

ASBURY AUTOMOTIVE MANAGEMENT LLC

Form 424B3

March 28, 2016

[Table of Contents](#)

**Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-210137**

## **PROSPECTUS**

**Asbury Automotive Group, Inc.**

**Offer to Exchange up to \$200,000,000**

**Aggregate Principal Amount of**

**Registered 6.0% Senior Subordinated Notes due 2024 and Related Guarantees**

**For**

**a Like Principal Amount of Outstanding**

**Restricted 6.0% Senior Subordinated Notes due 2024 and Related Guarantees**

**Issued in October 2015**

On October 28, 2015, we issued \$200.0 million aggregate principal amount of restricted 6.0% Senior Subordinated Notes due 2024 and related guarantees in a private placement exempt from the registration requirements under the Securities Act of 1933 (the "Securities Act"). We refer to these notes as the "original notes." The original notes were issued as additional notes under the indenture, dated December 4, 2014, pursuant to which we issued \$400.0 million aggregate principal amount of 6.0% senior subordinated notes due 2024 that were subsequently exchanged on January 21, 2015 for notes registered under the Securities Act, which we refer to as the "existing notes." The original notes rank equally and form a single series with the existing notes.

We are offering to exchange a new issue of 6.0% Senior Subordinated Notes due 2024 (the "exchange notes") and related guarantees for outstanding original notes and related guarantees. We sometimes refer to the original notes, the exchange notes and the existing notes in this prospectus together as the "notes." The terms of the exchange notes are substantially identical to the terms of the original notes, except that the exchange notes will be issued in a transaction registered under the Securities Act, and the transfer restrictions and registration rights and related special interest provisions applicable to the original notes will not apply to the exchange notes. The original notes are, and the exchange notes will be, unconditionally guaranteed, jointly and severally on a senior subordinated basis, by all of our existing subsidiaries and all of our future domestic restricted subsidiaries, in each case with certain exceptions. The exchange notes will be exchanged for original notes in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Following the consummation of the exchange offer, the exchange notes and the existing notes will have the same CUSIP number and will be fully fungible with each other. We will not receive any proceeds from the issuance of exchange notes in the exchange offer.

You may withdraw tenders of original notes at any time prior to the expiration of the exchange offer.

**The exchange offer expires at 9:00 a.m., New York City time, on April 25, 2016 (the 21st business day after the commencement of the exchange offer), unless extended, which we refer to as the expiration date.**

We do not intend to list the exchange notes on any national securities exchange or to seek approval through any automated quotation system, and no active public market for the exchange notes is anticipated.

**You should consider carefully the risk factors beginning on page 15 of this prospectus before deciding whether to participate in the exchange offer.**

**Neither the Securities and Exchange Commission ( SEC ) nor any state securities commission or other similar authority has approved these exchange notes or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

**Each broker-dealer that receives exchange notes for its own account pursuant to the registered exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where the original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period ending on the earlier of (i) 90 days from the date on which the registration statement of which this prospectus forms a part is declared effective and (ii) the date on which a broker-dealer is no longer required to deliver a prospectus in connection with market-making or other trading activities, we will make this prospectus available to any broker-dealer for use in connection with these resales. See Plan of Distribution.**

The date of this prospectus is March 28, 2016

**Table of Contents**

**TABLE OF CONTENTS**

<u>STATEMENT REGARDING FORWARD-LOOKING INFORMATION</u>	ii
<u>WHERE YOU CAN FIND MORE INFORMATION ABOUT US</u>	iii
<u>INCORPORATION OF CERTAIN INFORMATION BY REFERENCE</u>	iv
<u>INDUSTRY AND MARKET DATA</u>	iv
<u>SUMMARY</u>	1
<u>RISK FACTORS</u>	15
<u>THE EXCHANGE OFFER</u>	22
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	29
<u>USE OF PROCEEDS</u>	30
<u>DESCRIPTION OF OTHER INDEBTEDNESS</u>	31
<u>DESCRIPTION OF THE NOTES</u>	34
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	81
<u>PLAN OF DISTRIBUTION</u>	82
<u>LEGAL MATTERS</u>	82
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	82

This prospectus may only be used where it is legal to make the exchange offer and by a broker-dealer for resales of exchange notes acquired in the exchange offer where it is legal to do so.

**Rather than repeat certain information in this prospectus that we have already included in reports filed with the SEC, this prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. We will provide this information to you at no charge upon written or oral request directed to: Asbury Automotive Group, Inc., 2905 Premiere Parkway NW, Suite 300, Duluth, Georgia, 30097, Attention: Investor Relations, Telephone: (770) 418-8200. In order to ensure timely delivery of the information, any request should be made no later than five business days before the expiration date of the exchange offer.**

Except as otherwise indicated or as the context otherwise requires, all references in this prospectus to Asbury, the Company, we, us, or our refer to Asbury Automotive Group, Inc. and its subsidiaries.

Each broker-dealer that receives exchange notes for its own account pursuant to the registered exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of exchange notes. The letter of transmittal accompanying this prospectus states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where the original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period ending on the earlier of (i) 90 days from the date on which the registration statement of which this prospectus forms a part is declared effective and (ii) the date on which a broker-dealer is no longer required to deliver a prospectus in connection with market-making or other trading activities, we will make this prospectus available to any broker-dealer for use in connection with these resales. See Plan of Distribution.

**Table of Contents**

**STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Certain of the discussions and information included or incorporated by reference in this prospectus may constitute forward-looking statements within the meaning of the federal securities laws. Forward-looking statements are statements that are not historical in nature and may include statements relating to our goals, plans and projections regarding industry and general economic trends, our expected financial position, results of operations or market position and our business strategy. Such statements can generally be identified by words such as may, target, could, would, will, should, believe, expect, anticipate, plan, intend, foresee and other similar words or phrases. Forward-looking statements may also relate to our expectations and assumptions with respect to, among other things:

our ability to execute our business strategy;

the annual rate of new vehicle sales in the U.S.;

our ability to further improve our operating cash flows, and the availability of capital and liquidity;

our estimated future capital expenditures;

the duration of the economic recovery process and its impact on our revenues and expenses;

our parts and service revenue due to, among other things, improvements in manufacturing quality;

the variable nature of significant components of our cost structure;

our ability to limit our exposure to regional economic downturns due to our geographic diversity and brand mix;

manufacturers' willingness to continue to use incentive programs to drive demand for their product offerings;

our ability to leverage our common systems, infrastructure and processes in a cost-efficient manner;

our capital allocation strategy, including as it relates to acquisitions and divestitures, stock repurchases, dividends and capital expenditures;

the continued availability of financing, including floor plan financing for inventory;

the ability of consumers to secure vehicle financing at favorable rates;

the growth of import and luxury brands over the long-term;

our ability to mitigate any future negative trends in new vehicle sales; and

our ability to increase our cash flow and net income as a result of the foregoing and other factors. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual future results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to:

changes in general economic and business conditions, including changes in employment levels, consumer demand, preferences and confidence levels, the availability and cost of credit, fuel prices, levels of discretionary personal income and interest rates;

our ability to execute our balanced automotive retailing and service business strategy;

adverse conditions affecting the vehicle manufactures whose brands we sell, and their ability to design, manufacture, deliver, and market their vehicles successfully;

**Table of Contents**

changes in the mix, and total number, of vehicles we are able to sell;

our outstanding indebtedness and our continued ability to comply with applicable covenants in our various financing and lease agreements, or to obtain waivers of these covenants as necessary;

high levels of competition in our industry, which may create pricing and margin pressures on our products and services;

our relationships with manufacturers of the vehicles we sell and our ability to renew, and enter into new framework and dealer agreements with vehicle manufacturers whose brands we sell, on terms acceptable to us;

the availability of manufacturer incentive programs;

failure of our management information systems or any security breaches;

changes in laws and regulations governing the operation of automobile franchises, including trade restrictions, consumer protections, accounting standards, taxation requirements, and environmental laws;

adverse results from litigation or other similar proceedings involving us;

our ability to generate sufficient cash flows, maintain our liquidity and obtain any necessary additional funds for working capital, capital expenditures, acquisitions, stock repurchases and/or dividends, debt maturity payments, and other corporate purposes;

any disruptions in the financial markets, which may impact our ability to access capital;

our relationships with, and the financial stability of, our lenders and lessors;

significant disruptions in the production and delivery of vehicles and parts for any reason, including natural disasters, product recalls, work stoppages, significant property loss or other occurrences that are outside of our control;

our ability to execute our initiatives and other strategies; and

our ability to leverage gains from our dealership portfolio.

Many of these factors are beyond our ability to control or predict, and their ultimate impact could be material. Moreover, the factors set forth under Item 1A entitled **Risk Factors** and Item 7 entitled **Management's Discussion and Analysis of Financial Condition and Results of Operations** in our Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference herein, as well as in other filings made from time to time with the SEC by us, should be read and considered as forward-looking statements subject to such uncertainties. We urge you to carefully consider those factors.

Forward-looking statements speak only as of the date of this prospectus. We expressly disclaim any obligation to update any forward-looking statement contained herein.

#### **WHERE YOU CAN FIND MORE INFORMATION ABOUT US**

Asbury furnishes and files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy materials that we have furnished to or filed with the SEC at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public on the SEC's Internet website at <http://www.sec.gov>. Those filings are also available to the public on our corporate website at <http://www.asburyauto.com>. The information contained in our website is not part of or incorporated by reference into this prospectus.

**Table of Contents**

**INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

We incorporate by reference into this prospectus the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act), from the date of the initial registration statement and prior to the effectiveness of the registration statement, and thereafter until the expiration of the exchange offer. Any statement in a document incorporated by reference is an important part of this prospectus. Any statement in a document incorporated by reference into this prospectus will be deemed to be modified or superseded to the extent a statement contained in this prospectus or any subsequently filed document that is incorporated by reference into this prospectus modifies or supersedes such statement. Unless specifically stated to the contrary, none of the information that we disclose under Items 2.02 or 7.01 of any Current Report on Form 8-K that we have furnished, or may from time to time furnish, to the SEC is or will be incorporated by reference into, or otherwise included in, this prospectus.

We specifically incorporate by reference into this prospectus the document listed below which has previously been filed with the SEC:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on February 19, 2016.

The information related to us contained in this prospectus should be read together with the information contained in the documents incorporated by reference. We will provide without charge to each person to whom a copy of this prospectus is delivered, upon the written or oral request of any such person, a copy of any or all of the documents incorporated into this prospectus by reference, other than exhibits to those documents unless the exhibits are specifically incorporated by reference into those documents, or referred to in this prospectus. Requests should be directed to:

Asbury Automotive Group, Inc.

2905 Premiere Parkway NW, Suite 300

Duluth, Georgia 30097

Attn: Investor Relations

(770) 418-8200

**In order to receive timely delivery of any requested documents in advance of the expiration date of the exchange offer, you should make your request no later than five full business days before you must make a decision regarding the exchange offer.**

**INDUSTRY AND MARKET DATA**

We obtained the industry, market and competitive position data included and incorporated by reference in this prospectus from our own internal estimates and research as well as from industry publications and research, surveys and studies conducted by third parties. Industry publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that each of these publications, studies and surveys is reliable, we have not



independently verified industry, market and competitive position data from third-party sources. While we believe our internal business research is reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent source. Accordingly, investors should not place undue weight on the industry and market share data presented in this prospectus.

**Table of Contents**

**SUMMARY**

*This summary highlights selected information included in or incorporated by reference into this prospectus. The following summary does not contain all of the information that you should consider before deciding whether to participate in the exchange offer and is qualified in its entirety by the more detailed information appearing elsewhere in the prospectus and the documents incorporated herein by reference. You should carefully read the entire prospectus, including the information incorporated by reference herein, and particularly the information in the Risk Factors section beginning on page 15 of this prospectus, and in the documents incorporated by reference herein, before making an investment decision. See Where You Can Find More Information About Us.*

**Our Company**

Asbury Automotive Group, Inc., a Delaware corporation organized in 2002, is one of the largest automotive retailers in the United States. Our store operations are conducted by our subsidiaries.

As of December 31, 2015, we owned and operated 99 new vehicle franchises, representing 28 brands of automobiles at 81 dealership locations, and 25 collision centers in the United States. In addition, we owned and operated three stand-alone used vehicle stores under the Q auto brand name in Florida. Our stores offer an extensive range of automotive products and services, including:

new vehicles;

used vehicles;

parts and service, including: vehicle repair and maintenance services, replacement parts, and collision repair services; and

finance and insurance, including: arranging vehicle financing through third parties and aftermarket products such as extended service contracts, guaranteed asset protection ( GAP ) insurance, prepaid maintenance, and credit life and disability insurance.

Our operations provide a diverse revenue base that we believe mitigates the impact of fluctuations in new vehicle sales volumes and gross profit margins. In addition, our geographic footprint decreases our exposure to regional economic downturns and our brand diversification decreases our exposure to manufacturer-specific risks such as brand perception or production disruptions. While new vehicle sales generate approximately 55% of our revenue, used vehicles, parts and service, and finance and insurance provide higher profit margins and collectively account for approximately 81% of our gross profit, and historically have been more stable throughout economic cycles.



**Table of Contents**

The following charts present the contribution to total revenue and gross profit by each line of business for the year ended December 31, 2015:

Our new vehicle franchise retail network is made up of dealerships located in 17 metropolitan markets in nine states operating primarily under eight locally-branded dealership groups. The following chart provides a detailed breakdown of our markets, brand names, and franchises as of December 31, 2015:

<b>Brand Names</b>	<b>Markets</b>	<b>Franchises</b>
Nalley Automotive Group	Atlanta, GA	Acura, Audi, Bentley, BMW, Ford, Honda, Hyundai, Infiniti(a), Kia, Lexus(a), Nissan(a), Toyota(a), Volkswagen
Courtesy Autogroup	Tampa, FL	Chrysler, Dodge, Honda, Hyundai, Infiniti, Jeep, Kia, Mercedes-Benz, Nissan, smart, Sprinter, Toyota
Coggin Automotive Group	Jacksonville, FL Orlando, FL Fort Pierce, FL	Buick, Chevrolet, Ford, GMC, Honda(a), Nissan(a), Toyota Ford, Honda(a), Hyundai, Lincoln Acura, BMW, Honda, Mercedes-Benz
Crown Automotive Company	Greensboro, NC Durham, NC Fayetteville, NC Richmond, VA Charlottesville, VA Greenville, SC	Acura, BMW, Chrysler, Dodge, Honda, Jeep, Nissan, Volvo Honda Dodge, Ford Acura, BMW(a), MINI BMW Jaguar, Land Rover, Lexus, Nissan, Porsche, Toyota, Volvo
David McDavid Auto Group	Dallas/Fort Worth, TX Houston, TX Austin, TX	Acura, Ford, Honda(a), Lincoln Nissan Acura
North Point Auto Group	Little Rock, AR	BMW, Ford, Lincoln, Toyota, Volvo
Gray-Daniels Auto Family	Jackson, MS	Chevrolet, Ford, Lincoln, Nissan(a), Toyota
Plaza Motor Company	St. Louis, MO	Audi, BMW, Infiniti, Jaguar, Land Rover, Lexus, Mercedes-Benz(a), smart, Sprinter(a)

(a) This market has two of these franchises.



**Table of Contents****Operations*****New Vehicle Sales***

Our dealerships sell 28 different brands of vehicles manufactured by American, European, and Asian manufacturers. The following table reflects (i) the number of franchises owned as of December 31, 2015 and (ii) the percentage of new vehicle revenues represented by class and franchise for the year ended December 31, 2015:

<b>Class/Franchise</b>	<b>Number of Franchises Owned</b>	<b>% of New Vehicle Revenues</b>
<b>Luxury</b>		
BMW	8	8%
Mercedes-Benz	4	7
Lexus	4	7
Acura	6	5
Infiniti	4	3
Audi	2	2
Lincoln	4	1
Porsche	1	1
Volvo	3	1
Land Rover	2	1
Jaguar	2	*
Bentley	1	*
Total Luxury	41	36%
<b>Import</b>		
Honda	11	16%
Nissan	10	12
Toyota	7	12
Kia	2	2
Hyundai	3	2
MINI	1	1
Volkswagen	1	1
smart	2	*
Sprinter	3	*
Total Import	40	46%
<b>Domestic</b>		
Ford	7	11%
Chevrolet	2	3
Dodge	3	2
Jeep	2	1
GMC	1	1
Chrysler	2	*
Buick	1	*

Total Domestic	18	18%
<b>Total Franchises</b>	<b>99</b>	<b>100%</b>

\* Franchise accounted for less than 1% of new vehicle revenues for the year ended December 31, 2015.

## **Table of Contents**

Our new vehicle revenues include new vehicle sales and lease transactions arranged by our dealerships with third-party financial institutions. We believe that leasing provides a number of benefits to our other business lines, including the historical customer loyalty to the leasing dealership for repairs and maintenance services and the fact that lessors typically give the leasing dealership the first option to purchase the off-lease vehicle.

### ***Used Vehicle Sales***

We sell used vehicles at all of our franchised dealership locations and our stand-alone Q auto stores. Used vehicle sales include the sale of used vehicles to individual retail customers ( used retail ) and the sale of used vehicles to other dealers at auction ( wholesale ) (the terms used retail and wholesale collectively referred to as used ).

Gross profit from the sale of used vehicles depends primarily on the ability of our dealerships to obtain a high quality supply of used vehicles and our use of technology to manage our inventory. Our new vehicle operations typically provide our used vehicle operations with a large supply of trade-ins and off-lease vehicles, which we believe are good sources of high quality used vehicles. We also purchase a portion of our used vehicle inventory at open auctions and auctions restricted to new vehicle dealers. Additionally, our used vehicle sales benefit from our ability to sell certified pre-owned vehicles from our franchised dealerships.

### ***Parts and Service***

We provide vehicle repair and maintenance services, sell replacement parts, and recondition used vehicles at all of our dealerships. In addition, we provide collision repair services at our 25 free-standing collision repair centers that we operate either on the premises of, or in close proximity to, our dealerships. Historically, parts and service revenues have been more stable than those from vehicle sales. Industry-wide, parts and service revenues have consistently increased over time primarily due to the increased cost of maintaining vehicles, the added technical complexity of vehicles, and the increasing number of vehicles on the road.

The automotive parts and service industry tends to be highly fragmented, with franchised dealerships and independent repair shops competing for this business. We believe, however, that the increased use of advanced technology in vehicles is making it difficult for independent repair shops to compete effectively with franchised dealerships as they may not be able to make the investment necessary to perform major or technical repairs. In an effort to maintain the necessary knowledge to service vehicles and further develop our technician staff, we focus on our internal training and development programs for new and existing technicians. We believe our parts and service business is also well-positioned to benefit from the service work potentially generated through the sale of extended service contracts to customers who purchase new and used vehicles from us, as historically these customers have tended to have their vehicles serviced at the location where they purchase extended service contracts. In addition, our franchised dealerships benefit from manufacturer policies requiring that warranty and recall related repairs be performed at a franchised dealership. We believe that our collision repair centers provide us with an attractive opportunity to grow our business due to the high margins provided by collision repair services and the fact that we are able to source original equipment manufacturer parts from our franchised dealerships.

### ***Finance and Insurance***

We offer a wide variety of automotive finance and insurance ( F&I ) products to our customers. We arrange third-party financing for the sale or lease of vehicles to our customers in exchange for a fee paid to us by the third-party financial institution. We do not directly finance our customers' vehicle purchases or leases, therefore our exposure to losses in connection with those third-party financing arrangements is limited generally to the fees that we receive. The fees we receive are subject to chargeback, or repayment, to the finance company if a customer defaults or prepays the retail



installment contract typically during some limited time period at the beginning of the contract term. We have negotiated agreements with certain lenders pursuant to which we receive additional fees upon reaching a certain volume of business.

## **Table of Contents**

We offer our customers a variety of vehicle protection products in connection with the purchase of vehicles. These products are underwritten and administered by independent third-parties. Under our arrangements with the providers of these products, we primarily sell the products on a straight commission basis. We are subject to chargebacks for insurance contracts due to early termination, default, or prepayment of the contract. In addition, we participate in future profits associated with the performance of the third-party held underlying portfolio for certain products pursuant to retrospective commission arrangements. The following is a brief description of some of the vehicle protection products we offer to our customers:

Extended service contracts covers certain repair work after the expiration of the manufacturer warranty;

GAP debt cancellation covers the customer after a total loss for the difference between the value of the vehicle and the outstanding loan or lease obligation after insurance proceeds;

Prepaid maintenance covers certain routine maintenance work, such as (i) oil changes, (ii) cleaning and adjusting of brakes, (iii) multi-point vehicle inspections, and (iv) tire rotations; and

Credit life and disability covers the remaining amounts due on an auto loan or a lease in the event of death or disability.

## **Recent Developments**

On January 27, 2016, our Board of Directors reset our share repurchase program to \$300.0 million in the aggregate, for the repurchase of our common stock in open market transactions or privately negotiated transactions. Any repurchases will be subject to applicable limitations in our debt or other financing agreements that may be in existence from time to time.

## **Business Strategy**

We seek to create long-term value for our stockholders by striving to drive operational excellence and deploy capital to the highest returns. To achieve these objectives, we employ the strategies described below.

### ***Drive Operational Excellence***

#### ***Attract and retain the best talent***

We believe that local management of dealership operations enables our retail network to provide market specific responses to sales, customer service, and inventory requirements. The general manager of each of our dealerships is responsible for the operations, personnel, and financial performance of that dealership as well as other day-to-day operations. We believe our general managers' familiarity with their respective markets enables them to effectively run day-to-day operations, market to customers, and recruit new employees. The general manager of each dealership is supported, in most cases, by a new vehicle sales manager, a used vehicle sales manager, an F&I manager, a parts manager, and a service manager. Our dealership management teams typically have many years of experience in the automotive retail industry. This management structure is complemented by support from our market-based

management teams and the corporate office, which we refer to as the Dealership Support Center ( DSC ), through our advanced technology solutions, centralized processes, marketing support, and financial oversight.

*Implement best practices and improve productivity*

While new vehicle sales are critical to drawing customers to our dealerships, used vehicles, parts and service, and F&I sales generally provide higher profit margins and account for the majority of our gross profit. In order to maximize the growth of these higher margin businesses, we have discipline-specific executives at the DSC, market and dealership levels who focus on increasing the penetration of current services and expanding the

## **Table of Contents**

breadth of our offerings to customers through the implementation of best practices and continuous training on our technology solutions throughout our dealership network. In addition, we have marketing initiatives designed to attract customers to our online channels and mobile applications.

In order to mitigate the impact of significant fluctuations in vehicle sales, we tie management and employee compensation at various operational levels to performance through incentive-based pay systems based on various metrics. We compensate our general managers, department managers, and sales and other dealership personnel with incentive-based pay, using metrics such as dealership profitability, departmental profitability and individual performance, as appropriate. In addition, a portion of management's compensation is variable based in nature, including a component of equity compensation tied to our financial performance in comparison to our peer group.

### *Provide an exceptional customer experience*

We are focused on providing a high level of customer service and have designed our dealerships' services to meet the needs of an increasingly sophisticated and demanding automotive consumer. We endeavor to establish relationships that we believe will result in both repeat business and additional business through customer referrals. Furthermore, we provide our dealership managers with appropriate incentives to employ efficient selling approaches, engage in extensive follow-up to develop long-term relationships with customers, and extensively train our sales staff to meet customer needs. We continually evaluate opportunities, and implement appropriate new technologies, to improve the buying experience for our customers, and believe that our ability to share best practices across our multi-jurisdictional platform gives us an advantage over independent dealerships. For example, we have implemented a common customer relations management tool in all of our dealerships to facilitate communications with customers before, during, and after the sale. We continue to invest in technologies designed to improve our sales process and employee productivity, all with the goal of improving the customer experience. In addition, our higher margin parts and service operations are an integral part of our overall approach to customer service, providing an opportunity to foster ongoing relationships and improve customer loyalty. We continue to train our technicians and service advisors on processes and technologies to both educate our customers on their service needs and ensure that our customers continue to receive excellent service. We believe our parts and service business provides us with an opportunity for future growth due to improved customer retention, the added technical complexity of vehicles and the increasing number of vehicles on the road.

### *Centralize, streamline, and automate processes*

Our DSC management is responsible for our capital expenditures and determining our operating strategy, while the implementation of our operating strategy rests with our market-based management teams and each dealership management team based on the policies and procedures established by DSC management. DSC management and our market-based management teams continually evaluate the financial and operating results of our dealerships, as well as each dealership's geographical location, and from time to time, make decisions to evaluate new technologies and/or processes to further enhance our operational performance. As part of our investment in our IT systems, we have deployed a common dealer management system ( DMS ). We believe a single DMS provides the foundation for future efficiencies and creates a more efficient retail operation. We consolidate financial, accounting, and operational data received from our dealerships through customized financial products. Our IT approach enables us to efficiently integrate and aggregate information from our dealerships. Through the combination of a common DMS and our corporate IT products, management has access to the financial, accounting, and operational data at various levels of the organization. In addition, we are in the process of centralizing business processes throughout our organization which we expect will deliver future cost synergies and enhanced performance.

### *Leverage our scale and cost structure to improve our operating efficiencies*

We are positioned to leverage our significant scale so that we are able to achieve competitive operating margins by centralizing and streamlining various back-office functions. We are able to improve financial controls

## **Table of Contents**

and lower servicing costs by maintaining key store-level accounting and administrative activities in our shared service centers, and we leverage our scale to reduce costs related to purchasing certain equipment, supplies, and services through national vendor relationships.

### ***Deploy Capital to Highest Returns***

We continually evaluate our investment opportunities based upon: (i) our cash and cash equivalents on hand, (ii) the funds that we expect to generate through future operations, (iii) current and expected borrowing availability under our credit facilities and mortgage financings, (iv) amounts in our new vehicle floor plan notes payable offset account, and (v) the potential impact of any contemplated or pending future transactions, including, but not limited to, financings, acquisitions, dispositions or other capital expenditures.

*Seek opportunities to further invest in our business; acquire real estate currently being operated under lease agreements*

We continually evaluate our existing dealership network and seek to make strategic investments which will increase the capacity of our dealerships and improve the customer experience. In addition, we continue to execute on our strategy of selectively acquiring our leased properties where financing rates make it attractive to be an owner.

*Evaluate opportunities to refine our dealership portfolio, including acquiring value added operating assets and dealerships*

We evaluate dealership acquisition opportunities based on market position and geography, brand representation and availability, key personnel, and other factors. We believe our financial position, information technology systems, management structure, and experience positions us to efficiently and opportunistically complete, integrate, and benefit from dealership acquisitions. We also evaluate the financial and operating results of our owned dealerships, as well as each dealership's geographical location, and based on various financial and strategic rationales, may make decisions to dispose of dealerships to refine our dealership portfolio.

*Maximize opportunities in the used vehicle market through investments in our Q auto stand-alone used vehicle stores*

We believe the used vehicle market is changing rapidly and presents a significant opportunity for profitability through technology-driven, customer focused stand-alone used vehicle stores. We currently own and operate stand-alone used vehicle stores under the Q auto brand name in Florida. Our Q auto stores are designed to market used vehicles to a new generation of buyers seeking a different car buying experience. We are currently focusing our Q auto marketing efforts on a web based strategy designed to capitalize on transparency and a one-price sales process.

*Return capital to stockholders through a share repurchase program and/or dividends*

Our capital allocation decisions are primarily based on our desire to maintain sufficient liquidity and a prudent capital structure. We believe our cash position and borrowing capacity combined with our current and expected future cash generation capability provide us with significant financial flexibility to enhance shareholder value through the repurchase of our common stock and/or dividends. Our share repurchase decisions are based on many factors, including a comparison of the market price of our common stock versus our view of its intrinsic value.

## **Corporate Information**

Edgar Filing: ASBURY AUTOMOTIVE MANAGEMENT LLC - Form 424B3

Our principal executive offices are located at 2905 Premiere Parkway NW, Suite 300, Duluth, Georgia. Our telephone number is (770) 418-8200. Our website address is <http://www.asburyauto.com>. Information contained on our website or that can be accessed through our website is not a part of, nor is it incorporated by reference into, this prospectus.

**Table of Contents**

**The Exchange Offer**

*The following is a brief summary of the principal terms of the exchange offer. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more complete description of the terms of the exchange offer, see The Exchange Offer.*

**The Exchange Offer**

We are offering to exchange up to \$200,000,000 aggregate principal amount of our registered 6.0% Senior Subordinated Notes due 2024 (the exchange notes ) and related guarantees for an equal principal amount of our outstanding restricted 6.0% Senior Subordinated Notes due 2024 (the original notes ) and related guarantees that were issued in October 2015. The original notes were issued as additional notes under the indenture, dated December 4, 2014, pursuant to which we issued \$400.0 million aggregate principal amount of 6.0% senior subordinated notes due 2024 that were subsequently exchanged on January 21, 2015 for notes registered under the Securities Act, which we refer to as the existing notes. The original notes rank equally and form a single series with the existing notes. The terms of the exchange notes are identical in all material respects to those of the original notes, except that the exchange notes will be issued in a transaction registered under the Securities Act, and the transfer restrictions, registration rights and related special interest provisions relating to the original notes will not apply to the exchange notes. Following the consummation of the exchange offer, the exchange notes and the existing notes will have the same CUSIP number and will be fully fungible with each other. Holders of original notes do not have any appraisal or dissenters' rights in connection with the exchange offer.

**Purpose of the Exchange Offer**

The exchange notes and related guarantees are being offered to satisfy our obligations under the registration rights agreement entered into at the time we issued and sold the original notes and related guarantees.

**Expiration Date; Withdrawal of Tenders;  
Return of Original Notes Not Accepted for  
Exchange**

The exchange offer will expire at 9:00 a.m., New York City time, on April 25, 2016 (the 21st business day after the commencement of the exchange offer), or on a later date and time to which we extend it (the expiration date ). Tenders of original notes in the exchange offer may be withdrawn at any time prior to the expiration date. Promptly following the expiration date, we will exchange the exchange notes for validly tendered original notes. Any original notes that are not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer.



Procedures for Tendering Original Notes	All of the original notes were issued in book-entry form, and all of the original notes are currently represented by global certificates registered in the name of Cede & Co., the nominee of the Depository
---	--

**Table of Contents**

Trust Company ( DTC ). Each holder of original notes wishing to participate in the exchange offer must follow procedures of the DTC's Automated Tender Offer Program ( ATOP ), subject to the terms and procedures of that program. The ATOP procedures require that the exchange agent receive, prior to the expiration date, a computer-generated message known as an agent's message that is transmitted through ATOP and that DTC confirm that:

DTC has received instructions to exchange your original notes;  
and

you agree to be bound by the terms of the letter of transmittal.

See The Exchange Offer Procedures for Tendering Original Notes.

Conditions to the Exchange Offer

The exchange offer is not conditioned upon any minimum aggregate principal amount of original notes being tendered for exchange. The exchange offer is subject to customary conditions, which may be waived by us in our discretion. We currently expect that all of the conditions will be satisfied and that no waivers will be necessary.

Exchange Agent

U.S. Bank National Association.

U.S. Federal Income Tax Consequences

Your exchange of an original note for an exchange note will not constitute a taxable exchange. The exchange will not result in taxable income, gain or loss being recognized by you or by us. Immediately after the exchange, you will have the same adjusted basis and holding period in each exchange note received as you had immediately prior to the exchange in the corresponding original note surrendered. See Material U.S. Federal Income Tax Consequences.

Risk Factors

You should consider carefully the risk factors beginning on page 15 of this prospectus, and the risk factors incorporated by reference into this prospectus, before deciding whether to participate in the exchange offer.



**Table of Contents****The Exchange Notes**

*The following is a brief summary of the principal terms of the exchange notes. The terms of the exchange notes are identical in all material aspects to those of the original notes, except for transfer restrictions, registration rights and related special interest provisions relating to the original notes that will not apply to the exchange notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more complete description of the terms of the exchange notes, see Description of the Notes.*

Issuer	Asbury Automotive Group, Inc.
Notes Offered	<p>\$200.0 million aggregate principal amount of 6.0% Senior Subordinated Notes due 2024. The exchange notes will be of the same class as the original notes. The original notes were issued as additional notes under the indenture, dated on December 4, 2014, pursuant to which we issued \$400.0 million aggregate principal amount of 6.0% senior subordinated notes due 2024 that were subsequently exchanged on January 21, 2015 for notes registered under the Securities Act, which we refer to as the existing notes. The original notes rank equally and form a single series with the existing notes. Under the indenture, dated as of December 4, 2014 (as supplemented by supplemental indentures providing for, among other things, the issuance of the original notes, the indenture), the existing notes are free of transfer restrictions under the Securities Act (other than to the extent any of the existing notes are deemed to be held by our affiliates). Accordingly, the original notes have been issued under a different CUSIP number than the existing notes. Following the consummation of this exchange offer, the exchange notes and the existing notes will have the same CUSIP number and will be fully fungible with each other.</p>
Maturity	December 15, 2024.
Interest	6.0% per annum, payable semi-annually in cash in arrears on June 15 and December 15 of each year commencing on June 15, 2016.
Guarantors	The exchange notes will be unconditionally guaranteed, jointly and severally, on a senior subordinated basis by all of our existing subsidiaries and all of our future domestic restricted subsidiaries, with certain exceptions.
Ranking	The exchange notes and the guarantees will be our general unsecured senior subordinated obligations. Accordingly, they will rank:

subordinated in right of payment to all of our and the guarantors existing and future senior indebtedness, whether or not secured (including borrowings under our Restated Credit Agreement, our Real Estate Credit Agreement, our Restated Master Loan Agreement (each as defined under Description of Other Indebtedness ) and our mortgages and other floor plan financing facilities);

**Table of Contents**

*pari passu* in right of payment with all of our and the guarantors existing and future senior subordinated indebtedness, including the existing notes;

senior to any of our and the guarantors existing and future indebtedness that expressly provides that it is subordinated to the notes and the guarantees; and

structurally subordinate to all existing and future liabilities, including trade payables, of any non-guarantor subsidiaries, to the extent of the value of the assets of those subsidiaries.

As of December 31, 2015, we had total debt of \$959.7 million (excluding net floor plan notes payable of \$712.2 million). In addition, as of such date, we had \$9.4 million in outstanding letters of credit and \$165.6 million of borrowing availability under the Revolving Credit Facility component of our Senior Credit Facilities (each as defined under Description of Other Indebtedness ), which provides for aggregate borrowings of up to \$175.0 million, subject to a borrowing base.

**Change of Control and Asset Sales**

If we experience specific kinds of changes of control, we will be required to make an offer to purchase the exchange notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest to the purchase date. If we sell certain assets, we will be required under certain circumstances to make an offer to purchase a portion of the exchange notes at a purchase price of 100% of the principal amount thereof, plus accrued and unpaid interest to the purchase date. See Description of the Notes Repurchase at the Option of Holders Change of Control and Description of the Notes Repurchase at the Option of Holders Asset Sales.

**Optional Redemption**

Any time prior to December 15, 2017, we may, at our option, use the net proceeds of one or more equity offerings to redeem up to 35% of the aggregate principal amount of exchange notes at a redemption price of 106.0% of their principal amount, plus accrued and unpaid interest, if any, to the redemption date.

At any time prior to December 15, 2019, we may, at our option, redeem all or a portion of the exchange notes in cash at a price equal to 100% of their principal amount plus the applicable premium described under Description of the Notes Optional Redemption, plus accrued and unpaid interest, if any, to the redemption date.

On or after December 15, 2019, we may, at our option, redeem all or a portion of the exchange notes in cash at the redemption prices described under Description of the Notes Optional Redemption, plus accrued and unpaid interest, if any, to the redemption date.

**Table of Contents**

Covenants

The indenture contains certain covenants that will restrict our ability, and the ability of our restricted subsidiaries, to, among other things:

incur indebtedness or issue preferred shares of restricted subsidiaries;

pay dividends and make certain distributions, investments and other restricted payments;

create certain liens;

sell assets;

enter into transactions with affiliates;

make payments to us;

merge, consolidate, sell or otherwise dispose of all or substantially all of our assets; and

designate our subsidiaries as unrestricted subsidiaries.

These covenants are subject to important exceptions and qualifications described under Description of the Notes.

If at any time the credit rating of the exchange notes, as determined by Standard & Poor's Rating Services and Moody's Investors Service, Inc., equals or exceeds both BBB- and Baa3, respectively, or any equivalent replacement ratings, and no default or event of default exists under the indenture, then these restrictions, other than the limitations on our ability to incur liens and consolidate, merge or sell all or substantially all of our assets, will cease to apply to the exchange notes. Any covenants that should cease to apply to the exchange notes as a result of achieving such a rating will later be reinstated if the credit rating of the exchange notes later falls below one or both of these ratings.



There is no public trading market for the exchange notes, and we do not intend to apply for listing of the exchange notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. See **Risk Factors**. We cannot assure you that an active trading market will develop for the exchange notes.

Use of Proceeds

We will not receive any cash proceeds from the issuance of the exchange notes. See **Use of Proceeds**.

Trustee

U.S. Bank National Association.

Risk Factors

You should carefully consider the information set forth in the section of this prospectus entitled **Risk Factors** as well as the other information included in or incorporated by reference into this prospectus before deciding whether to exchange your original notes for exchange notes.

**Table of Contents****Summary Historical Consolidated Financial Information**

The summary below presents certain historical consolidated financial information and should be read in conjunction with the consolidated financial statements and related notes incorporated by reference in this prospectus. The summary historical income statement and other data for the years ended December 31, 2015, 2014 and 2013 and balance sheet data as of December 31, 2015 and 2014 should be read in conjunction with our audited financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2015, which are incorporated by reference herein. The historical balance sheet data as of December 31, 2013 is derived from our audited financial statements and related notes, which have previously been filed with the Securities and Exchange Commission (the SEC), but which are not incorporated by reference herein. The results of operations for the fiscal years ended, and our financial position as of, December 31, 2015, 2014 and 2013 are not necessarily indicative of the operating results or financial position to be expected for any future period.

	For the Years Ended December 31,		
	2015	2014	2013
	(dollars in millions, except per share data)		
Income Statement Data:			
Revenue:			
New vehicle	\$ 3,652.5	\$ 3,230.6	\$ 2,952.2
Used vehicle	1,931.7	1,741.5	1,564.2
Parts and service	740.7	666.6	611.6
Finance and insurance, net	263.4	229.0	206.9
Total revenue	6,588.3	5,867.7	5,334.9
Total cost of sales	5,527.5	4,900.5	4,458.9
Gross profit	1,060.8	967.2	876.0
Operating Expenses:			
Selling, general, and administrative	729.9	671.6	617.8
Depreciation and amortization	29.5	26.4	24.3
Other operating (income) expense, net	(0.2)	1.0	7.8
Income from operations	301.6	268.2	226.1
Other (income) expenses:			
Floor plan interest expense	16.1	12.4	12.5
Other interest expense, net	44.0	38.9	39.0
Swap interest expense	3.0	2.0	2.5
Loss on extinguishment of long-term debt, net		31.9	6.8
Gain on divestitures	(34.9)		
Total other expense, net	28.2	85.2	60.8
Income from continuing operations before income taxes	273.4	183.0	165.3

Edgar Filing: ASBURY AUTOMOTIVE MANAGEMENT LLC - Form 424B3

Income tax expense	104.0	71.0	64.2
Income from continuing operations	169.4	112.0	101.1
Discontinued operations, net of tax	(0.2)	(0.4)	8.0
Net income	\$ 169.2	\$ 111.6	\$ 109.1
Income from continuing operations per common share:			
Basic	\$ 6.43	\$ 3.73	\$ 3.55
Diluted	\$ 6.41	\$ 3.71	\$ 3.51

**Table of Contents**

	2015	As of December 31, 2014 (dollars in millions)	2013
<b>Other Data:</b>			
New vehicle unit sales	105,981	95,564	87,959
Used vehicle unit sales	82,589	75,173	69,454
Number of dealerships	81	83	80
Number of franchises	99	104	100
<b>Balance Sheet Data:</b>			
Working capital	\$ 335.2	\$ 235.6	\$ 274.5
Inventories	917.2	886.0	767.7
Total assets	2,305.9	2,182.0	1,879.4
Floor plan notes payable	712.2	766.8	609.5
Total debt	954.3	697.4	545.1
Total shareholders' equity	314.5	444.9	490.6

**Table of Contents**

**RISK FACTORS**

*The terms of the exchange notes are identical in all material aspects to those of the original notes, except for the transfer restrictions and registration rights and related special interest provisions relating to the original notes that will not apply to the exchange notes. This section describes some, but not all, of the risks of acquiring the exchange notes and participating in the exchange offer. Before making an investment decision, you should carefully consider the risk factors described below, the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2015, which are incorporated by reference herein, and the risks described in our other filings with the SEC that are incorporated by reference herein.*

***Our outstanding indebtedness, ability to incur additional debt and the provisions in the agreements governing our debt, and certain other agreements, could have a material adverse effect on our business, financial condition, results of operations, and cash flows.***

We have substantial debt service obligations. As of December 31, 2015, we had total debt of \$959.7 million, excluding net floor plan notes payable of \$712.2 million. Moreover, we have the ability to incur additional debt from time to time to finance, among other things, acquisitions, working capital and capital expenditures, and new and used vehicle inventory, as well as to refinance new and used vehicle inventory, subject in each case to the restrictions contained in our debt instruments existing at the time such indebtedness is incurred. The terms of the Restated Credit Agreement that governs our Senior Credit Facilities, the Real Estate Credit Agreement, the Restated Master Loan Agreement, the indenture governing the notes, the agreements covering our mortgage obligations, and certain other agreements permit and will permit the incurrence of additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions subject to certain conditions, any of which could have the effect of diminishing our ability to make payments on the notes when due. The terms of the instruments governing our subsidiaries' indebtedness may also permit such actions.

Our debt service obligations could have important consequences to us for the foreseeable future, including the following:

our ability to obtain additional financing, or to obtain such financing on attractive terms, for acquisitions, capital expenditures, working capital or other general corporate purposes may be impaired;

a substantial portion of our cash flow from operating activities must be dedicated to the payment of principal and interest on our debt, thereby reducing the funds available to us for our operations and other corporate purposes;

some of our borrowings are and will continue to be at variable rates of interest, which exposes us to certain risks of interest rate increases; and

we may be or become substantially more leveraged than some of our competitors, which may place us at a relative competitive disadvantage and make us more vulnerable to changes in market conditions and governmental regulations.

In addition to our ability to incur additional debt in the future, we are subject to operating and financial restrictions and covenants, such as leverage covenants, in certain of our debt and mortgage agreements, including the Restated Credit Agreement governing our Senior Credit Facilities, the Real Estate Credit Agreement, the Restated Master Loan Agreement, the indenture governing the notes, the agreements covering our mortgage obligations, as well as certain other agreements to which we are a party that may adversely affect our ability to finance or future operations or capital needs. These limit, among other things, our ability to incur certain additional debt, create liens or other encumbrances, and make certain payments (including dividends and repurchases of our common stock and for investments). Certain of these agreements may also require us to maintain compliance with certain financial and other ratios.

## **Table of Contents**

Our failure to comply with any of these covenants in the future would constitute a default under the relevant agreement, which could, depending on the relevant agreement, (i) entitle the creditors under such agreement to terminate our ability to borrow under the relevant agreement and accelerate our obligations to repay outstanding borrowings; (ii) require us to apply our available cash to repay these borrowings; (iii) entitle the creditors under such agreement to foreclose on the property securing the relevant indebtedness; and/or (iv) prevent us from making debt service payments on certain of our other indebtedness, any of which would have a material adverse effect on our business, financial condition or results of operations. In many cases, a default under one of our debt, mortgage, or other agreements could trigger cross-default provisions in one or more of our other debt or mortgage agreements, including the indenture governing the notes. There can be no assurance that our creditors would agree to an amendment or waiver of our covenants. In the event we obtain an amendment or waiver, we would likely incur additional fees and higher interest expense.

In addition to the financial and other covenants contained in our various debt or mortgage agreements, certain of our lease agreements contain covenants that give our landlords the right to terminate the lease, seek significant cash damages, or evict us from the applicable property if we fail to comply. Similarly, our failure to comply with any financial or other covenants in any of our framework agreements would give the relevant manufacturer certain rights, including the right to reject proposed acquisitions, and may give it the right to repurchase its franchises from us. Events that give rise to such rights, and our inability to acquire additional dealerships or the requirement that we sell one or more of our dealerships at any time, could inhibit the growth of our business, and could have a material adverse effect on our business, financial condition, results of operations and cash flows and make it more difficult for us to meet our obligations under the notes. Manufacturers may also have the right to restrict our ability to provide guarantees of our operating companies, pledges of the capital stock of our subsidiaries and liens on our assets, which could materially adversely impact our ability to obtain financing for our business and operations on favorable terms or at desired levels, if at all, which in turn could materially adversely affect our ability to operate our business and meet our obligations under the notes.

The occurrence of any one of these events may limit our ability to take strategic actions that would otherwise enable us to manage our business in a manner in which we otherwise would, absent such limitations, which could materially adversely affect our business, financial condition, results of operations and cash flows and make it more difficult for us to meet our obligations under the notes.

***We are a holding company and as a result are dependent on our operating subsidiaries to generate sufficient cash and distribute cash to us to service our indebtedness, including the notes, and fund our ongoing operations.***

Our ability to make payments on our indebtedness and fund our ongoing operations depends on our operating subsidiaries' ability to generate cash in the future and distribute that cash to us. It is possible that our subsidiaries may not generate cash from operations in an amount sufficient to enable us to service our indebtedness, including the notes. In addition, many of our subsidiaries are required to comply with the provisions of franchise agreements, dealer agreements, other agreements with manufacturers, mortgages, and credit facility providers. Many of these agreements contain minimum working capital or net worth requirements, and are subject to change at least annually. Although the requirements contained in these agreements did not restrict our subsidiaries from distributing cash to us as of December 31, 2015, unexpected changes to our franchise agreements, dealer agreements or other agreements with manufacturers could require us to alter the manner in which we distribute or use cash. If our operating subsidiaries are unable to generate and distribute sufficient cash to us to service our indebtedness and fund our ongoing operations, our financial condition may be materially adversely affected.

***Key covenants of the notes will be suspended if the notes achieve investment grade ratings.***

Most of the restrictive covenants in the indenture governing the notes will not apply during any period in which the notes have investment grade ratings from both Moody's Investors Service, Inc. and Standard & Poor's Rating Services. At such time, we may take actions such as incur additional debt or make certain



## **Table of Contents**

dividends or distributions that would otherwise be prohibited under the indenture governing the notes. Such prior actions will be permitted even if we later become subject again to the restrictive covenants. Ratings are given by these ratings agencies based upon analyses that include many subjective factors. We cannot assure you that the notes will achieve or maintain investment grade ratings, nor can we assure you that investment grade ratings, if granted, will reflect all of the factors that would be important to holders of the notes.

***To service our debt, we will require a significant amount of cash, which may not be available to us.***

Our ability to make payments on, or repay or refinance, our debt, including the notes, and to fund planned capital expenditures, will depend largely upon our future operating performance. Our future performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on the satisfaction of the covenants in the Restated Credit Agreement, the Real Estate Credit Agreement, the Restated Master Loan Agreement and our other debt agreements, including the indenture governing the notes and other agreements we may enter into in the future. In particular, we will need to maintain compliance with certain financial ratios under our various credit agreements.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our Senior Credit Facilities or from other sources in amounts sufficient to enable us to pay our debt, including our obligations under the notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the notes, on or before maturity.

***We may not be able to refinance our indebtedness on terms favorable to us, or at all.***

We cannot assure you that we will be able to refinance any of our debt, including debt outstanding under the Senior Credit Facilities, on commercially reasonable terms or at all. In particular, the Senior Credit Facilities and the Real Estate Credit Agreement will mature prior to the maturity of the notes. If we are unable to make payments or refinance our debt or obtain new financing upon maturity of such other debt, we may have to consider other options, such as sales of assets, sales of equity securities and/or negotiations with our lenders to restructure the applicable debt. Our Restated Credit Agreement, Real Estate Credit Agreement, Restated Master Loan Agreement, the indenture governing the notes and our other debt instruments may restrict, or market or business conditions may limit, our ability to do some of these things. Our inability to do any of the foregoing could make it more difficult to meet our obligations under the notes.

***Your right to receive payments on the notes is and will be junior to our existing and future senior indebtedness and the existing and future senior indebtedness of our guarantors.***

The original notes and related guarantees are, and the exchange notes and related guarantees will be, subordinated to the prior payment in full of our and the guarantors' respective current and future senior indebtedness to the extent set forth in the indenture. As of December 31, 2015, we had \$959.7 million of total indebtedness (excluding net floor plan notes payable of \$712.2 million). As of such date, except for \$9.4 million in letters of credit, no amounts were outstanding under the Revolving Credit Facility component of our Senior Credit Facilities, which provides for aggregate borrowings of up to \$175.0 million, subject to a borrowing base. The notes are and will also be subordinated to senior indebtedness under the New Vehicle Floor Plan Facility and the Used Vehicle Floor Plan Facility components of our Senior Credit Facilities, our other floor plan financing facilities, the Real Estate Credit Agreement and the Restated Master Loan Agreement. Because of the subordination provisions of the notes, in the event of the bankruptcy, liquidation or dissolution of Asbury or any guarantor, our assets or the assets of such guarantors would be available to pay obligations under the notes and our other senior subordinated obligations only

after all payments had been made on our or such guarantors' senior indebtedness. Sufficient assets may not remain after all these payments have been made to make required payments on the notes and any other senior subordinated obligations, including payments of interest when due. As a result, holders of notes may receive less, ratably, than our other unsecured general creditors if we are the subject of a bankruptcy, liquidation, reorganization or similar proceeding.

---

**Table of Contents**

In addition, we will be prohibited from making all payments on the notes and the guarantees in the event of a payment default on our senior indebtedness (including borrowings under the Restated Credit Agreement, our other floor plan financing facilities, Real Estate Credit Agreement and the Restated Master Loan Agreement) and, for limited periods, upon the occurrence of other defaults under our Restated Credit Agreement and our floor plan financing facilities. In the event of a non-payment default under our senior indebtedness, we may not have sufficient funds to pay all our creditors, including the holders of the notes. See Description of the Notes.

***Claims of creditors of all of our non-guarantor subsidiaries will have priority over the assets and earnings of those subsidiaries and over you as a holder of the notes.***

The original notes are, and the exchange notes will be, effectively subordinated to all existing and future liabilities of our subsidiaries that are not guarantors. Subsidiaries we may establish or acquire in the future that are foreign subsidiaries, or which do not have any indebtedness or guarantees of indebtedness or which we designate as unrestricted subsidiaries in accordance with the indenture, will not be required to guarantee the notes. Claims of creditors of our non-guarantor subsidiaries, including trade creditors, generally will have priority with respect to the assets and earnings of such subsidiaries over our claims or those of our creditors, including you as a holder of the notes. In the event that any of our non-guarantor subsidiaries become insolvent, liquidate, reorganize, dissolve or otherwise wind up, the assets and earnings of those subsidiaries will be used first to satisfy the claims of their creditors, trade creditors, banks and other lenders and judgment creditors.

***The notes are and will not be secured.***

In addition to being subordinated to all of our and our guarantors' existing and future senior indebtedness, the original notes and related guarantees are not, and the exchange notes and related guarantees will not be, secured by any of our assets or those of our subsidiaries. As of December 31, 2015, we had total debt of \$959.7 million, excluding net floor plan notes payable of \$712.2 million, of which \$359.7 million was secured by certain of our assets and would have ranked senior in right of payment to the notes. Our obligations under our Senior Credit Facilities are secured by a lien on all of our assets other than real property, including our new and used vehicle inventory, which secures our obligations under our floor plan financing facilities thereunder. Our obligations under our other floor plan financing facilities are secured by the related vehicle inventory, and certain of our real property secures our related mortgage obligations. Borrowings under our Real Estate Credit Agreement and the Restated Master Loan Agreement are collateralized by first priority liens, subject to certain permitted exceptions, on all of the real property financed thereunder. The terms of the notes do not restrict us from granting liens to secure debt that is senior in right of payment to the notes. If we become insolvent or are liquidated, or if payment under the Restated Credit Agreement, the Real Estate Credit Agreement, the Restated Master Loan Agreement or any other secured senior indebtedness is accelerated, the lenders under the Restated Credit Agreement, the Real Estate Credit Agreement, the Restated Master Loan Agreement or holders of other secured senior indebtedness will be entitled to exercise the remedies available to a secured lender under applicable law (in addition to any remedies that may be available under documents pertaining to the Revolving Credit Facility, the Real Estate Credit Facility, the Restated Master Loan Agreement or any of our other senior indebtedness). Any of these actions may materially impair our ability to meet our obligations under the notes.

***Restrictions imposed by the Restated Credit Agreement, the Real Estate Credit Agreement, the Restated Master Loan Agreement, our other credit facilities and the indenture governing the notes may limit our ability to obtain additional financing and to pursue business opportunities.***

The operating and financial restrictions and covenants in our debt instruments, including the Restated Credit Agreement, the Real Estate Credit Agreement, the Restated Master Loan Agreement, our other credit facilities and the indenture governing the notes, may adversely affect our ability to finance our future operations or capital needs or to

pursue certain business activities. In particular, the Restated Credit Agreement, the Real Estate Credit Agreement, the Restated Master Loan Agreement and other facilities require us to maintain compliance with certain financial ratios. Our ability to comply with these ratios may be affected by events

---

**Table of Contents**

beyond our control. A breach of any of these covenants or our inability to comply with the required financial ratios could result in a default under the applicable facility. In the event of any default under any such facility, the lenders could elect to declare all borrowings outstanding, together with accrued and unpaid interest and other fees, to be due and payable, to require us to apply all of our available cash to repay these borrowings or to prevent us from making debt service payments on the notes, any of which would be an event of default under the notes. See Description of Other Indebtedness and Description of the Notes.

***It may not be possible for us to repurchase notes on the occurrence of a change in control.***

Under the indenture governing the notes, upon the occurrence of specific change of control events, we are required to offer to repurchase all of the notes at 101% of the principal amount of the notes plus accrued and unpaid interest to the date of purchase. The source of funds for any such purchase of notes would be our available cash or cash generated from our operations or other sources, which may include borrowings, sales of assets or sales of equity or debt securities. We may not be able to repurchase the notes upon a change of control because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control. Further, we are contractually restricted under the terms of the Restated Credit Agreement, the Real Estate Credit Agreement and the Restated Master Loan Agreement from repurchasing the notes tendered by holders upon a change of control. Accordingly, we may not be able to satisfy our obligations to offer to repurchase the notes unless we are able to refinance or obtain waivers under any applicable credit facility. Our failure to purchase any tendered notes would constitute a default under the indenture governing the notes, which, in turn, would constitute a default under our other debt instruments, including the Restated Credit Agreement, Real Estate Credit Agreement and the Restated Master Loan Agreement. Any of our future debt agreements may contain similar provisions. See Description of the Notes Repurchase at the Option of Holders Change of Control.

***Some significant transactions may not constitute a change of control, in which case we would not be obligated to offer to repurchase the notes.***

Under the indenture governing the notes, upon the occurrence of a change of control, holders of notes have the right to require us to repurchase their notes. However, the change of control provisions do not afford protection to holders of notes in the event of certain other transactions that could adversely affect the notes. For example, transactions such as certain leveraged recapitalizations, refinancings, restructurings, or acquisitions initiated by us may not constitute a change of control requiring us to offer to repurchase the notes. In addition, a proxy contest resulting in the election of new directors to our board without the approval of our then existing board members would not constitute a change of control requiring us to offer to repurchase the notes if none of the change of control provisions are otherwise triggered. In the event of any such transaction, the holders would not have the right to require us to repurchase the notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of notes.

***Federal and state statutes allow courts, under specific circumstances, to avoid guarantees and require note- holders to return payments received from guarantors.***

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a subsidiary guarantee generally can be avoided if, among other things, the subsidiary guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

intended to hinder, delay or defraud any present or future creditor; or received less than reasonably equivalent value or fair consideration for the issuance of the guarantee; and

the subsidiary guarantor:

was insolvent or rendered insolvent by reason of issuing the guarantee;

**Table of Contents**

was engaged or about to engage in a business or transaction for which the subsidiary guarantor's remaining assets constituted unreasonably small capital to carry on its business; or

intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they become due.

In addition, any payment by that subsidiary guarantor under a guarantee could be avoided and required to be returned to the subsidiary guarantor or to a fund for the benefit of the creditors of the subsidiary guarantor under such circumstances.

The measures of insolvency for purposes of fraudulent transfer laws will vary depending upon the governing law. Generally, a guarantor may be considered insolvent if:

the sum of its debts, including the value of contingent liabilities, was greater than the fair salable value of all of its assets; or

it could not pay its debts as they became due.

In the event the guarantee of the notes by a subsidiary guarantor is avoided as a fraudulent conveyance, holders of the notes effectively would lose the ability to pursue their claims against the guarantor or would be subordinated to all indebtedness and other liabilities of that guarantor.

***We cannot assure you that an active trading market will develop for the exchange notes.***

Prior to this exchange offer, there has been no public market for the exchange notes, and there is only a limited trading market for the existing notes. We do not intend to apply for listing of the exchange notes on any securities exchange. The initial purchasers of the original notes currently make a market for the original notes, and we have been advised by the initial purchasers that they presently intend to make a market in the original notes, together with the exchange notes, after this exchange offer is completed. However, they are not obligated to and the initial purchasers of the original notes may cease their market-making activities at any time. In addition, the liquidity of any trading market for the notes and the market price quoted for the notes may be adversely affected by changes in the overall market for high yield securities and by changes in our financial performance or prospects or in the financial performance or prospects of companies in the automotive industry. If an active market does not develop or is not maintained, the market price of the notes may decline and you may not be able to resell the notes.

***Our credit ratings may not reflect the risks of investing in the notes and any downgrade of our credit ratings generally may cause the trading price of the notes to fall.***

The original notes are, and the exchange notes will be, rated by at least one nationally recognized statistical rating organization. The ratings of the notes will primarily reflect such organization's assessment of our financial strength and may change in accordance with changes in such assessment of our financial strength. Any rating is not a recommendation to purchase, sell or hold any particular security, including the notes. These ratings do not comment as to market price or suitability for a particular investor. In addition, ratings at any time may be lowered or withdrawn in their entirety. The ratings of the notes may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, the notes. If one or more rating agencies that rates the notes

reduces their rating in the future, or announces their intention to put the notes on credit watch, the market price of the notes could be harmed. Future downgrades of our credit ratings in general could also cause the trading price of the notes to decrease which could lead to increased corporate borrowing costs for us.

***If you fail to exchange your original notes, they will continue to be restricted securities and may become less liquid.***

Original notes that you do not tender or we do not accept will, following the exchange offer, continue to be restricted securities, and you may not offer to sell them except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We will issue exchange notes in



**Table of Contents**

exchange for the original notes pursuant to the exchange offer only following the satisfaction of the procedures and conditions set forth in The Exchange Offer Procedures for Tendering Original Notes and The Exchange Offer Conditions to the Exchange Offer.

Because we anticipate that all or substantially all holders of original notes will elect to exchange their original notes in this exchange offer, we expect that the market for any original notes remaining after the completion of the exchange offer will be substantially limited. Any original notes tendered and exchanged in the exchange offer will reduce the aggregate principal amount of the original notes outstanding. Following the exchange offer, if you do not tender your original notes, you generally will not have any further registration rights, and your original notes will continue to be subject to certain transfer restrictions. Accordingly, the liquidity of the market for the original notes will likely be adversely affected.

**Table of Contents**

**THE EXCHANGE OFFER**

**Purpose of the Exchange Offer**

In connection with the offer and sale of the original notes, we and the guarantors entered into a registration rights agreement with the initial purchasers of the original notes. We are making the exchange offer to satisfy our obligations under the registration rights agreement.

**Terms of the Exchange**

We are offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal, exchange notes for an equal principal amount of original notes. The terms of the exchange notes are identical in all material respects to those of the original notes, except for transfer restrictions, registration rights and special interest provisions relating to the original notes that will not apply to the exchange notes. The exchange notes will be entitled to the benefits of the indenture under which the original notes were issued. See Description of the Notes.

The exchange offer is not conditioned upon any minimum aggregate principal amount of original notes being tendered or accepted for exchange. As of the date of this prospectus, \$200.0 million aggregate principal amount of the original notes was outstanding. Original notes tendered in the exchange offer must be in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Based on certain interpretive letters issued by the staff of the SEC to third parties in unrelated transactions, holders of original notes, except any holder who is an affiliate of ours within the meaning of Rule 405 under the Securities Act, who exchange their original notes for exchange notes pursuant to the exchange offer generally may offer the exchange notes for resale, resell the exchange notes and otherwise transfer the exchange notes without compliance with the registration and prospectus delivery provisions of the Securities Act, *provided* that the exchange notes are acquired in the ordinary course of the holders' business and such holders are not participating in, and have no arrangement or understanding with any person to participate in, a distribution of the exchange notes.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where the original notes were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes as described in Plan of Distribution. In addition, to comply with the securities laws of individual jurisdictions, if applicable, the exchange notes may not be offered or sold unless they have been registered or qualified for sale in the jurisdiction or an exemption from registration or qualification is available and complied with. We have agreed, pursuant to the registration rights agreement, to file with the SEC a registration statement (of which this prospectus forms a part) with respect to the exchange notes. If you do not exchange your original notes for exchange notes pursuant to the exchange offer, your original notes will continue to be subject to restrictions on transfer.

If any holder of original notes is an affiliate of ours, is engaged in or intends to engage in or has any arrangement or understanding with any person to participate in the distribution of the exchange notes to be acquired in the exchange offer, the holder would not be able to rely on the applicable interpretations of the SEC and would be required to comply with the registration requirements of the Securities Act, except for resales made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

**Expiration Date; Extensions; Termination; Amendments**

The exchange offer expires on the expiration date, which is 9:00 a.m., New York City time, on April 25, 2016 (the 21st business day after the commencement of the exchange offer) unless we, in our sole discretion, extend the period during which the exchange offer is open.

## **Table of Contents**

We reserve the right to extend the exchange offer at any time and from time to time prior to the expiration date by giving written notice to U.S. Bank National Association, the exchange agent, and by public announcement communicated by no later than 9:00 a.m., New York City time, on the next business day following the previously scheduled expiration date, unless otherwise required by applicable law or regulation, by making a release to PR Newswire or other wire service. During any extension of the exchange offer, all original notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us.

The exchange date will be promptly following the expiration date. We expressly reserve the right to:

terminate the exchange offer and not accept for exchange any original notes for any reason, including if any of the events set forth below under **Conditions to the Exchange Offer** shall have occurred and shall not have been waived by us; and

amend the terms of the exchange offer in any manner, whether before or after any tender of the original notes.

If any termination or material amendment occurs, we will notify the exchange agent in writing and will either issue a press release or give written notice to the holders of the original notes as promptly as practicable. Additionally, in the event of a material amendment or change in the exchange offer, which would include any waiver of a material condition hereof, we will extend the offer period, if necessary, so that at least five business days remain in the exchange offer following notice of the material amendment or change, as applicable.

Unless we terminate the exchange offer prior to the expiration date, we will exchange the exchange notes for the tendered original notes promptly after the expiration date, and will issue to the exchange agent exchange notes for original notes validly tendered, not withdrawn and accepted for exchange. Any original notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after expiration or termination of the exchange offer. See **Acceptance of Original Notes for Exchange; Delivery of Exchange Notes**.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination or amendment of the exchange offer, we have no obligation to publish, advertise, or otherwise communicate any public announcement, other than by making a release to PR Newswire or other wire service by 9:00 a.m., New York City time, on the next business day after the scheduled expiration date of the exchange offer and satisfying the requirements of Rule 14e-1(d) of the Exchange Act.

This prospectus and the accompanying letter of transmittal and other relevant materials will be mailed by us to record holders of original notes and will be furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the lists of holders for subsequent transmittal to beneficial owners of original notes.

## **Procedures for Tendering Original Notes**

To participate in the exchange offer, you must properly tender your original notes to the exchange agent as described below. We will only issue the exchange notes in exchange for the original notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the original notes, and you should follow carefully the instructions on how to tender your original notes. It is your responsibility to properly tender your original notes. No letter of transmittal or other document should be sent to us. Beneficial owners may request their respective brokers, dealers, commercial banks, trust companies or nominees to effect the above transactions for them.

If you have any questions or need help in exchanging your original notes, please contact the exchange agent at the address or telephone numbers set forth below.

## **Table of Contents**

All of the original notes were issued in book-entry form, and all of the original notes are currently represented by global certificates registered in the name of Cede & Co., the nominee of DTC. You may tender your original notes using ATOP. The exchange agent will make a request to establish an account with respect to the original notes at DTC for purposes of the exchange offer within two business days after this prospectus is mailed to holders, and any financial institution that is a participant in DTC may make book-entry delivery of original notes by causing DTC to transfer the original notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. In connection with the transfer, DTC will send an agent's message to the exchange agent. The agent's message will state that DTC has received instructions from the participant to tender the original notes and that the participant agrees to be bound by the terms of the letter of transmittal.

**By using the ATOP procedures to exchange the original notes, you will not be required to deliver a letter of transmittal to the exchange agent. However, you will be bound by its terms just as if you had signed it. The tender of original notes by you pursuant to the procedures set forth in this prospectus will constitute an agreement between you and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.**

All questions as to the validity, form, eligibility, including time of receipt, and acceptance for exchange of any tender of original notes will be determined by us and will be final and binding. We reserve the absolute right to reject any or all tenders not in proper form or the acceptances for exchange of which may, upon advice of our counsel, be unlawful. We also reserve the right to waive any defect, irregularities or conditions of tender as to particular original notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of the original notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of the original notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of the original notes will not be deemed made until such defects or irregularities have been cured or waived. Any original notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder promptly after the expiration date of the exchange offer.

In all cases, we will issue the exchange notes for the original notes that we have accepted for exchange under the exchange offer only after the exchange agent receives, prior to the expiration date: (a) a book-entry confirmation of such number of the original notes into the exchange agent's account at DTC and (b) a properly transmitted agent's message.

If we do not accept any tendered original notes for exchange or if the original notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged original notes will be returned without expense to their tendering holder. Such non-exchanged original notes will be credited to an account maintained with DTC. These actions will occur as promptly as practicable after the expiration or termination of the exchange offer.

Each broker-dealer that receives the exchange notes for its own account in exchange for the original notes, where those original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of those exchange notes. See Plan of Distribution.

## **Terms and Conditions Contained in the Letter of Transmittal**

The accompanying letter of transmittal contains, among other things, the following terms and conditions, which are part of the exchange offer.

The transferring party tendering original notes for exchange will be deemed to have exchanged, assigned and transferred the original notes to us and irrevocably constituted and appointed the exchange agent as

**Table of Contents**

the transferor's agent and attorney-in-fact to cause the original notes to be assigned, transferred and exchanged. The transferor will be required to represent and warrant that it has full power and authority to tender, exchange, assign and transfer the original notes and to acquire exchange notes issuable upon the exchange of the tendered original notes and that, when the same are accepted for exchange, we will acquire good and unencumbered title to the tendered original notes, free and clear of all liens, restrictions (other than restrictions on transfer), charges and encumbrances and that the tendered original notes are not and will not be subject to any adverse claim. The transferor will be required to also agree that it will, upon request, execute and deliver any additional documents deemed by the exchange agent or us to be necessary or desirable to complete the exchange, assignment and transfer of tendered original notes. The transferor will be required to agree that acceptance of any tendered original notes by us and the issuance of exchange notes in exchange for tendered original notes will constitute performance in full by us of our obligations under the registration rights agreement and that we will have no further obligations or liabilities under the registration rights agreement, except in certain limited circumstances. All authority conferred by the transferor will survive the death, bankruptcy or incapacity of the transferor and every obligation of the transferor will be binding upon the heirs, legal representatives, successors, assigns, executors, administrators and trustees in bankruptcy of the transferor.

Upon agreement to the terms of the letter of transmittal pursuant to an agent's message, a holder, or beneficial holder of the original notes on behalf of which the holder has tendered, will, subject to that holder's ability to withdraw its tender, and subject to the terms and conditions of the exchange offer generally, thereby certify that:

it is not an affiliate of ours or our subsidiaries or, if the transferor is an affiliate of ours or our subsidiaries, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

the exchange notes are being acquired in the ordinary course of business of the person receiving the exchange notes, whether or not the person is the registered holder;

the transferor has not entered into an arrangement or understanding with any other person to participate in the distribution, within the meaning of the Securities Act, of the exchange notes;

the transferor is not engaged in, does not intend to engage in, and has no arrangement or understanding with any person to engage in, a distribution of any exchange notes issued to the transferor;

the transferor is not a broker-dealer who purchased the original notes for resale pursuant to an exemption under the Securities Act; and

the transferor will be able to trade the exchange notes acquired in the exchange offer without restriction under the Securities Act.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of



Distribution.

### **Withdrawal Rights**

Original notes tendered pursuant to the exchange offer may be withdrawn at any time prior to the expiration date.

For a withdrawal to be effective, a written letter or facsimile transmission notice of withdrawal must be received by the exchange agent at its address set forth in the accompanying letter of transmittal not later than 9:00 a.m., New York City time, on the expiration date. Any notice of withdrawal must specify the name and

## **Table of Contents**

number of the account at DTC to be credited upon withdrawn original notes and otherwise comply with the ATOP procedures. The exchange agent will return properly withdrawn original notes promptly following receipt of notice of withdrawal. Properly withdrawn original notes may be retendered by following the procedures described under

Procedures for Tendering Original Notes above at any time on or prior to 9:00 a.m., New York City time, on the expiration date. All questions as to the validity of notices of withdrawals, including time of receipt, will be determined by us, and will be final and binding on all parties.

### **Acceptance of Original Notes for Exchange; Delivery of Exchange Notes**

Upon the terms and subject to the conditions of the exchange offer, the acceptance for exchange of original notes validly tendered and not withdrawn and the issuance of the exchange notes will be made on the exchange date. For purposes of the exchange offer, we will be deemed to have accepted for exchange validly tendered original notes when and if we have given written notice to the exchange agent.

The exchange agent will act as agent for the tendering holders of original notes for the purposes of receiving exchange notes from us and causing the original notes to be assigned, transferred and exchanged. Original notes tendered by book-entry transfer into the exchange agent's account at DTC pursuant to the procedures described above will be credited to an account maintained by the holder with DTC for the original notes, promptly after withdrawal, rejection of tender or termination of the exchange offer.

### **Conditions to the Exchange Offer**

Notwithstanding any other provision of the exchange offer, or any extension of the exchange offer, we will not be required to issue exchange notes in exchange for any properly tendered original notes not previously accepted and may terminate the exchange offer, by oral or written notice to the exchange agent and by timely public announcement communicated, unless otherwise required by applicable law or regulation, to PR Newswire or other wire service, or, at our option, modify or otherwise amend the exchange offer, if, in our reasonable determination any of the following could reasonably be expected to impair our ability to proceed with the exchange offer or have a material adverse effect on us:

there is threatened, instituted or pending any action or proceeding before, or any injunction, order or decree shall have been issued by, any court or governmental agency or other governmental regulatory or administrative agency or of the SEC:

seeking to restrain or prohibit the making or consummation of the exchange offer;

assessing or seeking any damages as a result thereof; or

resulting in a material delay in our ability to accept for exchange or exchange some or all of the original notes pursuant to the exchange offer; or

the exchange offer violates any applicable law or any applicable interpretation of the staff of the SEC.

These conditions are for our sole benefit and may be asserted by us with respect to all or any portion of the exchange offer regardless of the circumstances, including any action or inaction by us, giving rise to the condition or may be waived by us in whole or in part at any time or from time to time in our sole discretion. The failure by us at any time to exercise any of the foregoing rights will not be deemed a waiver of any right, and each right will be deemed an ongoing right that may be asserted at any time or from time to time. We reserve the right, notwithstanding the satisfaction of these conditions, to terminate or amend the exchange offer.

Any determination by us concerning the fulfillment or non-fulfillment of any conditions will be final and binding upon all parties.

## **Table of Contents**

In addition, we will not accept for exchange any original notes tendered, and no exchange notes will be issued in exchange for any original notes, if at such time, any stop order has been issued or is threatened with respect to the registration statement of which this prospectus is a part, or with respect to the qualification of the indenture under which the original notes were issued under the Trust Indenture Act, as amended.

## **Exchange Agent**

U.S. Bank National Association has been appointed as the exchange agent for the exchange offer. Questions relating to the procedure for tendering, as well as requests for additional copies of this prospectus, or the accompanying letter of transmittal, should be directed to the exchange agent addressed as follows:

<i>By Registered or Certified Mail,</i>		<i>Confirm by Telephone or for</i>
<i>Overnight Courier or Hand Delivery:</i>	<i>Facsimile Transmission Number:</i>	<i>Information:</i>
U.S. Bank National Association	(651) 466-7402	(800) 934-6802
Global Corporate Trust Services		
111 Fillmore Ave E	Attention: Specialty Finance Group	
Mail Station EP-MN-WS2N	Reference: Asbury Automotive	
St. Paul, MN 55107	Group, Inc.	
Attention: Specialty Finance Group		
Reference: Asbury Automotive Group,		
Inc.		

Delivery of any documents to an address other than as set forth above, or via facsimile other than as set forth above, will not constitute a valid delivery.

The exchange agent also acts as trustee under the indenture under which the existing notes and the original notes were issued, and under which the exchange notes will be issued.

## **Solicitation of Tenders; Expenses**

We have not retained any dealer-manager or similar agent in connection with the exchange offer and we will not make any payments to brokers, dealers or others for soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and will reimburse it for actual and reasonable out-of-pocket expenses. The expenses to be incurred in connection with the exchange offer, including the fees and expenses of the exchange agent and printing, accounting and legal fees, will be paid by us.

No person has been authorized to give any information or to make any representations in connection with the exchange offer other than those contained in this prospectus. If given or made, the information or representations

should not be relied upon as having been authorized by us. Neither the delivery of this prospectus nor any exchange made in the exchange offer will, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or any earlier date as of which information is given in this prospectus.

The exchange offer is not being made to, nor will tenders be accepted from or on behalf of, holders of original notes in any jurisdiction in which the making of the exchange offer or the acceptance would not be in compliance with the laws of the jurisdiction. However, we may, at our discretion, take any action as we may deem necessary to make the exchange offer in any jurisdiction. In any jurisdiction where its securities laws or blue sky laws require the exchange offer to be made by a licensed broker or dealer, the exchange offer is being made on our behalf by one or more registered brokers or dealers licensed under the laws of the jurisdiction.

#### **Dissenters' Rights and Appraisal Rights**

You will not have dissenters' rights or appraisal rights in connection with the exchange offer.

## **Table of Contents**

### **Transfer Taxes**

If you tender your original notes, you will not be obligated to pay any transfer taxes in connection with the exchange offer unless you instruct us to register exchange notes in the name of, or request original notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered holder, in which case you will be responsible for the payment of any applicable transfer tax.

### **U.S. Federal Income Tax Consequences**

The exchange of an original note for an exchange note will not constitute a taxable exchange for U.S. federal income tax purposes. The exchange will not result in taxable income, gain or loss being recognized by you or by us. Immediately after the exchange, you will have the same adjusted basis and holding period in each exchange note received as you had immediately prior to the exchange in the corresponding original note surrendered. See **Material U.S. Federal Income Tax Consequences** for more information.

We advise you to consult your own tax advisors as to your particular circumstances and the effects of any state, local or foreign tax laws to which you may be subject.

### **Consequences of Failure to Exchange**

As a consequence of the offer or sale of the original notes pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, holders of original notes who do not exchange original notes for exchange notes in the exchange offer will continue to be subject to the restrictions on transfer of the original notes and will not be fully fungible with the existing notes. In general, the original notes may not be offered or sold unless such offers and sales are registered under the Securities Act, or exempt from, or not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Upon completion of the exchange offer, due to the restrictions on transfer of the original notes and the absence of similar restrictions applicable to the exchange notes, it is highly likely that the market, if any, for original notes will be less liquid than the market for exchange notes. Consequently, holders of original notes who do not participate in the exchange offer could experience significant diminution in the value of their original notes compared to the value of the exchange notes.

**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES**

	<b>For the Years Ended December 31,</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Ratio of Earnings to Fixed Charges	5.06	4.14	3.76	3.29	2.25

For purposes of the ratio above:

The term **fixed charges** means the sum of: (i) interest expensed and capitalized, (ii) amortized premiums, discounts and capitalized expenses related to indebtedness and (iii) an estimate of the interest within rental expense.

The term **earnings** means the sum of: (i) pre-tax income from continuing operations; (ii) fixed charges; (iii) amortization of capitalized interest, less interest capitalized.

We have not had any shares of preferred stock outstanding during any of these periods, and have not paid any preferred stock dividends. Therefore, our ratios of earnings to combined fixed charges and preferred dividends are the same as the ratios above.

**Table of Contents**

**USE OF PROCEEDS**

The exchange offer is intended to satisfy our obligations under the registration rights agreement relating to the original notes. We will not receive any cash proceeds from the issuance of the exchange notes. In consideration for issuing the exchange notes as contemplated in this prospectus, we will receive, in exchange, an equal principal amount of outstanding original notes. The form and terms of the exchange notes are identical in all material respects to the form and terms of the original notes, except with respect to the transfer restrictions and registration rights and related special interest provisions relating to the original notes. The original notes surrendered in exchange for the exchange notes will be retired and cannot be reissued.



**Table of Contents**

**DESCRIPTION OF OTHER INDEBTEDNESS**

**Restated Credit Agreement**

We are party to a credit agreement with Bank of America, N.A. ( Bank of America ), as administrative agent, and the other agents and lenders party thereto (the Restated Credit Agreement ). The Restated Credit Agreement provides for our senior secured credit facilities, consisting of a (i) \$175.0 million revolving credit facility (the Revolving Credit Facility ) with a \$50.0 million sublimit for letters of credit, (ii) \$825.0 million new vehicle revolving floor plan facility (the New Vehicle Floor Plan Facility ), and (iii) \$100.0 million used vehicle revolving floor plan facility (the Used Vehicle Floor Plan Facility ) and, together with the Revolving Credit Facility and the New Vehicle Floor Plan Facility, the Senior Credit Facilities ), in each case subject to limitations on borrowing availability as set out in the Restated Credit Agreement.

Subject to our compliance with certain conditions, the Restated Credit Agreement provides that we and our dealership subsidiaries that are borrowers thereunder (collectively, the Borrowers ) have the ability, at our option and subject to the receipt of additional commitments from existing or new lenders, to increase the size of the New Vehicle Floor Plan Facility or the Used Vehicle Floor Plan Facility by up to \$250.0 million in the aggregate without lender consent.

Proceeds from borrowings from time to time under the (i) Revolving Credit Facility may be used for, among other things, acquisitions, working capital and capital expenditures; (ii) New Vehicle Floor Plan Facility may be used to finance the acquisition of new vehicle inventory and to refinance new vehicle inventory at acquired dealerships; and (iii) Used Vehicle Floor Plan Facility may be used to finance the acquisition of used vehicle inventory and for, among other things, other working capital and capital expenditures, as well as to refinance used vehicles.

Borrowings under the Revolving Credit Facility bear interest, at the option of the Company, based on the London Interbank Offered Rate ( LIBOR ) plus 1.75% to 2.75%, or the Base Rate (as described below) plus 0.75% to 1.75%, in each case based on the Company's total lease adjusted leverage ratio (as defined in the Restated Credit Agreement). The Base Rate is the highest of (i) the Bank of America prime rate, (ii) the Federal Funds rate plus 0.50%, and (iii) one month LIBOR plus 1.0%.

Borrowings under the New Vehicle Floor Plan Facility bear interest, at the option of the Company, based on LIBOR plus 1.25% or the Base Rate plus 0.25%. Borrowings under the Used Vehicle Floor Plan Facility bear interest, at the option of the Company, based on LIBOR plus 1.50% or the Base Rate plus 0.50%.

In addition to the payment of interest on borrowings outstanding under the Senior Credit Facilities, the Borrowers are required to pay a commitment fee on the total commitments under the Senior Credit Facilities. The fee for commitments under the Revolving Credit Facility ranges from 0.30% to 0.50% per annum, based on the Company's total lease adjusted leverage ratio. The fees for commitments under the New Vehicle Facility Floor Plan and the Used Vehicle Facility Floor Plan are 0.20% per annum and 0.25% per annum, respectively. The fees are payable quarterly. The Senior Credit Facilities matures, and all amounts outstanding thereunder will be due and payable, in August 2018.

The representations and covenants contained in the Restated Credit Agreement are customary for financing transactions of this nature including, among others, a requirement to comply with a minimum consolidated current ratio and consolidated fixed charge coverage ratio (each as defined in the Restated Credit Agreement) and a maximum consolidated total lease adjusted leverage ratio, in each case as set out in the Restated Credit Agreement. In addition, certain other covenants could restrict the Company's ability to incur additional debt, pay dividends or acquire or dispose of assets.

The Restated Credit Agreement also provides for events of default that are customary for financing transactions of this nature, including cross-defaults to other material indebtedness. In certain instances, an event

## **Table of Contents**

of default under either the Revolving Credit Facility or the Used Vehicle Floor Plan Facility could be, or result in, an event of default under the New Vehicle Floor Plan Facility, and *vice versa*. Upon the occurrence of an event of default, the Company could be required to immediately repay all amounts outstanding under the applicable facility.

The obligations under the Restated Credit Agreement are guaranteed by each existing, and will be guaranteed by each future, direct and indirect domestic subsidiary of the Company, other than, at the option of the Company, any immaterial subsidiary. The New and Used Vehicle Floor Plan Facilities are each also guaranteed by the Company. The obligations under each of the Revolving Credit Facility and the Used Vehicle Floor Plan Facility are collateralized by liens on substantially all of the present and future assets, other than real property, of the Company and the guarantors. The obligations under the New Vehicle Floor Plan Facility are collateralized by liens on substantially all of the present and future assets, other than real property, of the borrowers under the New Vehicle Floor Plan Facility.

## **Other Floor Plan Financing Facilities**

In addition to the New Vehicle Floor Plan Facility and Used Vehicle Floor Plan Facility, which are components of our Senior Credit Facilities, we also have floor plan facilities with the Ford Motor Credit Company to purchase new Ford and Lincoln vehicle inventory, as well as facilities with certain other manufacturers for loaner vehicles. Neither our floor plan facility with Ford nor our facilities for loaner vehicles have stated borrowing limitations.

Borrowings under these other floor plan financing facilities accrue interest at 1.50% above the prime rate.

Under the terms of the collateral documents entered into with the lenders under these other floor plan financing facilities, we and all of our dealership subsidiaries have granted security interests in the vehicle inventory financed under the respective floor plan facilities, as well as the proceeds from the sale of such vehicles, and certain other collateral.

Regardless of whether borrowings are under our Senior Credit Facilities or one of our other floor plan financing facilities, we consider floor plan notes payable to a party that is affiliated with the entity from which we purchase our new vehicle inventory Floor plan notes payable trade and all other floor plan notes payable Floor plan notes payable non-trade. As of December 31, 2015, we had \$138.8 million of floor plan notes payable trade and \$573.4 million of floor plan notes payable non-trade outstanding. For a more detailed discussion of our floor plan notes payable, see Management's Discussion and Analysis of Financial Condition and Results of Operation Liquidity and Capital Resources in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which is incorporated by reference herein.

## **Real Estate Credit Agreement**

In September 2013, we entered into a real estate term loan credit agreement with Bank of America, N.A., as lender (the Real Estate Credit Agreement). The Real Estate Credit Agreement provides for term loans in an aggregate amount not to exceed \$75.0 million, subject to customary terms and conditions. As of December 31, 2015, the outstanding balance under the Real Estate Credit Agreement was \$64.0 million. Term loans under our Real Estate Credit Agreement bear interest, at the option of the Company, based on the LIBOR plus 2.50% or the Base Rate (as described below) plus 1.50%. The Base Rate is the highest of (i) the Federal Funds rate plus 0.50%, (ii) the Bank of America prime rate, and (iii) one month LIBOR plus 1.0%. We are required to make quarterly principal payments of 1.25% of the initial amount of each loan on a twenty year repayment schedule, with a balloon repayment of the outstanding principal amount of loans due on September 26, 2023, subject to an earlier maturity if the Revolving Credit Facility matures or is not otherwise refinanced by certain dates.



## **Table of Contents**

Borrowings under the Real Estate Credit Agreement are guaranteed by each of our operating dealership subsidiaries whose real estate is financed under the Real Estate Credit Agreement, and are collateralized by first priority liens, subject to certain permitted exceptions, on all of the real property financed thereunder.

### **Restated Master Loan Agreement**

On February 3, 2015, certain of our subsidiaries entered into an amended and restated master loan agreement (the Restated Master Loan Agreement ) with Wells Fargo. The Restated Master Loan Agreement provides for term loans to certain of the Company's subsidiaries that are borrowers under the Restated Master Loan Agreement in an aggregate amount not to exceed \$100.0 million (the Restated Master Loan Facility ), subject to customary terms and conditions.

Borrowings under the Restated Master Loan Facility are guaranteed by the Company pursuant to a second amended and restated unconditional guaranty, and each operating dealership subsidiary of the Company whose real estate is financed under the Restated Master Loan Facility, and collateralized by first priority liens, subject to certain permitted exceptions, on all of the real property financed under the Restated Master Loan Agreement.

In June 2015, we made additional borrowings under the Restated Master Loan Facility, resulting in our having drawn the full \$100.0 million of availability thereunder. In connection with our final draw under the Restated Master Loan Agreement, in June 2015 we entered into a cash flow interest rate swap with Wells Fargo, effectively fixing the interest rate at 4.8%. We paid a total of \$1.2 million in debt issuance costs associated with the Restated Master Loan Agreement.

Term loans under the Restated Master Loan Facility bear interest based on LIBOR plus 2.50%. Beginning February 1, 2015, the borrowers are required to make 108 equal monthly principal payments based on a hypothetical 19 year amortization schedule, with a balloon repayment of the outstanding principal amount of loans due on February 1, 2025. The borrowers can voluntarily prepay any loan in whole or in part any time without premium or penalty.

### **Other Mortgage Notes Payable**

At December 31, 2015, we had \$194.3 million of other mortgage note obligations (excluding amounts outstanding under the Real Estate Credit Agreement and the Restated Master Loan Agreement) outstanding at interest rates generally ranging from 4% to 5%. These obligations are collateralized by the associated real estate at our dealership locations.

**Table of Contents**

**DESCRIPTION OF THE NOTES**

You can find the definitions of certain terms used in this description under the subheading **Certain Definitions**. In this description, Asbury, we, our, and us refer only to Asbury Automotive Group, Inc. and not to any of its Subsidiaries.

We are offering to exchange up to \$200,000,000 aggregate principal amount of our registered 6.0% Senior Subordinated Notes due 2024 (the **exchange notes**) and related guarantees for an equal principal amount of our outstanding restricted 6.0% Senior Subordinated Notes due 2024 (the **original notes**) and related guarantees that were issued in October 2015. The original notes were issued as additional notes under the indenture, dated December 4, 2014 (as supplemented by supplemental indentures providing for, among other things, the issuance of the original notes, the **indenture**), pursuant to which we issued \$400.0 million aggregate principal amount of 6.0% Senior Subordinated Notes due 2024 that were subsequently exchanged on January 21, 2015 for notes registered under the Securities Act, which we refer to as the **existing notes**. The original notes rank equally and form a single series with the existing notes. We sometimes refer to the original notes, the exchange notes and the existing notes in this prospectus together as the **notes**.

The terms of the exchange notes are identical in all material respects to those of the original notes, except that the exchange notes will be issued in a transaction registered under the Securities Act, and the transfer restrictions, registration rights and related special interest provisions relating to the original notes will not apply to the exchange notes. Following the consummation of the exchange offer, the exchange notes and the existing notes will have the same CUSIP number and will be fully fungible with each other. Holders of original notes do not have any appraisal or dissenters' rights in connection with the exchange offer.

References in this **Description of the Notes** to the **Issue Date** mean December 4, 2014, the date on which the existing notes were originally issued under the indenture. The indenture allows for Asbury to issue an unlimited principal amount of additional notes having substantially identical terms as the notes (the **additional notes**), subject to compliance with the covenant described under the subheading **Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock**. The existing notes, the original notes, the exchange notes, and any additional notes subsequently issued under the indenture will rank equally and will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, offers to purchase, redemptions and consents. Unless the context otherwise requires, for all purposes of the indenture and this **Description of the Notes**, references to the **notes** include the existing notes, the original notes, the exchange notes and any other additional notes subsequently issued.

The following description is a summary of the material provisions of the notes and the indenture. It does not restate those agreements in their entirety. We urge you to read the indenture because it, and not this description, defines your rights as holders of the notes.

Copies of the indenture are available as set forth under **Additional Information**. Certain defined terms used in this description but not defined below under **Certain Definitions** have the meanings assigned to them in the indenture.

The registered Holder of a note is treated as the owner of that note for all purposes. Only registered Holders have rights under the indenture.

**Brief Description of the Original Notes, the Exchange Notes and the Guarantees**

*The Original Notes and the Exchange Notes*

The original notes and the exchange notes:

are or will be general unsecured senior subordinated obligations of Asbury;

are or will be subordinated in right of payment to all existing and future Senior Debt of Asbury, including borrowings under the Restated Credit Agreement and Floor Plan Facilities;

**Table of Contents**

rank or will rank *pari passu* in right of payment with all existing and future Senior Subordinated Indebtedness of Asbury, including the existing notes;

are or will be effectively junior to all existing and future liabilities, including trade payables, of Asbury's non-guarantor Subsidiaries;

are or will be unconditionally guaranteed on a senior subordinated basis by the Guarantors;

are limited to an aggregate principal amount of \$200,000,000, except as set forth below under Principal, Maturity and Interest ;

mature on December 15, 2024 (the maturity date ), unless earlier redeemed;

have been or will be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof;

are or will be issued as part of the same series as the existing notes;

following the consummation of the exchange offer, the exchange notes will be fully fungible with the existing notes; and

are or will be represented by one or more registered notes in global form, but in certain limited circumstances may be represented by notes in definitive form.

*The Guarantees*

The notes are guaranteed by all of Asbury's current Restricted Subsidiaries, with certain exceptions.

Each guarantee of the notes:

is a general unsecured senior subordinated obligation of the Guarantor;

is subordinated in right of payment to all existing and future Senior Debt of that Guarantor; and

ranks *pari passu* in right of payment with such Guarantor's Guarantee of the existing notes and all existing and future Senior Subordinated Indebtedness of that Guarantor.

As of December 31, 2015, Asbury had, including the original notes (and related guarantees):



\$1,071.9 million of Senior Debt, including borrowings under the Credit Agreement and Floor Plan Facilities; and

\$600.0 million of subordinated indebtedness consisting of the existing notes and the original notes; and on the same basis, the Guarantors had:

\$1,071.9 million of Senior Debt; and

\$600.0 million of subordinated indebtedness consisting of guarantees of the existing notes and the original notes.

As indicated above and as described below under the caption Subordination, payments on the notes and under the guarantees are and will be subordinated to the payment of Senior Debt. The indenture permits both Asbury and its Restricted Subsidiaries, subject to certain restrictions, to incur additional debt, including Senior Debt.

## **Table of Contents**

As of the date of this prospectus, all of Asbury's Restricted Subsidiaries will guarantee the notes, with certain exceptions. All of our future Subsidiaries may not be obligated to guarantee the notes and existing Guarantors may be released from their guarantee obligations. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will be required to pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us.

As of the date of this prospectus, all of Asbury's Subsidiaries are Restricted Subsidiaries. However, under the circumstances described below under the subheading **Certain Covenants Designation of Restricted and Unrestricted Subsidiaries**, we are permitted to designate certain of our Subsidiaries, including those currently designated as Restricted Subsidiaries, as Unrestricted Subsidiaries. Our Unrestricted Subsidiaries will not be subject to the restrictive covenants in the indenture and will not guarantee the notes. See **Risk Factors Claims of creditors of all of our non-guarantor subsidiaries will have priority over the assets and earnings of those subsidiaries over you as a holder of the notes.**

Asbury Automotive Group, Inc. is a holding company with no independent assets or operations. For all financial statement periods incorporated by reference herein, the notes have been fully and unconditionally guaranteed, on a joint and several basis, by substantially all of our subsidiaries. Any subsidiaries which have not guaranteed such Notes are minor (as defined in Rule 3-10(h) of Regulation S-X). As of September 30, 2015, there were no significant restrictions on the ability of our subsidiaries to distribute cash to us or to our guarantor subsidiaries.

## **Principal, Maturity and Interest**

As of the date of this prospectus, there is issued and outstanding a total principal amount of \$600.0 million of notes, of which \$400.0 million are the existing notes and \$200.0 million are the original notes. Asbury may issue additional notes under the indenture from time to time. Any issuance of additional notes will be subject to the covenant described below under the caption **Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock**. The notes and any additional notes subsequently issued under the indenture will rank equally and will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. Asbury issued notes in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes will mature on December 15, 2024.

Interest on the notes accrues at the rate of 6.0% per annum and is payable semiannually in arrears on June 15 and December 15 of each year. Asbury will make each semi-annual interest payment to the Holders of record on the immediately preceding June 1 and December 1.

Interest on the original notes accrues, and interest on the exchange notes will accrue, from December 15, 2015, the date interest was most recently paid on the existing notes. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

## **Methods of Receiving Payments on the Notes**

Asbury will pay the principal of, and interest on, notes in global form registered in the name of or held by The Depository Trust Company (DTC) or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global notes. In the event certificated notes are issued, payments on notes will be made at the office or agency of the paying agent and registrar (which will initially be the corporate trust office of the trustee) unless Asbury elects to make interest payments by check mailed to the Holders at their address set forth in the register of Holders. If a Holder of certificated notes has given wire transfer instructions to Asbury, Asbury will pay all principal, interest and premium, if any, on that Holder's notes in accordance with those instructions.

**Paying Agent and Registrar for the Notes**

The trustee under the indenture acts as paying agent and registrar for the notes. Asbury may change the paying agent or registrar without prior notice to the Holders of the notes, and Asbury or any of its Subsidiaries may act as paying agent or registrar.

## **Table of Contents**

### **Transfer and Exchange**

A Holder may transfer or exchange notes in accordance with the indenture. The registrar and the trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. No service charge will be imposed by Asbury, the trustee or the registrar for any registration of transfer or exchange of notes, but Asbury may require a holder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law or permitted by the indenture. Asbury is not required to transfer or exchange any note selected for redemption. Also, Asbury is not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

### **Subsidiary Guarantees**

The notes are and will be guaranteed by each of Asbury's Restricted Subsidiaries, with certain exceptions. In addition, the notes are and will be guaranteed by (1) each of Asbury's wholly owned Domestic Subsidiaries (with assets in excess of \$1.0 million) which incurs, has outstanding or guarantees any Indebtedness and (2) each of Asbury's non-wholly owned Domestic Subsidiaries (with assets in excess of \$1.0 million) which incurs, has outstanding or guarantees any capital markets debt securities. Subject to the conditions described below, the Guarantors have and will, jointly and severally, unconditionally guarantee on an unsecured and senior subordinated basis the performance and punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of Asbury under the indenture and the notes, whether for principal of or premium, if any, or interest on the notes or otherwise. The Guarantors will also pay, on an unsecured and senior subordinated basis and in addition to the amount stated above, any and all expenses (including counsel fees and expenses) incurred by the trustee under the indenture in enforcing any rights under a Subsidiary Guarantee with respect to a Guarantor. Each Subsidiary Guarantee is or will be subordinated to the prior payment in full of all Senior Debt of that Guarantor on the same basis as the notes are subordinated to the Senior Debt of Asbury. The obligations of each Guarantor under its Subsidiary Guarantee is or will be limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance under applicable law. See Risk Factors Federal and state statutes allow courts, under specific circumstances, to avoid guarantees and require note holders to return payments received from guarantors. Except as described below under Repurchase at the Option of Holders Asset Sales and Certain Covenants Merger, Consolidation or Sale of Assets, the indenture does not restrict Asbury from selling or otherwise disposing of its direct or indirect Equity Interests in the Guarantors.

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than Asbury or another Guarantor, unless:

- (1) immediately after giving effect to that transaction, no Default exists; and
- (2) either:
  - (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under the indenture, its Subsidiary Guarantee and the registration rights agreement (if such Guarantor's registration obligations have not been completed) pursuant to a supplemental indenture and completes all other

required documentation; or

- (b) such transaction does not violate the provisions of Repurchase at the Option of Holders Asset Sales and the Net Proceeds of such sale or disposition to the extent required are applied in accordance with the applicable provisions thereof.

The Subsidiary Guarantee of a Guarantor will be released and the Guarantor will be released of all obligations under its Guarantee:

- (1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) either Asbury or a Guarantor; or

---

**Table of Contents**

- (2) in connection with any sale of all or a majority of the Capital Stock of a Guarantor to a Person that is not (either before or after giving effect to such transaction) either Asbury or a Guarantor; or
- (3) if such Guarantor does not, or ceases to, guarantee other Indebtedness of Asbury or another Guarantor and otherwise has no outstanding Indebtedness; or
- (4) upon the Legal Defeasance or Covenant Defeasance of the notes in accordance with the terms of the indenture; or
- (5) if Asbury designates such Guarantor as an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture; or
- (6) upon the liquidation, winding up or dissolution of such Guarantor following the transfer of all or substantially all of its assets to Asbury or another Guarantor.

See Repurchase at the Option of Holders Asset Sales, Legal Defeasance and Covenant Defeasance and Certain Covenants Designation of Restricted and Unrestricted Subsidiaries.

Any (x) wholly owned Domestic Subsidiary of Asbury (with assets in excess of \$1.0 million) which incurs, has outstanding or guarantees any Indebtedness and (y) non-wholly owned Domestic Subsidiary of Asbury (with assets in excess of \$1.0 million) which incurs, has outstanding or guarantees any capital markets debt securities will, within 30 days of such incurrence or guarantee (or, if the Domestic Subsidiary has outstanding or guarantees Indebtedness or capital markets debt securities, as the case may be, at the time of its creation or acquisition, within 30 days of such creation or acquisition), become a Guarantor and execute and deliver to the trustee a supplemental indenture pursuant to which such Subsidiary will agree to guarantee Asbury's obligations under the notes.

**Subordination**

*Senior Debt versus Notes*

The payment of principal or interest and premium, if any, on the notes is subordinated to the prior payment in full of all Senior Debt of Asbury, including Senior Debt incurred after the date of this prospectus.

The holders of Senior Debt will be entitled to receive payment in full of all Obligations due in respect of Senior Debt (including interest after the commencement of any bankruptcy proceeding at the rate specified in the applicable Senior Debt) before the Holders of notes will be entitled to receive any payment with respect to the notes (except that Holders of notes may receive and retain Permitted Junior Securities and payments made from the trust, if any, as described under Legal Defeasance and Covenant Defeasance to the extent permitted thereby), in the event of any distribution to creditors of Asbury:

- (1) in a liquidation or dissolution of Asbury;

- (2) in a bankruptcy reorganization, insolvency, receivership or similar proceeding relating to Asbury or its property;
- (3) in an assignment for the benefit of creditors; or
- (4) in any marshaling of Asbury's assets and liabilities.

*Liabilities of Subsidiaries versus Notes*

As of the date of this prospectus, all of Asbury's Subsidiaries guarantee the notes, with certain exceptions. Not all of Asbury's future Subsidiaries will be obligated to guarantee the notes and existing Guarantors may be released from their guarantee obligations. Claims of creditors of such non-guarantor Subsidiaries, including trade creditors holding indebtedness or guarantees issued by such non-guarantor Subsidiaries, generally will effectively have priority with respect to the assets and earnings of such non-guarantor Subsidiaries over the claims of Asbury's creditors, including holders of the notes, even if such claims do not constitute Senior Debt.

## **Table of Contents**

Accordingly, the notes will be effectively subordinated to the claims of creditors (including trade creditors) and preferred stockholders, if any, of such non-guarantor Subsidiaries. See **Risk Factors** **Claims of creditors of all of our non-guarantor subsidiaries will have priority over the assets and earnings of those subsidiaries over you as a holder of the notes.** Moreover, the indenture does not impose any limitation on the incurrence by Subsidiaries of liabilities that are not considered Indebtedness or preferred stock under the indenture. See **Certain Covenants** **Incurrence of Indebtedness and Issuance of Preferred Stock.**

### *Other Senior Subordinated Indebtedness versus Notes*

Only Indebtedness of Asbury or any of its Subsidiaries that is Senior Debt of such Person will rank senior to the notes or the relevant Subsidiary Guarantee, as the case may be, in accordance with the provisions of the indenture. The notes and each Subsidiary Guarantee in all respects rank pari passu with all other Senior Subordinated Indebtedness of Asbury and the relevant Subsidiary, respectively.

Asbury and the Guarantors have agreed in the indenture that Asbury and such Guarantors will not incur, directly or indirectly, any Indebtedness that is contractually subordinate or junior in right of payment to Asbury's Senior Debt, or the Senior Debt of such Guarantors, unless such Indebtedness is Senior Subordinated Indebtedness of such Person or is expressly subordinated in right of payment to Senior Subordinated Indebtedness of such Person. The indenture provides that unsecured Indebtedness is not subordinated or junior to Secured Indebtedness merely because it is unsecured.

Asbury also may not make any payment in respect of the notes (except in the form of Permitted Junior Securities or from the trust described under **Legal Defeasance and Covenant Defeasance** when permitted thereby) if:

- (1) a payment default on Designated Senior Debt occurs and is continuing beyond any applicable grace period; or
- (2) any other default occurs and is continuing on any series of Designated Senior Debt that permits holders of that series of Designated Senior Debt to accelerate its maturity, and the trustee receives a notice of such default (a **Payment Blockage Notice**) from Asbury or the requisite holders of such series of Designated Senior Debt.

Payments on the notes will be resumed at the first to occur of the following:

- (1) in the case of a payment default, upon the date on which such default is cured or waived; and
- (2) in the case of a nonpayment default, upon the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable **Payment Blockage Notice** is received unless the maturity of any Designated Senior Debt has been accelerated.

No new **Payment Blockage Notice** may be delivered unless and until:



- (1) 360 days have elapsed since the delivery of the immediately prior Payment Blockage Notice; and
- (2) all scheduled payments of principal, interest and premium, if any, on the notes that have come due have been paid in full in cash.

The failure to make any payment on the notes by reason of the subordination provisions of the indenture will not be construed as preventing the occurrence of an Event of Default with respect to the notes by reason of the failure to make a required payment. Upon termination of any period of payment blockage, Asbury will be required to resume making any and all required payments under the notes, including any missed payments. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the trustee will be, or be made, the basis for a subsequent Payment Blockage Notice.

**Table of Contents**

If the trustee or any Holder of the notes receives a payment in respect of the notes (except in Permitted Junior Securities or from the trust described under Legal Defeasance and Covenant Defeasance ) when:

(1) the payment is prohibited by these subordination provisions; and

(2) the trustee or the Holder has actual knowledge that the payment is prohibited; the trustee or the Holder, as the case may be, will hold the payment in trust for the benefit of the holders of Senior Debt. Upon the proper written request of the holders of Senior Debt, the trustee or the Holder, as the case may be, will deliver the amounts in trust to the holders of Senior Debt or their proper representative.

Asbury must promptly notify holders of Senior Debt if payment of the notes is accelerated because of an Event of Default.

As a result of the subordination provisions described above, in the event of a bankruptcy, liquidation or reorganization of Asbury, Holders of notes may recover less ratably than creditors of Asbury who are holders of Senior Debt. See Risk Factors Your right to receive payments on the notes is junior to our existing and future senior indebtedness and the existing and future senior indebtedness of our guarantors.

*Designated Senior Debt* means:

(1) any Senior Debt outstanding under the Credit Agreement or any Floor Plan Facilities;

(2) any Mortgage Loans that have been designated by Asbury as Designated Senior Debt ; and

(3) any other Senior Debt permitted under the indenture, the principal amount of which is \$25.0 million or more and that has been designated by Asbury as Designated Senior Debt.

*Permitted Junior Securities* means:

(1) Equity Interests in Asbury or any Guarantor; or

(2) debt securities that are subordinated to all Senior Debt (and any debt securities issued in exchange for Senior Debt) to substantially the same extent as, or to a greater extent than, the notes and the Subsidiary Guarantees are subordinated to Senior Debt under the indenture.

*Senior Debt* means:

(1)

all Indebtedness of Asbury or any Guarantor outstanding under Credit Facilities, and all Hedging Obligations with respect thereto, and under Floor Plan Facilities;

- (2) any other Indebtedness of Asbury or any Guarantor permitted to be incurred under the terms of the indenture; and

(3) all Obligations with respect to the items listed in the preceding clauses (1) and (2), unless, in the case of clauses (1) and (2), the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the notes or any Subsidiary Guarantee, as the case may be.

Notwithstanding anything to the contrary in the preceding, Senior Debt will not include:

- (1) any liability for federal, state, local or other taxes owed or owing by Asbury;
- (2) any intercompany Indebtedness of Asbury or any of its Subsidiaries to Asbury or any of its Affiliates;
- (3) any trade payables; or

## **Table of Contents**

- (4) the portion of any Indebtedness that is incurred in violation of the indenture.

### **Optional Redemption**

At any time prior to December 15, 2017, Asbury may at its option on any one or more occasions redeem notes (which includes additional notes, if any) in an aggregate principal amount not to exceed 35% of the aggregate principal amount of notes (which includes additional notes, if any) issued under the indenture at a redemption price of 106.0% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds from one or more Equity Issuances; provided that:

- (1) at least 65% of the aggregate principal amount of notes (which includes additional notes, if any) issued under the indenture remains outstanding immediately after the redemption (excluding any notes held by Asbury or any of its Subsidiaries or Affiliates); and

- (2) the redemption occurs within 120 days of the date of the closing of such Equity Issuance.

At any time prior to December 15, 2019, Asbury will be entitled at its option to redeem all or a portion of the notes, upon not less than 30 nor more than 60 days prior notice, at a redemption price equal to 100% of the principal amount of the notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, the date of redemption (the Redemption Date ).

*Applicable Premium* means, with respect to a note at any Redemption Date, the greater of (i) 1.0% of the principal amount of such note and (ii) the excess of (A) the present value at such time of (1) the redemption price of such note at December 15, 2019 (such redemption price as described in the table below) plus (2) all required interest payments due on such note through December 15, 2019 (excluding accrued but unpaid interest to such Redemption Date) computed, in both cases, using a discount rate equal to the Treasury Rate plus 50 basis points, over, (B) the principal amount of such note.

*Treasury Rate* means the yield to maturity at a time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) which has become publicly available at least two business days prior to the Redemption Date (or, if such Statistical Release is no longer published, any publicly available source similar market data)) most nearly equal to the period from the Redemption Date to December 15, 2019; *provided, however*, that if the period from the Redemption Date to December 15, 2019 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the Redemption Date to December 15, 2019 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

On and after December 15, 2019, Asbury will be entitled at its option to redeem all or a portion of the notes upon not less than 30 nor more than 60 days notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the notes redeemed, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on December 15 of the years indicated below:

<b>Year</b>	<b>Percentage</b>
2019	103.000%
2020	102.000%
2021	101.000%
2022 and thereafter	100.000%

## **Table of Contents**

### **Selection and Notice**

If less than all of the notes are to be redeemed in connection with any redemption, the trustee will select notes (or portions of notes) for redemption as follows:

- (1) if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or
- (2) if the notes are not listed on any national securities exchange, on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate.

No notes of \$2,000 or less can be redeemed in part. Notices of redemption will be delivered at least 30 but not more than 60 days before the redemption date to each Holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture. Notice of any redemption may, at Asbury's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an Equity Issuance, other offering or other corporate transaction or event.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the Holder of notes upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption, unless such redemption is conditioned on the happening of a future event and all such conditions have not been satisfied. On and after the redemption date, interest will cease to accrue on notes or portions of them called for redemption.

### **No Mandatory Redemption or Sinking Fund**

Asbury is not required to make mandatory redemption or sinking fund payments with respect to the notes. However, under certain circumstances, Asbury may be required to offer to purchase notes as described under the captions

Repurchase at the Option of Holders Asset Sales and Change of Control. The indenture does not prohibit Asbury from purchasing notes in the open market or otherwise at any time and from time to time.

### **Repurchase at the Option of Holders**

#### *Change of Control*

If a Change of Control occurs, each Holder of notes will have the right to require Asbury to repurchase all or any part (equal to an integral multiple of \$1,000) of that Holder's notes validly tendered pursuant to the offer described below (the Change of Control Offer); *provided* that the unreurchased portion of the notes of any Holder must be equal to \$2,000 in principal amount or integral multiples of \$1,000 in excess thereof. The offer price in any Change of Control Offer will be payable in cash and will be equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to the date of purchase (the Change of Control Payment). Within 30 days following any Change of Control, Asbury will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the date specified in the notice (the Change of Control Payment Date), which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the indenture and described in such

notice. Asbury will comply with the requirements of Section 14(e) of and Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the indenture relating to the Change of Control, Asbury will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the indenture by virtue of such conflict.

On the Change of Control Payment Date, Asbury will, to the extent lawful:

- (1) accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

---

**Table of Contents**

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the notes properly accepted together with an officer's certificate stating the aggregate principal amount of notes or portions of notes being purchased by Asbury.

The paying agent will promptly mail to each Holder of notes properly tendered the Change of Control Payment for such notes, and the trustee will promptly authenticate and deliver (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; provided that each new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof.

Prior to complying with any of the provisions of this Change of Control covenant, but in any event within 90 days following a Change of Control, Asbury will either repay all outstanding Senior Debt or obtain the requisite consents, if any, under all agreements governing outstanding Senior Debt to permit the repurchase of notes required by this covenant. Asbury will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require Asbury to make a Change of Control Offer following a Change of Control are applicable whether or not any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the Holders of the notes to require that Asbury repurchase or redeem the notes in the event of a takeover, recapitalization or other similar transaction.

Asbury will not be required to make a Change of Control Offer upon a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by Asbury and purchases all notes properly tendered and not withdrawn under the Change of Control Offer or (ii) a notice of redemption has been thereafter given pursuant to the indenture as described above under the caption **Optional Redemption** and the notes are redeemed in accordance with the terms of such notice. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

The Change of Control purchase feature of the notes may in certain circumstances make more difficult or discourage a sale or takeover of Asbury and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between Asbury and the initial purchasers of the original notes. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on Asbury's ability to incur additional Indebtedness are contained in the covenant described under **Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock**. Such restrictions can only be waived with the consent of the Holders of a majority in principal amount of the notes then outstanding. Except for the limitations contained in such covenant, however, the indenture does not contain any covenants or provisions that may afford Holders of the notes protection in the event of a highly leveraged transaction.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of Asbury and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase





**Table of Contents**

substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of notes to require Asbury to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Asbury and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

*Asset Sales*

Asbury will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (1) Asbury (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the fair market value of the assets disposed of or the Equity Interests of the Restricted Subsidiary issued or sold or otherwise disposed of (determined by Asbury's Board of Directors if such fair market value exceeds \$10.0 million); and
- (2) at least 75% of the consideration received in the Asset Sale by Asbury or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:
  - (a) any liabilities, as shown on Asbury's or such Restricted Subsidiary's most recent balance sheet (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets or terminated by the holder of such liability and Asbury or such Restricted Subsidiary is released from further liability;
  - (b) any securities, notes or other obligations received by Asbury or any such Restricted Subsidiary from such transferee that are converted by Asbury or such Restricted Subsidiary into cash or Cash Equivalents within 90 days after receipt, to the extent of the cash or Cash Equivalents received in that conversion;
  - (c) any Designated Non-cash Consideration received by Asbury or any such Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that at that time has not been converted to cash, not to exceed \$35.0 million at the time of receipt of such Designated Non-cash Consideration, with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value; and
  - (d) Replacement Assets.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, Asbury or the Restricted Subsidiary, as the case may be, may apply an amount equal to such Net Proceeds at its option:

- (1) to repay any Senior Debt of Asbury or any of its Restricted Subsidiaries and if the Senior Debt repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto; or
- (2) (a) to acquire all or substantially all of, or a majority of the Voting Stock of, another Permitted Business, (b) to make a capital expenditure or (c) to acquire long-term assets that are used for or useful in a Permitted Business or, in each case of (a), (b) and (c), enter into a binding commitment for any such acquisition, investment or expenditure; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment unless earlier completed, only until the 180th day following the expiration of the aforementioned 365-day period; *provided further* that, if the acquisition, investment or expenditure contemplated by such binding commitment is not consummated on or before the 180th day following the expiration of the aforementioned 365-day period, such commitment shall be deemed not to have been a permitted application of Net Proceeds.

## **Table of Contents**

In addition to the foregoing, any investment, expenditure or capital expenditure of the type described in the foregoing clauses (a), (b) and (c) of the foregoing clause (2), in each case made within 60 days prior to an Asset Sale, shall be deemed to satisfy the previous paragraph with respect to the application of the Net Proceeds from such Asset Sale.

Pending the final application of any Net Proceeds, Asbury may temporarily reduce revolving credit borrowings or invest the Net Proceeds in any manner that is not otherwise prohibited by the indenture.

If any portion of the Net Proceeds from Asset Sales is not applied or invested as provided in the preceding paragraph or Asbury otherwise determines not to apply such Net Proceeds as so provided, such amount will constitute Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds \$40.0 million (or such lesser amount as Asbury determines), Asbury will (and at any time Asbury may) make an offer to holders of the notes (and to holders of other Senior Subordinated Indebtedness of Asbury designated by Asbury) to purchase notes (and such other Senior Subordinated Indebtedness of Asbury) pursuant to and subject to the conditions contained in the indenture (the Asset Sale Offer ). Asbury will purchase notes tendered pursuant to the Asset Sale Offer at a purchase price of 100% of their principal amount (or, in the event such other Senior Subordinated Indebtedness of Asbury was issued with significant original issue discount, 100% of the accreted value thereof) without premium, plus accrued but unpaid interest (or, in respect of such other Senior Subordinated Indebtedness of Asbury, such lesser price, if any, as may be provided for by the terms of such Senior Subordinated Indebtedness) in accordance with the procedures (including prorating in the event of oversubscription) set forth in the indenture (the Asset Sale Offer Price ). Asbury will be required to complete the Asset Sale Offer no earlier than 30 days and no later than 60 days after notice of the Asset Sale Offer is provided to the Holders, or such later date as may be required by applicable law. If the aggregate purchase price of the securities tendered exceeds the Net Proceeds allotted to their purchase, Asbury will select the securities to be purchased on a pro rata basis but in round denominations, which in the case of the notes will be denominations of integral multiples of \$1,000; *provided* that the unpurchased portion of the notes of any Holder must be equal to \$2,000 in principal amount or integral multiples of \$1,000 in excess thereof. If any Excess Proceeds remain after consummation of an Asset Sale Offer, Asbury may use those Excess Proceeds for any purpose not otherwise prohibited by the indenture. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

Asbury will comply with the requirements of Section 14(e) of and Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the indenture relating to an Asset Sale Offer, Asbury will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the indenture by virtue of such conflict.

The agreements governing Asbury's outstanding and future Senior Debt could prohibit Asbury from purchasing any notes, and also provide that certain change of control or asset sale events with respect to Asbury would constitute a default under these agreements. In the event a Change of Control or Asset Sale occurs at a time when Asbury is prohibited from purchasing notes, Asbury could seek the consent of its senior lenders to the purchase of notes or could attempt to refinance the borrowings that contain such prohibition. If Asbury does not obtain such a consent or repay such borrowings, Asbury will remain prohibited from purchasing notes. In such case, Asbury's failure to purchase tendered notes would constitute an Event of Default under the indenture, which would, in turn, likely constitute a default under such Senior Debt. In such circumstances, the subordination provisions in the indenture would likely restrict payments to the Holders of notes. See Risk Factors Your right to receive payments on the notes is junior to our existing and future senior indebtedness and the existing and future senior indebtedness of our guarantors.

The provisions under the indenture relating to Asbury's obligation to make an offer to repurchase the notes as a result of a Change of Control or an Asset Sale may be waived or modified (prior to or after the occurrence thereof) with the written consent of the Holders of a majority in principal amount of the notes then outstanding.

---

**Table of Contents**

**Suspension of Certain Covenants**

If on any date following the Issue Date:

(1) the notes are rated Baa3 or better by Moody's Investors Service, Inc. and BBB- or better by Standard & Poor's Ratings Services (or, if either such entity ceases to rate the notes for reasons outside of the control of Asbury, the equivalent investment grade credit rating from any other nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act selected by Asbury as a replacement agency); and

(2) no Default or Event of Default shall have occurred and be continuing, then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions in this prospectus will be suspended:

- (1) Repurchase at the Option of Holders Asset Sales ;
- (2) Certain Covenants Restricted Payments ;
- (3) Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock ;
- (4) Certain Covenants Anti-Layering ;
- (5) Certain Covenants Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries ;
- (6) clause (4) of Certain Covenants Merger, Consolidation or Sale of Assets ;
- (7) Certain Covenants Transactions with Affiliates ; and
- (8) Certain Covenants Additional Subsidiary Guarantees.

During any period that the foregoing covenants have been suspended, the board of directors of Asbury may not designate any of Asbury's Subsidiaries as Unrestricted Subsidiaries. Notwithstanding the foregoing, if the rating assigned by either such rating agency should subsequently decline to below Baa3 or BBB-, respectively, the foregoing covenants will be reinstated as of and from the date of such rating decline. Any Indebtedness incurred during the period when the covenants are suspended will be classified as having been incurred pursuant to the first paragraph of Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock. To the extent such Indebtedness would not be so permitted to be incurred, such Indebtedness will be deemed to have been outstanding on the Issue Date, so

that it is classified as permitted under clause (2) of the second paragraph under **Certain Covenants** **Incurrence of Indebtedness and Issuance of Preferred Stock**. Calculations under the reinstated **Restricted Payments** covenant will be made as if the **Restricted Payments** covenant had been in effect since December 4, 2014. However, no Default or Event of Default will be deemed to have occurred as a result of any actions taken by Asbury or its Restricted Subsidiaries during the period when the covenants are suspended.

Promptly following the occurrence of any suspension or reinstatement of the covenants as described above, Asbury will provide an officer's certificate to the Trustee regarding such occurrence. The Trustee shall have no obligation to independently determine or verify if a suspension or reinstatement has occurred or notify the Holders of any suspension or reinstatement. The Trustee may provide a copy of such officer's certificate to any Holder of the notes upon request. There can be no assurance that the notes will ever achieve an investment grade rating or, if such ratings are achieved, that they will be maintained.

### **Certain Covenants**

#### *Restricted Payments*

Asbury will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend on, or make any other payment or distribution on account of, Asbury's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in

**Table of Contents**

connection with any merger or consolidation involving Asbury or any of its Restricted Subsidiaries) or to the direct or indirect holders of Asbury's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable (i) in Equity Interests (other than Disqualified Stock) of Asbury or (ii) to Asbury or a Restricted Subsidiary);

- (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving Asbury) any Equity Interests of Asbury or any direct or indirect parent of Asbury (other than any such Equity Interests owned by Asbury or any of its Restricted Subsidiaries);
- (3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, in each case, prior to any scheduled repayment, sinking fund payment or maturity, any Indebtedness that is subordinated to the notes or the Subsidiary Guarantees, except the payment, purchase, redemption, defeasance or other acquisition or retirement purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such payment, purchase, redemption, defeasance or other acquisition or retirement for value; or

- (4) make any Restricted Investment;

(all such payments and other actions set forth in the clauses (1) through (4) above being collectively referred to as Restricted Payments ),

unless, at the time of and after giving effect to such Restricted Payment:

- (1) no Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;
- (2) Asbury would, after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption Incurrence of Indebtedness and Issuance of Preferred Stock ; and
- (3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Asbury and its Restricted Subsidiaries beginning on October 1, 2014 (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (9) and (10) of the next succeeding paragraph), is less than the sum, without duplication, of:
  - (a) 50% of the Consolidated Net Income of Asbury for the period (taken as one accounting period) beginning on October 1, 2014 up to the end of Asbury's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus



- (b) 100% of the aggregate net cash proceeds (including the fair market value of property other than cash) received by Asbury on or after October 1, 2014 as a contribution to its common equity capital or from the issue or sale of Equity Interests of Asbury (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of Asbury that have been converted into or exchanged for such Equity Interests (other than Equity Interests, Disqualified Stock or debt securities sold to a Subsidiary of Asbury), plus
- (c) the amount by which Indebtedness or Disqualified Stock incurred or issued subsequent to the Issue Date is reduced on Asbury's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of Asbury) into Equity Interests of Asbury (other than Disqualified Stock) (less the amount of any cash, or the fair market value of any other asset, distributed by

**Table of Contents**

Asbury or any Restricted Subsidiary upon such conversion or exchange); provided that such amount shall not exceed the aggregate net proceeds received by Asbury or any Restricted Subsidiary after the Issue Date from the issuance and sale (other than to a Subsidiary of Asbury) of such Indebtedness or Disqualified Stock, plus

- (d) to the extent that any Restricted Investment that was made on or after October 1, 2014 has been or is sold for cash or otherwise liquidated or repaid, purchased or redeemed for cash, the lesser of
  - (i) such cash (less the cost of disposition, if any) and (ii) the amount of such Restricted Investment, plus
- (e) to the extent not otherwise included in the calculation of Consolidated Net Income of Asbury for such period, 100% of the net reduction in Investments (other than Permitted Investments) in any Person other than Asbury or a Restricted Subsidiary resulting from dividends, repayment of loans or advances or other transfers of assets, in each case to Asbury or any Restricted Subsidiary, plus
- (f) to the extent not otherwise included in the calculation of Consolidated Net Income of Asbury for such period, 100% of any dividends or interest payments received by Asbury or a Restricted Subsidiary on and after the Issue Date from an Unrestricted Subsidiary or other Investment (other than a Permitted Investment), plus
- (g) to the extent that any Unrestricted Subsidiary of Asbury has been or is redesignated as a Restricted Subsidiary on or after October 1, 2014, the lesser of (i) the fair market value of Asbury's Investment in such Subsidiary as of the date of such redesignation and (ii) such fair market value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary.

As of December 31, 2015, pursuant to clause (3) above, Asbury would have been able to make approximately \$93.4 million in Restricted Payments.

So long as no Default has occurred and is continuing or would be caused thereby (except in the case of clause (1) below), the preceding provisions will not prohibit:

- (1) the payment of any dividend or distribution on, or redemption of, Equity Interests, within 60 days after the date of declaration of the dividend or the giving of notice thereof, if, at the date of such declaration or the giving of such notice the payment would have complied with the provisions of the indenture;
- (2) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of Asbury or any Guarantor or of any Equity Interests of Asbury, or the making of any Investment, in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of Asbury) of, or capital contribution in respect of, Equity Interests of Asbury (other than Disqualified Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition or any such Investment will be

excluded from clause (3)(b) of the second preceding paragraph;

- (3) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of Asbury or any Guarantor with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;
- (4) the payment of any dividend or other payment or distribution by a Restricted Subsidiary of Asbury to the holders of its Equity Interests on a pro rata basis;
- (5) repurchases of Equity Interests deemed to occur upon exercise of stock options if those Equity Interests represent all or a portion of the exercise price of those options;

## Table of Contents

- (6) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of Asbury or any Restricted Subsidiary of Asbury (in the event such Equity Interests are not owned by Asbury or any of its Restricted Subsidiaries) in an amount not to exceed \$20.0 million in any fiscal year;
- (7) the purchase by Asbury of fractional shares arising out of stock dividends, splits or combinations or business combinations;
- (8) the declaration and payment of dividends to holders of any class or series of preferred stock of Asbury issued or incurred in compliance with the covenant described above under *Incurrence of Indebtedness and Issuance of Preferred Stock* to the extent such dividends are included in the definition of Fixed Charges;
- (9) Restricted Payments not to exceed \$150.0 million under this clause (9) in the aggregate, plus, to the extent Restricted Payments made pursuant to this clause (9) are Investments made by Asbury or any of its Restricted Subsidiaries in any Person and such Investment is sold for cash or otherwise liquidated or repaid, purchased or redeemed for cash, an amount equal to the lesser of (i) such cash (less the cost of disposition, if any) and (ii) the amount of such Restricted Payment; *provided* that the amount of such cash will be excluded from clause (3)(d) of the immediately preceding paragraph; or
- (10) other Restricted Payments, so long as the Consolidated Total Leverage Ratio of Asbury and its Restricted Subsidiaries on a consolidated basis is no greater than 3.0 to 1.0 determined on a pro forma basis for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of such Restricted Payment.

The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Asbury or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant will be determined by Asbury (or if such fair market value exceeds \$10.0 million, by Asbury's Board of Directors).

### *Incurrence of Indebtedness and Issuance of Preferred Stock*

Asbury will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, *incur*) any Indebtedness (including Acquired Debt), and Asbury will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*, that Asbury may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and Asbury's Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue preferred stock, in each case, if the Fixed Charge Coverage Ratio for Asbury's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the preferred stock or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not, prohibit the incurrence of any of the following items of Indebtedness (collectively, Permitted Debt ):

- (1) the incurrence by Asbury or any of its Restricted Subsidiaries of Indebtedness and letters of credit under Credit Facilities, in an aggregate principal amount at any one time outstanding under this clause (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of Asbury and its Restricted Subsidiaries thereunder) not to exceed the greater of:
  - (a) \$550.0 million less the aggregate amount of all Net Proceeds of Asset Sales applied by Asbury or any of its Restricted Subsidiaries since December 4, 2014 to repay term Indebtedness under a

**Table of Contents**

Credit Facility or to repay revolving credit Indebtedness and effect a corresponding commitment reduction thereunder, in each case, in satisfaction of the covenant described above under the caption Repurchase at the Option of Holders Asset Sales ; and

- (b) 30% of Asbury's Consolidated Net Tangible Assets as of the date of such incurrence;
- (2) the incurrence by Asbury or any of its Restricted Subsidiaries of Existing Indebtedness;
- (3) the incurrence by Asbury or any of its Restricted Subsidiaries of Indebtedness represented by the notes and the related Subsidiary Guarantees to be issued on December 4, 2014 and the Exchange Notes and the related Subsidiary Guarantees to be issued pursuant to the registration rights agreement (and any exchange notes in respect of additional notes or other debt properly incurred under the indenture, where the terms of such exchange notes are substantially identical to such other debt);
- (4) the incurrence by Asbury or any of its Restricted Subsidiaries of Indebtedness under Floor Plan Facilities;
- (5) the incurrence by Asbury or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of Asbury or such Restricted Subsidiary, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund or refinance any Indebtedness incurred pursuant to this clause (5), not to exceed, at any time outstanding, the greater of \$50.0 million and 3.0% of Consolidated Total Assets;
- (6) the incurrence by Asbury or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness (other than intercompany Indebtedness) that was permitted by the indenture to be incurred under the first paragraph of this covenant or clauses (2), (3) or (6) of this paragraph;
- (7) the incurrence by Asbury or any of its Restricted Subsidiaries of intercompany Indebtedness between or among Asbury and its Restricted Subsidiaries; provided, that:
  - (a) if Asbury or any Guarantor is the obligor on such Indebtedness owing to a Restricted Subsidiary, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the notes, in the case of Asbury, or the Subsidiary Guarantee, in the case of a Guarantor; and
  - (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than Asbury or a Restricted Subsidiary of Asbury and (ii) any sale or other

transfer of any such Indebtedness to a Person that is not either Asbury or a Restricted Subsidiary of Asbury will be deemed, in each case, to constitute an incurrence of such Indebtedness by Asbury or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (7);

- (8) the incurrence by Asbury or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business and not for speculative purposes;
- (9) the guarantee by Asbury or any of its Restricted Subsidiaries of Indebtedness of Asbury or a Restricted Subsidiary that was permitted to be incurred by another provision of this covenant;
- (10) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, *provided* that such Indebtedness is extinguished within five Business Days of its incurrence;

## **Table of Contents**

- (11) Obligations in respect of (A) performance, bid and surety bonds and completion guarantees provided by Asbury or any of its Restricted Subsidiaries in the ordinary course of business and (B) agreements providing for indemnification, adjustment of purchase price, earn-outs or similar obligations incurred in connection with the acquisition or disposition of any business, assets or subsidiary;
- (12) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business;
- (13) Indebtedness consisting of the financing of insurance premiums;
- (14) Indebtedness consisting of Guarantees incurred in the ordinary course of business under repurchase agreements or similar agreements in connection with the financing of sales of goods in the ordinary course of business;
- (15) the incurrence by Asbury or any of its Restricted Subsidiaries of Indebtedness under Mortgage Loans in an amount incurred pursuant to this clause (15) not to exceed \$200.0 million at any time outstanding; and
- (16) the incurrence by Asbury or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) which, when taken together with all other Indebtedness of Asbury and its Restricted Subsidiaries outstanding on the date of such incurrence and incurred pursuant to this clause (16), does not exceed the greater of \$125.0 million and 6.0% of Consolidated Total Assets.

For purposes of determining compliance with this Incurrence of Indebtedness and Issuance of Preferred Stock covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (16) above, and may also be entitled to be incurred in whole or in part pursuant to the first paragraph of this covenant, Asbury will be permitted to divide and classify such item of Indebtedness on the date of its incurrence and later divide and reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. Indebtedness that was outstanding on December 4, 2014 under Credit Facilities is deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of Permitted Debt and unless repaid may not be reclassified.

Accrual of interest and dividends, accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, changes to amounts outstanding in respect of Hedging Obligations solely as a result of fluctuations in interest rates, the assumption or guarantee of Indebtedness of a Restricted Subsidiary by Asbury or another Restricted Subsidiary and the payment of dividends on Disqualified Stock or preferred stock of Restricted Subsidiaries in the form of additional shares of the same class of Disqualified Stock or preferred stock of Restricted Subsidiaries is not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock or preferred stock of Restricted Subsidiaries for purpose of this covenant.

### *Anti-Layering*

Asbury will not incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to any Senior Debt of Asbury and senior in any respect in right of payment to the notes. No Guarantor will incur, create, issue, assume, guarantee or otherwise become liable for any



Indebtedness that is subordinate or junior in right of payment to the Senior Debt of such Guarantor and senior in any respect in right of payment to such Guarantor's Subsidiary Guarantee. No Indebtedness will be considered to be senior to other Indebtedness by virtue of being secured.

*Liens*

Asbury will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind securing Indebtedness or Attributable Debt on any asset now owned or hereafter acquired, except Permitted Liens.

**Table of Contents**

Any Lien granted pursuant to clause (2) of the definition of Permitted Liens shall be automatically released if the Liens securing such Indebtedness which gave rise to such Lien shall have been discharged, other than in connection with the exercise of remedies related to such Lien.

*Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*

Asbury will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any of its Restricted Subsidiaries to:

- (1) pay dividends or make any other distributions on its Capital Stock to Asbury or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to Asbury or any of its Restricted Subsidiaries;
- (2) make loans or advances to Asbury or any of its Restricted Subsidiaries; or
- (3) transfer any of its properties or assets to Asbury or any of its Restricted Subsidiaries.

However, the preceding restrictions do not apply to encumbrances or restrictions existing under or by reason of:

- (1) any agreement in effect or entered into on December 4, 2014, including agreements governing Existing Indebtedness, Credit Facilities and Floor Plan Facilities as in effect on December 4, 2014 and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings of such instrument are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such agreement on December 4, 2014;
- (2) the indenture, the notes and the Subsidiary Guarantees;
- (3) applicable law and any applicable rule, regulation or order;
- (4) any instrument governing Indebtedness or Capital Stock of a Person acquired by Asbury or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the indenture to be incurred;

- (5) any encumbrance or restriction pursuant to an agreement effecting a permitted renewal, refunding, replacement, refinancing or extension of Indebtedness issued pursuant to an agreement containing any encumbrance or restriction referred to in the foregoing clauses (2) and (4), so long as the encumbrances and restrictions contained in any such renewal, refunding, replacement, refinancing or extension agreement are no less favorable in any material respect to the Holders than the encumbrances and restrictions contained in the agreements governing the Indebtedness being renewed, refunded, replaced, refinanced or extended in the good faith judgment of Asbury;
- (6) customary non-assignment provisions in leases entered into in the ordinary course of business;
- (7) purchase money obligations for property acquired that impose restrictions on the transfer of that property of the nature described in clause (3) of the preceding paragraph; *provided* that any such encumbrance or restriction is released to the extent the underlying Lien is released or the related Indebtedness is repaid;

**Table of Contents**

- (8) any agreement for the sale or other disposition of assets, including, without limitation, customary restrictions with respect to a Subsidiary pursuant to an agreement that has been entered into for the sale or disposition of substantially all of the Capital Stock or substantially all of the assets of that Subsidiary;
- (9) Permitted Refinancing Indebtedness, *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;
- (10) Liens that limit the right of the debtor to dispose of the assets subject to such Liens;
- (11) covenants in a franchise or other agreement entered into in the ordinary course of business with a Manufacturer customary for franchise agreements in the vehicle retailing industry;
- (12) customary provisions in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business;
- (13) customary provisions restricting subletting or assignment of any lease, contract or license of Asbury or any Restricted Subsidiary or provisions in agreements that restrict the assignment of such agreement or any rights thereunder;
- (14) restrictions on cash or other deposits or net worth, total assets, liquidity and similar financial responsibility covenants imposed by customers under contracts entered into in the ordinary course of business; and
- (15) covenants in Floor Plan Facilities customary for inventory and floor plan financing in the automobile retailing industry.

*Merger, Consolidation or Sale of Assets*

Asbury may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not Asbury is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of Asbury and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

- (1) either: (a) Asbury is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than Asbury) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia (any such Person, the Successor Company );
- (2) any Successor Company assumes all the obligations of Asbury under the notes and the indenture;

(3) immediately after such transaction no Default exists; and

(4)(A) Asbury or the Successor Company will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four- quarter period, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption Incurrence of Indebtedness and Issuance of Preferred Stock, or (B) the Fixed Charge Coverage Ratio for Asbury or the Successor Company would be equal to or greater than such ratio for Asbury immediately prior to such transaction.

## **Table of Contents**

The foregoing clause (4) will not prohibit (a) a merger between Asbury and any of its Restricted Subsidiaries or (b) a merger between Asbury and an Affiliate with no liabilities (other than de minimis liabilities); provided that the Affiliate is incorporated and the merger undertaken solely for the purpose of reincorporating Asbury in another state of the United States, so long as the amount of Indebtedness of Asbury and its Restricted Subsidiaries is not increased thereby.

In addition, Asbury may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. The Merger, Consolidation or Sale of Assets covenant will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among Asbury and any of the Guarantors.

The Successor Company, if any, will be the successor to Asbury and shall succeed to, and be substituted for, and may exercise every right and power of, Asbury under the indenture, and the predecessor company, in the case of a merger, consolidation or sale of all of Asbury's assets, shall be released from its obligations with respect to the notes, including with respect to its obligation to pay the principal of and interest, if any, on the notes.

### *Designation of Restricted and Unrestricted Subsidiaries*

The Board of Directors may designate any Restricted Subsidiary of Asbury to be an Unrestricted Subsidiary if no Default has occurred and is continuing at the time of the designation and if that designation would not cause a Default. If a Restricted Subsidiary of Asbury is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by Asbury and its Restricted Subsidiaries in the Subsidiary properly designated will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the first or third paragraphs of the covenant described above under the caption Restricted Payments or Permitted Investments, as determined by Asbury. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. In addition, no such designation may be made unless the proposed Unrestricted Subsidiary does not own any Capital Stock in any Restricted Subsidiary that is not simultaneously subject to designation as an Unrestricted Subsidiary. The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

### *Transactions with Affiliates*

Asbury will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee involving aggregate consideration in excess of \$5.0 million with, or for the benefit of, any Affiliate (each, an Affiliate Transaction), unless:

- (1) the Affiliate Transaction is on terms that are not materially less favorable to Asbury or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by Asbury or such Restricted Subsidiary with an unrelated Person; and
- (2) Asbury delivers to the trustee:
  - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$10.0 million, a resolution of the Board of Directors set forth in

an officer's certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

- (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$25.0 million, an opinion as to the fairness to the Holders of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

## **Table of Contents**

Notwithstanding the foregoing, the following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

- (1) any employment agreement (or amendment thereto) entered into by Asbury or any of its Restricted Subsidiaries in the ordinary course of business of Asbury or such Restricted Subsidiary, including the payment of indemnities provided for the benefit of employees party to such employment agreements;
- (2) transactions between or among Asbury and/or its Restricted Subsidiaries;
- (3) transactions with a Person that is an Affiliate of Asbury solely because Asbury owns an Equity Interest in, or controls, such Person;
- (4) payment of directors' fees and indemnities provided for the benefit of directors;
- (5) issuances or sales of Equity Interests (other than Disqualified Stock) of Asbury;
- (6) the pledge of Equity Interests of Unrestricted Subsidiaries to support the Indebtedness thereof; and
- (7) Permitted Investments and Restricted Payments that are permitted by the provisions of the indenture described above under the caption Restricted Payments.

### *Additional Subsidiary Guarantees*

Any (x) wholly owned Domestic Subsidiary of Asbury (with assets in excess of \$1.0 million) which incurs, has outstanding or guarantees any Indebtedness and (y) non-wholly owned Domestic Subsidiary of Asbury (with assets in excess of \$1.0 million) which incurs, has outstanding or guarantees any capital markets debt securities will, within 30 days of such incurrence or guarantee (or, if the Domestic Subsidiary has outstanding or guarantees Indebtedness or capital markets debt securities, as the case may be, at the time of its creation or acquisition, within 30 days of such creation or acquisition), become a Guarantor and execute and deliver to the trustee a supplemental indenture pursuant to which such Subsidiary will agree to guarantee Asbury's obligations under the notes; provided, however, that all Subsidiaries that have properly been designated as Unrestricted Subsidiaries in accordance with the indenture for so long as they continue to constitute Unrestricted Subsidiaries will not have to comply with the requirements of this covenant.

### *Payments for Consent*

Asbury will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indenture or the notes unless such consideration is offered to be paid and/or is paid to all Holders of the notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.



*Reports*

Whether or not required by the SEC, so long as any notes are outstanding, Asbury will furnish to the Holders of notes, within 15 days after the date by which Asbury would have been required by the SEC's rules and regulations to file such documents:

- (1) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if Asbury were required to file such Forms, including a Management's Discussion and Analysis of Financial Condition and Results of Operations and, with respect to the annual information only, a report on the annual financial statements by Asbury's certified independent accountants; and

## **Table of Contents**

- (2) all current reports that would be required to be filed with the SEC on Form 8-K if Asbury were required to file such reports.

In addition, whether or not required by the SEC, Asbury will file a copy of all of the information and reports referred to in clauses (1) and (2) above with the SEC for public availability within 15 days after the date by which Asbury would have been required by the SEC's rules and regulations to file such documents (unless the SEC will not accept such a filing). In addition, Asbury and the Guarantors have agreed that, for so long as any notes remain outstanding, they will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. Asbury will be deemed to have furnished the reports referred to in clauses (1) and (2) above and the preceding sentence if Asbury has filed such reports with the SEC (and such reports are publicly available).

## **Events of Default and Remedies**

Each of the following is an Event of Default:

- (1) default for 30 days in the payment when due of interest on the notes whether or not prohibited by the subordination provisions of the indenture;
- (2) default in payment when due of the principal of, or premium, if any, on the notes, whether or not prohibited by the subordination provisions of the indenture;
- (3) failure by Asbury to comply with the provisions described under the caption **Certain Covenants Merger, Consolidation or Sale of Assets** ;
- (4) failure by Asbury or any of its Restricted Subsidiaries to comply for 30 days after receipt of notice with the provisions described under the captions **Repurchase at the Option of Holders Change of Control, Repurchase at the Option of Holders Asset Sales, Certain Covenants Restricted Payments, or Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock** ;
- (5) failure by Asbury or any of its Restricted Subsidiaries to comply for 60 days after receipt of notice with any of the other agreements in the indenture;
- (6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Asbury or any of its Restricted Subsidiaries (or the payment of which is guaranteed by Asbury or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee existed as of December 4, 2014 or is or was created thereafter, if that default:
  - (a) is caused by a failure to pay principal at its stated maturity after giving effect to any applicable grace period provided in such Indebtedness (a **Payment Default** ); or

(b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$40.0 million or more and such Indebtedness has not been discharged or such acceleration has not been rescinded or annulled within 30 days;

- (7) failure by Asbury or any of its Restricted Subsidiaries to pay final judgments aggregating in excess of \$40.0 million (exclusive of any portion of any such payment covered by insurance or bonded, treating any deductible, self-insurance or retention as not so covered), which judgments are not paid, discharged or stayed for a period of 60 days;

**Table of Contents**

- (8) except as permitted by the indenture, any Subsidiary Guarantee of a Guarantor that is a Significant Subsidiary or of any group of Guarantors that, taken together, would constitute a Significant Subsidiary, shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, or any Person acting on behalf of any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, shall deny or disaffirm its obligations under its Subsidiary Guarantee; and
- (9) certain events of bankruptcy or insolvency described in the indenture with respect to Asbury or a Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary.

However, a default under clauses (4) or (5) will not constitute an Event of Default until the trustee or the holders of 25% in aggregate principal amount of the outstanding notes notify Asbury of the default and Asbury does not cure such default within the time specified after receipt of such notice. In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to Asbury, any Guarantor that is a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary, all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding notes may declare all the notes to be due and payable immediately.

Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from Holders of the notes notice of any continuing Default if it determines that withholding notice is in their interest, except a Default relating to the payment of principal or interest.

The Holders of a majority in aggregate principal amount of the notes then outstanding by notice to the trustee may on behalf of the Holders of all of the notes waive any existing Default and its consequences under the indenture except a continuing Default in the payment of interest on, or the principal of, the notes (other than the non-payment of principal or interest, if any, on the notes that became due solely because of the acceleration of the notes).

A Default under the notes, unless cured or waived, could trigger manufacturer rights to acquire certain of our dealerships.

Asbury is required to deliver to the trustee within 90 days after the end of each fiscal year a statement regarding compliance with the indenture during such fiscal year. Within 10 business days of becoming aware of any Default or Event of Default that has not been cured, Asbury is required to deliver to the trustee a statement specifying such Default.

**No Personal Liability of Directors, Officers, Employees and Stockholders**

No director, officer, employee, incorporator or stockholder of Asbury or any Guarantor, as such, will have any liability for any obligations of Asbury or the Guarantors under the notes, the indenture, the Subsidiary Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such waiver is against public policy.



## **Table of Contents**

### **Legal Defeasance and Covenant Defeasance**

Asbury may, at its option and at any time, elect to terminate all of the obligations of itself and the Guarantors with respect to the notes and the indenture ( Legal Defeasance ) except for:

- (1) the rights of Holders to receive payments in respect of the principal of, or interest or premium, if any, on such notes when such payments are due from amounts deposited in trust (as described below);
- (2) Asbury's obligations to issue temporary notes, register the transfer or exchange of notes, to replace mutilated, destroyed, lost or stolen notes and to maintain a registrar and paying agent in respect of the notes;
- (3) the rights, powers, trusts, duties and immunities of the trustee, and the related obligations of Asbury and the Guarantors; and
- (4) the Legal Defeasance provisions of the indenture.

In addition, Asbury may, at its option and at any time, elect to have the obligations of Asbury and the Guarantors released with respect to the covenants that are described above under Repurchase at the Option of Holders Change of Control and Asset Sales, Certain Covenants Restricted Payments, Incurrence of Indebtedness and Issuance of Preferred Stock, Anti-Layering, Liens, Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries, clause (c) Merger, Consolidation or Sale of Assets, Designation of Restricted and Unrestricted Subsidiaries, Transactions with Affiliates, Additional Subsidiary Guarantees, Payments for Consent, Reports and the covenant in the indenture with respect to the payment of taxes and other claims ( Covenant Defeasance ). Thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment and bankruptcy events with respect to Asbury) described under Events of Default and Remedies will no longer constitute an Event of Default with respect to the notes.

If Asbury exercises its Legal Defeasance or Covenant Defeasance option, each Guarantor will be released from all of its obligations with respect to its Guarantee.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) Asbury must irrevocably deposit with the trustee, in trust, for the benefit of the Holders of the notes, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium, if any, on the outstanding notes on the stated maturity or on the applicable redemption date, as the case may be, and Asbury must specify whether the notes are being defeased to maturity or to a particular redemption date;

- (2) in the case of Legal Defeasance only, Asbury must deliver to the trustee an opinion of counsel confirming that (a) Asbury has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since December 4, 2014, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the Holders and beneficial owners of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance only, Asbury must deliver to the trustee an opinion of counsel confirming that the Holders and beneficial owners of the outstanding notes will not recognize income,

**Table of Contents**

gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

- (4) no Default has occurred and is continuing on the date of such deposit (other than a Default resulting from any borrowing of funds to be applied to such deposit);
- (5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the indenture) to which Asbury or any of its Restricted Subsidiaries is a party or by which Asbury or any of its Restricted Subsidiaries is bound;
- (6) Asbury must deliver to the trustee an officer's certificate stating that the deposit was not made by Asbury with the intent of preferring the Holders of notes over the other creditors of Asbury with the intent of defeating, hindering, delaying or defrauding creditors of Asbury or others; and
- (7) Asbury must deliver to the trustee an officer's certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

**Amendment, Supplement and Waiver**

Except as provided in the next three succeeding paragraphs, the indenture or the notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes), and any existing default or compliance with any provision of the indenture or the notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes).

Without the consent of each Holder affected, an amendment, supplement or waiver may not (with respect to any notes held by a non-consenting Holder):

- (1) reduce the principal amount of notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any note or reduce any amount payable on any redemption of the notes (other than provisions relating to the covenants described above under the caption Repurchase at the Option of Holders );
- (3) reduce the rate of or change the time for payment of interest on any note;
- (4)



waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, on the notes (except a rescission of acceleration of the notes by the Holders of at least a majority in aggregate principal amount of the notes and a waiver of the payment default that resulted from such acceleration);

- (5) make any note payable in money other than that stated in the notes;
- (6) make any change in the provisions of the indenture relating to waivers of past Defaults or the rights of Holders of notes to receive payments of principal of, or interest or premium, if any, on the notes;
- (7) waive a redemption payment with respect to any note (other than a payment required by one of the covenants described above under the caption Repurchase at the Option of Holders );
- (8) release any Guarantor from any of its obligations under its Subsidiary Guarantee or the indenture,

**Table of Contents**

except in accordance with the terms of the indenture; or

- (9) make any change in the preceding amendment and waiver provisions.

In addition, any amendment to, or waiver of, the provisions of the indenture relating to subordination that adversely affects the rights of the Holders of the notes requires the consent of the Holders of at least 75% in aggregate principal amount of notes then outstanding.

Notwithstanding the foregoing, without the consent of any Holder of notes, Asbury, the Guarantors and the trustee may amend or supplement the indenture or the notes:

- (1) to cure any ambiguity, defect or inconsistency or to make a modification of a formal, minor or technical nature or to correct a manifest error;
- (2) to provide for uncertificated notes in addition to or in place of certificated notes;
- (3) to provide for the assumption of Asbury's or any Guarantor's obligations to Holders of notes in the case of a merger or consolidation or sale of all or substantially all of Asbury's assets;
- (4) to add Guarantees with respect to the notes or to secure the notes (which supplemental indenture need not be executed by existing Guarantors);
- (5) to add to the covenants of Asbury or any Guarantor for the benefit of the Holders of the notes or surrender any right or power conferred upon Asbury or any Guarantor;
- (6) to make any change that would provide any additional rights or benefits to the Holders of notes or that does not adversely affect the legal rights under the indenture of any such Holder;
- (7) to comply with requirements of the SEC in connection with the qualification of the indenture under the Trust Indenture Act;
- (8) to evidence and provide for the acceptance and appointment under the indenture of a successor trustee pursuant to the requirements thereof;
- (9) to conform the text of the indenture, the notes or the Guarantees of the notes to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a substantially verbatim recitation of a provision of the indenture, the notes or the Guarantees of the notes;

(10) to provide for the issuance of exchange notes; or

(11) to provide for the issuance of additional notes in accordance with the indenture.

However, no amendment may be made to (A) the subordination provisions of the indenture or (B) the conditions precedent to Legal Defeasance and Covenant Defeasance described in clause (5) under the caption Legal Defeasance and Covenant Defeasance, in each case, that adversely affects the rights of any holder of Senior Debt of Asbury or a Guarantor then outstanding unless the holders of such Senior Debt (or their representative) consents to such change.

The consent of the Holders is not necessary under the indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

After an amendment under the indenture becomes effective, we are required to deliver to holders of the notes a notice briefly describing such amendment. However, the failure to give such notice to all holders of the notes, or any defect therein, will not impair or affect the validity of the amendment.

## **Table of Contents**

### **Satisfaction and Discharge**

The indenture will be discharged and will cease to be of further effect as to all notes (and guarantees) issued thereunder, when:

- (1) either:
  - (a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to Asbury, have been delivered to the trustee for cancellation; or
  - (b) all notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and Asbury or any Guarantor has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, pursuant to arrangements satisfactory to the trustee, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the notes not delivered to the trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;
- (2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any other material instrument to which Asbury or any Guarantor is a party or by which Asbury or any Guarantor is bound;
- (3) Asbury or any Guarantor has paid or caused to be paid all sums payable by it under the indenture; and
- (4) Asbury has delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or the redemption date, as the case may be.

In addition, Asbury must deliver an officer's certificate and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

### **Concerning the Trustee**

If the trustee becomes a creditor of Asbury or any Guarantor, the indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee is permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign. If the trustee fails to either eliminate the conflicting interest, obtain permission or resign within 10 days of the expiration of the 90-day period, the trustee is required to notify the Holders to this effect and any Holder that has been a bona fide holder for at least six

months may petition a court to remove the trustee and appoint a successor trustee.

The Holders of a majority in principal amount of the then outstanding notes have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The indenture provides that in case an Event of Default occurs and is continuing, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any Holder of notes, unless such Holder has offered to the trustee security and indemnity satisfactory to it against any loss, liability or expense.

### **Governing Law**

The indenture, the notes and the Subsidiary Guarantees are governed by and construed in accordance with the laws of the State of New York.

## **Table of Contents**

### **Additional Information**

Anyone who receives this prospectus may obtain a copy of the indenture without charge by writing to Asbury Automotive Group, Inc., 2905 Premiere Parkway NW, Suite 300, Duluth, Georgia 30097, Attention: Chief Financial Officer.

### **Book-Entry, Delivery and Form**

We issued the original notes in the form of global securities registered in the name of a nominee of DTC. The exchange notes will be initially issued in the form of global securities registered in the name of DTC or its nominee.

Upon the issuance of a global security, DTC or its nominee will credit the accounts of persons holding through it with the respective principal amounts of the applicable exchange notes represented by such global security exchanged by such persons in the exchange offer. The term *global security* means the outstanding global securities or the exchange global securities, as the context may require. Ownership of beneficial interests in a global security will be limited to persons that have accounts with DTC, which we refer to as participants, or persons that may hold interests through participants. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership interest will be effected only through, records maintained by DTC (with respect to participants' interests) and such participants (with respect to the owners of beneficial interests in such global security other than participants). The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. These limits and laws may impair the ability to transfer beneficial interests in a global security. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a person having beneficial interests in a global security to pledge its interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing those interests.

Payment of principal of and interest on any exchange notes represented by a global security will be made in immediately available funds to DTC or its nominee, as the case may be, as the sole registered owner and the sole holder of the exchange notes represented thereby for all purposes under the indentures. The Company has been advised by DTC that upon receipt of any payment of principal of or interest on any global security, DTC will immediately credit, on its book-entry registration and transfer system, the accounts of participants with payments in amounts proportionate to their respective beneficial interests in the principal or face amount of such global security as shown on the records of DTC. Payments by participants to owners of beneficial interests in a global security held through such participants will be governed by standing instructions and customary practices as is now the case with securities held for customer accounts registered in *street name* and will be the sole responsibility of such participants.

A global security may not be transferred except as a whole by DTC or a nominee of DTC to a nominee of DTC or to DTC. A global security is exchangeable for certificated exchange notes only if:

- (a) DTC notifies the Company that it is unwilling or unable to continue as a depository for such global security or if at any time DTC ceases to be a clearing agency registered under the Exchange Act and, in either case, the Company fails to appoint a successor depository;
- (b) the Company, in its discretion, at any time determines not to have all the exchange notes represented by such global security; or
- (c) there shall have occurred and be continuing a Default or an Event of Default with respect to the exchange notes of the series represented by such global security.

Any global security that is exchangeable for certificated exchange notes pursuant to the preceding sentence will be exchanged for certificated exchange notes in authorized denominations and registered in such names as DTC or any successor depositary holding such global security may direct. Subject to the foregoing, a global security is not exchangeable, except for a global security of like denomination to be registered in the name of DTC or any successor depositary or its nominee. In the event that a global security becomes exchangeable for certificated exchange notes,

**Table of Contents**

- (a) certificated exchange notes will be issued only in fully registered form in denominations of \$2,000 or integral multiples of \$1,000 in excess thereof;
- (b) payment of principal of, and premium, if any, and interest on, the certificated exchange notes will be payable, and the transfer of the certificated exchange notes will be registrable, at the office or agency of the Company maintained for such purposes; and
- (c) no service charge will be made for any registration of transfer or exchange of the certificated exchange notes, although the Company may require payment of a sum sufficient to cover any tax or governmental charge imposed in connection therewith.

Certificated exchange notes may not be exchanged for beneficial interests in any global security unless the transferor first delivers to the trustee a written certificate, in the form provided in the indenture.

The Company will make payments in respect of the exchange notes represented by the global securities, including principal and interest, by wire transfer of immediately available funds to the accounts specified by the DTC or its nominee. The Company will make all payments of principal and interest with respect to certificated exchange notes by wire transfer of immediately available funds to the accounts specified by the holders of the certificated exchange notes or, if no such account is specified, by mailing a check to each such holder's registered address.

So long as DTC or any successor depositary for a global security, or any nominee, is the registered owner of such global security, DTC or such successor depositary or nominee, as the case may be, will be considered the sole owner or holder of the exchange notes represented by such global security for all purposes under the indenture and the exchange notes. Except as set forth above, owners of beneficial interests in a global security will not be entitled to have the exchange notes represented by such global security registered in their names, will not receive or be entitled to receive physical delivery of certificated exchange notes in definitive form and will not be considered to be the owners or holders of any exchange notes under such global security. Accordingly, each person owning a beneficial interest in a global security must rely on the procedures of DTC or any successor depositary, and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the indenture under which such exchange notes were issued. The Company understands that under existing industry practices, in the event that the Company requests any action of holders or that an owner of a beneficial interest in a global security desires to give or take any action which a holder is entitled to give or take under the indenture, DTC or any successor depositary would authorize the participants holding the relevant beneficial interest to give or take such action and such participants would authorize beneficial owners owning through such participants to give or take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Consequently, neither the Company, the trustee nor any agent of the Company or the trustee has or will have any responsibility or liability for:

- (a) any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interest in the global securities or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the global securities; or
- (b) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised Asbury as follows:



DTC is

a limited purpose trust company organized under the laws of the State of New York,

a banking organization within the meaning of New York Banking law,

## **Table of Contents**

a member of the Federal Reserve System,

a clearing corporation within the meaning of the Uniform Commercial Code, as amended, and

a Clearing Agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. DTC is partially owned by some of these participants or their representatives. Indirect access to the DTC system is available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly ( indirect participants ).

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in global securities among participants of DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of Asbury, the trustee, the exchange agent nor any of their respective agents will have any responsibility for the performance by DTC, its participants or indirect participants of their respective obligations under the rules and procedures governing its operations.

## **Same Day Settlement and Payment**

Asbury will make payments in respect of the notes represented by global notes (including principal, premium, if any, interest, if any) by wire transfer of immediately available funds to the accounts specified by the global note Holder. Asbury will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the Holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such Holder's registered address. The notes represented by global notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. Asbury expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

## **Certain Definitions**

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

*Acquired Debt* means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

Affiliate of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, control, as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms controlling, controlled by and under common control with have correlative meanings.

**Table of Contents**

*Asset Sale* means:

- (1) the sale, lease, conveyance or other disposition of any assets; provided that the sale, conveyance or other disposition of all or substantially all of the assets of Asbury and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the indenture described above under the caption *Repurchase at the Option of Holders* *Change of Control* and/or the provisions described above under the caption *Certain Covenants* *Merger, Consolidation or Sale of Assets* and not by the provisions of the Asset Sale covenant; and
- (2) the issuance of Equity Interests by any of Asbury's Restricted Subsidiaries or the sale of Equity Interests in any of its Restricted Subsidiaries.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

- (1) for purposes of the covenant described above under the caption *Repurchase at the Option of the Holders* *Asset Sales* only, any single transaction or series of related transactions that involves assets having a fair market value of less than \$10.0 million;
- (2) a transfer of assets between or among Asbury and/or its Restricted Subsidiaries;
- (3) an issuance of Equity Interests by a Subsidiary to Asbury or to a Restricted Subsidiary of Asbury;
- (4) the sale or lease of inventory or accounts receivable in the ordinary course of business;
- (5) the sale of obsolete or damaged assets in the ordinary course of business;
- (6) the sale or other disposition of cash or Cash Equivalents;
- (7) the making of a Restricted Payment or Permitted Investment that is permitted by the indenture;
- (8) any sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;
- (9) the creation of Liens;
- (10)

licensing or sublicensing of intellectual property or other general intangibles in accordance with industry practice in the ordinary course of business;

(11) foreclosures on assets;

(12) the lease or sublease of any real or personal property in the ordinary course of business; and

(13) any transfer constituting a taking, condemnation or other eminent domain proceeding for which no proceeds are received.

*Asset Sale Offer* has the meaning set forth above under the caption Repurchase at the Option of Holders Asset Sales.

*Attributable Debt* in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

---

**Table of Contents**

*Beneficial Owner* has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular person (as that term is used in Section 13(d) (3) of the Exchange Act), such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms *Beneficially Owns* and *Beneficially Owned* have a corresponding meaning.

*Board of Directors* means:

- (1) with respect to a corporation, the board of directors of the corporation;
- (2) with respect to a partnership, the board of directors of the general partner of the partnership; and
- (3) with respect to any other Person, the board or committee of such Person serving a similar function.

*Capital Lease Obligation* means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lease without payment of a penalty.

*Capital Stock* means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

*Cash Equivalents* means:

- (1) United States dollars;
- (2)

securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (provided that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than six months from the date of acquisition;

- (3) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized and existing under the laws of the United States, or any state thereof, and which bank or trust company has capital and surplus aggregating in excess of \$500.0 million and has outstanding debt which is rated A (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money-market fund sponsored by a registered broker dealer or mutual fund distributor;
- (4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

**Table of Contents**

- (5) commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Ratings Services (or carrying an equivalent rating by another nationally recognized rating agency if both of such two rating agencies cease publishing ratings of investments) and maturing not more than 180 days after the date of acquisition;
- (6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition; and (7) in the case of any Subsidiary organized or having its principal place of business outside the United States, investments denominated in the currency of the jurisdiction in which that Subsidiary is organized or has its principal place of business which are similar to the items specified in clauses (1) through (6) above, including, without limitation, any deposit with a bank that is a lender to any Restricted Subsidiary of Asbury.

*Change of Control* means the occurrence of any of the following:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Asbury and its Restricted Subsidiaries, taken as a whole, to any person (as that term is used in Section 13(d)(3) of the Exchange Act);
- (2) the adoption of a plan relating to the liquidation or dissolution of Asbury;
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as defined above) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Asbury, measured by voting power rather than number of shares; or
- (4) Asbury consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, Asbury, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of Asbury or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of Asbury outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance).

*Consolidated Cash Flow* means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

- (1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus
- (2)



consolidated interest expense of such Person and its Restricted Subsidiaries for such period whether or not capitalized ((i) including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations and (ii) excluding interest expense attributable to Indebtedness incurred under Floor Plan Facilities), to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

---

**Table of Contents**

- (3) dividends on preferred stock to the extent included in the calculation of Fixed Charges for the relevant period; plus
- (4) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; plus
- (5) any expenses or charges related to the incurrence of Indebtedness permitted to be made under the indenture, including a repayment or refinancing thereof and any amendment or modification to the terms of any such Indebtedness (whether or not successful), or related to the offering of the notes; plus
- (6) other non-cash charges reducing such Consolidated Net Income for such period (excluding any such non-cash expense to the extent that it represents an accrual of, or reserve, for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period); minus
- (7) non-cash items increasing such Consolidated Net Income for such period (without giving effect to any exclusions contained in the proviso included in the definition of Consolidated Net Income), other than the accrual of revenue in the ordinary course of business;

in each case, on a consolidated basis and determined in accordance with GAAP.

*Consolidated Net Income* means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided that*:

- (1) the Net Income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will not be included, except that such Net Income will be included to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;
- (2) solely for the purposes of determining the amount available for Restricted Payments under clause 3(a) of the second paragraph *Certain Covenants* Restricted Payments, the Net Income of any Restricted Subsidiary will be excluded, to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

- (3) any gain or loss realized as a result of the cumulative effect of a change in accounting principles will be excluded;
- (4) any non-cash asset impairment charge or goodwill impairment charge will be excluded;
- (5) any non-cash compensation charge arising from the grant of or issuance of stock, stock options or other equity based awards will be excluded;
- (6) any non-recurring or unusual gains or losses (including, but not limited to, any expenses relating to severance charges or costs relating to satisfying or settling legal, governmental or administrative matters) will be excluded;

## Table of Contents

(7) any gain or loss resulting from the disposal, abandonment, transfer or closure of discontinued operations or fixed assets (including, without limitation, any gain or loss on the sale or other disposition of dealerships) will be excluded; and

(8) any gain or loss from the early retirement or extinguishment of indebtedness (less all fees and expenses or charges related thereto) or from early lease termination will be excluded.

*Consolidated Net Tangible Assets* of any Person means, as of any date, the amount which, in accordance with GAAP, would be set forth under the caption *Total Assets* (or any like caption) on a consolidated balance sheet of such Person and its Restricted Subsidiaries as of the end of the most recently ended fiscal quarter for which internal financial statements are available, less all intangible assets, including, without limitation, goodwill, organization costs, patents, trademarks, copyrights, franchises and research and development costs.

*Consolidated Total Assets* of any Person means, as of any date, the amount which, in accordance with GAAP, would be set forth under the caption *Total Assets* (or any like caption) on a consolidated balance sheet of such Person and its Restricted Subsidiaries, as of the end of the most recently ended fiscal quarter for which internal financial statements are available.

*Consolidated Total Debt* of any Person means, as of any date, the sum of (1) the aggregate amount of all outstanding Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis consisting of Indebtedness for borrowed money, Capital Lease Obligations, Attributable Debt and debt obligations evidenced by bonds, notes, debentures or similar instruments or letters of credit (but excluding any Indebtedness under Floor Plan Facilities) plus (2) the aggregate amount of all outstanding Disqualified Stock of such Person and all preferred stock of its Restricted Subsidiaries, with the amount of such Disqualified Stock and preferred stock equal to the greater of their respective voluntary or involuntary liquidation preferences and their Maximum Fixed Repurchase Prices, in each case, determined on a consolidated basis in accordance with GAAP, minus (3) the aggregate amount of cash and Cash Equivalents held in (x) accounts on the consolidated balance sheet of such Person and its Restricted Subsidiaries as of such date to the extent the use thereof for application to payment of Indebtedness is not prohibited by law or any contract to which any such Person is a party and (y) accounts established as an offset to floor plan notes payable on the consolidated balance sheet of such Person and its Restricted Subsidiaries as of such date; *provided* that the aggregate amount of cash and Cash Equivalents under this clause (3) shall in no event exceed \$50.0 million.

For purposes hereof, the *Maximum Fixed Repurchase Price* of any Disqualified Stock or preferred stock means the price at which such Disqualified Stock or preferred stock could be redeemed or repurchased by the issuer thereof in accordance with its terms or, if such Disqualified Stock or preferred stock cannot be so redeemed or repurchased, the fair market value of such Disqualified Stock or preferred stock (determined reasonably and in good faith by the board of directors of the issuer thereof), in each case, determined on any date on which Consolidated Total Debt shall be required to be determined.

*Consolidated Total Leverage Ratio* means with respect to any specified Person for any four-quarter reference period, the ratio of the Consolidated Total Debt of such Person and its Restricted Subsidiaries as of the end of such period to Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period, in each case with such pro forma adjustments to Consolidated Total Debt and Consolidated Cash Flow as are appropriate and consistent with the pro forma calculation provisions set forth in the definition of *Fixed Charge Coverage Ratio*.

*Covenant Defeasance* has the meaning set forth above under the caption *Legal Defeasance and Covenant Defeasance*.

*Credit Agreement* means collectively, (i) the Credit Agreement, dated as of September 20, 2013, by and among Asbury Automotive Group, Inc., certain of its subsidiaries, and Bank of America, N.A., as Lender and (ii) the Amended and Restated Credit Agreement, dated as of August 8, 2013, by and among Asbury

## **Table of Contents**

Automotive Group, Inc., as Borrower, certain of its subsidiaries, as Vehicle Borrowers, Bank of America, N.A., as Administrative Agent, Revolving Swing Line Lender, New Vehicle Floorplan Swing Line Lender, Used Vehicle Floorplan Swingline Lender and an L/C Issuer, and the other lenders party thereto, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, N.A., as Co-Syndication Agents, Mercedes-Benz Financial Services USA LLC and Toyota Motor Credit Corporation, as Co-Documentation Agents, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Book Manager; in each case as further amended, modified, renewed, refunded, replaced or refinanced or otherwise restructured in whole or in part from time to time, whether by the same or any other agent, lender or group of lenders (*provided* that the borrowings under the instrument reflecting such amendment, modification, renewal, refunding, replacement, refinancing or restructuring constitute Senior Debt).

*Credit Facility* or *Credit Facilities* means, one or more debt facilities (including, without limitation, the Credit Agreement), indentures, debt instruments, security documents and other related agreements or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, or letters of credit, in each case, as amended, extended, renewed, restated, supplemented, Refinanced, replaced or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions, or lenders or holders) from time to time.

*Default* means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

*Designated Non-cash Consideration* means the fair market value of non-cash consideration received by Asbury or any Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non- cash Consideration pursuant to an Officer's Certificate, setting forth the basis for such valuation, executed by the principal financial officer of Asbury, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on or distribution relating to such Designated Non-cash Consideration.

*Designated Senior Debt* has the meaning set forth above under the caption Subordination.

*Disqualified Stock* means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event (other than any event solely within the control of the issuer thereof), matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require Asbury to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that Asbury may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption Certain Covenants Restricted Payments.

*Domestic Subsidiary* means any Restricted Subsidiary of Asbury that was formed under the laws of the United States or any state of the United States or the District of Columbia.

*Equity Interests* means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

*Equity Issuance* means any primary issuance of common stock of Asbury, other than issuances to a Subsidiary of Asbury.

*Excess Proceeds* has the meaning set forth above under the caption Repurchase at the Option of Holders Asset Sales.

## **Table of Contents**

*Existing Indebtedness* means the Indebtedness of Asbury and its Restricted Subsidiaries (other than Indebtedness under the Credit Agreement and under Floor Plan Facilities) in existence on December 4, 2014, until such amounts are repaid.

*Fixed Charges* means, with respect to any specified Person and its Restricted Subsidiaries for any period, the sum, without duplication, of:

- (1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations (but excluding interest expense attributable to Indebtedness incurred under Floor Plan Facilities); plus
- (2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; plus
- (3) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon to the extent such expense is reflected as an expense on the balance sheet of such Person in accordance with GAAP; plus
- (4) the product of (a) all dividends whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of Asbury (other than Disqualified Stock) or the applicable Restricted Subsidiary to Asbury or a Restricted Subsidiary of Asbury times (b) a fraction, the numerator of which is one and the denominator of which is one minus the effective combined federal, state and local tax rate of such Person for such period as specified by the chief financial officer of such Person in good faith, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

*Fixed Charge Coverage Ratio* means with respect to any specified Person for any four-quarter reference period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person and its Restricted Subsidiaries for such four-quarter reference period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the Calculation Date), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.



In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

- (1) acquisitions and dispositions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period will be calculated on a pro forma basis, including giving effect to any Pro Forma Cost Savings;

---

**Table of Contents**

- (2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded; and
- (3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date.

For purposes of this definition, whenever pro forma effect is to be given to an acquisition or disposition of assets, the amount of income or earnings relating thereto and the amount of Fixed Charges associated with any Indebtedness incurred in connection therewith, the pro forma calculations shall be determined in good faith by the Chief Financial Officer of Asbury. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term in excess of 12 months; provided that any Hedging Obligation with a remaining term of less than 12 months shall be taken into account solely for the number of months remaining).

*Floor Plan Facility* means an agreement with any lending institution affiliated with a Manufacturer or any bank or asset-based lender under which Asbury or its Restricted Subsidiaries incur Indebtedness, all of the net proceeds of which are used to purchase, finance or refinance vehicles and/or vehicle parts and supplies to be sold in the ordinary course of the business of Asbury and its Restricted Subsidiaries and which may not be secured except by a Lien that does not extend to or cover any property other than property of the dealership(s) which use the proceeds of the Floor Plan Facility or other dealerships who have incurred Indebtedness from the same lender.

*GAAP* means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect as of the Issue Date.

*Guarantee* means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

*Guarantors* means:

- (1) each of Asbury's Subsidiaries as of December 4, 2014; and
  - (2) any other subsidiary that executes a Subsidiary Guarantee in accordance with the provisions of the indenture;
- and their respective successors and assigns.

*Hedging Obligations* means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and
- (2) other agreements or arrangements of a similar character designed to protect such Person against fluctuations in interest rates.

*Holder* means the Person in whose name a note is registered on the registrar's books.

---

**Table of Contents**

*Indebtedness* means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of banker's acceptances;
- (4) representing Capital Lease Obligations or Attributable Debt in respect of sale and leaseback transactions;
- (5) representing the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable; or
- (6) representing any Hedging Obligations, if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term *Indebtedness* includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date will be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount; or
- (2) the principal amount of the Indebtedness.

The amount of any Indebtedness represented by a Hedging Obligation as of any date will be equal to:

- (1) zero if such Hedging Obligation has been incurred pursuant to clause (8) of the definition of *Permitted Debt*; or
- (2) the notional amount of such Hedging Obligation if not incurred pursuant to such clause.

In addition, for the purpose of avoiding duplication in calculating the outstanding principal amount of Indebtedness for purposes of the covenant described under the caption *Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock*, Indebtedness arising solely by reason of the existence of a Lien to secure other Indebtedness

permitted to be incurred under the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock will not be considered incremental Indebtedness.

Indebtedness shall not include (w) the obligations of any Person (A) resulting from the endorsement of negotiable instruments for collection in the ordinary course of business and (B) under stand-by letters of credit to the extent collateralized by cash or Cash Equivalents, (x) Indebtedness that has been defeased or satisfied and discharged in accordance with the terms of the documents governing such Indebtedness, (y) any operating leases as such an instrument would be determined in accordance with GAAP on the Issue Date, and (z) in connection with the purchase by Asbury or any Restricted Subsidiary of any business, (1) customary indemnification obligations or (2) post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment is otherwise contingent; provided, however, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 60 days thereafter. The payment of fees and premiums and additional payments with respect to Indebtedness and the realization of any Permitted Lien will not be deemed to be an incurrence of Indebtedness for purposes of the indenture.

## **Table of Contents**

*Investments* means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If Asbury or any Restricted Subsidiary of Asbury sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Asbury such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of Asbury, Asbury will be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption *Certain Covenants Restricted Payments*. The acquisition by Asbury or any Restricted Subsidiary of Asbury of a Person that holds an Investment in a third Person will be deemed to be an Investment by Asbury or such Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption *Certain Covenants Restricted Payments*.

Except as otherwise provided for herein, the amount of an Investment shall be its fair value at the time the Investment is made and without giving effect to subsequent changes in value.

*Legal Defeasance* has the meaning set forth above under the caption *Legal Defeasance and Covenant Defeasance*.

*Lien* means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

*Manufacturer* means a vehicle manufacturer which is party to a dealership or national framework franchise agreement with Asbury or a Restricted Subsidiary of Asbury.

*Mortgage Loans* mean (i) Indebtedness of Asbury or any Guarantor secured solely by Liens on real property used by Asbury or any Guarantor for the operation of a vehicle dealership, collision repair business or business ancillary thereto, together with related real property rights, improvements, fixtures (other than trade fixtures), insurance payments, leases and rents related thereto and proceeds thereof and (ii) revolving real estate acquisition and construction lines of credit and related mortgage refinancing facilities of Asbury or any Guarantor, in each case, as amended, extended, renewed, restated, supplemented, Refinanced, replaced, or otherwise modified from time to time.

*Net Income* means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

- (1) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries;

- (2) non-cash impairment charges or non-cash asset write-offs or write-downs; and
- (3) any extraordinary gain (or loss), together with any related provision for taxes on such extraordinary gain (or loss).

**Table of Contents**

*Net Proceeds* means the aggregate cash proceeds received by Asbury or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale, but only as and when received), in each case net of:

- (1) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, recording fees, title transfer fees, appraiser fees and any relocation expenses incurred as a result of the Asset Sale;
- (2) taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements;
- (3) amounts required to be applied to the permanent repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale;
- (4) all pro rata distributions and other pro rata payments required to be made to minority interest holders in Restricted Subsidiaries of Asbury or joint ventures as a result of such Asset Sale; and
- (5) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

*Non-Recourse Debt* means Indebtedness:

- (1) as to which neither Asbury nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender; and
- (2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of Asbury or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its stated maturity.

*Obligations* means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

*Payment Default* has the meaning set forth above under the caption Events of Default and Remedies. *Permitted Business* means any business that derives a majority of its revenues from the businesses engaged in by Asbury and its Restricted Subsidiaries on December 4, 2014 and/or activities that are reasonably similar, ancillary, incidental, complementary or related to, or a reasonable extension, development or expansion of, the businesses in which Asbury and its Restricted Subsidiaries are engaged on the date of original issuance of the notes.



*Permitted Investments* means:

- (1) any Investment in Asbury or in a Restricted Subsidiary of Asbury;
- (2) any Investment in cash or Cash Equivalents;
- (3) any Investment by Asbury or any Restricted Subsidiary of Asbury in a Person, if as a result of such Investment:
  - (a) such Person becomes a Restricted Subsidiary of Asbury; or

---

**Table of Contents**

- (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Asbury or a Restricted Subsidiary of Asbury;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale (or sales or other dispositions of assets not constituting an Asset Sale) that was made pursuant to and in compliance with the covenant described above under the caption Repurchase at the Option of Holders Asset Sales ;
- (5) any Investment to the extent made in exchange for or net cash proceeds from the issuance of Equity Interests (other than Disqualified Stock) of Asbury;
- (6) Hedging Obligations;
- (7) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers compensation, performance and other similar deposits;
- (8) transactions with officers, directors and employees of Asbury or any of its Restricted Subsidiaries entered into in the ordinary course of business (including compensation, employee benefit or indemnity arrangements with any such officer, director or employee) and consistent with past business practices;
- (9) any Investment consisting of a guarantee permitted under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock above;
- (10) Investments consisting of non-cash consideration received in the form of securities, notes or similar obligations in connection with dispositions of assets permitted pursuant to the indenture;
- (11) advances, loans or extensions of credit to suppliers in the ordinary course of business by Asbury or any of its Restricted Subsidiaries;
- (12) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;
- (13) loans and advances to employees made in the ordinary course of business not to exceed \$2.5 million in the aggregate at any one time outstanding;
- (14) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of

business;

- (15) Investments in any Person to the extent such Investment existed on December 4, 2014 and any Investment that replaces, refinances or refunds such an Investment, provided that the new Investment is in an amount that does not exceed that amount replaced, refinanced or refunded and is made in the same Person as the Investment replaced, refinanced or refunded;
- (16) trade receivables and prepaid expenses, in each case arising in the ordinary course of business; *provided* that such receivables and prepaid expenses would be recorded as assets in accordance with GAAP; and
- (17) other Investments in any Person having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause (17) since December 4, 2014, not to exceed the greater of \$75.0 million and 4.0% of Consolidated Total Assets, plus, to the extent such other Investments pursuant to this clause (17) are made by Asbury or any of its Restricted Subsidiaries in any Person and such Investment is sold for cash or otherwise liquidated or repaid, purchased or redeemed for cash, an amount equal to the lesser of (i) such cash (less the cost of disposition, if any) and (ii) the amount of such Investment.

**Table of Contents**

*Permitted Junior Securities* has the meaning set forth above under the caption Subordination.

*Permitted Liens* means:

- (1) Liens of Asbury or any of its Restricted Subsidiaries securing Senior Debt that was permitted by the terms of the indenture to be incurred;
- (2) Liens upon any property or assets of Asbury or any of its Restricted Subsidiaries, owned on December 4, 2014 or thereafter acquired or that may be acquired, which secures any Indebtedness that ranks *pari passu* with or subordinate to the notes; *provided* that:
  - (a) if such Lien secures Indebtedness which is *pari passu* with the notes, the notes are secured on an equal and ratable basis with the Indebtedness so secured until such time as such Indebtedness is no longer secured by a Lien, or
  - (b) if such Lien secures Indebtedness which is subordinated to the notes, any such Lien shall be subordinated to a Lien granted to the holders of the notes in the same collateral as that securing such Lien to the same extent as such subordinated Indebtedness is subordinated to the notes;
- (3) Liens in favor of Asbury or any of its Restricted Subsidiaries;
- (4) Liens on property or shares of stock of a Person existing at the time such Person is merged with or into or consolidated with Asbury or any Subsidiary of Asbury; *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with Asbury or the Subsidiary;
- (5) Liens on property existing at the time of acquisition of the property by Asbury or any Subsidiary of Asbury, *provided* that such Liens were in existence prior to the contemplation of such acquisition;
- (6) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;
- (7) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clauses (5) or (15) of the second paragraph of the covenant entitled Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock covering only the assets acquired with such Indebtedness;
- (8) Liens existing on December 4, 2014;

- (9) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;
- (10) Liens incurred by Asbury or any Restricted Subsidiary of Asbury with respect to obligations that do not exceed \$25.0 million at any one time outstanding;
- (11) zoning restrictions, easements, rights-of-way, restrictions on the use of real property, other similar encumbrances or real property incurred in the ordinary course of business and minor irregularities of title to real property that do not (a) secure Indebtedness or (b) individually or in the aggregate materially impair the value of the real property affected thereby or the occupation, use and enjoyment in the ordinary course of business of Asbury and the Restricted Subsidiaries at such real property;
- (12) Liens created by or resulting from any litigation or other proceedings or resulting from operation of law with respect to any judgments, awards or orders to the extent that such litigation, other proceedings, judgments, awards or orders do not cause or constitute an Event of Default;

**Table of Contents**

- (13) bankers Liens, rights of setoff and other similar Liens existing solely with respect to cash and cash equivalents on deposit in one or more accounts maintained by Asbury or any Restricted Subsidiary in accordance with the provisions of the indenture in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements; *provided* that in no case shall any such Liens secure (either directly or indirectly) the repayment of any Indebtedness;
- (14) Liens securing Hedging Obligations of the type permitted by clause (8) of the definition of Permitted Debt ;
- (15) Liens securing Indebtedness of a Restricted Subsidiary owed to and held by Asbury or a Restricted Subsidiary; and
- (16) Liens in the form of licenses, leases or subleases on any asset incurred by Asbury or any Restricted Subsidiary, which licenses, leases or subleases do not interfere, individually or in the aggregate, in any material respect with the business of Asbury or such Restricted Subsidiary and is incurred in the ordinary course of business.

*Permitted Refinancing Indebtedness* means any Indebtedness of Asbury or any of its Restricted Subsidiaries issued to Refinance other Indebtedness of Asbury or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

- (1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness being Refinanced (plus all accrued interest on the Indebtedness and the amount of all expenses and premiums incurred in connection therewith);
- (2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being Refinanced;
- (3) if the Indebtedness being Refinanced is subordinated in right of payment to the notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the notes on terms at least as favorable to the Holders of notes as those contained in the documentation governing the Indebtedness Refinanced; and
- (4) such Indebtedness is incurred either by Asbury or by the Restricted Subsidiary who is the obligor on the Indebtedness being Refinanced.

*Person* means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

*Pro Forma Cost Savings* means, with respect to any period, the amount of run rate cost savings, synergies and operating expense reductions projected in good faith by the Chief Financial Officer of Asbury to result from actions taken, committed to be taken or with respect to which substantial steps have been taken or are expected in good faith to be taken no later than twelve months after the end of such period (calculated on a pro forma basis as though such cost savings, operating expense reductions and synergies had been realized on the first day of such period for which Consolidated Cash Flow is being determined and if such cost savings, operating expense reductions and synergies were realized during the entirety of such period), net of the amount of actual benefits realized during such period from such actions, in each case during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date; *provided* that such cost savings, operating expense reductions and synergies are reasonably identifiable and factually supportable in the good faith judgment of the Chief Financial Officer of Asbury (it is understood and agreed that run-rate means

---

**Table of Contents**

the full recurring benefit for a period that is associated with any action taken, committed to be taken or with respect to which substantial steps have been taken or are expected to be taken); *provided, further*, that such cost savings, operating expense reductions and synergies during any four-quarter reference period shall not exceed 15% of Consolidated Cash Flow for such period prior to giving effect to any such cost savings, operating expense reductions or synergies.

*Refinance* means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. *Refinanced* and *Refinancing* shall have correlative meanings.

*Replacement Assets* means (x) properties and assets (other than cash or any Capital Stock or other security) that will be used in a Permitted Business of Asbury and its Restricted Subsidiaries or (y) Capital Stock of any Person that will become on the date of acquisition thereof a Restricted Subsidiary as a result of such Acquisition and that is involved principally in Permitted Businesses.

*Restricted Investment* means an Investment other than a Permitted Investment.

*Restricted Subsidiary* of a Person means any Subsidiary of such Person that is not an Unrestricted Subsidiary.

*Senior Debt* has the meaning set forth above under the caption *Subordination*.

*Senior Subordinated Indebtedness* means, with respect to any Person, the notes (in the case of Asbury), the Subsidiary Guarantees (in the case of a Guarantor) and any other Indebtedness of such Person that specifically provides that such Indebtedness is to rank *pari passu* with the notes or such Subsidiary Guarantee, as the case may be, in right of payment and is not subordinated by its terms in right of payment to any Indebtedness or other obligation of such Person which is not Senior Debt of such Person.

*Significant Subsidiary* means any Subsidiary that would be a significant subsidiary as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act of 1933, as amended, as such Regulation is in effect on December 4, 2014.

*Stated Maturity* means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

*Subsidiary* means, with respect to any specified Person:

- (1) any corporation, limited liability company, association or other business entity whether now existing or hereafter formed or acquired of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and



- (2) any partnership whether now existing or hereafter formed or acquired (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

*Subsidiary Guarantee* means a Guarantee by a Guarantor of Asbury's obligations with respect to the notes.

## Table of Contents

*Unrestricted Subsidiary* means any Subsidiary of Asbury that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution and any Subsidiary of an Unrestricted Subsidiary, but only to the extent that such Subsidiary:

- (1) has no Indebtedness other than Non-Recourse Debt;
- (2) is not party to any agreement, contract, arrangement or understanding with Asbury or any Restricted Subsidiary of Asbury unless the terms of any such agreement, contract, arrangement or understanding are not materially less favorable to Asbury or such Restricted Subsidiary than those that could have been obtained at the time from Persons who are not Affiliates of Asbury;
- (3) is a Person with respect to which neither Asbury nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and
- (4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Asbury or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of Asbury as an Unrestricted Subsidiary will be evidenced to the trustee by filing with the trustee a certified copy of the Board Resolution giving effect to such designation and an officers' certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption *Certain Covenants Restricted Payments*. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of Asbury as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption *Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock*, Asbury will be in default of such covenant. The Board of Directors of Asbury may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Asbury of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption *Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock*, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

*Voting Stock* of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

*Weighted Average Life to Maturity* means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect

of the Indebtedness, by (b) the number of years (calculated to the nearest one- twelfth) that will elapse between such date and the making of such payment; by

- (2) the then outstanding principal amount of such Indebtedness.

**Table of Contents**

**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following is a summary of material U.S. federal income tax consequences relating to the exchange of unregistered original notes for registered exchange notes pursuant to the exchange offer, but does not purport to be a complete analysis of all the potential tax considerations relating to the exchange offer. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, administrative rulings and pronouncements, and judicial decisions, all as in effect on the date of this prospectus and all of which are subject to change, possibly with retroactive effect, or different interpretations.

This summary is for general information only and does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special rules, such as banks or other financial institutions, partnerships or other pass-through entities or investors therein, regulated investment companies, real estate investment trusts, former citizens or permanent residents of the United States, insurance companies, brokers, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, U.S. holders whose functional currency is not the U.S. dollar, holders subject to alternative minimum tax, tax-exempt entities, controlled foreign corporations, passive foreign investment companies and persons holding the notes as part of a straddle, hedge, conversion transaction or other integrated transaction. In addition, this discussion is limited to persons that hold the notes as capital assets (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion does not address the Medicare tax on net investment income or the effect of any applicable state, local, foreign or other tax laws, including gift and estate tax laws. You are urged to consult your own tax advisor regarding the U.S. federal, state, local and foreign tax consequences of exchanging the original notes for exchange notes and of holding and disposing of the exchange notes given your particular situation.

The exchange of an original note for an exchange note pursuant to the exchange offer will not constitute a taxable exchange for U.S. federal income tax purposes. Rather, the exchange note you receive will be treated as a continuation of your investment in the corresponding original note surrendered in the exchange. Consequently, you will not recognize any taxable income, gain or loss upon the receipt of an exchange note pursuant to the exchange offer. The holding period for an exchange note will include the holding period of the original note exchanged pursuant to the exchange offer, and the tax basis in an exchange note will be the same as the adjusted tax basis in the original note immediately before such exchange.

**Table of Contents**

**PLAN OF DISTRIBUTION**

Any broker-dealer that holds original notes that were acquired for its own account as a result of market-making activities or other trading activities (other than original notes acquired directly from us) may exchange such original notes pursuant to the exchange offer. Any such broker-dealer, however, may be deemed to be an underwriter within the meaning of the Securities Act and must, therefore, deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of exchange notes received by such broker-dealer in the exchange offer. Such prospectus delivery requirement may be satisfied by the delivery by such broker-dealer of this prospectus.

We have agreed to make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with such resales for up to 90 days from the effective date of the registration statement of which this prospectus forms a part. We will provide sufficient copies of this prospectus, as amended or supplemented, to any broker-dealer promptly upon request at any time during such 90-day period in order to facilitate such resales.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account in the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any of these resales may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from these broker-dealers and/or the purchasers of exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account in the exchange offer and any broker-dealer that participates in a distribution of the exchange notes may be deemed to be an underwriter within the meaning of the Securities Act and any profit on any such resale of exchange notes and any commission or concessions received by any such person may be deemed to be underwriting compensation under the Securities Act. The accompanying letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

We have agreed to pay all expenses incident to the exchange offer, including the expenses of one counsel for the holders of the original notes, other than commissions or concessions of any brokers or dealers and will indemnify the holders of the original notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act.

**LEGAL MATTERS**

Jones Day, Atlanta, Georgia, will pass upon certain legal matters for us regarding the exchange notes and the related guarantees. Each of Brooks, Pierce, McLendon, Humphrey & Leonard, L.L.P., Greensboro, North Carolina and Stoel Rives LLP, Portland, Oregon, will pass upon certain legal matters under North Carolina law and Oregon law, respectively, regarding the guarantees of the exchange notes.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015 included in our Annual Report on Form 10-K for the year ended December 31, 2015, and the effectiveness of our internal control over financial reporting as of December 31, 2015, as set forth in their reports, which are incorporated by reference in this prospectus and elsewhere in the registration statement. Our consolidated financial statements as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015 are incorporated by reference

in reliance on Ernst & Young LLP's reports, given on their authority as experts in accounting and auditing.

**Table of Contents**

**Asbury Automotive Group, Inc.**  
**Offer to Exchange up to \$200,000,000**  
**Aggregate Principal Amount of**  
**Registered 6.0% Senior Subordinated Notes due 2024**  
**For**  
**a Like Principal Amount of Outstanding**  
**Restricted 6.0% Senior Subordinated Notes due 2024**  
**Issued in October 2015**

**PROSPECTUS**

**March 28, 2016**