

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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):
March 18, 2005

Asbury Automotive Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

5511

01-0609375

(Commission File Number)

(IRS Employer Identification No.)

622 Third Avenue, 37th Floor, New York, NY

10017

(Address of principal executive offices)

(Zip Code)

(212) 885-2500

(Registrant's telephone number, including area code)

None

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry Into a Material Definitive Agreement.

Asbury Automotive Tampa L.L.C. ("Asbury Tampa"), a wholly owned subsidiary of Asbury Automotive Group, Inc. (the "Company"), and Jeffrey I. Wooley ("Mr. Wooley") entered into an agreement (the "Wooley Agreement") dated as of March 18, 2005 and effective as of March 31, 2005 (the "Wooley Effective Date"), which amends Mr. Wooley's existing Employment Agreement with Asbury Tampa dated September 1, 2003 (the "Original Wooley Agreement"). The Company's Compensation Committee and the Board of Directors approved the terms of the Wooley Agreement on February 23, 2005, subject to final agreement by Mr. Wooley.

A copy of the Wooley Agreement is attached to this Current Report on Form 8-K as Exhibit 10.1, and the following summary is qualified in its entirety by reference to the Wooley Agreement. The significant provisions of the Wooley Agreement are as follows:

- o Asbury Tampa has agreed to make a lump sum payment to Mr. Wooley in the amount of \$500,000, less applicable withholdings and taxes, on or before March 31, 2005 to satisfy any monetary and non-monetary obligations that may have been owed to Mr. Wooley by Asbury Tampa or any of its affiliates under the terms of the Original Wooley Agreement.
- o Mr. Wooley, who is currently the President and Chief Executive Officer of Asbury Tampa, will continue to be employed by Asbury Tampa, but will resign his current positions and assume the title of Chairman. In addition to the amounts described below, he will receive an annual salary in the amount of \$100,000 as his compensation during the Wooley Term (as defined below).
- o As the Chairman of Asbury Tampa, Mr. Wooley will be expected to provide general advice regarding the operations of Asbury Tampa, as well as fulfill additional responsibilities as he may be assigned from time to time, but will not be deemed an officer or director of Asbury Tampa and will not have the independent authority to conduct business on behalf of, or to legally bind, Asbury Tampa or any of its affiliates. Mr. Wooley and Asbury Tampa acknowledge that this Chairman position constitutes part-time employment with Asbury Tampa.
- o Mr. Wooley's employment as Chairman will commence on the Wooley Effective Date and expire on the fifth anniversary of the Wooley Effective Date (the "Wooley Term"), unless sooner terminated in accordance with the terms of the Wooley Agreement and the Original Wooley Agreement.
- o Mr. Wooley will be entitled to use an office at located at one of Asbury Tampa's dealership locations and will be provided with a part-time executive assistant who will be paid a base salary of \$40,000 per year by Asbury Tampa, plus all benefits that similar employees of Asbury Tampa may be eligible to receive and/or participate in.
- o During the Wooley Term, Mr. Wooley will be entitled to participate in all life insurance, medical insurance, disability insurance and other benefits that may be provided to the employees of Asbury Tampa from time to time, subject to the terms and eligibility requirements of the plan documents of each respective insurance or other benefit plan.
- o If Mr. Wooley's employment is terminated without Cause or by Mr. Wooley for Good Reason (as such terms are defined in the Original Wooley Agreement), Mr. Wooley shall continue to receive through the end of the Wooley Term, the benefits and perquisites set forth in the Original Wooley Agreement, which include, among other things:
 - i. life insurance, medical insurance, disability insurance and other benefits comparable to those provided to the Asbury Tampa's other senior executive offices and permitted under applicable law;
 - ii. paid vacation time;
 - iii. reimbursement for annual dues for membership in two country clubs selected by Mr. Wooley, which dues are not to exceed \$20,000; and
 - iv. the use by Mr. Wooley and his family of four demonstrator vehicles selected from the inventory of the Asbury Tampa's dealerships.
- o In the event of Mr. Wooley's termination of employment with Asbury Tampa prior to the end of the Wooley Term, providing that such termination was not due to his death or disability, or was not for Cause or upon voluntary resignation, he may continue to participate in Asbury Tampa's medical insurance plan, until the earliest of (i) Mr. Wooley becoming eligible for coverage under a similar plan of a subsequent employer; (ii) Asbury Tampa's failing to obtain coverage for Mr. Wooley under such plan with the applicable insurer of such plan; (iii) such arrangement becoming prohibited by law or regulation; and (iv) Mr. Wooley's failure to comply with Asbury Tampa's payment requirements for continued participation in such plan.
- o From the date of Mr. Wooley's termination until the end of the Wooley Term, Mr. Wooley shall be entitled to participate in Asbury Tampa's medical insurance plan at the contribution rate in effect as of such termination date. After the Wooley Term, Mr. Wooley may continue to participate in the Asbury Tampa's medical insurance plan at his own expense, subject to subparagraphs (i) to (iv) set forth in the paragraph above.

Asbury Automotive Arkansas L.L.C. ("Asbury Arkansas"), a wholly owned subsidiary of the Company, Asbury Automotive Group L.L.C. ("Asbury Group"), McLarty Companies, Inc. ("McLarty Companies"), and Thomas F. McLarty, III ("Mr. McLarty") entered into an agreement (the "McLarty Agreement") dated as of March 21, 2005 and effective as of February 1, 2005 (the "McLarty Effective Date"), which amends Mr. McLarty's existing Employment and Consulting Agreement among

Asbury Arkansas, Asbury Group, McLarty Companies and Mr. McLarty, dated May 1, 2002 (the "Original McLarty Agreement"). The Company's Compensation Committee and the Board of Directors approved the terms of the McLarty Agreement on February 23, 2005, subject to final agreement by Mr. McLarty.

A copy of the McLarty Agreement is attached to this Current Report on Form 8-K as Exhibit 10.2, and the following summary is qualified in its entirety by reference to the McLarty Agreement. The significant provisions of the McLarty Agreement are as follows:

- o Asbury Arkansas has agreed to make a lump sum payment to Mr. McLarty in the amount of \$1,300,000, less applicable withholdings and taxes, on or before March 31, 2005 to satisfy any monetary and non-monetary obligations that may have been owed to Mr. McLarty or McLarty Companies by Asbury Arkansas or Asbury Group under the terms of the Original McLarty Agreement.
- o All provisions or clauses of the Original McLarty Agreement that require (i) Mr. McLarty and McLarty Companies to provide consulting services to Asbury Arkansas, Asbury Group and any of their respective affiliates, and (ii) Asbury Arkansas and Asbury Group to pay consulting fees to Mr. McLarty and McLarty Companies, are terminated pursuant to the terms of the McLarty Agreement.
- o The Original McLarty Agreement will be renamed "Employment Agreement" and, as of the McLarty Effective Date, McLarty Companies and Asbury Group will no longer be parties to the Original McLarty Agreement.
- o Mr. McLarty will continue to be employed by Asbury Arkansas, but will resign his current positions and assume the title of Chairman. In addition to the amounts described below, he will receive an annual salary in the amount of \$100,000 as his compensation during the remainder of the McLarty Term (as defined below).
- o As the Chairman of Asbury Arkansas, Mr. McLarty will be expected to provide general advice regarding the operations of Asbury Arkansas, as well as fulfill additional responsibilities as he may be assigned from time to time consistent with the position of Chairman, but will not be deemed an officer or director of Asbury Arkansas and will not have the independent authority to conduct business on behalf of, or to legally bind, Asbury Arkansas or any of its affiliates. Mr. McLarty and Asbury Arkansas acknowledge that this Chairman position constitutes part-time employment with Asbury Arkansas.
- o Mr. McLarty's employment with Asbury Arkansas will expire on the fifth anniversary of the McLarty Effective Date (the "McLarty Term"), unless sooner terminated in accordance with the terms of the McLarty Agreement and the Original McLarty Agreement.
- o Asbury Arkansas will reimburse Mr. McLarty a total of \$3,300 per month for all lease, rent, utilities and common area and maintenance expenses, and any and all other miscellaneous expenses relating to his office space.
- o Asbury Arkansas will permit Mr. McLarty to hire and/or retain one executive assistant who will receive a base salary of approximately \$30,000 per year paid by Asbury Arkansas, plus all benefits that similar full-time employees of Asbury Arkansas may be eligible to receive and/or participate in.
- o During the McLarty Term, Mr. McLarty will be entitled to participate in all life insurance, medical insurance, disability insurance and other benefits that may be provided to the employees of Asbury Arkansas from time to time, subject to the terms and eligibility requirements of the plan documents of each respective insurance or other benefit plan.
- o Asbury Arkansas will continue to pay the monthly leasing (but not insurance) costs for two vehicles leased on Mr. McLarty's behalf.
- o So long as Mr. McLarty is an employee of Asbury Arkansas, or as otherwise expressly consented to in writing by Asbury Arkansas to the fullest extent permitted under applicable law, he will not directly or indirectly engage in, participate in, in represent in any way or be connected with, as an officer, director, partner, owner, employee, agent, independent contractor, consultant, proprietor or stockholder (except for the ownership of a less than 5% stock interest in a publicly traded corporation), any franchised motor vehicle business within 80 miles of any retail motor vehicle dealership currently owned by Asbury Arkansas within the State of Arkansas competing with the franchised motor vehicle business of Asbury Arkansas.
- o Upon the termination of Mr. McLarty's employment, the following provisions shall apply:
- o In the event Mr. McLarty's employment is terminated Without Cause or for

Good Reason and Mr. McLarty receives severance payments under the Original McLarty Agreement, the provisions of the non-compete described above shall continue from the date Mr. McLarty's employment was terminated (the "McLarty Termination Date") to the end of the McLarty Term.

- o In the event that Mr. McLarty's employment is terminated Without Cause or for Good Reason and Mr. McLarty has waived his right to receive severance payments under the Original McLarty Agreement, the provisions of the non-compete described above shall terminate upon the McLarty Termination Date.
- o In the event that Mr. McLarty's employment is terminated for Cause or Mr. McLarty terminates his employment without Good Reason, the provisions of the non-compete described above shall continue in effect for a period of one year following the McLarty Termination Date.
- o In the event Mr. McLarty's employment terminates due the expiration of the McLarty Agreement, the provisions of the non-compete described above shall no longer apply as of the date Mr. McLarty actually stops performing services for Asbury Arkansas.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No.	Description
10.1	Agreement between Asbury Automotive Tampa L.L.C. and Jeffrey I. Wooley, dated March 18, 2005.
10.2	Agreement between Asbury Automotive Arkansas L.L.C., Asbury Automotive Group LLC, McLarty Companies, Inc. and Thomas F. McLarty, III, dated March 21, 2005.

SIGNATURE

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

ASBURY AUTOMOTIVE GROUP, INC.

Date: March 22, 2005

By: /s/ Kenneth B. Gilman

Name: Kenneth B. Gilman

Title: President and Chief Executive Officer

EXHIBIT INDEX

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ASBURY AUTOMOTIVE TAMPA, L.P.

March 18, 2005

Jeffrey Wooley
4636 N. Dale Mabry Hwy.
Tampa, Florida 33614

Dear Mr. Wooley:

We are pleased that you have agreed to provide your services to Asbury Automotive Tampa, L.P. (the "Company") in the capacity as Chairman. This Letter Agreement sets forth the agreed upon amendments and modifications to your existing employment agreement with the Company dated September 1, 2003 (the "September 2003 Agreement"). The modifications and amendments to the September 2003 Agreement as set forth in this Letter Agreement shall be deemed effective March 31, 2005, (the "Effective Date").

1. Satisfaction of Obligations under September 2003 Agreement. The Company agrees to pay you, and you agree to accept the sum of, \$500,000.00, which amount you agree satisfies any and all monetary and non-monetary obligations the Company (or any parent, affiliate or subsidiary thereof) may have owed you under the terms of the September 2003 Agreement, said payment to be made on or before March 31, 2005. All authorized deductions required or permitted by state and federal law shall be deducted from the payment made to you under this Paragraph 1.

2. Term of Employment. You and the Company (collectively, "the parties") agree that Paragraph 2 of the September 2003 Agreement is deleted in its entirety and replaced with the following:

2(a) Term of Employment. The employment of Executive pursuant hereto shall commence on the Effective Date and shall remain in effect for an initial term expiring on the fifth anniversary of the Effective Date (the "Term") unless sooner terminated pursuant to the provisions of Section 6 hereof.

2(b) Position and Responsibilities of Executive. During the Term, Executive will be employed by the Company in the position of Chairman. As Chairman, Executive will be expected to provide general advice regarding the operations of the Company, as well as such additional responsibilities as may be reasonably assigned from time to time. Executive agrees and recognizes that, in his capacity as Chairman, Executive is not an officer or director of the Company and has no independent authority to conduct business on behalf of or to enter into any agreement that may be legally binding on the Company or any of its parents, affiliates or subsidiaries. Notwithstanding the foregoing, the terms of Executive's employment will not require him to spend any period of time in excess of three days away from the businesses operated or owned by the Company other than in connection with incidental or routine trips. In Executive's position as Chairman, he agrees to devote all such skill, knowledge and working time as reasonably required to carry out his obligations under this agreement, which parties acknowledge shall not constitute full time employment.

3. Compensation. The parties agree that Paragraph 3 of the September 2003 Agreement is deleted in its entirety and replaced with the following:

3. Compensation. During the Term, the Company shall pay Executive an annual salary in the amount of \$100,000.00. All authorized deductions required or permitted by state and federal law shall be deducted from all payments made to Executive under this Paragraph 3. In addition, all payments made under this Paragraph 3 shall be paid in accordance with the Company's normal payroll procedures. The parties agree that, other than the compensation set forth in this Paragraph 3, no further compensation shall be paid by the Company to Executive during the Term.

4. Benefits and Perquisites. The parties agree that the following paragraphs shall be added to Paragraph 4 of the September 2003 Agreement:

(g) Office. The Company will permit Executive to use an office located at one of its dealerships located in the Tampa area.

(h) Executive Assistant. The Company will employ a part-time executive assistant at a base salary of \$40,000 per year, plus those benefits that similar employees of the Company may be eligible to receive and/or participate in, subject to the terms and eligibility requirements of the controlling benefit plan(s) document(s).

5. Termination of Employment. The parties agree to the following amendments to Paragraph 6 of the September 2003 Agreement:

a. Termination by Executive. The parties agree that the reference to a bonus in Paragraph 6(d)(iii) of the September 2003 Agreement is deleted.

b. Payments Upon Certain Terminations. The parties agree that the following clause in Paragraph 6(f)(i)(A) will be deleted in its entirety: "plus any performance-based cash bonus for the portion of any calendar year preceding Executive's Date of Termination as the Board in its sole discretion determines to have been earned by Executive". The parties also agree that Paragraph 6(f)(i)(B) of the September 2003 Agreement is deleted in its entirety and replaced with the following:

6(f)(i)(B) In addition, if the Executive's employment has been terminated by the Company without Cause or by Executive for Good Reason, Executive shall continue to receive the benefits set forth in Section 4 through the fifth anniversary date of the Effective Date. Further, in the event Executive's employment is terminated prior to the end of the Term, Executive may elect to continue to participate in the Company's medical insurance plan until the earliest of (i) Executive's becoming eligible for coverage under a similar plan of a subsequent employer; (ii) the Company's failing to obtain coverage for Executive under such plan with the applicable insurer of such plan; provided, however, that this clause (ii) shall not apply if the plan is self insured (and to the extent the Company only insures the plan through catastrophic stop-loss insurance, the plan shall be deemed to be self insured for purposes of this Section); further provided, however, that the Company shall use its commercially reasonable best efforts to obtain coverage for Executive under such plan with the applicable insurer of such plan if the Company maintains such plan as an insured plan; (iii) such arrangement becoming prohibited by law or regulation; provided, however, that in such event, Executive's election to continue to participate in the Company's medical insurance plan shall be limited only to the extent necessary to comply with such law or regulation; and (iv) Executive's failure to comply with the payment requirements of this Section (other than an inadvertent failure to timely make such payments). From the Date of Termination through the end of the Term, Executive shall be entitled to participate in the Company's medical insurance plan at the contribution rate in effect as of the Date of Termination. Thereafter, Executive shall be entitled to continue to participate in the Company's medical insurance plan (subject to (i)-(iv) herein) and shall be responsible for the full cost of such medical insurance coverage, which shall be billed at the Company's COBRA rate for such coverage as in effect from time to time (which may change from time to time to reflect changes in the cost of coverage) and which shall be payable in the same manner as the Company requires for COBRA payments generally. Notwithstanding the foregoing, this Section shall not apply (A) in the event Executive is terminated for Cause or voluntarily resigns or (B) following Executive's failure at any time to elect to continue such participation in the Company's medical insurance plan.

c. Termination Upon Death or Disability. The parties agree that Paragraph 6(f)(ii) of the September 2003 Agreement is deleted in its entirety, provided, however, that in the event of Executive's death or Disability as set forth in Paragraph 6(a) of the September 2003 Agreement, the Company agrees to pay Executive's full base salary through the Date of Termination and, in the event of Executive's Disability, agrees to permit Executive to continue to participate in the Company's medical insurance plan, at the contribution rate in effect as of the Date of Termination, through the end of the Term, subject to the terms and conditions of the plan document(s). At the end of the Term, Executive will be offered the opportunity to continue his existing benefit coverages subject to the terms and conditions of the plan document(s) and as may be provided by prevailing federal and/or state law.

d. Termination for Cause or Voluntary Termination by Executive. The parties agree that the following clause in Paragraph 6(f)(iii) will be deleted in its entirety: "and Executive shall not be paid any incentive compensation cash bonus for the portion of the calendar year preceding Executive's Date of Termination".

6. Miscellaneous. The parties agree that the following clause in Paragraph 15(g)(A) of the September 2003 Agreement will be deleted in its entirety and replaced with the following:

(A) if to the Company, to it: c/o Asbury Automotive Group, Inc.
622 Third Avenue, 37th Floor New York, New York 10017 Attention: President and
CEO Telefax: (212) 297-2647

7. Entire Agreement, Amendment and Assignment. The September 2003 Agreement, as modified and amended by this Letter Agreement, constitutes the sole agreement between Executive and the Company and supersedes all prior agreements and understandings with respect thereto, whether oral or written. No

modification to any provision of the September 2003 Agreement or this Letter Agreement shall be binding unless in writing and signed by both executive and the Company, and agreed to in writing by the Chief Executive Officer of Asbury Automotive Group, Inc. or such officer of the Company as may be specifically designated by the board. No waiver of any rights under the September 2003 Agreement or this Letter Agreement will be effective unless in writing signed by the party to be charged. No waiver of any provision of the September 2003 Agreement or this Letter Agreement shall be implied from any course of dealing between or among the parties hereto or from any failure by any party hereto to assert its rights hereunder on any occasion or series of occasions. All of the terms and provisions of the September 2003 Agreement and this Letter Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto. Executive further agrees and recognizes that his duties and responsibilities are of a personal nature and, therefore, cannot in any respect be assigned or delegated.

If the terms as set forth above are acceptable to you, please sign in the space provided below and return the original to Phil Johnson, Vice President, Human Resources at the above-referenced address. Please retain a copy for your records. If you have any questions regarding the terms and conditions set forth herein, please do not hesitate to contact Mr. Johnson.

Sincerely,

ASBURY AUTOMOTIVE TAMPA, L.P.

By Asbury Automotive Tampa GP L.L.C., its general partner

/s/ J. Gordon Smith

By: J. Gordon Smith
Title: Vice President

Dated: March 22, 2005

Agreed and accepted, this 18th day of March 2005,

/s/ Jeffrey Wooley

Jeffrey Wooley

ASBURY AUTOMOTIVE ARKANSAS, L.L.C.

March 21, 2005

Thomas F. McLarty, III
1775 Pennsylvania Avenue NW
Suite 450
Washington D.C. 20006

Dear Mr. McLarty:

We are pleased that you have agreed to provide your services to Asbury Automotive Arkansas L.L.C. (the "Company") in the capacity as Chairman. This Letter Agreement sets forth the agreed upon amendments and modifications to the existing employment and consulting agreement among you, McLarty Companies, Inc. ("McLarty Companies"), Asbury Automotive Group L.L.C. ("Asbury Group") and the Company (collectively, "the parties") dated May 1, 2002 (the "May 2002 Agreement"). The modifications and amendments to the May 2002 Agreement as set forth in this Letter Agreement shall be deemed effective February 1, 2005.

1. Satisfaction of Obligations under May 2002 Agreement. The Company agrees to pay you, and you agree to accept the sum of, \$1,300,000 (1), which amount you agree satisfies any and all monetary and non-monetary obligations the Company (or any parent, affiliate or subsidiary thereof) and Asbury Group may owe you (individually or in your capacity as a consultant) or McLarty Companies under the terms of the original May 2002 Agreement, said payment to be made on or before March 31, 2005. All authorized deductions required or permitted by state and federal law shall be deducted from the payment made to you under this Paragraph 1.

2. Termination of Consulting Services Agreement. In further consideration of the payment set forth in Paragraph 1 above, you, acting in your individual capacity and on behalf of McLarty Companies as its duly authorized agent, hereby agree that any and all agreements between yourself, McLarty Companies and Asbury Group, including but not limited to Asbury Group's agreement to retain the consulting services of yourself and McLarty Companies, whether written, oral or otherwise, are hereby null, void and of no further legal effect. The parties agree that all references to consulting services, consulting fees, consulting agreements, the "Asbury Services", the "Asbury Term", the "Asbury Board", the "Asbury Consulting Fee", "Consulting Fees" or "Consulting Firm's Fees", the "Consulting Firm" and the "Asbury Arrangements" in the original May 2002 Agreement are stricken and deleted in their entirety.

3. Title; Parties to the Agreement. The May 2002 Agreement shall be renamed "Employment Agreement". In addition, effective February 1, 2005 McLarty Companies and Asbury Group shall no longer be considered parties to the May 2002 Agreement.

4. Term; Services to be Provided. The parties agree that Paragraph 2 of the original May 2002 Agreement is deleted in its entirety and replaced with the following:

2(a). Term of Employment. The Employment Agreement shall commence as of February 1, 2005 (the "Effective Date"), and shall remain in effect until the fifth anniversary of the Effective Date (the "Term") unless sooner terminated pursuant to the provisions of Section 6 hereof.

2(b). Position and Duties. During the Term, McLarty will be employed by the Company in the position of Chairman. As Chairman, McLarty will be expected to provide general advice regarding the operations of the Company, as well as such additional responsibilities as may be assigned from time to time consistent with the position of Chairman as described herein (hereinafter, "Company Services"). McLarty agrees and recognizes that, in his capacity as Chairman, he is not an officer or director of the Company and has no independent authority to conduct business on behalf of or to enter into any agreement that may be legally binding on the Company or any of its parents, affiliates or subsidiaries. Notwithstanding the foregoing, the terms of McLarty's employment will not require him to spend any period of time in excess of three days away from the businesses operated or owned by the Company other than in connection with incidental or routine trips. In his position as Chairman, McLarty agrees to devote all such skill, knowledge and working time as reasonably required to carry out his obligations under this agreement, which the parties acknowledge shall not constitute full-time employment.

5. Compensation and Consulting Fees. The parties agree that Paragraph 3 of the original May 2002 Agreement is deleted in its entirety and replaced with the following:

3. Compensation. During the Term, the Company shall pay McLarty an annual salary in the amount of \$100,000.00 ("Company Salary"). All authorized deductions required or permitted by state and federal law shall be deducted from all payments made to you under this Paragraph 3. In addition, all payments made under this Paragraph 3 shall be paid in accordance with the Company's normal payroll procedures. The parties agree that, other than the compensation set forth in this Paragraph 3, no further compensation shall be paid to you during the Employment Term.

6. Benefits. The parties agree that Paragraph 4 of the original May 2002 Agreement shall be deleted in its entirety and replaced with the following:

4. Benefits. During the Term:

(a) McLarty shall be entitled to participate in all life insurance, medical insurance, disability insurance and other benefits that may be provided to Company employees from time to time, subject to the terms and eligibility requirements of the controlling plan(s) document(s)

(b) The Company agrees to pay you a total of \$3,300.00 per month as reimbursement for all lease, rent, utilities and common area and maintenance expenses, and any and all other miscellaneous office expenses, relating to your office space.

(c) The Company will permit you to hire and/or retain one (1) executive assistant. The Company agrees to pay a total base salary of approximately \$30,000 for this position, plus all benefits that similar full-time employees of the Company may be eligible to receive and/or participate in, subject to the terms and eligibility requirements of the controlling benefit plan(s) document(s).

(d) The Company agrees to continue to pay the monthly leasing costs associated with the two (2) leased vehicles, provided, however, that McLarty shall be responsible for insuring these vehicles.

7. Expenses. The parties agree that Paragraph 5(b) of the original May 2002 Agreement shall be deleted in its entirety.

8. Termination of Agreement. The parties agree to the following amendments to Paragraph 6 of the original May 2002 Agreement:

a. Termination for Cause. The parties agree that Paragraph 6(b)(ii) of the original May 2002 Agreement shall be deleted in its entirety.

b. Termination Without Cause. The parties agree that Paragraph 6(c)(ii) of the original May 2002 Agreement shall be deleted in its entirety.

c. Termination by McLarty. The parties agree that Paragraph 6(d)(ii) of the original May 2002 Agreement shall be deleted in its entirety.

d. Payments Upon Certain Terminations of the Provision of Company Services. The parties agree that Paragraph 6(f)(ii) of the original May 2002 Agreement is deleted in its entirety, provided, however, that in the event of your death or disability as set forth in Paragraph 6(a) of the original May 2002 Agreement, the Company agrees to pay you your full base salary through the Date of Termination.

e. Payments Upon Certain Terminations of the Provision of Asbury Services. The parties agree that Paragraph 6(g) of the original May 2002 Agreement shall be deleted in its entirety.

9. Covenant Not to Compete. The parties agree that Paragraph 7 of the original May 2002 Agreement shall be deleted in its entirety and replaced with the following:

7. Covenant Not to Compete. (a) So long as McLarty's employment hereunder shall continue, or as otherwise expressly consented to, approved or otherwise permitted by the Company in writing, and to the fullest extent permitted under applicable law, McLarty shall not, directly or indirectly engage in, participate in, represent in any way or be connected with, as an officer, director, partner, owner, employee, agent, independent contractor, consultant, proprietor or stockholder (except for the ownership of a less than 5% stock interest in a publicly traded corporation) or otherwise (the "Restricted Activities"), any business similar to the Business (as defined in the Exchange Agreement, dated as of August 4, 1998 (as amended by Amendment No. 1, dated as of February 23, 1999, among McLarty, the Company and the other persons named therein ("the Exchange Agreement"))) within 80 miles of any retail motor vehicle dealership currently owned by the Company within the State of Arkansas, competing with the Business.

(b) Upon the termination of McLarty's employment, the

following provisions shall apply:

(i) In the event McLarty's employment is terminated pursuant to Sections 6(c) or 6(d) of this Agreement and the severance provisions of Section 6(f)(i) apply, the provisions of Section 7(a) shall continue in effect from the Date of Termination through the remainder of the Term; provided, however, that in the event that McLarty waives his right to receive severance payment pursuant to Section 6(f)(i), the Provisions of section 7(a) shall terminate upon the Date of Termination.

(ii) In the event McLarty's employment is terminated by the Company pursuant to Section 6(b) of this Agreement, or McLarty terminates his employment with the Company without Good Reason (as defined in Section 6(d)(iii) above), the provisions of Section 7(a) shall continue in effect for a period of one (1) year following the Date of Termination.

(iii) In the event McLarty's employment terminates due to the expiration of this Agreement, the provisions of Section 7(a) shall no longer apply as of the date McLarty actually stops performing services for the Company.

(iv) In the event Sections 7(b)(i) or 7(b)(ii) are triggered by the termination of McLarty's employment with the Company, McLarty agrees to disclose in writing to the Company the name, address and type of business conducted by any proposed new employer within ten (10) business days of commencing employment with the new employer.

10. Entire Agreement, Amendment and Assignment. The original May 2002 Agreement, as modified and amended by this Letter Agreement, constitutes the sole agreement between McLarty and the Company and supersedes all prior agreements and understandings with respect thereto, whether oral or written. No modification to any provision of the original May 2002 Agreement or this Letter Agreement shall be binding unless in writing and signed by both you and the Company, and agreed to in writing by the Chief Executive Officer of Asbury Group. No waiver of any rights under the original May 2002 Agreement or this Letter Agreement will be effective unless in writing signed by the party to be charged. All of the terms and provisions of the original May 2002 Agreement and this Letter Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto. You further agree and recognize that your duties and responsibilities are of a personal nature and, therefore, cannot in any respect be assigned or delegated.

If the terms as set forth above are acceptable to you, please sign in the space provided below and return the original to Phil Johnson, Vice President, Human Resources at the above-referenced address. Please retain a copy for your records. If you have any questions regarding the terms and conditions set forth herein, please do not hesitate to contact Mr. Johnson.

Sincerely,

ASBURY AUTOMOTIVE ARKANSAS L.L.C.

/s/ J. Gordon Smith

By: J. Gordon Smith
Title: Vice President

Dated: March 21, 2005

Agreed and accepted, this 21st day of March 2005,

ASBURY AUTOMOTIVE GROUP L.L.C.

/s/ Kenneth B. Gilman

By: Kenneth B. Gilman
Title: President and CEO

Dated: March 21, 2005

Agreed and accepted, this 21st day of March 2005,

MCLARTY COMPANIES, INC.

By: Thomas F. McLarty, III
Title:

Dated: March 21, 2005

Agreed and accepted, this 21st day of March 2005,

/s/ Thomas F. McLarty, III

Thomas F. McLarty, III

(1) Assumes payments under prior agreement are made through January 2005. Lump sum payment amount will be adjusted for any monthly payments made after January 2005 that are in excess of amounts due under this agreement.