended December 31, 2003

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Net cash provided by operating activities	$ —	$ 75,391	$ 5,163	$ —	$ 80,554
Cash flow from investing activities:					
Capital expenditures	—	(53,523)	(1,110)	—	(54,633)
Acquisitions	—	(79,866)	—	—	(79,866)
Other investing activities	—	49,431	—	—	49,431
Net cash used in investing activities	—	(83,958)	(1,110)	—	(85,068)
Cash flow from financing activities:					
Proceeds from issuance of senior subordinated notes	—	200,000	—	—	200,000
Proceeds from borrowings	—	115,510	—	—	115,510
Payment of debt issuance costs	—	(6,740)	—	—	(6,740)
Repayments of debt	—	(207,640)	(103)	—	(207,743)
Purchase of treasury stock	—	(9,700)	—	—	(9,700)
Distributions to members	—	(3,010)	—	—	(3,010)
Other financing activities	—	295	—	—	295
Net cash provided by (used in) financing activities	—	88,715	(103)	—	88,612
Net increase in cash and cash equivalents	—	80,148	3,950	—	84,098
Cash and cash equivalents, beginning of year	—	18,779	3,834	—	22,613
Cash and cash equivalents, end of year	$ —	$ 98,927	$ 7,784	$ —	$ 106,711

Condensed Consolidating Statement of Cash Flows
For the Year Ended December 31, 2002

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Net cash provided by (used in) operating activities	$ —	$ 59,991	$ (5,353)	$ —	$ 54,638
Cash flow from investing activities:					
Capital expenditures	—	(53,775)	(817)	—	(54,592)
Acquisitions	—	(20,459)	—	—	(20,459)
Other investing activities	—	6,622	—	—	6,622
Net cash used in investing activities		(67,612)	(817)		(68,429)
Cash flow from financing activities:					
Proceeds from issuance of senior subordinated notes	—	250,000	—	—	250,000
Proceeds from borrowings	—	71,108	—	—	71,108
Payment of debt issuance costs	—	(8,742)	—	—	(8,742)
Repayments of debt	—	(385,532)	(207)	—	(385,739)
Proceeds from initial public offering, net	—	65,415	—	—	65,415
Purchase of treasury stock	—	(5,364)	—	—	(5,364)
Distributions to members	—	(11,580)	—	—	(11,580)
Other financing activities	—	800	—	—	800
Net cash used in financing activities	—	(23,895)	(207)	—	(24,102)
Net decrease in cash and cash equivalents	—	(31,516)	(6,377)	—	(37,893)
Cash and cash equivalents, beginning of year	—	50,295	10,211	—	60,506
Cash and cash equivalents, end of year	$ —	$ 18,779	$ 3,834	$ —	$ 22,613

25. CONDENSED QUARTERLY REVENUES AND EARNINGS (UNAUDITED):

	For the Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
	(In thousands, except per share data)			
Year Ended December 31, 2004				
Revenues(1)	$ 1,183,176	$ 1,357,308	$ 1,380,465	$ 1,380,186
Gross profit(1)	$ 184,763	$ 207,595	$ 207,348	$ 214,035
Net income	$ 10,364	$ 14,748	$ 12,116	$ 12,845
Net income per common share (basic and diluted)(2)	$ 0.32	$ 0.45	$ 0.37	$ 0.39
Year Ended December 31, 2003				
Revenues(1)	$ 1,035,612	$ 1,198,531	$ 1,219,575	$ 1,118,795
Gross profit(1)	$ 165,768	$ 184,285	$ 188,475	$ 173,523
Net income (loss)(3)	$ 7,097	$ 12,273	$ 16,244	$ (20,427)
Net income (loss) per common share:				
Basic(2)	$ 0.21	$ 0.38	$ 0.50	$ (0.63)
Diluted(2)	$ 0.21	$ 0.38	$ 0.50	$ (0.62)

(1) For the first three quarters of 2004 and 2003, both revenues and gross profit were different from the comparable amounts previously reported in the filed Form 10-Q. The differences resulted from certain reporting units, which were deemed discontinued operations subsequent to the filing of the respective Form 10-Q (see Note 16).

(2) The sum of income per common share for the four quarters does not equal total income per common share due to changes in the average number of shares outstanding during the respective periods.

(3) In the fourth quarter of 2003, we recorded a goodwill impairment charge of $37.9 million ($29.2 million after tax) or $0.89 per share.

26. SUBSEQUENT EVENTS

Sale-Leaseback Agreement

During the first quarter of 2005, we completed a 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.

Acquisitions

During the first quarter of 2005, we executed a contract to acquire one automotive dealership representing annual revenues of approximately $60.0 million for $13.3 million in cash.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Controls and Procedures

In accordance with Exchange Act Rules 13a-15(e) and 15d-15(e), we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and principal financial officer (our “Executives”), of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Executives concluded that our disclosure controls and procedures were effective as of December 31, 2004 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

There was no significant change in our disclosure controls and procedures or in other factors that has materially affected or is reasonably likely to materially affect these controls and procedures.

Management Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our company’s financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control system was designed to provide reasonable assurance to our management and our board of directors regarding the preparation and fair presentation of published financial statements. Our internal control over financial reporting also includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2004. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. Our assessment included a review of the documentation of controls, evaluation of the design effectiveness of controls and testing of the effectiveness of controls. Based on our

assessment under the framework in Internal Control—Integrated Framework issued by COSO, our management believes that our internal control over financial reporting was effective as of December 31, 2004. Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2004 has been audited by our independent auditors, Deloitte and Touche LLP, as stated in their report, which is included herein.

Item 9B. Other Information

None

PART III

Item 10. Directors and Executive Officers of the Registrant

Reference is made to the information set forth in our Proxy Statement to be filed within 120 days after the end of our fiscal year, which information is incorporated herein by reference.

Item 11. Executive Compensation

Reference is made to the information set forth in our Proxy Statement to be filed within 120 days after the end of our fiscal year, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Reference is made to the information set forth in our Proxy Statement to be filed within 120 days after the end of our fiscal year, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

Reference is made to the information set forth under the caption "Related Party Transactions" appearing in the Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations section of this Report and our Proxy Statement to be filed within 120 days after the end of our fiscal year, which information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

Reference is made to the information set forth in our Proxy Statement to be filed within 120 days after the end of our fiscal year, which information is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this report on Form 10-K:

(1) Financial Statements:

See index to Consolidated Financial Statements on page 41.

(2) Exhibits required to filed by Item 601 of Regulation S-K:

The Exhibits listed below are identified by numbers corresponding to the Exhibit Table of Item 601 of Regulation S-K. The Exhibits designated by two asterisks (**) are management contracts or compensatory plans or arrangements required to be filed pursuant to Item 15(c) of this Form 10-K.

Exhibit Number	Description of Documents
3.1	Restated Certificate of Incorporation of Asbury Automotive Group, Inc. (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 (file No. 333-84646) filed with the SEC on March 20, 2002)*
3.2	Restated Bylaws of Asbury Automotive Group, Inc. (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-8 (file No. 333-84646) filed with the SEC on March 20, 2002)*
4.1	Senior Note Indenture dated as of June 5, 2002, among Asbury Automotive Group, Inc., Goldman, Sachs & Co., Salomon, Smith Barney, Inc. and the Bank of New York, as Trustee (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-4 (file No. 333-91340-08) filed with the SEC on June 27, 2002)*
4.2	Form of 9% Exchangeable Note due 2012 (included in Exhibit 4.2 to the Company's Registration Statement on Form S-4 (file No. 333-91340-08) filed with the SEC on June 27, 2002)*
4.3	First Supplemental Indenture, dated as of March 19, 2003, among the subsidiary guarantors listed on Schedule II thereto, Asbury Automotive Group, Inc., the other Guarantors and The Bank of New York, as Trustee, related to the 9% Senior Subordinated Notes due 2012 (filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*
4.4	Indenture, dated as of December 23, 2003, among Asbury Automotive Group, Inc., the subsidiary guarantors listed on Schedule I thereto, and the Bank of New York, as Trustee, related to the 8% Senior Subordinated Notes due 2014 (filed as Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003)*
4.5	Form of 8% Exchangeable Note due 2014 (filed with Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003)*

4.6	Second Supplemental Indenture, dated as of December 23, 2003, among Asbury Automotive Group, Inc., the subsidiary guarantors listed on Schedule II thereto, the other Guarantors, and the Bank of New York, as Trustee, related to the 9% Senior Subordinated Notes due 2012.
4.7	Third Supplemental Indenture, dated as of December 7, 2004, among Asbury Automotive Group, Inc., the subsidiary guarantors listed on Schedule II thereto, the other Guarantors and the Bank of New York, as Trustee, related to the 9% Senior Subordinated Notes due 2012.

4.8	First Supplemental Indenture, dated as of January 21, 2004, among Asbury Automotive Group, Inc., the subsidiary guarantors listed on Schedule II thereto, the other Guarantors, and the Bank of New York, as Trustee, related to the 8% Senior Subordinated Notes due 2014.
4.9	Second Supplemental Indenture, dated as of December 7, 2004, among Asbury Automotive Group, Inc., the subsidiary guarantors listed on Schedule II thereto, the other Guarantors and the Bank of New York, as Trustee, related to the 8% Senior Subordinated Notes due 2012.
4.10	Shareholders Agreement, dated as of March 1, 2002, among Asbury Automotive Group, Inc., Asbury Automotive Holdings L.L.C., and the stockholders listed on the signature pages thereto
4.11	First Amendment to Shareholders Agreement, dated as of March 19, 2004, among Asbury Automotive Group, Inc., Asbury Automotive Holdings L.L.C., and the stockholders listed on the signature pages thereto
10.1**	1999 Stock Option Plan (filed as Exhibit 10.1 to Amendment No. 4 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on February 22, 2002)*
10.2**	2002 Equity Incentive Plan (filed as Appendix C to the Company's Proxy Statement on April 29, 2004)*
10.3	Form of Officer Director Indemnification Agreement (filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*
10.4**	Letter Agreement, dated January 5, 2004, between Asbury Automotive Group, Inc. and Thomas R. Gibson (filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003)*
10.5**	Severance Agreement of Philip R. Johnson, dated April 21, 2003 (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003)*
10.6**	Letter Agreement, dated January 23, 2004, between Asbury Automotive Group, Inc. and Thomas F. Gilman (filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003)*
10.7**	Severance Pay Agreement of Robert D. Frank dated as of November 1, 2002 (filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*
10.8**	Severance Agreement of Lynne A. Burgess, dated April 21, 2003 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003)*
10.9**	Employment Agreement of Kenneth B. Gilman (filed as Exhibit 10.6 to Amendment No. 3 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on January 10, 2002)*
10.10**	Severance Agreement of J. Gordon Smith. Dated September 29, 2003 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)*
10.11**	Employment and Consulting Agreement of Thomas F. "Mack" McLarty, III (filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*

10.12	Credit Agreement, dated as of January 17, 2001, between Asbury Automotive Group, L.L.C. and Ford Motor Credit Company, Chrysler Financial Company, L.L.C. and General Motors Acceptance Corporation (filed as Exhibit 10.9 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on July 27, 2001)*
10.13	Amendment No. 1 to the Credit Agreement, dated as of July 29, 2002, by and among Asbury Automotive Group, L.L.C., Asbury Automotive Group, Inc., Asbury Automotive Group Holdings, Inc. and Ford Motor Credit Company, DaimlerChrysler Services North America LLC (as successor in interest (via merger) to Chrysler Financial Company, L.L.C.) and General Motors Acceptance Corporation and the other lenders (filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*
10.14	Amendment No. 2 to the Credit Agreement, dated as of September 25, 2002, by and among Asbury Automotive Group, L.L.C., Asbury Automotive Group, Inc., Asbury Automotive Group

	Holdings, Inc. and Ford Motor Credit Company, DaimlerChrysler Services North America LLC (as successor in interest (via merger) to Chrysler Financial Company, L.L.C.) and General Motors Acceptance Corporation and the other lenders (filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*
10.15	Letter Agreement dated as of February 5, 2003, between Asbury Automotive Group, L.L.C. and Ford Motor Credit Company, DaimlerChrysler Services North America LLC (as successor in interest (via merger) to Chrysler Financial Company, L.L.C.) and General Motors Acceptance Corporation (filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*
10.16	Ford Dealer Agreement (filed as Exhibit 10.13 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on October 12, 2001)*
10.17	General Motors Dealer Agreement (filed as Exhibit 10.14 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on October 12, 2001)*
10.18	Honda Dealer Agreement (filed as Exhibit 10.15 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on October 12, 2001.)*
10.19	Mercedes Dealer Agreement (filed as Exhibit 10.16 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on October 12, 2001)*
10.20	Nissan Dealer Agreement (filed as Exhibit 10.17 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on October 12, 2001)*
10.21	Toyota Dealer Agreement (filed as Exhibit 10.18 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on October 12, 2001)*

10.22	Sublease dated July 28, 2003 between Monster Worldwide, Inc. and Asbury Automotive Group, Inc. (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 31, 2003)*
10.23	First Amended and Restated Credit Agreement, dated June 6, 2003 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003)*
10.24**	First Amendment to Employment Agreement of Kenneth B. Gilman (filed as an Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003)*
10.25**	Employment Agreement of Jeffrey I. Wooley (filed as an Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003)*
10.26**	Second Amendment to Employment Agreement of Kenneth B. Gilman (filed as an Exhibit to the Company's Current Report on Form 8-K filed with the SEC on November 12, 2004)*
10.27**	Separation Agreement, dated as of October 15, 2004, by and among Asbury Automotive Group, Inc., Ben David McDavid, Sr., Ben David McDavid, Jr. and James McDavid (filed as an Exhibit to the Company's Current Report on Form 8-K filed with the SEC on October 26, 2004)*
10.28**	Key Executive Incentive Compensation Plan (filed as Appendix D to the Company's Proxy Statement on April 29, 2004)*
21	Subsidiaries of the Company
23	Consent of Deloitte & Touche LLP
24	Powers of Attorney (included with Signature Page hereto)
31.1	Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certificate of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certificate of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Incorporated by reference.

SIGNATURES

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

Asbury Automotive Group, Inc.

Date: March 14, 2005 by: /s/ KENNETH B. GILMAN
Name: Kenneth B. Gilman
Title: Chief Executive Officer and President

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kenneth B. Gilman and J. Gordon Smith, and each of them, acting individually, as his true and lawful attorney-in-fact, each with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K for the year ended December 31, 2004 and other documents in connection herewith and therewith, and to file the same, with all exhibits thereto, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection herewith and therewith and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ KENNETH B. GILMAN (Kenneth B. Gilman)	Chief Executive Officer, President and Director	March 14, 2005
/s/ J. GORDON SMITH (J. Gordon Smith)	Senior Vice President and Chief Financial Officer	March 14, 2005
/s/ BRETT HUTCHINSON (Brett Hutchinson)	Vice President, Controller and Chief Accounting Officer	March 14, 2005
/s/ MICHAEL J. DURHAM (Michael J. Durham)	Chairman of the Board	March 14, 2005
/s/ TIMOTHY C. COLLINS (Timothy C. Collins)	Director	March 14, 2005

/s/ JOHN M. ROTH (John M. Roth)	Director	March 14, 2005
/s/ IAN K. SNOW (Ian K. Snow)	Director	March 14, 2005
/s/ THOMAS C. ISRAEL (Thomas C. Israel)	Director	March 14, 2005
/s/ VERNON E. JORDAN, JR. (Vernon E. Jordan, Jr.)	Director	March 14, 2005
/s/ PHILIP F. MARITZ (Philip F. Maritz)	Director	March 14, 2005
/s/ THOMAS F. MCLARTY III (Thomas F. “Mack” McLarty III)	Director	March 14, 2005
/s/ JEFFREY I. WOOLEY	Director	March 14, 2005

(Jeffrey I. Wooley)

EXHIBIT INDEX

Exhibit Number	Description of Documents
3.1	Restated Certificate of Incorporation of Asbury Automotive Group, Inc. (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 (file No. 333-84646) filed with the SEC on March 20, 2002)*
3.2	Restated Bylaws of Asbury Automotive Group, Inc. (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-8 (file No. 333-84646) filed with the SEC on March 20, 2002)*
4.1	Senior Note Indenture dated as of June 5, 2002, among Asbury Automotive Group, Inc., Goldman, Sachs & Co., Salomon, Smith Barney, Inc. and the Bank of New York, as Trustee (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-4 (file No. 333-91340-08) filed with the SEC on June 27, 2002)*
4.2	Form of 9% Exchangeable Note due 2012 (included in Exhibit 4.2 to the Company's Registration Statement on Form S-4 (file No. 333-91340-08) filed with the SEC on June 27, 2002)*
4.3	First Supplemental Indenture, dated as of March 19, 2003, among the subsidiary guarantors listed on Schedule II thereto, Asbury Automotive Group, Inc., the other Guarantors and The Bank of New York, as Trustee, related to the 9% Senior Subordinated Notes due 2012 (filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*
4.4	Indenture, dated as of December 23, 2003, among Asbury Automotive Group, Inc., the subsidiary guarantors listed on Schedule I thereto, and the Bank of New York, as Trustee, related to the 8% Senior Subordinated Notes due 2014 (filed as Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003)*
4.5	Form of 8% Exchangeable Note due 2014 (filed with Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003)*
4.6	Second Supplemental Indenture, dated as of December 23, 2003, among Asbury Automotive Group, Inc., the subsidiary guarantors listed on Schedule II thereto, the other Guarantors, and the Bank of New York, as Trustee, related to the 9% Senior Subordinated Notes due 2012.
4.7	Third Supplemental Indenture, dated as of December 7, 2004, among Asbury Automotive Group, Inc., the subsidiary guarantors listed on Schedule II thereto, the other Guarantors and the Bank of New York, as Trustee, related to the 9% Senior Subordinated Notes due 2012.
4.8	First Supplemental Indenture, dated as of January 21, 2004, among Asbury Automotive Group, Inc., the subsidiary guarantors listed on Schedule II thereto, the other Guarantors, and the Bank of New York, as Trustee, related to the 8% Senior Subordinated Notes due 2014.
4.9	Second Supplemental Indenture, dated as of December 7, 2004, among Asbury Automotive Group, Inc., the subsidiary guarantors listed on Schedule II thereto, the other Guarantors and the Bank of New York, as Trustee, related to the 8% Senior Subordinated Notes due 2012.

4.10	Shareholders Agreement, dated as of March 1, 2002, among Asbury Automotive Group, Inc., Asbury Automotive Holdings L.L.C., and the stockholders listed on the signature pages thereto
4.11	First Amendment to Shareholders Agreement, dated as of March 19, 2004, among Asbury Automotive Group, Inc., Asbury Automotive Holdings L.L.C., and the stockholders listed on the signature pages thereto
10.1**	1999 Stock Option Plan (filed as Exhibit 10.1 to Amendment No. 4 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on February 22, 2002)*
10.2**	2002 Equity Incentive Plan Plan (filed as Appendix C to the Company's Proxy Statement on April 29, 2004)*
10.3	Form of Officer Director Indemnification Agreement (filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*
10.4**	Letter Agreement, dated January 5, 2004, between Asbury Automotive Group, Inc. and Thomas R. Gibson (filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003)*
10.5**	Severance Agreement of Philip R. Johnson, dated April 21, 2003 (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003)*
10.6**	Letter Agreement, dated January 23, 2004, between Asbury Automotive Group, Inc. and Thomas F. Gilman (filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the

year ended December 31, 2003)*

10.7** Severance Pay Agreement of Robert D. Frank dated as of November 1, 2002 (filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*

10.8** Severance Agreement of Lynne A. Burgess, dated April 21, 2003 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003)*

10.9** Employment Agreement of Kenneth B. Gilman (filed as Exhibit 10.6 to Amendment No. 3 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on January 10, 2002)*

10.10** Severance Agreement of J. Gordon Smith. Dated September 29, 2003 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)*

10.11** Employment and Consulting Agreement of Thomas F. "Mack" McLarty, III (filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*

10.12 Credit Agreement, dated as of January 17, 2001, between Asbury Automotive Group, L.L.C. and Ford Motor Credit Company, Chrysler Financial Company, L.L.C. and General Motors Acceptance Corporation (filed as Exhibit 10.9 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on July 27, 2001)*

10.13 Amendment No. 1 to the Credit Agreement, dated as of July 29, 2002, by and among Asbury Automotive Group, L.L.C., Asbury Automotive Group, Inc., Asbury Automotive Group Holdings, Inc. and Ford Motor Credit Company, DaimlerChrysler Services North America LLC (as successor in interest (via merger) to Chrysler Financial Company, L.L.C.) and General Motors Acceptance Corporation and the other lenders (filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*

10.14 Amendment No. 2 to the Credit Agreement, dated as of September 25, 2002, by and among Asbury Automotive Group, L.L.C., Asbury Automotive Group, Inc., Asbury Automotive Group Holdings, Inc. and Ford Motor Credit Company, DaimlerChrysler Services North America LLC (as successor in interest (via merger) to Chrysler Financial Company, L.L.C.) and General Motors Acceptance Corporation and the other lenders (filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*

10.15 Letter Agreement dated as of February 5, 2003, between Asbury Automotive Group, L.L.C. and Ford Motor Credit Company, DaimlerChrysler Services North America LLC (as successor in interest (via merger) to Chrysler Financial Company, L.L.C.) and General Motors Acceptance Corporation (filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)*

10.16 Ford Dealer Agreement (filed as Exhibit 10.13 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on October 12, 2001)*

10.17 General Motors Dealer Agreement (filed as Exhibit 10.14 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on October 12, 2001)*

10.18 Honda Dealer Agreement (filed as Exhibit 10.15 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on October 12, 2001.)*

10.19 Mercedes Dealer Agreement (filed as Exhibit 10.16 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on October 12, 2001)*

10.20 Nissan Dealer Agreement (filed as Exhibit 10.17 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on October 12, 2001)*

10.21 Toyota Dealer Agreement (filed as Exhibit 10.18 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (file No. 333-65998) filed with the SEC on October 12, 2001)*

10.22 Sublease dated July 28, 2003 between Monster Worldwide, Inc. and Asbury Automotive Group, Inc. (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 31, 2003)*

10.23 First Amended and Restated Credit Agreement, dated June 6, 2003 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003)*

10.24**	First Amendment to Employment Agreement of Kenneth B. Gilman (filed as an Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003)*
10.25**	Employment Agreement of Jeffrey I. Wooley (filed as an Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003)*
10.26**	Second Amendment to Employment Agreement of Kenneth B. Gilman (filed as an Exhibit to the Company's Current Report on Form 8-K filed with the SEC on November 12, 2004)*
10.27**	Separation Agreement, dated as of October 15, 2004, by and among Asbury Automotive Group, Inc., Ben David McDavid, Sr., Ben David McDavid, Jr. and James McDavid (filed as an Exhibit to the Company's Current Report on Form 8-K filed with the SEC on October 26, 2004)*
10.28**	Key Executive Incentive Compensation Plan (filed as Appendix D to the Company's Proxy Statement on April 29, 2004)*
21	Subsidiaries of the Company
23	Consent of Deloitte & Touche LLP
24	Powers of Attorney (included with Signature Page hereto)
31.1	Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certificate of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certificate of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Incorporated by reference.

SECOND SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of December 23, 2003, among the Subsidiaries of the Company (as defined below) listed on Schedule II hereto (the "Guaranteeing Subsidiaries"), Asbury Automotive Group, Inc., a Connecticut corporation (the "Company"), the other Guarantors (as defined in the Indenture referred to herein) and The Bank of New York, as trustee under the indenture referred to below (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture, dated as of June 5, 2002 (as amended, supplemented and otherwise modified by the First Supplemental Indenture dated as of March 19, 2003, the "Indenture"), providing for the issuance of 9% Senior Subordinated Notes due 2012 (the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiaries shall execute and deliver to the Trustee a supplemental indenture pursuant to which each Guaranteeing Subsidiary shall unconditionally guarantee all of the Company's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "Subsidiary Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Company, the Guaranteeing Subsidiaries, the other Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. Each Guaranteeing Subsidiary hereby agrees as follows:

(a) Along with all Guarantors named in the Indenture, to jointly and severally Guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, the Notes or the obligations of the Company hereunder or thereunder, that:

(i) the principal of and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately.

(b) The obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(c) The following is hereby waived: diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever.

(d) This Subsidiary Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture, and such Guaranteeing Subsidiary accepts all obligations of a Guarantor under the Indenture.

(e) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors, or any Custodian, Trustee, liquidator or other similar official acting in relation to either the Company or the Guarantors, any amount paid by either to the Trustee or such Holder, this Subsidiary Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(f) Such Guaranteeing Subsidiary shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(g) As between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 of the Indenture for the purposes of this Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6 of the Indenture, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Subsidiary Guarantee.

(h) The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Guarantee.

(i) Pursuant to Section 10.02 of the Indenture, after giving effect to any maximum amount and any other contingent and fixed liabilities that are relevant under any applicable Bankruptcy or fraudulent conveyance laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under

Article 10 of the Indenture, this new Subsidiary Guarantee shall be limited to the maximum amount permissible such that the obligations of such Guarantor under this Subsidiary Guarantee will not constitute a fraudulent transfer or conveyance.

3. EXECUTION AND DELIVERY. Each Guaranteeing Subsidiary agrees that the Subsidiary Guarantees shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guarantee.

4. GUARANTEEING SUBSIDIARIES MAY CONSOLIDATE, ETC. ON CERTAIN TERMS.

(a) No Guaranteeing Subsidiary may sell or otherwise dispose of all or substantially all of its assets to or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another corporation, Person or entity whether or not affiliated with such Guarantor unless:

either

(i)

(A) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger, if other than such Guarantor, assumes all the obligations of that Guarantor under the Indenture, its Guarantee and, if the Exchange Offer has not been consummated or Special Interest remains due and owing, under the Registration Rights Agreement pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee and completes all other required documentation; or

(B) the Net Proceeds, if any, of such sale or other disposition are applied in accordance with the provisions of described in the third paragraph of Section 4.10 of this Indenture; and

(ii) immediately after giving effect to such transaction, no Default exists.

(b) In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor corporation, by supplemental

indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Subsidiary Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of the Indenture to be performed by the Guarantor, such successor corporation shall succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor corporation thereupon may cause to be signed any or all of the Subsidiary Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Subsidiary Guarantees so issued shall in all respects have the same legal rank and benefit under the Indenture as the Subsidiary Guarantees theretofore and thereafter issued in accordance with the terms of the Indenture as though all of such Subsidiary Guarantees had been issued at the date of the execution hereof.

(c) Except as set forth in Articles 4 and 5 and Section 11.05 of Article 11 of the Indenture, and notwithstanding clauses (a) and (b) above, nothing contained in the Indenture or in any of the Notes shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor, or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

5. RELEASES.

(a) In the event of a sale or other disposition of all of the assets of any Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all to the capital stock of any Guarantor, in each case to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary of the Company, then such Guarantor (in the event of a sale or other disposition, by way of merger, consolidation or otherwise, of all of the capital stock of such Guarantor) or the corporation acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor) will be released and relieved of any obligations under its Subsidiary Guarantee; provided that the Net Proceeds, if any, of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture, including without limitation Section 4.10 of the Indenture. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that such sale or other disposition was made by the Company in accordance with the provisions of the Indenture, including without limitation Section 4.10 of the Indenture, the Trustee shall execute any documents reasonably required in order to evidence the release of any Guarantor from its obligations under its Note Guarantee.

(b) Any Guarantor not released from its obligations under its Subsidiary Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Guarantor under the Indenture as provided in Article 11 of the Indenture.

6. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, incorporator, stockholder or agent of any Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Company or any Guaranteeing Subsidiary under the Notes, any Subsidiary Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

7. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

8. INDENTURE. Except as expressly amended hereby, the Indenture shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

9. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

10. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

11. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guarantors and the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

SIGNATURES

Dated as of December 23, 2003

ASBURY AUTOMOTIVE GROUP, INC.

By: /s/ J. Gordon Smith
Name: J. Gordon Smith
Title: Senior Vice President & CFO

EACH GUARANTOR LISTED ON SCHEDULE I HERETO

By: /s/ J. Gordon Smith
Name: J. Gordon Smith
Title: Vice President

EACH GUARANTEEING SUBSIDIARY LISTED ON SCHEDULE II HERETO

By: /s/ J. Gordon Smith
Name: J. Gordon Smith
Title: Vice President

THE BANK OF NEW YORK

By: /s/ Geovanni Barris
Name: Geovanni Barris
Title: Vice President

Schedule I

SCHEDULE OF GUARANTORS

The following schedule lists each Guarantor under the Indenture as of March 19, 2003, the date of the First Supplemental Indenture:

Asbury Automotive Group Holdings, Inc.
Asbury Automotive Group L.L.C.
Asbury Automotive Management L.L.C.
Asbury Automotive Financial Services, Inc.
Asbury Automotive Used Car Centers L.L.C.
Asbury Automotive Used Car Centers Texas GP L.L.C.
Asbury Automotive Used Car Centers Texas L.P.
Asbury Automotive Arkansas L.L.C.
Asbury Automotive Arkansas Dealership Holdings L.L.C.
NP FLM L.L.C.
NP VKW L.L.C.
Prestige TOY L.L.C.
Premier NSN L.L.C.
Premier LM L.L.C.
Hope FLM L.L.C.
NP MZD L.L.C.
Prestige Bay L.L.C.

Premier PON L.L.C.
Hope CPD L.L.C.
TXK L.L.C.
TXK FRD L.P.
TXK CPD L.P.
Escude NN L.L.C.
Escude T L.L.C.
Escude M L.L.C.
Escude NS L.L.C.
Escude D L.LC.
Escude MO L.L.C.
Asbury MS Metro L.L.C.
Asbury MS Gray-Daniels L.L.C.
Asbury Automotive Atlanta LLC
Asbury Atlanta HON LLC
Asbury Atlanta Chevrolet LLC
Asbury Atlanta LEX, LLC
Asbury Atlanta AC LLC
Atlanta Real Estate Holdings LLC
Asbury Atlanta Jaguar L.L.C.
Spectrum Insurance Services L.L.C.

Asbury Atlanta AU L.L.C.
Asbury Atlanta Infiniti L.L.C.
Asbury Automotive Jacksonville GP, L.L.C.
Asbury Automotive Jacksonville, L.P.
Asbury Jax Holdings, L.P.
Asbury Jax Management L.L.C.
Coggin Automotive Corp
CP-GMC Motors Ltd
CH Motors Ltd
CN Motors Ltd
CFP Motors Ltd
Avenues Motors Ltd
CHO Partnership Ltd
ANL, L.P.
Bayway Financial Services, L.P.
Coggin Management, L.P.
C&O Properties Ltd
Asbury Automotive Central Florida, L.L.C.
CK Chevrolet L.L.C.
CK Motors, L.L.C.
Asbury Automotive Deland, L.L.C.
AF Motors, L.L.C.
ALM Motors, L.L.C.
Asbury Deland Imports 2 LLC
Asbury Deland Imports LLC
Coggin Cars L.L.C.
Coggin Chevrolet L.L.C.
CSA Imports L.L.C.
Coggin Orlando Properties, L.L.C.
KP Motors L.L.C.
HFP Motors L.L.C.
Asbury Automotive Mississippi L.L.C.
Asbury MS Wimber L.L.C.
Crown GPG L.L.C.
Crown GBM L.L.C.
Crown GAU L.L.C.
Crown GKI L.L.C.
Crown GMI L.L.C.
Crown GDO L.L.C.
Crown GNI L.L.C.
Crown GHO L.L.C.
Crown GAC L.L.C.

Crown CHH L.L.C.

Crown CHV L.L.C.
Crown RIS L.L.C.
Crown RIA L.L.C.
Crown RIB L.L.C.
Crown Motorcar Company L.L.C.
Crown GVO L.L.C.
Crown FFO L.L.C.
Asbury Automotive North Carolina L.L.C.
Asbury Automotive North Carolina Management L.L.C.
Asbury Automotive North Carolina Real Estate Holdings L.L.C.
Asbury Automotive North Carolina Dealership Holdings L.L.C.
Crown Raleigh L.L.C.
Crown Fordham L.L.C.
Camco Finance L.L.C.
Camco Finance II L.L.C.
Crown FFO Holdings L.L.C.
Crown RPG L.L.C.
Crown FDO L.L.C.
Crown Acura/Nissan L.L.C.
Crown Battleground, LLC
Crown Dodge, LLC
Crown Honda, LLC
Crown Honda-Volvo, LLC
Crown Mitsubishi, LLC
Crown Royal Pontiac, LLC
RER Properties, LLC
RWIJ Properties, LLC
Thomason FRD LLC
Thomason HON LLC
Thomason NISS LLC
Thomason HUND LLC
Thomason MAZ LLC
Thomason ZUK LLC
Thomason TY LLC
Thomason SUB L.L.C.
Thomason DAM LLC
Damerow Ford Co.
Asbury Automotive Oregon LLC
Asbury Automotive Oregon Management LLC
Thomason Auto Credit Northwest, Inc.
Thomason on Canyon, L.L.C.
Thomason Outfitters L.L.C.
Thomason SUZU L.L.C.

Asbury Automotive St. Louis L.L.C.
Asbury St. Louis Lex L.L.C.
Asbury St. Louis Cadillac L.L.C.
Asbury St. Louis Gen L.L.C.
Asbury Automotive Tampa GP L.L.C.
Asbury Automotive Tampa, L.P.
Asbury Tampa Management L.L.C.
Tampa LM L.P.
Tampa Hund L.P.
Tampa KIA L.P.
Tampa Mit L.P.
Tampa Suzu L.P.
WMZ Motors L.P.
WMZ Brandon Motors L.P.
WTY Motors L.P.

Asbury Automotive Brandon L.P.
Precision Enterprises Tampa, Inc.
Precision Nissan, Inc.
Precision Computer Services, Inc.
Precision Motorcars, Inc.
Precision Infiniti, Inc.
Dealer Profit Systems L.L.C.
McDavid Plano - Acra LP
McDavid Houston - Kia LP
McDavid Austin - Acra LP
McDavid Irving - Hon LP
McDavid Irving - PB&G LP
McDavid Houston - Niss LP
Plano Lincoln-Mercury, Inc
McDavid Irving-Zuk, LP
McDavid Houston-Hon, LP
McDavid Houston-Olds, LP
Asbury Texas Management, LLC
McDavid Grande, LP
McDavid Outfitters, LP
McDavid Auction, L.P.
Asbury Automotive Texas, LLC
Asbury Automotive Texas Holdings, LLC
McDavid Communications, L.P.
McDavid Frisco-Hon, L.P.
Asbury Automotive San Diego L.L.C.
Crown GCA L.L.C.
Crown GCH L.L.C.

Crown CHO L.L.C.
Thomason Pontiac-GMC L.L.C.
Asbury Automotive Fresno L.L.C.
Asbury Fresno Imports L.L.C.

Schedule II

SCHEDULE OF GUARANTEEING SUBSIDIARIES

The following schedule lists each Guaranteeing Subsidiary becoming a Guarantor under the Indenture pursuant to the Supplemental Indenture to which this Schedule II is attached:

Asbury MS Yazoo L.L.C.
Asbury Atlanta VL L.L.C.
Asbury Atlanta BM L.L.C.
Asbury Automotive Southern California L.L.C.
Crown SNI L.L.C.
Crown SJC L.L.C.
Asbury Arkansas Hund L.L.C.
BFP Motors L.L.C.
Asbury So Cal Hon L.L.C.
Asbury So Cal DC L.L.C.

THIRD SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of December 7, 2004, among the Subsidiaries of the Company (as defined below) listed on Schedule II hereto (the "Guaranteeing Subsidiaries"), Asbury Automotive Group, Inc., a Delaware corporation (the "Company"), the other Guarantors (as defined in the Indenture referred to herein) and The Bank of New York, as trustee under the indenture referred to below (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture, dated as of June 5, 2002 (as amended, supplemented and otherwise modified by the First Supplemental Indenture dated as of March 19, 2003, the "Indenture"), providing for the issuance of 9% Senior Subordinated Notes due 2012 (the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiaries shall execute and deliver to the Trustee a supplemental indenture pursuant to which each Guaranteeing Subsidiary shall unconditionally guarantee all of the Company's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "Subsidiary Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company, the Guaranteeing Subsidiaries, the other Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. Each Guaranteeing Subsidiary hereby agrees as follows:

(a) Along with all Guarantors named in the Indenture, to jointly and severally Guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, the Notes or the obligations of the Company hereunder or thereunder, that:

(i) the principal of and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately.

(b) The obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(c) The following is hereby waived: diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever.

(d) This Subsidiary Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture, and such Guaranteeing Subsidiary accepts all obligations of a Guarantor under the Indenture.

(e) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors, or any Custodian, Trustee, liquidator or other similar official acting in relation to either the Company or the Guarantors, any amount paid by either to the Trustee or such Holder, this Subsidiary Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(f) Such Guaranteeing Subsidiary shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(g) As between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 of the Indenture for the purposes of this Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6 of the Indenture, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Subsidiary Guarantee.

(h) The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Guarantee.

(i) Pursuant to Section 10.02 of the Indenture, after giving effect to any maximum amount and any other contingent and fixed liabilities that are relevant under any applicable Bankruptcy or fraudulent conveyance laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under

Article 10 of the Indenture, this new Subsidiary Guarantee shall be limited to the maximum amount permissible such that the obligations of such Guarantor under this Subsidiary Guarantee will not constitute a fraudulent transfer or conveyance.

3. EXECUTION AND DELIVERY. Each Guaranteeing Subsidiary agrees that the Subsidiary Guarantees shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guarantee.

4. GUARANTEEING SUBSIDIARIES MAY CONSOLIDATE, ETC. ON CERTAIN TERMS.

(a) No Guaranteeing Subsidiary may sell or otherwise dispose of all or substantially all of its assets to or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another corporation, Person or entity whether or not affiliated with such Guarantor unless:

either

(i)

(A) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger, if other than such Guarantor, assumes all the obligations of that Guarantor under the Indenture, its Guarantee and, if the Exchange Offer has not been consummated or Special Interest remains due and owing, under the Registration Rights Agreement pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee and completes all other required documentation; or

(B) the Net Proceeds, if any, of such sale or other disposition are applied in accordance with the provisions of described in the third paragraph of Section 4.10 of this Indenture; and

(ii) immediately after giving effect to such transaction, no Default exists.

(b) In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor corporation, by supplemental

indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Subsidiary Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of the Indenture to be performed by the Guarantor, such successor corporation shall succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor corporation thereupon may cause to be signed any or all of the Subsidiary Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Subsidiary Guarantees so issued shall in all respects have the same legal rank and benefit under the Indenture as the Subsidiary Guarantees theretofore and thereafter issued in accordance with the terms of the Indenture as though all of such Subsidiary Guarantees had been issued at the date of the execution hereof.

(c) Except as set forth in Articles 4 and 5 and Section 11.05 of Article 11 of the Indenture, and notwithstanding clauses (a) and (b) above, nothing contained in the Indenture or in any of the Notes shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor, or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

5. RELEASES.

(a) In the event of a sale or other disposition of all of the assets of any Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all to the capital stock of any Guarantor, in each case to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary of the Company, then such Guarantor (in the event of a sale or other disposition, by way of merger, consolidation or otherwise, of all of the capital stock of such Guarantor) or the corporation acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor) will be released and relieved of any obligations under its Subsidiary Guarantee; provided that the Net Proceeds, if any, of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture, including without limitation Section 4.10 of the Indenture. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that such sale or other disposition was made by the Company in accordance with the provisions of the Indenture, including without limitation Section 4.10 of the Indenture, the Trustee shall execute any documents reasonably required in order to evidence the release of any Guarantor from its obligations under its Note Guarantee.

(b) Any Guarantor not released from its obligations under its Subsidiary Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Guarantor under the Indenture as provided in Article 11 of the Indenture.

6. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, incorporator, stockholder or agent of any Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Company or any Guaranteeing Subsidiary under the Notes, any Subsidiary Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

7. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

8. INDENTURE. Except as expressly amended hereby, the Indenture shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

9. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

10. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

11. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guarantors and the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

SIGNATURES

ASBURY AUTOMOTIVE GROUP, INC.

By: /s/ J. Gordon Smith
Name: J. Gordon Smith
Title: Senior Vice President & CFO

EACH GUARANTOR LISTED ON SCHEDULE I HERETO

By: /s/ J. Gordon Smith
Name: J. Gordon Smith
Title: Vice President

EACH GUARANTEEING SUBSIDIARY LISTED ON SCHEDULE II HERETO

By: /s/ J. Gordon Smith
Name: J. Gordon Smith
Title: Vice President

THE BANK OF NEW YORK

By: /s/ Geovanni Barris
Name: Geovanni Barris
Title: Vice President

Schedule I

SCHEDULE OF GUARANTORS

The following schedule lists each Guarantor as of December 23, 2003, the date of the Second Supplement Indenture, omitting certain entities that were dissolved or sold after that date:

Asbury Automotive Group Holdings, Inc.
Asbury Automotive Group L.L.C.
Asbury Automotive Management L.L.C.
Asbury Automotive Financial Services, Inc.
Asbury Automotive Arkansas L.L.C.
Asbury Automotive Arkansas Dealership Holdings L.L.C.
NP FLM L.L.C.
NP VKW L.L.C.
Prestige TOY L.L.C.
Premier NSN L.L.C.
NP MZD L.L.C.
Prestige Bay L.L.C.
Premier PON L.L.C.
Escude NN L.L.C.
Escude T L.L.C.
Escude M L.L.C.
Escude NS L.L.C.
Escude MO L.L.C.
Asbury MS Metro L.L.C.
Asbury MS Gray-Daniels L.L.C.
Asbury Automotive Atlanta LLC

Asbury Atlanta HON LLC
Asbury Atlanta Chevrolet LLC
Asbury Atlanta LEX, LLC
Asbury Atlanta AC LLC
Atlanta Real Estate Holdings LLC
Asbury Atlanta Jaguar L.L.C.
Spectrum Insurance Services L.L.C.
Asbury Atlanta AU L.L.C.
Asbury Atlanta Infiniti L.L.C.
Asbury Automotive Jacksonville GP, L.L.C.
Asbury Automotive Jacksonville, L.P.
Asbury Jax Holdings, L.P.
Asbury Jax Management L.L.C.
Coggin Automotive Corp
CP-GMC Motors Ltd
CH Motors Ltd
CN Motors Ltd

CFP Motors Ltd
Avenues Motors Ltd
CHO Partnership Ltd
ANL, L.P.
Bayway Financial Services, L.P.
Coggin Management, L.P.
C&O Properties Ltd
Asbury Automotive Central Florida, L.L.C.
CK Chevrolet L.L.C.
CK Motors, L.L.C.
Asbury Automotive Deland, L.L.C.
AF Motors, L.L.C.
ALM Motors, L.L.C.
Asbury Deland Imports 2 LLC
Asbury Deland Imports LLC
Coggin Cars L.L.C.
Coggin Chevrolet L.L.C.
CSA Imports L.L.C.
KP Motors L.L.C.
HFP Motors L.L.C.
Asbury Automotive Mississippi L.L.C.
Asbury MS Wimber L.L.C.
Crown GPG L.L.C.
Crown GBM L.L.C.
Crown GAU L.L.C.
Crown GKI L.L.C.
Crown GMI L.L.C.
Crown GDO L.L.C.
Crown GNI L.L.C.
Crown GHO L.L.C.
Crown GAC L.L.C.
Crown CHH L.L.C.
Crown CHV L.L.C.
Crown RIA L.L.C.
Crown RIB L.L.C.
Crown Motorcar Company L.L.C.
Crown GVO L.L.C.
Crown FFO L.L.C.
Asbury Automotive North Carolina L.L.C.
Asbury Automotive North Carolina Management L.L.C.
Asbury Automotive North Carolina Real Estate Holdings L.L.C.
Asbury Automotive North Carolina Dealership Holdings L.L.C.
Crown Raleigh L.L.C.

Crown Fordham L.L.C.
Camco Finance L.L.C.
Camco Finance II L.L.C.
Crown FFO Holdings L.L.C.
Crown FDO L.L.C.
Crown Acura/Nissan L.L.C.
Crown Battleground, LLC
Crown Dodge, LLC
Crown Honda, LLC
Crown Honda-Volvo, LLC
Crown Mitsubishi, LLC
Crown Royal Pontiac, LLC
RER Properties, LLC
RWIJ Properties, LLC
Thomason FRD LLC
Thomason HON LLC
Thomason NISS LLC
Thomason HUND LLC
Thomason MAZ LLC
Thomason ZUK LLC
Thomason TY LLC
Thomason DAM LLC
Damerow Ford Co.
Asbury Automotive Oregon LLC
Asbury Automotive Oregon Management LLC
Thomason Auto Credit Northwest, Inc.
Thomason Outfitters L.L.C.
Thomason SUZU L.L.C.
Asbury Automotive St. Louis L.L.C.
Asbury St. Louis Lex L.L.C.
Asbury St. Louis Cadillac L.L.C.
Asbury St. Louis Gen L.L.C.
Asbury Automotive Tampa GP L.L.C.
Asbury Automotive Tampa, L.P.
Asbury Tampa Management L.L.C.
Tampa LM L.P.
Tampa Hund L.P.
Tampa KIA L.P.
Tampa Mit L.P.
Tampa Suzu L.P.
WMZ Motors L.P.
WMZ Brandon Motors L.P.
WTY Motors L.P.

Asbury Automotive Brandon L.P.
Precision Enterprises Tampa, Inc.
Precision Nissan, Inc.
Precision Computer Services, Inc.
Precision Motorcars, Inc.
Precision Infiniti, Inc.
Dealer Profit Systems L.L.C.
McDavid Plano - Acra LP
McDavid Houston - Kia LP
McDavid Austin - Acra LP
McDavid Irving - Hon LP
McDavid Irving - PB&G LP
McDavid Houston - Niss LP
Plano Lincoln-Mercury, Inc
McDavid Irving-Zuk, LP
McDavid Houston-Olds, LP
Asbury Texas Management, LLC
McDavid Grande, LP
McDavid Outfitters, LP

McDavid Auction, L.P.
Asbury Automotive Texas, LLC
Asbury Automotive Texas Holdings, LLC
McDavid Communications, L.P.
McDavid Frisco-Hon, L.P.
Crown GCA L.L.C.
Crown GCH L.L.C.
Crown CHO L.L.C.
Thomason Pontiac-GMC L.L.C.
Asbury Automotive Fresno L.L.C.
Asbury Fresno Imports L.L.C.
Asbury MS Yazoo L.L.C.
Asbury Atlanta VL L.L.C.
Asbury Atlanta BM L.L.C.
Asbury Automotive Southern California L.L.C.
Crown SNI L.L.C.
Crown SJC L.L.C.
Asbury Arkansas Hund L.L.C.
BFP Motors L.L.C.
Asbury So Cal Hon L.L.C.
Asbury So Cal DC L.L.C.

Schedule II

SCHEDULE OF GUARANTEEING SUBSIDIARIES

The following schedule lists each Guaranteeing Subsidiary becoming a Guarantor under the Indenture pursuant to the Supplemental Indenture to which this Schedule II is attached:

Asbury Sacramento Imports L.L.C.
Asbury So Cal Niss L.L.C.
Asbury No Cal Niss L.L.C.
Asbury So Cal Toy L.L.C.
Spirit Automotive Group L.L.C.

FIRST SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of January 21, 2004, among the Subsidiaries of the Company (as defined below) listed on Schedule II hereto (the "Guaranteeing Subsidiaries"), Asbury Automotive Group, Inc., a Connecticut corporation (the "Company"), the other Guarantors (as defined in the Indenture referred to herein) and The Bank of New York, as trustee under the indenture referred to below (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the "Indenture"), dated as of December 23, 2003 providing for the issuance of 8% Senior Subordinated Notes due 2014 (the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiaries shall execute and deliver to the Trustee a supplemental indenture pursuant to which each Guaranteeing Subsidiary shall unconditionally guarantee all of the Company's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "Subsidiary Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Company, the Guaranteeing Subsidiaries, the other Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. Each Guaranteeing Subsidiary hereby agrees as follows:

(a) Along with all Guarantors named in the Indenture, to jointly and severally Guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, the Notes or the obligations of the Company hereunder or thereunder, that:

(i) the principal of and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly

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paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately.

(b) The obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(c) The following is hereby waived: diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever.

(d) This Subsidiary Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture, and such Guaranteeing Subsidiary accepts all obligations of a Guarantor under the Indenture.

(e) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors, or any Custodian, Trustee, liquidator or other similar official acting in relation to either the Company or the Guarantors, any amount paid by either to the Trustee or such Holder, this Subsidiary Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(f) Such Guaranteeing Subsidiary shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(g) As between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 of the Indenture for the purposes of this Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6 of the Indenture, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Subsidiary Guarantee.

(h) The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Guarantee.

(i) Pursuant to Section 11.03 of the Indenture, after giving effect to any maximum amount and any other contingent and fixed liabilities that are relevant under any applicable Bankruptcy or fraudulent conveyance laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under

Article 11 of the Indenture, this new Subsidiary Guarantee shall be limited to the maximum amount permissible such that the obligations of such Guarantor under this Subsidiary Guarantee will not constitute a fraudulent transfer or conveyance.

3. EXECUTION AND DELIVERY. Each Guaranteeing Subsidiary agrees that the Subsidiary Guarantees shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guarantee.

4. GUARANTEEING SUBSIDIARIES MAY CONSOLIDATE, ETC. ON CERTAIN TERMS.

(a) No Guaranteeing Subsidiary may sell or otherwise dispose of all or substantially all of its assets to or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another corporation, Person or entity whether or not affiliated with such Guarantor unless:

either

(i)

(A) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger, if other than such Guarantor, assumes all the obligations of that Guarantor under the Indenture, its Guarantee and, if the Exchange Offer has not been consummated or Special Interest remains due and owing, under the Registration Rights Agreement pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee and completes all other required documentation; or

(B) the Net Proceeds, if any, of such sale or other disposition are applied in accordance with the provisions of described in the third paragraph of Section 4.10 of this Indenture; and

(ii) immediately after giving effect to such transaction, no Default exists.

(b) In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor corporation, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Subsidiary Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of the Indenture to be performed by the Guarantor, such successor corporation shall succeed to and

be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor corporation thereupon may cause to be signed any or all of the Subsidiary Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Subsidiary Guarantees so issued shall in all respects have the same legal rank and benefit under the Indenture as the Subsidiary Guarantees theretofore and thereafter issued in accordance with the terms of the Indenture as though all of such Subsidiary Guarantees had been issued at the date of the execution hereof.

(c) Except as set forth in Articles 4 and 5 and Section 11.05 of Article 11 of the Indenture, and notwithstanding clauses (a) and (b) above, nothing contained in the Indenture or in any of the Notes shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor, or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

5. RELEASES.

(a) In the event of a sale or other disposition of all of the assets of any Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all to the capital stock of any Guarantor, in each case to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary of the Company, then such Guarantor (in the event of a sale or other disposition, by way of merger, consolidation or otherwise, of all of the capital stock of such Guarantor) or the corporation acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor) will be released and relieved of any obligations under its Subsidiary Guarantee; provided that the Net Proceeds, if any, of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture, including without limitation Section 4.10 of the Indenture. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that such sale or other disposition was made by the Company in accordance with the provisions of the Indenture, including without limitation Section 4.10 of the Indenture, the Trustee shall execute any documents reasonably required in order to evidence the release of any Guarantor from its obligations under its Note Guarantee.

(b) Any Guarantor not released from its obligations under its Subsidiary Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Guarantor under the Indenture as provided in Article 11 of the Indenture.

6. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, incorporator, stockholder or agent of any Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Company or any Guaranteeing Subsidiary under the Notes, any Subsidiary Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder

of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

7. INDENTURE. Except as expressly amended hereby, the Indenture shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

8. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

9. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

10. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

11. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guarantors and the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

SIGNATURES

ASBURY AUTOMOTIVE GROUP, INC.

By: /s/ J. Gordon Smith
Name: J. Gordon Smith
Title: Senior Vice President & CFO

EACH GUARANTOR LISTED ON SCHEDULE I HERETO

By: /s/ J. Gordon Smith
Name: J. Gordon Smith
Title: Vice President

EACH GUARANTEEING SUBSIDIARY LISTED ON SCHEDULE II HERETO

By: /s/ J. Gordon Smith
Name: J. Gordon Smith
Title: Vice President

THE BANK OF NEW YORK

By: /s/ Geovanni Barris
Name: Geovanni Barris
Title: Vice President

Schedule II

SCHEDULE OF GUARANTORS

The following schedule lists each Guarantor under the Indenture as of the Issue Date:

Asbury Automotive Group Holdings, Inc.
Asbury Automotive Group L.L.C.
Asbury Automotive Management L.L.C.
Asbury Automotive Financial Services, Inc.
Asbury Automotive Used Car Centers L.L.C.
Asbury Automotive Used Car Centers Texas GP L.L.C.
Asbury Automotive Used Car Centers Texas L.P.
Asbury Automotive Arkansas L.L.C.
Asbury Automotive Arkansas Dealership Holdings L.L.C.
NP FLM L.L.C.
NP VKW L.L.C.
Premier NSN L.L.C.
Premier LM L.L.C.
Hope FLM L.L.C.
NP MZD L.L.C.
Prestige Bay L.L.C.

Premier Pon L.L.C.
Hope CPD L.L.C.
TXK L.L.C.
TXK FRD, L.P.
TXK CPD, L.P.
Escude-NN L.L.C.
Escude-M L.L.C.
Escude-NS L.L.C.
Escude-D L.L.C.
Escude-MO L.L.C.
Asbury MS Metro L.L.C.
Asbury MS Gray-Daniels L.L.C.
Asbury Automotive Atlanta L.L.C.
Asbury Atlanta Hon L.L.C.
Asbury Atlanta Chevrolet L.L.C.
Asbury Atlanta AC L.L.C.
Atlanta Real Estate Holdings L.L.C.
Asbury Atlanta Jaguar L.L.C.
Spectrum Insurance Services L.L.C.
Asbury Atlanta AU L.L.C.
Asbury Atlanta Infiniti L.L.C.
Asbury Automotive Jacksonville GP L.L.C.

Asbury Automotive Jacksonville, L.P.
Asbury Jax Holdings, L.P.
Asbury Jax Management L.L.C.
Coggin Automotive Corp.
CP-GMC Motors, Ltd.
CH Motors, Ltd.
CN Motors, Ltd.
CFP Motors, Ltd.
Avenues Motors, Ltd.
CHO Partnership, Ltd.
ANL, L.P.
Bayway Financial Services, L.P.
Coggin Management, L.P.
C&O Properties, Ltd.
Asbury Automotive Central Florida, L.L.C.
CK Chevrolet L.L.C.
CK Motors L.L.C.
Asbury Automotive Deland, L.L.C.
AF Motors, L.L.C.
ALM Motors, L.L.C.
Asbury Deland Imports 2, L.L.C.
Asbury-Deland Imports, L.L.C.
Coggin Chevrolet L.L.C.
CSA Imports L.L.C.
Coggin Orlando Properties LLC
KP Motors L.L.C.
HFP Motors L.L.C.
Asbury Automotive Mississippi L.L.C.
Asbury MS Wimber L.L.C.
Crown GPG L.L.C.
Crown GBM L.L.C.
Crown GAU L.L.C.
Crown GKI L.L.C.
Crown GMI L.L.C.
Crown GDO L.L.C.
Crown GNI L.L.C.
Crown GHO L.L.C.
Crown GAC L.L.C.
Crown CHH L.L.C.
Crown CHV L.L.C.
Crown RIS L.L.C.

Crown RIA L.L.C.
Crown RIB L.L.C.

Crown Motorcar Company L.L.C.
Crown GVO L.L.C.
Crown FFO L.L.C.
Asbury Automotive North Carolina L.L.C.
Asbury Automotive North Carolina Management L.L.C.
Asbury Automotive North Carolina Real Estate Holdings L.L.C.
Asbury Automotive North Carolina Dealership Holdings L.L.C.
Crown Raleigh L.L.C.
Crown Fordham L.L.C.
Camco Finance L.L.C.
Camco Finance II L.L.C.
Crown FFO Holdings L.L.C.
Crown RPG L.L.C.
Crown FDO L.L.C.
Crown Acura/Nissan, LLC
Crown Battleground L.L.C.
Crown Dodge, LLC
Crown Honda, LLC
Crown Honda-Volvo, LLC
Crown Mitsubishi, LLC
Crown Royal Pontiac, LLC
RER Properties, LLC
RWIJ Properties, LLC
Thomason Frd L.L.C.
Thomason Hon L.L.C.
Thomason Niss L.L.C.
Thomason Hund L.L.C.
Thomason Maz L.L.C.
Thomason Zuk L.L.C.
Thomason Sub L.L.C.
Thomason Dam L.L.C.
Damerow Ford Co.
Asbury Automotive Oregon L.L.C.
Asbury Automotive Oregon Management L.L.C.
Thomason Auto Credit Northwest, Inc.
Thomason on Canyon, L.L.C.
Thomason Outfitters L.L.C.
Thomason Suzu L.L.C.
Asbury Automotive St. Louis, L.L.C.
Asbury St. Louis Cadillac L.L.C.
Asbury St. Louis Gen L.L.C.
Asbury Automotive Tampa GP L.L.C.
Asbury Automotive Tampa, L.P.

Asbury Tampa Management L.L.C.
Tampa LM, L.P.
Tampa Hund, L.P.
Tampa Kia, L.P.
Tampa Mit, L.P.
Tampa Suzu, L.P.
WMZ Motors, L.P.
WMZ Brandon Motors, L.P.
Asbury Automotive Brandon, L.P.
Precision Enterprises Tampa, Inc.
Precision Nissan, Inc.
Precision Computer Services, Inc.
Precision Motorcars, Inc.
Precision Infiniti, Inc.

Dealer Profit Systems L.L.C.
McDavid Plano-Acra, L.P.
McDavid Houston-Kia, L.P.
McDavid Austin-Acra, L.P.
McDavid Irving-Hon, L.P.
McDavid Irving-PB&G, L.P.
McDavid Houston-Niss, L.P.
Plano Lincoln-Mercury, Inc.
McDavid Irving-Zuk, L.P.
McDavid Houston-Hon, L.P.
McDavid Houston-Olds, L.P.
Asbury Texas Management L.L.C.
McDavid Grande, L.P.
McDavid Outfitters, L.P.
McDavid Auction, L.P.
Asbury Automotive Texas L.L.C.
Asbury Automotive Texas Holdings L.L.C.
Asbury Automotive Texas Real Estate Holdings L.P. (formerly McDavid Communications, L.P.)
McDavid Frisco-Hon, L.P.
Asbury Automotive San Diego L.L.C.
Crown GCA L.L.C.
Crown GCH L.L.C.
Crown CHO L.L.C.
Thomason Pontiac-GMC L.L.C.
Asbury Automotive Fresno L.L.C.
Asbury Fresno Imports L.L.C.
Asbury MS Yazoo L.L.C.
Asbury Atlanta VL L.L.C.
Asbury Atlanta BM L.L.C.

Asbury Automotive Southern California L.L.C.
Crown SNI L.L.C.
Crown SJC L.L.C.
Asbury Arkansas Hund L.L.C.
BFP Motors L.L.C.

Schedule II

SCHEDULE OF GUARANTEEING SUBSIDIARIES

The following schedule lists each Guaranteeing Subsidiary becoming a Guarantor under the Indenture pursuant to the Supplemental Indenture to which this Schedule II is attached:

Asbury So Cal Hon L.L.C.
Asbury So Cal DC L.L.C.
Asbury Sacramento Imports L.L.C.

SECOND SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of December 7, 2004, among the Subsidiaries of the Company (as defined below) listed on Schedule II hereto (the "Guaranteeing Subsidiaries"), Asbury Automotive Group, Inc., a Delaware corporation (the "Company"), the other Guarantors (as defined in the Indenture referred to herein) and The Bank of New York, as trustee under the indenture referred to below (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the "Indenture"), dated as of December 23, 2003 providing for the issuance of 8% Senior Subordinated Notes due 2014 (the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiaries shall execute and deliver to the Trustee a supplemental indenture pursuant to which each Guaranteeing Subsidiary shall unconditionally guarantee all of the Company's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "Subsidiary Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company, the Guaranteeing Subsidiaries, the other Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. Each Guaranteeing Subsidiary hereby agrees as follows:

(a) Along with all Guarantors named in the Indenture, to jointly and severally Guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, the Notes or the obligations of the Company hereunder or thereunder, that:

(i) the principal of and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly

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paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately.

(b) The obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(c) The following is hereby waived: diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever.

(d) This Subsidiary Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture, and such Guaranteeing Subsidiary accepts all obligations of a Guarantor under the Indenture.

(e) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors, or any Custodian, Trustee, liquidator or other similar official acting in relation to either the Company or the Guarantors, any amount paid by either to the Trustee or such Holder, this Subsidiary Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(f) Such Guaranteeing Subsidiary shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(g) As between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 of the Indenture for the purposes of this Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6 of the Indenture, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Subsidiary Guarantee.

(h) The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Guarantee.

(i) Pursuant to Section 11.03 of the Indenture, after giving effect to any maximum amount and any other contingent and fixed liabilities that are relevant under any applicable Bankruptcy or fraudulent conveyance laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under

Article 11 of the Indenture, this new Subsidiary Guarantee shall be limited to the maximum amount permissible such that the obligations of such Guarantor under this Subsidiary Guarantee will not constitute a fraudulent transfer or conveyance.

3. EXECUTION AND DELIVERY. Each Guaranteeing Subsidiary agrees that the Subsidiary Guarantees shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guarantee.

4. GUARANTEEING SUBSIDIARIES MAY CONSOLIDATE, ETC. ON CERTAIN TERMS.

(a) No Guaranteeing Subsidiary may sell or otherwise dispose of all or substantially all of its assets to or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another corporation, Person or entity whether or not affiliated with such Guarantor unless:

either

(i)

(A) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger, if other than such Guarantor, assumes all the obligations of that Guarantor under the Indenture, its Guarantee and, if the Exchange Offer has not been consummated or Special Interest remains due and owing, under the Registration Rights Agreement pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee and completes all other required documentation; or

(B) the Net Proceeds, if any, of such sale or other disposition are applied in accordance with the provisions of described in the third paragraph of Section 4.10 of this Indenture; and

(ii) immediately after giving effect to such transaction, no Default exists.

(b) In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor corporation, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Subsidiary Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of the Indenture to be performed by the Guarantor, such successor corporation shall succeed to and

be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor corporation thereupon may cause to be signed any or all of the Subsidiary Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Subsidiary Guarantees so issued shall in all respects have the same legal rank and benefit under the Indenture as the Subsidiary Guarantees theretofore and thereafter issued in accordance with the terms of the Indenture as though all of such Subsidiary Guarantees had been issued at the date of the execution hereof.

(c) Except as set forth in Articles 4 and 5 and Section 11.05 of Article 11 of the Indenture, and notwithstanding clauses (a) and (b) above, nothing contained in the Indenture or in any of the Notes shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor, or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

5. RELEASES.

(a) In the event of a sale or other disposition of all of the assets of any Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all to the capital stock of any Guarantor, in each case to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary of the Company, then such Guarantor (in the event of a sale or other disposition, by way of merger, consolidation or otherwise, of all of the capital stock of such Guarantor) or the corporation acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor) will be released and relieved of any obligations under its Subsidiary Guarantee; provided that the Net Proceeds, if any, of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture, including without limitation Section 4.10 of the Indenture. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that such sale or other disposition was made by the Company in accordance with the provisions of the Indenture, including without limitation Section 4.10 of the Indenture, the Trustee shall execute any documents reasonably required in order to evidence the release of any Guarantor from its obligations under its Note Guarantee.

(b) Any Guarantor not released from its obligations under its Subsidiary Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Guarantor under the Indenture as provided in Article 11 of the Indenture.

6. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, incorporator, stockholder or agent of any Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Company or any Guaranteeing Subsidiary under the Notes, any Subsidiary Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder

of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

7. INDENTURE. Except as expressly amended hereby, the Indenture shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby.

8. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE

EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

9. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

10. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

11. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guarantors and the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

SIGNATURES

ASBURY AUTOMOTIVE GROUP, INC.

By: /s/ J. Gordon Smith
Name: J. Gordon Smith
Title: Senior Vice President & CFO

EACH GUARANTOR LISTED ON SCHEDULE I HERETO

By: /s/ J. Gordon Smith
Name: J. Gordon Smith
Title: Vice President

EACH GUARANTEEING SUBSIDIARY LISTED ON SCHEDULE II HERETO

By: /s/ J. Gordon Smith
Name: J. Gordon Smith
Title: Vice President

THE BANK OF NEW YORK

By: /s/ Geovanni Barris
Name: Geovanni Barris
Title: Vice President

Schedule I

SCHEDULE OF GUARANTORS

The following schedule lists each Guarantor as of January 21, 2004, the date of the First Supplemental Indenture, omitting certain entities that were dissolved or sold after that date:

Asbury Automotive Group Holdings, Inc.
Asbury Automotive Group L.L.C.
Asbury Automotive Management L.L.C.
Asbury Automotive Financial Services, Inc.
Asbury Automotive Arkansas L.L.C.
Asbury Automotive Arkansas Dealership Holdings L.L.C.
NP FLM L.L.C.
NP VKW L.L.C.
Premier NSN L.L.C.
NP MZD L.L.C.
Prestige Bay L.L.C.
Premier Pon L.L.C.
Escude-NN L.L.C.
Escude-M L.L.C.
Escude-NS L.L.C.
Escude-MO L.L.C.
Asbury MS Metro L.L.C.

Asbury MS Gray-Daniels L.L.C.
Asbury Automotive Atlanta L.L.C.
Asbury Atlanta Hon L.L.C.
Asbury Atlanta Chevrolet L.L.C.
Asbury Atlanta AC L.L.C.
Atlanta Real Estate Holdings L.L.C.
Asbury Atlanta Jaguar L.L.C.
Spectrum Insurance Services L.L.C.
Asbury Atlanta AU L.L.C.
Asbury Atlanta Infiniti L.L.C.
Asbury Automotive Jacksonville GP L.L.C.
Asbury Automotive Jacksonville, L.P.
Asbury Jax Holdings, L.P.
Asbury Jax Management L.L.C.
Coggin Automotive Corp.
CP-GMC Motors, Ltd.
CH Motors, Ltd.
CN Motors, Ltd.
CFP Motors, Ltd.
Avenues Motors, Ltd.

CHO Partnership, Ltd.
ANL, L.P.
Bayway Financial Services, L.P.
Coggin Management, L.P.
C&O Properties, Ltd.
Asbury Automotive Central Florida, L.L.C.
CK Chevrolet L.L.C.
CK Motors L.L.C.
Asbury Automotive Deland, L.L.C.
AF Motors, L.L.C.
ALM Motors, L.L.C.
Asbury Deland Imports 2, L.L.C.
Asbury-Deland Imports, L.L.C.
Coggin Chevrolet L.L.C.
CSA Imports L.L.C.
KP Motors L.L.C.
HFP Motors L.L.C.
Asbury Automotive Mississippi L.L.C.
Asbury MS Wimber L.L.C.
Crown GPG L.L.C.
Crown GBM L.L.C.
Crown GAU L.L.C.
Crown GKI L.L.C.
Crown GMI L.L.C.
Crown GDO L.L.C.
Crown GNI L.L.C.
Crown GHO L.L.C.
Crown GAC L.L.C.
Crown CHH L.L.C.
Crown CHV L.L.C.
Crown RIA L.L.C.
Crown RIB L.L.C.
Crown Motorcar Company L.L.C.
Crown GVO L.L.C.
Crown FFO L.L.C.
Asbury Automotive North Carolina L.L.C.
Asbury Automotive North Carolina Management L.L.C.
Asbury Automotive North Carolina Real Estate Holdings L.L.C.
Asbury Automotive North Carolina Dealership Holdings L.L.C.
Crown Raleigh L.L.C.
Crown Fordham L.L.C.
Camco Finance L.L.C.
Camco Finance II L.L.C.

Crown FFO Holdings L.L.C.
Crown FDO L.L.C.
Crown Acura/Nissan, LLC
Crown Battleground L.L.C.
Crown Dodge, LLC
Crown Honda, LLC
Crown Honda-Volvo, LLC
Crown Mitsubishi, LLC
Crown Royal Pontiac, LLC
RER Properties, LLC
RWIJ Properties, LLC
Thomason Frd L.L.C.
Thomason Hon L.L.C.
Thomason Niss L.L.C.
Thomason Hund L.L.C.
Thomason Maz L.L.C.
Thomason Zuk L.L.C.
Thomason Dam L.L.C.
Damerow Ford Co.
Asbury Automotive Oregon L.L.C.
Asbury Automotive Oregon Management L.L.C.
Thomason Auto Credit Northwest, Inc.
Thomason Outfitters L.L.C.
Thomason Suzu L.L.C.
Asbury Automotive St. Louis, L.L.C.
Asbury St. Louis Cadillac L.L.C.
Asbury St. Louis Gen L.L.C.
Asbury Automotive Tampa GP L.L.C.
Asbury Automotive Tampa, L.P.
Asbury Tampa Management L.L.C.
Tampa LM, L.P.
Tampa Hund, L.P.
Tampa Kia, L.P.
Tampa Mit, L.P.
Tampa Suzu, L.P.
WMZ Motors, L.P.
WMZ Brandon Motors, L.P.
Asbury Automotive Brandon, L.P.
Precision Enterprises Tampa, Inc.
Precision Nissan, Inc.
Precision Computer Services, Inc.
Precision Motorcars, Inc.
Precision Infiniti, Inc.

Dealer Profit Systems L.L.C.
McDavid Plano-Acra, L.P.
McDavid Houston-Kia, L.P.
McDavid Austin-Acra, L.P.
McDavid Irving-Hon, L.P.
McDavid Irving-PB&G, L.P.
McDavid Houston-Niss, L.P.
Plano Lincoln-Mercury, Inc.
McDavid Irving-Zuk, L.P.
McDavid Houston-Hon, L.P.
Asbury Texas Management L.L.C.
McDavid Grande, L.P.
McDavid Outfitters, L.P.
McDavid Auction, L.P.
Asbury Automotive Texas L.L.C.
Asbury Automotive Texas Holdings L.L.C.

Asbury Automotive Texas Real Estate Holdings L.P. (formerly McDavid Communications, L.P.)
McDavid Frisco-Hon, L.P.
Asbury Automotive San Diego L.L.C.
Crown GCA L.L.C.
Crown GCH L.L.C.
Crown CHO L.L.C.
Thomason Pontiac-GMC L.L.C.
Asbury Automotive Fresno L.L.C.
Asbury Fresno Imports L.L.C.
Asbury MS Yazoo L.L.C.
Asbury Atlanta VL L.L.C.
Asbury Atlanta BM L.L.C.
Asbury Automotive Southern California L.L.C.
Crown SNI L.L.C.
Crown SJC L.L.C.
Asbury Arkansas Hund L.L.C.
BFP Motors L.L.C.
Asbury So Cal Hon L.L.C.
Asbury So Cal DC L.L.C.
Asbury Sacramento Imports L.L.C.

Schedule II

SCHEDULE OF GUARANTEEING SUBSIDIARIES

The following schedule lists each Guaranteeing Subsidiary becoming a Guarantor under the Indenture pursuant to the Supplemental Indenture to which this Schedule II is attached:

Asbury So Cal Niss L.L.C.
Asbury No Cal Niss L.L.C.
Spirit Automotive Group L.L.C.

SHAREHOLDERS AGREEMENT dated as of March 1, 2002 (this "Agreement"), among ASBURY AUTOMOTIVE GROUP, INC., a Delaware corporation (the "Company"), ASBURY AUTOMOTIVE HOLDINGS L.L.C., a Delaware limited liability company ("AAH"), and the other stockholders listed on the signature pages hereto (collectively, the "Specified Shareholders" and, together with AAH, the "Shareholders").

Preliminary Statements

WHEREAS, the Shareholders were members of Asbury Automotive Group L.L.C., a Delaware limited liability company ("Oldco"), and are parties to the LLC Agreement (as defined below); and

WHEREAS, the LLC Agreement provided for the IPO (as defined below) and the execution of this Agreement by the Shareholders and the Company; and

WHEREAS, the Company, as successor to Oldco, currently intends to consummate the IPO.

NOW THEREFORE, in consideration of the premises and the covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Definition of Certain Terms Used Herein. (a) As used herein, the following terms shall have meanings specified below:

"Affiliate" shall mean, with respect to any person, any other person that directly or indirectly through one or more intermediaries controls or is controlled by or is under common control with such person. For the purposes of this definition, "control" when used with respect to any particular person, means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"AAH Matter" shall mean any matter brought before a Shareholders Meeting and proposed or sponsored by AAH to be acted upon by the stockholders of the Company at such Shareholders Meeting.

"AAH Nominee" shall mean any person nominated by AAH for election as a director to the Board of Directors.

"beneficial owner" shall have the meaning assigned to such term in Rule 13d-3 under the Exchange Act.

"Blackout Period" shall have the meaning specified in Section 5.01(b).

"Board of Directors" shall mean the Board of Directors of the Company.

"Claims" shall have the meaning specified in Section 5.06(a).

"Common Stock" shall mean the common stock, par value $0.01 per share, of the Company.

"Dealer Nominee" shall mean any person nominated by the holders of a majority of the Shares held by the Specified Shareholders for election as a director to the Board of Directors, provided such person is reasonably acceptable to AAH. AAH agrees that each of the individuals set forth on Schedule I is an acceptable Dealer Nominee so long as such individual continues to be employed by the Company or an Affiliate of the Company.

"Demand Holder" shall mean (i) AAH or (ii) a Majority in Interest of the Specified Shareholders .

"Demand Number" shall mean (i) with respect to AAH, five and (ii) with respect to the Specified Shareholders, two; provided that if a Triggering Event occurs and if the Voting Termination Date has not occurred, the Demand Number with respect to the Specified Shareholders shall be three; provided, further, that if a Triggering Event is no longer continuing or if the Voting Termination Date occurs, the Specified Shareholders' Demand Number shall revert to two. Each Specified Shareholder shall be deemed to have exercised a Demand Request if a Majority in Interest of the Specified Shareholders make a Demand Request.

"Demand Period" shall have the meaning specified in Section 5.01(a).

"Demand Registration" shall have the meaning specified in Section 5.01(a).

"Demand Request" shall have the meaning specified in Section 5.01(a).

"Directors" shall mean members of the Board of Directors.

"DGCL" shall mean the Delaware General Corporation Law, as amended.

"Effective Period" shall have the meaning specified in Section 5.04(a)(iii).

"Effective Time" shall mean one hour prior to the time at which the IPO is consummated.

"Election Meeting" shall mean any Shareholders Meeting relating to the election of Directors to the Board of Directors.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Exercising Demand Holder" shall mean a Demand Holder who has exercised a Demand Request that it is entitled to exercise under the terms of this Agreement (together with any Subsidiary Holder thereof whose shares are included in such Demand Request). If a Majority in Interest of the Specified Shareholders make a Demand Request, each Specified Shareholder participating in such Demand Request shall be deemed an Exercising Demand Holder.

"Governmental Entity" shall mean any Federal, state or local government or any court, administrative or regulatory agency or commission or other governmental authority or agency, domestic or foreign.

"Inspectors" shall have the meaning specified in Section 5.04(a)(iv).

"IPO" shall have the meaning assigned to such term in the LLC Agreement.

"Liens" shall mean any pledges, claims, liens, charges, encumbrances or security interests of any kind or nature whatsoever.

"LLC Agreement" shall mean the Third Amended and Restated Limited Liability Company Agreement of Asbury Automotive Group L.L.C. dated as of February 1, 2000, among AAH and the Specified Shareholders.

"Majority in Interest of the Specified Shareholders" shall mean the Specified Shareholders who, at the time in question, hold (together with their Subsidiary Holders) Shares aggregating more than 50% of all Shares held by all Specified Shareholders (together with their Subsidiary Holders).

"Material Transaction" shall have the meaning specified in Section 5.01(b).

"Maximum Number" shall have the meaning specified in Section 5.02(b).

"Other Holder" shall have the meaning specified in Section 5.02(b).

"Other Matter" shall mean any matter (including the election of directors to the Board of Directors) brought before a Shareholders Meeting and proposed or sponsored by a person other than AAH, to be acted upon by the stockholders of the Company.

"Piggy Back Registration" shall have the meaning specified in Section 5.02(a).

"Piggy Back Request" shall have the meaning specified in Section 5.02(a).

"Records" shall have the meaning specified in Section 5.04(a)(iv).

"Registered Shares" shall have the meaning specified in Section 5.04(a)(xvii).

"Registration" shall have the meaning specified in Section 5.02(a).

"Registration Expenses" shall have the meaning specified in Section 5.05.

"SEC" shall mean the United States Securities and Exchange Commission or any other United States federal agency at the time administering the Securities Act or the Exchange Act, as applicable, whichever is the relevant statute.

"Securities Act" shall mean the Securities Act of 1933 and the rules and regulations thereunder.

"Shareholders Meeting" shall mean (i) any annual or special meeting of the stockholders of the Company or (ii) any action by written consent of the stockholders of the Company.

"Shares" shall mean, with respect to a Shareholder, the shares of Common Stock owned by such Shareholder or any Subsidiary Holder, including any shares of Common Stock acquired by such Shareholder or any subsidiary Holder after the date of this Agreement.

"Subsidiary Holder" shall mean any Affiliate of a Shareholder which has beneficial ownership of any of the Shares while this Agreement is in effect and has executed a counterpart hereto in accordance with Section 7.06 hereof.

"Triggering Event" shall mean (i) the declaration, pronouncement, ruling, order, decision or written opinion of the SEC or a United States federal court that a voting arrangement factually similar to Section 3.01(a) of this Agreement causes all of the Specified Shareholders collectively to constitute a single "affiliate" of the Company for purposes of the sale of Shares by the Specified Shareholders in compliance with the provisions of Rule 144(e)(1) promulgated under the Securities Act or (ii) the Company's refusal to cause stop transfer restrictions to be released or the legends described in Section 7.02 to be removed if the Company has taken the position that the Specified Shareholders collectively constitute a single "affiliate" of the Company. A Triggering Event shall be deemed to continue (i) for so long as such declaration, pronouncement, ruling, order, decision or written opinion remains in effect or is not rescinded, overruled, repealed or superseded or (ii) until the Company either (x) causes stop transfer restrictions to be released and the legends described in Section 7.02 to be removed or (y)

ceases to take the position that the Specified Shareholders collectively constitute a single "affiliate" of the Company.

"Voting Termination Date" shall mean the earlier of the date that (i) is the fifth anniversary of the Effective Time, (ii) is two years after the date that AAH and its Subsidiary Holders first are the beneficial owners in aggregate of less than 20% of the outstanding shares of Common Stock or (iii) AAH and its Subsidiary Holders first are the beneficial owners in aggregate of less than 5% of the outstanding shares of Common Stock.

(b) All other terms used herein without definitions shall have the meanings ascribed to such terms in the LLC Agreement.

SECTION 1.02. Usage. The definitions in this Article I shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. All references in this Agreement to Articles, Sections and Exhibits shall be deemed to be references to Articles, Sections and Exhibits of or to this Agreement, unless the context shall otherwise require. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", regardless of whether such phrase so appears.

ARTICLE II

Representations and Warranties

SECTION 2.01. Representations and Warranties of the Company. The Company hereby represents and warrants to each other party that it is a corporation duly organized and validly existing under the laws of the State of Delaware and has all requisite corporate power and authority to execute and deliver this Agreement, to carry out the provisions hereof and to perform its obligations hereunder. The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly and validly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms.

SECTION 2.02. Representations and Warranties of the Shareholders. Each Shareholder hereby represents and warrants to the Company and each other Shareholder that this Agreement has been duly and validly executed and delivered by such Shareholder and constitutes the legal, valid and binding obligation of such Shareholder, enforceable against it in accordance with its terms.

ARTICLE III

Voting

SECTION 3.01. Agreement to Vote. (a) At each and every Shareholders Meeting held after the Effective Time and prior to the Voting Termination Date, each Specified Shareholder hereby agrees (x) if any annual or special meeting of the stockholders of the Company is held, to appear at such meeting or otherwise cause its Shares to be counted as present thereat for purposes of establishing a quorum, and to vote or (y) to act by written consent with respect to (or cause to be voted or acted upon by written consent), (i) all Shares for which such Specified Shareholder or any Subsidiary Holder thereof is the record holder or beneficial owner at the time of such vote or action by written consent and (ii) all Shares as to which such Specified Shareholder or any Subsidiary Holder thereof at the time of such vote or action by written consent has voting control, in each case:

(A) In favor of:

(i) All of the AAH Nominees;

(ii) Any AAH Matter; and/or

(iii) Any Other Matter, only if AAH has informed (by oral or written notice) the Specified Shareholders that AAH intends to vote in favor of such Other Matter; and

(B) Against:

(i) The election of any person or persons nominated in opposition to the AAH Nominees;

(ii) Any matter brought before such Shareholders Meeting to be acted upon by the shareholders of the Company that is in opposition to an AAH Matter; and/or

(iii) Any Other Matter, only if AAH has informed (by oral or written notice) the Specified Shareholders that AAH intends to vote against such Other Matter.

(b) At each and every Shareholders Meeting held after the Effective Time and prior to the Voting Termination Date, each Shareholder hereby agrees (x) if any annual or special meeting of the stockholders of the Company is held, to appear at such meeting or otherwise cause its Shares to be counted as present thereat for purposes of establishing a quorum, and to vote or (y) act by written consent with respect to (or cause to be voted or acted upon by written consent), (i) all Shares for which such Shareholder or any Subsidiary Holder thereof is the record holder or beneficial owner at the time of such vote or action by written consent and (ii) all shares as to which such Shareholder or any Subsidiary Holder thereof at the time of such vote or action by written consent has voting control, in each case in favor of (A) at least one Dealer Nominee if the total number of Directors (excluding Directors that are employees of the Company) on the Board of Directors at the time of such Shareholders Meeting is less than seven and at

least two Dealer Nominees if such number of Directors is more than six and (B) against the election of any person or persons nominated in opposition to such Dealer Nominee(s).

SECTION 3.02. Financial and Other Information. Each Shareholder shall be entitled to receive, and the Company shall provide to such Shareholder (i) quarterly unaudited financial statements and reports, (ii) annual audited financial statements and reports, (iii) budgets and financial plans and (iv) such other data relating to the business, affairs, prospects or condition (financial or otherwise) of the Company as is available to the Company that (A) such Shareholder may reasonably request so long as such Shareholder is the record holder or beneficial owner of at least 5% of the outstanding shares of Common Stock or (B) such Shareholder is, or is controlled by, one of the individuals listed on Schedule I hereto.

SECTION 3.03. Grant of Irrevocable Proxy. In the event that any Specified Shareholder shall fail at any time to vote or act by written consent with respect to any of such Specified Shareholder's Shares as agreed by such Specified Shareholder in this Agreement, such Specified Shareholder hereby irrevocably grants to and appoints AAH (and any officer of AAH or each of them individually), such Specified Shareholder's proxy and attorney-in-fact (with full power of substitution), for and in the name, place and stead of such Specified Shareholder, to vote, act by written consent or grant a consent, proxy or approval in respect of

such Shares with respect to such vote or action by written consent exclusively as agreed by such Specified Shareholder in this Agreement. Each Specified Shareholder hereby affirms that any such irrevocable proxy set forth in this Section 3.03 is given in connection with the consummation of the IPO and that such irrevocable proxy is given to secure the performance of obligations of such Specified Shareholder under this Agreement. Each such Specified Shareholder hereby further affirms that any such proxy hereby granted shall be irrevocable and shall be deemed coupled with an interest, in accordance with Section 212(e) of the DGCL. Each Specified Shareholder agrees to execute and deliver any further powers of attorney, consents, proxies or other agreements necessary or appropriate to give effect to this Section 3.03. This Section 3.03 shall terminate upon the occurrence of the Voting Termination Date.

SECTION 3.04. Certain Actions. Each Shareholder agrees that it will, and will cause its subsidiaries and Affiliates to, take all action as a stockholder of the Company or as is otherwise within its control as are necessary to give effect to the provisions of this Agreement and to perform, pay and satisfy all of their respective obligations and liabilities hereunder as and when due.

ARTICLE IV

Covenants

SECTION 4.01. Lock-Up. Each Specified Shareholder hereby agrees that, without the prior written consent of the Company, it will not, during the period ending two years after the Effective Time (the "Lock-Up Period"), (i) offer, pledge, sell, assign, contract to sell, sell any option or contract to purchase, purchase any option or

contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any of its Shares or any securities convertible into or exercisable or exchangeable for Common Stock or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash, property or otherwise (any action prohibited by the foregoing clauses (i) or (ii), a "Transfer") except that a Specified Shareholder (x) 180 days or more following the Effective Time, may Transfer any of its Shares to (A) a person, other than a charity or a trust for the benefit of a charity, that is a Permitted Transferee (as defined in clauses (ii) or (iii) of the definition of "Permitted Transferee" in the LLC Agreement) or (B) a charity or a trust for the benefit of a charity solely controlled by such Specified Shareholder so long as during the Lock-Up Period such Specified Shareholder does not Transfer in aggregate pursuant to this clause (x)(B) more than 15% of the Shares it held at the Effective Time, (y) 180 days or more following the Effective Time, may pledge Shares to a lender solely in connection with a recourse loan to such Specified Shareholder so long as the aggregate principal amount of such recourse loan does not exceed 20% of the fair market value (determined at the time such recourse loan is made) of the Shares that such Specified Shareholder pledges as security for such recourse loan pursuant to this clause (y) and (z) may pledge Shares solely to the extent the pledge of such Shares is in substitution for and to the same Lender as a pledge by such Specified Shareholder prior to the Effective Time of all or a portion of its equity interest in the Company or the predecessor entity of the Company, as applicable, and such prior pledge complied with Section 7.01(c)(iv) of the LLC Agreement; provided that each transferee pursuant to the foregoing clauses (x), (y) and (z) prior to such Transfer shall agree in writing in a form reasonably acceptable to the Company to be bound by this Section 4.01. In addition, each Specified Shareholder agrees that, without the prior written consent of the Company, it will not during the Lock-Up Period exercise any right available to it under Article V of this Agreement with respect to the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock. Each Specified Shareholder agrees to enter into a "lockup" agreement with the underwriters of the IPO for a term equal to the Lock-Up Period and that otherwise is substantially the same as this Section 4.01.

SECTION 4.02. Noncompetition. This Section 4.02 applies to each employee of the Company or any subsidiary of the Company who owns Shares, whether directly or indirectly, in the Company who is a Specified Shareholder of the Company or is the beneficial owner of interests in a Specified Shareholder of the Company (or a Subsidiary Holder thereof) and is not bound by a non-competition restriction contained in a consulting or employment agreement between such employee and the Company or any of its subsidiaries (each, a "Management Employee"); provided, however, that this Section 4.02 shall not apply to any Management Employee that is an Affiliate of AAH (including for this purpose any member of the Board of Directors who was an AAH Nominee). Each Management Employee shall agree in writing (or if a party to this Agreement, hereby agrees) that following any termination of his employment by the Company or a subsidiary thereof "for cause" or his voluntary resignation from such employment (a) he shall not compete, directly or indirectly (including as an employee,

proprietor, owner, partner, shareholder, member, joint venturer or agent of, or as a consultant to, any person or entity which competes), with the retail motor vehicle business of the Company or any of its subsidiaries within 50 miles of any motor vehicle dealership owned by the Company or any of its subsidiaries where such Management Employee worked during the year prior to the termination of his employment and (b) he shall not violate Section 4.03 (with respect to each Management Employee, a "Non-Compete Covenant"). A Management Employee's Non-Compete Covenant shall become effective on the date that such Management Employee's employment by the Company or a subsidiary thereof terminates and shall terminate on the first anniversary of such date. The Company shall not be obligated to provide any Specified Shareholders with the benefit of any of the Company's obligations under Section 4.01 or Article V unless each Management Employee that is a direct or indirect beneficial owner of such Specified Shareholder has provided the Company with such written agreement in a form reasonably satisfactory to the Company.

SECTION 4.03. Nonsolicitation. No Specified Shareholder (or if such Specified Shareholder is not a natural person, any natural person that owns a beneficial interest in such Specified Shareholder or a Subsidiary Holder thereof) shall, during the time such Specified Shareholder is a Specified Shareholder and for one (1) year after such Specified Shareholder ceases to be a Specified Shareholder or such natural person ceases to own a beneficial interest in such Specified Shareholder or a Subsidiary Holder thereof, (i) directly or indirectly employ, solicit, entice or encourage to leave the employ of the Company or any of its subsidiaries, any person who is, or at any time during the preceding twelve months was, employed by, or otherwise engaged to perform services for, the Company or any of its subsidiaries or (ii) otherwise intentionally interfere with the relationship of the Company or any of its subsidiaries with any person who is employed by or otherwise engaged to perform services for the Company or any of its subsidiaries; provided, however, that the restrictions set forth in this Section 4.03 shall not apply to AAH, any Affiliate of AAH or to any Specified Shareholder or natural person who is bound by a non-solicitation restriction contained in a consulting or employment agreement between such Member or natural person or the Company or its subsidiaries.

ARTICLE V

Registration Rights

SECTION 5.01. Demand Registrations. (a) Any time following the Effective Time and prior to the date on which the Company shall have obtained a written opinion of legal counsel reasonably satisfactory to each Demand Holder and addressed to the Company and such Demand Holder to the effect that the Shares may be publicly offered for sale in the United States by such Demand Holder or any Subsidiary Holder thereof without restriction as to manner of sale and

amount of securities sold and without registration or other restriction under the Securities Act (such period, the "Demand Period"), such Demand Holder shall have the right on a number of occasions equal to the Demand Number for such Demand Holder to require the Company to file a registration statement under the Securities Act in respect of all or a portion of the Shares then held by

such Demand Holder and any Subsidiary Holder thereof (so long as such request covers at least 1% of the shares of Common Stock then outstanding), by delivering to the Company written notice stating that such right is being exercised, specifying the number of the Shares to be included in such registration and describing the intended method of distribution thereof (a "Demand Request"). In the case of any Demand Holder other than AAH, (i) such Demand Holder may not make a Demand Request during the Lock-Up Period, (ii) such Demand Holder may only make one Demand Request during each successive one-year period following the termination of the Lock-Up Period and (iii) the first Demand Request made by such Demand Holder shall be limited with respect to each applicable Exercising Demand Holder to a number of Shares that is less than or equal to 50% of the number of Shares owned at such time by such Exercising Demand Holder and any Subsidiary Holder thereof; provided that such Exercising Demand Holders may not in aggregate register pursuant to such Demand Request more than 20% of the aggregate number of Shares owned at such time by the Specified Shareholders and any Subsidiary Holders thereof (the "Share Limit"); provided, further, that if the aggregate number of Shares that such Exercising Demand Holders have included in their Demand Request exceeds the Share Limit, the Shares of each Exercising Demand Holder requesting the registration of more than 20% of the aggregate number of Shares owned at such time by such Exercising Demand Holder and any Subsidiary Holder thereof (with respect to each Exercising Demand Holder, its "20% Limit") shall be excluded from the Demand Requests, to the extent necessary to comply with the Share Limit, on a pro rata basis according to the total number of Shares requested to be registered by all such Exercising Demand Holders until the Demand Request of each such Exercising Demand Holder has been reduced to (and not below) its 20% Limit. As promptly as practicable, but in no event later than forty-five (45) days after the Company receives a Demand Request, the Company shall file with the SEC and thereafter use its reasonable best efforts to cause to be declared effective promptly a registration statement (a "Demand Registration") providing for the registration of such number of Shares as such Exercising Demand Holder(s) shall have demanded be registered for distribution in accordance with such intended method of distribution.

(b) Anything in this Agreement to the contrary notwithstanding, the Company shall be entitled to postpone and delay, for a reasonable period of time, not to exceed forty-five (45) days in the case of clauses (i) and (ii) below, or fifteen (15) days in the case of clause (iii) below (each, a "Blackout Period"), the filing of any Demand Registration if the Company shall determine that any such filing or the offering of any Shares would (i) in the good faith judgment of the Board, unreasonably impede, delay or otherwise interfere with any pending or contemplated material acquisition, corporate reorganization or other material matter involving the Company (each, a "Material Transaction"), (ii) based upon advice from the Company's investment banker or financial advisor, materially adversely affect any pending or contemplated financing, offering or sale of any class of securities by the Company, or (iii) in the reasonable and good faith judgment of the Board require disclosure of material non-public information (other than information relating to an event described in clause (i) or (ii) of this subsection (b)) which, if disclosed at such time, would be materially harmful to the interests of the Company and its stockholders; provided, however, that in the case of a Blackout Period pursuant to clause (i) or (ii) above, the Blackout Period shall earlier terminate upon the

completion or abandonment of the relevant securities offering or sale, financing, acquisition, corporate reorganization or other similar material transaction; and provided, further, that in the case of a Blackout Period pursuant to clause (iii) above, the Company shall give written notice of its determination to postpone or delay the filing of any Demand Registration and in the case of clause (iii) above, the Blackout Period shall earlier terminate upon public disclosure by the Company or public admission by the Company of such material non-public information or such time as such material non-public information shall be publicly disclosed without breach by the Exercising Demand Holder(s) of the penultimate sentence of this subsection (b); and provided, further, that in the case of a Blackout Period pursuant to clause (i), (ii) or (iii) above, the Company shall furnish to the Exercising Demand Holder(s) a certificate of an executive officer of the Company to the effect that an event permitting a Blackout Period has occurred. Notwithstanding anything herein to the contrary, the Company shall not exercise pursuant to clause (i), (ii), or (iii) of the preceding sentence the right to postpone or delay the filing of any Demand Registration for an aggregate period of more than ninety (90) days in any twelve (12) month period. Upon notice by the Company to each Exercising Demand Holder of any such determination, such Exercising Demand Holder covenants that it shall keep the fact of any such notice strictly confidential, and, in the case of a Blackout Period pursuant to clause (iii) above or Section 5.01(c) below, promptly halt any offer, sale, trading or transfer by it or any of its Affiliates of any Common Stock for the duration of the Blackout Period set forth in such notice (or until such Blackout Period shall be earlier terminated in writing by the Company) and promptly halt any use, publication, dissemination or distribution of the Demand Registration, each prospectus included therein, and any amendment or supplement thereto by it and any of its Affiliates for the duration of the Blackout Period set forth in such notice (or until such Blackout Period shall be earlier terminated in writing by the Company) and, if so directed by the Company, will deliver to the Company any copies then in such Exercising Demand Holder's possession of the prospectus covering such Shares, that was in effect at the time of receipt of such notice. After the expiration of any Blackout Period and without further request from any Demand Holder, the Company shall effect the filing of the relevant Demand Registration and shall use its reasonable best efforts to cause any such Demand Registration to be declared effective as promptly as practicable unless such Demand Holder shall have, prior to the effective date of such Demand Registration, withdrawn in writing its initial request, in which case such withdrawn request shall not constitute a Demand Registration for purposes of determining the number of Demand Registrations to which such Demand Holder is entitled under this Agreement.

(c) Anything in this Agreement to the contrary notwithstanding, in case a Demand Registration has been filed, if a Material Transaction has occurred, the Company may cause such Demand Registration to be withdrawn and its effectiveness terminated or may postpone amending or supplementing such Demand Registration for a reasonable period of time, not to exceed forty-five (45) days; provided, however, that in no event shall a Demand Registration so withdrawn by the Company count for the purposes of determining the number of Demand Registrations to which the applicable Demand Holder is entitled under Section 5.01(a); provided further that the Company shall not so withdraw or terminate a Demand Registration Statement more than one time or postpone

or delay amending or supplementing any Demand Registration Statements for an aggregate period of more than ninety (90) days during any twelve (12) month period.

(d) A Demand Holder may withdraw a Demand Request in circumstances including, but not limited to, the following: if (i) the Company is in material breach of its obligations hereunder and has not cured such breach after having received notice thereof and a reasonable opportunity to do so or (ii) the withdrawal occurs during a Blackout Period. Any Demand Request withdrawn (x) pursuant to subsection (d)(ii) prior to such Demand Registration becoming effective or (y) pursuant to subsection (d)(i) shall not constitute a Demand Registration for the purposes of determining the number of Demand Registrations to which such Demand Holder is entitled under Section 5.01(a).

(e) Subject to Section 5.02, the Company may elect to include in any registration statement filed pursuant to this Section 5.01 any Common Stock to be issued by it or held by any of its subsidiaries or by any other shareholders only to the extent such Common Stock is offered and sold pursuant to, and on the

terms and subject to the conditions of, any underwriting agreement or distribution arrangements entered into or effected by the applicable Demand Holder and only to the extent the managing underwriter thereof does not reasonably and in good faith advise each applicable Exercising Demand Holder prior to the consummation of any Demand Registration that the inclusion in such registration statement of any such Common Stock to be issued by the Company or sold by any of its subsidiaries or any other shareholder will not create a substantial risk that the price per share of Common Stock that the Exercising Demand Holder(s) will derive from such Demand Registration will be materially and adversely affected or that the number of shares of Common Stock sought to be registered (including any shares of Common Stock sought to be registered at the request of the Company and any other shareholder and those sought to be registered by such Exercising Demand Holder(s)) is a greater number than can be reasonably sold.

(f) The managing underwriter for any Demand Registration shall be selected by the Demand Holder exercising the Demand Request, provided that such managing underwriter or underwriters shall be of recognized national standing.

SECTION 5.02. "Piggy-Back" Registrations. (a) Subject to Section 4.01, if, at any time following the Effective Time, the Company proposes to register any Common Stock under the Securities Act, whether or not for sale for its own account, on a registration statement on Form S-1, Form S-2 or Form S-3 (or any equivalent general registration form then in effect) for purposes of a primary offering, secondary offering (including any Demand Registration) or combined offering of such Common Stock, the Company shall give prompt written notice to each Shareholder of its intention to do so. Such notice shall specify, at a minimum, the number of shares of Common Stock so proposed to be registered, the proposed date of filing of such registration statement, any proposed means of distribution of such Common Stock, any proposed managing underwriter or underwriters of such offering and a good faith estimate by the Company of the proposed maximum offering price thereof, as such price is proposed to appear on the facing page of such registration statement. Upon the written direction of a Shareholder (a "Piggy-Back Request"), given within thirty (30) business days following the receipt by

such Shareholder of any such written notice (which direction shall specify the number of the Shares intended to be disposed of by such Shareholder or any Subsidiary Holder thereof), the Company shall include in such registration statement (a "Piggy-Back Registration" and, collectively with a Demand Registration, a "Registration"), subject to the provisions of Section 5.02 hereof, such number of the Shares as shall be set forth in any such Piggy-Back Request delivered by a Shareholder.

(b) In the event that the Company proposes to register Common Stock in connection with an underwritten offering and a nationally recognized independent investment banking firm selected by the Company or a Demand Holder to act as managing underwriter thereof reasonably and in good faith shall have advised the Company, any holder of Common Stock (including a Demand Holder if it has made a Demand Request) intending to offer such Common Stock in a secondary offering or combined offering (each, an "Other Holder") or any Shareholder who submitted a Piggy-Back Request in writing that, in its opinion, the inclusion in the registration statement of some or all of the Shares sought to be registered by any such Shareholder making a Piggyback Request creates a substantial risk that the price per share of Common Stock that the Company or any Other Holder will derive from such registration will be materially and adversely affected or that the number of shares of Common Stock sought to be registered (including any shares of Common Stock sought to be registered at the request of the Company and any Other Holder and those sought to be registered by any such Shareholder making a Piggyback Request) is a greater number than can reasonably be sold, the Company shall include in such registration statement such number of shares of Common Stock as the Company, any Other Holder and any such Shareholder making a Piggyback Request are so advised can be sold in such offering without such an effect (the "Maximum Number") as follows and in the following order of priority: (A) first, in the case of a secondary or combined offering, if a Demand Holder has made a Demand Request, such number of shares of Common Stock as each applicable Exercising Demand Holder intended to be registered and sold by it (subject to any limitation pursuant to Section 5.01(a) on the number of Shares that may be registered under such Demand Request by such Exercising Demand Holder), provided that if such number exceeds the Maximum Number, the shares of Common Stock of such Shareholders will be excluded on a *pro rata* basis according to the total number of Shares requested to be registered by such persons (after giving effect to any limitation pursuant to Section 5.01(a)), (B) second, in the case of a secondary or combined offering, if an Other Holder (other than such Exercising Demand Holder(s)) has exercised a similar demand registration right and if to the extent that such number of shares of Common Stock to be registered under clause (A) is less than the Maximum Number, such number of shares of Common Stock as the Other Holder intended to be registered and sold by it which, when added to the number of shares of Common Stock to be registered under clause (A), is less than or equal to the Maximum Number, (C) third, in the case of a primary or combined offering and if and to the extent that such number of shares of Common Stock to be registered under clauses (A) and (B) is less than the Maximum Number, such number of shares of Common Stock as the Company intended to be registered and sold by the Company which, when added to the number of shares of Common Stock to be registered under clauses (A) and (B), is less than or equal to the Maximum Number, and (D) fourth, in the case of a secondary or combined offering and if and to the extent that the number of

shares of Common Stock to be registered under clauses (A) , (B) and (C) is less than the Maximum Number, such number of shares of Common Stock as the Shareholders who submitted Piggy-Back Requests shall have intended to register which, when added to the number of shares of Common Stock to be registered under clauses (A), (B), (C) and (D), is less than or equal to the Maximum Number; provided that if such number exceeds the Maximum Number, the shares of Common Stock of such Shareholders will be excluded on a *pro rata* basis according to the total number of Shares requested to be registered by such persons.

(c) No Piggy-Back Registration effected under this Section 5.02 shall be deemed to have been effected pursuant to Section 5.01 hereof or shall release the Company of its obligations to a Demand Holder to effect any Demand Registration upon request as provided under Section 5.01 hereof.

(d) Notwithstanding any request under this Section 5.02, each Shareholder who submitted a Piggy-Back Request may elect in writing to withdraw its request for inclusion of its Shares in any registration statement provided, however, that (i) such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration and (ii) such withdrawal shall be irrevocable and, after making such withdrawal, any such Shareholder shall no longer have any right to include Shares in the registration as to which such withdrawal was made.

(e) If, at any time after giving written notice of its intention to register any Common Stock and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register or to delay registration of such Common Stock, the Company may, at its election, give written notice of such determination to each Shareholder who submitted a Piggy-Back Request and (i) in the case of a determination not to register, shall be relieved of its obligation to register any Shares in connection with such abandoned registration, without prejudice, however, to the rights of an Exercising Demand Holder under Section 5.01 and (ii) in the case of a determination to delay such registration of the Company's Common Stock, shall be permitted to delay the registration of such Shares for the same period as the delay in registering such other Common Stock.

(f) If, as a result of the proration provisions of this Section 5.02, each Shareholder who submitted a Piggy-Back Request shall not be entitled to include all Shares in a registration that each such Shareholder has requested to be included, each such Shareholder may elect to withdraw his request to include Shares in such registration or may reduce the number of Shares requested to be included, provided that the same limitations in subsection (d) shall apply.

SECTION 5.03. Additional Agreements. Anything in this Agreement to the contrary notwithstanding, if at any time the Company shall obtain a written opinion of legal counsel reasonably satisfactory to AAH and addressed to the Company and the Shareholders to the effect that the Shares may be publicly offered for sale in the United States by each Shareholder or any Subsidiary Holder without restriction as to manner of

sale and amount of securities sold and without registration or other restriction under the Securities Act, the Company shall no longer be obligated to file or maintain a registration statement with respect to the Shares pursuant to this Agreement. In such case, the Company shall issue to each Shareholder certificates representing the Shares without any legend restricting transfer and shall remove all stop transfer orders relating to the Shares.

SECTION 5.04. Registration Procedures. (a) In connection with each registration statement prepared pursuant to this Agreement, and in accordance with the intended method or methods of distribution of the Shares as described in such registration statement, the Company shall, as soon as reasonably practicable (and, in any event, subject to the terms of this Agreement, including, without limitation, Section 5.01(a), at or before the time required by applicable laws and regulations):

(i) prepare and file with the SEC a registration statement on an appropriate registration form of the SEC, with respect to such Shares, which form shall be selected by the Company with the Shareholder's reasonable consent, and use its reasonable best efforts to cause such registration statement to become and remain effective promptly; provided that before filing a registration statement or prospectus or any amendments or supplements thereto, the Company will furnish to one counsel selected by the Demand Holder exercising the Demand Request and one counsel to the Shareholders selling under a Piggy-Back Registration, and the sales or placement agent or agents, if any, for the Shares and the managing underwriter or underwriters, if any, draft copies of all such documents proposed to be filed at least seven (7) days prior to such filing, which documents will be subject to the reasonable review of the Shareholders, the sales or placement agent or agents, if any, for the Shares and the managing underwriter or underwriters, if any, and their respective agents and representatives and the Company will not file any Demand Registration or amendment thereto or any prospectus or any supplement thereto to which such Demand Holder exercising such Demand Request shall reasonably object in writing;

(ii) furnish without charge to the Shareholders, the sales or placement agent or agents, if any, and the managing underwriter or underwriters, if any, such number of copies of such registration statement and of each amendment and supplement thereto (in each case including all exhibits), such number of copies of the summary, preliminary, final, amended or supplemented prospectuses included in such registration statement in conformity with the requirements of the Securities Act and any regulations promulgated thereunder and (upon the reasonable request by the Shareholders) any documents incorporated therein by reference and such other documents as the Shareholders may reasonably request in order to facilitate the public sale or other disposition of such Shares (the Company hereby consenting to the use in accordance with all applicable law of the prospectus or any amendment or supplement thereto by the Shareholders in connection with the offering and sale of the Shares covered by the prospectus or any amendment or supplement thereto);

(iii) use its reasonable best efforts to keep such registration statement effective for at least 180 days (not counting any period that such registration statement is not effective pursuant to Section 5.01(c)) (the "Effective Period"); prepare and file with the SEC such amendments, post-effective amendments and supplements to the registration statement and the prospectus as may be necessary to maintain the effectiveness of the registration for the Effective Period and to cause the prospectus (and any amendments or supplements thereto) to be filed pursuant to Rules 424 and 430A under the Securities Act and/or any successor rules that may be adopted by the SEC, as such rules may be amended from time to time; and comply with the provisions of the Securities Act with respect to the disposition of all Shares covered by such registration statement during the applicable period in accordance with the intended method or methods of distribution thereof, as specified in writing by the Shareholder;

(iv) except during any Blackout Period, make available for inspection by the Shareholders or by any underwriter, attorney, accountant or other agent retained by the Shareholders (collectively, the "Inspectors") financial and other records and pertinent corporate documents of the Company (collectively, the "Records"), provide the Inspectors with opportunities to discuss the business of the Company with its officers and provide opportunities to discuss the business of the Company with the independent public accountants who have certified its most recent annual financial statements, in each case to the extent customary for transactions of the size and type intended, as specified by the Shareholders, but only to the extent reasonably necessary to enable each Shareholder or any underwriter retained by the Shareholders to conduct a "reasonable investigation" for purposes of Section 11(a) of the Securities Act. Records which the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspector unless (A) the disclosure of such Records is necessary to avoid or correct a misstatement of a material fact or omission to state a material fact in the Registration, (B) the disclosure of such Records is required by any court or governmental body with jurisdiction over any of the Shareholders or Inspector or (C) all of the information contained in such Records has been made generally available to the public. Each Shareholder agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction or by any governmental body, promptly give prior notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of those Records deemed confidential;

(v) if requested by (i) a Demand Holder exercising a Demand Request, use reasonable best efforts to participate in and assist with a "road show" and other customary marketing efforts in connection with the sale of Shares pursuant to such registration statement, at such times and in such manner as the Company and such Demand Holder mutually may determine (and as do not unreasonably interfere with the Company's operations); provided that the executives of the Company shall not be required to participate in a "road show" unless the proposed aggregate offering price of the Shares being sold pursuant to such registration statement equals or exceeds $35,000,000 and (ii) a Demand Holder executing a

block trade, use reasonable best efforts to assist with such block trade, at such times and in such manner as the Company and such Demand Holder mutually may determine (and as do not unreasonably interfere with the Company's operations);

(vi) use its reasonable best efforts to register or qualify the Shares covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions in the United States as the Shareholders shall reasonably request, keep such registrations or qualifications in effect for so long as the registration statement remains in effect, and do any and all other acts and things which may be reasonably necessary to enable the Shareholders or any underwriter to consummate the public sale or other disposition of the Shares in such jurisdictions; provided, however, that in no event shall the Company be required to qualify to do business as a foreign corporation in any jurisdiction where it is not so qualified; to execute or file any general consent to service of process under the laws of any jurisdiction; to take any action that would subject it to service of process in suits other than those arising out of the offer and

sale of the Shares covered by the registration statement; or to subject itself to taxation in any jurisdiction where it would not otherwise be obligated to do so, but for this paragraph (vii);

(vii) use its reasonable best efforts to cause the Shares to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the Shareholders to consummate the public sale or other disposition of the Shares;

(viii) use its reasonable best efforts to cause all Shares covered by such registration statement to be approved for listing on a national securities exchange or approved for trading on a national interdealer quotation system or listed on the securities exchanges on which similar securities issued by the Company are then listed or traded;

(ix) promptly notify each Shareholder whose Shares are covered by a Registration, at any time when a prospectus relating to any of the Shares covered by such registration statement is required to be delivered under the Securities Act, of the Company's becoming aware that the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and, at the request of the Demand Holder exercising the Demand Request, promptly prepare and furnish to the Shareholders a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to the purchasers of such Shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(x) promptly notify the Shareholders whose Shares are covered by a Registration, the sales or placement agent or agents, if any, for the Shares and the managing underwriter or underwriters, if any, thereof, after becoming aware thereof, when the registration statement or any related prospectus or any amendment or supplement has been filed, and, with respect to the registration statement or any post-effective amendment, when the same has become effective, (A) of any request by the SEC for amendments or supplements to the registration statement or the related prospectus or for additional information, (B) of the issuance by the SEC of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose, (C) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the initiation of any proceeding for such purpose or (D) within the Effective Period of the happening of any event which makes any statement in the registration statement or any post-effective amendment thereto, prospectus or any amendment or supplement thereto, or any document incorporated therein by reference untrue in any material respect or which requires the making of any changes in the registration statement or post- effective amendment thereto or any prospectus or amendment or supplement thereto so that they will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein (in light of the circumstances under which they were made) not misleading;

(xi) during the Effective Period, use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of the registration statement or any post-effective amendment thereto;

(xii) permit AAH if, in AAH's sole judgment exercised in good faith, it believes it might be deemed to be a controlling person of the Company, to participate in the preparation of such registration statement and all discussions between the Company and the SEC or its staff with respect to such registration statement, and to require the insertion therein of material, furnished to the Company in writing, which in the sole judgment exercised in good faith of AAH should be included;

(xiii) deliver promptly to each Shareholder whose Shares are subject to a Registration, upon such Shareholder's request, copies of all correspondence between the SEC and the Company, its counsel or auditors and all memoranda relating to discussions with the SEC or its staff with respect to the registration statement and permit such Shareholder to do such investigation, with respect to information contained in or omitted from the registration statement, as it deems reasonably necessary. Each such Shareholder agrees that it will use its reasonable efforts not to interfere unreasonably with the Company's business when conducting any such investigation;

(xiv) provide a transfer agent and registrar for all such Shares covered by such registration statement not later than the effective date of such registration

statement, which transfer agent and registrar may be the Company, subject to any applicable law or regulations;

(xv) cooperate with each Shareholder whose Shares are subject to a Registration and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing such Shares to be sold under the registration statement, which certificates shall not bear any restrictive legends except as required by law; and, in the case of an underwritten offering, enable such Shares to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, may request in writing at least two (2) business days prior to any sale of the Shares to the underwriters;

(xvi) enter into such agreements (including, if the offering is an underwritten offering, an underwriting agreement) as are customary in transactions of such kind and take such other actions as are reasonably necessary in connection therewith in order to expedite or facilitate the disposition of such Shares; and (A) make such representations and warranties with respect to the registration statement, post-effective amendment or supplement thereto, prospectus or any amendment or supplement thereto, and documents incorporated by reference, if any, to the managing underwriter or underwriters, if any, of the Shares and, at the option of each Shareholder whose Shares are subject to a Registration, make to and for the benefit of such Shareholder the representations, warranties and covenants of the Company which are being made to the underwriters, in form, substance and scope as are customarily made by the Company in connection with offerings of Shares in transactions of such kind (representations and warranties by the Other Holders shall also be made as are customary in agreements of that type); provided that the Company shall not be required to make any representations or warranties with respect to information specifically provided by such Other Holders for inclusion in the registration documents; (B) obtain an opinion of counsel to the Company (which counsel may be internal counsel for the Company unless the managing underwriter or underwriters shall otherwise reasonably request) in customary form and covering matters of the type customarily covered by such an opinion, addressed to such managing underwriter or underwriters, if any, and to the Shareholders and dated the date of the closing of the sale of the Shares relating thereto; (C) obtain a "comfort" letter or letters from the independent certified public accountants who have certified the Company's most recent audited financial statements that are incorporated by reference in the registration statement which is addressed to the Shareholders and the managing underwriter or underwriters, if any, and is dated the date of the prospectus used in connection with the offering of such Shares and/or the date of the closing of the sale of such Shares relating thereto, such letter or letters to be in customary form and covering such matters of the type customarily covered by "comfort" letters of such type; (D) deliver such documents and certificates as may be reasonably

requested by any Shareholder whose Shares are subject to a Registration and the managing underwriter or underwriters, if any, of the Shares to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company; and

(E) undertake such obligations relating to expense reimbursement, indemnification and contribution as provided in Sections 5.05 and 5.06 hereof; and

(xvii) comply with all applicable rules and regulations of the SEC and generally make available to its security holders an earnings statement (which need not be audited), as soon as reasonably practicable but in no event later than ninety (90) days after the end of the period of twelve (12) months commencing on the first day of any fiscal quarter next succeeding each sale by each Shareholder of Shares which have been registered pursuant to this Agreement (the "Registered Shares") after the date hereof, which earnings statement shall cover such twelve (12) month period and shall satisfy the provisions of Section 11(a) of the Securities Act and may be prepared in accordance with Rule 158 under the Securities Act.

(b) In the event that the Company would be required, pursuant to Section 5.04(a)(xi)(D) above, to notify any Shareholder, the sales or placement agent or agents, if any, for the Shares and the managing underwriter or underwriters, if any, thereof, the Company shall, subject to the provisions of Section 5.01(b) hereof, as promptly as practicable, prepare and furnish to each Shareholder, to each placement or sales agent, if any, and to each underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of Registered Shares, such prospectus shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Each Shareholder agrees that, upon receipt of any notice from the Company pursuant to Section 5.04(a)(xi)(D) hereof, such Shareholder shall, and shall use its reasonable best efforts to cause any sales or placement agent or agents for the Shares and the underwriters, if any, thereof, to forthwith discontinue disposition of the Shares until such person shall have received copies of such amended or supplemented prospectus and, if so directed by the Company, to destroy or to deliver to the Company all copies, other than permanent file copies, then in its possession of the prospectus (prior to such amendment or supplement) covering such Shares as soon as practicable after such Shareholder's receipt of such notice.

(c) Each Shareholder whose Shares are covered by a Registration shall furnish to the Company in writing such information regarding such Shareholder and its intended method of distribution of the Shares as the Company may from time to time reasonably request in writing, but only to the extent that such information is required in order for the Company to comply with its obligations under all applicable securities and other laws and to ensure that the prospectus relating to such Shares conforms to the applicable requirements of the Securities Act and the rules and regulations thereunder. Each Shareholder whose Shares are covered by a Registration shall notify the Company as promptly as practicable of any inaccuracy or change in information previously furnished by such Shareholder to the Company or of the occurrence of any event, in either case as a result of which any prospectus relating to the Shares contains or would contain an untrue statement of a material fact regarding such Shareholder or its intended

method of distribution of such Shares or omits to state any material fact regarding such Shareholder or its intended method of distribution of such Shares required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and promptly furnish to the Company any additional information required to correct and update any previously furnished information or required so that such prospectus shall not contain, with respect to such Shareholder or the distribution of the Shares, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Each Shareholder agrees not to, and shall not cause any Subsidiary Holder to, effect any public sale or distribution of any Shares, including any sale pursuant to Rule 144 under the Securities Act, and not to effect any such public sale or distribution of any other equity security of the Company or of any security convertible into or exchangeable or exercisable for any equity security of the Company (in each case, other than as part of such underwritten public offering) during the ten (10) days prior to, and during the ninety (90) day period (or such longer period as the Shareholder and/or the applicable Subsidiary Holder agrees with the underwriter of such offering) beginning on, the consummation of any underwritten public offering of the Shares covered by a registration statement referred to in Section 5.02 to the extent the Shareholder's or Subsidiary Holder's Registered Shares are being sold thereunder.

(e) In the case of any registration under Section 5.01 pursuant to an underwritten offering, or in the case of a Registration under Section 5.02 if the Company has determined to enter into an underwriting agreement in connection therewith, all Shares to be included in such Registration shall be subject to such underwriting agreement and no person may participate in such Registration unless such person agrees to sell such person's securities on the basis provided therein which shall be the same for all Shareholders whose Shares are covered by such Registration and completes and executes all questionnaires, indemnities, underwriting agreements and other document s(other than powers of attorney) which must be executed in connection therewith, and provides such other information to the Company or the underwriter as may be reasonably requested to register such person's Shares.

SECTION 5.05. Registration Expenses. The Company agrees to bear and to pay, or cause to be paid, promptly upon request being made therefor, all expenses incident to the Company's performance of or compliance with this Agreement, including, without limitation: (a) all fees and expenses in connection with the qualification of the Registered Shares for offering and sale under state securities or "blue sky" laws referred to in Section 5.04(a)(vii) hereof, including reasonable fees and disbursements of counsel for any placement or sales agent or underwriter in connection with such qualifications, (b) all expenses relating to the preparation, printing, distribution and reproduction of the registration statement, each prospectus included therein or prepared for distribution pursuant hereto, each amendment or supplement to the foregoing, the certificates representing the Shares and all other documents relating hereto, (c) the costs and charges of any escrow agent, transfer agent, registrar, any custodian or attorney-in-fact appointed

to act on behalf of the Shareholders (including, without limitation, all salaries and expenses of the Company's officers and employees performing legal or accounting duties), (d) fees, disbursements and expenses of the Company's counsel and its other advisors and experts and independent certified public accountants of the Company (including the expenses of any opinions or "comfort" letters required by or incident to such performance and compliance), (e) the fees and expenses incurred in connection with the listing of the Shares on The New York Stock Exchange, Inc. and any other stock exchange or national securities exchange on which Shares shall at such time be listed, and (f) fees, disbursements and expenses of one counsel selected by a Demand Holder exercising a Demand Request and retained on behalf of all Shareholders registering Shares in connection with such Demand Request and any Piggyback Request in connection therewith (collectively, the "Registration Expenses"). To the extent that any Registration Expenses are incurred, assumed or paid by the Shareholders, any sales or placement agent or agents for the Shares and the underwriters, if any, thereof, the Company shall reimburse such person for the full amount of the Registration Expenses so incurred, assumed or paid promptly after receipt of a request therefor. Each Shareholder shall pay its pro rata portion of underwriting discounts and commissions and any capital gains, income or transfer taxes, if any, attributable to the sale of such Shareholder's Shares being registered.

SECTION 5.06. Indemnification; Contribution. (a) Indemnification by the Company. The Company shall, and it hereby agrees to, indemnify and hold harmless each Shareholder, and each person who participates as a placement or sales agent or as an underwriter in any offering or sale of the Shares, against any losses, claims, damages or liabilities to which each such Shareholder or such agent or underwriter may become subject, insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) (collectively, "Claims") arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any registration statement pursuant to which any Shares of such Shareholder are registered pursuant to this Agreement, or any preliminary or final prospectus contained therein, or any amendment or supplement thereto, or any document incorporated by reference therein, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and the Company shall, and it hereby agrees to, reimburse each such Shareholder or any such agent or underwriter for any legal or other out-of-pocket expenses reasonably incurred by them in connection with investigating or defending any such Claims; provided, however, that the Company shall not be liable to any such person in any such case to the extent that any such Claims arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, or preliminary or final prospectus, or amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by such Shareholder or any agent, underwriter or representative of such Shareholder expressly for use therein, or by such Shareholder's failure to furnish the Company, upon request, with the information with respect to such Shareholder, or any agent, underwriter or representative of such Shareholder, or such Shareholder's intended method of distribution, that is the subject of the untrue statement or omission or if the Company shall sustain the burden of proving that such Shareholder

or such agent or underwriter sold securities to the person alleging such Claims without sending or giving, at or prior to the written confirmation of such sale, a copy of the applicable prospectus (excluding any documents incorporated by reference therein) or of the applicable prospectus, as then amended or supplemented (excluding any documents incorporated by reference therein), if the Company had previously furnished copies thereof to such Shareholder or such agent or underwriter, and such prospectus corrected such untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement.

(b) Indemnification by the Shareholders and Any Agents or Underwriters. Each Shareholder shall, and hereby agrees, severally and not jointly, to (i) indemnify and hold harmless the Company, its directors, officers, employees and controlling persons, if any, each other Shareholder, and each underwriter, its partners, officers, directors, employees and controlling persons, if any, in any offering or sale of Shares, against any Claims to which the Company, its directors, officers, employees and controlling persons, if any, may become subject, insofar as such Claims (including any amounts paid in settlement as provided herein), or actions or proceedings in respect thereof, arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such registration statement, or any preliminary or final prospectus contained therein, or any amendment or supplement thereto, or any document incorporated by reference therein, or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Shareholder or any agent, underwriter, or representative (as the case may be) expressly for use therein, and (ii) reimburse the Company for any legal or other out-of-pocket expenses reasonably incurred by the Company in connection with investigating or defending any such Claim.

(c) Notice of Claims, Etc. Promptly after receipt by an indemnified party under subsection (a) or (b) above of written notice of the commencement of any action or proceeding for which indemnification under subsection (a) or (b) may be requested, such indemnified party shall, without regard to whether a claim in respect thereof is to be made against an indemnifying party pursuant to the indemnification provisions of, or as contemplated by, this Section 5.06, notify such indemnifying party and the underwriter in writing of the commencement of such action or proceeding; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party in respect of such action or proceeding on account of the indemnification provisions of or contemplated by Section 5.06(a) or 5.06(b) hereof unless the indemnifying party was materially prejudiced by such failure of the indemnified party to give such notice, and in no event shall such omission relieve the indemnifying party from any other liability it may have to such indemnified party. In case any such action or proceeding shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, unless in the reasonable opinion of outside counsel to the indemnified party a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, such indemnifying party

shall be entitled to participate therein and, to the extent that it shall determine, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party for any legal or any other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation (unless such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to the defenses available to such indemnifying party, in which event the indemnified party shall have the right to control its defense and shall be reimbursed by the indemnifying party for the expenses incurred in connection with retaining one separate counsel). If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel for each indemnified party with respect to such claim. The indemnifying party will not be subject to any liability for any settlement made without its consent, which consent shall not be unreasonably withheld or delayed. No indemnifying party shall, without the prior written consent of the indemnified party, compromise or consent to entry of any judgment or enter into any settlement agreement with respect to any action or proceeding in respect of which indemnification is sought under Section 5.06(a) or (b) (whether or not the indemnified party is an actual or potential party thereto), unless such compromise, consent or settlement includes an unconditional term thereof the giving by the claimant or plaintiff to the indemnified party of a release from all liability in respect of such claim or litigation and does not subject the indemnified party to any material injunctive relief or other material equitable remedy.

(d) Contribution. Each Shareholder and the Company agree that if, for any reason, the indemnification provisions contemplated by Sections 5.06(a) or 5.06(b) hereof are unavailable to or are insufficient to hold harmless an indemnified party in respect of any Claims referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such Claims in such proportion as is appropriate to reflect the relative fault of, and benefits derived by, the indemnifying party and the indemnified party, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The relative benefit derived by the parties shall be determined by reference to the fact that the Company entered into this Agreement as an integral part of the transactions pursuant to which the Shares were acquired. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5.06(d) were determined by any method of allocation which does not take account of the equitable considerations referred to in this Section 5.06(d). The amount paid or payable by an indemnified party as a result of the Claims referred to above shall be deemed to include (subject to the limitations set forth in Section 5.06(c) hereof) any legal or other fees or expenses reasonably incurred by such indemnified party in connection with

investigating or defending any such action, proceeding or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The indemnification and contribution required by this Section 5.06 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

(f) Beneficiaries of Indemnification. The obligations of the Company under this Section 5.06 shall be in addition to any liability that it may otherwise have and shall extend, upon the same terms and conditions, to each employee, officer, director and partner of each Shareholder or any Subsidiary Holder, each agent of such Shareholder or any Subsidiary Holder, each underwriter of the Shares and each person, if any, who controls such Shareholder or any Subsidiary Holder or any such agent or underwriter within the meaning of the Securities Act; and the obligations of such Shareholder and each Subsidiary Holder and any agents or underwriters contemplated by this Section 5.06 shall be in addition to any liability that such Shareholder or any Subsidiary Holder or their respective agents or underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his consent, is named in any registration statement as about to become a director of the Company) and to each person, if any, who controls the Company within the meaning of the Securities Act.

SECTION 5.07. Underwriters. If any of the Shares are to be sold pursuant to an underwritten offering, the investment banker or bankers and the managing underwriter or underwriters thereof shall be selected by the Company except in the case of a Demand Registration, in which the managing underwriter or underwriters shall be selected by the Demand Holder exercising the Demand Request, provided that such managing underwriter or underwriters must be of recognized national standing.

SECTION 5.08. Exchange Act Filings; Rule 144; Rule 144A. (a) The Company covenants to and with each Shareholder that to the extent it shall be required to do so under the Exchange Act, the Company shall timely file the reports required to be filed by it under the Exchange Act or the Securities Act (including, but not limited to, the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144 adopted by the SEC under the Securities Act and the rules and regulations adopted by the SEC thereunder) and shall take such further action as any Shareholder may reasonably request, all to the extent required from time to time to enable the Shareholders to sell Shares without registration under the Securities Act within the limitations of the exemption provided by Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC. Upon the request of a Shareholder, the Company shall deliver to such Shareholder a written statement as to whether it has complied with such requirements.

(b) If at any time the Company is not subject to Section 13 or 15(d) of the Exchange Act and is not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Company agrees, upon the request of a Shareholder seeking to transfer Shares in conformity with Rule 144A under the Securities Act, to furnish to such Shareholder or prospective purchasers of the Shares from the Shareholder the information required by Rule 144A(d)(4)(i) under the Securities Act in the manner and at the times contemplated by such Rule.

(c) The Company covenants to make available “adequate current public information” concerning the Company within the meaning of Rule 144(c) under the Securities Act.

SECTION 5.09. Agreements of the Shareholders. Each Shareholder agrees not to, and it shall cause its Affiliates not to, make any sale, transfer or other disposition of Shares except in compliance with the registration requirements of the Securities Act and the rules and regulations thereunder, including exemptions, and in accordance with the terms of this Agreement.

SECTION 5.10. Recapitalizations, Exchanges, Etc. Affecting the Shares. The provisions of this Agreement shall apply to any and all shares of capital stock of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for, or in substitution of the Shares, by reason of a stock dividend, stock split, stock issuance, reverse stock split, combination, recapitalization, reclassification, merger, consolidation or otherwise. Upon the occurrence of any such event, amounts hereunder shall be appropriately adjusted.

ARTICLE VI

Term of Agreement

SECTION 6.01. Term of Agreement. This Agreement shall take effect immediately upon the occurrence of Effective Time. This Agreement (other than the provisions of Section 5.06) shall terminate with respect to any Shareholder on the date that such Shareholder and its Subsidiary Holders no longer own any shares of Common Stock.

ARTICLE VII

Miscellaneous Provisions

SECTION 7.01. Specific Performance. The parties hereto hereby declare that irreparable damage would occur as a result of the failure of any party hereto to perform any of its obligations under this Agreement in accordance with the specific terms hereof. Therefore, all parties hereto shall have the right to specific performance of the obligations of the other parties under this Agreement and if any party hereto shall institute any action or proceeding to enforce the provisions hereof, any person against whom such action or proceeding is brought hereby waives the claim or defense therein

that such party has an adequate remedy at law. The right to specific performance should be in addition to any other remedy to which a party hereto may be entitled at law or in equity.

SECTION 7.02. Legends. (a) Each certificate representing Shares shall bear the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO TERMS AND CONDITIONS (INCLUDING RESTRICTIONS ON VOTING AND TRANSFER) SET FORTH IN A SHAREHOLDERS AGREEMENT DATED AS OF •, •, A COPY OF WHICH MAY BE OBTAINED FROM [NEWCO], INC. NO TRANSFER OF SUCH SECURITIES WILL BE MADE ON THE BOOKS OF, OR BE EFFECTIVE WITH RESPECT TO, [NEWCO], INC. UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT.

(b) In addition, stop transfer restrictions will be given to the Company's transfer agent(s) with respect to the Shares and there will be placed on the certificates or instruments representing the Shares, and on any certificate or instrument delivered in substitution therefor, a legend stating in substance:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO SUCH REGISTRATION OR IN ACCORDANCE WITH AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

(c) The Company hereby agrees that it will cause stop transfer restrictions to be released with respect to any Shares that are transferred in compliance with the terms and provisions of this Agreement and (i) pursuant to an effective registration statement under the Securities Act, (ii) pursuant to Rule 144 or 145 under the Securities Act, (iii) in accordance with the requirements of Rule 903 or 904 of Regulation S under the Securities Act, or (iv) pursuant to another exemption from the registration requirements of the Securities Act; provided, however, that in the case of any transfer pursuant to clause (ii), (iii) or (iv) above, the request for transfer is accompanied by a written statement signed by a Shareholder confirming compliance with the requirements of the relevant exemption from registration; and provided, further, that in the case of any transfer pursuant to clause (iv) above, other than any transfer by such Shareholder to one or more of such Shareholder's direct or indirect subsidiaries, or among such subsidiaries, or by any such subsidiary to such Shareholder, the Company shall have received a written opinion of counsel reasonably satisfactory to the Company. The Company further agrees that it will cause the legends described in subsections (a) and (b) of this Section 7.02 to be removed in the event of any transfer as provided in clause (i), (ii) or (iii) above.

SECTION 7.03. Conflicts and Inconsistent Agreements. Each of the Shareholders and the Company shall take all action necessary, including but not limited to the voting of capital stock of the Company, to ensure that the certificate of incorporation and by-laws of the Company and the certificates of incorporation and by-laws or other governing documents of the Company's subsidiaries are consistent with, and do not conflict with, the terms of this Agreement. Neither the Company nor any Shareholder shall enter into any agreement inconsistent with the terms of this Agreement.

SECTION 7.04. Complete Agreement. This Agreement constitutes the entire agreement and understanding among the parties hereto with respect to the matters referred to herein and supersedes all prior agreements and understandings among the parties hereto with respect to the matters referred to herein.

SECTION 7.05. Amendment. This Agreement may not be amended, modified or supplemented and no waivers of or consents to departures from the provisions hereof may be given unless consented to in writing by the Company, AAH and Specified Shareholders holding a majority of all Shares held by Specified Shareholders.

SECTION 7.06. Successors; Assigns; Subsidiary Holders. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, directly or indirectly, including by operation of law, by any Shareholder without the prior written consent of the Company. The terms and conditions of this Agreement shall be binding on and inure to the benefit of the respective successors and permitted assigns of the parties hereto. Each Shareholder agrees with respect to any Affiliate that becomes a Subsidiary Holder hereunder, to promptly thereafter cause such Affiliate to execute a counterpart hereof agreeing to be bound by all of the terms, conditions and restrictions of this Agreement, as and to the same extent as such Shareholder. The execution of a counterpart hereof by an Affiliate who has become a Subsidiary Holder does not constitute an assignment of any part of this Agreement prohibited by this Section 7.06, and the Shareholder with which such Subsidiary Holder is affiliated with will remain bound by all of the terms, conditions and restrictions of this Agreement.

SECTION 7.07. Attorney Fees. A party in breach of this Agreement shall, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees and expenses, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement. The payment of such expenses is in addition to any other relief to which such other party may be entitled.

SECTION 7.08. Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by prepaid telex, cable or telecopy or sent, postage prepaid, by registered, certified or express mail or reputable overnight courier service and shall be deemed given when so delivered by hand, telexed, cabled or telecopied, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service), as follows (or

at such other address, telephone number and fax number as a party shall notify each other party hereto):

(i) if to the Company:

Asbury Automotive Group, Inc.
Three Landmark Square
Suite 500
Stamford, CT 06901
Attention: General Counsel

with copies to:

Cravath, Swaine & Moore
Worldwide Plaza
825 Eighth Avenue
New York, NY 10019
Attention: Thomas E. Dunn, Esq.

(ii) if to AAH:

c/o Ripplewood Holdings L.L.C. One Rockefeller Plaza
32nd Floor
New York, NY 10020
Attention: Timothy Collins

with copies to:

Cravath, Swaine & Moore
Worldwide Plaza
825 Eighth Avenue
New York, NY 10019
Attention: Thomas E. Dunn, Esq.

(iii) if to any of the Specified Shareholders, at the addresses for such Specified Shareholder set forth in the LLC Agreement.
with copies to:

Patterson, Belknap, Webb & Tyler LLP
1133 Avenue of the Americas
New York, NY 10036
Attention: George S. Frazza, Esq.

SECTION 7.09. Interpretation; Exhibits and Schedules. The headings contained in this Agreement, in any Exhibit or Schedule hereto and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement

as if set forth in full herein. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein, shall have the meaning as defined in this Agreement.

SECTION 7.10. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other party.

SECTION 7.11. Severability. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other persons or circumstance.

SECTION 7.12. GOVERNING LAW. THIS AGREEMENT AND ALL ACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE (WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES).

SECTION 7.13. SUBMISSION TO JURISDICTION. ANY AND ALL SUITS, LEGAL ACTIONS OR PROCEEDINGS ARISING OUT OF THIS AGREEMENT SHALL BE BROUGHT IN THE SUPERIOR COURT OR THE COURT OF CHANCERY OF THE STATE OF DELAWARE OR THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE OR IN THE SUPREME COURT OF THE STATE OF NEW YORK, NEW YORK COUNTY OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND EACH PARTY HEREBY SUBMITS TO AND ACCEPTS THE EXCLUSIVE JURISDICTION OF SUCH COURTS FOR THE PURPOSE OF SUCH SUITS, LEGAL ACTIONS OR PROCEEDINGS. IN ANY SUCH SUIT, LEGAL ACTION OR PROCEEDING, EACH PARTY WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLIANT OR OTHER PROCESS AND AGREES THAT SERVICE THEREOF MAY BE MADE BY CERTIFIED OR REGISTERED MAIL DIRECTED TO IT AT ITS ADDRESS SET FORTH IN THE BOOKS AND RECORDS OF THE COMPANY. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OR ANY SUCH SUIT, LEGAL ACTION OR PROCEEDING IN ANY SUCH COURT AND HEREBY FURTHER WAIVES ANY CLAIM THAT ANY SUIT, LEGAL ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

SECTION 7.14. WAIVER OF JURY TRIAL. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION

WITH THIS AGREEMENT. EACH PARTY (I) CERTIFIES THAT NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.14.

SECTION 7.15. No Waiver of Rights. No failure or delay on the part of any party in the exercise of any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude other or further exercise thereof or of any other right or power. The waiver by any party or parties hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach hereunder. All rights and remedies existing under this Agreement are cumulative and are not exclusive of any rights or remedies otherwise available.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first written above.

ASBURY AUTOMOTIVE GROUP, INC.,

by /s/ Ian K. Snow
Name: Ian K. Snow
Title: Secretary

ASBURY AUTOMOTIVE HOLDINGS L.L.C.,

by /s/ Ian K. Snow
Name: Ian K. Snow
Title: Secretary

SPECIFIED SHAREHOLDERS:

NALLEY MANAGEMENT SERVICES, INC.

by: /s/ C. V. Nalley
Name: C. V. Nalley
Title: President

NALLEY CHEVROLET, INC.

by: /s/ C. V. Nalley
Name: C. V. Nalley
Title: President

SPECTRUM SOUND & ACCESSORIES, INC.

by: /s/ C. V. Nalley
Name: C. V. Nalley
Title: President

NALLEY MARIETTA AUTOMOBILES, INC.

by: /s/ C. V. Nalley
Name: C. V. Nalley
Title: President

NALLEY LUXURY IMPORTS, INC.

by: /s/ C. V. Nalley
Name: C. V. Nalley
Title: President

NALLEY ATLANTA IMPORTS, INC.

by: /s/ C. V. Nalley
Name: C. V. Nalley
Title: President

SPECTRUM LEASING, INC.

by: /s/ C. V. Nalley
Name: C. V. Nalley
Title: President

THOMAS F. MCLARTY III

by: /s/ Thomas F. McLarty III
Name:
Title:

MARK C. MCLARTY

by: /s/ Mark McLarty
Name:
Title:

THE FRANKLIN H. MCLARTY
IRREVOCABLE TRUST

by: /s/ Paul Hart
Name: Paul Hart
Title: Trustee

THE CALDWELL FAMILY LIMITED PARTNERSHIP

by: /s/ Jack Caldwell
Name: Jack Caldwell
Title: General Partner

RIVER RIDGE INVESTMENTS, LLC

by: /s/ Stephen B. Humphries
Name: Stephen B. Humphries
Title: Managing Partner

THE LAURA M. HUMPHRIES
IRREVOCABLE TRUST

by: /s/ Thomas McLarty
Name: Thomas McLarty
Title: Trustee

THE MATTHEW B. HUMPHRIES
IRREVOCABLE TRUST

by: /s/ Thomas McLarty
Name: Thomas McLarty
Title: Trustee

ROB FERON

by: /s/ Rob Feron
Name:
Title:

TODD SHORES

by: /s/ Todd Shores
Name:
Title:

PHILLIP H. MAYFIELD

by: /s/ Phillip H. Mayfield
Name:
Title:

LUTHER COGGIN

by: /s/ Luther Coggin
Name:
Title:

TRACYE C. HAWKINS 1999 ATT TRUST

by: /s/ Luther Coggin
Name: Luther Coggin
Title: Trustee

CHRISTY C. HAYDEN 1999 ATT TRUST

by: /s/ Luther Coggin
Name: Luther Coggin
Title: Trustee

CINDY S. COGGIN 1999 ATT TRUST

by: /s/ Luther Coggin
Name: Luther Coggin
Title: Trustee

RICHARD A. CARACELLO

by: /s/ Richard A. Caracello
Name:
Title:

KEVIN DELANEY

by: /s/ Kevin Delaney
Name:
Title:

MITCHELL W. LEGLER AND
HARRIETTE D. LEGLER,
TENANTS BY THE ENTIRETIES

by: /s/ Mitchell W. Legler
Name:
Title:

LINDA L. MARLETTE

by: /s/ Linda L. Marlette
Name:
Title:

CHARLES L. MCINTOSH

by: /s/ Charles L. McIntosh
Name:
Title:

NANCY D. NOBLE

by: /s/ Nancy D. Noble
Name:
Title:

THOMAS G. ROETS, JR.

by: /s/ Thomas G. Roets, Jr.
Name:
Title:

JOHN M. ROOKS

by: /s/ John M. Rooks
Name:
Title:

TODD F. SETH

by: /s/ Todd F. Seth
Name:
Title:

CHARLIE (C.B.) TOMM AND
ANITA DESAUSSURE TOMM,
TENANTS BY THE ENTIRETIES

by: /s/ Charlie B. Tomm
Name:
Title:

by: /s/ Anita deS. Tomm
Name:
Title:

STEPHEN M. SILVERIO

by: /s/ Stephen M. Silverio
Name:
Title:

CNC AUTOMOTIVE, LLC

by: /s/ Michael S. Kearney
Name: Michael S. Kearney
Title: Vice President

DEALER GROUP

by: /s/ Scott L. Thomason
Name: Scott L. Thomason
Title: Manager

JOHN R. CAPPS

by: /s/ John R. Capps
Name:
Title:

J.I.W. ENTERPRISES, INC.

by: /s/ Jeffrey I. Wooley
Name: Jeffrey I. Wooley
Title: President

DMCD AUTOS IRVING, INC.

by: /s/ Ben David McDavid
Name: Ben David McDavid
Title: President

DMCD AUTOS HOUSTON, INC.

by: /s/ Ben David McDavid
Name: Ben David McDavid

Title: President

JAMES TORDA

by: /s/ James Torda
Name:
Title:

DAVE WEGNER

by: /s/ Dave Wegner
Name:
Title:

CHILDS & ASSOCIATES INC.

by: /s/ William L. Childs Sr.
Name: William L. Childs Sr.
Title: President

BUDDY HUTCHINSON CARS, INC.

by: /s/ M. F. Hutchinson
Name: M. F. Hutchinson
Title: President

JEFF KING

by: /s/ Jeff King
Name:
Title:

ROBERT E. GRAY

by: /s/ Robert E. Gray
Name:
Title:

NOEL DANIELS

by: /s/ Noel E. Daniels
Name:
Title:

STEVEN INZINNA

by: /s/ Steven Inzinna
Name:
Title:

JOSEPH UMBRIANO

by: /s/ Joseph Umbriano
Name:
Title:

PAULA TABAR

by: /s/ Paula Tabar
Name:
Title:

GIBSON FAMILY PARTNERSHIP, L.P.

by: /s/ Thomas Gibson

Name: Thomas Gibson
Title: General Partner

ROBERT DENNIS

by: /s/ Robert Dennis
Name:
Title:

THOMAS F. GILMAN

by: /s/ Thomas F. Gilman
Name:
Title:

THOMAS G. MCCOLLUM

by: /s/ Thomas G. McCollum
Name:
Title:

AND EACH OTHER MEMBER OF THE COMPANY

by: ASBURY AUTOMOTIVE HOLDINGS L.L.C., as attorney-in-fact for the other Specified Shareholders pursuant to the Powers of Attorney granted pursuant toSection 8.05 of the LLC Agreement.

by: /s/ John Roth
Name: John Roth
Title:

Schedule I

Names of Acceptable Designees as
Dealer Directors

David McDavid

Royce Reynolds

John Capps

Luther Coggin

Jim Nalley

Thomas F. McLarty

Scott Thomason

Jeffrey I. Wooley

Charlie (C.B.) Tomm

Exhibit 4.11

FIRST AMENDMENT TO SHAREHOLDERS AGREEMENT

This first amendment to the Shareholders Agreement (as defined below), dated as of March 19, 2004 (this "Amendment"), is made among Asbury Automotive Group, Inc., a Delaware corporation (the "Company"), Asbury Automotive Holdings L.L.C., a Delaware limited liability company ("AAH") and the other stockholders listed on the signature pages hereto.

RECITALS

WHEREAS, the Company, AAH and the Specified Shareholders (as defined in the Shareholders Agreement) entered into the Shareholders Agreement, dated as of March 1, 2002 (the "Shareholders Agreement");

WHEREAS, the Company, AAH and Specified Shareholders holding a majority of the shares of common stock, par value $0.01 per share, of the Company held by Specified Shareholders wish to amend the definition of "Shares" set forth in the Shareholders Agreement; and

WHEREAS, the Company, AAH, Specified Shareholders holding a majority of the shares of common stock, par value $0.01 per share, of the Company held by Specified Shareholders and the Shareholders to be released as parties to the Shareholders Agreement pursuant to this Amendment wish to release certain parties to the Shareholders Agreement from their rights and obligations thereunder.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Each Shareholder listed on Schedule I shall be released from its obligations under the Shareholders Agreement from the date of this Amendment and shall no longer be a party thereto as of the date hereof upon the effectiveness of this Section 1 with respect to such Shareholder as provided in Section 5. Upon the effectiveness of this Section 1 with respect to such a Shareholder, the definition of "Shareholders" as set forth the Shareholders Agreement shall be amended by removing such Shareholder.

2. The definition of "Shares" set forth in Section 1.01(a) of the Shareholders Agreement is hereby amended to read in its entirety as follows:

> "'Shares' shall mean, with respect to a Shareholder, the shares of Common Stock owned by such Shareholder or any Subsidiary Holder as of the consummation of the initial public offering of the common stock, par value $0.01 per share, of the Company on March 19, 2002."

3. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Shareholders Agreement.

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4. Except as specifically amended hereby, the other terms and conditions of the Shareholders Agreement shall remain in full force and effect.

5. This Amendment shall become effective as of the date first written above on the date that the Company shall have received counterparts of this Amendment that, when taken together, bear the signatures of the Company, AAH and Specified Shareholders holding a majority of all Shares held by Specified Shareholders, provided, however, that Section 1 hereof shall only become effective with respect to a Shareholder listed on Schedule I hereto when the Company shall have received, in addition to counterparts of this Amendment executed by the Company, AAH and Specified Shareholders holding a majority of all Shares held by Specified Shareholders, a counterpart of this Amendment executed by such Shareholder. The failure of Section 1 to become effective with respect to any Shareholder listed on Schedule I as provided in this Section 5 shall have no effect on the effectiveness of the rest of this Amendment, including the effectiveness of Section 1 with respect to any other Shareholder listed on Schedule I that duly delivers to the Company an executed counterpart to this Amendment..

6. This Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement. Delivery of an executed counterpart of a signature page of this Amendment by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

7. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

ASBURY AUTOMOTIVE GROUP, INC.,

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

ASBURY AUTOMOTIVE HOLDINGS L.L.C..,

by: /s/ Ian K. Snow
Name: Ian K. Snow
Title: Vice President

C.V. NALLEY, III

/s/ C. V. Nalley, III

THE 2004 NALLEY ANNUITY TRUST U/A 1/7/04,

By: /s/ C. V. NALLEY, III
Name: C.V. Nalley, III
Title: Trustee

LUTHER W. AND BLANCHE B. COGGIN 2003 TRUST,

by: /s/ Charles B. Tomm
Name: Charles B. Tomm
Title: Trustee

TRACYE C. HAWKINS 1999 ATT TRUST,

by: /s/ Luther W. Coggin
Name: Luther W. Coggin
Title: Trustee

CHRISTY C. HAYDEN 1999 ATT TRUST,

by: /s/ Luther W. Coggin
Name: Luther W. Coggin
Title: Trustee

CINDY S. COGGIN 1999 ATT TRUST,

by: /s/ Luther W. Coggin
Name: Luther W. Coggin
Title: Trustee

CHARLES (C.B.) TOMM AND ANITA DESAUSSURE TOMM, TENANTS BY THE ENTIRETIES,

by: /s/ Charles B. Tomm
Name:
Title

CNC AUTOMOTIVE GROUP, LLC,

by: /s/ Michael Kearney
Name: Michael Kearney
Title: President

JOHN R. CAPPS,

/s/ John R. Capps

JIW FUND I, LLC,

by: /s/ Jeffrey I. Wooley
Name: Jeffrey I. Wooley
Title: Manager

JIW ENTERPRISES, INC.

by: /s/ Jeffrey I. Wooley
Name: Jeffrey I. Wooley
Title: President

DMCD AUTOS IRVING, INC.,

by: /s/ Ben David McDavid
Name: Ben David McDavid
Title: President

DMCD AUTOS HOUSTON, INC,

by: /s/ Ben David McDavid
Name: Ben David McDavid
Title: President

ROBERT E. GRAY

/s/ Robert E. Gray

LUTHER W. COGGIN

/s/ Luther W. Coggin

THOMAS F. MCLARTY, III

/s/ Thomas F. McLarty, III

SPECIFIED SHAREHOLDERS RELEASED FROM SHAREHOLDERS AGREEMENT

Mark C. McLarty

The Franklin H. McLarty Irrevocable Trust

The Caldwell Family Limited Partnership

River Ridge Investments, LLC

The L. M. Humphries Irrevocable Trust

The M. B. Humphries Irrevocable Trust

Rob Feron

Todd Shores

Phillip H. Mayfield

Richard A. Caracello

Kevin Delaney

Mitchell W. Legler and Harriette D. Legler, Tenants by the Entireties

Linda L. Marlette

Charles L. McIntosh

Thomas G. Roets, Jr.

John M. Rooks

Todd Seth

Jeff King

Joseph Umbriano

Paula Tabar

Estate of Brian Kendrick

Robert Dennis

Thomas F. Gilman

Exhibit 21

Entity Name	Domestic State	Foreign Qualification
AF Motors L.L.C.	DE	FL
ALM Motors L.L.C.	DE	FL
ANL L.P.	DE	FL
Asbury AR Niss L.L.C.	DE	AR
Asbury Arkansas Hund L.L.C.	DE	AR
Asbury Atlanta AC L.L.C.	DE	GA
Asbury Atlanta AU L.L.C.	DE	GA
Asbury Atlanta BM L.L.C.	DE	GA
Asbury Atlanta Chevrolet L.L.C.	DE	GA
Asbury Atlanta Hon L.L.C.	DE	GA
Asbury Atlanta Infiniti L.L.C.	DE	GA
Asbury Atlanta Jaguar L.L.C.	DE	GA
Asbury Atlanta Lex L.L.C.	DE	GA
Asbury Atlanta VL L.L.C.	DE	GA
Asbury Automotive Arkansas Dealership Holdings L.L.C.	DE	AR, MS
Asbury Automotive Arkansas L.L.C.	DE	AR, MS
Asbury Automotive Atlanta L.L.C.	DE	GA
Asbury Automotive Brandon, L.P.	DE	FL
Asbury Automotive Central Florida, L.L.C.	DE	FL
Asbury Automotive Deland, L.L.C.	DE	FL
Asbury Automotive Financial Services, Inc.	DE	CT
Asbury Automotive Fresno L.L.C.	DE	CA
Asbury Automotive Group Holdings, Inc.	DE	PA
Asbury Automotive Group L.L.C.	DE	CT, OR
Asbury Automotive Group, Inc.	DE	NY, PA
Asbury Automotive Jacksonville GP L.L.C.	DE	FL
Asbury Automotive Jacksonville, L.P.	DE	FL
Asbury Automotive Management L.L.C.	DE	NY, PA
Asbury Automotive Mississippi L.L.C.	DE	MS
Asbury Automotive North Carolina Dealership Holdings L.L.C.	DE	NC
Asbury Automotive North Carolina L.L.C.	DE	NC
Asbury Automotive North Carolina Management L.L.C.	DE	NC
Asbury Automotive North Carolina Real Estate Holdings L.L.C.	DE	NC
Asbury Automotive Oregon L.L.C.	DE	OR
Asbury Automotive Oregon Management L.L.C.	DE	OR
Asbury Automotive Southern California L.L.C.	DE	CA
Asbury Automotive St. Louis, L.L.C.	DE	MO
Asbury Automotive Tampa GP L.L.C.	DE	FL
Asbury Automotive Tampa, L.P.	DE	FL
Asbury Automotive Texas Holdings L.L.C.	DE	CT
Asbury Automotive Texas L.L.C.	DE	CT
Asbury Automotive Texas Real Estate Holdings L.P.	DE	TX
Asbury Deland Imports 2, L.L.C.	DE	FL
Asbury Fresno Imports L.L.C.	DE	CA
Asbury Jax Holdings, L.P.	DE	FL
Asbury Jax Management L.L.C.	DE	FL
Asbury MS Gray-Daniels L.L.C.	DE	MS
Asbury MS Metro L.L.C.	DE	MS
Asbury MS Wimber L.L.C.	DE	MS
Asbury MS Yazoo L.L.C.	DE	MS
Asbury No Cal Niss L.L.C.	DE	CA
Asbury Sacramento Imports L.L.C.	DE	CA
Asbury So Cal DC L.L.C.	DE	CA
Asbury So Cal Hon L.L.C.	DE	CA
Asbury So Cal Niss L.L.C.	DE	CA
Asbury So Cal Toy L.L.C.	DE	CA
Asbury St. Louis Cadillac L.L.C.	DE	MO
Asbury St. Louis Gen L.L.C.	DE	MO
Asbury St. Louis Lex L.L.C.	DE	MO
Asbury St. Louis LR L.L.C.	DE	MO
Asbury Tampa Management L.L.C.	DE	FL
Asbury Texas Management L.L.C.	DE	TX
Asbury-Deland Imports L.L.C.	DE	FL
Atlanta Real Estate Holdings L.L.C.	DE	GA
Avenues Motors, Ltd.	FL	
Bayway Financial Services, L.P.	DE	FL
BFP Motors L.L.C.	DE	FL
C&O Properties, Ltd.	FL	
Camco Finance II L.L.C.	DE	NC, SC
Camco Finance L.L.C.	DE	NC
CFP Motors, Ltd.	FL	
CH Motors, Ltd.	FL	
CHO Partnership, Ltd.	FL	

CK Chevrolet LLC	DE	FL
CK Motors LLC	DE	FL
CN Motors, Ltd.	FL	
Coggin Automotive Corp.	FL	
Coggin Cars L.L.C.	DE	FL
Coggin Chevrolet L.L.C.	DE	FL
Coggin Management, L.P.	DE	FL
CP-GMC Motors, Ltd.	FL	
Crown Acura/Nissan, LLC	NC	
Crown Battleground, LLC	NC	
Crown CHH L.L.C.	DE	NC
Crown CHO L.L.C.	DE	NC
Crown CHV L.L.C.	DE	NC
Crown Dodge, LLC	NC	
Crown FDO L.L.C.	DE	NC
Crown FFO Holdings L.L.C.	DE	NC
Crown FFO L.L.C.	DE	NC
Crown Fordham L.L.C.	DE	NC
Crown GAC L.L.C.	DE	NC
Crown GAU L.L.C.	DE	NC
Crown GBM L.L.C.	DE	NC
Crown GCA L.L.C.	DE	NC
Crown GCH L.L.C.	DE	NC
Crown GDO L.L.C.	DE	NC
Crown GHO L.L.C.	DE	NC
Crown GKI L.L.C.	DE	NC
Crown GMI L.L.C.	DE	NC
Crown GNI L.L.C.	DE	NC
Crown GPG L.L.C.	DE	NC
Crown GVO L.L.C.	DE	NC

Crown Honda, LLC	NC	
Crown Honda-Volvo, LLC	NC	
Crown Mitsubishi, LLC	NC	
Crown Motorcar Company L.L.C.	DE	VA
Crown Raleigh L.L.C.	DE	NC
Crown RIA L.L.C.	DE	VA
Crown RIB L.L.C.	DE	VA
Crown Royal Pontiac, LLC	NC	
Crown SJC L.L.C.	DE	SC
Crown SNI L.L.C.	DE	SC
CSA Imports L.L.C.	DE	FL
Damerow Ford Co.	OR	
Dealer Profit Systems L.L.C.	DE	FL
Escude-M L.L.C.	DE	MS
Escude-MO L.L.C.	DE	MS
Escude-NN L.L.C.	DE	MS
Escude-NS L.L.C.	DE	MS
Escude-T L.L.C.	DE	MS
HFP Motors L.L.C.	DE	FL
KP Motors L.L.C.	DE	FL
McDavid Auction, L.P.	DE	TX
McDavid Austin-Acra, L.P.	DE	TX
McDavid Frisco-Hon, L.P.	DE	TX
McDavid Grande, L.P.	DE	TX
McDavid Houston-Hon, L.P.	DE	TX
McDavid Houston-Kia, L.P.	DE	TX
McDavid Houston-Niss, L.P.	DE	TX
McDavid Irving-Hon, L.P.	DE	TX
McDavid Irving-PB&G, L.P.	DE	TX
McDavid Irving-Zuk, L.P.	DE	TX
McDavid Outfitters, L.P.	DE	TX, LA
McDavid Plano-Acra, L.P.	DE	TX
NP FLM L.L.C.	DE	AR
NP MZD L.L.C.	DE	AR
NP VKW L.L.C.	DE	AR
Plano Lincoln-Mercury, Inc.	DE	TX
Precision Computer Services, Inc.	FL	
Precision Enterprises Tampa, Inc.	FL	
Precision Infiniti, Inc.	FL	
Precision Motorcars, Inc.	FL	
Precision Nissan, Inc.	FL	
Premier NSN L.L.C.	DE	AR
Premier Pon L.L.C.	DE	AR
Prestige Bay L.L.C.	DE	AR
Prestige Toy L.L.C.	DE	AR
RER Properties, LLC	NC	

RWIJ Properties, LLC	NC	
Spectrum Insurance Services L.L.C.	DE	GA
Spirit Automotive Group L.L.C.	DE	CA
Tampa Hund, L.P.	DE	FL
Tampa Kia, L.P.	DE	FL
Tampa LM, L.P.	DE	FL
Tampa Mit, L.P.	DE	FL
Tampa Suzu, L.P.	DE	FL
Thomason Auto Credit Northwest, Inc.	OR	
Thomason Dam L.L.C.	DE	OR
Thomason Frd L.L.C.	DE	OR
Thomason Hon L.L.C.	DE	OR
Thomason Hund L.L.C.	DE	OR
Thomason Maz L.L.C.	DE	OR
Thomason Niss L.L.C.	DE	OR
Thomason Outfitters L.L.C.	DE	OR
Thomason Pontiac-GMC L.L.C.	DE	OR
Thomason Suzu L.L.C.	DE	OR
Thomason TY L.L.C.	DE	OR
Thomason Zuk L.L.C.	DE	OR
WMZ Brandon Motors, L.P.	DE	FL
WMZ Motors, L.P.	DE	FL
WTY Motors, L.P.	DE	FL

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-105450, 333-84646 and 333-115402 on Form S-8 of our report dated March 11, 2005, relating to the financial statements of Asbury Automotive Group, Inc. and management's report of the effectiveness of internal control over financial reporting, appearing in this Annual Report on Form 10-K of Asbury Automotive Group, Inc. for the year ended December 31, 2004.

/s/ Deloitte & Touche LLP
New York, New York
March 14, 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 annual report on Form 10-K 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 annual 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; and

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

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

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

/s/ KENNETH B. GILMAN
Kenneth B. Gilman
Chief Executive Officer
March 14, 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 annual report on Form 10-K 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 annual 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; and

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

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

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

/s/ J. GORDON SMITH
J. Gordon Smith
Chief Financial Officer
March 14, 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 Annual Report of Asbury Automotive Group, Inc. (the "Company") on Form 10-K for the year ending December 31, 2004 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. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ KENNETH B. GILMAN
Kenneth B. Gilman
Chief Executive Officer
March 14, 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 Annual Report of Asbury Automotive Group, Inc. (the "Company") on Form 10-K for the year ending December 31, 2004 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. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ J. GORDON SMITH
J. Gordon Smith
Chief Financial Officer
March 14, 2005