As filed with the Securities and Exchange Commission on July 31, 2001
Registration No. 333-65998

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

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

DELAWARE	5511	58-2241119
State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

3 LANDMARK SQUARE
SUITE 500
STAMFORD, CONNECTICUT 06901
(203) 356-4400

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

BRIAN E. KENDRICK
CHIEF EXECUTIVE OFFICER
ASBURY AUTOMOTIVE GROUP, INC.
3 LANDMARK SQUARE
SUITE 500
STAMFORD, CONNECTICUT 06901
(203) 356-4400

(Name and address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the

Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [_]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

* Currently a Delaware limited liability company named Asbury Automotive Group L.L.C., which on or prior to the effective date of this registration statement will be converted into a Delaware corporation through either a conversion into a corporation or by a merger with an entity or a subsidiary of an entity that has no other business.

EXPLANATORY NOTE

THE PURPOSE OF THIS AMENDMENT NO. 1 TO THE REGISTRATION STATEMENT IS SOLELY TO FILE THE FINANCIAL STATEMENTS.

> The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated July 31, 2001.

[ ] Shares

ASBURY AUTOMOTIVE GROUP, INC.

Common Stock

This is an initial public offering of shares of common stock of Asbury Automotive Group, Inc.

Asbury is offering [ ] of the shares to be sold in the offering. The selling stockholders identified in this prospectus are offering an additional [ ] shares. Asbury will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between $ [ ] and $ [ ]. Asbury intends to list the common stock on the New York Stock Exchange under the symbol "[ ]."

See "Risk Factors" on page 7 to read about factors you should consider before buying shares of the common stock.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Per Share	Total
Initial public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Asbury	$	$
Proceeds, before expenses, to the selling stockholders	$	$

To the extent that the underwriters sell more than [ ] shares of common stock, the underwriters have the option to purchase up to an additional [ ] shares from Asbury and [ ] shares from the selling stockholders at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on [ ], 2001.

GOLDMAN, SACHS & CO. MERRILL LYNCH & CO.

SALOMON SMITH BARNEY

Prospectus dated [ ], 2001.

[MAP OF THE U.S. WITH ASBURY STORES]

[PHOTOS OF CERTAIN ASBURY STORES]

[LOGOS OF PLATFORMS]

No manufacturer or distributor has been involved, directly or indirectly, in the preparation of this prospectus or in the offering being made hereby. No manufacturer or distributor has been authorized to make any statements or representations in connection with the offering, and no manufacturer or distributor has any responsibility for the accuracy or completeness of this prospectus or for the offering.

PROSPECTUS SUMMARY

The following is a summary of some of the information contained in this prospectus. It may not contain all the information that is important to you. To understand this offering fully, you should read carefully the entire prospectus, including the risk factors and the financial statements.

In this prospectus the terms "Asbury," "we," "us" and "our" refer to Asbury Automotive Group, Inc., unless the context otherwise requires, and its subsidiaries and their respective predecessors in interest. This prospectus assumes the conversion of Asbury Automotive Group L.L.C. from a limited liability company into a corporation named Asbury Automotive Group, Inc. immediately prior to the offering by either a conversion in accordance with Delaware General Corporation Law or through a merger with an entity or a subsidiary of an entity which has no other business. Per share numbers assume that membership interests in the limited liability company outstanding immediately prior to the conversion or merger will be exchanged for shares of common stock in the new corporation on the basis of [ ] membership interests for each share of common stock.

This prospectus includes statistical data regarding the automotive retailing industry. Unless otherwise indicated, such data is taken or derived from information published by:

- The Industry Analysis Division of the National Automobile Dealers Association, also known as "NADA," NADA Data 2000.
- Automotive News 2001 Market Data Book.
- Automotive News Data Center.
- CNW Marketing/Research.
- Sales & Marketing Management 2000 Survey of Buying Power and Media Markets.

BUSINESS

OUR COMPANY

We are one of the largest automotive retailers in the United States, currently operating 126 franchises at 86 dealership locations in nine states. We offer our customers an extensive range of automotive products and services, including new and used vehicle sales and related financing and insurance, vehicle maintenance and repair services, replacement parts and service contracts. Our franchises include a diverse portfolio of 36 American, European and Asian brands, and a majority of our dealerships are either luxury franchises (such as BMW, Lexus and Mercedes-Benz) or mid-line import brands (such as Honda, Toyota and Nissan). We have grown rapidly in recent years, primarily through acquisition, with annual sales of $3.0 billion in 1999 and $4.0 billion in 2000, which represented a 34% increase in annual sales from 1999. We sold a total of 154,422 new and used retail units in 2000, which represented a 32% increase over the 116,790 retail units sold in 1999. In addition, our 2000 results included over $434 million in parts, service and collision repair revenues.

Our retail network is organized into nine regional dealership groups, which we refer to as "platforms," located in 15 market areas that we believe represent attractive opportunities, generally due to their high rates of population and income growth. Each platform originally operated as an independent business before being integrated into our operations, and each continues to enjoy strong local brand name recognition. We believe that many of our platforms rank first or second in market share in their local markets.

We compete in a large and highly fragmented industry comprised of approximately 22,000 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 sales revenue.

OUR STRENGTHS

We believe our strengths are as follows:

- EXPERIENCED AND INCENTIVIZED MANAGEMENT. We have a highly experienced management team. After joining us, the former principal owners of our nine platforms, who have an average of 36 years of

experience in the automotive retailing industry, continued to manage our operations at the platform level and played a significant role in implementing our operating and acquisition strategies. The former owners and their management teams collectively own approximately 40% of our outstanding equity and will continue to own approximately [ ]% of our outstanding equity after the offering. In addition, each of our top three corporate executives has more than 20 years of experience in either retail sales or the automotive retailing industry.

- ADVANTAGEOUS BRAND MIX. Our current brand mix includes a higher proportion of luxury and mid-line import franchises to total franchises than most public automotive retailers. Luxury and mid-line imports together accounted for approximately 63% of our 2000 new retail vehicle revenues and comprise over half of our total franchises. Luxury and mid-line imports generate above average gross margins on new vehicles, parts, service and collision repair and have greater customer loyalty and repeat purchases than mid-line domestic and value automobiles. We also believe luxury vehicle sales are less susceptible to economic cycles.

- MARKET LEADERSHIP AND STRONG BRANDING OF OUR PLATFORMS. Each of our platforms is comprised of between eight and 22 franchises and generated average pro forma revenues of approximately $500 million in 2000. We believe that we are among the top three market share leaders in 11 of our markets, including five in which we rank first. Our regional market share and strong brand recognition allow our platforms to realize significant regional economies of scale.

- DIVERSIFIED REVENUE STREAMS/VARIABLE COST STRUCTURE. We have a diversified revenue base that we believe mitigates the impact of slower new vehicle sales. Used vehicle sales and parts, service and collision repair, which represented 37% of our total 2000 revenue, generate higher profit margins than new vehicle sales and tend to fluctuate less with economic cycles. In addition, our variable cost structure helps us manage expenses in an economic downturn, as a large part of our operating expenses consists of incentive-based compensation, vehicle carrying costs and advertising.

OUR STRATEGY

Our objective is to be the most profitable automotive retailer in select markets in the United States. To achieve this objective, we intend to follow the outlined strategy:

- CONTINUED GROWTH THROUGH TARGETED ACQUISITIONS. We will seek to establish platforms in new markets through acquisitions of large, profitable and well-managed dealership groups. In addition, we will pursue additional dealerships within our established markets, which we refer to as "tuck-in acquisitions," to complement the related platform by increasing brand diversity, market coverage and services.

- FOCUS ON HIGHER MARGIN PRODUCTS AND SERVICES. While new vehicle sales are critical to drawing customers to our dealerships, used vehicle retail sales, finance and insurance and parts, service and collision repair provide significantly higher margin revenue streams. We currently derive in excess of 68% of our total gross profit from these areas. In addition, we have discipline-specific executives at both the corporate and platform level who focus on both increasing the penetration of current services and expanding the breadth of our offerings to customers.

- DECENTRALIZED DEALERSHIP OPERATIONS. We believe that decentralized dealership operations on a platform basis empower our retail network to provide timely market-specific responses to sales, service, marketing and inventory requirements. These operations are complemented by centralized technology and financial controls as well as sharing of best practices and market intelligence throughout the organization.

o CUSTOMER RELATIONSHIP MANAGEMENT. We have begun to implement a CRM initiative to increase customer loyalty and satisfaction and reduce marketing costs by redirecting expenditures from mass media to targeted communications. We expect to create a differentiated customer experience, allowing us to capture a greater percentage of our targeted households' automotive spending.

Our principal executive offices are located at 3 Landmark Square, Stamford, Connecticut 06901. Our telephone number is (203) 356-4400. Our World Wide Web site address is http://www.asburyauto.com. Information contained on our website or that can be accessed through our website is not incorporated by reference in this prospectus. You should not consider information contained on our website or that can be accessed through our website to be part of this prospectus.

THE OFFERING

Common stock offered by us	___ shares (1)
Common stock offered by selling stockholders	___ shares (1)
Total common stock offered	___ shares (1)
Common stock outstanding after the offering	___ shares (2)
Use of Proceeds	We intend to use the net proceeds from the sale of the common stock offered by us for repayment of outstanding indebtedness and general corporate purposes, including working capital and possible acquisitions. We will not receive any proceeds from the sale of shares by the selling stockholders.
Proposed NYSE Symbol	[ ].
Risk Factors	See "Risk Factors" beginning on page 7 of this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of our common stock.

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(1) Does not include shares of common stock that may be sold by us and shares of common stock that may be sold by the selling stockholders if the underwriters choose to exercise their over-allotment option.

(2) Does not include (a) options issued under our 1999 Option Plan for [ ] shares of common stock with a weighted average exercise price of $[ ] per share, and (b) [ ] shares of common stock reserved for issuance under our 2001 Stock Option Plan, under which options for [ ] shares of common stock will be issued on the date of this prospectus at the offering price set forth on the cover page.

SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL DATA

The summary below presents our consolidated financial information and should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this prospectus. The pro forma as adjusted columns reflect our recently completed and probable acquisitions, our change in tax status and the method of valuing certain of our inventories that will occur simultaneously with our becoming a corporation, the conversion of certain executives' carried interests (that is, interests in an increase in our value) into options for our common stock, and this offering of our common stock and our use of a portion of the proceeds to us to pay down debt.

	Year Ended December 31,				Three Months Ended March 31,		
			2000			2001	
	1998	1999	Actual	Pro Forma As Adjusted	2000	Actual	Pro Forma As Adjusted
	($ in thousands, except per share data)						
Income statement data:							
Revenues:							
New vehicles	$687,850	$1,820,393	$2,439,729	$2,786,916	$562,490	$579,115	$624,487
Used vehicles	221,828	787,029	1,064,102	1,223,054	243,070	285,954	308,987
Parts, service and collision repair	156,037	341,506	434,478	482,124	98,746	118,243	125,471
Finance and insurance, net	19,149	63,206	89,481	97,093	19,732	23,554	24,373
Total revenues	1,084,864	3,012,134	4,027,790	4,589,187	924,038	1,006,866	1,083,318
Gross profit	155,291	441,168	597,539	670,152	136,780	156,540	165,963
Income from operations	21,236	81,564	121,885	143,361	29,493	30,231	33,145
Income before minority interest and extraordinary loss	18,118	37,420	37,954	32,994	11,101	7,615	6,422
Net income	3,081	16,148	28,927	32,994	3,896	6,182	5,562
Income (loss) per common share-basic	n/a	n/a	n/a		n/a	n/a	
Other data:							
Gross profit margin	14.3%	14.6%	14.8%	14.6%	14.8%	15.5%	15.3%
Operating income margin	2.0%	2.7%	3.0%	3.1%	3.2%	3.0%	3.1%
New vehicle retail units sold	27,734	71,604	96,614	108,142	21,679	21,854	23,234
Used vehicle retail units sold	15,205	45,186	57,808	65,956	13,676	14,963	16,200

	As of March 31, 2001	
	Actual	Pro Forma As Adjusted
	($ in thousands)	
Balance sheet data:		
Inventories	$532,319	$577,143
Total current assets	762,815	837,818
Property and equipment, net	220,329	226,805
Total assets	1,408,378	1,527,220
Floor plan notes payable	486,223	518,443
Total current liabilities	606,315	639,429
Total long-term debt, including current portion	469,268	440,727
Total equity	326,261	427,226

RISK FACTORS

You should carefully consider the following risks and other information in this prospectus before deciding to invest in shares of our common stock. If any of the following risks and uncertainties actually occur, our business' financial condition or operating results could be materially and adversely affected. In this event, the trading price of our common stock could decline, and you could lose part or all of your investment.

RISKS RELATED TO OUR DEPENDENCE ON VEHICLE MANUFACTURERS

IF WE FAIL TO OBTAIN RENEWALS OF ONE OR MORE OF OUR FRANCHISE AGREEMENTS FROM VEHICLE MANUFACTURERS ON FAVORABLE TERMS, OR IF ONE OR MORE OF OUR FRANCHISE AGREEMENTS ARE TERMINATED, OUR OPERATIONS COULD BE SIGNIFICANTLY COMPROMISED.

Each of our dealerships operates under the terms of a franchise agreement with the manufacturer (or manufacturer-authorized distributor) of each of its vehicle brands. Our dealerships may obtain new vehicles from manufacturers, sell new vehicles and display vehicle manufacturers' trademarks only to the extent permitted under franchise agreements. As a result of our dependence on these franchise rights, manufacturers exercise a great deal of control over our day-to-day operations, and the terms of our franchise agreements implicate key aspects of our operations, acquisition strategy and capital spending.

Each of our franchise agreements provides 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 franchise agreements or that we will be able to obtain renewals on favorable terms. Specifically, many of our franchise agreements provide that the manufacturer may terminate the agreement, or direct us to divest the subject dealerships, if the dealership undergoes a change of control. Provisions such as these may provide manufacturers with superior bargaining positions in the event that they seek to terminate our franchise agreements or renegotiate the agreements on terms that are disadvantageous to us. Some of our franchise agreements also provide the manufacturer with the right to purchase from us any franchise we seek to sell. Our results of operations could be materially and adversely affected to the extent that our franchise rights become compromised or our operations restricted due to the terms of our franchise agreements.

MANUFACTURERS' STOCK OWNERSHIP RESTRICTIONS LIMIT OUR ABILITY TO ISSUE ADDITIONAL EQUITY, WHICH COULD HAMPER OUR ABILITY TO MEET OUR FINANCING NEEDS.

Some of our automobile franchise agreements prohibit transfers of any ownership interests of a dealership or, in some cases, its parent. The most prohibitive restriction, which has been imposed by various manufacturers, provides that, under certain circumstances, we may lose a 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) without the approval of the applicable manufacturer. This trigger level can fall to as low as 5% if another vehicle manufacturer is the entity acquiring the ownership interest.

Violations by our stockholders or prospective stockholders (including vehicle manufacturers) of these restrictions are generally outside of our control and may result in the termination or non-renewal of one or more franchises, which could have a material adverse effect on us. We cannot assure you that manufacturers will grant the approvals required for such acquisitions. Moreover, if we are unable to obtain the requisite approval in a timely manner we may not be able to issue additional equity in the time necessary to take advantage of a market opportunity dependent on ready financing or an equity issuance. 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.

MANUFACTURERS' RESTRICTIONS ON ACQUISITIONS COULD LIMIT OUR FUTURE GROWTH.

We are required to obtain the consent of the applicable manufacturer before we can acquire any additional dealership franchises. We cannot assure you that manufacturers will consent to future acquisitions which could deter us from being able to take advantage of a market opportunity. Obtaining manufacturer consent for acquisitions could also take a significant amount of time which could negatively affect our ability to acquire as attractive target. In addition, under an applicable franchise

agreement or under state law, a manufacturer may have a right of first refusal to acquire a dealership that we seek to acquire.

Many vehicle manufacturers place limits on the total number of franchises that any group of affiliated dealerships may obtain. A manufacturer may place generic limits on the number of franchises or share of total franchises or 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. Our current franchise mix has caused us to reach the present franchise ceiling, set by agreement or corporate policy, with Acura, and we are close to our franchise ceiling with Toyota and Jaguar. We may have difficulty, or it may be impossible, for us to obtain additional franchises from manufacturers once we reach their franchise ceilings.

As a condition to granting their consent to our acquisitions, a number of manufacturers may impose additional restrictions on us. Manufacturers' restrictions typically prohibit:

- material changes in our company or extraordinary corporate transactions such as a merger, sale of a substantial amount of assets or any change in our board of directors or management that could have a material adverse effect on the manufacturer's image or reputation or could be materially incompatible with the manufacturer's interests;

- the removal of a dealership general manager without the consent of the manufacturer; and

- the use of dealership facilities to sell or service new vehicles of other manufacturers.

THE RESULTS OF OUR NEW VEHICLE SALES OPERATIONS ARE RELIANT ON THE OVERALL PERFORMANCE OF MANUFACTURERS' PRODUCTS.

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 gross revenue and lead to sales of higher-margin products and services such as finance and insurance products and repair and maintenance services. 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. Further, in 2000, Honda, Ford, Toyota and Nissan accounted for 17%, 13%, 10% and 8% of our revenues from new vehicle sales, respectively. No other franchise accounted for more than 5% of our total new vehicle retail sales revenue in 2000. If one or more vehicle lines that separately or collectively account for a significant percentage of our new vehicle sales suffer from decreasing consumer demand, our results of operations could be materially and adversely affected.

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 AUTOMOBILE MANUFACTURERS DISCONTINUE INCENTIVE PROGRAMS, OUR SALES VOLUME AND/OR PROFIT MARGIN ON EACH SALE 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;

- warranties on new and used vehicles; and

- sponsorship of used vehicle sales by authorized new vehicle dealers.

A reduction or discontinuation of key manufacturers' incentive programs may materially and adversely affect our profitability.

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 could materially and adversely effect our results of operations.

OUR FAILURE TO MEET A MANUFACTURER'S CONSUMER SATISFACTION AND FINANCIAL AND SALES PERFORMANCE REQUIREMENTS MAY ADVERSELY AFFECT OUR ABILITY TO ACQUIRE NEW DEALERSHIPS AND OUR PROFITABILITY.

Many manufacturers attempt to measure customers' satisfaction with their sales and warranty service experiences through rating systems which are generally known as consumer satisfaction indexes, or CSI, which augment manufacturers' monitoring of dealerships' financial and sales performance. Manufacturers may use these performance indicators as a factor in evaluating applications for additional 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 an acquisition of one of its franchises if it determines our dealerships do not comply with the manufacturer's performance standards. This could materially and adversely affect our acquisition strategy. In addition, we receive payments from the manufacturers based, in part, on CSI scores, and future payments could be materially reduced or eliminated if our CSI scores decline.

IF STATE DEALER LAWS ARE REPEALED OR WEAKENED, OUR DEALERSHIPS WILL BE MORE SUSCEPTIBLE TO TERMINATION, NON-RENEWAL OR RE-NEGOTIATION OF THEIR FRANCHISE AGREEMENTS.

Manufacturers' lobbying efforts may lead to the repeal or revision of state dealer laws to our detriment. 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 dealerships to renew their franchise agreements upon expiration.

RISKS RELATED TO OUR ACQUISITION STRATEGY

RISKS ASSOCIATED WITH ACQUISITIONS MAY HINDER OUR ABILITY TO INCREASE REVENUES AND EARNINGS.

The automobile retailing industry is considered a mature industry in which minimal growth is expected in industry unit sales. Accordingly, our future growth depends in large part on our ability to acquire additional dealerships, as well as on our ability to manage expansion, control costs in our operations and consolidate both completed and anticipated tuck-in acquisitions into existing operations. In pursing a strategy of acquiring other dealerships, we face risks commonly encountered with growth through acquisitions. These risks include, but are not limited to:

- incurring significantly higher capital expenditures and operating expenses;
- failing to integrate the operations and personnel of the acquired dealerships;
- entering new markets with which we are unfamiliar;
- incurring undiscovered liabilities at acquired dealerships;
- disrupting our ongoing business;
- diverting our management resources;
- failing to maintain uniform standards controls and policies;
- impairing relationships with employees, manufacturers and customers as a result of changes in management;
- causing increased expenses for accounting and computer systems;
- failing to obtain manufacturers' consents to acquisitions of additional franchises; and
- incorrectly valuing acquired entities.

We may not adequately anticipate all the demands that our growth will impose on our systems, 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, our business could be materially and adversely affected.

THERE ARE LIMITATIONS ON OUR FINANCIAL RESOURCES AVAILABLE FOR ACQUISITIONS.

We intend to finance our acquisitions by issuing shares of common stock as full or partial consideration for acquired dealerships. The extent to which we will be able or willing to issue common stock for acquisitions will depend on the market value of the 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. Since we may focus on large platform acquisitions, it is possible that we will issue a significant number of additional shares of common stock in connection with such acquisitions in the near future. The additional shares of common stock could be as much as, or more than, the number of outstanding shares of common stock available immediately after the offering. Moreover, manufacturer consent is required before we can acquire additional dealerships and, in some cases, to issue additional equity. See "Risk Factors -- Manufacturers' restrictions on acquisitions could limit our future growth," and "Risk Factors -- Manufacturers' stock ownership restrictions limit our ability to issue additional equity, which could hamper our ability to meet our financing needs." We may be required to use available cash or other sources of debt or equity financing. We cannot assure you that we will be able to obtain additional financing by issuing stock or debt securities, and using cash to complete acquisitions could substantially limit our operating or financial flexibility. If we are unable to obtain financing on acceptable terms, we may be required to reduce the scope of our presently anticipated expansion, which could materially and adversely affect our growth strategy.

We are dependent to a significant extent on our ability to finance our inventory. Automotive retail inventory financing involves borrowing significant sums of money in the form of "floor plan" financing. Floor plan financing is how a dealership finances its purchase of new vehicles from a manufacturer. The dealership borrows money to buy a particular vehicle from the manufacturer and pays off the loan when it sells that particular vehicle, paying interest during the interim period. We must obtain new floor plan financing or obtain consents to assume such financing in connection with our acquisition of dealerships. Our pledging of substantially all our inventory and other assets to obtain this financing could impede our ability to borrow from other sources.

OUR SUBSTANTIAL INDEBTEDNESS COULD LIMIT OUR ABILITY TO OBTAIN FINANCING FOR ACQUISITIONS AND WILL REQUIRE THAT A SIGNIFICANT PORTION OF OUR CASH FLOW BE USED FOR DEBT SERVICE.

We have substantial indebtedness and, as a result, significant debt service obligations. As of March 31, 2001, we had approximately $969.6 million of total indebtedness outstanding. Of this amount, $486.2 represents floor plan financing. Our total indebtedness outstanding (excluding floor plan financing) is equal to approximately 60% of our total capitalization plus short-term debt. As of March 31, 2001, after giving pro forma effect to this offering and the application of the net proceeds to us, our total indebtedness would have been approximately [ ] million ([ ] million, excluding floor plan financing), representing approximately [ ]% of total capitalization. We could incur substantial additional indebtedness in the future. We will have substantial debt service obligations, consisting of cash payments of principal and interest for the foreseeable future.

The terms of our borrowing facilities also place restrictions on our ability to engage in specific corporate transactions. In particular, the facilities prohibit us from paying dividends, undergoing a change of control and disposing of significant assets or subsidiaries.

The degree of our financial leverage and, as a result, significant debt service obligations, could have a significant impact on our financial results and operations, including:

- limiting our ability to obtain additional financing to fund our growth strategy, working capital requirements, capital expenditures, acquisitions, debt service requirements or other general corporate requirements;

- limiting our ability to use operating cash flow in other areas of our business because we must dedicate a substantial portion of those funds to fund debt service obligations; and

- increasing our vulnerability to adverse economic and industry conditions.

OUR ACQUISITION STRATEGY MAY BE MATERIALLY AND ADVERSELY IMPACTED BY ESCALATING ACQUISITION COSTS.

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

THE LOSS OF KEY PERSONNEL AND LIMITED MANAGEMENT AND PERSONNEL RESOURCES COULD ADVERSELY AFFECT OUR OPERATIONS AND GROWTH.

Our success depends to a significant degree upon the continued contributions of our management team, particularly our senior management, and service and sales personnel. Additionally, manufacturer franchise agreements may require the prior approval of the applicable manufacturer before any change is made in dealership general managers. We do not have employment agreements with most of our dealership managers and other key dealership personnel. Consequently, the loss of the services of one or more of these key employees could materially and adversely affect our results of operations.

In addition, we may need to hire additional managers as we expand. 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 could materially and adversely affect our results of operations.

SUBSTANTIAL COMPETITION IN AUTOMOBILE SALES 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 selling the same or similar new and used vehicles that we offer in our markets;

- other national or regional affiliated groups of franchised dealerships;

- privately negotiated sales of used vehicles;

- 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 franchise agreements do not grant us the exclusive right to sell a manufacturer's product within a given geographic area. Our revenues or profitability could be materially and adversely affected if any of the manufacturers that supply vehicles to our dealerships award franchises to competing dealerships in the same markets where we operate. A similar adverse effect could occur if existing competing franchised dealers increase their market share in our markets. Our gross margins may decline over time as we expand into markets where we do not have a leading position. These and other competitive pressures could materially and adversely affect the results of our operations.

RISKS RELATED TO THE AUTOMOTIVE INDUSTRY

THE CYCLICAL AND LOCAL NATURE OF VEHICLE SALES MAY ADVERSELY AFFECT OUR PROFITABILITY.

Retail vehicle sales are cyclical and historically have experienced periodic downturns characterized by oversupply and weak demand. Many factors affect the industry, including general economic conditions and consumer confidence, the level of discretionary personal income and credit availability. Future recessions may have a material adverse effect on our business, particularly sales of new and used automobiles, sales of trucks and bulk sales of vehicles to corporate customers. Furthermore, higher gasoline prices may lead to a reduction in automobile purchases or a shift in buying patterns from luxury/SUV models (which typically provide high profit margins to retailers) to smaller, more economical vehicles (which typically have lower margins).

Our performance is also subject to local economic, competitive and other conditions prevailing in our platforms' particular geographic areas. Our dealerships currently are located primarily in the Atlanta, Austin, Chapel Hill, Dallas-Fort Worth, Greensboro, Houston, Jackson, Jacksonville, Little Rock, Orlando, Raleigh, Richmond, Portland, St. Louis and Tampa markets. Although we intend to pursue acquisitions outside of these markets, our current operations are based in these areas. As a consequence, our results of operations depend substantially on general economic conditions and consumer spending levels in the Southeast and Texas, and to a lesser extent in the

Northwest and Midwest.

THE SEASONALITY OF THE AUTOMOBILE RETAIL BUSINESS GENERALLY REDUCES OUR FIRST AND FOURTH QUARTER REVENUES.

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.

IMPORT PRODUCT RESTRICTIONS AND FOREIGN TRADE RISKS MAY IMPAIR OUR ABILITY TO SELL FOREIGN VEHICLES PROFITABLY.

A significant portion of our new vehicle business will involve the sale of vehicles, parts or vehicles composed of parts that are manufactured outside the United States. As a result, our operations will be

subject to customary risks of importing merchandise, including fluctuations in the relative values of currencies, import duties, exchange controls, trade restrictions, work stoppages and general political and socio-economic conditions in foreign countries. The United States or the countries from which our products are imported may, from time to time, impose new quotas, duties, tariffs or other restrictions, or adjust presently prevailing quotas, duties or tariffs, which could affect our operations and our ability to purchase imported vehicles and/or parts.

OUR CAPITAL COSTS AND RESULT OF OPERATIONS MAY BE MATERIALLY AND ADVERSELY AFFECTED BY A RISING INTEREST RATE ENVIRONMENT.

We finance our purchases of new and, to a lesser extent, used vehicle inventory under a floor plan borrowing arrangement under which we are charged interest at floating rates. We obtain capital for acquisitions and for some working capital purposes under a similar arrangement. As a result, our debt service expenses could rise with increases in interest rates. 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 could have the effect of simultaneously increasing our costs and reducing our revenues.

GENERAL RISKS RELATED TO INVESTING IN OUR STOCK

WE WILL BE CONTROLLED BY RIPPLEWOOD HOLDINGS L.L.C., WHICH MAY HAVE INTERESTS DIFFERENT FROM YOUR INTERESTS.

After the completion of the offering, Asbury Automotive Holdings L.L.C., a controlled affiliate of Ripplewood Holdings L.L.C., will own [ ]% of our common stock, and certain platform principals, consisting of the former owners of our platforms and members of their management teams, will collectively own [ ]% of our common stock, assuming no exercise of the underwriters' over-allotment option. We do not know Asbury Automotive Holdings' future plans as to its holdings of our common stock and cannot give you any assurances that its actions will not negatively affect our common stock in the future. For example, Asbury Automotive Holdings has from time to time had discussions with competitors regarding potential business combinations.

Pursuant to a stockholders agreement among us, Asbury Automotive Holdings and the platform principals, the platform principals are required to vote their shares in accordance with Asbury Automotive Holdings' instructions with respect to:

- persons nominated by Asbury Automotive Holdings to our board of directors (and persons nominated against Asbury Automotive Holdings' nominees); and

- any matter to be voted on by the holders of our common stock, whether or not the matter was initiated by Asbury Automotive Holdings.

Asbury Automotive Holdings' level ownership of our stock could negatively affect our stock price due to the perception of "market overhang," that is, the perception that large blocks of shares are available for prompt disposal, or in the event that it disposes of all or a substantial portion of its common stock at any time or from time to time.

CONCENTRATION OF VOTING POWER AND ANTI-TAKEOVER PROVISIONS OF OUR CHARTER, BYLAWS, DELAWARE LAW AND OUR FRANCHISE AGREEMENTS MAY REDUCE THE LIKELIHOOD OF ANY POTENTIAL CHANGE OF CONTROL.

When this offering is completed, Ripplewood, through its control of Asbury Automotive Holdings, will control [ ]% of our common stock. Further, under the stockholders agreement, Ripplewood will have the power to cause the platform principals (who, together with Ripplewood will collectively hold [ ]% of our common stock after this offering is completed, assuming no exercise of the underwriters' over-allotment option) in favor of Ripplewood's nominees to our board of directors.

Provisions of our charter and bylaws may have the effect of discouraging, delaying or preventing a change in control of us or unsolicited acquisition proposals that a stockholder might consider favorable. These include provisions:

- permitting the removal of a director from office only for cause;
- vesting the board of directors with sole power to set the number of directors;

- limiting the persons who may call special stockholders' meetings;
- limiting stockholder action by written consent; and
- requiring formal advance notice for nominations for election to our board of directors or for proposing matters that can be acted upon at stockholders' meetings.

In addition, Delaware law makes it difficult for stockholders who have recently acquired a large interest in a corporation to cause the merger or acquisition of the corporation against the directors' wishes. Furthermore, our board of directors has the authority to issue shares of preferred stock in one or more series and to fix the rights and preferences of the shares of any such series without stockholder approval. Any series of preferred stock is likely to be senior to the common stock with respect to dividends, liquidation rights and, possibly, voting rights. Our board's ability to issue preferred stock could also have the effect of discouraging unsolicited acquisition proposals, thus adversely affecting the market price of the common stock. Finally, restrictions imposed by some of our dealer agreements may impede or prevent any potential takeover bid.

Under the terms of the options granted under our 2001 option plan, many option grants will fully vest and become immediately exercisable upon a change in control of us, which, together with severance arrangements and other change of control provisions contained in several of our employment agreements with our executives, may further deter a potential acquisition bid.

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 laws and environmental requirements governing, among other things, discharges into the air and water, above ground 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 properties violate these laws and regulations, we could 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. We believe that all of our platforms, the first of which we acquired in 1996, comply in all material respects with all applicable laws and regulations relating to our business, but future laws and regulations may be more stringent and require us to incur significant additional costs.

SHARES ELIGIBLE FOR FUTURE SALE MAY CAUSE THE MARKET PRICE OF OUR COMMON STOCK TO DROP SIGNIFICANTLY, EVEN IF OUR BUSINESS IS DOING WELL.

Sales of substantial amounts of common stock in the public market subsequent to the offering could adversely affect the market price of the common stock. After the offering is concluded, we will have [ ] shares of common stock outstanding ([ ] shares if the underwriters' over-allotment option is exercised in full). Of these shares, the [ ] shares of common stock offered hereby ([ ] shares if the underwriters' over-allotment option is exercised in full) will be freely tradable without restriction or further registration under the Securities Act, except for shares held by persons deemed to be "affiliates" of us or acting as "underwriters," as those terms are defined in the Securities Act and related rules. The remaining [ ] shares of common stock outstanding will be "restricted securities" within the meaning of Rule 144 under the Securities Act and will be eligible for resale subject to the volume, manner of sale, holding period and other limitations of Rule 144. Currently, [ ] shares of our common stock are issuable under existing stock options granted to certain executive officers and employees. An additional [ ] shares of common stock are reserved for issuance to employees under our 2001 Stock Option Plan, and options for [ ] shares of common stock will be granted pursuant to that plan at the time of the offering. See "Shares Eligible for Future Sale."

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about the industry in which we operate, management's beliefs and assumptions made by management. Such statements include, in particular, statements about our plans, strategies and prospects under the headings "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Shares Eligible for Future Sale" and "Underwriting." Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results

may differ materially from what is expressed or forecasted in such forward-looking statements. Except as required under the federal securities laws and the rules and regulations of the Securities and Exchange Commission, we do not have any intention or obligation to update publicly any forward-looking statements after we distribute this prospectus, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

We estimate that our proceeds from the sale of [ ] shares of common stock in this offering (at an assumed offering price of $[ ] per share), after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $[ ] million, or $[ ] million if the underwriters exercise their over-allotment option in full. We will not receive any proceeds from the sale of [ ] shares of common stock by the selling stockholders ([ ] shares if the underwriters exercise their over-allotment option in full). We are required to apply a minimum of 80% of the net proceeds to us to repay part of the debt we incurred under our $550 million credit facility, which we use to fund acquisitions, from Ford Motor Credit Company, Chrysler Financial Company, L.L.C. and General Motors Acceptance Corporation, in accordance with the terms of that facility. Upon repayment of the credit facility, additional funds will be available for re-borrowing in accordance with the terms of the credit facility. See

"Management's Discussion and Analysis of Financial Condition and Results of Operations -- Credit Facilities" on page 29. We will use the remaining net proceeds to us for working capital, possible acquisitions and general corporate purposes.

DIVIDEND POLICY

We intend to retain all our earnings to finance the growth and development of our business, including future acquisitions. Our acquisition financing credit facility prohibits us from declaring or paying cash dividends or other distributions to our stockholders. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any future change in our dividend policy will be made at the discretion of our board of directors and will depend on the then applicable contractual restrictions on us 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.

DILUTION

Our pro forma net tangible book value as of March 31, 2001, was $[ ] per share of common stock. Pro forma net tangible book value per share represents our pro forma tangible net worth (pro forma tangible assets less pro forma total liabilities), divided by the total number of shares of our common stock outstanding.

Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers of shares of common stock in this offering and the net tangible book value per share of common stock immediately after the completion of this offering. After giving effect to the sale by us of [ ] shares of common stock at an assumed initial public offering price of $[ ] per share, and after deducting the underwriting discounts and estimated offering expenses payable by us, our pro forma net tangible book value as of March 31, 2001, as adjusted would have been approximately $[ ], or $[ ] per share of common stock. This represents an immediate increase in pro forma net tangible book value of $[ ] per share to existing stockholders and immediate dilution of $[ ] per share to new investors purchasing common stock in this offering. If all outstanding stock options were exercised, pro forma tangible net book value would be further diluted by $[ ] per share to $[ ] per share.

The following table illustrates the pro forma per share dilution:

Assumed initial public offering price per share	$-
Pro forma net tangible book value per share before giving effect to the offering and the related expenses	$-
Increase in pro forma net tangible book value per share attributable to new investors	$-
Pro forma net tangible book value per share after giving effect to the offering	$-
Dilution per share to new investors	$-

The following table summarizes as of March 31, 2001 on a pro forma basis, the following:

- o the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid to us by existing stockholders; and
- o the number of shares to be purchased and the total consideration to be paid by new investors purchasing shares of common stock from us in this offering (before deducting estimated underwriting discounts and offering expenses).

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	_____	_____%	$_____	_____%	$_____
New investors	_____	_____%	_____	_____%	_____
Total	$	100.0%	$	100.0%	$

The preceding table assumes that the underwriters will not exercise their over-allotment option and does not reflect (a) options issued under our 1999 Option Plan for [ ] shares of common stock with a weighted average exercise price of [ ] per share and (b) [ ] shares of common stock reserved for issuance under our 2001 Stock Option Plan, under which options for [ ] shares of common stock will be issued on the date hereof at the offering price set forth on the cover page hereof.

CAPITALIZATION

The following table sets forth, as of March 31, 2001, (a) our historical capitalization as a limited liability company, (b) our pro forma capitalization which gives effect to our completed and currently probable acquisitions after March 31, 2001, (c) our pro forma as adjusted capitalization which gives effect to our conversion to a corporation and our issuance and sale of [ ] shares of common stock offered hereby (at an assumed initial public offering price of $[ ] per share, the midpoint of the range of the initial public offering price set forth on the cover page of this prospectus, and after deducting the underwriting discount and estimated expenses of the offering) and (d) the application of the net proceeds of this offering as described under the heading "Use of Proceeds."

	As of March 31, 2001		
	Historical	Pro Forma	Pro Forma As Adjusted
	($ in thousands)		
Short-term debt (including current portion of long-term debt) (1)	$29,342	$29,342	$29,342
Long-term debt	$454,081	$500,540	$425,540
Equity			
Contributed capital	303,245	308,245	-
Preferred stock, par value $.01 per share, [ ] shares authorized; no shares issued or outstanding	--	--	--
Common stock, par value $.01 per share, [ ] shares authorized; [ ] shares issued and outstanding, pro forma; [ ] shares issued and outstanding, pro forma as adjusted (2)	--	--	[ ]
Additional paid-in capital	--	--	[ ]
Retained earnings	23,016	23,016	28,981
Total equity	326,261	331,261	[ ]
Total capitalization	$780,342	$831,801	$ [ ]

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(1) Does not include floor plan notes payable of $486,223, $518,443 and $518,443, respectively, relating to inventory financing.

(2) Does not include (a) options issued under our 1999 Option Plan for [ ] shares of common stock with a weighted average exercise price of [ ] per share, and (b) [ ] shares of common stock reserved for issuance under our 2001 Stock Option Plan, under which options for [ ] shares of common stock will be issued on the date hereof at the offering price set forth on the cover page hereof.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth our historical selected consolidated data for the periods indicated. The data from the years ended December 31, 1997, 1998, 1999 and 2000 are derived from our audited financial statements, some of which are included elsewhere in this prospectus. The financial statements for the years ended 1997, 1998, 1999 and 2000 were audited by Arthur Andersen LLP, independent public accountants. The data for the three months ended March 31, 2000, and 2001 are derived from unaudited financial statements included elsewhere in this prospectus, which in management's opinion, include all adjustments, consisting of only normally recurring adjustments, necessary for a fair presentation.

We consider the Nalley (Atlanta) platform, our first platform, which we acquired on February 20, 1997, to be our predecessor. The results of the Nalley franchise for the period between January 1, 1996, to February 20, 1997, are set forth in footnote 1 and were audited by Dixon Odom P.L.L.C. The historical selected financial information may not be indicative of our future performance. The information should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements, the unaudited interim consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year Ended December 31,				Three Months Ended March 31,	
Income Statement Data:	1997(1)	1998	1999	2000	2000	2001
Revenues:						
New vehicles	$298,967	$687,850	$1,820,393	$2,439,729	$562,490	$579,115
Used vehicles	91,933	221,828	787,029	1,064,102	243,070	285,954
Parts, service and collision repair	69,425	156,037	341,506	434,478	98,746	118,243
Finance and insurance, net	4,304	19,149	63,206	89,481	19,732	23,554
Total revenues	464,629	1,084,864	3,012,134	4,027,790	924,038	1,006,866
Cost of sales (2)	411,739	929,573	2,570,966	3,430,251	787,258	850,326
Gross profit	52,890	155,291	441,168	597,539	136,780	156,540

Depreciation and amortization	1,118	6,303	16,161	24,249	4,967	7,007
Selling, general and administrative expenses	45,432	127,752	343,443	451,405	102,320	119,302
Income from operations	6,340	21,236	81,564	121,885	29,493	30,231
Floor plan interest expense	(4,160)	(7,730)	(22,982)	(36,968)	(7,678)	(9,489)

Other interest expense	(698)	(7,104)	(24,703)	(42,009)	(7,817)	(12,489)
Equity investment losses, net	--	--	(616)	(6,066)	(3,587)	(1,000)
Gain (loss) on sale of assets	54	9,307	2,365	(1,533)	7	16
Other income, net	787	2,409	3,571	6,156	1,704	1,514
Total other expense, net	(4,017)	(3,118)	(42,365)	(80,420)	(17,371)	(21,448)
Income before income taxes, minority interest and extraordinary loss	2,323	18,118	39,199	41,465	12,122	8,783
Income taxes (3)	--	--	1,779	3,511	1,021	1,168
Minority interest in subsidiary earnings (4)	801	14,303	20,520	9,027	7,205	--
Income before extraordinary loss	1,522	3,815	16,900	28,927	3,896	7,615
Extraordinary loss on early extinguishment of debt	--	(734)	(752)	--	--	(1,433)
Net income	$1,522	$3,081	$16,148	$28,927	$3,896	$6,182

Balance Sheet Data:	As of December 1996	1997	1998	1999	2000	As of March 31, 2001
	($ in thousands)					
Inventories (2)	$6,428	$73,303	$255,878	$434,234	$554,141	$532,319
Total current assets	11,285	108,494	391,151	616,060	776,943	762,815
Property and equipment, net	436	29,907	125,410	141,786	215,149	220,329
Total assets	17,988	162,835	709,457	1,034,606	1,404,200	1,408,378
Floor plan notes payable	7,263	66,305	232,297	385,263	499,332	486,223
Total current liabilities	8,972	85,503	323,061	497,376	625,574	606,315
Total long-term debt, including current portion	1,568	22,798	223,523	307,648	455,374	469,268
Total equity	7,448	36,957	127,380	198,113	321,882	326,261

(1) Selected financial data for the Nalley platform predecessor, exclusive of the results from October 1, 1996, of a single Nalley Jeep dealership we acquired on September 30, 1996, is as follows:

	Year Ended December 31, 1996	Period from January 1, 1997 February 20, 1997
Total revenues	$343,333	$43,092
Income from operations	5,801	1,138
Total assets	79,708	
Long-term debt	11,443	

(2) When we convert from a limited liability company to a corporation, we will change our method of valuation of certain of our inventories from "last-in, first-out," or LIFO, to "first-in, first-out," or FIFO.

(3) Prior to this offering, we consisted primarily of a group 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. Under this structure, such companies and partnerships were not subject to income taxes, but instead, our owners were taxed on their respective distributive shares of Asbury Automotive Group L.L.C.'s taxable income. Therefore, no provision for federal or state income taxes has been included in the historical financial statements of the limited liability companies and partnerships. Immediately prior to the offering, we changed our tax status to corporation status, and now provide for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

(4) On April 30, 2000, the then parent company and the minority owners of our subsidiaries reached an agreement whereby their respective equity interests were transferred into escrow and subsequently into Asbury Automotive Oregon L.L.C. in exchange for equity interests in Asbury Automotive Oregon, which we refer to as the "minority member transaction." Following the minority member transaction, the then parent company changed its name to Asbury Automotive Holdings L.L.C. and Asbury Automotive Oregon L.L.C. changed its name to Asbury Automotive Group L.L.C. Substantially all minority interests were eliminated effective April 30, 2000, in connection with the minority member transaction.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information gives effect to (a) our acquisition of the Hutchinson Automotive Group as if it was completed on January 1, 2000, (b) the minority member transaction (as described in Note 3 of our Notes to Consolidated Financial Statements) as if it was consummated as of January 1, 2000, (c) all of our individually insignificant 2000 and 2001 acquisitions including all currently probable acquisitions, all as if they were consummated on January 1, 2000, (d) the change in our valuation of certain of our inventories from "last-in, first-out" or LIFO to "first-in, first-out" or FIFO, upon conversion to a corporation, (e) the change in our tax status resulting from our conversion to a corporation, (f) the conversion of certain executives' carried interests into options for our common stock and (g) the offering, including the use of a portion of the net proceeds to us (assuming net proceeds to us of $90 million) to reduce debt outstanding as required by our acquisition financing credit facility, which is used to fund acquisitions, in accordance with the terms of that facility. The information, other than the individually insignificant acquisitions, is based upon our historical financial statements and should be read in conjunction with our historical financial statements, the historical financial statements of Hutchinson Automotive Group, the related notes, and other information contained elsewhere in this prospectus.

The unaudited pro forma financial information is not necessarily indicative of what our actual financial position or results of operations would have been had all of the previously mentioned acquisitions and this offering occurred on the dates previously mentioned, nor does it give effect to (a) any pending transactions other than the previously mentioned acquisitions or this offering and (b) our results of operations since March 31, 2001, or (c) the results of final valuations of all assets and liabilities of the aforementioned acquisitions and the minority member transaction. We may revise the allocation of the purchase price of these acquisitions when additional information becomes available in accordance with Accounting Principles Board Opinion No. 16. Accordingly, the pro forma financial information is not intended to be indicative of the financial position or results of operations as of today's date, as of the offering, or any period ending at the offering, or as of or for any other future date or period.

UNAUDITED PRO FORMA BALANCE SHEET
AS OF MARCH 31, 2001
($ IN THOUSANDS)

	Asbury	2001 Individually Insignificant Acquisitions (1)	Pro Forma Adjustments (2)	Pro Forma Combined	Other Pro Forma Adjustments	Pro Forma As Adjusted
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$122,347	$1,125	$1,009	$124,481	$15,000 (3)	$139,481
Accounts receivable	86,943	2,788		89,731		89,731
Inventories	532,319	36,313		568,632	8,511 (4)	577,143
Prepaid and other current assets	21,206		200	21,406	10,057 (5)	31,463
Total current assets	762,815	40,226	1,209	804,250	33,568	837,818
PROPERTY AND EQUIPMENT, net	220,329	6,476		226,805		226,805
GOODWILL, net	362,799		36,956	399,755		399,755
OTHER ASSETS	62,435	127	280	62,842		62,842

Total assets	$1,408,378	$46,829	$38,445	$1,493,652	$33,568	$1,527,220
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Floor plan notes payable	$486,223	$33,213	$(993)	$518,443		$518,443
Short-term debt	14,155			14,155		14,155
Current maturities long-term debt	15,187			15,187		15,187
Accounts payable	41,309	133		41,442		41,442
Accrued liabilities	49,441	761		50,202		50,202
Total current liabilities	606,315	34,107	(993)	639,429		639,429
LONG-TERM DEBT	454,081		46,459	500,540	$(75,000)(3)	425,540
OTHER LIABILITIES	21,721	701		22,422	12,603 (5)	35,025
EQUITY						
Contributed capital	303,245	12,021	(7,021)	308,245	(308,245)(6)	-
Common Stock						

Additional paid-in capital					90,000 (3) 308,245 (6)	398,245
Retained earnings	23,016			23,016	8,511 (4) (2,546)(5)	28,981
Total equity	326,261	12,021	(7,021)	331,261	95,965	427,226
Total liabilities and equity	$1,408,378	$46,829	$38,445	$1,493,652	$33,568	$1,527,220

UNAUDITED PRO FORMA FINANCIAL STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2000
($ IN THOUSANDS EXCEPT PER SHARE DATA)

	Asbury	Hutchinson Automotive Group	2000 and 2001 Individually Insignificant Acquisitions (7)	Pro Forma Adjustments (8)	Pro Forma Combined	Other Pro Forma Adjustments	Pro Forma As Adjusted
REVENUES							
New vehicles	$2,439,729	$58,061	$289,126		$2,786,916		$2,786,916
Used vehicles	1,064,102	35,903	123,049		1,223,054		1,223,054
Parts, services and collision repair	434,478	8,285	39,361		482,124		482,124
Finance and insurance, net	89,481	1,713	5,899		97,093		97,093
Total revenues	4,027,790	103,962	457,435		4,589,187		4,589,187
COST OF SALES	3,430,251	89,362	401,522		3,921,135	$ (2,100)(4)	3,919,035
Gross profit	597,539	14,600	55,913		668,052	2,100	670,152
OPERATING EXPENSES:							
Selling, general and administrative	451,405	10,705	37,526		499,636		499,636
Depreciation and amortization	24,249	260	699	$ 1,947	27,155		27,155
Income from operations	121,885	3,635	17,688	(1,947)	141,261	2,100	143,361
OTHER INCOME (EXPENSE):							
Floor plan interest expense	(36,968)	(635)	(5,215)		(42,818)		(42,818)
Other interest expense	(42,009)		(177)	(7,941)	(50,127)	7,500 (3)	(42,627)
Equity investment losses, net	(6,066)				(6,066)		(6,066)
Gain (loss) on sale of assets	(1,533)		8		(1,525)		(1,525)
Other income, net	6,156	58	280		6,494		6,494
Total other expense, net	(80,420)	(577)	(5,104)	(7,941)	(94,042)	7,500	(86,542)
Income before income taxes and minority interest	41,465	3,058	12,584	(9,888)	47,219	9,600	56,819
INCOME TAX EXPENSE	3,511		45		3,556	20,269 (5)	23,825
MINORITY INTEREST IN SUBSIDIARY EARNINGS	9,027			(9,027) (9)			--
Net income	$28,927	$3,058	$ 12,539	$ (861)	$ 43,663	$(10,669)	$ 32,994

Earnings per common share -
Basic:
Weighted average shares outstanding
Net income

UNAUDITED PRO FORMA FINANCIAL STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2001
($ IN THOUSANDS EXCEPT PER SHARE DATA)

	Asbury	2001 Individually Insignificant Acquisitions (1)	Pro Forma Adjustments (2)	Pro Forma Combined	Other Pro Forma Adjustments	Pro Forma As Adjusted
REVENUES						
New vehicles	$579,115	$45,372		$624,487		$624,487
Used vehicles	285,954	23,033		308,987		308,987
Parts, services and collision repair	118,243	7,228		125,471		125,471
Finance and insurance, net	23,554	819		24,373		24,373
Total revenues	1,006,866	76,452		1,083,318		1,083,318
COST OF SALES	850,326	67,529		917,855	$ (500) (4)	917,355
Gross profit	156,540	8,923		165,463	500	165,963
OPERATING EXPENSES:						
Selling, general and administrative	119,302	6,206		125,508	(10)	125,508
Depreciation and amortization	7,007	84	$219	7,310		7,310
Income from operations	30,231	2,633	(219)	32,645	500	33,145
OTHER INCOME (EXPENSE):						
Floor plan interest expense	(9,489)	(919)		(10,408)		(10,408)
Other interest expense	(12,489)	(19)	(1,191)	(13,699)	1,875 (13)	(11,824)
Equity investment losses	(1,000)			(1,000)		(1,000)
Gain (loss) on sale of assets	16			16		16
Other income, net	1,514	7		1,521		1,521
Total other expense, net	(21,448)	(931)	(1,191)	(23,570)	1,875	(21,695)
Income before income taxes and extraordinary loss	8,783	1,702	(1,410)	9,075	2,375	11,450
INCOME TAX EXPENSE	1,168	--	--	1,168	3,860 (5)	5,028
Income before extraordinary loss	7,615	1,702	(1,410)	7,907	(1,485)	6,422
EXTRAORDINARY LOSS ON EARLY EXTINGUISHMENT OF DEBT, NET OF TAX BENEFIT	(1,433)	--	--	(1,433)	573 (5)	(860)
Net Income	$6,182	$1,702	$(1,410)	$6,474	$(912)	$5,562
Earnings per common share - Basic:						
Weighted average shares outstanding						
Net income						

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

(1) Reflects the impact of all acquisitions currently probable after April 1, 2001, as if these acquisitions were consummated on January 1, 2001 or as of March 31, 2001.

(2) Reflects the fair value adjustments to the 2001 individually insignificant acquisitions. The results of final valuations of all assets and liabilities of these acquisitions have not yet been completed. We may revise the allocation of the purchase price when additional information

becomes available.

(3) Adjustment to reflect the proceeds received by us from this offering (net of estimated fees and expenses of $10 million). Assumes a portion of our estimated net proceeds are used to reduce a portion of our borrowings as contractually required under our acquisition financing credit facility.

(4) Reflects adjustment to change the company's method of valuation of certain of its inventories from the "last-in, first-out", or LIFO method to the "first-in, first-out", or FIFO method upon conversion from a limited liability company to a corporation.

(5) Reflects an adjustment to change our tax status to corporation status and, accordingly provides for income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes". We currently consist primarily of a group of limited liability companies and partnerships (with us as parent), which are treated as one partnership for tax purposes. Under this structure, such companies and partnerships are not subject to income taxes but instead our members are taxed on their respective distributive shares of our taxable income.

(6) Reflects an adjustment to reclassify members' equity to common stock and additional paid-in capital due to the conversion from a limited liability company to a corporation.

(7) Reflects the impact of all acquisitions closed after January 1, 2000 and all acquisitions currently probable, other than the Hutchinson Automotive Group, as if all these acquisitions were completed on January 1, 2000.

(8) Reflects the fair value adjustments (a) to the historical financial statements of the Hutchinson Automotive Group and the 2000 and 2001 individually insignificant acquisitions and (b) for the minority member transaction. The results of final valuations of all assets and liabilities of the aforementioned acquisitions and the minority member transaction have not yet been completed. We may revise the allocation of the purchase price when additional information becomes available.

(9) Represents the elimination of minority interest effective January 1, 2000, in connection with the minority member transaction (see Note 3 of the Company's Notes to Consolidated Financial Statements).

(10) The pro forma consolidated statements of income include a non-recurring charge for compensation of $[ ] related to an arrangement whereby due to the offering, some of our senior executives participate in the increase in our value. See "Management--Employment Agreements" on page 50.

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

This management's discussion and analysis of financial condition and results of operations contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those described under "Risk Factors" beginning on page 7, and included in other portions of this prospectus.

OVERVIEW

We are a national automotive retailer, currently operating 126 franchises at 86 dealership locations in nine states and 15 markets in the U.S. We also operate 23 collision repair centers that serve our markets.

Our revenues are derived from sales of new and used cars, light trucks and replacement parts, providing vehicle maintenance, warranty, paint and repair services and arranging vehicle finance, insurance and service contracts for our automotive customers and the sale of heavy trucks.

Since inception, we have grown through the acquisition of nine large platforms and additional tuck-in acquisitions. All acquisitions were accounted for using the purchase method of accounting and as a result, the operations of the acquired dealerships are included in the consolidated statements of income commencing on the date acquired.

Prior to the completion of this offering, we consisted primarily of a group of limited liability companies and partnerships (with us as the parent), which were treated as one partnership for our tax purposes. Under this structure, our owners were taxed on their respective distributive shares of taxable income; however, neither we nor our limited liability companies and partnership subsidiaries were subject to income tax. The balance of our subsidiaries were "C" corporations under the provisions of the Internal Revenue Code and, accordingly provided for income taxes in accordance with Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes." Under the provisions of our limited liability company agreement, we had distributed cash to each owner equal to 50% of the owner's respective distributive share of taxable income to cover the owner's tax liabilities. Immediately prior to the offering, we changed our tax status to corporation status and will provide for federal and state income taxes for the entire company going forward. As a result of this change in our tax status, Asbury Automotive Group, Inc. will succeed to the historic tax basis of the assets held by Asbury Automotive Group L.L.C. (except as increased to reflect any gain recognized by our owners), but this basis will be substantially less than the fair market value of our assets.

Sales of motor vehicles (particularly new vehicles) have historically fluctuated with general macroeconomic conditions such as general business cycles, consumer confidence, availability of consumer credit, fuel prices and interest rates. Although these factors may impact our business, we believe that any future negative trends due to the above factors may be mitigated by revenues from our parts, service and collision repair operations, variable cost structure, regional diversity and advantageous franchise mix.

Our operations are subject to modest seasonal variations that are somewhat offset by our regional diversity. We typically generate more revenue and operating income in the second and third quarters than in the first and fourth quarters. Seasonality is based upon, among other things, weather conditions, manufacturer incentive programs, model changeovers and consumer buying patterns.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2001, COMPARED TO MARCH 31, 2000

REVENUES - Our revenues for the first quarter of 2001 increased $82.8 million or 9.0% over the first quarter of 2000. The increase was primarily due to $161.7 million of revenues from tuck-in acquisitions completed after January 1, 2000, partially offset by a decrease in revenues at dealerships owned prior to January 1, 2000 (same store), of $78.9 million or 9.1%. Same store revenue increases at three of our platforms (Texas, St. Louis and Jacksonville) were offset by significant same store decreases at (a) our Oregon platform (down $44.5 million) primarily due to changes in our business practices and restrictions in our sales policies, declining Ford sales related to the Firestone tire recall and the effect on employment and consumer spending in the Pacific Northwest from the technology downturn, (b) our Arkansas platform (down $14.4 million) due to declining demand in the local market, increased competition, and declining Ford sales related to the Firestone recall and (c) the Atlanta platform's heavy truck business (down $17.1 million) due to a cyclical downturn resulting from macroeconomic factors such as higher interest rates and fuel prices.

Same store revenues from vehicle sales were off 10.7% primarily due to the conditions noted above in Oregon, Arkansas and Atlanta. Overall, sales were impacted by declining demand in the automotive industry as the average seasonally adjusted annual rate of new vehicles sold in the U.S. declined from 18.3 million units in the first three months of 2000 to 17.2 million units for the comparable period in 2001. Despite this national decline, our Texas platform continued its strong performance with an $8.7 million or 9.9% increase in vehicle sales revenues over the prior year quarter. Finance and insurance revenues per vehicle retailed were $599 for the three months ended March 31, 2001, a 17% increase over the three months ended March 31, 2000.

Parts, service and collision repair revenues on a same store basis were up 4.6% in the first quarter of 2001 over the first quarter of 2000 due to a continued emphasis on those products. Seven of the eight platforms in our organization in 2000 generated an increase in the current quarter over the same quarter last year.

GROSS PROFIT - Total gross profit as a percentage of revenues for the three months ended March 31, 2001 was 15.5% as compared to 14.8% for the three months ended March 31, 2000. This increase is primarily attributable to a shift in product mix to higher margin parts, service and collision repair services and finance and insurance.

OPERATING EXPENSES - Selling, general and administrative expenses, or SG&A, as a percentage of revenues increased to 11.8% of revenues in the first quarter of 2001, from 11.1% in the first quarter of 2000. Contributing to this increase were increased variable compensation costs related to higher gross profit, higher advertising and insurance costs, and expense control initiatives in Oregon lagging behind revenue declines. The increase in depreciation and amortization is principally attributable to acquisitions completed after January 1, 2000.

OTHER INCOME (EXPENSE) - Floor plan interest expense increased to $9.5 million for the three months ended March 31, 2001, from $7.7 million for the three months ended March 31, 2000, primarily due to acquisitions completed after January 1, 2000, and a greater number of vehicles in inventory, partially offset by a slight decline in interest rates. Other interest expense increased by $4.7 million over the prior quarter principally due to increased borrowings used to fund acquisitions completed after January 1, 2000. Equity investment losses in the three months ended March 31, 2001, represent our share of losses in an automotive finance company while losses in the three months ended March 31, 2000, primarily reflect our share of losses in our investment in Greenlight.com, which was fully written off as of December 31, 2000. Other income, net primarily comprised of interest income was $1.5 million for the quarter ended March 31, 2001, as compared to $1.7 million for the quarter ended March 31, 2000.

YEAR ENDED DECEMBER 31, 2000, COMPARED TO YEAR ENDED DECEMBER 31, 1999

REVENUES - Our revenues for the year ended December 31, 2000, increased $1.02 billion or 33.7% over the year ended December 31, 1999. The increase was primarily due to $982.6 million of revenues generated by our Arkansas platform, which we acquired in February 1999, tuck-in acquisitions made subsequent to January 1, 1999 and an increase in revenues at dealerships owned prior to January 1, 1999 (same store), of $33.1 million or 1.4%.

Same store revenues from vehicle sales increased $21.1 million, or 1.0%, as strong year-over-year increases at five of our platforms were offset by declines in our Oregon platform (down $86.9 million), primarily due to changes in our business practices and restrictions in our sales policies, declining demand in the local market, declining Ford sales related to the Firestone tire recall and reduced sales in Atlanta's heavy truck franchises (down $11.6 million). Finance and insurance revenues per vehicle sold were $540 for the twelve months ended December 31, 2000, a 10.8% increase over the twelve months ended December 31, 1999.

Parts, service and collision repair revenues on a same store basis, were up 4.3% in fiscal 2000 versus fiscal 1999 principally due to a focus on this high margin product line. Six of our seven platforms posted year over year revenue increases.

GROSS PROFIT - Total gross profit as a percentage of revenues for the year ended December 31, 2000, was 14.8% as compared to 14.6% for the year ended December 31, 1999. This increase was primarily attributable to increased finance and insurance revenues per vehicle sold, improved margins on new vehicles due to a shift away from lower margin fleet sales, and increased margins on used vehicles due to lower wholesale losses.

OPERATING EXPENSES - SG&A expenses as a percentage of revenues decreased to 11.2% in 2000 from 11.4% in 1999 principally due to containment of variable and fixed compensation costs. Depreciation and amortization increased $8.1 million to $24.2 million principally due to a significant number of acquisitions completed after January 1, 1999.

OTHER INCOME (EXPENSE) - Floor plan interest expense increased to $37.0 million for the year ended December 31, 2000, from $23.0 million for the year ended December 31, 1999, primarily due to acquisitions completed after January 1, 1999, higher interest rates throughout 2000 as compared to 1999, and a greater number of vehicles in inventory. Other interest expense increased by $17.3 million over the prior year principally due to increased borrowings used to fund acquisitions completed after January 1, 1999, and to a lesser extent higher interest rates. Equity investment losses for the years ended December 31, 2000, and December 31, 1999, primarily reflect our share of losses in our investment in Greenlight.com of $6.9 million and $0.8 million, respectively. The increase in other income, net of $2.6 million as compared to the prior year, principally comprises higher interest income.

YEAR ENDED DECEMBER 31, 1999, COMPARED TO YEAR ENDED DECEMBER 31, 1998

REVENUES - Our revenues for the year ended December 31, 1999, increased $1.93 billion or 177.7% over the year ended December 31, 1998. The increase was primarily due to $1.87 billion of revenue from six platform acquisitions made subsequent to January 1, 1998, along with an increase in revenues at platforms owned prior to January 1, 1998 (Atlanta and St. Louis) (same store), of $53.6 million or 7.8%. Same store revenues from vehicle sales increased $44.4 million or 7.7% in 1999 as compared to 1998 due to a strong year over year increase at our St. Louis platform. Parts, service and collision repair center revenues on a same store basis, increased 8.5% in fiscal 1999 from fiscal 1998 as the Atlanta and St. Louis platforms both posted significant year over year increases in these services.

GROSS PROFIT - Total gross profit as a percentage of revenues for the year ended December 31, 1999, was 14.6% as compared to 14.3% for the year ended December 31, 1998. This increase is primarily attributable to a slight shift in product mix to finance and insurance revenue.

OPERATING EXPENSES - SG&A expenses as a percentage of sales declined to 11.4% during the year ended 1999 from 11.8% during the year ended 1998 mostly due to containment of fixed operating expenses. Depreciation and amortization increased $9.9 million to $16.2 million principally due to a significant number of acquisitions completed after January 1, 1998.

OTHER INCOME (EXPENSE) - Floor plan interest expense increased $15.3 million for the year ended December 31, 1999, from $7.7 million for the year ended December 31, 1998, primarily due to acquisitions completed after January 1, 1998. Other interest expense increased by $17.6 million over the prior year principally due to increased borrowings used to fund acquisitions completed after January 1, 1998. The increase in other income, net of $1.2 million as compared to the prior year, is primarily due to higher interest income.

LIQUIDITY AND CAPITAL RESOURCES

We require cash to fund working capital needs, finance acquisitions of new dealerships and fund capital expenditures. These requirements are met principally from cash flow from operations, borrowings under our credit facilities and floor plan financing below, mortgage notes and issuances of equity interests. As of March 31, 2001, we had cash and cash equivalents of $122.3 million, including contracts-in-transit of $72.3 million.

CREDIT FACILITIES

On January 17, 2001, we entered into two financing agreements with Ford

Motor Credit Company, Chrysler Financial Company, L.L.C. and General Motors Acceptance Corporation establishing an aggregate line of credit totaling $1.3 billion. One facility provides for $550 million in committed acquisition financing and general corporate purpose loans and the other facility establishes a framework for obtaining up to $750 million in floor plan financing.

At the date of the closing, we borrowed $330.6 million under the acquisition financing credit facility to repay certain existing term notes and pay certain fees and expenses of the closing. In addition, we refinanced substantially all of our existing floor plan debt under the floor plan financing facility.

Borrowings under the acquisition credit facility bear interest at LIBOR plus a specified percentage (4% as of March 31, 2001) depending on our attainment of certain leverage ratios and the outstanding balance under this credit facility. This credit facility is guaranteed by substantially all of our subsidiaries and contains covenants that, among other things, place restrictions on our ability to incur additional debt, encumber our property and other assets, repay other debt, dispose of assets, invest capital and to permit our subsidiaries to issue equity securities. This credit facility also imposes minimum requirements which the terms of transactions to acquire prospective targets much meet before we can borrow funds to finance the transactions. In addition, we are required on an ongoing basis to meet certain financial ratios, including a current ratio, a fixed charge coverage ratio and a leverage ratio. This credit facility also contains provisions for default upon, among other things, a change of control, a material adverse change and the non-payment of obligations. Substantially all of our assets not subject to security interests granted to floor plan lenders are subject to security interests to lenders under the floor plan financing and acquisition credit facilities. The acquisition credit facility provides for an indefinite series of one-year extensions at our request if approved by the lenders and the floor plan financing credit facility has an indefinite duration. Conversely, we can terminate the acquisition financing credit facility by repaying all of the outstanding balances under the acquisition line plus a termination fee. The fee, currently equal to 3% of $550 million, the amount committed under the acquisition credit facility, declines one percentage point on each of the first, second and third anniversaries of the facility. As of March 31, 2001, $219.4 million remained available to us for additional borrowings under the acquisition financing facility.

In addition, we have $25 million available through other revolving credit facilities, which are secured by certain notes receivable for finance contracts. The borrowings are repayable on the lenders' demand, and accrue interest at variable rates. These facilities are subject to certain financial and other covenants. As of March 31, 2001, we had $14.2 million outstanding under these facilities.

FLOOR PLAN FINANCING

We finance substantially all of our new vehicle inventory and a portion of our used vehicle inventory under the floor plan financing credit facility, but also use other revolving floor plan arrangements. We are required to make monthly interest payments on the amount financed, but are not required to repay the principal prior to the sale of the vehicle. These floor plan arrangements grant a security interest in the financed vehicles as well as the related sales proceeds. Amounts financed under the floor plan financing

bear interest at variable rates, which are typically tied to LIBOR or a prime rate. As of March 31, 2001, we had $486.2 million outstanding under all of our floor plan financing agreements.

CASH FLOW

Cash flow from operations totaled $16.5 million for the three months ended March 31, 2001, as a reduction in inventories of $24.3 million more than offset a reduction in floor plan notes payable of $13.1 million due to our decision to finance a greater percentage of our vehicles. Net cash flow used in investing activities was $13.3 million, principally related to capital expenditures of $10.3 million, additional funds for prior year acquisitions of

$2.2 million, and a strategic investment in CarsDirect.com of $1.2 million. Net cash flow used in financing activities was $4.7 million due to a net reduction in borrowings of $2.9 million and $1.8 million to pay member distributions. In addition, new borrowings under the acquisition line of $330.6 million were used to repay existing debt and finance certain fees and expenses of the closing of the credit facilities.

Cash flow from operations was $82.6 million for the year ended December 31, 2000, an increase of $33.5 million over the prior year. This was primarily due to an increase in net income plus non-cash items of $17.7 million and an increase in floor plan notes payable of $38.2 million which more than offset an increase in inventories of $22.9 million due to our decision to finance a greater percentage of vehicles. Cash flow was used in investing activities to fund acquisitions of $179.5 million and capital expenditures $36.1 million, offset by the proceeds from the sale of certain dealerships of $6.1 million. Cash flow from financing was comprised of $159.4 million of proceeds from new borrowings and $20.7 million of member contributions, principally to fund acquisitions, offset by repayment of existing debt of $14.6 million and member distributions of $13.4 million.

CAPITAL EXPENDITURES

Capital spending for the three months ended March 31, 2001, and for the year ended December 31, 2000, was $10.3 million and $36.1 million, respectively. Capital spending other than from acquisitions is estimated to be approximately $60 million for the year ended December 31, 2001, primarily related to an increase in manufacturer-required spending related to the upgrade of existing dealership facilities.

Subsequent to March 31, 2000, we acquired four dealerships (operating seven franchises) for consideration in the form of cash and equity in us equal to $39.0 million. The cash component of the consideration we paid for the acquisitions was funded through the proceeds of borrowings on our acquisition financing credit facility.

Our future growth is dependent on our ability to acquire additional dealerships and successfully operate existing dealerships. We believe that cash flow generated from operations, working capital availability under the acquisition line, availability under our floor plan arrangements as well as mortgage financings, will be sufficient to fund debt service, working capital requirements and capital spending. Future acquisitions will be funded from cash flow from operations, capital available under our acquisition financing credit facility and through the public or private issuance of equity or debt securities.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair value. If certain conditions are met, a derivative instrument may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security or a foreign currency-denominated forecasted transaction. The accounting for changes in the fair value of a derivative (gains or losses) depends on the intended use of the derivative and the resulting designation. SFAS No. 137 amended the effective date to all fiscal quarters of fiscal years beginning after June 15, 2000. SFAS No. 138, issued in June 2000, addressed a limited number of issues that were causing implementation difficulties for

numerous entities applying SFAS No. 133. We have determined that the adoption of SFAS No. 133 will not have a material impact on our results of operations, financial position, liquidity or cash flows.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition". SAB 101 was effective for years beginning after December 31, 1999, and provides clarification related to recognizing revenue in certain circumstances. The adoption of SAB 101 did not have a material impact on the Company's revenue recognition policies.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK - We are exposed to market risk from changes in interest rates on substantially all outstanding indebtedness. Outstanding balances under the acquisition line bear interest at a variable rate based on a margin over the benchmark LIBOR rate. Given amounts outstanding at March 31, 2001, a 1% change in interest rate would result in a change of approximately $4.7 million to our annual non-floor plan interest expense. Similarly, amounts outstanding under floor plan financing arrangements (including the floor plan line) bear interest at variable rates based on a margin over LIBOR or prime. Based on floor plan amounts outstanding at March 31, 2001, a 1% change in interest rates would result in a $4.9 million change to annual floor plan interest expense.

INTEREST RATE SWAPS - During 1998, we caused a subsidiary to enter into swap arrangements with a bank in an aggregate initial notional principal amount of $31 million in order to fix a portion of our interest expense and reduce our exposure to floating interest rates. These swaps required the subsidiary to pay fixed rates ranging from 4.7% to 5.2% on the notional principal amounts, and receive in return payments calculated at LIBOR. In December 2000, we terminated our swap arrangements resulting in a gain of $0.4 million which was recognized in the quarter ended March 31, 2001, in connection with our refinancing of certain existing debt utilizing our credit facilities. Management continually monitors interest rates and trends in rates and will from time to time reevaluate the advisability of entering into derivative transactions to hedge our interest rate risk, and may consider restructuring our debt from floating to fixed rate.

FOREIGN CURRENCY EXCHANGE RISK - All our business is conducted in the U.S. where all of our revenues and expenses are conducted in U.S. dollars. As a result, our operations are not subject to foreign exchange risk.

BUSINESS

COMPANY

We are one of the largest automotive retailers in the United States, currently operating 126 franchises at 86 dealership locations in nine states. We offer our customers an extensive range of automotive products and services, including new and used vehicle sales and related financing and insurance, vehicle maintenance and repair services, replacement parts and service contracts. Our franchises include a diverse portfolio of 36 American, European and Asian brands, and a majority of our dealerships are either luxury franchises (such as BMW, Lexus and Mercedes-Benz) or mid-line import brands (such as Honda, Toyota and Nissan). We have grown rapidly in recent years, primarily through acquisition, with annual sales of $3.0 billion in 1999 and $4.0 billion in 2000, which represented a 34% increase in annual sales from 1999. We sold an aggregate of 154,422 new and used retail units in 2000, which represented a 32% increase over the 116,790 retail units sold in 1999. In addition, our 2000 results included over $434 million in parts, service and collision repair revenues in 2000.

Our retail network is organized into nine regional dealership groups, or "platforms," which are groups of dealerships operating under a distinct brand. Our platforms are located in markets or clusters of markets that we believe represent attractive opportunities, generally due to the presence of relatively few dealerships and high rates of population and income growth. The following is a detailed breakdown of our existing platforms:

Platform-Regional Brands	Date of Initial Acquisition	Platform Markets	Franchises
Atlanta Nalley Automotive Group	September 1996	Atlanta	Acura, Audi, Chevrolet, Dodge, Hino, Honda, Infiniti, Isuzu, Jaguar, Jeep, Lexus (2), Navistar, Peterbilt

St. Louis Plaza Motor Company	December 1997	St. Louis	Audi, BMW, Cadillac, Infiniti, Land Rover (a), Lexus, Mercedes-Benz, Porsche
Texas	April 1998	Dallas/Fort Worth	Acura, Buick, GMC, Honda, Lincoln, Mercury,

David McDavid Automotive Group			Pontiac, Suzuki
		Houston	Honda, Kia, Nissan
		Austin	Acura
Tampa Courtesy Dealership Group	September 1998	Tampa	Chrysler, GMC, Hyundai, Infiniti, Isuzu, Jeep, Kia, Lincoln, Mazda (2), Mercedes-Benz, Mercury, Mitsubishi, Nissan, Pontiac, Toyota
Jacksonville Coggin Automotive Group	October 1998	Jacksonville	Chevrolet, GMC, Honda (2), Kia, Mazda, Nissan (2), Pontiac, Toyota
		Orlando	Buick, Chevrolet, GMC, Ford, Honda(2), Lincoln, Mercury, Pontiac
		Fort Pierce	BMW, Honda, Mercedes-Benz
Oregon Thomason Auto Group	December 1998	Portland	Ford (2), Honda, Hyundai (2), Mazda, Nissan, Subaru, Suzuki, Toyota
North Carolina Crown Automotive Company	December 1998	Greensboro	Acura, Audi, BMW, Dodge, GMC, Honda, Kia, Mitsubishi, Nissan, Pontiac, Volvo
		Chapel Hill/Raleigh	GMC, Honda, Isuzu, Pontiac, Volvo
		Fayetteville	Ford
		Richmond, VA	Acura, BMW, BMW (b), Porsche (b)
Arkansas North Point (previously known as McLarty Companies)	February 1999	Little Rock	BMW, Ford, Lincoln (2), Mazda, Mercury (2), Nissan, Toyota, Volkswagen, Volvo
		Hope	Ford
		Texarkana, TX	Chrysler, Dodge, Ford
Mississippi Gray-Daniels	April 2000	Jackson	Chrysler (b), Daewoo, Ford, Hyundai, Isuzu, Jeep (b), Lincoln (b), Mazda, Mercury (b), Mitsubishi, Nissan (2), Suzuki, Toyota

(a) Minority owned and operated by us. See "Related Party Transactions" on page 56 for a description of our ownership interest in this franchise.

(b) Pending acquisitions.

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 and market share. We believe that many of our platforms are ranked first or second in market share in their local markets.

COMPANY HISTORY

We were formed in 1995 by management and Ripplewood Holdings L.L.C. In 1997 Freeman Spogli & Co. acquired a significant interest in us. The group identified an opportunity to aggregate a number of the nation's top retail automotive dealers into one cohesive organization. We acquired eight of our platforms between 1997 and 1999, and combined them on February 1, 2000. In the consolidation, dealers holding ownership interests in their respective platforms transferred their interests to the Oregon platform in exchange for ownership interests in the Oregon platform. Dealers who held interests in the Oregon platform did not exchange their interests, but had their holdings adjusted to reflect their overall ownership interest in the consolidated company. The Oregon platform then changed its name to Asbury Automotive Group L.L.C. and became the parent company to our platforms and other companies. Since the consolidation of the eight platforms as of February 1, 2000, a ninth platform, the Mississippi platform, was formed on July 2, 2001, following our acquisition of five franchises in the Jackson market, which we added to five franchises that we previously acquired in this market.

OUR STRENGTHS

We believe our competitive strengths are as follows:

EXPERIENCED AND INCENTIVIZED MANAGEMENT

o RETAIL MANAGEMENT EXPERIENCE. We have a management team with extensive experience and expertise in the retail sector. Brian E. Kendrick, our president and chief executive officer, has over 20 years of experience in the retailing industry, having served in various senior management capacities, including vice chairman and chief operating officer of Saks Holdings, Inc., the holding company of the Saks Fifth Avenue luxury retail chain. Thomas R. Gibson, our co-founder and chairman of our board of directors, spent most of his 28-year automotive career working with automobile retail dealers throughout the U.S., including serving as president and chief operating officer of Subaru of America. Thomas F. Gilman, our vice president and chief financial officer,

served for 25 years at DaimlerChrysler where his knowledge of the dealer network allowed him to play a key role assisting Daimler Chrysler dealerships during the recession of the automotive industry in the early 1990s. See "Management." In addition, after joining us, the CEOs of our nine platforms, who have an average of 36 years of experience in the automotive retailing industry, continued to manage many of our operations at the platform level and played a significant role in implementing our operating and acquisition strategies.

- INCENTIVIZATION AT EVERY LEVEL. We tie compensation to performance by relying upon an incentive based pay system at both the platform and dealership levels. At the platform level all our senior management are compensated on an incentive-based pay system while 71% of the senior management at our nine platforms have a stake in our performance based upon their ownership of approximately 40% of our outstanding common stock, and will continue to own [ ]% after giving effect to this offering. We also create incentives at the dealership level. Each dealership is managed as a separate profit center by a trained and experienced general manager who has primary responsibility for decisions relating to inventory, advertising, pricing and personnel. We compensate our general managers based on dealership profitability, and the compensation of department managers is similarly based upon departmental profitability. Approximately 80% of compensation earned by our dealerships' general managers and sales forces in 2000 was earned through commissions and performance-based bonuses.

ADVANTAGEOUS BRAND MIX

We classify our primary franchise sales lines into luxury, mid-line import, mid-line domestic and value. Our current brand mix includes a higher proportion of luxury and mid-line import franchises to total franchises than most public automotive retailers. Luxury and mid-line imports together accounted for approximately 63% of our year 2000 new retail vehicle revenues and comprise over half of our total franchises. Luxury and mid-line imports generate above average gross margins on sales, parts, service and collision repair, and have greater customer loyalty and repeat purchases than mid-line domestic and value automobiles. We also believe luxury vehicle sales are less susceptible to economic cycles.

The following is a list of franchises currently owned and franchises expected to be acquired through pending acquisitions:

Class/Franchise	Current	Pending	% of Total Franchises	% of 2000 New Vehicle Retail
Luxury				
Acura	5			
Audi	3			
BMW	5	1		
Cadillac	1			
Infiniti	3			

Jaguar	1			
Land Rover (a)	1			
Lexus	3			
Lincoln	5	1		
Mercedes Benz	3			
Porsche	1	1		
Volvo	3			
Total Luxury	34	3	28%	25%
Mid-line Import				
Honda	11			
Mazda	6			
Mitsubishi	3			
Nissan	9			
Subaru	1			
Toyota	5			
Volkswagen	1			
Total Mid-line Import	36		27%	38%

Mid-line Domestic				
Buick	2			
Chevrolet	3			
Chrysler	2	1		
Dodge	3			
Ford	8			
GMC	6			
Jeep	2	1		
Mercury	5	1		
Pontiac	6			
Total Mid-line Domestic	37	3	38%	28%
Value				
Daewoo	1			
Hyundai	4			
Isuzu	3			
Kia	4			
Suzuki	3			
Total Value	15		11%	4%
Heavy Trucks				
Hino	1			
Isuzu	1			
Navistar	1			
Peterbilt	1			
Total Heavy Trucks	4		3%	5%
Total	126	6	100%	100%

(a) Minority owned and operated by us. See "Related Party Transactions" on page 56 for a description of our ownership interest in this franchise.

MARKET LEADERSHIP AND STRONG BRANDING OF OUR PLATFORMS

- MARKET LEADERSHIP. Each of our platforms is comprised of between eight and 22 franchises and generated average pro forma annual revenues of approximately $500 million in 2000. We believe that we are among the top three market share leaders in 11 of our markets, including five in which we rank first, based on the assessment of our platforms' CEOs (who have an average of 30 years experience in automotive retailing within their local markets). Our regional market share and strong brand recognition allow our platforms to realize significant regional economies of scale.

- BRANDING. Each of our platforms maintains a strong regional brand. We believe that our cultivation of strong regional brands can be beneficial because:
  - platforms enjoy strong local brand recognition from their long presence and regional advertising;
  - consumers may prefer to interact with a locally recognized brand;
  - placing our franchises in one region under a single brand allows us to generate significant advertising savings; and
  - our platforms can retain customers even as they purchase and service different automobile brands.

DIVERSIFIED REVENUE STREAMS/VARIABLE COST STRUCTURE

Our operations provide a diversified revenue base that we believe mitigates the impact of slower new car sales volumes. Used car sales and parts, service and collision repair, which represented 37% of our total 2000 revenue, generate higher profit margins than new car sales and tend to fluctuate less with economic cycles. In addition, our variable cost structure helps us manage expenses in an economic downturn, as a large part of our operating expenses consist of incentive-based compensation, vehicle carrying costs and advertising.

- NEW VEHICLES. Our franchises include a diverse portfolio of 36 American, European and Asian brands. 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. New vehicle sales were approximately 61% of our total revenues and 32% of total gross profit in 2000.

- USED VEHICLES. We sell used vehicles at virtually all our franchised dealerships. Retail sales of used vehicles has become an increasingly significant source of profit for us, making up approximately 26% of our total revenues and 16% of total gross profit in 2000. We obtain used vehicles through customer trade-ins, auctions restricted to new vehicle dealers (offering off-lease, rental and fleet vehicles) and "open" auctions which offer repossessed vehicles and vehicles sold by other dealers. We sell our used vehicles to retail customers when possible. We dispose of used vehicles that are not purchased by retail customers through sales to other dealers and at auction.

- FINANCE AND INSURANCE. We arranged customer financing on over 70% of the vehicles we sold in 2000. These transactions result in commissions being paid to us by the indirect lenders, including manufacturer-captive finance arms. In addition to the finance commissions, each of these transactions creates other highly profitable sales opportunities, including extended service contracts and various insurance-related products for the consumer. Our size and sales volume motivate vendors to provide these products to us at substantially reduced fees compared to industry norms which result in competitive advantages as well as acquisition synergies. Furthermore, many of the insurance products we sell result in additional underwriting profits and investment income yields based on portfolio performances. Profits from finance and insurance generated approximately 2% of our total revenues and 15% of our total gross profit in 2000.

- PARTS, SERVICE AND COLLISION REPAIR. We sell parts and provide maintenance and repair service at all our franchised dealerships. In addition, we have 23 free-standing collision repair centers in close proximity to dealerships in substantially all our platforms. Our dealerships and collision repair centers collectively operate approximately 1,600 service bays. Profits from parts, service and collision repair centers were approximately 11% of our total revenues and 37% of our total gross profit in 2000.

OUR STRATEGY

Our objective is to be the most profitable automotive retailer in select markets in the United States. To achieve this objective, we intend to grow through targeted acquisitions, expand our higher margin businesses, emphasize decentralized dealership operations and enhance our customer relationship management.

CONTINUED GROWTH THROUGH TARGETED ACQUISITIONS

We intend to continue to grow through acquisitions. We will seek to establish platforms in new markets through acquisitions of large, profitable and well-managed dealership groups. In addition, we will pursue tuck-in acquisitions to complement the related platform by increasing brand diversity, market coverage and services.

- PLATFORM ACQUISITIONS. We will seek to establish platforms in new geographic markets through acquisitions of large, profitable and well-managed dealership groups in metropolitan and high-growth suburban markets in which we are not currently present. We will target those platforms with superior operational and financial management personnel. We believe that the retention of existing high quality management who understand the local market will enable acquired platforms to continue to operate efficiently, while allowing us to source future acquisitions more effectively and expand our operations without having to employ and train untested new personnel. Moreover, we believe we are well-positioned to pursue larger, established acquisition candidates as a result of the reputation of the original owners of our nine platforms as leaders in the automotive retailing industry.

- TUCK-IN ACQUISITIONS. One of our goals is to become the market leader in every region in which we operate a platform. We plan to acquire additional dealerships in each of the markets in which we operate, including acquisitions that increase the brands, products and services offered in that market. Since 1995 we have made 14 tuck-in acquisitions to add additional strength and brand diversity to our platforms. We believe that these acquisitions in the past and in the future will facilitate our regional operating efficiencies and cost savings in areas such as advertising and facility and personnel utilization. We have recently entered into definitive agreements to acquire six franchises consisting of BMW, Chrysler, Jeep, Lincoln, Mercury and Porsche franchises in Jackson, Mississippi and Richmond, Virginia for a total cash consideration of $11.8 million.

- 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. In particular, we will focus on luxury dealerships (such as BMW, Lexus and Mercedes-Benz) and mid-line import dealerships (such as Honda, Toyota and Nissan). On an ongoing basis we will continue to evaluate the performance of our dealerships to determine if the sale of a particular dealership is advisable.

FOCUS ON HIGHER MARGIN PRODUCTS AND SERVICES

While new vehicle sales are critical to drawing customers to our dealerships, used vehicle retail sales, parts, service and collision repair and finance and insurance provide significantly higher margin revenue streams. We currently derive in excess of 68% of our total gross profit from these areas. In addition, we have discipline-specific executives at both the corporate and platform level who focus on both increasing the penetration of current services and expanding the breadth of our offerings to customers. While each of our platforms operates independently in a manner consistent with its specific market's characteristics, each platform will pursue an integrated strategy to grow these higher margin businesses to enhance profitability and stimulate internal growth.

- 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 financing vehicle sales, we intend to expand our already broad offering of customer products like 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. Furthermore, based on size and scale, we believe we will be able to continue negotiating with lending institutions and product providers to increase commissions on each of the products and services we sell. Moreover, continued in-depth sales training efforts and innovative computer technologies will serve as important tools in enhancing our finance and insurance profitability.

- PARTS, SERVICE AND COLLISION REPAIR. Each of our platforms offers parts and performs vehicle service work and substantially all of our platforms operate collision repair centers, all of which provide an important source of recurring higher margin revenues. Currently, gross profit generated from these businesses absorbs 60% of our operating expenses, excluding salespersons' compensation. Expanding this absorption rate through focused marketing and customer relationship management represents a major opportunity for growth.

DECENTRALIZED DEALERSHIP OPERATIONS

We believe that decentralized dealership operations on a platform basis empower our retail network to provide market-specific responses to sales, service, marketing and inventory requirements. These operations are complemented by centralized technology and financial controls, as well as sharing of best practices and market intelligence throughout the organization.

While our administrative headquarters is located in Stamford, Connecticut, the day-to-day responsibility for the dealerships rests with each regional management team. Each of our platforms has a management structure that is intended to promote and reward entrepreneurial spirit and the achievement of team goals.

The chart below depicts our typical platform management structure:

AVERAGE EXPERIENCE OF PLATFORM MANAGEMENT

PLATFORM CEO/COO
36 YEARS IN AUTOMOTIVE INDUSTRY
30 YEARS IN THE LOCAL MARKET

PLATFORM CFO 13 years in automotive industry 12 years in the local market	DIRECTOR OF NEW & USED VEHICLE SALES 21 years in automotive industry 12 years in the local market	DIRECTOR OF PARTS, SERVICE AND COLLISION REPAIR 30 years in automotive industry 17 years in the local market

DIRECTOR OF INTERNET SALES	DIRECTOR OF FINANCE AND INSURANCE

Each of our dealerships is managed by a general manager who has authority over day-to-day operations. The general manager of each dealership is supported by a management team consisting, in most circumstances, of a new vehicle sales manager, a used vehicle sales manager, a finance and insurance manager and parts and service managers. Our dealerships are operated as distinct profit centers, in which the general managers are given significant autonomy. The general managers are responsible for the operations, personnel and financial performance of their dealerships.

We employ professional management practices in all aspects of our operations, including information technology and employee training. A peer review process is also in place, in which the platform managers address best practices, operational challenges and successes, and formulate goals for other platforms. Platforms utilize computer-based management information systems to monitor each dealership's sales, profitability and inventory on a daily basis. We believe the application of professional management practices provides us with a competitive advantage over many dealerships. In addition, platform management teams' thorough understanding of the local market enables them to effectively run day-to-day operations, recruit new employees and gauge acquisition opportunities in their market area.

CUSTOMER RELATIONSHIP MANAGEMENT

We are implementing a CRM initiative to increase customer loyalty and satisfaction and reduce marketing costs by redirecting expenditures from mass media to targeted communications. We expect to create a differentiated customer experience, allowing us to capture a greater percentage of our targeted households' automotive spending. Our CRM initiative includes engaging McKinsey & Company, a leading management consulting firm, to help develop the program and pilot it in Little Rock and St. Louis. We are also investing in a CRM software solution to provide the necessary technological tools.

We believe the retail auto industry is ripe for CRM given high customer (household) lifetime value, coupled with the industry's historic focus on short-term transactions as opposed to long-term customer retention. In addition to driving incremental new and used purchases over a multi-year

period for a given household, we can benefit from incremental finance and insurance purchases and greater service expenditures, particularly post warranty. We also know that profitability varies dramatically by customer segment, as it does in most retail sectors; thus, we expect to benefit from initiatives that successfully target high value segments.

SALES AND MARKETING

NEW VEHICLE SALES. Our new vehicle retail sales include new vehicle retail lease transactions and other similar agreements, which are arranged by our individual dealerships. New vehicle leases generally have short terms, which cause customers to return to the dealership more frequently than in the case of financed purchases. In addition, leases provide us with a steady source of late-model, off-lease 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. Approximately 1.8% of our new vehicle sales revenue is derived from fleet sales, which are generally conducted on a commission basis.

We 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. Our dealerships employ varying sales techniques to address changes in consumer preference.

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 sales staffs 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 other dealerships.

We acquire substantially all our new vehicle inventory from manufacturers. Manufacturers allocate limited inventory among their franchised dealers based primarily on sales volume and input from dealers. We finance our inventory purchases through revolving credit arrangements known in the industry as floor plan facilities.

USED VEHICLE SALES. Used vehicle sales typically generate higher gross margins than new vehicle sales. We intend to grow our used vehicle sales by maintaining a high quality inventory, providing competitive prices and extended service contracts and continuing to enhance our marketing initiatives.

Profits from 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. 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 the best sources of attractive used vehicle inventory. We supplement our used inventory with vehicles purchased at auctions.

Used vehicles are generally offered at our dealerships for 45 to 60 days on average, after which, if they have not been sold to a retail buyer, they are either sold to an outside dealer or offered at auction. During 2000, approximately 77% of used vehicles sales were made to retail buyers. 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 transfer of used vehicles among our dealerships and, therefore, increase the ability of each dealership to offer a balanced mix of used vehicles. We developed integrated computer inventory systems allowing us to coordinate vehicle transfers among our dealerships, primarily on a regional basis.

Several steps have been taken towards building client confidence in our used vehicle inventory, one of which includes participation in the manufacturers' certification processes which are available only to new vehicle franchises. This process makes certain used vehicles eligible for new vehicle benefits such as new vehicle finance rates and extended manufacturer warranties. In addition, each dealership offers extended warranties on our used car sales.

FINANCE AND INSURANCE. We arranged customer financing on over 70% of the vehicles we sold in 2000, approximately 99% of which was non-recourse to us. These transactions generate commission revenue from indirect lenders, including manufacturer captive finance arms. In addition to finance commissions, each of these transactions creates other opportunities for more profitable sales, such as extended service contracts and various insurance-related products for the consumer. Our size and volume capabilities

motivate vendors to provide these products at substantially reduced fees compared to the industry average which result in competitive advantages as well as acquisition synergies. Furthermore, many of the insurance products we sell result in additional underwriting profits and investment income yields based on portfolio performances.

PARTS, SERVICE AND COLLISION REPAIR. 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 achieve the expertise required to perform major or technical repairs. Additionally, manufacturers permit 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. Given the increasing technological complexity of motor vehicles and the trend toward extended manufacturer and dealer warranty periods for new vehicles, we believe that an increasing percentage of repair work will be performed at franchised dealerships.

Our profitability in parts and service can be attributed to our comprehensive management system, including the use of variable rate pricing structures, cultivation of strong client relationships through an emphasis on preventive maintenance and the efficient management of parts inventory.

We use variable rate structures designed to reflect the difficulty and sophistication of different types of repairs to compensate employees working in parts and service. The percentage mark-ups on parts are also variably priced based on market conditions for different parts. We believe that variable rate pricing helps us to achieve overall gross margins in parts and service superior to those of certain competitors who rely on fixed labor rates and percentage markups.

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

ADVERTISING. Our largest advertising medium is local newspapers, followed by radio, television, direct mail and the yellow pages. The retail automotive industry has traditionally used locally produced, largely unprofessional materials, often developed under the direction of each dealership's general manager. Each of our platforms has created common marketing materials for their dealerships using professional advertising agencies. Our corporate chief marketing officer helps oversee and share creative materials and general marketing best practices across platforms. Our total company marketing expense for 2000 was $42.2 million which translates into an average of $273 per retail vehicle. Historically, approximately 75% of the total amount spent on new car advertising in our markets has been paid by manufacturers.

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 strive to cultivate lasting relationships with our customers, which we believe enhances the opportunity for significant repeat and referral business. For example, our platforms regard service and repair activities as an integral part of the overall approach to customer service, providing an opportunity to foster ongoing relationships with customers and deepen loyalty.

INTERNET AND E-COMMERCE. We believe that the growth of the Internet and e-commerce represents a new opportunity to build our platforms' brands and expand the geographic borders of their markets. We are applying e-commerce to our strategy of executing professionally developed best practices under the supervision of discipline-specific central management throughout our autonomous platforms. We believe that our e-commerce strategy constitutes a coherent, cost-effective and sustainable approach to the growth of the Internet that favorably compares to the limited efforts undertaken to date by many independent dealerships.

At the corporate level, information technology-e-commerce executives set the parameters of our overall e-commerce strategy. Our strategy mandates that each platform establish a website that incorporates a professional design to reinforce the platform's unique brand and advanced functionalities to ensure that the website can hold the attention of customers and perform the informational and interactive functions for which the Internet is uniquely suited. We have a

relationship with CarsDirect that provides us with an important source of Internet sales referrals and, to a lesser extent, prepackaged retail transactions, reducing our need to rely on referrals from less reliable or more costly sources. Manufacturer website links also provide our platforms with key sources of referrals.

Our commitment to e-commerce flows through to the platform level. Each platform maintains an e-commerce department, staffed with dedicated personnel, to promote the platform's brand over the World Wide Web and capitalize on Internet-originated sales leads. Many platforms use the Internet to communicate with customers both prior to vehicle purchase and after purchase to coordinate and market maintenance and repair services. Finally, each platform utilizes the Internet as an integral part of its overall branding and advertising efforts by ensuring that its website is aggressively promoted and periodically upgraded.

MANAGEMENT INFORMATION SYSTEM. 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. All our dealers use software from ADP, Inc., Reynolds & Reynolds, Co. or UCS, Inc. as their dealer management system. Our systems strategy allows for our platforms to choose the dealer management system that best fits their daily operational needs. We aggregate the information from the three disparate systems at our corporate headquarters to create one single view of the business, using the Hyperion financial systems.

Our information technology allows 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 systems, corporate management can quickly view the financial, accounting and operational data of the newly acquired dealer. In that way we can efficiently integrate the acquired dealer into our operational strategy.

COMPETITION

In new vehicle sales, our platforms compete 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 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 -- Substantial competition in automobile sales may adversely affect our profitability."

In our vehicle financing business, we compete with direct consumer lending institutions such as local banks, savings and loans and credit unions, including through the internet. Our ability to offer manufacturer-subsidized financing terms as part of an incentive-based sales strategy can place us at a competitive advantage relative to independent financing companies. We also compete in this area based on:

- interest rates; and
- convenience of "one stop shopping," which we offer by arranging vehicle financing at the point of purchase.

We seek to reduce our cost of funds, and as a result, the interest rates we charge, through leveraging our volume of business to obtain discounted terms.

We compete against other franchised dealers to perform warranty repairs and against 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 offer selected parts and services at prices that may be lower than our prices.

FACILITIES

We have 126 franchises situated in 86 dealership locations throughout nine states. We lease 49 of these locations and own the remainder. In addition, we operate 23 collision repair centers.

	Dealerships		Collision Repair Centers	
	Owned	Leased	Owned	Leased
Arkansas	0	6	1	1
Atlanta	7	4	1	3
Jacksonville	13	2	5	1
Mississippi	5	2	0	0
North Carolina	7	4	1	0
Oregon	0	10	0	2
St. Louis	5	0	1	0
Tampa	0	12	0	2
Texas	0	9	0	5
Total	37	49	9	14

We lease our corporate headquarters, which is located at 3 Landmark Square, Suite 500 in Stamford, Connecticut.

FRANCHISE AGREEMENTS

Each of our dealerships operates pursuant to franchise agreements between the applicable manufacturer and the dealership. The typical automotive franchise agreement specifies the locations at which the dealer has the right and obligation to sell the manufacturer's automobiles and related parts and products and to perform certain approved services. The franchise agreement grants the dealer the non-exclusive right to use and display the manufacturer's trademarks, service marks and designs in the form and manner approved by the manufacturer.

The allocation of new vehicles among dealerships is subject to the discretion of the manufacturer, which generally does not guarantee exclusivity. A franchise agreement may impose requirements on the dealer concerning such matters as the showrooms, the facilities and equipment for servicing vehicles, the maintenance of inventories of vehicles and parts, the maintenance of minimum net working capital, achieving certain minimum standards on customer service and satisfaction surveys, and the training of personnel. Compliance with these requirements is closely monitored by the manufacturer. In addition, many manufacturers require each dealership to submit monthly and annual financial statements.

We are subject to additional provisions contained in supplemental agreements, framework agreements or franchise addenda, which we collectively refer to as "franchise framework agreements." Many of our dealerships are also subject to these agreements. Franchise framework agreements impose requirements similar to those discussed above, as well as limitations on changes in our ownership or management and limitations on the number of a particular manufacturer's franchises we may own. In addition, we are party to an agreement with General Motors Corporation under which we have divested ourselves of and agreed not to acquire Saturn franchises.

PROVISIONS FOR TERMINATION OR NON-RENEWAL OF FRANCHISE AGREEMENTS. Most franchise agreements expire after a specified period of time, ranging from one to five years, and we expect to renew expiring agreements in the ordinary course of business. Typical franchise 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, failure to maintain any license, permit or authorization required for the conduct of business, or material breach of other provisions of the franchise agreement. Some of our franchise agreements and franchise framework agreements provide that the manufacturer may acquire our dealerships or terminate the franchise agreement if a person or entity acquires an equity interest above a specified level (ranging from 20% to 50% depending on the particular manufacturer's restriction) in us without the approval of the applicable manufacturer. This trigger can fall to as low as 5% if the entity acquiring the equity interest in us is another automobile manufacturer or a felon whose conviction stems from fraudulent sales practices or violations of state or federal consumer protection laws. Some manufacturers also restrict changes in the membership of our board of directors. Although our franchise agreements may not be renewed or may be terminated prior to the conclusion of their terms, manufacturers have rarely chosen to take such action. Further, as discussed below, state dealer laws substantially limit the ability of manufacturers to terminate or fail to renew franchise agreements. See "Risk Factors -- If we fail to obtain renewals of one or more of our franchise agreements from vehicle manufacturers on favorable terms, or if one or more of our franchise agreements are terminated, our operations could be significantly compromised."

MANUFACTURERS' LIMITATIONS ON ACQUISITIONS. We are required to obtain the consent of the applicable manufacturer before we can acquire any additional dealership franchises. Six of our manufacturers 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. We currently own the maximum number of dealerships allowed under our franchise agreement with Acura and have only one more dealership available for Jaguar. We are also approaching the ownership limits allocated under our framework franchise agreement with Toyota. Unless we renegotiate these franchise agreements or receive the consent of the manufacturers, we may be prevented from making further acquisitions upon reaching the limits provided for in these framework franchise agreements.

STATE DEALER LAWS. We operate in states that have state dealer laws limiting manufacturers' ability to terminate dealer franchise agreements. We are basing the following discussion of state dealer laws on our understanding of these laws and therefore, the description may not be accurate. State dealer laws generally provide that it is a violation for manufacturers to terminate or refuse to renew franchise 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 60 to 90 days advance notice to dealers prior to termination or nonrenewal of a franchise agreement. Some state dealer laws allow dealers to file protests or petitions within the notice period and allow dealers an opportunity to comply 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. Acceptable grounds for disapproval include material reasons relating to the character, financial ability or business experience of the proposed transferee. See "Risk Factors -- If state dealer laws are repealed or weakened, our dealerships will be more susceptible to termination, non-renewal or re-negotiation of their franchise agreements."

GOVERNMENTAL REGULATIONS

A number of federal, state and local regulations affect our marketing, selling, financing and servicing of automobiles. The nine platforms also are subject to state laws and regulations relating to business corporations generally.

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.

Our financing activities with our customers are subject to federal truth-in-lending, consumer leasing and equal credit opportunity regulations as well as state and local motor vehicle finance laws, installment finance laws, insurance laws, usury laws and other installment sales laws. Some states regulate finance fees that may be paid as a result of vehicle sales. Penalties for violation of any of these laws or regulations may include revocation of necessary licenses, 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, and we do not anticipate that such compliance will have a material effect on us in the future. See "Risk factors -- 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.

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 have been subject to any material environmental liabilities in the past and we do not anticipate that any material environmental liabilities will be 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 -- Governmental regulations and environmental regulation compliance costs may adversely affect our profitability."

EMPLOYEES

As of June 30, 2001, we employed approximately 7,030 people, of whom approximately 590 were employed in managerial positions, approximately 1,800 were employed in non-managerial sales positions, approximately 3,800 were employed in non-managerial parts and service positions, approximately 650 were employed in administrative support positions and approximately 200 were employed in non-managerial finance and insurance positions. We intend, upon completion of the offering, to provide certain executive officers and managers with options to purchase common stock and believe this equity incentive will be attractive to our existing and prospective employees. See "Management -- 2001 Stock Option Plan".

We believe our relationship with our employees is favorable. None of our employees are represented by a labor union. Because of our dependence on vehicle manufacturers, however, we may be affected by labor strikes, work slowdowns and walkouts at vehicle manufacturers' production facilities.

LEGAL PROCEEDINGS AND INSURANCE

From time to time, we and our nine platforms are named in claims involving the manufacture of automobiles, contractual disputes and other matters arising in the ordinary course of our business. Currently, no legal proceedings are pending against us or the nine platforms that, in management's opinion, could be expected to have a material adverse effect on our business, financial condition or results of operations.

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 two umbrella policies with a total per occurrence and aggregate limit of $100 million. We also have insurance on our real property, comprehensive coverage for our vehicle inventory, garage liability and general liability insurance, employee dishonesty insurance and errors and omissions insurance in connection with our vehicle sales and financing activities.

INDUSTRY OVERVIEW

Automotive retailing, with 2000 industry sales of approximately $1 trillion, is the largest consumer retail market in the U.S., representing approximately 9% of gross domestic product according to figures provided by the Bureau of Economic Analysis. Since 1996, retail new vehicle unit sales have grown at a 3.5% compound annual rate. Over the same period, retail used vehicle units have grown at a 1.4% compound annual rate. Retail sales of new vehicles, which are conducted exclusively through new vehicle dealers, were approximately $386 billion in 2000. In addition, used vehicle sales in 2000 were estimated at $367 billion, with approximately $306 billion in sales by franchised and independent dealers and the balance in privately negotiated transactions.

Of the approximately 17.4 million new vehicles sold in the United States in 2000, approximately 28.3% were manufactured by General Motors Corporation, 24.1% by Ford Motor Company, 15.7% by Daimler Chrysler Corporation, 9.3% by Toyota Motor Corp., 6.7% by Honda Motor Co., Ltd., 4.3% by Nissan Motor Co., Ltd. and 11.6% by other manufacturers. Sales of used vehicles have increased over the past five years, primarily as a result of the greater availability of newer used vehicles due to the increased popularity of short-term leases. Approximately 44 million used vehicles were sold in 2000. Franchised dealers accounted for 16.2 million, or 37% of all used vehicle units sold. Independent lots accounted for 31% with the balance accounted for in privately negotiated transactions.

INDUSTRY CONSOLIDATION. Franchised dealerships were originally established by automobile manufacturers for the distribution of new vehicles. In return for granting dealers exclusive distribution rights within specified territories, manufacturers exerted significant influence over their dealers by limiting the transferability of ownership in dealerships, designating the dealership's location, and managing the supply and composition of the dealership's inventory. These arrangements resulted in the proliferation of small, single-owner operations that, at their peak in the late 1940's, totaled almost 50,000. As a result of competitive, economic and political pressures during the 1970's and 1980's, significant changes and consolidation occurred in the automotive retail industry. One of the most significant changes was the increased penetration by foreign manufacturers and the resulting loss of market share by domestic manufacturers, which forced many dealerships to close or sell to better capitalized dealership groups. According to industry data, the number of franchised dealerships has declined from approximately 28,750 in 1978 to approximately 22,000 in 2000. Although significant consolidation has taken place since the automotive retailing industry's inception, the industry today remains highly fragmented, with the largest 100 dealer groups generating less than 10% of total sales revenues and controlling less than 8% of all franchised dealerships.

We believe that further consolidation is likely due to increased capital requirements of dealerships, the limited number of viable alternative exit strategies for dealership owners, and the desire of certain manufacturers to strengthen their brand identity by consolidating their franchised dealerships. We also believe that an opportunity exists for dealership groups with significant equity capital and experience in identifying, acquiring and professionally managing dealerships, to acquire additional dealerships for cash, stock, debt or a combination thereof. Publicly-owned dealer groups, such as ours, are able to offer prospective sellers tax advantaged transactions through the use of publicly traded stock which may, in certain circumstances, make them more attractive to prospective sellers.

INDUSTRY OPPORTUNITIES. In addition to new and used vehicles, dealerships offer a wide range of other products and services, including repair and warranty work, replacement parts, extended warranty coverage, financing and insurance. In 2000, the typical dealership's revenue consisted of 60% new vehicle sales, 29% used vehicle sales, and 11% parts and services. Sales of used vehicles by franchised dealers have increased over the past five years, primarily as a result of the substantial increase in new vehicle prices and the greater availability of newer used vehicles due to the increased popularity of short-term leases. Franchised dealers retailed 16.2 million used vehicles in 2000, amounting to only 37% of all used vehicles sold in the U.S. Independent used vehicle dealers and private transactions accounted for the rest of the 43.9 million used vehicles sold in 2000.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

Set forth below are the names of our executive officers and directors, together with their ages and positions.

Name	Age	Position
Thomas R. Gibson	58	Chairman of the Board
Brian E. Kendrick	47	President and Chief Executive Officer
Thomas F. "Mack" McLarty, III	55	Vice Chairman of the Company
Thomas F. Gilman	50	Vice President and Chief Financial Officer
Thomas G. McCollum	45	Vice President - Finance and Insurance
Phillip R. Johnson	52	Vice President - Human Resources
Donna M. Colorito	49	Vice President - I.T. and E-Commerce
Allen T. Levenson	38	Vice President - Marketing and Customer Experience
Timothy C. Collins	44	Director
Ian K. Snow	32	Director
John M. Roth	43	Director
C.V. "Jim" Nalley	58	Director
B. David McDavid	59	Director
Charles B. Tomm	55	Director

Set forth below is a brief description of our directors' and executive officers' business experience.

THOMAS R. GIBSON is the chairman of our board of directors. He is one of our founders and has served as chairman of our board since the board's creation in 1995. Mr. Gibson has over 30 years experience in the automotive retailing industry. Prior to joining us, he served as president and chief operating officer of Subaru of America. Mr. Gibson was part of Lee Iacocca's management team at Chrysler from 1980 to 1982, where he served as director of marketing operations and general manager of import operations. He began his career in 1967 with the Ford Motor Company and held key marketing and field management positions in both the Lincoln-Mercury and Ford divisions. Mr. Gibson is a graduate of DePauw University and holds a master's in business administration from Harvard University.

BRIAN E. KENDRICK is our president and chief executive officer, and has served in this capacity since February 2000. Before he joined us, Mr. Kendrick served as president and chief executive officer of DFS Limited, a San Francisco-based leading distributor of luxury goods, which is majority owned by LMH Moet Hennessy Louis Vuitton. From 1991 to 1998, Mr. Kendrick served as vice chairman and chief operating officer of Saks Holdings, Inc., the holding company of the Saks Fifth Avenue luxury retail chain. For 12 years, Mr. Kendrick served as chief financial officer in the large regional department store chain, Maison Blanche. He also served as the Commissioner of Administration (chief operating officer) of the State of Louisiana in 1986 and 1987. Mr. Kendrick graduated from Louisiana State University and is a certified public accountant.

THOMAS F. "MACK" McLARTY, III has served as our vice chairman since May 2000. Mr. McLarty is also the president and chief executive officer of our Arkansas platform. Mr. McLarty began his 32-year career in the automotive retailing industry by building McLarty Leasing Systems, the platform his grandfather founded, into one of America's largest transportation companies. Mr. McLarty also serves as vice chairman of Kissinger McLarty & Associates, an international consulting firm formed in 1999 by the merger of Mr. McLarty's and Dr. Henry Kissinger's consulting operations. Mr. McLarty joined Arkla Gas Company's board of directors in 1976, and from 1983 to 1992 he was Arkla Inc.'s chairman and chief executive officer. Between 1992 and 1998, Mr. McLarty served as White House Chief of Staff, Special Envoy of the Americas and Counselor to President Bill Clinton. He also was appointed to the National Petroleum Council by President George H. W. Bush and served on the St. Louis Federal Reserve Board from 1989 until joining the White House in 1992. Mr. McLarty graduated summa cum laude from the University of Arkansas.

THOMAS F. GILMAN has served as our vice president and chief financial officer since April 2001. Prior to joining us, Mr. Gilman spent 25 years with Chrysler Corporation in various positions where he accumulated broad finance experience in all areas of the company. From 1990 to 1994, he was responsible for Chrysler Corporation's credit operations, extending financial assistance to automotive retail dealers and distributors worldwide. In 1995, Mr. Gilman headed the finance organization at Chrysler Financial Company, L.L.C. where he became chief financial officer of the captive finance company. Mr. Gilman graduated from Villanova University with a bachelor's degree in finance.

THOMAS G. McCOLLUM has been our vice president of finance and insurance since April of 2001. Mr. McCollum has over 25 years of experience in finance and insurance. Before he joined us, Mr. McCollum served nine years as executive vice president for Aon's Resource Group (formally Pat Ryan & Associates). He joined Aon in 1981 where he employed innovative, customer focused finance and insurance programs to improve same store results. Mr. McCollum holds a bachelor's degree in business from Sam Houston University.

PHILLIP R. JOHNSON has been our vice president of human resources since June of 2000. Mr. Johnson has held top human resources positions in large national and regional retail companies for the past 22 years. From 1994 to 1998 he served as senior vice president of human resources at Entex Information Services, a national personal computer systems integrator. Mr. Johnson served as executive vice president of human resources at Macy's East from 1993 to 1994, and as senior vice president of human resources at Saks Fifth Avenue from 1991 to 1993. He has also held senior human resources positions at Marshall Fields and Gimbels. Mr. Johnson holds a bachelor's degree and master's in business administration from the University of Florida.

DONNA M. COLORITO has served as our vice president of information technology and e-commerce since June of 2000. Ms. Colorito has 16 years experience in the automotive retailing industry. Ms. Colorito joined Volvo Cars of North America in 1985, where she served in various capacities. From 1997 to 2000, she served as Volvo's dealer systems and e-commerce manager, where she was responsible for implementing Volvo's proprietary dealer system in all of its 400 North American dealerships. Ms. Colorito began her career in 1982 at Lederle Laboratories as a systems analyst. Ms. Colorito holds a master's of business administration in information systems from Pace University and a bachelor's degree from the State University of New York at Albany.

ALLEN T. LEVENSON has served as vice president of customer experience and chief marketing officer for Asbury Automotive Group since March 2001. In 1999, Mr. Levenson co-founded a business-to-consumer E-commerce company, Gazelle.com. From 1998 to 1999, he served as Vice President of Marketing for United Rentals, the market leader and consolidator in the equipment rental industry. From 1996 to 1998, he served as vice president of sales and marketing for Petroleum Heat & Power, and he also served as Vice President of Marketing for The Great Atlantic & Pacific Tea Company from 1993 to 1996. Mr. Levenson began his career in 1985 with two leading strategy consulting firms, McKinsey & Company and Bain & Company. He received his undergraduate degree from Tufts University and a master's in business administration from the Wharton School at the University of Pennsylvania.

TIMOTHY C. COLLINS has served as a member of our board of directors since 1996. Mr. Collins founded Ripplewood Holdings L.L.C. in 1995 and currently serves as its Chief Executive Officer. In addition, he is co-head of RHJ Industrial Partners, an affiliate of Ripplewood Holdings L.L.C.. From 1991 to 1995, Mr. Collins managed the New York office of Onex Corporation, a leveraged buy-out group headquartered in Canada. Previously, Mr. Collins was a vice president at Lazard Freres & Company and held various positions at Booz, Allen & Hamilton and Cummins Engine Company. He also currently serves on the board of directors of Ripplewood Holdings L.L.C., The Strong Schafer Value Fund, Shinsei Bank, Ltd. (formerly The Long-Term Credit Bank of Japan, Limited), Western Multiplex Corporation, Kraton Polymers L.L.C. and various other privately held Ripplewood portfolio companies. Mr. Collins received a master's in business administration from Yale University's School of Organization and Management and a bachelor's degree in philosophy from DePauw University.

IAN K. SNOW has served as a member of our board of directors since 1996, and a member of our compensation committee since 1996. He is a managing director at Ripplewood Holdings L.L.C.. Prior to joining Ripplewood in 1995, Mr. Snow was a financial analyst in the Media Group at Salomon Brothers Inc., where he focused on strategic advisory and capital raising assignments for clients in the media

industry. He also currently serves on the board of directors of Kraton Polymers L.L.C., a privately held Ripplewood portfolio company. Mr. Snow received a bachelor's degree in history from Georgetown University.

JOHN M. ROTH has been a member of our board of directors since our board was established in 1996. Mr. Roth joined Freeman Spogli in 1988, and became a general partner in 1993. Mr. Roth served in Kidder, Peabody & Company, Inc.'s mergers and acquisitions group from 1984 to 1988. He is also a member of the board of directors of Advance Stores Incorporated, AFC Enterprises, Inc., Galyan's Trading Company, Inc. and a number of privately held corporations. Mr. Roth holds a bachelor's degree and master's in business administration from the Wharton School at the University of Pennsylvania.

CLARENCE V. "JIM" NALLEY has served as a director since 2000. He is the president and chief executive officer of our Atlanta platform. Mr. Nalley has over 30 years of automotive retailing experience. His platform consisted of nine franchises when he joined us. He formerly served as the President of the Metro Atlanta Chevrolet Dealers Association and as Chairman of the PACCAR National Distributors Council. Mr. Nalley holds a bachelor's degree from the University of Georgia.

B. DAVID McDAVID has been a member of our board of directors since 2000. He is the president and chief executive officer of our Texas platform. Mr. McDavid has operated domestic auto dealerships for 38 years and import dealerships for 29 years. He established his first dealership, a General Motors dealership in Weatherford, Texas, in 1962, and owned 12 franchises in four Texas markets before joining us. He graduated from the General Motors Institute Dealership Management Program in Flint, Michigan. Mr. McDavid has served on numerous dealer advisory councils for Acura, Honda and General Motors franchises.

CHARLES B. TOMM has been a member of our board of directors since 2000. Mr. Tomm is president and chief operating officer of our Jacksonville platform. Mr. Tomm joined the platform in 1994, before it was acquired by us, as its vice president, chief financial officer and general counsel. He became our executive vice president in January of 1996, and assumed his present responsibilities in 1997. Mr. Tomm has a broad and varied business background. He has held executive positions with publicly-held companies including Schlumberger Ltd. and Arkansas Best Corporation. Mr. Tomm is a member of the board of trustees of Washington & Lee University and Jacksonville's Museum of Science and History. Mr. Tomm holds a bachelor's degree and law degree from Washington & Lee University and an L.L.M. in taxation from New York University. He is admitted to practice law in Florida, Georgia, New York and North Carolina.

BOARD OF DIRECTORS

Our board of directors currently consists of Messrs. Timothy C. Collins, Ian K. Snow, John M. Roth, C.V. Nalley, Thomas R. Gibson, B. David McDavid, Brian E. Kendrick and Charles B. Tomm. We will appoint three independent directors to serve on our board in addition to these directors within 90 days after this offering.

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE. We have an audit committee consisting of Messrs. Ian K. Snow and John M. Roth. The audit committee has responsibility for, among other things:

o recommending to the board of directors the selection of our independent auditors,

o reviewing and approving the scope of the independent auditors' audit activity and extent of non-audit services,

o reviewing with management and the independent accountants the adequacy of our basic accounting systems and the effectiveness of our internal audit plan and activities,

o reviewing with management and the independent accountants our financial statements and exercising general oversight of our financial reporting process and

o reviewing litigation and other legal matters that may affect our financial condition and monitoring compliance with our business ethics and other policies.

The current members of our audit committee will be replaced by the three independent directors we will appoint within 90 days after this offering.

COMPENSATION COMMITTEE. The compensation committee consists of Messrs. Timothy C. Collins, Ian K. Snow and John M. Roth. This committee has general supervisory power over, and the power to grant awards under, the 1999 option plan and the 2001 stock option plan. The compensation committee has responsibility for, among other things, reviewing the recommendations of the chief executive officer as to the appropriate compensation of our principal executive officers and certain other key personnel, periodically examining the general compensation structure and supervising our welfare, pension and compensation plans.

DIRECTORS' COMPENSATION

Directors who are full-time employees of ours will not receive a retainer or fees for service on our board of directors or on committees of our board. Members of the board of directors who are not our full-time employees will receive annual fees for attendance at each meeting of the board of directors. Directors also receive the use of one demonstrator vehicle or the economic equivalent.

EXECUTIVE COMPENSATION, EMPLOYMENT AGREEMENTS

The following table sets forth certain summary information concerning the compensation provided by us in 2000 to our executive management team.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION			
Name and Position	Year	Salary	Bonus	Common Stock Underlying Options	Other Annual Compensation
Brian E. Kendrick, President & Chief Executive Officer	2000	$750,000	$750,000	[ ]	$ 99,061 (1)
Thomas R. Gibson, Chairman	2000	525,000	0	[ ]	109,192 (2)
Thomas F. "Mack" McLarty, III, Vice Chairman	2000	300,000	0	[ ]	
Phillip R. Johnson, Vice President-Human Resources	2000	133,846	56,000	[ ]	5,457 (3)
Donna M. Colorito, Vice President I.T. and E-Commerce	2000	94,231	30,000	[ ]	5,240 (4)

(1) $38,146 represents a tax gross-up of income.
(2) $47,805 represents a tax gross-up of income.
(3) $5,365 represents payments for automobile use.
(4) $5,180 represents payments for automobile use.

EMPLOYMENT AGREEMENTS

Several of our executive officers are entitled to compensation under the terms of employment agreements with us and under the terms of our Third Amended and Restated Limited Liability Company Agreement, dated February 1, 2000, which we refer to in this section of the prospectus as our "L.L.C. agreement". Both our L.L.C. agreement and the employment agreements described below are included as exhibits to the registration statement of which this prospectus forms a part, and the following summary of these agreements is qualified in its entirety by reference to these exhibits.

BRIAN E. KENDRICK. Mr. Kendrick has an employment agreement with us to serve as President and Chief Executive Officer. The agreement is for a term starting December, 2000, and ending on December 31, 2002. Prior to beginning his employment with us, Mr. Kendrick received a signing bonus in November 1999 for $1,500,000. His agreement provides for an annual base salary of $750,000 and incentive compensation of up to two times the base salary based upon objectives set by the board of directors. Mr. Kendrick has the option to receive compensation in the form of equity interests in us.

Under our L.L.C. agreement, we issued to Mr. Kendrick carried interests in us. These carried interests, which are interests in an increase in our value, will be converted into options for the purchase of our common stock upon the completion of this offering.

In addition to the of options Mr. Kendrick received in exchange for his carried interest, he will receive a combination of cash and options equal to 2% of our shares of common stock outstanding after the completion of this offering. The strike price of these options will be the sum of (i) two times our book value as of January 1, 2000, plus (ii) any increase in our net book value after January 1, 2000 through the date of this prospectus, divided by the number of shares of our common stock outstanding immediately after the completion of this offering.

If Mr. Kendrick's employment is terminated for any reason other than voluntary resignation, cause, death or disability, he is entitled to two times the present value of his base salary and target bonus. The target bonus for 2001 will be equal to $750,000, and the target bonus for 2002 will be equal to the average of Mr. Kendrick's 2001 bonus and $750,000. During Mr. Kendrick's employment term and for the next two years, he is subject to non-compete and non-solicitation provisions.

THOMAS R. GIBSON. Mr. Gibson has an employment agreement with us to serve as chairman of our board of directors for a term that may be extended by us. During the term of his agreement, Mr. Gibson will receive an annual salary as follows: (i) for the period January 1, 2001, through March 16, 2001, a prorated salary based upon the rate of $525,000 per year and (ii) for the period beginning March 17, 2001 to the termination of his employment with us, a prorated salary based upon the rate of $250,000 per year. In April 2001, we paid Mr. Gibson $2,250,000 in cash in exchange for his carried interest. Mr. Gibson was issued the carried interest under our L.L.C. agreement.

If we terminate Mr. Gibson without cause or if he leaves for good reason, we will pay him his base salary for the balance of his employment term under the contract. During the term of Mr. Gibson's employment and for one year after the termination of his contract, he is subject to a non-compete provision. During the term of Mr. Gibson's employment and for three years after the termination of his contract, he is subject to a non-solicitation provision.

THOMAS F. "MACK" MCLARTY. Mr. McLarty entered into an employment agreement with us to provide management and consulting services for a term of three years beginning February 23, 1999. Under this employment agreement Mr. McLarty received an annual base salary of $175,000 and was entitled to a discretionary performance-based bonus. On May 15, 2000, Mr. McLarty's employment contract was amended upon his appointment to our vice chairmanships. Under his amended employment contract his compensation increased to an annual rate of $375,000 and provides for a discretionary performance-based bonus.

If Mr. McLarty terminates his contract for good reason or is terminated by us without cause, he will receive the present value of the remaining payments due on his employment agreement. During the term of Mr. McLarty's employment, he is subject to a non-compete provision. During the term of Mr. McLarty's employment and through the later of February 23, 2004, or two years after the termination of his contract, he is subject to a non-solicitation provision.

PHILLIP R. JOHNSON. Mr. Johnson entered into an employment agreement with us beginning April 3, 2001, providing for one year of base salary and benefits continuation if he is terminated. These benefits will not be extended in the event of death, disability, retirement, voluntary resignation, or cause. Mr. Johnson may trigger severance payments if his office is relocated by more than 50 miles, reduction of base salary, or diminution of duties. Mr. Johnson is restricted by non-solicitation and non-compete restrictions for one year following termination.

1999 OPTION PLAN

In January 1999, we adopted a non-qualified option plan for the issuance of options granting the right to purchase from us limited liability company interests in us. Under our 1999 option plan, we granted options to certain of our directors, officers, employees and consultants for terms and at exercise prices and vesting schedules set by the compensation committee of our board of directors. The options granted under our 1999 plan that have not vested prior to a change in control of us will vest and become exercisable upon a change of control. We are no longer issuing options under our 1999 option plan.

The following table provides certain information regarding options granted during 2000 under our 1999 option plan:

Option Grants in Last Fiscal Year

Name	Number of Securities Underlying Options Granted	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/SH)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (1) Option Term (1) 5% ($)	10% ($)
Phillip R. Johnson						
Donna M. Colorito						

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(1) Amounts represent hypothetical values that could be achieved for the respective options if exercised at the end of the option term. These values are based on assumed rates of stock price appreciation of 5% and 10% compounded annually from the date the respective options were granted to their expiration date based on the market price of the underlying securities on the date of the grant. These assumptions are not intended to forecast future appreciation of our stock price. The potential realizable value computation does not take into account federal or state income tax consequences of option exercises or sales of appreciated stock.

The options vest annually with respect to 33.33% of the shares covered by the options.

2001 STOCK OPTION PLAN

In connection with this offering, we intend to provide certain senior employees a grant of options, under the 2001 stock option plan, to purchase shares of common stock with respect to an aggregate of [ ] shares. A primary purpose of the 2001 stock option plan is to attract and retain exceptional officers and other key employees.

The following is a description of the material terms of the 2001 stock option plan. You should, however, refer to the exhibits that are a part of the registration statement, of which this prospectus forms a part, for a copy of the stock option plan. See "Where You Can Find More Information".

TYPE OF AWARDS. The 2001 stock option plan provides for grants of nonqualified stock options.

SHARES SUBJECT TO THE STOCK OPTION PLAN; OTHER LIMITATIONS ON AWARDS. Subject to adjustment as described below, the maximum number of our shares of common stock that may be issued under our 2001 stock option plan may not exceed [ ], and the total number of shares that may be granted to any participant in any fiscal year may not exceed [ ]. These shares may be authorized but unissued common stock or authorized and issued common stock held in our treasury. If any option is forfeited, expires or is otherwise terminated or canceled, other than by reason of exercise or vesting, then the shares covered by that option will again become available under the 2001 stock option plan.

Our compensation committee has the authority to adjust the terms and conditions of, and the criteria included in, any outstanding options in order to prevent dilution or enlargement of the benefits intended to be made available under the plan as a result of any unusual or nonrecurring events (including any dividend or other distribution, whether in the form of cash, shares of our common stock, other securities or other property, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, exchange of shares of our common stock or our other securities or other similar corporate transaction or event) affecting us, our affiliates, our financial statements or the financial statements of any of our affiliates, or any changes in applicable laws, regulations or accounting principles. In such events, the compensation committee may provide for a cash payment to the option holder in return for the cancelation of the option in an amount equal to the excess, if any, of the fair market value of our shares of common stock over the aggregate exercise price of the option.

ELIGIBILITY. Awards may be made to any officer or other key employee of us or any of our subsidiaries, including any prospective officer or key employee, selected by the compensation committee.

ADMINISTRATION. The compensation committee administers the 2001 stock option plan. The compensation committee has the authority to construe, interpret and implement the 2001 stock option plan, and prescribe, amend and rescind rules and regulations relating to the plan. The determination of

the compensation committee on all matters relating to the 2001 stock option plan or any award agreement is final and binding.

STOCK OPTIONS. The compensation committee may grant nonqualified stock options to purchase shares of common stock from us (at the price set forth in the award agreement), subject to such terms and conditions as the compensation committee may determine. Payment of the option's exercise price may be made in cash, with other shares of our common stock, by irrevocable instructions for sales by a broker, by promissory note (with the consent of the compensation committee) or by a combination of those methods. No grantee of an option will have any of the rights of one of our stockholders with respect to shares subject to their award until the issuance of the shares.

Except as the compensation committee may otherwise establish in an option agreement at the time of grant, the exercise price of each option granted under the 2001 stock option plan prior to the initial public offering of shares of our common stock will be the initial public offering price per share of our common stock and the exercise price of each option granted under the plan after the initial public offering will be equal to the fair market value of a share of our common stock on the date of grant.

Except as the compensation committee may otherwise establish in an option agreement, options that are granted under the 2001 stock option plan effective as of the initial public offering of shares of Asbury common stock will become vested and exercisable with respect to 50% of the shares subject to those options on each of the first two anniversaries of the date of grant, and the other 50% of the shares subject to those options will become vested and exercisable with respect to one-third of such shares on each of the first three anniversaries of the date of grant. Except as the compensation committee may otherwise establish in an option agreement, options granted after this offering will become vested and exercisable with respect to one-third of the shares subject to those options on each of the first three anniversaries of the date of grant.

Except as the compensation committee may otherwise establish in an option agreement, options granted under the 2001 stock option plan will expire without any payment upon the earlier of the tenth anniversary of the option's date of grant and the date the optionee ceases to be employed by us or one of our subsidiaries.

CHANGE OF CONTROL. In the event of a change in control of us, options that are outstanding and unexercisable or unvested at the time of the change of control will vest and become exercisable immediately prior to the change of control.

NONASSIGNABILITY. Except to the extent otherwise provided in the option agreement, no option granted to any person under the 2001 stock option plan is assignable or transferable other than by will or by the laws of descent and distribution, and all options are exercisable during the life of the grantee only by the grantee or the grantee's legal representative.

AMENDMENT AND TERMINATION. The 2001 stock option plan is scheduled to terminate December 31, 2011. Our board of directors may at any time amend, alter, suspend, discontinue or terminate the 2001 stock option plan and, unless otherwise expressly provided in an option agreement, the compensation committee may waive any conditions under, or amend the terms of, any outstanding option. However, stockholder approval of any of those actions must be obtained if such approval is necessary to comply with any tax or regulatory requirement applicable to the 2001 stock option plan, and any of those actions that would impair the rights of any option holder with respect to options granted prior to those actions will not be effective without the consent of the affected option holder.

EMPLOYEE STOCK PURCHASE PLAN

The following is a description of the material terms of our employee stock purchase plan, pursuant to which shares of our common stock will be made available, beginning in 2002, for purchase by our eligible employees.

GENERAL. The purpose of the plan is to promote our success and enhance our value by providing our eligible employees with the opportunity to purchase our common stock, in order to increase

employee interest in our success and encourage them to remain in our employ. The plan is intended to qualify as an employee stock purchase plan under section 423 of the Internal Revenue Code.

The plan authorizes the purchase of up to [ ] shares of our common stock by eligible employees. However, the number of shares available for purchase under the plan will be adjusted for stock dividends, stock splits, reclassifications and other changes affecting such shares. The shares available for purchase under the plan may, in the discretion of our board of directors, be authorized but unissued shares of common stock, shares purchased on the open market, or shares from any other proper source.

ADMINISTRATION. The plan will be administered by our board of directors or a committee appointed by the board of directors. Subject to the terms of the plan, the administrator has authority to interpret the plan, make, amend and rescind all rules and regulations for the operation of the plan, take any other actions and make all other determinations necessary or desirable to administer and operate the plan.

ELIGIBILITY TO PARTICIPATE. All our employees are eligible to participate in the plan, subject to such further eligibility requirements as may be specified by the administrator consistent with section 423 of the Code. However, any employee that owns, directly or indirectly, 5% or more of the total combined voting power or value of our stock is not eligible.

PURCHASES OF COMMON STOCK UNDER THE PLAN. Eligible employees receive options to purchase our common stock pursuant to the plan. The options are to be granted to each eligible employee on the first day of each calendar year in which the New York Stock Exchange is open for trading, or any other date specified by the administrator. Options remain outstanding for a period determined by the administrator not to exceed 27 months. Unless the administrator determines otherwise, consecutive option periods of equal duration will be established.

An individual must be employed as an eligible employee by us on the first trading day of an option period in order to be granted an option for that option period. In the case of an individual who first becomes an eligible employee after the first trading day of an option period, the administrator may designate a subsequent day within the option period upon which the employee will be granted an option that will have a duration equal to the balance of that option period.

Each option provides the employee the right to purchase, on the last day of the option period or on one or more trading days within the option period designated by the administrator, up to a maximum number of shares of common stock specified by the administrator. However, no employee may purchase in one calendar year shares of common stock having an aggregate fair market value in excess of $25,000. The purchase price for each share of common stock under an option will be determined by the administrator, in its discretion, prior to the beginning of the applicable option period. However, the purchase price will never be less than 85% of the fair market value of the common stock on the first day of the option period or the day of purchase, whichever is lower, and will never be less than the par value of the common stock. All eligible employees granted options under the plan for an option period will have the same rights and privileges with respect to such options.

To facilitate payment of the purchase price of options, the administrator, in its discretion, may permit eligible employees to authorize payroll deductions to be made on each payday during an option period, in addition to contributions of cash or cash-equivalents to us, up to a maximum amount determined by the administrator. We will maintain bookkeeping accounts for all employees who authorize payroll deduction or make cash contributions. Interest will not be paid on any employee accounts, unless the administrator determines otherwise. The administrator will establish rules and procedures regarding elections to authorize payroll deductions, changes in such elections, timing and manner of cash contributions, and withdrawals from employee accounts.

Amounts credited to employee accounts on the last trading day of an option period or on one or more trading days within the option period designated by the administrator will be applied to the payment of the purchase price of outstanding options. Options will be exercised on the close of business on the last trading day of an option period or on one or more trading days within the option period designated by the administrator, however, options of any participant who terminates employment for any reason before such date, or who is no longer an eligible employee on such date, will terminate unexercised. Options will be exercised only to the extent the purchase price is paid with respect to whole shares of common stock. Any balance remaining in an employee's account at the end of an option period will be carried forward automatically for the next option period. If an employee is not an eligible employee with respect to the next option period, any remaining balance will be promptly refunded without interest. No purchases will be made under the plan prior to approval of the plan by the stockholders.

AMENDMENT AND TERMINATION. The board of directors may amend the plan at any time for any reason, except that (1) if the approval of any such amendment by our stockholders is required by section 423 of the Internal Revenue Code, such amendment will not be effected without such approval, and (2) no amendment may be made that would cause the plan to fail to comply with section 423 of the Internal Revenue Code unless expressly so provided by the board of directors.

The board of directors, in its sole discretion, may terminate the plan at any time and for any reason. In the event the plan is terminated, all outstanding options shall immediately terminate and all amounts in an eligible employee's account under the plan shall be promptly refunded without interest.

CERTAIN TRANSACTIONS

RELATED PARTY TRANSACTIONS

Certain of our directors, beneficial owners and their affiliates, have engaged in transaction with us. Transactions with three of our directors, Mr. Thomas F. McLarty, Mr. David McDavid, Sr. and Mr. C.V. Nalley and one of our beneficial owners, Mr. Luther Coggin, are described below. We believe these transactions involve terms comparable to, or more favorable to us than, terms that would be obtained from an unaffiliated third party.

We lease the following properties used by the Arkansas platform for dealership lots and offices from Mr. McLarty, his immediate family members and his affiliates:

- property leased from NPF Holdings L.L.C., a limited liability company in which Mr. McLarty has a 58.5% ownership interest for a monthly rental fee of $61,926;

- property leased from MHC Properties G.P., a partnership in which Mr. McLarty has an 85.5% ownership interest, for a monthly rental fee of $13,801;

- property leased from Prestige Properties, GP, a partnership in which MHC Properties GP, of which Mr. McLarty owns 85.5%, holds a 68% ownership interest, for a monthly rental fee of $38,572;

- property leased from Hope Auto Company, corporation in which Mr. McLarty has an 86% ownership interest, for a monthly rental fee of $118,300;

- property leased from Summerhill Partnership, L.P., a limited partnership in which Mr. McLarty has a 49.88% ownership interest, for a monthly rental fee of $30,000; and

We lease the following properties used by the Texas platform for dealership lots and offices from Mr. McDavid, his immediate family members and his affiliates:

- properties leased from Mr. McDavid with an aggregate monthly rental fee of $189,000;

- properties leased from David McDavid Family Properties, a partnership in which Mr. McDavid and his immediate family have a 100% ownership interest, for aggregate monthly rental fees of $90,000;

- o property leased from BroMac Inc., an S-corporation in which Mr. McDavid and his immediate family have a 100% ownership interest, for a monthly rental fee of $1,500;

- o properties leased from Sterling Real Estate Partnership, a partnership in which Mr. McDavid and his immediate family have a 100% ownership interest, for aggregate monthly rental fees of $70,000;

- o property leased from Texas Coastal Properties, a partnership in which Mr. McDavid and his immediate family have a 100% ownership interest, for a monthly rental fee of $4,000;

- o property leased from McCreek Partners L.L.C., a limited liability corporation which is wholly owned by McCreek, Ltd., a partnership in which Mr. McDavid and his immediate family hold a 100% ownership interest, for a monthly rental fee of $4,900; and

- o property leased from D.Q. Automobiles Inc., a corporation in which Mr. McDavid has a 100% ownership interest, for a monthly rental fee of $14,700.

In the near future, we expect to enter into agreements to purchase or lease certain additional properties from Mr. McDavid or his affiliates for use by the Texas platform with the following general business terms:

- o purchase approximately four acres of land in Plano, Texas for the construction of a new body shop. Purchase price is the appraised value of $1,700,000.

- o lease approximately four acres of land in Frisco, Texas, and a 1,000-space parking structure which Mr. McDavid will build on the land at his cost, for total rent of $50,000 per month. Mr. McDavid further will construct a new dealership facility at his expense, at which time we will increase monthly rent by 1% of the construction cost, representing a 12% annual capitalization rate.

- o purchase two acres of land adjacent to our Honda dealership facility in Houston, Texas for $2,000,000. The existing Honda facility will become the new home for our Nissan dealership, and we will construct an additional facility on it for Nissan dealership expansion. The purchase price for the land is approximately $800,000 more than the appraised value, which will be offset by the "free rent" in the following transaction.

- o lease ten acres of land adjacent to our current Nissan dealership in Houston, Texas for four years, rent-free. We will renovate the facility and it will become the new home for our Honda dealership. We estimate fair market rent over the four-year term (i.e., our savings to offset the above-market purchase price above) to be $814,000.

We lease property used by the Atlanta platform for dealership lots and offices from Mr. Nalley, his immediate family and his affiliates:

- o properties owned by C.V. Nalley for an aggregate monthly rental fee of $50,500;

- o properties owned by Chevrolet Metro Realty, Inc., a corporation in which Mr. Nalley has a 100% ownership interest, for aggregate monthly rental fees of $45,900;

- o property owned by Heavy Duty Trucks Realty, Inc., a corporation in which Mr. Nalley has a 100% ownership interest, for a monthly rental fee of $36,000;

- o property owned by Union City Honda Auto Realty, Inc., a corporation in which Mr. Nalley has a 100% ownership interest, for a monthly rental fee of $45,000; and

- property owned by Marietta Lexus Auto Realty, Inc., a corporation in which Mr. Nalley has a 100% ownership interest, for a monthly rental fee of $45,100.

We lease property used by the Jacksonville platform for dealership lots and offices from Coggin Management Company, a corporation in which Mr. Coggin has a 100% ownership interest, for a monthly rental fee of $10,500.

OTHER RELATED PARTY TRANSACTIONS

Loomis Advertising, a corporation in which Mr. McDavid and his immediate family hold a 21% ownership interest, has entered into various agreements to provide advertising services to the Texas

platform for an aggregate value of $700,000 since January 1, 2000. Loomis Advertising also provides advertising services to the Jacksonville platform for a fee of $52,000 a month.

Mr. Nalley leased his private aircraft to us during part of 2000, and currently charges us for employees who use the aircraft to fly on business trips. The total amount paid to Mr. Nalley since January 1, 2000, for use of his private jet is $106,000.

Currently, we own a 10% interest in a Land Rover franchise operated under the St. Louis platform, Asbury Automotive Holdings L.L.C. owns a 40% interest in this franchise and John R. Capps owns the remaining 50% interest. We have entered into a binding assignment and assumption agreement whereby Mr. Capps has agreed to sell his 50% interest to us. This agreement is held in escrow at the Bank of New York pending manufacturer consent to the transaction.

In February 2001, Mr. McLarty purchased a number of used vehicles from us after fire damage to our Hope, Arkansas dealership. The total purchase price paid by Mr. McLarty to us was $378,000.

DESCRIPTION OF CAPITAL STOCK

AUTHORIZED CAPITAL

Our authorized capital stock consists of [________] shares of common stock, par value $.01 per share, and [ ] shares of preferred stock, par value $.01 per share. After giving effect to the offering, we will have outstanding [______] shares of common stock and no shares of preferred stock. Upon completion of the offering, we will have outstanding [______] shares of common stock ([________] shares if the underwriters' over-allotment option is exercised in full) and no shares of preferred stock.

COMMON STOCK

Subject to the rights of any then outstanding shares of preferred stock, the holders of the common stock are entitled to such dividends as may be declared in the discretion of our board of directors out of funds legally available therefor. Holders of common stock are entitled to share ratably in our net assets upon liquidation after payment or provision for all liabilities and any preferential liquidation rights of any preferred stock then outstanding. The holders of common stock have no preemptive rights to purchase shares of our stock. Shares of our common stock are not subject to any redemption provisions and are not convertible into any other of our securities. All outstanding shares of common stock are, and the shares of common stock to be issued pursuant to the offering will be upon payment therefor, fully paid and non-assessable.

PREFERRED STOCK

Preferred stock may be issued from time to time by the board of directors in one or more series. Subject to the provisions of our charter and limitations prescribed by law, the board of directors is expressly authorized to adopt resolutions to issue the shares, to fix the number of shares and to change the number of shares constituting any series and to provide for or change the voting powers, designations, preferences and relative participating, optional or other special rights, qualifications, limitations or restrictions thereof, including dividend rights (including whether dividends are cumulative), dividend rates, terms of redemption (including sinking fund provisions), redemption prices, conversion rights and liquidation preferences of the shares constituting any series of the preferred stock, in each case without any further action or vote by the stockholders. One of the effects of undesignated preferred stock may be to enable the board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise, and thereby to protect the continuity of our management. The issuance of shares of the preferred stock pursuant to the board of directors' authority described above may adversely affect the rights of the holders of common stock. For example, preferred stock issued by us may rank prior to the common stock as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into shares of common stock. Accordingly, the issuance of shares of preferred stock may discourage bids for the common stock or may otherwise adversely affect the market price of the common stock.

CERTAIN ANTI-TAKEOVER AND OTHER PROVISIONS OF THE CHARTER AND BYLAWS

LIMITATIONS ON REMOVAL OF DIRECTORS

Stockholders may remove a director only for cause upon the affirmative vote of holders of at least 80% of the voting power of the outstanding shares of common stock. In general, the board of directors, and not our stockholders, will have the right to appoint persons to fill vacancies on our board of directors.

OUR STOCKHOLDERS MAY NOT ACT BY WRITTEN CONSENT

Our corporate charter provides that any action required or permitted to be taken by our stockholders must be taken at a duly called annual or special stockholders' meeting. In addition, special meetings of the stockholders may be called only by our board of directors.

BUSINESS COMBINATIONS UNDER DELAWARE LAW

We are a Delaware corporation and are subject to section 203 of the Delaware General Corporation Law. In general, section 203 prevents an "interested stockholder" (defined generally as a person owning 15% or more of our outstanding voting stock) from engaging in a merger, acquisition or other "business combination" (as defined in section 203) with us for three years following the date that person becomes an interested stockholder unless:

- before that person became an interested stockholder, our board of directors approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination;

- upon completion of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owns at least 85% of the voting stock outstanding at the time the transaction commenced (excluding stock held by our directors who are also officers and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or

- following the transaction in which that person became an interested stockholder, the business combination is approved by our board of directors and authorized at a meeting of stockholders by the affirmative vote of the holders of at least two-thirds of the outstanding voting stock not owned by the interested stockholder.

Under section 203, these restrictions also do not apply to specified types of business combinations proposed by an interested stockholder if:

- the proposal follows the announcement or notification of one of certain extraordinary transactions involving us and a person who was not an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of our directors; and

- the extraordinary transaction is approved or not opposed by a majority of the directors who were directors before any person became an interested stockholder in the previous three years or who were recommended for election or elected to succeed such directors by a majority of such directors then in office.

STOCKHOLDERS AGREEMENT

We entered into a stockholders agreement with Asbury Automotive Holdings L.L.C. and certain platform prinicpals, consisting of the former owners of our platforms and members of their management teams. After the completion of this offering, Asbury Automotive Holdings will own [ ]% of our common stock ([ ]% if the underwriters exercise their over-allotment option in full), and the platform principals will collectively own [ ]% of our common stock ([ ]% if the underwriters exercise their over-allotment option in full). Under the stockholders agreement, the platform principals are required to vote their shares in accordance with Asbury Automotive Holdings' instructions with respect to:

- persons nominated by Asbury Automotive Holdings to our board of directors (and persons nominated against Asbury Automotive Holdings' nominees); and

- any matter to be voted on by the holders of our common stock, whether or not the matter was initiated by Asbury Automotive Holdings.

The platform principals have the right to cause Asbury Automotive Holdings to vote for at least one platform principal nominee to the board of directors if the total number of directors (excluding directors that are our employees) on the board of directors is six or less and at least two platform principal nominees if such number of directors is more than six.

The stockholders agreement will terminate on the first to occur of:

- the fifth anniversary of the date of this offering;

- two years after the first date on which Asbury Automotive Holdings' share of the ownership of our outstanding common stock falls below 20%; and

- the first date on which Asbury Automotive Holdings' share of the ownership of our outstanding common stock falls below 5%.

LIMITATION OF LIABILITY OF OFFICERS AND DIRECTORS -- INDEMNIFICATION

Delaware law authorizes corporations to limit or eliminate the personal liability of officers and directors to corporations and their stockholders for monetary damages for breach of officers' and directors' fiduciary duties of care. The duty of care requires that, when acting on behalf of the corporation, officers and directors must exercise an informed business judgment based on all material information reasonably available to them. Absent the limitations authorized by Delaware law, officers and directors are accountable to corporations and their stockholders for monetary damages for conduct constituting gross negligence in the exercise of their duty of care. Delaware law enables corporations to limit available relief to equitable remedies such as injunction or rescission. The charter limits the liability of our officers and directors to us or our stockholders to the fullest extent permitted by Delaware law. Specifically, our officers and directors will not be personally liable for monetary damages for breach of an officer's or director's fiduciary duty in such capacity, except for liability (i) for any breach of the officer's or director's duty of loyalty to us or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the officer and director derived an improper personal benefit.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the common stock is [ ].

SECURITY OWNERSHIP OF BENEFICIAL OWNERS, MANAGEMENT AND SELLING STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of [ ], 2001, as adjusted to reflect the sale of shares in this offering by us and by the selling stockholders (without giving effect to the underwriters' over-allotment option), by our directors, executive officers, and directors and officers as a group and each person known by us to beneficially own more than 5% of our outstanding voting securities. Percentages are based on total amounts of common stock outstanding on [ ] 2001.

	Common Stock(1)				
		Percent of Class		Percentage of Voting Power Outstanding	
Name	Number of Shares	Before the Offering	After the Offering	Before Offering	After Offering
Ripplewood Holdings L.L.C. (2) One Rockefeller Plaza 32nd Floor New York, NY 10020					

Freeman Spogli & Co.(3).......................					
Luther Coggin................................					
CURRENT DIRECTORS					
Timothy C. Collins(4)........................					
Ian K. Snow (4)..............................					
John M. Roth(5)..............................					
C.V. Nalley..................................					
Thomas R. Gibson.............................					
B. David McDavid.............................					
Brian E. Kendrick............................					
Charles B. Tomm..............................					
NAMED OFFICERS WHO ARE NOT DIRECTORS					
Thomas F. McLarty, III					
Thomas F. Gilman.............................					
Phillip R. Johnson...........................					
Donna M. Colorito............................					
Allen T. Levenson............................					
Thomas G. McCollum...........................					
Directors and executive officers of Asbury as a group (14 persons).......................					
SELLING STOCKHOLDERS WHO ARE NOT DIRECTORS AND NOT 5% HOLDERS OF OUR VOTING SECURITIES					
Royce Reynolds...............................					

* Less than 1%.

(1) Unless otherwise indicated, each beneficial owner listed above has represented that he, she or it possesses sole voting and sole investment power with respect to the shares beneficially owned by such person, entity or group and includes all options currently exercisable or exercisable within 60 days of [ ], 2001. The percentages of beneficial ownership as to each person, entity or group assume the exercise or conversion of all options held by such person, entity or group.

(2) Represents shares owned by Asbury Automotive Holdings L.L.C. Ripplewood Holdings L.L.C. is the owner of approximately 51% of the membership interests of Asbury Automotive Holdings and is deemed to be a member of a group that owns the shares of Asbury Automotive Holdings.

(3) Represents shares owned by Asbury Automotive Holdings L.L.C. FS Equity Partners III, L.P., FS Equity Partners International L.P. and FS Equity Partners IV, L.P are collectively the owners of approximately 49% of the membership interests of Asbury Automotive Holdings and are deemed to be members of a group that own the shares of Asbury Automotive Holdings. The business address of Freeman Spogli & Co., FS Equity Partners III, FS Equity Partners IV is 11100 Santa Monica Boulevard, Suite 1900, Los Angeles, California 90025. The business address of FS Equity Partners International L.P. is c/o Paget-Brown & Company, Ltd., West Winds Building, Third Floor, Grand Cayman, Cayman Islands, British West Indies.

(4) Does not include [ ] shares of common stock hold of record by Abury Automotive Holdings L.L.C. an entity in which Ripplewood Holdings L.L.C. holds approximately a 51% ownership interest. Mr. Collins and Mr. Snow are directors and executive officers of Ripplewood Holdings. Both Mr. Collins and Mr. Snow expressly disclaim beneficial ownership of any shares held by Ripplewood Holdings L.L.C. except to the extent of their pecuniary interests in them.

(5) Does not include [ ] shares of common stock held of record by Asbury Automotive Holdings L.L.C., an entity in which investment funds affiliated with Freeman Spogli, as described in footnote three, hold approximately a 49% ownership interest. Mr. Roth is a director, member, partner or executive officer of each of these investment funds. Mr. Roth expressly disclaims beneficial ownership of any shares held by such investment funds except to the extent of his pecuniary interest in them.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for our common stock. We cannot predict the effect, if any, that market sales of shares of our common stock or the availability of shares or our common stock for sale will have on the market price of our common stock prevailing from time to time. Nevertheless, sales of substantial amounts of our common stock in the public market could adversely affect the market price of our common stock and impair our future ability to raise capital through the sale of our equity securities.

Upon completion of this offering, we will have [ ] shares of common stock outstanding, assuming no exercise of the underwriters' over-allotment option, and [ ] shares if the underwriters' over-allotment option is exercised in full. We have reserved [ ] shares of common stock for issuance upon exercise of options granted or to be granted under our 1999 Option Plan, 2001 Stock Option Plan and Employee Stock Purchase Plan, of which [ ] options are currently outstanding and [up to [ ] additional options are expected to be granted simultaneously with this offering. All of the [ ] shares sold in this offering] ([ ] shares if the underwriters' over-allotment option is exercised in full) will be freely tradable without restriction or further registration under the Securities Act unless the shares are purchased by our "affiliates", as that term is defined in Rule 144 under the Securities Act. None of the remaining [ ] outstanding shares of our common stock have been registered under the Securities Act, which means that they are "restricted securities" under the Securities Act, and may be resold publicly only upon registration under the Securities Act or in compliance with an exemption from the registration requirements of the Securities Act, including the exemption provided by Rule 144 under the Securities Act.

We summarize Rule 144, as it relates to sales of our shares, below.

RULE 144

Under Rule 144, [ ] shares of common stock will be tradable 90 days after the effective date of the registration statement of which this prospectus forms a part, subject to the restrictions described below. Sales of some of these shares will be subject to the restrictions included in lock-up agreements between certain of our stockholders and the underwriters, as described under "Lock-Up Agreements" below. In general, under Rule 144, beginning 90 days after the date on which the registration statement of which this prospectus is a part becomes effective, a person who has owned shares of our common stock for at least one year would be entitled to sell within any three month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately [ ] shares immediately after the completion of this offering ([ ] shares if the underwriters' over-allotment option is exercised in full); or

- the average weekly trading volume of the common stock on the New York Stock Exchange during the four calendar weeks preceding the filing of a notice on Form 144 providing notification of the sale.

Sales under Rule 144 are also governed by manner of sale requirements and may only be made if current public information about us is available.

REGISTRATION RIGHTS

Under a stockholders agreement between us and certain of our stockholders entered into simultaneously with or prior to this offering, we have granted Asbury Automotive Holdings L.L.C. and certain other of our stockholders the right to require us to register sales of their shares of our common stock under the Securities Act. These stockholders collectively, own [ ] shares of our common stock as of the date of this offering, representing [ ]% of our total common shares outstanding ([ ]% if the underwriters exercise their over-allotment option in full). Under the stockholders agreement, at any time following the completion of this offering, Asbury Automotive Holdings or stockholders holding among them a majority of the total number of shares held by the stockholders, other than Asbury Automotive Holdings, that are parties to the stockholders agreement, may demand that we file a registration statement with the Securities and Exchange Commission registering the sale of all or part of their stockholdings within 45 days, subject to our ability to defer a registration demand for 15 to 45 days under specified circumstances. Our obligation to effect registrations is subject to the following volume restrictions:

- Any proposed offering must be for at least 1% of the total number of our shares of common stock then outstanding;

- In the case of the first registration demand, we are not required to register the sale of more than 50% of the total holdings of any stockholder, other than Asbury Automotive Holdings; and

- In the case of the first registration demand of the stockholders, other than Asbury Automotive Holdings, we are not required to register for sale a number of shares greater than 20% of the total holdings of the stockholders who are parties to the stockholders agreement.

Under the stockholders agreement, Asbury Automotive Holdings has been granted five registration demands, and the remaining stockholders have been granted, collectively, two registration demands. We are not required to register the sale of any shares during the period that such shares are subject to a lock-up agreement. In addition, other than in the case of a request made by Asbury Automotive Holdings, we are not required to register more than one sale of shares during any one year period in response to a registration demand.

We have also granted Asbury Automotive Holdings and the other stockholders who are parties to the stockholders agreement "piggy-back" registration rights, meaning that we have agreed to notify the parties to the stockholders agreement in the event that we undertake to register a sale of our shares (whether in response to a registration demand or otherwise) and will permit those stockholders who request to join in the registered offering.

All registration rights granted under the stockholders agreement are subject to the right of the managing underwriter of the registered offering to reduce the number of shares included in the registration statement if the underwriter determines that the success of the offering would be materially adversely affected by the size of the registered offering. In general, we are responsible for paying the expenses of registration (other than underwriting discounts and commissions on the sale of shares), including the fees and expenses of counsel to the selling stockholders.

LOCK-UP AGREEMENTS

As of the date of this prospectus, the following groups of persons, who collectively hold [ ] shares of our common stock, have entered into lock-up agreements with the underwriters:

- Asbury Automotive Holdings L.L.C.;

- our officers and directors; and

- those of our platform chief executive officers, chief operating financial officers and dealership general managers who received equity in us in connection with our acquisition of the related platforms.

The lock-up agreements provide that these persons will not offer, sell, contract to sell, grant any option to purchase, hedge or otherwise dispose of shares of our common stock or any securities that are convertible into or exercisable for our common stock for a period of 180 days after the date of this

prospectus (or two years in the case of those platform and dealership officials, other than certain of the selling stockholders, who received equity in us in connection with our acquisitions of the related platform) without the prior written consent of Goldman, Sachs & Co. Goldman, Sachs & Co. has advised us that it has no present intention to release any of the shares subject to the lock-up agreements prior to the expiration of the applicable lock-up period.

SHARES HELD BY RIPPLEWOOD HOLDINGS L.L.C.

After completion of the offering, Ripplewood Holdings L.L.C. will continue to own [_]% of our outstanding common stock ([ ]% if the underwriters exercise their over-allotment option in full) through Asbury Automotive Holdings L.L.C., a controlled affiliate of Ripplewood. Ripplewood's ownership of our stock could negatively affect our stock price:

- Due to the perception of "market overhang", that is that large blocks of shares are readily available for sale, or

- In the event that Ripplewood disposed of all or a substantial portion of this common stock at any one time or from time to time.

In addition, if Ripplewood continues to retain a substantial portion of our common shares, the liquidity of our common stock could be adversely affected.

We do not know Ripplewood's future plans as to its holdings of our common stock, and Ripplewood is not under any obligation to inform us of its intentions as to our common stock. We can not give you any assurances that

Ripplewood's actions will not negatively affect the price or liquidity of our common stock in the future. See "Risk Factors -- We will be controlled by Ripplewood Holdings L.L.C., which may have interests different from your interests."

UNDERWRITING

Asbury, the selling stockholders and the underwriters for the offering named below have entered into an underwriting agreement with respect to the shares being offered. Goldman, Sachs & Co., Merrill, Lynch, Pierce, Fenner & Smith Incorporated and Salomon Smith Barney Inc. are the representatives of the underwriters. Subject to conditions set forth in the underwriting agreement, each underwriter has severally agreed to purchase the number of shares indicated in the following table.

Underwriters	Number of Shares
Goldman, Sachs & Co.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated.	
Salomon Smith Barney Inc.	
Total	

If the underwriters sell more shares than the total number set forth in the table above, the underwriters have an option to buy up to an additional [ ] shares from Asbury and [ ] shares from the selling stockholders to cover such sales. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions Asbury will pay to the underwriters. The amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Paid by Asbury		Paid by the Selling Stockholders	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Per Share	$	$	$	$
Total				

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $[ ] per share from the initial public offering price. Any such securities dealers may resell any shares purchased from the underwriters to certain other brokers or dealers at a discount of up to $[ ] per share from the initial public offering price. If all the shares are not sold at the initial offering price, the representatives may change the offering price and the other selling terms.

Asbury, its directors and executive officers, Asbury Automotive Holdings L.L.C. and certain of the selling stockholders have agreed with the underwriters not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives. In addition, the former owners of our platforms (other than certain of the selling stockholders) and those platform chief executive officers, chief operating officers, chief financial officers and those dealership general managers who received equity in Asbury in connection with the acquisition by Asbury of the related platforms have agreed to such restrictions on disposal and hedging of their common stock for a period of two years after the date of this prospectus. These agreements do not apply to any grants under existing employee benefit plans. See "Shares Available for Future Sale" for a discussion of transfer restrictions.

Prior to this offering, there has been no public market for the shares. The initial public offering price will be negotiated among Asbury and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be Asbury's historical performance, estimates of Asbury's business potential and earnings prospects of Asbury, an assessment of Asbury's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

Asbury's common stock will be listed on the New York Stock Exchange under the symbol "[ ]". In order to meet one of the requirements for listing the common stock on the New York Stock Exchange, the underwriters have undertaken to sell lots of 100 or more shares to a minimum of 2,000 beneficial holders.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from Asbury or the selling stockholder in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the overallotment option. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of the underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of the common stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These

transactions may be effected on the New York Stock Exchange, in the over-the-counter market or otherwise.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

Asbury and the selling stockholders estimate that their shares of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $[ ] and $[ ], respectively.

Asbury and the selling stockholders have agreed to indemnify the underwriters identified in the table above against specific liabilities, including liabilities under the Securities Act.

VALIDITY OF SHARES

The validity of the shares of our common stock offered hereby will be passed upon for us by Cravath, Swaine & Moore, New York, New York, and for the underwriters by Sullivan & Cromwell, New York, New York.

EXPERTS

Our financial statements included in this prospectus and elsewhere in the registration statement to the extent and for the periods indicated in their report have been audited by Arthur Andersen LLP and Dixon Odom P.L.L.C, each of which are independent public accountants, as indicated in their respective reports with respect thereto, and are included in the prospectus in reliance upon the authority of these firms as experts in giving these reports.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to this offering of our common stock. This prospectus does not contain all the information contained in the registration statement and the exhibits and schedules to the registration statement. For further information with respect to us and our common stock, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. You may read and copy any document we file at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains a web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC at http://www.sec.gov.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Securities and Exchange Act and will file periodic reports and other information, including proxy statements, with the SEC. These periodic reports and other information will be available for inspection and copying at the SEC's public reference room and the web site of the SEC referred to above.

Index to Financial Statements

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Asbury Automotive Group L.L.C.:

We have audited the accompanying consolidated balance sheets of Asbury Automotive Group L.L.C. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, members' equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asbury Automotive Group L.L.C. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Stamford, Connecticut
March 23, 2001 (except with respect to
matters discussed in Note 17, as to which
the date is July 2, 2001)

ASBURY AUTOMOTIVE GROUP L.L.C.

CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS	December 31, 1999	December 31, 2000	March 31, 2001 (unaudited)
CURRENT ASSETS:			
Cash and cash equivalents (including contracts-in-transit of $52,620, $76,554, and $72,343)	$ 97,442	$ 123,795	$ 122,347
Current portion of restricted marketable securities	1,245	1,304	1,304
Accounts receivable (net of allowance of $2,284, $2,396 and $2,365)	65,455	76,168	86,943
Inventories	434,234	554,141	532,319
Prepaid and other current assets	17,684	21,535	19,902
Total current assets	616,060	776,943	762,815
PROPERTY AND EQUIPMENT, net	141,786	215,149	220,329
GOODWILL, net	226,321	364,164	362,799
RESTRICTED MARKETABLE SECURITIES	9,280	7,798	7,230
OTHER ASSETS	41,159	40,146	55,205
Total assets	$1,034,606	$1,404,200	$1,408,378
LIABILITIES AND MEMBERS' EQUITY			
CURRENT LIABILITIES:			
Floor plan notes payable	$ 385,263	$ 499,332	$ 486,223
Short-term debt	16,612	16,290	14,155
Current maturities of long-term debt	10,841	19,495	15,187
Accounts payable	29,733	36,823	41,309
Accrued liabilities	54,927	53,634	49,441
Total current liabilities	497,376	625,574	606,315
LONG-TERM DEBT	296,807	435,879	454,081
OTHER LIABILITIES	9,227	20,865	21,721
COMMITMENTS AND CONTINGENCIES			
MINORITY INTEREST	33,083	--	--
MEMBERS' EQUITY:			
Contributed capital	195,039	303,245	303,245
Retained earnings	3,074	18,637	23,016
Total members' equity	198,113	321,882	326,261
Total liabilities and members' equity	$1,034,606	$1,404,200	$1,408,378

See Notes to Consolidated Financial Statements.

ASBURY AUTOMOTIVE GROUP L.L.C.

CONSOLIDATED STATEMENTS OF INCOME
(in thousands)

	For the Years Ended December 31,			For the Three Months Ended March 31,	
	1998	1999	2000	2000	2001
				(unaudited)	
REVENUES:					
New vehicles	$ 687,850	$1,820,393	$2,439,729	$ 562,490	$ 579,115
Used vehicles	221,828	787,029	1,064,102	243,070	285,954
Parts, service and collision repair	156,037	341,506	434,478	98,746	118,243
Finance and insurance, net	19,149	63,206	89,481	19,732	23,554
Total revenues	1,084,864	3,012,134	4,027,790	924,038	1,006,866
COST OF SALES:					
New vehicles	635,956	1,678,256	2,246,903	519,020	532,612
Used vehicles	201,068	719,638	970,752	219,288	260,534
Parts, service and collision repair	92,549	173,072	212,596	48,950	57,180
Total cost of sales	929,573	2,570,966	3,430,251	787,258	850,326
GROSS PROFIT	155,291	441,168	597,539	136,780	156,540
OPERATING EXPENSES:					
Selling, general and administrative	127,752	343,443	451,405	102,320	119,302
Depreciation and amortization	6,303	16,161	24,249	4,967	7,007
Income from operations	21,236	81,564	121,885	29,493	30,231
OTHER INCOME (EXPENSE):					
Floor plan interest expense	(7,730)	(22,982)	(36,968)	(7,678)	(9,489)
Other interest expense	(7,104)	(24,703)	(42,009)	(7,817)	(12,489)
Equity investment losses, net	-	(616)	(6,066)	(3,587)	(1,000)
Gain (loss) on sale of assets	9,307	2,365	(1,533)	7	16
Other income, net	2,409	3,571	6,156	1,704	1,514
Total other expense, net	(3,118)	(42,365)	(80,420)	(17,371)	(21,448)
Income before income taxes, minority interest and extraordinary loss	18,118	39,199	41,465	12,122	8,783
INCOME TAX EXPENSE	-	1,779	3,511	1,021	1,168
MINORITY INTEREST IN SUBSIDIARY EARNINGS	14,303	20,520	9,027	7,205	-
Income before extraordinary loss	3,815	16,900	28,927	3,896	7,615
EXTRAORDINARY LOSS ON EARLY EXTINGUISHMENT OF DEBT	(734)	(752)	-	-	(1,433)
Net income	$ 3,081	$ 16,148	$ 28,927	$ 3,896	6,182
PRO FORMA TAX ADJUSTMENT (net of effect on minority interest)			10,417		2,206
Tax affected pro forma net income			$ 18,510		$ 3,976

See Notes to Consolidated Financial Statements.

ASBURY AUTOMOTIVE GROUP L.L.C.

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(in thousands)

	Contributed	Retained Earnings

	Capital	(Deficit)	Total
BALANCE AS OF DECEMBER 31, 1997	$ 36,552	$ 405	$ 36,957
Contributions	120,387	-	120,387
Distributions	-	(6,686)	(6,686)
Net income	-	3,081	3,081
Issuance of interests to minority members of subsidiaries before predecessor cost adjustment	57,495	-	57,495
Predecessor cost adjustment	(90,705)	-	(90,705)
Effect of minority members' share of subsidiary income, net of distributions	6,851	-	6,851
BALANCE AS OF DECEMBER 31, 1998	130,580	(3,200)	127,380
Contributions	38,100	-	38,100
Distributions	-	(9,874)	(9,874)
Net income	-	16,148	16,148
Reclassification of minority member deficits	26,359	-	26,359
BALANCE AS OF DECEMBER 31, 1999	195,039	3,074	198,113
Contributions	20,650	-	20,650
Contribution of equity interest by minority members	87,556	-	87,556
Distributions	-	(13,364)	(13,364)
Net income	-	28,927	28,927
BALANCE AS OF DECEMBER 31, 2000	303,245	18,637	321,882
Distributions (unaudited)	-	(1,803)	(1,803)
Net income (unaudited)	-	6,182	6,182
BALANCE AS OF MARCH 31, 2001 (unaudited)	$303,245	$ 23,016	$326,261

See Notes to Consolidated Financial Statements.

ASBURY AUTOMOTIVE GROUP L.L.C.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Years Ended December 31,			For the Three Months Ended March 31,	
	1998	1999	2000	2000	2001
				(unaudited)	
CASH FLOW FROM OPERATING ACTIVITIES:					
Net income	$ 3,081	$ 16,148	$ 28,927	$ 3,896	$ 6,182
Adjustments to reconcile net income to net cash provided by operating activities-					
Depreciation and amortization	6,303	16,161	24,249	4,967	7,007
(Gain) loss on sale of assets	(9,307)	(2,365)	1,533	(7)	(16)
Minority interest in subsidiary earnings	14,303	20,520	9,027	7,205	-
Extraordinary loss on early extinguishment of debt	734	752	-	-	1,433
Loss on equity investments, net	-	616	6,066	3,587	1,000
Other non-cash charges	1,155	753	505	(104)	891
Change in operating assets and liabilities, net of effects from acquisitions and divestiture of assets-					
Accounts receivable, net	(17,174)	5,007	2,367	(20,984)	(10,775)
Inventories	(30,561)	(50,611)	(22,911)	(3,763)	24,286
Floor plan notes payable	31,190	36,402	38,200	9,680	(13,109)
Accounts payable and accrued liabilities	6,024	(1,032)	(8,335)	294	2,728
Other	3,743	6,785	3,016	2,803	(3,144)
Net cash provided by operating activities	9,491	49,136	82,644	7,574	16,483
CASH FLOW FROM INVESTING ACTIVITIES:					
Capital expenditures	(11,356)	(22,327)	(36,062)	(5,629)	(10,326)
Proceeds from the sale of assets	38,350	15,803	6,054	250	484
Acquisitions (net of cash and cash equivalents acquired of $33,427, $27,448, $17,079 and $6,913 in 1998, 1999, 2000 and for the three months ended March 31, 2000, respectively)	(260,063)	(92,149)	(179,538)	(47,587)	(2,224)
Equity investments	-	(7,500)	-	-	(1,200)
Proceeds from restricted marketable securities	-	1,253	1,423	460	568
Purchases of restricted marketable securities	(11,778)	-	-	-	-
Net receipt (issuance) of finance contracts	990	(6,250)	(480)	(88)	(571)
Other investing activities	(135)	(183)	-	-	-
Net cash used in investing activities	(243,992)	(111,353)	(208,603)	(52,594)	(13,269)
CASH FLOW FROM FINANCING ACTIVITIES:					
Distributions to members	(6,686)	(9,874)	(13,364)	(181)	(1,803)
Contributions from members	120,387	38,100	20,650	20,650	-
Repayments of debt	(32,344)	(34,565)	(14,597)	(625)	(326,318)
Proceeds from borrowings	201,062	112,930	159,411	27,597	335,650
Payment of debt issuance costs	-	-	-	-	(12,191)
Net of cash contributions to (distributions from) minority members of subsidiaries	(2,247)	(8,622)	212	1,587	-
Net cash provided by (used in) financing	280,172	97,969	152,312	49,028	(4,662)

activities					
Net increase (decrease) in cash and cash equivalents	45,671	35,752	26,353	4,008	(1,448)
CASH AND CASH EQUIVALENTS, beginning of period	16,019	61,690	97,442	97,442	123,795
CASH AND CASH EQUIVALENTS, end of period	$ 61,690	$ 97,442	$123,795	$101,450	$122,347
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
Cash paid for-					
Interest	$ 12,911	$ 42,758	$ 77,322	$ 15,465	$ 20,371
Income taxes	$ 2,761	$ 1,364	$ 3,302	$ 887	$ 1,903

See Note 3 for supplemental non-cash investing activities.

See Notes to Consolidated Financial Statements.

Asbury Automotive Group L.L.C.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2000, 1999 AND 1998 AND MARCH 31, 2001 AND 2000
(information at March 31, 2001 and for the three months ended March 31, 2001 and 2000 is unaudited)
(dollars in thousands)

1. DESCRIPTION OF BUSINESS

Asbury Automotive Group L.L.C. ("Asbury" or the "Company") is a national automotive retailer, operating 84 new and used car dealerships (including 119 franchises) and 23 collision repair centers in 12 metropolitan areas of the Southeastern, Midwestern, Southwestern and Northwestern United States as of March 31, 2001. Asbury sells new and used vehicles, light trucks and replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges vehicle finance, insurance and service contracts for its automotive customers. Asbury offers, collectively, 34 domestic and foreign brands of new vehicles. In addition, one dealership sells four brands of commercial motor trucks.

The Company was formed in June 1996 and is controlled by Ripplewood Holdings, L.L.C.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements reflect the consolidated accounts of Asbury and its wholly-owned subsidiaries. The equity method of accounting is used for investments in which the Company has significant influence. Generally, this represents common stock ownership or partnership equity of at least 20% but not more than 50%. All intercompany transactions have been eliminated in consolidation.

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 and services is recognized upon delivery of parts to the customer or when vehicle service work is performed.

The Company receives commissions from the sale of credit life and disability insurance and vehicle service contracts to customers. In addition, the Company arranges financing for customers through various institutions and receives commissions equal to the difference between the loan rates charged to customers over predetermined financing rates set by the financing institution.

(dollars in thousands)

The Company may be charged back ("chargebacks") for financing fees, insurance or vehicle service contract commissions in the event of early termination of the contracts by customers. The revenues from financing fees and commissions are recorded at the time of the sale of the vehicles 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 revenues, net of estimated chargebacks, are included in finance and insurance revenue in the accompanying consolidated statements of income.

Cash and Cash Equivalents

Cash and cash equivalents include contracts-in-transit and highly liquid investments that have an original maturity of three months or less at the date of purchase. Contracts-in-transit represent receivables from finance companies for the portion of the vehicle purchase price financed by customers through sources arranged by the Company.

Inventories

Inventories are stated at the lower of cost or market. The Company uses the "last-in, first-out" method ("LIFO") to account for approximately 65%, 64%, and 61% of its inventories, the specific identification method to account for 31%, 33% and 35% of its inventories, and the "first-in, first-out" method ("FIFO") to account for 4%, 3% and 4% of its inventories at December 31, 1999 and 2000 and March 31, 2001, respectively. If the FIFO method had been used to determine cost for inventories valued using the LIFO method, net income would have been increased (decreased) by $(221), $2,139 and $2,097 for the years ended December 31, 1998, 1999 and 2000 and $525 and $500 for the three-month periods ended March 31, 2000 and 2001, respectively.

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 leasehold improvements	5 - 35
Machinery and equipment	3 - 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 charged to operations as incurred.

Goodwill

Goodwill represents the excess of purchase price over the fair value of the net tangible and other intangible assets acquired at the date of acquisition. Goodwill is amortized on a straight-line basis over 40 years. Amortization expense charged to operations totaled $1,523, $4,960 and $8,330, for the years ended December 31, 1998, 1999 and 2000, respectively, and $1,478 and $2,528 for the three-month periods ended March 31, 2000 and 2001, respectively. Accumulated amortization totaled $6,770, $15,041 and $17,569 as of December 31, 1999 and 2000, and March 31, 2001, respectively.

Impairment of Long-Lived Assets

The recoverability of the Company's long-lived assets, including goodwill and other intangibles, is assessed by comparing the carrying amounts of such assets to the estimated undiscounted cash flows relating to those assets. The Company does not believe its long-lived assets are impaired at March 31, 2001.

Equity-based Compensation

The Company accounts for equity-based compensation issued to employees in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." The Company, as permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock - Based Compensation," has chosen to account for equity options at their intrinsic value. Accordingly, no compensation expense has been recorded for its option plan.

Tax Status

The Company consists primarily of a group of limited liability companies and partnerships (with the Company as the parent), which are treated as one partnership for tax purposes. Under this structure, such companies and partnerships are not subject to income taxes but instead the members of the Company are taxed on their respective distributive shares of the Company's taxable income. Therefore, no provision for federal or state income taxes has been included in the financial statements for the limited liability companies and partnerships.

The Company has nine subsidiaries which for income tax purposes are C corporations under the provisions of the U. S. Internal Revenue Code and, accordingly, follow the liability method of accounting for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Under this method, deferred income taxes are recorded based upon differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are assumed to be in effect when the underlying assets are realized and liabilities are settled. A valuation allowance reduces deferred tax assets when it is more likely than not that some or all of the deferred tax assets will not be realized.

Advertising

The Company expenses production and other costs of advertising as incurred. Advertising expense totaled $9,367, $29,622 and $42,233 for the years ended December 31, 1998, 1999 and 2000, and $8,555 and $10,503 and for the three-month periods ended March 31, 2000 and 2001, respectively. For the years ended December 31, 1999 and 2000, approximately $4,000 and $5,200 and for the three months ended March 31, 2000 and 2001, approximately $1,275 and $290, respectively, was paid to two separate entities in which two members of the Company had substantial interests.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 those estimates.

Statements of Cash Flows

The net change in floor plan financing of inventories, which is a customary financing technique in the industry, is reflected as an operating activity in the accompanying consolidated statements of cash flows.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of restricted marketable securities, floor plan notes payable and long-term debt. The carrying amounts of its financial instruments approximate their fair values at December 31, 1999 and 2000 and March 31, 2001 due to their relatively short duration and variable interest rates.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash deposits. The Company maintains cash balances in financial institutions with strong credit ratings. At times, amounts invested with financial institutions may be 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 the Company's customer base.

Comprehensive Income

The Company follows the provisions of SFAS No. 130 "Reporting Comprehensive Income." Based on the definitions contained therein, the Company has no components of other comprehensive income for the periods presented.

Segment Reporting

The Company follows the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". Based upon definitions contained in SFAS No. 131, the Company has determined that it operates in one segment and has no international operations.

Recent Accounting Pronouncements

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security or a foreign currency-denominated forecasted transaction. The accounting for changes in the fair value of a derivative (gains or losses) depends on the intended use of the derivative and the resulting designation. SFAS No. 137 amended the effective date to all fiscal quarters of fiscal years beginning after June 15, 2000. SFAS No. 138, issued in June 2000, addressed a limited number of issues that were causing implementation difficulties for numerous entities applying SFAS No. 133. The Company has determined that the adoption of SFAS No.133 will not have a material impact on its results of operations, financial position, liquidity or cash flows.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition". SAB No. 101 was effective for years beginning after December 31, 1999, and provides clarification related to recognizing revenue in certain circumstances. Adoption of SAB No. 101 did not have a material impact on the Company's revenue recognition policies.

Interim Financial Statements

The accompanying unaudited financial statements for the three-month periods ended March 31, 2000 and 2001 have been prepared on substantially the same basis as the audited financial statements, and include all adjustments, consisting only of normal recurring adjustments, which management believes are necessary for a fair presentation of the financial information set forth therein.

3. ACQUISITIONS

Overview

The Company has consummated eight major platform acquisitions ("platforms"), which were effected through its subsidiaries in which the sellers received, in addition to cash consideration, an interest in the platform subsidiary established to effect the related acquisition. Minority ownership interests related to such transactions ranged from 20% to 49%. Prior to the Minority Member Transaction (discussed below), such acquisitions were accounted for using the purchase method of accounting; however, as also discussed below, certain of these acquisitions were effected through leveraged buyout transactions. In such cases, carryover basis was used to measure the portion of assets acquired and liabilities assumed attributed to such minority members of the subsidiaries. In connection with the Minority Member Transaction, the minority interests in the subsidiaries were acquired using the purchase method of accounting.

(dollars in thousands)

The Company has consummated additional acquisitions through its subsidiaries and certain of these acquisitions resulted in the issuance of minority interests.

The operations of the acquired dealerships are included in the consolidated statements of income commencing on the date acquired.

Minority Member Transaction

On April 30, 2000, Asbury, the then parent company, and the minority members of Asbury's subsidiaries reached an agreement whereby their respective equity interests were transferred into escrow and subsequently into Asbury Automotive Oregon L.L.C. ("Asbury Oregon") in exchange for equity interests in Asbury Oregon (the "Minority Member Transaction"). The exchanges of the minority members' interests were accounted for using the purchase method of accounting whereby the value of the minority interests transferred into Asbury Oregon were recorded at their estimated fair values, approximately $93,710. The accompanying consolidated balance sheets include the preliminary allocations of the purchase price to tangible and intangible net assets transferred , which is subject to final adjustment. This allocation resulted in recording approximately $23,679 of goodwill. Following the Minority Member Transaction, the then parent company, Asbury, changed its name to Asbury Automotive Holdings L.L.C. ("Asbury Holdings") and Asbury Oregon changed its name to Asbury Automotive Group L.L.C. Subsequent to the Minority Member Transaction, Asbury Holdings owns approximately 59% of the member interest of the Company with the remaining member interest being held by the former minority members of the Company's subsidiaries.

1998

During 1998, the Company acquired five platforms (consisting of 37 dealerships) and an equity interest in an individual dealership for an aggregate purchase price of $294,077, including the proceeds from $193,900 in

borrowings ($20,700 of which was retained in the businesses) and the issuance of minority interests to certain of the previous controlling shareholders.

The accompanying financial statements include the results of operations of acquisitions acquired in 1998 from the date of acquisition. The following unaudited pro forma financial data reflects the 1998 acquisitions as if they occurred on January 1, 1998 (unaudited).

Revenues	$ 2,462,717
Income before income taxes and minority interest	23,059

1999

During 1999, the Company acquired one platform (consisting of 6 dealerships), and 9 other dealerships as well as the remaining interest of a dealership partially purchased in 1998 for an aggregate purchase price of $119,597, including the proceeds from $73,784 in borrowings and the issuance of minority interests to certain of the previous controlling shareholders.

The accompanying financial statements include the results of operations of acquisitions acquired in 1998 and 1999 subsequent to the date of the respective acquisitions. The following unaudited pro forma financial data reflects the 1998 and 1999 acquisitions as if they occurred on January 1, 1998 and 1999, respectively.

(dollars in thousands)

	1998	1999
	(unaudited)	
Revenues	$3,180,092	$3,455,256
Income before income taxes and minority interest	23,122	44,208

2000

During 2000, the Company acquired 18 dealerships for an aggregate purchase price of $197,648, including the proceeds from $140,820 in borrowings and the issuance of member equity interests to certain of the previous controlling shareholders.

The accompanying financial statements include the results of operations of acquisitions acquired in 1999 and 2000 subsequent to the date of the respective acquisitions. The following unaudited pro forma financial data reflects the 1999 and 2000 acquisitions and the effect of the Minority Member Transaction as if they occurred on January 1, 1999 and 2000, respectively.

	1999	2000
	(unaudited)	
Revenues	$4,274,277	$4,293,554
Income before income taxes and minority interest	52,287	44,810

The unaudited pro forma selected financial data does not purport to represent what the Company's results of operations would have actually been had the transactions in fact occurred as of an earlier date or project the results for any future period. Pro forma adjustments included in the amounts above relate primarily to: (a) pro forma amortization expense; (b) adjustments to compensation expense and management fees to the

post acquisition contracted amounts and; (c) increases in interest expense resulting from the net cash borrowings used to complete the related acquisitions.

The foregoing acquisitions were all accounted for under the purchase method of accounting. Except as discussed below, the historical book values of the assets and liabilities were recorded at their fair value as of the acquisition dates. Certain of these acquisitions were affected through leveraged buyout transactions. Prior to the Minority Member Transaction, the accompanying consolidated financial statements reflected the use of carryover basis (i.e., the historical values of the predecessor company prior to the acquisition) in order to measure the portion of assets acquired and liabilities assumed attributed to certain minority members of the subsidiaries.

In certain of these transactions, just prior to the leveraged buyout of the related controlling interest, the net book value attributable to the minority interests was increased to reflect its fair value. This amount along with the historical carrying amount of the net assets acquired was the basis for determining the amount of carryover basis used to record the leveraged buyout of the acquisition.

(dollars in thousands)

The following table summarizes the Company's acquisitions:

	Acquisitions consummated in:		
	1998	1999	2000
Cash paid for businesses acquired	$294,077	$119,597	$197,648
Notes payable issued (included in purchase price)	10,188	-	-
Issuance of minority equity interest, including $57,495 reflected as contributed capital in 1998	75,540	27,190	13,050
Less: Predecessor cost adjustment	(90,705)	(18,828)	(9,582)
Goodwill	(125,933)	(87,754)	(129,557)
Estimated fair value of net tangible and other intangible assets acquired	$163,167	$ 40,205	$ 71,559

The allocation of purchase price to assets acquired and liabilities assumed has been based on preliminary estimates of fair value and may be revised as additional information concerning valuation of such assets and liabilities becomes available. As a result of the Minority Member Transaction, $82,783 of predecessor cost adjustment has been eliminated as part of the purchase accounting applied.

Minority Interests

The use of carryover basis accounting for those acquisitions effected through leveraged buyout transactions combined with the impact of distributing to the sellers a portion of the borrowings used to consummate such acquisitions resulted in minority shareholder deficits in those subsidiaries. In 1998, such deficits were recorded as a reduction of members' equity. In 1999, the Company determined that the minority portion of those shareholder deficits were realizable. Accordingly, these amounts were reclassified to and offset against other minority interest amounts. All minority interests were eliminated as a result of the Minority Member Transaction.

4. INVESTMENTS IN PARTIALLY OWNED EQUITY AFFILIATES

In the fourth quarter of 1999, the Company made a $7,500 investment in Greenlight.com ("Greenlight"), a startup Internet company engaged in the retail sale of new vehicles. The investment was accounted for under the equity method whereby the Company recorded pre-tax losses of $764 and $6,938 in 1999 and 2000, respectively, related to its investment in and expenses paid on the behalf of Greenlight. As of December 31, 2000, the Company's investment was fully written-off through equity investment losses. In 2001, the Company invested an additional $1,200 into Greenlight. Following the Company's additional investment, Greenlight was merged into CarsDirect.com ("CarsDirect") a company also engaged in the retail sale of new vehicles over the Internet. The Company's investment in CarsDirect totaled approximately 3% of CarsDirect's total equity after the merger. The Company accounts for its investment in CarsDirect using the cost method.

(dollars in thousands)

5. DIVESTITURES

During 1998, the Company completed the sale of certain dealership assets for net cash proceeds of $38,135. The $9,307 gain on the sale of such assets, reflected in the accompanying consolidated statements of income, is attributed to the use of carryover basis in valuing the minority interest in the related assets. In addition, the Company sold $215 of fixed assets for book value in 1998.

During 1999, the Company completed the sale of certain real estate assets for net cash proceeds of $13,016. The difference of $3,459 between the recorded book value as of the date of the sale and the net cash proceeds is attributed to the use of carryover basis in valuing the minority interest in the related assets. Of that difference, $1,067 relates to the sale of an asset back to one of the Company's minority members within the purchase price allocation period and was therefore accounted for as an adjustment to the related purchase price. In addition, the Company sold other fixed assets for cash proceeds of $2,787, recognizing a $27 loss.

During 2000, the Company sold three dealerships and certain fixed assets for net cash proceeds of $6,054 and recorded a net loss on sale of these assets of $1,533. The loss was comprised of $1,650 of losses from the sale of dealerships which was offset by $117 of gains from the sale of fixed assets.

The above mentioned gains in both 1998 and 1999, which resulted from the use of carryover basis to value the minority interest in the related assets, are also reflected in minority interest in subsidiary income on the respective consolidated statements of income.

6. INVENTORIES AND RELATED FLOOR PLAN NOTES PAYABLE

Inventories consist of the following:

	December 31,		March 31,
	1999	2000	2001
			(unaudited)
New vehicles	$340,857	$444,688	$417,165
Used vehicles	65,849	74,529	81,742
Parts and accessories	29,974	38,281	37,269
LIFO reserve	(2,446)	(3,357)	(3,857)
Total inventories	$434,234	$554,141	$532,319

The inventory balance is reduced by manufacturers' purchase discounts; such reduction is not reflected in related floor plan liability.

Floor plan notes payable reflect amounts payable for purchases of specific vehicle inventories and are due to various floor plan lenders bearing interest at variable rates based on LIBOR or prime. For the years ended December 31, 1999 and 2000 and the three months ended March 31, 2001, the weighted average interest rates on floor plan notes payable outstanding was 8.3%, 8.7% and 8.4%, respectively. Floor plan arrangements permit borrowings based upon new and used vehicle inventory levels. Vehicle payments on notes are due when the related vehicles are sold. The notes are collateralized by substantially all vehicle inventories of the respective subsidiary and are subject to certain financial and other covenants.

(dollars in thousands)

7. NOTES RECEIVABLE - FINANCE CONTRACTS

Notes receivable for finance contracts, included in prepaid and other current assets and other assets on the accompanying consolidated balance sheets, have initial terms ranging from 12 to 54 months bearing interest at rates ranging from 11.0% to 29.9% and are collateralized by the related vehicles. Notes receivable - finance contracts consists of the following:

	December 31,		March 31,
	1999	2000	2001
			(unaudited)
Gross contract amounts due	$ 35,381	$ 35,108	$35,245
Less- Allowance for credit losses	(5,745)	(4,760)	(4,326)
	29,636	30,348	30,919
Current maturities, net	(11,512)	(15,235)	(12,562)
Notes receivable, net of current portion	$ 18,124	$ 15,113	$18,357

Contractual maturities of gross notes receivable - finance contracts at December 31, 2000 are as follows:

2001	$ 16,407
2002	10,547
2003	5,265
2004	2,889
	$ 35,108

8. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	December 31,		March 31,

	1999	2000	2001
			(unaudited)
Land	$ 38,886	$ 60,031	$ 60,677
Buildings and leasehold improvements	72,709	121,809	127,583
Machinery and equipment	18,639	27,966	28,330
Furniture and fixtures	15,428	19,641	20,492
Company vehicles	13,134	16,158	17,430
Total	158,796	245,605	254,512
Less- Accumulated depreciation	(17,010)	(30,456)	(34,183)
Property and equipment, net	$ 141,786	$ 215,149	$ 220,329

9. SHORT-TERM DEBT

One of the Company's subsidiaries has $25,000 available through certain revolving credit facilities, of which $16,612, $13,667 and $14,155 was outstanding at December 31, 1999 and 2000 and March 31, 2001, respectively. The credit facilities are secured by the notes receivable of the respective subsidiary. Such amounts are payable on demand, and accrue interest at variable rates (the weighted average interest rates were 8.3% and 10.0% for the years ended December 31, 1999 and 2000, and 9.4% for the three-month period ended March 31, 2001). In addition, another one of the Company's subsidiaries had $2,623 outstanding on a revolving credit facility as of December 31, 2000, representing the full amount available under the facility. Such amount was repaid in January 2001.

The credit facilities mentioned above are subject to certain financial and other covenants.

10. LONG-TERM DEBT

Long-term debt consists of the following at:

	December 31,		March 31,
	1999	2000	2001
			(unaudited)
Term notes payable to banks (including the Acquisition Line of the Credit Facility, both as defined below) bearing interest at fixed and variable rates (the weighted average interest rates were 8.9% and 10.1% for the years-ended December 31, 1999 and 2000 and 9.9% for the three-month period ending March 31, 2001), maturing at various dates from 2002 to 2007, secured by the assets of the related subsidiary companies	$217,624	$318,582	$331,852
Mortgage notes payable to banks bearing interest at fixed and variable rates (the weighted average interest rates were 8.6% and 9.3% for the years ended December 31, 1999 and 2000 and 9.3% for the three-month period ended March 31, 2001), maturing at various dates from 2001 to 2007. These obligations are secured by property, plant and equipment of the related subsidiary companies which had an approximate net book value of $136,400 at December 31, 2000	68,727	114,646	115,664
Non-interest bearing note payable to former shareholders of one of the Company's subsidiaries, net of unamortized discount of $2,226, $1,886, and $1,350 as of December 31, 1999 and 2000 and March 31, 2001, respectively, determined at an effective interest rate of 6.4%, payable in semiannual installments of approximately $913, due January 2006,			

(dollars in thousands)

secured by marketable securities	9,676	8,453	7,814
Notes payable to financing institutions secured by rental/loaner vehicles bearing interest at variable rates (the weighted average interest rates were 8.4% and 8.7% for the years ended December 31, 1999 and 2000 and 8.7% for the three-month period ended March 31, 2001), maturing at various dates from 2001 to 2004	6,132	7,269	7,901
Capital lease obligations	3,220	4,058	3,808
Other notes payable	2,269	2,366	2,229
	307,648	455,374	469,268
Less - current portion	(10,841)	(19,495)	(15,187)
Long-term portion	$296,807	$435,879	$454,081

The aggregate maturities of long-term debt at December 31, 2000, are as follows:

2001	$ 19,495
2002	35,703
2003	57,465
2004	102,558
2005	116,025
Thereafter	124,128
	$455,374

Prior to the January 17, 2001 Credit Facility (as note below), the Company had variable rate notes, primarily based on LIBOR which were subject to normal lending terms and contained covenants which limited the Company's ability to incur additional debt and transfer cash outside the related subsidiary (such restrictions include transferring funds upstream to the Company). In addition, the various debt agreements required the related subsidiary to maintain certain financial ratios.

On January 17, 2001, the Company entered into a 3 year financing agreement (the "Credit Facility") with Ford Motor Credit Company, General Motors Acceptance Corporation and Chrysler Financial Company, L.L.C. with total availability of $1,300,000. The facility provides for $550,000 in acquisition financing and working capital (the "Acquisition Line") and $750,000 in floor plan financing (the "Floor Plan Line"). At the date of closing, the Company utilized $330,599 of the Acquisition Line to repay existing term notes and pay certain fees and expenses of the closing. In addition, the Company refinanced substantially all of its existing floor plan debt under the Floor Plan Line. The borrowings under the Credit Facility bear interest at variable rates based on LIBOR or prime.

At December 31, 1999 and 2000 and March 31, 2001, the Company held investments in restricted marketable securities (U.S. Treasury Strips), which serve as collateral for a non-interest-bearing note payable due to former shareholders of one of the Company's subsidiaries. These marketable securities are classified as held to maturity and accordingly stated at cost. The principal on the non-interest-bearing note is repaid from the proceeds of the maturity of such securities.

During 1998, the Company entered into swap agreements with a bank in an aggregate initial notional principal amount of $31,000 in order to fix a portion of its interest expense and reduce its exposure to floating interest rates. These swaps required the subsidiary to pay fixed rates ranging from

(dollars in thousands)

4.7% to 5.2% and receive LIBOR. In December 2000, the Company terminated its swap agreement resulting in a gain of $375 which was deferred and recorded to income in the first quarter of 2001 when the related debt was extinguished.

Deferred financing fees aggregated approximately $2,215, $1,711 and $11,328 as of December 31, 1999, December 31, 2000 and March 31, 2001, net of accumulated amortization of $564, $1,068 and $863, respectively, and are included in other assets.

11. INCOME TAXES

For those subsidiaries subject to income tax, provisions have been made for deferred taxes based on differences between financial statement and tax basis of assets and liabilities using currently enacted tax rates and regulations. Deferred taxes include $2,414, $325 and $325 included in current assets, and $4,073,

$4,091 and $3,891 included in non-current liabilities, primarily related to investments in partnerships as of December 31, 1999 and 2000 and March 31, 2001, respectively.

The pro forma provision for income taxes reflects the income tax expense that would have been reported if the Company had been a C corporation. The components of unaudited pro forma income taxes for the year ended December 31, 2000 and the three months ended March 31, 2001 are as follows:

	December 31, 2000	March 31, 2001
Pro forma income taxes:		
Current-		
Federal	$15,054	$2,976
State	2,150	425
Less: minority portion	(3,995)	-
Total current	13,209	3,401
Deferred:		
Federal	819	(24)
State	117	(3)
Less: minority portion	(217)	-
Total deferred	719	(27)
Total pro forma income taxes	$13,928	$3,374

The following tabulation reconciles the expected corporate federal income tax expense for the year ended December 31, 2000 and the three months ended March 31, 2001 to the Company's unaudited pro forma income tax expense as of these dates:

(dollars in thousands)

	December 31, 2000	March 31, 2001
Expected pro forma income tax expense	35.0%	35.0%
State income tax, net of federal tax effect	5.0	5.0
Non-deductible goodwill and other intangibles	3.0	4.3
Other, net	0.8	1.6
	43.8%	45.9%

12. RELATED-PARTY TRANSACTIONS

In connection with its acquisitions, the Company paid $6,170 and $1,000 during 1998 and 1999, respectively, to certain of its members for transaction related services.

In addition to the advertising expenses (Note 2) and operating leases (Note 13), the Company paid $180, $180 and $105 for the years ended December 31, 1998, 1999 and 2000, to an entity owned by one of its members for the use of a plane. Such amounts are included in selling, general and administrative expense on the accompanying consolidated income statements.

In January 2001 the Company sold $378 of inventory to one of its members.

13. OPERATING LEASES

The Company leases various facilities and equipment under long-term operating lease agreements, including leases with its members or entities controlled by the Company's members. Rent expense amounted to $7,820, $16,943 and $22,616 for the three years ended December 31, 1998, 1999 and 2000, and $5,346 and $5,957 for the three-month periods ended March 31, 2000 and 2001, respectively. Of these amounts, $5,805, $10,405, $14,103, $2,997 and $3,063, respectively, were paid to entities controlled by its members.

Future minimum payments under long-term, non-cancelable operating leases as of December 31, 2000, are as follows:

	Related Parties	Third Parties	Total
2001	$13,124	$9,684	$22,808
2002	13,082	9,293	22,375
2003	12,813	9,110	21,923
2004	11,865	8,348	20,213
2005	11,195	7,869	19,064
Thereafter	49,316	33,524	82,840
Total	$111,395	$77,828	$189,223

(dollars in thousands)

14. COMMITMENTS AND CONTINGENCIES

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

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

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

The Company has guaranteed two loans made by a bank to two management employees of the Company's subsidiaries which total $2,000.

At December 31, 1999 and 2000, and March 31, 2001, a subsidiary of the Company guaranteed $500, $1,100, and $2,731, respectively, in consumer installment loans. These loans were issued by finance

companies pursuant to vehicle sales by the Company. Under the guaranty, upon repossession of the vehicle collateralizing the loan by the finance company, the Company is liable for all or a part of the underlying loan balance. Accrued liabilities include management's estimate of future losses related to this guaranty.

15. EQUITY BASED ARRANGEMENTS

In 1999, the Company adopted an equity option plan for certain management employees (the "Option Plan") that provides for the grant of equity interests not to exceed $2,000. The grants are stated at a dollar amount based on the Company's entity value. The Option Plan also requires that the exercise price of the grant be equal to the fair market value (as defined) of the grant on the grant date. Equity interests in the Company purchased by employees pursuant to the Option Plan are callable by the Company under certain circumstances at their fair value (as defined) and vest over a period of three years. The following tables summarize information about option activity and amounts:

	Membership Interest
	Percentage

Options outstanding December 31, 1998	-
Granted	.029%
Options outstanding December 31, 1999	.029
Granted	.004
Cancelled	(.029)
Options outstanding December 31, 2000	.004%

As of December 31, 2000, the weighted average remaining contractual life was 9.07 years. The number of options exercisable as of December 31, 2000, was .001%.

Had the fair value method of accounting been applied to the Company's stock option plan, the impact on the Company's net income would have been as follows for the years ended December 31, 1999 and 2000:

	1999	2000
Net income as reported	$16,148	$28,927
Pro forma net income	16,086	28,752

In the first quarter of 2001, the Company's Board of Directors authorized the Option Plan to grant an additional $800 of equity interests.

The Company has an arrangement whereby, under certain circumstances, certain senior executives will participate in the increase in the value of the Company. The executives would be eligible to receive a portion of the remaining distributable cash after deducting the sum of the capital contributions by the members on a cumulative basis, plus an additional amount equal to an 8% compounded annual rate of return on such capital contributions. No circumstances have occurred which would cause such participation and, accordingly, no compensation expense has been recorded for the three years ended 1998, 1999 or 2000 or for the three-month period ended March 31, 2001.

16. RETIREMENT PLANS

The Company and several of the subsidiaries have existing 401(k) salary deferral/savings plans for the benefit of substantially all such employees. Employees electing to participate in the plans may contribute up to 15% of their annual compensation limited to the maximum amount that can be deducted for income tax purposes each year. Vesting varies at each respective subsidiary. Certain subsidiaries match a portion of the employee's contributions dependent upon reaching certain operating goals. Expenses related to subsidiary matching totaled $506, $873 and $1,920 for the years ended December 31, 1998, 1999 and 2000, respectively, and aggregated approximately $304 and $607 for the three-month periods ended March 31, 2000 and 2001, respectively. In 2001, the Company consolidated substantially all of its existing 401(k) salary deferral/savings plans into one plan.

17. SUBSEQUENT EVENT

Subsequent to December 31, 2000, the Company acquired 4 dealerships (7 franchises) for an aggregate purchase price of $38,982. The acquisitions were funded through the proceeds of borrowings on the acquisition line of the Company's credit facility and the issuance of an equity interest in the Company to one of the sellers.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Asbury Automotive Group L.L.C.:

We have audited the accompanying combined balance sheet of the Business Acquired by Asbury Automotive Group L.L.C. (Hutchinson Automotive Group) as of December 31, 1999, and the related combined statements of income, shareholders' equity and cash flows for the period from January 1, 2000 through June 30, 2000, and for each of the two years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Business Acquired by Asbury Automotive Group L.L.C. as of December 31, 1999, and the results of its operations and its cash flows for the period from January 1, 2000, through June 30, 2000 and for each of the two years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

Stamford, Connecticut
June 15, 2001

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE GROUP L.L.C.
(HUTCHINSON AUTOMOTIVE GROUP)

COMBINED BALANCE SHEET
(in thousands)

	As of December 31, 1999
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents (including contracts-in-transit of $3,770)	$11,373
Accounts receivable	3,852
Inventories	28,120
Prepaid and other current assets	595
Total current assets	43,940

PROPERTY AND EQUIPMENT, net	14,945
GOODWILL, net	4,010
OTHER ASSETS	10
Total assets	$62,905

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Floor plan notes payable	$22,675
Current maturities of long-term debt	75
Accounts payable	1,505
Accrued liabilities	3,673
Total current liabilities	27,928
OTHER LIABILITIES	318
COMMITMENTS AND CONTINGENCIES	
SHAREHOLDERS' EQUITY:	
Common stock and additional paid-in-capital	24,601
Retained earnings	10,058
Total shareholders' equity	34,659
Total liabilities and shareholders' equity	$62,905

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE GROUP L.L.C.
(HUTCHINSON AUTOMOTIVE GROUP)

COMBINED STATEMENTS OF INCOME
(in thousands)

	For the Years Ended December 31,		For the Period January 1, 2000 through
	1998	1999	June 30, 2000
REVENUE:			
New vehicles	$162,411	$197,556	$ 58,061
Used vehicles	90,455	112,109	35,903
Parts, service and collision repair	22,457	25,744	8,285
Finance and insurance, net	5,165	7,123	1,713
Total revenue	280,488	342,532	103,962
COST OF SALES:			
New vehicles	146,335	179,016	52,784
Used vehicles	81,352	100,648	31,875
Parts, service and collision repair	13,078	14,486	4,703
Total cost of sales	240,765	294,150	89,362
GROSS PROFIT	39,723	48,382	14,600
OPERATING EXPENSES:			

Selling, general and administrative	27,895	31,696	10,705
Depreciation and amortization	888	1,018	260
Income from operations	10,940	15,668	3,635
OTHER INCOME (EXPENSE):			
Floor plan interest expense	(1,622)	(1,675)	(635)
Other income, net	336	225	58
Total other expense, net	(1,286)	(1,450)	(577)
Net income	$ 9,654	$ 14,218	$ 3,058

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE GROUP L.L.C.
(HUTCHINSON AUTOMOTIVE GROUP)

COMBINED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock and Additional Paid-in-Capital	Retained Earnings (Deficit)	Total
BALANCE AS OF DECEMBER 31, 1997	$13,251	$ 6,877	$ 20,128
Contributions	11,350	-	11,350
Distributions	-	(6,894)	(6,894)
Net income	-	9,654	9,654
BALANCE AS OF DECEMBER 31, 1998	24,601	9,637	34,238
Distributions	-	(13,797)	(13,797)
Net income	-	14,218	14,218
BALANCE AS OF DECEMBER 31, 1999	24,601	10,058	34,659
Distributions	-	(36,068)	(36,068)
Net income	-	3,058	3,058
BALANCE AS OF JUNE 30, 2000	$24,601	($22,952)	$ 1,649

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE GROUP L.L.C.
(HUTCHINSON AUTOMOTIVE GROUP)

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Years Ended December 31, 1998	For the Years Ended December 31, 1999	For the Period January 1, 2000 through June 30, 2000
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income	$ 9,654	$14,218	$ 3,058
Adjustments to reconcile net income to net cash provided by operating activities-			
Depreciation and amortization	888	1,018	260
Change in operating assets and liabilities, net of effects from acquisitions and divestiture of assets-			
Accounts receivable	(241)	(711)	376
Inventories	251	(1,727)	1,444
Floor plan notes payable	(3,002)	6,941	220
Accounts payable and accrued liabilities	1,251	463	(357)
Other	55	(158)	(424)
Net cash provided by operating activities	8,856	20,044	4,577
CASH FLOW FROM INVESTING ACTIVITIES:			
Capital expenditures	(307)	(949)	(48)
Proceeds from the sale of assets	16	7	3
Cash and cash equivalents associated with the sale to Asbury	-	-	(3,822)
Acquisitions	(11,350)	-	-
	(11,641)	(942)	(3,867)
Net cash used in investing activities			
CASH FLOW FROM FINANCING ACTIVITIES:			
Distributions	(6,894)	(13,797)	(11,225)
Contributions	11,350	-	-
Repayments of debt	(134)	(676)	-
Proceeds from borrowings	500	-	-
Net cash provided by (used in) financing activities	4,822	(14,473)	(11,225)
Net increase (decrease) in cash and cash equivalents	2,037	4,629	(10,515)
CASH AND CASH EQUIVALENTS, beginning of period	4,707	6,744	11,373
CASH AND CASH EQUIVALENTS, end of period	$ 6,744	$11,373	$ 858
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 1,593	$ 1,665	$ 605
Non-cash distributions (net assets of the business sold to Asbury on April 14, 2000)	$ -	$ -	$ 24,843

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE GROUP L.L.C.
(HUTCHINSON AUTOMOTIVE GROUP)

NOTES TO COMBINED FINANCIAL STATEMENTS
(dollars in thousands)

1. DESCRIPTION OF BUSINESS

Asbury Automotive Jacksonville L.P. ("Asbury Jacksonville") acquired the operations of Buddy Hutchinson Cars, Inc. ("Toyota") and Buddy Hutchinson Chevrolet, Inc. ("Chevrolet") on April 14, 2000 and the operations of Buddy Hutchinson Imports, Inc. ("Imports") on July 1, 2000 for $57,266 including the issuance of a $5,000 equity interest in Asbury Jacksonville to the majority shareholder of the selling entities. Asbury Automotive Arkansas L.L.C.

("Asbury Arkansas") acquired the operations of Regency Toyota Inc. ("Regency"), Mark Escude Nissan, Inc. ("Nissan"), Mark Escude Nissan North, Inc. ("Nissan North"), Mark Escude Motors, Inc. ("Mitsubishi") and Mark Escude Daewoo, Inc. ("Daewoo") on April 14, 2000 for $32,976 including the issuance of a $2,500 equity interest in Asbury Arkansas to the dealer operator of those entities. The companies mentioned above will from hereafter be referred to as the "Company" or "Hutchinson Automotive Group." Asbury Jacksonville and Asbury Arkansas are subsidiaries of Asbury Automotive Group L.L.C. ("Asbury").

The Company is engaged in the sale of new and used vehicles, light trucks and replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges vehicle finance, insurance and service contracts for its automotive customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements reflect the combined accounts of Toyota, Regency, Nissan, Nissan North and Mitsubishi for the years ended December 31, 1998 and 1999, and for the period from January 1, 2000 through April 13, 2000, the accounts of Chevrolet for the period from April 6, 1998 through December 31, 1998, the year ended December 31, 1999, and for the period from January 1, 2000 through April 13, 2000, the accounts of Daewoo for the period from August 1, 1999 through December 31, 1999, and for the period from January 1, 2000 through April 13, 2000, and the accounts of Imports for the years ended December 31, 1998 and 1999, and for the period from January 1, 2000 through June 30, 2000.

All intercompany transactions have been eliminated during the period of common ownership.

Revenue Recognition

Revenue from the sale of new and used vehicles is recognized upon delivery, passage of title and signing of the sales contract. Revenue from the sale of parts and services is recognized upon delivery of parts to the customer or when vehicle service work is performed.

The Company receives commissions from the sale of credit life and disability insurance and vehicle service contracts to customers. In addition, the Company arranges financing for customers through various institutions and receives commissions equal to the difference between the loan rates charged to customers over predetermined financing rates set by the financing institution.

The Company may be charged back ("chargebacks") for financing fees, insurance or vehicle service contract commissions in the event of early termination of the contracts by customers. The revenue from financing fees and commissions is recorded at the time of the sale of the vehicles 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 revenue, net of estimated

chargebacks, is included in finance and insurance revenue in the accompanying combined statements of income.

Cash and Cash Equivalents

Cash and cash equivalents include contracts-in-transit and highly liquid investments that have an original maturity of three months or less at the date of purchase. Contracts-in-transit represent receivables from finance companies for the portion of the vehicle purchase price financed by customers through sources arranged by the Company.

(dollars in thousands)

Inventories

Inventories are stated at the lower of cost or market. The Company uses the "last-in, first-out" method ("LIFO") to account for the new vehicle inventories of all its dealerships except for the Daewoo and the parts inventories of Regency and Nissan South, the specific identification method to account for the used vehicle inventories of all its dealerships, and the "first-in, first-out" method ("FIFO") to account for the new vehicle inventory of Daewoo and the parts inventories of all its dealerships, except for Regency and Nissan South. Had the FIFO method been used to determine the cost of inventories valued using the LIFO method, net income would have increased (decreased) by ($114), ($62) and $299 for the years ended December 31, 1998 and 1999 and for the period from January 1, 2000 through June 30, 2000, respectively.

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 leasehold improvements	5 - 35
Machinery and equipment	5 - 7
Furniture and fixtures	5 - 7
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 charged to operations as incurred.

Goodwill

Goodwill represents the excess of purchase price over the fair value of the net assets acquired at date of acquisition. Goodwill is amortized on a straight-line basis over 40 years. Amortization expense charged to operations totaled $83, $106 and $53 for the years ended December 31, 1998 and 1999, and for the period from January 1, 2000 through June 30, 2000, respectively. Accumulated amortization totaled $240 as of December 31, 1999.

Impairment of Long-Lived Assets

The recoverability of the Company's long-lived assets, including goodwill and other intangibles, is assessed by comparing the carrying amounts of such assets to the estimated undiscounted cash flows relating to those assets. The Company does not believe its long-lived assets are impaired at December 31, 1999.

Tax Status

The Company's shareholders have elected to be taxed as S corporations as defined by the Internal Revenue Code. The shareholders of the Company are taxed on their share of the Company's taxable income. Therefore, no provision for federal or state income taxes has been included in the financial statements.

Advertising

The Company expenses production and other costs of advertising as incurred. Advertising expense for the years ended December 31, 1998 and 1999, and for the period from January 1, 2000 through June 30, 2000, totaled $5,405, $5,499 and $1,668, respectively.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 those estimates.

Statements of Cash Flows

The net change in floor plan financing of inventories, which is a customary financing technique in the industry, is reflected as an operating activity in the accompanying combined statements of cash flows.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of floor plan notes payable and long-term debt. The carrying amounts of its financial instruments approximate their fair values at December 31, 1999 due to their relatively short duration and variable interest rates.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash deposits. The Company maintains cash balances in financial institutions with strong credit ratings. At times, amounts invested with financial institutions may be 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 the Company's customer base.

Segment Reporting

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information". Based upon definitions contained in SFAS No. 131, the Company has determined that it operates in one segment and has no international operations.

Recent Accounting Pronouncements

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security or a foreign currency-denominated forecasted transaction. The accounting for changes in the fair value of a derivative (gains or losses) depends on the intended use of the derivative and the resulting designation. SFAS No. 137 amended the effective date to all fiscal quarters of fiscal years beginning after June 15, 2000. SFAS No. 138, issued in June 2000, addressed a limited number of issues that were causing implementation difficulties for numerous entities applying SFAS No. 133. The Company has determined that the adoption of SFAS No.133 will not have a material impact on its results of operations, financial position, liquidity or cash flows.

(dollars in thousands)

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition". SAB No. 101 was effective for years beginning after December 31, 1999, and provides clarification related to recognizing revenue in certain circumstances. Adoption of SAB No. 101 did not have a material impact on the Company's revenue recognition policies.

3. ACQUISITIONS

On April 6, 1998, the Company acquired Chevrolet's operations and the related land and building for $11,100 in cash and the assumption of floor plan liability. The allocation of purchase price, including $5,100 allocated to the real estate, resulted in $3,750 of goodwill.

Supplemental Pro Forma Information

The accompanying financial statements include the results of operations of Chevrolet, acquired in 1998 subsequent to the date of the acquisition. The following unaudited pro forma financial data reflects the 1998 acquisition as if it occurred on January 1, 1998. The unaudited pro forma selected financial data does not purport to represent what the Company's results of operations would have actually been had the transaction in fact occurred as of an earlier date or project the results for any future period.

Revenues	$291,551
Net income	9,877

Pro forma adjustments included in the amounts above relate primarily to: (a) pro forma goodwill amortization expense amortized over an estimated useful life of 40 years; and (b) adjustments to compensation expense and management fees to the post acquisition contracted amounts.

4. INVENTORIES AND RELATED FLOOR PLAN NOTES PAYABLE

Inventories consist of the following as of December 31, 1999:

New vehicles	$23,839
Used vehicles	5,428
Parts and accessories	1,487
LIFO reserve	(2,634)
Total inventories	$28,120

The inventory balance is reduced by manufacturer's purchase discounts, such reduction is not reflected in related floor plan liability.

(dollars in thousands)

Floor plan notes payable reflect amounts payable for purchases of specific vehicle inventories and are due to various floor plan lenders bearing interest at variable rates based on prime. During 1999, the weighted average interest on floor plan notes payable outstanding was 8.25%. Floor plan arrangements permit borrowings based upon new and used vehicle inventory levels. Vehicle payments on notes are due when the related vehicles are sold. The notes are collateralized by substantially all vehicle inventories of the Company and are subject to certain financial and other covenants.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following at December 31, 1999:

Land	$ 3,127
Buildings and leasehold improvements	12,625
Machinery and equipment	1,263
Furniture and fixtures	1,917
Company vehicles	172
Total	19,104
Less- Accumulated depreciation	(4,159)
Property and equipment, net	$14,945

6. LONG-TERM DEBT

Long-term debt consists of the following as of December 31, 1999:

Mortgage note payable to a bank bearing interest based on prime (the weighted average interest rate was 7.80% for the year ended December 31, 1999) maturing August 13, 2000. The note is secured by the real estate property of Nissan North which had an approximate net book value of $927 at December 31, 1999	$ 75
Less - current portion	(75)
Long-term portion	$ -

7. RELATED-PARTY TRANSACTIONS

At December 31, 1998, the Company had a note payable to the majority shareholder for $500 which was included in accrued liabilities. Such amount was repaid in 1999.

8. OPERATING LEASES

The Company leases various facilities and equipment under long-term operating lease agreements. Rent expense for the years ended December 31, 1998 and 1999 and for the period from January 1, 2000 through June 30, 2000, totaled to $184, $174 and $57, respectively.

Future minimum payments under long-term, non-cancelable operating leases as of December 31, 1999, are as follows:

2000	$ 94
2001	82

(dollars in thousands)

2002	81
2003	77
2004	77
Thereafter	1,045
Total	$1,456

9. COMMITMENTS AND CONTINGENCIES

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

The Company is involved in legal proceedings and claims, which arise in the ordinary course of its business and with respect to certain of these claims, the Company has indemnified Asbury. In the opinion of

management of the Company, the amount of ultimate liability with respect to these actions will not materially affect the financial position or the results of operations of the Company.

10. RETIREMENT PLAN

The Company maintains a 401(k) salary deferral/savings plan for the benefit of all of its employees over the age of 21 who have completed one year of service. Employees electing to participate in the plan may contribute a percentage of annual compensation limited to the maximum amount that can be deducted for income tax purposes each year. Participants vest in their employer matching contributions over a seven-year period. The Company matches 25% of the first 4% of the employee's salary contributed. Expenses related to Company matching totaled $53, $56 and $17 for the years ended December 31, 1998 and 1999, and for the period from January 1, 2000 through June 30, 2000, respectively.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Asbury Automotive Group L.L.C.:

We have audited the accompanying combined statements of income, shareholders' equity and cash flows of the Business Acquired by Asbury Automotive Oregon L.L.C. (Thomason Auto Group) for the period from January 1, 1999, through December 9, 1999, and for the year ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of the Business Acquired by Asbury Automotive Oregon L.L.C. for the period from January 1, 1999 through December 9, 1999, and for the year ended December 31, 1998, in conformity with accounting principles generally accepted in the United States.

New York, New York
April 26, 2001

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE OREGON L.L.C.
(THOMASON AUTO GROUP)

COMBINED STATEMENTS OF INCOME
(in thousands)

	For the Year Ended December 31, 1998	For the Period from January 1, 1999 through December 9, 1999
REVENUES:		
New vehicles	$303,520	$ 86,120
Used vehicles	159,242	60,084
Parts, service and collision repair	26,507	8,610
Finance and insurance, net	15,715	4,142
Total revenues	504,984	158,956
COST OF SALES:		
New vehicles	285,140	80,892
Used vehicles	135,369	54,930
Parts, service and collision repair	16,787	4,362
Total cost of sales	437,296	140,184
	67,688	18,772
GROSS PROFIT		
OPERATING EXPENSES:		
Selling, general and administrative	60,266	15,471
Depreciation and amortization	1,097	371
Income from operations	6,325	2,930
OTHER INCOME (EXPENSE):		
Floor plan interest expense	(5,271)	(800)
Other interest expense	(494)	(83)
Loss on sale of assets	-	(25)
Other income, net	39	204
Total other expense, net	(5,726)	(704)
Income before income taxes	599	2,226
INCOME TAX EXPENSE	267	-
Net income	$ 332	$ 2,226

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE OREGON L.L.C.
(THOMASON AUTO GROUP)

COMBINED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock and Additional Paid-in Capital	Retained Earnings (Deficit)	Total
BALANCE AS OF DECEMBER 31, 1997	$1,767	$ 5,020	$ 6,787
Distributions	-	(10,260)	(10,260)
Net income	-	332	332
BALANCE AS OF DECEMBER 31, 1998	1,767	(4,908)	(3,141)
Contributions	-	1,375	1,375
Net income	-	2,226	2,226
BALANCE AS OF DECEMBER 9, 1999	$1,767	($ 1,307)	$ 460

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE OREGON L.L.C.
(THOMASON AUTO GROUP)

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Year Ended December 31, 1998	For the Period from January 1, 1999 through December 9, 1999
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	$ 332	$ 2,226
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	1,097	371
Loss on sale of assets	-	25
Change in operating assets and liabilities, net of effects from divestiture of assets-		
Accounts receivable, net	1,501	192
Due from related parties	(3,570)	-
Inventories	(2,038)	3,022
Floor plan notes payable	1,305	754
Accounts payable and accrued liabilities	7,769	(3,339)
Other	(335)	(505)
Net cash provided by operating activities	6,061	2,746
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditures	(3,234)	(158)
Proceeds from the sale of assets	1,404	-
Cash and cash equivalents associated with the business acquired by Asbury	(5,818)	-
Net issuance of finance contracts	(398)	-

Net cash used in investing activities	(8,046)	(158)
CASH FLOW FROM FINANCING ACTIVITIES:		
Distributions to shareholders	(1,626)	-
Contributions	-	1,375
Repayments of debt	(1,580)	(291)
Proceeds from borrowings	537	-
Net cash provided by (used in) financing activities	(2,669)	1,084
Net increase (decrease) in cash and cash equivalents	(4,654)	3,672
CASH AND CASH EQUIVALENTS, beginning of period	7,937	3,283
CASH AND CASH EQUIVALENTS, end of period	$ 3,283	$ 6,955
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for-		
Interest	$ 5,781	$ 883
Income taxes	$ 197	$ -
Non-cash distributions (net assets of the business sold to Asbury on December 4, 1998)	$ 8,634	$ -

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE OREGON L.L.C.
(THOMASON AUTO GROUP)

NOTES TO COMBINED FINANCIAL STATEMENTS
(dollars in thousands)

1. DESCRIPTION OF BUSINESS

Asbury Automotive Oregon L.L.C. ("Asbury") acquired its dealership operations through the December 4, 1998 acquisition of Thomason Auto Group, Inc. ("TAG"), Dee Thomason Ford, Inc. ("Ford"), Thomason Imports, Inc. ("Imports"), Thomason Nissan ("Nissan"), Thomason Auto Credit Northwest, Inc. ("TACN") and Thomason on Canyon, L.L.C. ("Canyon") and the December 10, 1999, acquisition of Thomason Toyota, Inc. ("Toyota"). The combined accounts of the companies mentioned above will from hereafter be referred to collectively as (the "Company" or "Thomason Auto Group").

On December 4, 1998, the operations of TAG, Ford, Imports, Nissan, TACN and Canyon were acquired by Asbury for $49,075 in cash and the issuance of a minority interest to the majority shareholder the Company. On December 10, 1999, Asbury acquired the operations of Toyota for $18,875 in cash and the issuance of a minority interest to the same shareholder.

The purchase agreements dated December 4, 1998, and December 10, 1999, between the shareholders of the Company and Asbury included an adjustment to the purchase price based on the tangible net worth of the respective assets of the Company on the related closing dates as well as indemnities for certain pre-closing contingencies which included certain sales and employment practices. On April 26, 2001, the shareholders of the Company agreed to pay Asbury $2,800 in cash and forfeited a portion of their interest in Asbury valued at $2,500 as final settlement of the purchase agreement.

The accompanying combined statement of income for the year ended December 31, 1998, includes $1,500 of selling, general and administrative expense related to certain selling practices. Such amount was paid in 1999. The majority shareholder of the Company contributed $1,375 in 1999 to cover such costs.

The Company is engaged in the sale of new and used vehicles, light trucks and replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges vehicle finance, insurance and service contracts for its automotive customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements include the results of TAG, Ford, Imports, Nissan, TACN and Canyon for the period from January 1, 1998 through December 3, 1998, and the results of Toyota for the year ended December 31, 1998 and for the period from January 1, 1999 through December 9, 1999.

All intercompany transactions have been eliminated during the period of common ownership.

Revenue Recognition

Revenue from the sale of new and used vehicles is recognized upon delivery, passage of title and signing of the sales contract. Revenue from the sale of parts and services is recognized upon delivery of parts to the customer or when vehicle service work is performed.

The Company receives commissions from the sale of credit life and disability insurance and vehicle service contracts to customers. In addition, the Company arranges financing for customers through various institutions and receives commissions equal to the difference between the loan rates charged to customers over predetermined financing rates set by the financing institution.

The Company may be charged back ("chargebacks") for financing fees, insurance or vehicle service contract commissions in the event of early termination of the contracts by customers. The revenue from financing fees and commissions is recorded at the time of the sale of the vehicles 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 revenue, net of estimated chargebacks, is included in finance and insurance revenue in the accompanying combined statements of income.

Cash and Cash Equivalents

Cash and cash equivalents include contracts-in-transit and highly liquid investments that have an original maturity of three months or less at the date of purchase. Contracts-in-transit represent receivables from finance companies for the portion of the vehicle purchase price financed by customers through sources arranged by the Company.

Inventories

Inventories are stated at the lower of cost or market. The Company uses the "last-in, first-out" method ("LIFO") to account for all new vehicle inventories, the specific identification method to account for used vehicle inventories, and the "first-in, first-out" method ("FIFO") to account for parts inventories. Had the FIFO method been used to cost inventories valued using the LIFO method, net income would have increased by $452 and $66 for the year ended December 31, 1998 and for the period from January 1, 1999 through December 9, 1999, respectively.

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.

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 charged to operations as incurred.

Tax Status

The shareholders of the Company's subsidiaries, with the exception of TACN, have elected to be treated as S corporations. The shareholders of the S corporations are taxed on their share of those companies' taxable income. Therefore, no provision for federal or state income taxes has been included in the financial statements for the S corporations.

TACN is a C corporation under the provisions of the U.S. Internal Revenue Code and, accordingly, follows the liability method of accounting for income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." Under this method, deferred income taxes are recorded based upon differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the underlying assets are realized and liabilities are settled. A valuation allowance reduces deferred tax assets when it is more likely than not that some or all of the deferred tax assets will not be realized.

Advertising

The Company expenses production and other costs of advertising as incurred. Advertising expense for the year ended December 31, 1998 and for the period from January 1, 1999 through December 9, 1999, totaled $5,304 and $2,483, respectively, of which $3,155 and $989, respectively, was paid to an entity in which the majority shareholder had a substantial interest.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 those estimates.

Statements of Cash Flows

The net change in floor plan financing of inventories, which is a customary financing technique in the industry, is reflected as an operating activity in the accompanying combined statements of cash flows.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash deposits. The Company maintains cash balances in financial institutions with strong credit ratings. At times, amounts invested with financial institutions may be 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 the Company's customer base.

Segment Reporting

The Company follows the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". Based upon definitions contained in SFAS No. 131, the Company has determined that it operates in one segment and has no international operations.

Recent Accounting Pronouncements

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security or a foreign currency-denominated forecasted transaction. The accounting for changes in the fair value of a derivative (gains or losses) depends on the intended use of the derivative and the resulting designation. SFAS No. 137 amended the effective date to all fiscal quarters of fiscal years

beginning after June 15, 2000. SFAS No. 138, issued in June 2000, addressed a limited number of issues that were causing implementation difficulties for numerous entities applying SFAS No. 133. The Company has determined that the adoption of SFAS No.133 will not have a material impact on its results of operations, financial position, liquidity or cash flows.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition". SAB No. 101 was effective for years beginning after December 31, 1999, and provides clarification related to recognizing revenue in certain circumstances. Adoption of SAB No. 101 did not have a material impact on the Company's revenue recognition policies.

3. INTEREST EXPENSE

Floor plan notes payable reflect amounts payable for purchases of specific vehicle inventories and are due to various floor plan lenders bearing interest at variable rates based on prime. For the year ended December 31, 1998, the weighted average interest rate on floor plan notes payable outstanding was 6.87%. Floor plan arrangements permit borrowings based upon new and used vehicle inventory levels. Vehicle payments on notes are due when the related vehicles are sold. The notes are collateralized by substantially all vehicle inventories of the Company and are subject to certain financial and other covenants.

(dollars in thousands)

The Company's notes payable are due to financing institutions and are secured by rental vehicles bearing interest at variable rates (the weighted average interest rate was 8.5% for the year ended December 31, 1998) and mature at various dates all in 1999.

4. OPERATING LEASES

The Company leases various facilities and equipment under long-term operating lease agreements, including leases with its majority shareholder or entities controlled by its majority shareholder. Rent expense for the year ended December 31, 1998, and for the period from January 1, 1999 through December 9, 1999, totaled $2,683 and $1,078, respectively. Of these amounts, $1,506 and $887, respectively, were paid to entities controlled by its shareholders.

Future minimum payments under long-term, non-cancelable operating leases as of December 31, 1998, are as follows:

	Related Parties	Third Parties	Total
1999	$ 876	$ 186	$ 1,062
2000	840	187	1,027
2001	840	160	1,000
2002	840	146	986
2003	840	113	953
Thereafter	15,540	445	15,985
Total	$ 19,776	$ 1,237	$21,013

5. INCOME TAXES

A schedule of TACN's provision for income tax purposes for the period from January 1, 1998 through December 3, 1998 is as follows:

Current:	
Federal	$196
State	41
	237
Deferred:	
Federal	25
State	5
	30
Total	$267

(dollars in thousands)

Deferred income tax provision results from temporary differences in the recognition of income and expense for financial statement reporting and tax purposes. These temporary differences relate to different revenue recognition policies for financial statement reporting as compared to tax reporting and are not material.

A reconciliation of the TACN's actual provision for income taxes with the provision computed at federal statutory rates for the period from January 1, 1998 through December 3, 1998, is as follows:

Statutory rate	34.0%
State income taxes	6.6
Other	0.9
Effective income tax rate	41.5%

6. COMMITMENTS AND CONTINGENCIES

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

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

Prior to the sale of the business, the Company was in the practice of guaranteeing consumer installment loans on a limited recourse basis. Substantially all of these loans were issued to one finance company pursuant to vehicle sales by the Company. Under the guarantee, upon reposession of the vehicle collateralizing the loans by the finance company, the Company was liable for all or part of the loan balance. As of December 31, 1998, $27,250 of these loans were guaranteed collectively by Asbury and the Company, $5,700 of which was guaranteed by

the Company with the remainder guaranteed by Asbury. The accompanying combined financial statements include a provision for repossession losses of $6,359 and $619 and are included in selling, general and administrative expenses, for the year ended December 31, 1998, and the period from January 1, 1999 through December 9, 1999, respectively.

In December 1999, prior to the sale of Toyota to Asbury, the Company and Asbury collectively agreed to transfer all remaining recourse liability back to the finance company initially issuing the paper. The transaction resulted in a $223 gain in the period from January 1, 1999, through December 9, 1999.

7. RETIREMENT PLANS

The Company maintains a 401(k) salary deferral/savings plan for the benefit of all its employees upon reaching one year of service with the Company. Employees electing to participate in the plan may contribute up to 15% of their annual compensation limited to the maximum amount that can be deducted for income tax purposes each year. Participants vest upon the completion of seven years of service. The Company matches a portion of the employee's contributions dependent upon reaching certain operating goals. Expenses related to Company matching totaled $101 and $25 for the year ended December 31, 1998, and for the period from January 1, 1999 through December 9, 1999, respectively.

8. RELATED-PARTY TRANSACTIONS

The Company had $829 and $15,162 of vehicle sales to Asbury and $408 and $5,516 of vehicle purchases from Asbury for the period from December 4, 1999 through December 31, 1998, and the period from January 1, 1999 through December 9, 1999, respectively.

The Company paid management fees of $596 during the period from January 1, 1999 through December 9, 1999, to Asbury.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Asbury Automotive Group L.L.C.:

We have audited the accompanying combined statements of income, shareholders' equity and cash flows of the Business Acquired by Asbury Automotive Arkansas L.L.C. referred to as "the McLarty Combined Entities" (see Note 1) for the period from January 1, 1999 through November 17, 1999, and for the year ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of the McLarty Combined Entities for the period from January 1, 1999 through November 17, 1999, and for the year ended December 31, 1998 in conformity with accounting principles generally accepted in the United States.

Little Rock, Arkansas
July 18, 2001

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE ARKANSAS L.L.C.
(McLARTY COMBINED ENTITIES)

COMBINED STATEMENTS OF INCOME
(in thousands)

	For the Year Ended December 31, 1998	For the Period from January 1, 1999 through November 17, 1999
REVENUE:		
New vehicles	$218,017	$ 78,076
Used vehicles	101,614	32,368
Parts, service and collision repair	28,514	6,663
Finance and insurance, net	5,687	1,968
Total revenue	353,832	119,075
COST OF SALES:		
New vehicles	205,873	71,924
Used vehicles	91,226	30,028
Parts, service and collision repair	17,026	3,739
Total cost of sales	314,125	105,691
GROSS PROFIT	39,707	13,384
OPERATING EXPENSES:		
Selling, general and administrative	29,493	10,072
Depreciation and amortization	530	110
Income from operations	9,684	3,202
OTHER INCOME (EXPENSE):		
Floor plan interest expense	(2,630)	(1,030)
Other interest expense	(1,629)	(13)
Other income, net	791	152
Total other expense	(3,468)	(891)
NET INCOME	$ 6,216	$ 2,311

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE ARKANSAS L.L.C.
(McLARTY COMBINED ENTITIES)

COMBINED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock and Additional Paid-In Capital	Retained Earnings	Total
BALANCE AS OF DECEMBER 31, 1997	$4,477	$ 3,750	$ 8,227
Net income	-	6,216	6,216
Distributions	-	(6,293)	(6,293)

BALANCE AS OF DECEMBER 31, 1998	4,477	3,673	8,150
Net income	-	2,311	2,311
Distributions	-	(2,224)	(2,224)
Contributions	1,989	-	1,989
BALANCE AS OF NOVEMBER 17, 1999	$6,466	$ 3,760	$10,226

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE ARKANSAS L.L.C.
(McLARTY COMBINED ENTITIES)

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Year Ended December 31, 1998	For the Period from January 1, 1999 through November 17, 1999
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	$ 6,216	$ 2,311
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	530	110
Gain on sale of assets	-	(63)
Change in operating assets and liabilities, net of effects from acquisitions and divestiture of assets-		
Accounts receivable, net	635	(734)
Inventories	(6,495)	3,723
Prepaid expenses and other current assets	(70)	(8)
Other assets	7	308
Floor plan notes payable	4,323	14,099
Accounts payable and accrued liabilities	(1,018)	1,156
Other long-term liabilities	(136)	(237)
Net cash provided by operating activities	3,992	20,665
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditures	(817)	(266)
Proceeds from the sale of assets	40	80
Cash and cash equivalents contributed to Asbury Arkansas under Exchange Agreement	-	(7,023)
Other	(32)	588
Net cash used in investing activities	(809)	(6,621)
CASH FLOW FROM FINANCING ACTIVITIES:		
Distributions	(6,603)	(2,224)
Contributions	-	1,989
Repayment of debt	(480)	(1,174)
Proceeds from debt	241	-
Net advances from (repayments to) related parties	3,022	(17,791)
Net cash used in financing activities	(3,820)	(19,200)
Net decrease in cash and cash equivalents	(637)	(5,156)
CASH AND CASH EQUIVALENTS, beginning of period	5,802	5,165
CASH AND CASH EQUIVALENTS, end of period	$ 5,165	$ 9
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	$ 4,270	$ 1,008

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE ARKANSAS L.L.C.
(McLARTY COMBINED ENTITIES)

NOTES TO COMBINED FINANCIAL STATEMENTS
(dollars in thousands)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

The McLarty Combined Entities (the "Company") represents the combined dealership operations of North Point Ford, Inc., North Point Mazda, Inc., Premier Autoplaza, Inc., Hope Auto Company, McLarty Auto Mall, Inc. (collectively referred to as the "First Dealerships"), and Prestige, Inc. ("Prestige").

On February 23, 1999, pursuant to an exchange agreement (the "Exchange Agreement") among Asbury Arkansas L.L.C. ("Asbury Arkansas"), the Company and Asbury Automotive Group, L.L.C. ("AAG"), the operations of the First Dealerships were transferred to Asbury Arkansas in exchange for cash and a 49% interest in Asbury Arkansas. Concurrently, AAG contributed $13,995 in cash in exchange for a 51% interest in Asbury Arkansas. On November 18, 1999, the operations of Prestige were transferred to Asbury Arkansas in consummation of the Exchange Agreement.

The accompanying 1999 combined statements of income, shareholders' equity and cash flows reflect the activities of the First Dealerships from January 1, 1999 through February 22, 1999, which represents the date of closing of the exchange transactions involving the First Dealerships, and the activities of Prestige from January 1, 1999 through November 17, 1999.

The Company operates six automobile dealerships in the central and southwestern regions of the State of Arkansas. The dealerships are engaged in the sale of new and used motor vehicles and related products and services, including vehicle service and parts, finance and insurance products and other after-market products.

The business combination described above was accounted for under the purchase method of accounting on the financial statements of Asbury Arkansas. The accompanying financial statements do not include the effect of any adjustments resulting from the ultimate allocation of the purchase price by Asbury Arkansas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The financial statements for each of these entities are presented on a combined basis as they have substantially common ownership. All significant intercompany transactions and balances have been eliminated in combination.

Revenue Recognition

Revenue from the sale of new and used vehicles is recognized upon delivery, passage of title and signing of the sales contract. Revenue from the sale of parts and services is recognized upon delivery of parts to the customer or when vehicle service work is performed.

The Company receives commissions from the sale of credit life and disability insurance and vehicle service contracts to customers. In addition, the Company arranges financing for customers through various institutions and receives commissions equal to the difference between the loan rates charged to customers over predetermined financing rates set by the financing institution.

The Company may be charged back ("chargebacks") for financing fees, insurance or vehicle service contract commissions in the event of early termination of the contracts by customers. The revenue from financing fees and commissions is recorded at the time of the sale of the vehicles 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 revenue, net of estimated chargebacks, is included in finance and insurance revenue in the accompanying combined statements of income.

Cash and Cash Equivalents

Cash and cash equivalents include contracts in-transit and highly liquid investments that have an original maturity of three months or less at date of purchase. Contracts-in-transit represent receivables from finance companies for the portion of the vehicle purchase price financed by customers through sources arranged by the Company.

Inventories

The majority of the Company's inventories are accounted for using the "first-in, first-out" method ("FIFO") and are valued using the lower of cost or market. The Company's parts inventories are stated at replacement cost in accordance with industry practice. The Company valued certain inventories using the "last-in, first-out" method ("LIFO"). Approximately 18.6% of the Company's inventories were valued at LIFO at December 31, 1998. If the FIFO method had been used to determine the cost of inventories, net income would have been lower by $149 for the year ended December 31, 1998 and greater by $56 for the period from January 1, 1999 through November 17, 1999.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided utilizing the straight-line method over the estimated useful lives of the assets.

Goodwill

Goodwill represents the excess of purchase price over the face value of the net tangible and other intangible assets acquired at the date of acquisition net of accumulated amortization. Goodwill is amortized on a straight-line basis over 40 years.

Finance Receivables and Advances

The Company has an arrangement with a finance company, whereby the finance company extends credit to certain of the Company's customers in connection with vehicle sales. Under the arrangement, the Company originates installment contracts, which are assigned to the finance company without recourse, along with security interests in the related vehicles. The finance company advances the Company a portion of the payments due under the contracts, groups the contracts into pools and services the contracts. The finance company retains a servicing fee equal to 20% of contractual payments due on a pool-by-pool basis. In the event of customer default, the Company has no obligation to repay any advanced amounts or other fees to the finance company.

Tax Status

The entities comprising the Company are Subchapter S Corporations, as defined in the Internal Revenue Code of 1986, and thus the taxable income or losses of the Company are included in the individual tax returns of the stockholders for federal and state income tax purposes. Therefore, no provisions for taxes have been included in the accompanying combined financial statements.

Advertising

The Company expenses production and other costs of advertising as incurred or when such advertising initially takes place. The Company's combined statements of income include advertising expense of $3,711 and $1,444 for the year ended December 31, 1998 and the period from January 1, 1999 through November 17, 1999, respectively.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 those estimates.

Statements of Cash Flows

The net change in floor plan financing of inventories, which is a customary financing technique in the industry, is reflected as an operating activity in the statements of cash flows.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash deposits. The Company maintains cash balances in financial institutions with strong credit ratings. At times, amounts invested with financial institutions may be 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 the Company's customer base.

Segment Reporting

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information". Based upon definitions contained in SFAS No. 131, the Company has determined that it operates in one segment and has no international operations.

Major Suppliers and Dealership Agreements

The Company enters into agreements with the automakers that supply new vehicles and parts to its dealerships. The Company's overall sales could be impacted by the automakers' ability or unwillingness to supply the dealerships with a supply of new vehicles. Dealership agreements generally limit location of dealerships and retain automaker approval rights over changes in dealership management and ownership. Each automaker is entitled to terminate the dealership agreement if the dealership is in material breach of its terms.

Recent Accounting Pronouncements

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain

derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security or a foreign currency-denominated forecasted transaction. The accounting for changes in the fair value of a derivative (gains or losses) depends on the intended use of the derivative and the resulting designation. SFAS No. 137 amended the effective date of SFAS No. 133 to all fiscal quarters of fiscal years beginning after June 15, 2000. SFAS No. 138, issued in June 2000, addressed a limited number of issues that were causing implementation difficulties for numerous entities applying SFAS No. 133. The Company has determined that the adoption of SFAS No. 133 will not have a material impact on its results of operations, financial position, liquidity or cash flows.

3. INTEREST EXPENSE

Floor plan notes payable reflect amounts payable for purchase of specific vehicle inventories and are due to various floor plan lenders bearing interest at variable rates based on prime. The interest rates related to floor plan notes payable ranged from 7.75% to 8.75%. Floor plan arrangements permit borrowings based upon new and used vehicle inventory levels. Vehicle payments on notes are due when the related vehicles are sold. The notes are collateralized by substantially all vehicle inventories of the Company and are subject to certain financial and other covenants.

Long-term debt consists of various notes payable to banks and corporations, bearing interest at both fixed and variable rates and secured by certain of the Company's assets. Interest rates ranged from 7.75% to 8.75%.

4. COMMITMENTS AND CONTINGENCIES

The Company leases various facilities and equipment under non-cancelable operating lease agreements, including leases with related parties. Rent expense for each of the periods presented in the accompanying combined statements of income is shown below:

(dollars in thousands)

	For the Year Ended December 31, 1998	For the Period from January 1, 1999 through November 17, 1999
Related parties	$1,302	$529
Third parties	678	127
Total	$1,980	$656

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

The Company is involved in legal proceedings and claims, which arise in the ordinary course of its business. In the opinion of management of the Company, the amount of ultimate liability with respect to these actions will not materially affect the financial position or the results of operations of the Company.

5. RELATED-PARTY TRANSACTIONS

The Company had amounts payable to related parties that consisted primarily of advances made to the Company by certain shareholders and officers. These balances accrued interest at rates corresponding to interest rates charged by certain floor plan institutions (8.75% at December 31, 1998). During 1998, the Company paid interest on amounts owed to these stockholders and officers totaling $1,521.

The Company paid management fees to an entity that is owned by certain Company shareholders totaling approximately $310 during the year ended December 31, 1998 and approximately $52 during the period from January 1, 1999 through November 17, 1999.

The entities included in the Company had various levels of ownership interest in the Sunlight Mesa Insurance Company ("Mesa"), which aggregate to 100%. Mesa operates as a reinsurer of credit life, accident and health insurance and has no direct policies in force. As Mesa's results of operations and financial position were not material, they have not been combined into the accompanying financial statements. Instead, the Company has recorded their interest in Mesa using the cost method of accounting for investments. Commission income recorded by the Company on insurance contracts related to policies reinsured with Mesa was approximately $260 during 1998. The Company's investment in Mesa was not contributed to Asbury Arkansas as a part of the business combination discussed in Note 1.

6. RETIREMENT PLANS

The Company maintains 401(k) plans (the "Plans") at each of the dealerships, which cover substantially all employees. The Company makes matching contributions to the Plans of up to 2% of participating employees' salaries. The Company's combined statements of income include contributions of $81 and $16 for the year ended December 31, 1998 and the period from January 1, 1999 through November 17, 1999, respectively.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Asbury Automotive Group L.L.C.:

We have audited the accompanying combined statements of income, shareholders' equity and cash flows of the Business Acquired by Asbury Automotive North Carolina L.L.C. (Crown Automotive Group) for the period from January 1, 1999 through April 6, 1999, and for the year ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of the Business Acquired by Asbury Automotive North Carolina L.L.C. for the period from January 1, 1999 through April 6, 1999, and for the year ended December 31, 1998, in conformity with accounting principles generally accepted in the United States.

New York, New York
July 18, 2001

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE NORTH CAROLINA L.L.C.
(CROWN AUTOMOTIVE GROUP)

COMBINED STATEMENTS OF INCOME
(in thousands)

	For the Year Ended December 31,1998	For the Period from January 1, 1999 through April 6, 1999
REVENUE:		
New vehicles	$170,808	$ 14,424
Used vehicles	129,447	13,148
Parts, service and collision repair	44,614	4,815
Finance and insurance, net	9,626	555
Total revenue	354,495	32,942

COST OF SALES:		
New vehicles	157,675	13,413
Used vehicles	125,053	12,341
Parts, service and collision repair	22,536	2,556
Total cost of sales	305,264	28,310
GROSS PROFIT	49,231	4,632
OPERATING EXPENSES:		
Selling, general and administrative	42,010	3,579
Depreciation and amortization	374	18
Income from operations	6,847	1,035
OTHER INCOME (EXPENSE):		
Floor plan interest expense	(1,848)	(93)
Other Interest expense	-	(48)
Other income, net	871	687
Net income	$ 5,870	$ 1,581

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE NORTH CAROLINA L.L.C.
(CROWN AUTOMOTIVE GROUP)

COMBINED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock and Additional Paid-in Capital	Retained Earnings (Deficit)	Total
BALANCE AS OF DECEMBER 31, 1997	$10,573	$ 6,460	$17,033
Contributions	489	-	489
Distributions	(7,638)	(13,043)	(20,681)
Net income	-	5,870	5,870
BALANCE AS OF DECEMBER 31, 1998	3,424	(713)	2,711
Distributions	-	(340)	(340)
Net income	-	1,581	1,581
BALANCE AS OF APRIL 6, 1999	$3,424	$ 528	$ 3,952

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE NORTH CAROLINA L.L.C.
(CROWN AUTOMOTIVE GROUP)

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Year Ended December 31, 1998	For the Period from January 1, 1999 through April 6, 1999
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	$ 5,870	$ 1,581
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	374	18
Change in operating assets and liabilities, net of effects from acquisitions and divestiture of assets-		
Accounts receivable, net	(493)	(1,450)
Inventories	(665)	(743)
Prepaid and other	(759)	3
Floor plan notes payable	1,722	(428)
Accounts payable and accrued liabilities	2,910	2,074
Net cash provided by operating activities	8,959	1,055
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditures	(1,240)	(15)
Net issuance of notes receivable	5,388	-
Cash and cash equivalents associated with the sale to Asbury	(8,394)	-
Net cash used in investing activities	(4,246)	(15)
CASH FLOW FROM FINANCING ACTIVITIES:		
Contributions	489	-
Repayments of notes payable	(5,071)	-
Distributions	(12,008)	(340)
Net cash used in financing activities	(16,590)	(340)
Net increase (decrease) in cash and cash equivalents	(11,877)	700
CASH AND CASH EQUIVALENTS, beginning of period	13,942	2,065
CASH AND CASH EQUIVALENTS, end of period	$2,065	$ 2,765
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 1,847	$ 76
Non-cash distributions (net assets of the business sold to Asbury on December 11, 1998)	$ 8,673	$ -

See Notes to Combined Financial Statements.

BUSINESS ACQUIRED BY ASBURY AUTOMOTIVE NORTH CAROLINA L.L.C.
(CROWN AUTOMOTIVE GROUP)

NOTES TO COMBINED FINANCIAL STATEMENTS
(dollars in thousands)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Asbury Automotive North Carolina L.L.C. ("Asbury") acquired its dealership operations through the December 11, 1998, acquisition of the non-Honda/Acura operations of CAC Automotive, Inc. ("CAC"), CAR Automotive, Inc. ("CAR"), CFC Finance, Inc. ("CFC"), and CAM Automotive, Inc. ("CAM") and the April 7, 1999, acquisition of the Honda/Acura dealerships of the above-mentioned entities. The combined accounts of the entities mentioned above will from hereafter be referred to collectively as "the Company" or "Crown Automotive Group." These combined statements do not include the real estate entities in which the Company conducts its dealership operations. As a result, rent expense is included in the accompanying combined statements of income as discussed in Note 3.

On December 11, 1998, the non-Honda/Acura operations of CAC, CAR, CFC, CAM and the real estate assets of Asbury North Carolina Real Estate Holdings L.L.C. were acquired by Asbury for $80,828 in cash and the issuance of a 49% equity interest to certain of the former shareholders of the Company.

On April 7, 1999, the Honda/Acura dealerships operations were acquired by Asbury for $10,073 in cash and the issuance of a 49% equity interest to the same shareholders.

The Company is engaged in the sale of new and used vehicles, light trucks and replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges vehicle finance, insurance and service contracts for its automotive customers located in Greensboro, Chapel Hill and Raleigh, North Carolina, and Richmond, Virginia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying combined financial statements reflect the combined accounts of the non-Honda/Acura operations of CAC, CAR, CFC and CAM for the period from January 1, 1998 through December 10, 1998 and the combined accounts of the Honda/Acura operations for the year ended December 31, 1998 and for the period from January 1, 1999 through April 6, 1999.

All significant intercompany transactions have been eliminated during the period of common ownership.

Revenue Recognition

Revenue from the sale of new and used vehicles is recognized upon delivery, passage of title and signing of the sales contract. Revenue from the sale of parts and services is recognized upon delivery of parts to the customer or when vehicle service work is performed.

The Company receives commissions from the sale of credit life and disability insurance and vehicle service contracts to customers. In addition, the Company arranges financing for customers through various institutions and receives commissions equal to the difference between the loan rates charged to customers over predetermined financing rates set by the financing institution.

The Company may be charged back ("chargebacks") for financing fees, insurance or vehicle service contract commissions in the event of early termination of the contracts by customers. The revenue from financing fees and commissions is recorded at the time of the sale of the vehicles 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 revenue, net of estimated chargebacks, is included in finance and insurance revenue in the accompanying combined statements of income.

Cash and Cash Equivalents

Cash and cash equivalents include contracts in-transit and highly liquid investments that have an original maturity of three months or less at date of purchase. Contracts-in-transit represent receivables from finance companies for the portion of the vehicle purchase price financed by customers through sources arranged by the Company.

Inventories

New and used vehicle inventories are valued at the lower of cost or market utilizing the "last-in, first-out" (LIFO) method. Parts inventories are valued at the lower of cost or market utilizing the "first-in, first-out" (FIFO) method. If the FIFO method had been used to determine cost for inventories valued using the LIFO method, net income would have increased by $2,153 and $10 for the year ended December 31, 1998 and for the period from January 1, 1999 through April 6, 1999, respectively.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided for utilizing the straight-line method over the estimated useful life of the asset.

Tax Status

The Company's shareholders have elected to be taxed as S corporations as defined by the Internal Revenue Code. The shareholders of the Company are taxed on their share of the Company's taxable income. Therefore, no provision for federal or state income taxes has been included in the financial statements.

Advertising

The Company expenses production and other costs of advertising as incurred or when such advertising initially takes place. Advertising costs aggregated approximately $2,467 and $250 for the year ended December 31, 1998, and for the period from January 1, 1999, through April 6, 1999, respectively.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 those estimates.

Statements of Cash Flows

The net change in floor plan financing of inventories, which is a customary financing technique in the industry, is reflected as an operating activity in the accompanying combined statements of cash flows.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash deposits. The Company maintains cash balances in financial institutions with strong credit ratings. At times, amounts invested with financial institutions may be 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 the Company's customer base.

Segment Reporting

The Company follows the provisions of Statements of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information". Based upon definitions contained in SFAS No. 131, the Company has determined that it operates in one segment and has no international operations.

Recent Accounting Pronouncements

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security or a foreign currency-denominated forecasted transaction. The accounting for changes in the fair value of a derivative (gains or losses) depends on the intended use of the derivative and the resulting designation. SFAS No. 137 amended the effective date to all fiscal quarters of fiscal years beginning after June 15, 2000. SFAS No. 138, issued in June 2000, addressed a limited number of issues that were causing implementation difficulties for numerous entities applying SFAS No. 133. The Company has determined that the adoption of SFAS No. 133 will not have a material impact on its results of operations, financial position, liquidity or cash flows.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition." SAB No. 101 was effective for years beginning after December 31, 1999, and provides clarification related to recognizing revenue in certain circumstances. Adoption of SAB No. 101 did not have a material impact on the Company's revenue recognition policies.

3. RELATED-PARTY TRANSACTIONS

Asbury acquired the real estate used in the dealership operations of the entities included in these financial statements in the December 10, 1998 acquisition. Prior to the acquisition, the real estate was owned by the majority shareholder of the Company or owned through entities in which the majority shareholder of the Company held a controlling interest. Rent expense included in the accompanying statements of income paid to those real estate entities totaled $4,750 and $497 for the year ended December 31, 1998 and for the period from January 1, 1999 through April 6, 1999, respectively. The related real estate had a fair market value of $56,200 at the date of acquisition by Asbury.

(dollars in thousands)

4. OPERATING LEASES

The Company held various lease agreements for land expiring through 2005.

In addition to the related party real estate leases mentioned above, the Company is party to various equipment operating leases with remaining terms in excess of one year. Expense related to these leases approximated $455 and $45 for the year ended December 31, 1998 and for the period from January 1, 1999 through April 6, 1999, respectively.

The leases, which contain rental escalation clauses based on the consumer price index, require the following minimum payments as of December 31, 1998:

	Related Party	Third Parties
1999	$3,827	$110
2000	3,903	110
2001	3,982	110
2002	4,061	110
2003	4,143	110
Thereafter	8,535	64
	$28,451	$614

5. COMMITMENTS AND CONTINGENCIES

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

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

Included in other income, net is $683 of income from the settlement of a class action lawsuit with a certain vehicle manufacturer.

6. RETIREMENT PLAN

The Company participates in a retirement program administered by the National Automobile Dealers and Associates Retirement Plan (the "Plan"). The Plan is a multi-employer defined contribution 401(k) plan. Each regular full-time employee who is at least 21 years of age, but not over 56, and who has been continuously employed by the Company for one year or more is eligible to participate in the Plan. The Plan requires that the Company match the employees' voluntary contributions to the extent of 2% of the compensation of participants. Contributions to the Plan made by the Company amounted to approximately $115 and $260 for the year ended December 31, 1998, and for the period from January 1, 1999 through April 6, 1999, respectively.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Coggin Automotive Corp and Affiliates:

We have audited the accompanying combined statements of income, shareholders' equity and cash flows of Coggin Automotive Corp and Affiliates for the period from January 1, 1998 through October 30, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations of Coggin Automotive Corp and Affiliates, and their cash flows for the period from January 1, 1998 through October 30, 1998 in conformity with generally accepted accounting principles.

Jacksonville, Florida
January 29, 1999

COGGIN AUTOMOTIVE CORP AND AFFILIATES

COMBINED STATEMENT OF INCOME
(in thousands)

	For the Period from January 1, 1998 through October 30, 1998
REVENUE:	
New vehicles	$115,542
Used vehicles	67,299
Parts, services and collision repair	22,725
Finance and insurance, net	5,803
Total revenue	211,369
COST OF SALES:	
New vehicles	104,632
Used vehicles	60,164
Parts, services and collision repair	10,347
Total cost of sales	175,143
GROSS PROFIT	36,226
OPERATING EXPENSES:	

Selling, general and administrative	26,577
Depreciation and amortization	1,035
Income from operations	8,614
OTHER INCOME (EXPENSE):	
Floor plan interest expense	(1,289)
Interest expense	(686)
Interest income	252
Gain on sale of assets	1,909
Other	513
INCOME BEFORE PROVISION FOR INCOME TAXES	9,313
PROVISION FOR INCOME TAXES	1,686
NET INCOME	$ 7,627

See Notes to Combined Financial Statements.

COGGIN AUTOMOTIVE CORP AND AFFILIATES

COMBINED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock and Additional Paid-In Capital	Retained Earnings	Total
BALANCE AS OF DECEMBER 31, 1998	$ 14,397	$ 5,308	$19,705
Net income	-	7,627	7,627
Distributions	(24,172)	(253)	(24,425)
Contributions	10,287	-	10,287
BALANCE AS OF OCTOBER 30, 1998	$ 512	$12,682	$13,194

See Notes to Combined Financial Statements.

COGGIN AUTOMOTIVE CORP AND AFFILIATES

COMBINED STATEMENT OF CASH FLOWS
(in thousands)

	For the period from January 1, 1998 through October 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:	

Net income	$ 7,627
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	1,035
Gain on sale of assets	(1,909)
Other noncash	556
Changes in operating assets and liabilities:	
Accounts receivable	740
Inventories	(910)
Floor plan notes payable	6,314
Accounts payable and accrued expenses	3,284
Other	(425)
Net cash provided by operating activities	16,312
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	(3,037)
Net proceeds from sale of assets	100
Sale of notes receivable--finance contracts	2,238
Net issuance of finance contracts	1,152
Net cash provided by investing activities	453
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on notes payable	$ (6,495)
Partner contributions	10,287
Partner distributions	(22,060)
Net cash used in financing activities	(18,268)
Net decrease in cash and cash equivalents	(1,503)
CASH AND CASH EQUIVALENTS, beginning of period	16,436
CASH AND CASH EQUIVALENTS, end of period	$ 14,933
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid for:	
Interest	$ 2,000
Income taxes	$ 90
Distribution of notes receivable	$ 2,365

See Notes to Combined Financial Statements.

COGGIN AUTOMOTIVE CORP AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
(dollars in thousands)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

The combined financial statements of Coggin Automotive Corp and Affiliates (the "Company") include the accounts of the following limited partnerships: CP-GMC Motors, Ltd., CH Motors, Ltd., CN Motors, Ltd., CFP Motors, Ltd., Avenue Motors, Ltd., d.b.a. Coggin Nissan of the Avenues and C&O Properties, Ltd. The combined financial statements also include CA Funding 1, Ltd., CLC Inc., Coggin Management Company, Inc., Bayway Financial Services, Inc., ANL Associates, Inc., CA Funding 2, Ltd., CA Funding, Inc., CF Motor Corp., and COPROP Corporation.

The combined financial statements of the Company also include investments in Landcom Co., Ltd.; Coggin Andrews Partnership, d.b.a. Coggin Andrews Honda; and CA Motors, Ltd., d.b.a. Coggin Acura. These investments are accounted for under the equity method, as the Company did not own a controlling partnership interest in these entities.

The combined financial statements of the Company include 100% of C&O Properties, Ltd., which was owned 37% by the majority stockholder of the Company. This 37% was not treated as a minority interest as the Company had effective control of C&O Properties, Ltd.

The Company is engaged in the sale and servicing of new automobiles and the retailing and wholesaling of replacement parts and used vehicles. The Company operates from locations in North, Central and South Florida.

On October 31, 1998, Asbury Automotive Jacksonville, L.P. ("Asbury Jacksonville"), a 51% owned subsidiary of Asbury Automotive Group L.L.C. ("AAG"), purchased substantially all of the operating assets and assumed certain liabilities of the Company. The total purchase price was approximately $40,761. Asbury Jacksonville issued a 49% equity interest in Asbury Jacksonville to the former shareholders of the Company (the "Minority Members"). In addition, Asbury Jacksonville granted the Minority Members a put option. This option gives the Minority Members the right to require Asbury Jacksonville to purchase all of the minority interest of the largest minority shareholder upon termination of employment or at any time requested by this shareholder after the third anniversary of the acquisition date and all the minority interest of the other Minority Members upon termination of employment and the passage of three years from the acquisition date.

All significant intercompany transactions and balances have been eliminated in combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue from the sale of new and used vehicles is recognized upon delivery, passage of title and signing of the sales contract. Revenue from the sale of parts and services is recognized upon delivery of parts to the customer or when vehicle service work is performed.

The Company receives commissions from the sale of credit life and disability insurance and vehicle service contracts to customers. In addition, the Company arranges financing for customers through various institutions and receives commissions equal to the difference between the loan rates charged to customers over predetermined financing rates set by the financing institution.

The Company may be charged back ("chargebacks") for financing fees, insurance or vehicle service contract commissions in the event of early termination of the contracts by customers. The revenue from financing fees and commissions is recorded at the time of the sale of the vehicles 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 revenue, net of estimated chargebacks, is included in finance and insurance revenue in the accompanying combined statements of income.

Cash and Cash Equivalents

Cash and cash equivalents include contracts in-transit and highly liquid investments that have an original maturity of three months or less at date of purchase. Contracts-in-transit represent receivables from finance companies for the portion of the vehicle purchase price financed by customers through sources arranged by the Company.

Inventories

Inventories are stated at the lower of cost or market. The cost of new vehicles is determined on a "last-in, first-out" ("LIFO") method. The cost of used vehicles is determined using the specific identification method. The cost of parts, accessories, and other inventories is determined on a "first-in, first-out" ("FIFO") method. The effect of utilizing the LIFO method had an immaterial effect on the accompanying combined statement of income for the period from January 1, 1998 through October 30, 1998.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization are calculated using the straight-line method over estimated useful lives of the related assets.

Tax Status

Except as discussed in Note 4, the Company's shareholders have elected to be taxed as partnerships and S corporations as defined by the Internal Revenue Code. The shareholders of the Company are taxed on their share of the Company's taxable income. Therefore, no provision or federal or state income taxes has been included in the financial statements for the partnerships and S corporations.

Advertising

The Company expenses production and other costs of advertising as incurred or when such advertising initially takes place. Advertising costs totaled $3,056 for the period from January 1, 1998 through October 30, 1998.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles 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 those estimates.

Statement of Cash Flows

The net change in floor plan financing of inventories, which is a customary financing technique in the industry, is reflected as an operating activity in the statement of cash flows.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash deposits. The Company maintains cash balances in financial institutions with strong credit ratings. At times, amounts invested with financial institutions may be 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 the Company's customer base. Bayway Financial Services, L.P. extends credit to its customers based on an evaluation of the customer's financial condition and credit history.

Segment Reporting

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information". Based upon definitions contained in SFAS No. 131, the Company has determined that it operates in one segment and has no international operations.

Recent Accounting Pronouncements

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security or a foreign currency-denominated forecasted transaction. The accounting for changes in the fair value of a derivative (gains or losses) depends on the intended use of the derivative and the resulting designation. The Company has determined that the adoption of SFAS No. 133 will not have a material impact on its results of operations, financial condition, liquidity or cash flows.

3. SALE OF ASSETS

On July 1, 1998, the Company sold its 1% general and 49% limited partnership interest in Coggin Acura for a promissory note of approximately $2,365. The Company recognized a gain of approximately $1,909, which was included in the accompanying combined statement of income for the period from January 1, 1998 through October 30, 1998.

4. INCOME TAXES

Corporations that elect S corporation status after December 31, 1986 may be subject to a corporate-level tax on the net unrealized built-in gain at the date of conversion that is realized during the ten-year period after conversion. Prior to December 31, 1997, the Company recorded a liability for the tax effect of the excess of the fair value of the investments in partnerships, primarily hotel investments, over the aggregate adjusted tax bases in the amount of $1,413.

The Company is currently under audit by the Internal Revenue Service ("IRS") for the period from June 1, 1992 through December 31, 1993. As the result of a reorganization that occurred in June 1993, the assets of various C corporations were transferred to limited partnerships. Shortly thereafter, the C corporations were liquidated into their common parent corporation, and the parent corporation elected S corporation status. The IRS has asserted that the S corporation election triggered recapture of the LIFO reserve related to the inventory transferred to the limited partnerships. In connection with the acquisition by Asbury Jacksonville as of October 30, 1998, the Company recorded a tax liability of approximately $1,686 for the net recognized built-in gain, pursuant to Section 1374 of the Internal Revenue Code.

(dollars in thousands)

5. OPERATING LEASES

The Company leases certain land, facilities, and computer equipment under operating leases with various expiration dates through 2008. Rental expense under such agreements totaled $175 for the period from January 1, 1998 through October 30, 1998.

Minimum future lease payments under these operating leases are as follows:

1998	$ 214
1999	214
2000	214
2001	208
2002	217
Thereafter	768
	$1,835

6. COMMITMENTS AND CONTINGENCIES

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

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

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

As discussed in Note 1, Asbury Jacksonville granted the selling shareholders of the Company a put option that gives them the right to require Asbury Jacksonville to purchase their minority interests upon certain circumstances.

Asbury Jacksonville signed a letter of intent to acquire the remaining 50% interest for approximately $7,000 in a dealership which is 50%-owned by AAG and the shareholders of the Company.

7. RETIREMENT PLAN

The Company participates in a salary deferral 401(k) plan (the "Plan"), which is administered by the National Automobile Dealers Association. All full-time employees of the Company who are more than 21 years of age and have more than one year of service are eligible to participate in the Plan. The Company matches employee contributions up to 2% of an employee's annual compensation, with the matching portion vesting over a period of seven years.

The Company's expense under the Plan totaled $207 for the period from January 1, 1998 through October 30, 1998.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To J.I.W. Enterprises, Inc.:

We have audited the accompanying combined statements of income, shareholders' equity and cash flows of J.I.W. Enterprises, Inc. for the period from January 1, 1998 through September 17, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of J.I.W. Enterprises, Inc. for the period from January 1, 1998 through September 17, 1998 in conformity with generally accepted accounting principles.

Roseland, New Jersey
April 14, 1999

J.I.W. ENTERPRISES, INC.

COMBINED STATEMENT OF INCOME
(in thousands)

	For the period from January 1, 1998 through September 17, 1998
REVENUE:	
New vehicle	$107,655
Used vehicle	48,334
Parts, service and collision repair	25,202
Finance and insurance, net	2,978

Total revenue	184,169
COST OF SALES:	
New vehicle	100,296
Used vehicle	43,986
Parts, service and collision repair	15,771
Total cost of sales	160,053
GROSS PROFIT	24,116
OPERATING EXPENSES:	
Selling, general and administrative	18,384
Depreciation and amortization	402
Income from operations	5,330
OTHER INCOME (EXPENSES):	
Floor plan interest expense	(1,352)
Interest income	46
Net income	$ 4,024

See Notes to Combined Financial Statements.

J.I.W. ENTERPRISES, INC.

COMBINED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock and Additional Paid-In Capital	Retained Earnings (Deficit)	Total Equity
BALANCE AS OF DECEMBER 31, 1997	$5,722	$ 371	$ 6,093
Distributions	-	(4,597)	(4,597)
Net income	-	4,024	4,024
BALANCE AS OF SEPTEMBER 17, 1998	$5,722	$ (202)	$ 5,520

See Notes to Combined Financial Statements.

J.I.W. ENTERPRISES, INC.

COMBINED STATEMENT OF CASH FLOWS
(in thousands)

	For the period from January 1, 1998 through September 17, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 4,024
Adjustments to reconcile net income to net cash provided by operating activities-	
Depreciation and amortization	402
Change in operating assets and liabilities -	
Accounts receivable, net	(1,994)
Inventories	4,238
Prepaid expenses	(193)
Other assets	204
Floor plan notes payable	(2,635)
Accounts payable and accrued expenses	973
Net cash provided by operating activities	5,019
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	(333)
Net cash used in investing activities	(333)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Distributions	(4,597)
Net advances from minority partner	795
Net cash used in financing activities	(3,802)
Net increase in cash and cash equivalents	884
CASH AND CASH EQUIVALENTS, beginning of period	5,085
CASH AND CASH EQUIVALENTS, end of period	$ 5,969
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid for interest	$ 1,357

See Notes to Combined Financial Statements.

J.I.W. ENTERPRISES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS
(dollars in thousands)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

The financial statements reflect the combined operations of J.I.W. Enterprises, Inc., Courtesy Toyota of Brandon, Inc., Gulf Auto Holdings, Inc. and Courtesy Imports of Tampa, Inc. (collectively the "Company"). The Company is engaged in the sale and servicing of new automobiles and the retailing and wholesaling of replacement parts and used vehicles. The Company operates from two locations in the greater Tampa, Florida metropolitan area.

The Company's dealership operations were sold to Asbury Automotive Tampa L.P. ("Asbury Tampa") on September 18, 1998 for $37,257, including transaction costs, and the issuance of a 49% interest in Asbury Tampa to the shareholders of the Company.

All significant intercompany transactions have been eliminated in combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue from the sale of new and used vehicles is recognized upon delivery, passage of title and signing of the sales contract. Revenue from the sale of parts and services is recognized upon delivery of parts to the customer or when vehicle service work is performed.

The Company receives commissions from the sale of credit life and disability insurance and vehicle service contracts to customers. In addition, the Company arranges financing for customers through various institutions and receives commissions equal to the difference between the loan rates charged to customers over predetermined financing rates set by the financing institution.

The Company may be charged back ("chargebacks") for financing fees, insurance or vehicle service contract commissions in the event of early termination of the contracts by customers. The revenue from financing fees and commissions is recorded at the time of the sale of the vehicles 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 revenue, net of estimated chargebacks, is included in finance and insurance revenue in the accompanying combined statement of income.

Cash and Cash Equivalents

Cash and cash equivalents include contracts in-transit and highly liquid investments that have an original maturity of three months or less at date of purchase. Contracts-in-transit represent receivables from finance companies for the portion of the vehicle purchase price financed by customers through sources arranged by the Company.

Inventories

Inventories are valued at the lower of cost or market utilizing the "last-in, first-out" (LIFO) method. If the "first-in, first-out" (FIFO) method had been used to determine the cost of inventories valued using the LIFO method net income would have been increased by approximately $82 for the period from January 1, 1998 through September 17, 1998.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided for utilizing the straight-line method over the estimated useful life of the asset.

Tax Status

The Company's shareholders have elected to be taxed as S corporations as defined by the Internal Revenue Code. The shareholders of the Company are taxed on their share of the Company's taxable income. Therefore, no provision for federal or state income taxes has been included in the financial statements.

Advertising

The Company expenses the costs of advertising as incurred or when such advertising initially takes place. Advertising costs aggregated approximately $2,158 for the period from January 1, 1998 through September 17, 1998.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles 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 period presented. Actual results could differ from those estimates.

Statement of Cash Flows

The net change in floor plan financing of inventories, which is a customary financing technique in the industry, is reflected as an operating activity in the accompanying combined statement of cash flows.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash deposits. The Company maintains cash balances in financial institutions with strong credit ratings. At times, amounts invested with financial institutions may be 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 the Company's customer base. However, they are concentrated in the Company's market area in west central Florida.

Segment Reporting

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information". Based upon definitions contained in SFAS No. 131, the Company has determined that it operates in one segment and has no international operations.

Recent Accounting Pronouncements

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security or a foreign currency-denominated forecasted transaction. The accounting for changes in the fair value of a derivative (gains or losses) depends on the intended use of the derivative and the resulting designation. The Company has determined that the adoption of SFAS No. 133 will not have a material impact on its results of operations, financial condition, liquidity or cash flows.

3. INTEREST EXPENSE

Floor plan notes payable reflect amounts payable for purchase of specific vehicle inventories and are due to various floor plan lenders bearing interest at variable rates based on prime. In 1998, the interest rates related to floor plan notes payable were based on the London Interbank Offered Rate ("LIBOR") plus 130 basis points. Floor plan arrangements permit borrowings based upon new and used vehicle inventory levels. Vehicle payments on notes are due when the related vehicles are sold. The notes are collateralized by substantially all vehicle inventories of the Company and are subject to certain financial and other covenants.

4. OPERATING LEASES

The Company leases certain land and buildings from its majority shareholder. Rental expense under these leases for the period from January 1, 1998 through September 17, 1998 was $1,156. Annual minimal non-cancelable lease payments under these leases amount to $1,510 through September 16, 2008.

5. COMMITMENTS AND CONTINGENCIES

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

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

6. RETIREMENT PLAN

The Company maintains a 401(k) plan covering substantially all of its employees. Individuals, eighteen years of age and older, are eligible to participate in the plan upon attaining one year of service with the Company. The Company matches a portion of the employee's contributions dependent on reaching specified operating goals. Expenses related to the Company's matching contribution were $27 for the period from January 1, 1998 through September 17, 1998.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To David McDavid Auto Group:

We have audited the accompanying combined statements of income, shareholders' equity and cash flows of David McDavid Auto Group for the period from January 1, 1998 through April 30, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of David McDavid Auto Group for the period from January 1, 1998 through April 30, 1998 in conformity with generally accepted accounting principles.

Roseland, New Jersey
March 19, 1999

DAVID McDAVID AUTO GROUP

COMBINED STATEMENT OF INCOME
(in thousands)

	For the period from January 1, 1998 through April 30, 1998
REVENUE:	
New vehicle	$ 78,558
Used vehicle	21,577
Parts, service and collision repair	18,951
Finance and insurance, net	3,750
Total revenue	122,836
COST OF SALES:	
New vehicle	74,616
Used vehicle	19,837
Parts, service and collision repair	11,292
Total cost of sales	105,745

GROSS PROFIT	17,091
OPERATING EXPENSES:	
Selling, general and administrative	14,253
Depreciation and amortization	257
Income from operations	2,581
OTHER EXPENSE:	
Floor plan interest expense	(1,286)
Other interest expense	(107)
Net income	$ 1,188

See Notes to Combined Financial Statements.

DAVID McDAVID AUTO GROUP

COMBINED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock and Additional Paid-In Capital	Retained Earnings	Total Equity
BALANCE AS OF DECEMBER 31, 1997	$2,040	$12,355	$14,395
Distributions	-	(1,560)	(1,560)
Net income	-	1,188	1,188
BALANCE AS OF APRIL 30, 1998	$2,040	$11,983	$14,023

See Notes to Combined Financial Statements.

DAVID McDAVID AUTO GROUP

COMBINED STATEMENT OF CASH FLOWS
(in thousands)

For the period from
January 1, 1998
through
April 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 1,188
Adjustments to reconcile net income to net cash used in operating activities-	
Depreciation and amortization	257
Changes in operating assets and liabilities-	
Accounts receivable	(898)
Inventories	(708)
Prepaid expense and other assets	(441)
Floor plan payable	(1,998)
Accounts payable and accrued liabilities	(1,177)
Net cash used in operating activities	(3,777)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	(45)
Net cash used in investing activities	(45)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on capital lease obligation	(46)
Repayment of long-term borrowings	(315)
Proceeds from long-term debt	10,552
Distributions	(1,560)
Net cash provided by financing activities	8,631
Net increase in cash and cash equivalents	4,809
CASH AND CASH EQUIVALENTS, beginning of period	14,665
CASH AND CASH EQUIVALENTS, end of period	$ 19,474
SUPPLEMENTAL INFORMATION OF CASH FLOW INFORMATION-	
Cash paid for interest	$ 1,027

See Notes to Combined Financial Statements.

DAVID McDAVID AUTO GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS
(dollars in thousands)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

The financial statements reflect the combined operations of the following entities: David McDavid Pontiac, Inc., David McDavid Luxury Imports, Inc., David McDavid Nissan, Inc., D.Q. Automobiles, Inc., Autovest, Inc., Texas Auto Outfitters, Inc., David McDavid Wireless Communications, Inc., McAdvertising, Inc., and Papa Grande Mgmt. Co., (collectively the "Company"). The Company is engaged in the sale and servicing of new automobiles and the retailing and wholesaling of replacement parts and used vehicles throughout the Dallas, Houston and Austin, Texas metropolitan areas.

The Company was sold to Asbury Automotive Texas L.L.C. ("Asbury Texas") on

April 30, 1998 for $90,331 (including transaction costs) and the issuance of a 25.8% interest in Asbury Texas to the shareholders of the Company.

All significant intercompany transactions have been eliminated in combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue from the sale of new and used vehicles is recognized upon delivery, passage of title and signing of the sales contract. Revenue from the sale of parts and services is recognized upon delivery of parts to the customer or when vehicle service work is performed.

The Company receives commissions from the sale of credit life and disability insurance and vehicle service contracts to customers. In addition, the Company arranges financing for customers through various institutions and receives commissions equal to the difference between the loan rates charged to customers over predetermined financing rates set by the financing institution.

The Company may be charged back ("chargebacks") for financing fees, insurance or vehicle service contract commissions in the event of early termination of the contracts by customers. The revenue from financing fees and commissions is recorded at the time of the sale of the vehicles 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 revenue, net of estimated chargebacks, is included in finance and insurance revenue in the accompanying combined statement of income.

Cash and Cash Equivalents

Cash and cash equivalents include contracts in-transit and highly liquid investments that have an original maturity of three months or less at date of purchase. Contracts-in-transit represent receivables from finance companies for the portion of the vehicle purchase price financed by customers through sources arranged by the Company.

Inventories

Inventories are valued at the lower of cost or market utilizing the "first-in, first-out" (FIFO) method.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided for utilizing the straight-line method over the estimated useful life of the asset.

Tax Status

Except for Autovest, Inc., the Company's shareholders have elected to be taxed as S corporations as defined by the Internal Revenue Code. The shareholders of the Company are taxed on their share of the Company's taxable income. Therefore, no provision for federal or state income taxes has been included in the financial statements. Autovest, Inc. is a C corporation; federal income taxes related to this entity are not material to the combined results of operations.

Advertising

The Company expenses the costs of advertising as incurred or when such advertising initially takes place. Advertising costs totaled $1,097 for the period from January 1, 1998 through April 30, 1998.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

The net change in floor plan financing of inventories, which is a customary financing technique in the industry, is reflected as an operating activity in the accompanying combined statement of cash flows.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of floor plan notes payable and long-term debt. The carrying amounts of its financial instruments approximate their fair values due to their relatively short duration and variable interest rates.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash deposits. The Company maintains cash balances in financial institutions with strong credit ratings. At times, amounts invested with financial institutions may be 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 the Company's customer base.

Segment Reporting

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information". Based upon definitions contained in SFAS No. 131, the Company has determined that it operates in one segment and has no international operations.

Recent Accounting Pronouncements

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security or a foreign currency-denominated forecasted transaction. The accounting for changes in the fair value of a derivative (gains or losses) depends on the intended use of the derivative and the resulting designation. The Company has determined that the adoption of SFAS No. 133 will not have a material impact on its results of operations, financial condition, liquidity or cash flows.

3. INTEREST EXPENSE

Floor plan notes payable reflect amounts payable for purchase of specific vehicle inventories and are due to various floor plan lenders bearing interest at variable rates based on prime. In 1998, the interest rates related to floor plan notes payable were based on the London Interbank Offered Rate ("LIBOR") plus 2.25%. Floor plan arrangements permit borrowings based upon new and used vehicle inventory levels. Vehicle payments on notes are due when the related vehicles are sold. The notes are collateralized by substantially all vehicle inventories of the Company and are subject to certain financial and other covenants.

Long-term debt outstanding during 1998 consists of various notes payable to banks and corporations, bearing interest at both fixed and variable rates and secured by certain of the Company's assets. Interest rates were based on LIBOR plus 2.50% or the prime rate, ranging from 7.5% to 10.0%.

4. RELATED-PARTY TRANSACTIONS

The Company leases certain land and buildings from its majority shareholder. Annual minimum non-cancelable lease payments under these leases amount to approximately $4,808 through May 1, 2013. Rent expense for the period from January 1, 1998 through April 30, 1998 was $1,608.

From January 1, 1998 through April 30, 1998, approximately $645 of commission income was derived from the sale of credit life and disability insurance policies and warranty contracts from insurance companies which are owned by the majority shareholder. In addition, from January 1, 1998 through April 30, 1998, commission income of approximately $520 was derived from a finance company in which the Company has a small ownership interest. Included in finance and insurance, net is approximately $378 of investment earnings from such finance company.

5. COMMITMENTS AND CONTINGENCIES

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

The Company has guaranteed 30% of loans made by a bank in an aggregate amount of $2 million, the proceeds of which were used by two management employees who had no ownership interest in the Company to acquire a 3.6% interest in Asbury Texas.

DAVID McDAVID AUTO GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS
(dollars in thousands)

The Company has been named in a class action lawsuit alleging that more than 600 automobile dealerships, including the Company, have improperly charged consumers a vehicle inventory tax in addition to the purchase price of the vehicle. The Texas Automobile Dealers Association has assumed defense of the case. There is no allegation as to the amount of damages claimed and no determination has been made as to the potential liability. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the Company.

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

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so.

TABLE OF CONTENTS

Through and including [ ] , 2001 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to

[ ] Shares

ASBURY AUTOMOTIVE GROUP, INC.

COMMON STOCK

[LOGO]

GOLDMAN, SACHS & Co.

MERRILL LYNCH & Co.

SALOMON SMITH BARNEY INC.

Representatives of the Underwriters

deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the expenses (other than underwriting compensation expected to be incurred) in connection with this offering. All such amounts (except the SEC registration fee and the NASD filing fee) are estimated.

SEC registration fee	$37,500
NYSE listing fee	*
NASD filing fee	*
Blue Sky fees and expenses	*
Printing and engraving costs	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer Agent and Registrar fees and expenses	*
Miscellaneous	*
Total	$ *

* To be completed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Our By-Laws provide that we shall, subject to the limitations contained in the Delaware General Corporation Law, as amended from time to time, indemnify all persons whom it may indemnify pursuant thereto.

Section [ ] of the Underwriting Agreement, to be filed as Exhibit 1.1, provides that the Underwriters named therein will indemnify us and hold us harmless and each of our directors, officers or controlling persons from and against certain liabilities, including liabilities under the Securities Act. Section [ ] of the Underwriting Agreement also provides that such Underwriters will contribute to certain liabilities of such persons under the Securities Act.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

No shares of our common stock have been issued prior to this offering. The only membership interests issued by us in the last three years have been made under the exemption provided in Section 4(2) of the Securities Act of 1933, in connection with our acquisitions of dealerships.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits

Exhibit Number	Description
1.1	Form of Underwriting Agreement*

3.1	Form of Certificate of Incorporation of Asbury Automotive Group, Inc.*
3.3	Form of By-laws of Asbury Automotive Group, Inc.*

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* To be filed by amendment.

5.1	Form of Opinion of Cravath, Swaine & Moore**
10.1	1999 Option Plan**
10.2	Form of 2001 Stock Option Plan*
10.3	Form of Employee Stock Purchase Plan*
10.4	Third Amended and Restated Limited Liability Company Agreement of Asbury Automotive Group L.L.C.**
10.5	Employment Agreement of Thomas R. Gibson*
10.6	Amended and Restated Employment Agreement of Brian E. Kendrick*
10.7	Amended and Restated Employment Agreement of Thomas F. McLarty**
10.8	Severance Pay Agreement of Phillip R. Johnson**
10.9	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. +**
10.10	Form of Stockholders Agreement dated [ ] between Asbury Automotive Holdings and Stockholders named therein.*
10.11	Ford Dealer Agreement*
10.12	General Motors Dealer Agreement*
10.13	Honda Dealer Agreement*
10.14	Mercedes Dealer Agreement*
10.15	Nissan Dealer Agreement*
10.16	Toyota Dealer Agreement*
10.17	Acura Dealer Agreement*
10.18	Lexus Dealer Agreement*
10.19	Chrysler Dealer Agreement*
21.1	List of subsidiaries of Asbury Automotive Group, Inc.*
23.1	Consent of Arthur Andersen LLP*
23.2	Consent of Dixon Odom P.L.L.C.*
23.3	Consent of Cravath, Swaine & Moore (contained in Exhibit 5)
24.1	Power of Attorney

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* To be filed by amendment.

** Previously filed.

+ Confidential treatment has been requested with respect to certain portions of this document and has been filed separately with the Securities and Exchange Commission.

(b) Financial Statement Schedules

The financial statement schedules are omitted because they are inapplicable or the requested information is shown in the consolidated financial statements of Asbury Automotive Group or related notes thereto.

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes as follows:

(1) The undersigned will provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such

denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(2) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance on Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it is declared effective.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 14 or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, the State of New York, on the 31st day of July, 2001.

Asbury Automotive Group L.L.C.

By: *

Name: Brian E. Kendrick
Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the registration statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Title	Date
* Brian E. Kendrick	President and Chief Executive Officer	July 31, 2001
* Thomas F. Gilman	Vice President and Chief Financial Officer	July 31, 2001
*		

Thomas R. Gibson	Chairman	July 31, 2001
* ------------------------- Michael C. Paul	Controller	July 31, 2001
* ------------------------- Timothy C. Collins	Director	July 31, 2001
* ------------------------- Ian K. Snow	Director	July 31, 2001
* ------------------------- John M. Roth	Director	July 31, 2001
* ------------------------- C.V. Nalley	Director	July 31, 2001
* ------------------------- B. David McDavid	Director	July 31, 2001
* ------------------------- Charles B. Tomm	Director	July 31, 2001

* /s/ Brian E. Kendrick

Attorney-in-Fact

*** Asbury Automotive Group L.L.C., a Delaware limited liability company, which on or prior to the effective date of this registration statement will be converted into a Delaware corporation, named Asbury Automotive Group, Inc. through either a conversion into a corporation or by a merger with an entity or a subsidiary of an entity which has no other business.

EXHIBIT 24.1

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of Asbury Automotive Group, L.L.C. (the "Company"), constitutes and appoints Brian E. Kendrick and Thomas F. Gilman, as his or her true and lawful attorneys-in-fact and agents, each acting alone, with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign a Registration Statement on Form S-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission (the "SEC") in connection with the registration under the Securities Act of 1933, as amended (the "Securities Act"), of common stock, and any or all amendments to such Registration Statement, including post-effective amendments, and to file the same, with all exhibits thereto and other documents in connection therewith, with the SEC and other appropriate governmental agencies, and grants unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intent and purposes as he or she might or could do in person, and hereby ratifies and confirms all that said attorneys-in-fact and agents, each acting alone, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney may be executed in any number of counterparts (whether facsimile or original), each of which shall be deemed an original with respect to any party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have duly signed this Power of Attorney this 18th day of July, 2001.

/s/ Brian E. Kendrick

Brian E. Kendrick
President and Chief Executive
Officer

/s/ Thomas F. Gilman

Thomas F. Gilman
Vice President and Chief
Financial Officer

/s/ Thomas R. Gibson

Thomas R. Gibson
Chairman and Director

/s/ Michael C. Paul

Michael C. Paul
Controller

/s/ Timothy C. Collins

Timothy C. Collins
Director

/s/ Ian K. Snow

Ian K. Snow
Director

/s/ John M. Roth

John M. Roth
Director

/s/ C.V. Jim Nalley

C.V. Jim Nalley
Director

/s/ B. David McDavid

B. David McDavid
Director

/s/ Charles B. Tomm

Charles B. Tomm
Director