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# ASBURY AUTOMOTIVE GROUP

## AUDIT COMMITTEE CHARTER

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### PURPOSE

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The primary purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Asbury Automotive Group, Inc. (the “Company”) is to assist the Board in fulfilling its responsibility to oversee (i) management’s conduct of the Company’s financial reporting process (including the development and maintenance of systems of internal accounting and financial controls), (ii) the integrity of the Company’s financial statements, (iii) the Company’s compliance with legal and regulatory requirements, (iv) the qualifications, independence and performance of the Company’s outside auditors and (v) the performance of the Company’s internal audit function.

### MEMBERSHIP

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The Committee shall consist of at least three directors. Each member of the Committee shall be “independent” under the listing standards of the New York Stock Exchange (“NYSE”) and meet all other requirements of the NYSE listing standards and:

- each member shall be financially literate or will become financially literate within a reasonable period of time after his or her appointment to the Committee; and
- at least one member shall be an audit committee “financial expert” as defined in Item 407 (d)(5) of Regulation S-K.

The determination of any member’s qualification to serve on the Committee, including assessments of independence, financial literacy, financial expertise and of past accounting or financial management expertise, shall be made by the Board in keeping with the applicable requirements and definitions of the New York Stock Exchange, the Securities and Exchange Commission and all other applicable requirements as determined by the Board.

No member of the Committee may receive, directly or indirectly, any consulting, advisory, or other compensatory fees from the Company or any subsidiary thereof other than (i) cash fees and other remuneration paid to directors for service on the Board, the Audit Committee or any other committee thereof and (ii) a pension or other deferred compensation for prior service that is not contingent on future service on the Board.

The members of the Committee and its chair shall be appointed by the Board from among its members and shall be subject to removal by the Board.

### COMMITTEE AUTHORITY AND RESPONSIBILITIES

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The Committee’s function is one of oversight, recognizing that the Company’s management is responsible for preparing the Company’s financial statements and for developing and maintaining systems of internal accounting and financial controls and that the outside auditors are ultimately accountable to the Committee and the Board for their review of the financial statements and internal controls of the

Company. The Committee also recognizes that the financial management and the internal and outside auditors have more knowledge and information about the Company than do Committee members. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or internal controls or any professional certification as to the outside auditors' work.

The Committee shall undertake the following activities in carrying out its oversight responsibilities:

1. Oversight of the Company's Relationship with Outside Auditor.

- The Committee shall be directly responsible for the appointment, retention (subject to shareholder ratification, if applicable), compensation, termination and oversight of the work of the public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (herein referred to as the "outside auditors"). The Company's outside auditors shall report directly to the Committee.
- The Committee shall pre-approve all auditing services (including comfort letters and statutory audits), internal control related services and permitted non-auditing services rendered to the Company by its outside auditors (other than de minimus non-audit services as defined in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, as amended which are approved prior to completion of the outside auditors' audit), in each case including fees. The authority for such pre-approval may be delegated to one or more members of the Committee.
- The Committee shall:
  - (a) receive from the outside auditors, at least annually, a written report describing, to the extent permitted under applicable auditing standards: (a) the outside auditors' internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the outside auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the outside auditors, and any steps taken to deal with any such issues; and (c) (to assess the outside auditors' independence) all relationships between the outside auditors and the Company, including the matters covered by Independence Standards Board Standard Number 1;
  - (b) review and discuss with the outside auditors the foregoing written report and any relationships or services that may impact the objectivity and independence of the outside auditors; and
  - (c) take appropriate action in response to the outside auditors' report to satisfy itself of the auditors' independence.

After reviewing the foregoing report and the outside auditors' work throughout the year, the Committee shall evaluate the outside auditors' qualifications, performance and independence. This evaluation should include the review and evaluation of the lead partner of the outside auditors. In making its evaluation, the Committee should take into account the opinions of management and the Company's internal auditors (or other

personnel responsible for the internal audit function). The Committee shall further consider whether, in order to assure the continuing independence of the outside auditors, there should be regular rotation of the lead audit partner, or of the outside audit firm. The Committee shall present its conclusions with respect to the outside auditor to the Board.

- The Committee shall review with the outside auditors any audit problems or difficulties (including any restrictions on the scope of the outside auditor’s activities or on access to requested information, and any significant disagreements with management), and management’s response. The Committee shall be responsible for the resolution of disagreements between the Company’s management and the outside auditors regarding financial reporting.
- The Committee shall make determinations with respect to the general terms of compensation of the Company’s outside auditors and any other advisors retained by the Committee.
- The Committee shall establish clear hiring policies with respect to employees or former employees of the outside auditors.

## 2. Financial Reporting and Disclosure Matters.

The Committee shall review and discuss with management and the outside auditors

- (a) the audited financial statements to be included in the Company’s Annual Report on Form 10-K (or the Annual Report to Stockholders if distributed prior to the filing of Form 10-K),
  - (b) the quarterly financial statements to be included in the Company’s Quarterly Report on Form 10-Q, and
  - (c) the Company’s disclosures in the related “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”
- In connection with the annual audit and the review by the outside auditors of the financial information included in the Company’s Quarterly Reports on Form 10-Q, the Committee shall, prior to the release of earnings or the filing of the Form 10-K or Form 10-Q, as applicable, discuss with the outside auditors the matters required to be discussed by SAS No. 61, as amended or supplemented.
  - The Committee shall receive from the Company’s outside auditors timely reports concerning:
    - (a) all critical accounting policies and practices;
    - (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the management of the Company, the ramifications of the use of such alternative treatments, the treatment preferred by the outside auditors and any significant changes in management’s selection or application of accounting principles;
    - (c) any special audit steps adopted in light of material control deficiencies; and

(d) other material written communications between the outside auditors and the management of the Company (such as any management letter or schedule of unadjusted differences).

- The Committee shall determine whether to recommend to the Board that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K.
- The Committee shall discuss generally the types of information to be disclosed in earnings press releases, as well as the types of presentations about financial information and earnings guidance to be provided to analysts and rating agencies. The Committee is not required to discuss in advance each earnings release or each instance where the Company may provide earnings guidance.
- The Committee shall prepare the report of the audit committee required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
- The Committee shall discuss with management, the internal auditors and the outside auditors the quality and adequacy of the Company's internal controls.

### 3. Oversight of Internal Audit Function.

- The Committee shall (a) review the activities, budget, staffing, organizational structure, qualifications and performance of the internal audit department, (b) review and approve the selection and removal of the chief audit executive, (c) review and approve the compensation of the chief audit executive, and (d) periodically review with the chief audit executive any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the department's work.

### 4. Compliance and Risk Oversight Responsibilities.

- The Committee shall discuss with management and the Risk Committee the Company's policies with respect to risk assessment and risk management. The Committee shall discuss guidelines and policies to govern the process by which risk assessment and management are undertaken. This discussion should cover the Company's major financial risk exposures and the steps management has taken to monitor and control these exposures.
- Not less than quarterly, prior to the filing of the related 10-Q or 10-K, the Committee shall receive reports on legal compliance and litigation matters and review the significant reports to management prepared by the internal auditors as well as management's responses thereto.
- The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and/or auditing matters and shall establish a procedure for confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

### 5. Additional Responsibilities.

- The Committee shall review and reassess the adequacy of this Charter on an annual basis and shall make recommendations to the Board, as conditions dictate, to update this Charter.

- The Committee shall meet regularly (and, in any event, no less than quarterly) in separate executive sessions with (a) the management of the Company, (b) the Company’s internal auditors (or other personnel responsible for the internal audit function), (c) the Company’s General Counsel, and (d) the outside auditors. The Committee shall also be available to meet with the Company’s internal auditors between regularly scheduled meetings, as requested from time to time by the internal audit staff.
- The Committee shall have the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties. The Committee shall have sole authority to approve all related fees and expenses.
- The Committee shall review and evaluate its own performance at least annually.
- The Committee shall report regularly to the Board at its scheduled meetings including reviewing with the Board any issues that arise with respect to (a) the quality or integrity of the Company’s financial statements, (b) the performance and independence of the outside auditors or (c) the performance of the internal control function.

## **COMMITTEE STRUCTURE AND OPERATIONS**

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The Board shall designate one member of the Committee to act as its chairperson. The Committee shall meet in person or telephonically at least quarterly at such times and places determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson.