

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM S-4  
REGISTRATION STATEMENT**  
*UNDER  
THE SECURITIES ACT OF 1933*

**Sonic Automotive, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**5511**  
(Primary Standard Industrial  
Classification Code Number)

**56-2010790**  
(I.R.S. Employer  
Identification Number)

**5401 East Independence Boulevard  
P.O. Box 18747  
Charlotte, North Carolina 28212  
Telephone: (704) 566-2400**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Mr. Stephen K. Coss  
Vice President and General Counsel  
5401 East Independence Boulevard  
P.O. Box 18747  
Charlotte, North Carolina 28212  
Telephone: (704) 566-2400**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

*Copies to:*

**Barney Stewart III, Esq.  
Thomas H. O'Donnell, Jr., Esq.  
Moore & Van Allen PLLC  
100 North Tryon Street, Suite 4700  
Charlotte, North Carolina 28202-4003  
Telephone: (704) 331-1000**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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

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

**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Amount To be Registered(1)	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
8 5/8% Senior Subordinated Notes due 2013, Series B	200,000	1,000	\$200,000,000	\$16,180
Guarantees of 8 5/8% Senior Subordinated Notes due 2013, Series B(2)(3)	—	—	—	—

- (1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f)(1) of Regulation C of the Securities Act of 1933, as amended.
- (2) Each Registrant other than Sonic Automotive, Inc. is a subsidiary of Sonic Automotive, Inc. and is guaranteeing payment of the notes. Pursuant to Rule 457(n) under the Securities Act of 1933, as amended, no registration fee is required with respect to the guarantees.
- (3) No separate consideration will be received for the guarantees of the notes by the subsidiaries of Sonic Automotive, Inc.

**The Registrant and the Additional Registrants named below hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant and the Additional Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective in such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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## TABLE OF ADDITIONAL REGISTRANTS

<u>Subsidiary</u>	<u>State of Organization</u>	<u>IRS Employer ID No.</u>
ADI of the Southeast LLC	South Carolina	Not Applicable
Arngar, Inc.	North Carolina	56-1063712
AnTrev, LLC	North Carolina	20-0150219
Autobahn, Inc.	California	94-3124481
Avalon Ford, Inc.	Delaware	95-3560286
Capitol Chevrolet and Imports, Inc.	Alabama	63-1204447
Casa Ford of Houston, Inc.	Texas	76-0430684
Cobb Pontiac Cadillac, Inc.	Alabama	63-1012553
FA Service Corporation	California	94-3285891
FAA Auto Factory, Inc.	California	94-3285893
FAA Beverly Hills, Inc.	California	95-4673054
FAA Capitol F, Inc.	California	94-3350030
FAA Capitol N, Inc.	California	64-3279958
FAA Concord H, Inc.	California	94-3264558
FAA Concord N, Inc.	California	94-3266151
FAA Concord T, Inc.	California	94-1730939
FAA Dublin N, Inc.	California	94-3267515
FAA Dublin VWD, Inc.	California	94-3267514
FAA Holding Corp.	California	94-3338764
FAA Las Vegas H, Inc.	Nevada	94-3330754
FAA Marin D, Inc.	California	94-3320521
FAA Marin F, Inc.	California	95-4746388
FAA Marin LR, Inc.	California	94-3345066
FAA Monterey F, Inc.	California	Not Applicable
FAA Poway D, Inc.	California	94-3264557
FAA Poway G, Inc.	California	33-0792049
FAA Poway H, Inc.	California	94-3265895
FAA Poway T, Inc.	California	94-3266152
FAA San Bruno, Inc.	California	94-3264556
FAA Santa Monica V, Inc.	California	95-4746387
FAA Serramonte H, Inc.	California	94-3293588
FAA Serramonte L, Inc.	California	94-3264555
FAA Serramonte, Inc.	California	94-3264554
FAA Stevens Creek, Inc.	California	94-3264553
FAA Torrance CPJ, Inc.	California	95-4746385
FirstAmerica Automotive, Inc.	Delaware	88-0206732
Fort Mill Ford, Inc.	South Carolina	62-1289609
Fort Myers Collision Center, LLC	Florida	59-3659948
Franciscan Motors, Inc.	California	77-0112132
Frank Parra Autoplex, Inc.	Texas	75-1364201
Freedom Ford, Inc.	Florida	59-2214873
Frontier Oldsmobile-Cadillac, Inc.	North Carolina	56-1621461
HMC Finance Alabama, Inc.	Alabama	56-2198417
Kramer Motors Incorporated	California	95-2092777
L Dealership Group, Inc.	Texas	94-1719069
Marcus David Corporation	North Carolina	56-1708384
Massey Cadillac, Inc.	Tennessee	62-1434905
Massey Cadillac, Inc.	Texas	75-2651186
Mountain States Motors Co., Inc.	Colorado	84-1172557
Philpott Motors, Ltd.	Texas	76-0608365

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Riverside Nissan, Inc.	Oklahoma	73-1079837
Royal Motor Company, Inc.	Alabama	63-1012554
Santa Clara Imported Cars, Inc.	California	94-1705756
Smart Nissan, Inc.	California	94-3256136
Sonic Agency, Inc.	Michigan	30-0085765
Sonic – Ann Arbor Imports, Inc.	Michigan	20-0073215
Sonic Automotive – Bondesen, Inc.	Florida	59-3552436
Sonic Automotive of Chattanooga, LLC	Tennessee	62-1708471
Sonic Automotive – Clearwater, Inc.	Florida	59-3501017
Sonic Automotive Collision Center of Clearwater, Inc.	Florida	59-3501024
Sonic Automotive F&I, LLC	Nevada	88-0444271
Sonic Automotive of Georgia, Inc.	Georgia	58-2399219
Sonic Automotive of Nashville, LLC	Tennessee	62-1708481
Sonic Automotive of Nevada, Inc.	Nevada	88-0378636
Sonic Automotive Servicing Company, LLC	Nevada	88-0443690
Sonic Automotive of Tennessee, Inc.	Tennessee	62-1710960
Sonic Automotive of Texas, L.P.	Texas	78-0586658
Sonic Automotive West, LLC	Nevada	88-0444344
Sonic Automotive – 1307 N. Dixie Hwy., NSB, Inc.	Florida	59-3523302
Sonic Automotive – 1400 Automall Drive, Columbus, Inc.	Ohio	31-1604259
Sonic Automotive – 1455 Automall Drive, Columbus, Inc.	Ohio	31-1604276
Sonic Automotive – 1495 Automall Drive, Columbus, Inc.	Ohio	31-1604281
Sonic Automotive – 1500 Automall Drive, Columbus, Inc.	Ohio	31-1604285
Sonic Automotive – 1720 Mason Ave., DB, Inc.	Florida	59-3523303
Sonic Automotive – 1720 Mason Ave., DB, LLC	Florida	57-1072509
Sonic Automotive – 1919 N. Dixie Hwy., NSB, Inc.	Florida	59-3523301
Sonic Automotive – 21699 U.S. Hwy 19 N., Inc.	Florida	59-3501021
Sonic Automotive – 241 Ridgewood Ave., HH, Inc.	Florida	59-3523304
Sonic Automotive – 2424 Laurens Rd., Greenville, Inc.	South Carolina	58-2384994
Sonic Automotive – 2490 South Lee Highway, LLC	Tennessee	62-1708486
Sonic Automotive – 2752 Laurens Rd., Greenville, Inc.	South Carolina	58-2384996
Sonic Automotive – 3401 N. Main, TX, L.P.	Texas	76-0586794
Sonic Automotive – 3700 West Broad Street, Columbus, Inc.	Ohio	31-1604296
Sonic Automotive – 3741 S. Nova Rd., PO, Inc.	Florida	59-3532504
Sonic Automotive – 4000 West Broad Street, Columbus, Inc.	Ohio	31-1604301
Sonic Automotive – 4701 I-10 East, TX, L.P.	Texas	76-0586659
Sonic Automotive – 5221 I-10 East, TX, L.P.	Texas	76-0586795
Sonic Automotive – 5260 Peachtree Industrial Blvd., LLC	Georgia	62-1716095
Sonic Automotive – 5585 Peachtree Industrial Blvd., LLC	Georgia	58-2459799
Sonic Automotive – 6008 N. Dale Mabry, FL, Inc.	Florida	59-3535965
Sonic Automotive – 6025 International Drive, LLC	Tennessee	62-1708490
Sonic Automotive – 9103 E. Independence, NC, LLC	North Carolina	56-2103562
Sonic – 2185 Chapman Rd., Chattanooga, LLC	Tennessee	56-2126660
Sonic – Bethany H, Inc.	Oklahoma	73-1620712
Sonic – Buena Park H, Inc.	California	33-0978079
Sonic – Cadillac D, L.P.	Texas	46-0476882
Sonic – Calabasas A, Inc.	California	73-1642537
Sonic – Calabasas V, Inc.	California	76-0728573
Sonic – Camp Ford, L.P.	Texas	76-0613472
Sonic – Capital Chevrolet, Inc.	Ohio	31-0743366
Sonic – Capitol Cadillac, Inc.	Michigan	38-3642334
Sonic – Capitol Imports, Inc.	South Carolina	16-1616391
Sonic – Carrollton V, L.P.	Texas	75-2896744
Sonic – Carson F, Inc.	California	75-2989450

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Sonic – Carson LM, Inc.	California	73-1626525
Sonic – Chattanooga D East, LLC	Tennessee	56-2220962
Sonic – Classic Dodge, Inc.	Alabama	56-2139902
Sonic – Clear Lake Volkswagen, L.P.	Texas	11-3694324
Sonic – Coast Cadillac, Inc.	California	95-4711579
Sonic – Crest Cadillac, LLC	Tennessee	62-1708483
Sonic – Crest H, LLC	Tennessee	62-1708487
Sonic – Denver T, Inc.	Colorado	75-3092054
Sonic – Denver Volkswagen, Inc.	Colorado	Not Applicable
Sonic Development, LLC	North Carolina	56-2140030
Sonic – Downey Cadillac, Inc.	California	73-1626782
Sonic – Dublin M, Inc.	California	42-1591184
Sonic – Englewood M, Inc.	Colorado	73-1627281
Sonic eStore, Inc.	North Carolina	01-0689836
Sonic – FM Automotive, LLC	Florida	59-3535971
Sonic – FM, Inc.	Florida	65-0938819
Sonic – FM VW, Inc.	Florida	65-0938821
Sonic – Fort Mill Chrysler Jeep, Inc.	South Carolina	56-2044964
Sonic – Fort Mill Dodge, Inc.	South Carolina	58-2285505
Sonic – Fort Worth T, L.P.	Texas	75-2897202
Sonic – Frank Parra Autoplex, L.P.	Texas	82-0552132
Sonic-Freeland, Inc.	Florida	65-0938812
Sonic – Global Imports, L.P.	Georgia	58-2436174
Sonic-Glover, Inc.	Oklahoma	74-2936323
Sonic – Harbor City H, Inc.	California	95-4876347
Sonic – Houston V, L.P.	Texas	76-0684038
Sonic – Integrity Dodge LV, LLC	Nevada	88-0430677
Sonic – Jersey Village Volkswagen, L.P.	Texas	42-1597939
Sonic – LS, LLC	Delaware	68-0510218
Sonic – LS Chevrolet, L.P.	Texas	76-0594652
Sonic – Lake Norman Chrysler Jeep, LLC	North Carolina	56-2044997
Sonic – Lake Norman Dodge, LLC	North Carolina	56-2044965
Sonic – Las Vegas C East, LLC	Nevada	88-0470273
Sonic – Las Vegas C West, LLC	Nevada	88-0470284
Sonic – Lloyd Nissan, Inc.	Florida	59-3560057
Sonic – Lloyd Pontiac – Cadillac, Inc.	Florida	59-3560058
Sonic – Lone Tree Cadillac, Inc.	Colorado	75-2994986
Sonic – Lute Riley, L. P.	Texas	75-2812871
Sonic – Manhattan Fairfax, Inc.	Virginia	52-2173072
Sonic – Manhattan Waldorf, Inc.	Maryland	52-2172032
Sonic – Massey Cadillac, L.P.	Texas	46-0465823
Sonic – Massey Chevrolet, Inc.	California	73-1626792
Sonic – Massey Pontiac Buick GMC, Inc.	Colorado	71-0868348
Sonic – Mesquite Hyundai, L.P.	Texas	75-3090092
Sonic Momentum VWA, L.P.	Texas	20-0163368
Sonic – Montgomery FLM, Inc.	Alabama	56-2169250
Sonic – Newsome Chevrolet World, Inc.	South Carolina	57-1077344
Sonic – Newsome of Florence, Inc.	South Carolina	57-1077343
Sonic – North Cadillac, Inc.	Florida	65-0938818
Sonic – North Charleston, Inc.	South Carolina	58-2460639
Sonic – North Charleston Dodge, Inc.	South Carolina	58-2479700
Sonic – Oklahoma T, Inc.	Oklahoma	46-0487821
Sonic Peachtree Industrial Blvd., L.P.	Georgia	56-2089761
Sonic – Plymouth Cadillac, Inc.	Michigan	30-0040929

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Sonic – Reading, L.P.	Texas	76-0605765
Sonic Resources, Inc.	Nevada	88-0508574
Sonic – Richardson F, L.P.	Texas	75-2901775
Sonic – Riverside, Inc.	Oklahoma	73-1574888
Sonic – Riverside Auto Factory, Inc.	Oklahoma	73-1591124
Sonic – Rockville Imports, Inc.	Maryland	52-2172034
Sonic – Rockville Motors, Inc.	Maryland	52-2172033
Sonic – Sam White Nissan, L.P.	Texas	76-0597722
Sonic – Sam White Oldsmobile, L.P.	Texas	76-0597723
Sonic – Sanford Cadillac, Inc.	Florida	01-0595473
Sonic – Serramonte I, Inc.	California	81-0575704
Sonic – Shottenkirk, Inc.	Florida	56-3575773
Sonic – South Cadillac, Inc.	Florida	Not Applicable
Sonic – Stevens Creek B, Inc.	California	94-2261540
Sonic – Stone Mountain Chevrolet, L.P.	Georgia	03-0447179
Sonic – Superior Oldsmobile, LLC	Tennessee	56-2122487
Sonic of Texas, Inc.	Texas	78-0586661
Sonic – University Park A, L.P.	Texas	75-2963437
Sonic – Volvo LV, LLC	Nevada	88-0437180
Sonic – West Covina T, Inc.	California	95-4876089
Sonic – West Reno Chevrolet, Inc.	Oklahoma	73-1618268
Sonic – Williams Buick, Inc.	Alabama	63-1213085
Sonic – Williams Cadillac, Inc.	Alabama	63-1213084
Sonic – Williams Imports, Inc.	Alabama	63-1213083
Sonic – Williams Motors, LLC	Alabama	63-1213161
Speedway Chevrolet, Inc.	Oklahoma	73-1590233
Stevens Creek Cadillac, Inc.	California	77-0093380
Town and Country Ford, Incorporated	North Carolina	56-0887416
Town and Country Ford of Cleveland, LLC	Tennessee	62-1708484
Town and Country Jaguar, LLC	Tennessee	62-1708491
Transcar Leasing, Inc.	California	94-2713550
Village Imported Cars, Inc.	Maryland	52-0896186
Windward, Inc.	Hawaii	94-2659042
Wrangler Investments, Inc.	Oklahoma	73-1593440
Z Management, Inc.	Colorado	84-1172797
SRE Alabama – 2, LLC	Alabama	56-2202484
SRE Alabama – 3, LLC	Alabama	56-2206042
SRE Alabama – 4, LLC	Alabama	87-0696606
SRE Alabama – 5, LLC	Alabama	20-0162209
SRealEstate Arizona – 1, LLC	Arizona	86-0996112
SRealEstate Arizona – 2, LLC	Arizona	88-0468215
SRealEstate Arizona – 3, LLC	Arizona	88-0468217
SRealEstate Arizona – 4, LLC	Arizona	88-0468213
SRealEstate Arizona – 5, LLC	Arizona	86-1063441
SRealEstate Arizona – 6, LLC	Arizona	42-1591193
SRealEstate Arizona – 7, LLC	Arizona	20-0150251
SRE California – 1, LLC	California	74-3040427
SRE California – 2, LLC	California	74-3040911
SRE California – 3, LLC	California	45-0475638
SRE California – 4, LLC	California	74-3041078
SRE California – 5, LLC	California	47-0861563
SRE California – 6, LLC	California	41-2038013
SRE Colorado – 1, LLC	Colorado	87-0696649
SRE Colorado – 2, LLC	Colorado	87-0696643

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SRE Colorado – 3, LLC	Colorado	20-0150257
SRE Florida – 1, LLC	Florida	58-2560889
SRE Florida – 2, LLC	Florida	58-2560900
SRE Florida – 3, LLC	Florida	58-2560868
SRE Georgia – 1, L.P.	Georgia	58-2560891
SRE Georgia – 2, L.P.	Georgia	58-2555514
SRE Georgia – 3, L.P.	Georgia	58-2554985
SRE Holding, LLC	North Carolina	56-2198745
SRE Maryland – 1, LLC	Maryland	20-0162227
SRE Maryland – 2, LLC	Maryland	20-0162236
SRE Michigan – 1, LLC	Michigan	32-0011075
SRE Michigan – 2, LLC	Michigan	32-0011077
SRE Michigan – 3, LLC	Michigan	32-0011078
SRE Nevada – 1, LLC	Nevada	88-0468209
SRE Nevada – 2, LLC	Nevada	88-0465280
SRE Nevada – 3, LLC	Nevada	88-0465279
SRE Nevada – 4, LLC	Nevada	68-0552010
SRE Nevada – 5, LLC	Nevada	73-1638705
SRE North Carolina – 1, LLC	North Carolina	20-0162253
SRE North Carolina – 2, LLC	North Carolina	20-0162267
SRE North Carolina – 3, LLC	North Carolina	20-0162281
SRE Oklahoma – 1, LLC	Oklahoma	20-0150172
SRE Oklahoma – 2, LLC	Oklahoma	87-0696541
SRE Oklahoma – 3, LLC	Oklahoma	87-0696522
SRE Oklahoma – 4, LLC	Oklahoma	20-0150244
SRE Oklahoma – 5, LLC	Oklahoma	20-0150266
SRE South Carolina – 2, LLC	South Carolina	58-2560892
SRE South Carolina – 3, LLC	South Carolina	54-2106363
SRE South Carolina – 4, LLC	South Carolina	03-0431822
SRE Tennessee – 1, LLC	Tennessee	56-2200186
SRE Tennessee – 2, LLC	Tennessee	56-2202429
SRE Tennessee – 3, LLC	Tennessee	56-2202479
SRE Tennessee – 4, LLC	Tennessee	20-0162289
SRE Tennessee – 5, LLC	Tennessee	20-0162295
SRE Tennessee – 6, LLC	Tennessee	20-0162304
SRE Tennessee – 7, LLC	Tennessee	20-0162314
SRE Tennessee – 8, LLC	Tennessee	20-0162318
SRE Tennessee – 9, LLC	Tennessee	20-0162324
SRE Texas – 1, L.P.	Texas	74-2962385
SRE Texas – 2, L.P.	Texas	74-2963860
SRE Texas – 3, L.P.	Texas	74-2963859
SRE Texas – 4, L.P.	Texas	45-0474729
SRE Texas – 5, L.P.	Texas	77-0589837
SRE Texas – 6, L.P.	Texas	90-0079415
SRE Texas – 7, L.P.	Texas	33-1001169
SRE Texas – 8, L.P.	Texas	82-0540594
SRE Virginia – 1, LLC	Virginia	52-2252370
SRE Virginia – 2, LLC	Virginia	20-0162340

The primary standard industrial classification of all of the additional registrants is 5511. The principal executive offices of all of the additional registrants is 5401 East Independence Boulevard, Charlotte, North Carolina 28212. Their telephone number is (704) 566-2400.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction when the offer or sale is not permitted.

THIS PROSPECTUS IS SUBJECT TO COMPLETION,

DATED OCTOBER 2, 2003.

PROSPECTUS



**Offer to Exchange  
Registered 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2013, Series B  
For All of Our Outstanding  
Unregistered 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2013, Series A**

- We are offering to exchange new registered 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2013, Series B for all of our outstanding unregistered 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2013, Series A.
- The terms of the Series B notes will be identical in all material respects to the Series A notes except for certain transfer restrictions and registration rights relating to the Series A notes, and the right of the holders of Series A notes to receive additional interest under certain circumstances relating to the timing of this exchange offer.
- If all of the Series A notes are exchanged for Series B notes in this exchange offer, we will have a single series of registered notes outstanding with an aggregate principal amount of \$200.0 million.
- We will not receive any proceeds from this exchange offer.
- This exchange offer expires at 5:00 p.m., New York City time, on \_\_\_\_\_ 2003, unless we extend it.
- You should carefully review the procedures for tendering Series A notes under the caption "The Exchange Offer" beginning on page 17 of this prospectus. If you do not comply with these procedures, we are not obligated to exchange your Series A notes for Series B notes.
- If you currently hold Series A notes and fail to validly tender them, then you will continue to hold unregistered Series A notes and your ability to transfer them will be subject to transfer restrictions, which could adversely affect your ability to transfer Series A notes.
- The Series A notes were issued in a private offering on August 12, 2003. When issued, the Series B notes will be registered under the Securities Act of 1933, as amended, and will contain no legends restricting their transfer.
- Although the Series B notes will be registered, we do not intend to list them on any securities exchange and, consequently, do not anticipate an active public market for the Series B notes.

**Both acceptance and rejection of this exchange offer involve risks. Some of the risks associated with the exchange offer and an investment in the Series B notes offered through this prospectus are described under the caption "[Risk Factors](#)" beginning on page 10 of this prospectus.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

*The date of this prospectus is \_\_\_\_\_, 2003*

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This prospectus incorporates business and financial information about us that is not included in or delivered with the document. You may obtain a copy of the information incorporated by reference into this prospectus by following the procedures described under the caption “Where You Can Find More Information About Sonic” contained elsewhere in this prospectus. In addition, we will provide upon request a free copy of any or all of the documents incorporated by reference in this prospectus (excluding exhibits to such documents unless such exhibits are specifically incorporated by reference) to anyone to whom we provide this prospectus. Written or telephone requests should be directed to Mr. J. Todd Atenhan, Director of Investor Relations, 6415 Idlewild Road, Suite 109, Charlotte, North Carolina 28212, Telephone (888) 766-4218. **You must make your request for documents no later than five business days before you make your investment decision concerning our securities to obtain timely delivery of these documents. In addition, you must request this information by \_\_\_\_\_, 2003 or at least five business days in advance of the expiration of this exchange offer.**

This prospectus is a part of a Registration Statement on Form S-4 filed with the Commission by Sonic. This prospectus does not contain all of the information set forth in the Registration Statement and the exhibits thereto. Statements about the contents of contracts or other documents contained in this prospectus or in any other filing to which we refer you are not necessarily complete. You should review the actual copy of such documents filed as an exhibit to the Registration Statement or such other filing. Copies of the Registration Statement and these exhibits may be obtained from us as indicated above or from the Commission upon payment of the fees prescribed by the Commission. See “Where You Can Find More Information About Sonic.”

Except as otherwise indicated, all references in this prospectus to “we,” “us,” “our,” “our company” or “Sonic” means Sonic Automotive, Inc. and its subsidiaries.

You should rely only on the information contained in or incorporated by reference into this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities (1) in any jurisdiction where the offer or sale is not permitted, (2) where the person making the offer is not qualified to do so or (3) to any person who cannot legally be offered the securities. You should assume that the information appearing in this prospectus and the information incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

You should not consider any information contained in or incorporated by reference into this prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in our securities.

You should base your decision to invest in our securities solely on information contained in this prospectus and information incorporated by reference herein and therein.

No representation or warranty, express or implied, is made as to the accuracy or completeness of the information obtained from third party sources contained in or incorporated by reference into this prospectus, and nothing contained in or incorporated by reference into this prospectus is, or shall be relied upon as, a promise or representation, whether as to past or future performance.



## PROSPECTUS SUMMARY

*The following summary is qualified in its entirety by the more detailed information included elsewhere in, or incorporated by reference into, this prospectus. Because this is a summary, it is not complete and does not include all of the information that may be important to you. You should read this entire prospectus and the documents that we incorporate by reference before deciding whether to participate in the exchange.*

Sonic Automotive, Inc. is one of the largest automotive retailers in the United States. As of June 30, 2003 we operated 188 dealership franchises, representing 37 different brands of cars and light trucks at 143 locations, and 42 collision repair centers in 15 states. Our dealerships provide comprehensive services including sales of both new and used cars and light trucks, sales of replacement parts, performance of vehicle maintenance, warranty, paint and collision repair services, and arrangement of extended warranty contracts, financing and insurance ("F&I") for our customers. Our brand diversity allows us to offer a broad range of products at a wide range of prices from lower priced, or economy vehicles, to luxury vehicles. We believe that this diversity reduces the risk of changes in customer preferences, product supply shortages and aging products. In addition, although vehicle sales are cyclical and are affected by many factors, including general economic conditions, consumer confidence, levels of discretionary personal income, interest rates, manufacturer's incentives and available credit, our parts, service and collision repair services are not closely tied to vehicle sales and are not dependent upon near-term vehicle sales volume. As a result, we believe the diversity of these products and services reduces the risk of periodic economic downturns.

Our Class A common stock is traded on the New York Stock Exchange under the symbol "SAH." Our principal executive offices are located at 5401 East Independence Blvd., Charlotte, North Carolina 28212, telephone (704) 566-2400. We were incorporated in Delaware in 1997.

### Recent Events

On September 10, 2003, we redeemed all of our outstanding 11% senior subordinated notes due 2008 with the net proceeds from our private offering of 8/8% senior subordinated notes due 2013, Series A, and borrowings under our credit facility. We paid \$194.6 million to redeem the 11% senior subordinated notes due 2008, which included the outstanding principal amount, accrued interest and the redemption premium of 5.5%.

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**The Exchange Offer**

Securities to be exchanged

On August 12, 2003, we issued \$200.0 million in aggregate principal amount of 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013, Series A in a private offering that was exempt from the registration requirements of the Securities Act of 1933, as amended. We entered into a registration rights agreement with the initial purchasers in the private offering in which we agreed, among other things, to complete this exchange offer within 180 days of the issuance of the Series A notes. As of the date of this prospectus, there is \$200.0 million in aggregate principal amount of Series A notes outstanding.

The Exchange Offer

We are offering to exchange all of our outstanding Series A notes for a like principal amount of our registered 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013, Series B. The terms of the Series B notes will be identical in all material respects to the Series A notes. The Series A notes are currently governed by the terms of an indenture dated as of August 12, 2003. The Series B notes will be governed by the terms of the same indenture.

Resales of Series B notes without further registration;  
prospectus delivery

Based on Commission staff interpretations given to other, unrelated issuers in other exchange offers, we believe that holders of the Series B notes who are not broker-dealers, can offer for resale, resell and otherwise transfer the Series B notes without complying with the registration and prospectus delivery requirements of the Securities Act, if:

- you acquire the Series B notes in the exchange offer in the ordinary course of your business;
- you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate, in the distribution of the Series B notes; and
- you are not an “affiliate” of Sonic, as defined in Rule 405 under of the Securities Act.

By executing or agreeing to the terms of the letter of transmittal related to this offering, you are representing to us that you satisfy each of these conditions. If you do not satisfy these conditions and you transfer the Series B notes issued to you in the exchange offer without delivering a prospectus that meets the requirements of the Securities Act or without qualifying for an exemption from the registration requirements of the Securities Act, you may incur liability under the Securities Act. We will not indemnify you against any Securities Act liability you may incur.

We will not seek a Commission staff interpretation in connection with our exchange offer. We cannot assure you that the Commission staff would make a similar interpretation with respect to our exchange offer.

Restrictions on resales by broker-dealers

Under the Securities Act, each broker-dealer that receives registered notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of the registered notes. A broker-dealer may use this prospectus in connection with any resale of the Series B notes received in the exchange offer for a period of 180 days after the end of the exchange offer.

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Expiration date; extension of tender period; termination; and amendment

This exchange offer will expire at 5:00 p.m. New York City time on \_\_\_\_\_, 2003, unless we extend it. You must tender your outstanding Series A notes prior to this time, if you want to participate in the exchange offer. We may terminate the exchange offer in the event of circumstances described on page 17 under the caption “Exchange Offer”. We have the right to amend any of the terms of the exchange offer subject to our obligations under the registration rights agreement.

Conditions to the exchange offer

The exchange offer is subject to various conditions. All conditions must be satisfied or waived prior to the expiration of the exchange offer.

Procedures for tendering Series A notes

A holder who wishes to tender Series A notes in the exchange offer must do either of the following by 5:00 p.m., New York City time, on or prior to the expiration date:

- properly complete, sign and date the letter of transmittal, including all other documents required by the letter of transmittal; have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and mail or deliver that letter of transmittal and other required documents to the exchange agent at the address listed below under “Exchange Agent” on or before the expiration date; or
- if the Series A notes are tendered under the book-entry transfer procedures described below, transmit to the exchange agent on or before the expiration date an agent’s message.

In addition, one of the following must occur by 5:00 p.m., New York City time, on or prior to the expiration date:

- the exchange agent must receive certificates representing your Series A notes, along with the letter of transmittal, on or before the expiration date; or
- the exchange agent must receive a timely confirmation of book-entry transfer of the Series A notes into the exchange agent’s account at DTC under the procedure for book-entry transfers described below, along with the letter of transmittal or a properly transmitted agent’s message, on or before the expiration date; or
- the holder must comply with the guaranteed delivery procedures described below.

Do not send letters of transmittal or certificates representing Series A notes to us or DTC. Send these documents only to the exchange agent.

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Special procedures for beneficial owners	If you own a beneficial interest in Series A notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your interest in the Series A notes in the exchange offer, please contact the registered holder as soon as possible and instruct the registered holder to tender on your behalf and to comply with the procedures for tendering Series A notes described in this prospectus and the letter of transmittal.
Guaranteed delivery procedures for tendering Series A notes	If you cannot deliver any necessary documentation or comply with the applicable procedures under DTC standard operating procedures for electronic tenders on or before the expiration date, you may tender your Series A notes according to the guaranteed delivery procedures set forth under the caption “Exchange Offer—Guaranteed Delivery Procedures.”
Exchange offer; registration rights	<p>Under a registration rights agreement executed as part of the sale of the Series A notes, we and the guarantors agreed to use our reasonable best efforts to exchange the Series A notes for Series B notes registered under the Securities Act on or prior to 180 days after the issue date of the Series A notes; or file under certain circumstances a shelf registration statement to cover resales of the Series A notes and to cause the registration statement to be declared effective by the Commission. If we fail to satisfy these obligations, we have agreed to pay liquidated damages (in the form of additional interest) to holders of the Series A notes under certain circumstances. See “Exchange Offer.”</p> <p>This exchange offer is intended to satisfy our obligations under the registration rights agreement. If you are eligible to participate in the exchange offer and do not tender your Series A notes, you will not be entitled to any exchange or registration rights with respect to the Series A notes except in limited circumstances.</p>
Withdrawal	Your tender of Series A notes pursuant to this exchange offer may be withdrawn at any time before the exchange offer expires. Withdrawals may not be rescinded. If you change your mind again, you may tender your Series A notes again by following the exchange offer procedures before the exchange offer expires.
Accrued interest	Interest on the Series B notes will accrue from the most recent interest payment date on which interest was paid on the Series A notes or, if no interest has been paid on the Series A notes, from August 12, 2003.
Delivery of Series B notes	We will deliver Series B notes by book-entry transfer as soon as reasonably practicable after acceptance of the Series A notes. If we do not accept any of your outstanding Series A notes for exchange, we will return them to you as promptly as practicable after the expiration or termination of the exchange offer without any expense to you.

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No appraisal rights	No appraisal rights are available to holders of Series A notes in connection with the exchange offer. If you do not tender your Series A notes or we reject your tender, you will not be entitled to any further registration rights under the registration rights agreement except under limited circumstances. Your unexchanged notes will, however, remain outstanding and entitled to the benefits of the indenture.
Material United States federal income tax considerations	Your exchange of Series A notes for Series B notes should not be a taxable exchange for United States federal income tax purposes. You should not recognize any taxable gain or loss or any interest income as result of the exchange.
Exchange agent	U.S. Bank National Association
Legal requirements to exchange offer	There are no federal or state regulatory requirements that must be complied with in connection with the exchange offer, other than registration under the Securities Act of the Series B notes and the related guarantees.
Use of proceeds	We will not receive any cash proceeds from the issuance of the Series B notes.
Legal limitation	We are not making any offer to sell, nor are we soliciting any offer to buy, securities in any jurisdiction in which the offer or sale is not permitted.

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**Summary of the Series B notes**

The following is a brief summary of certain terms of the Series B notes. For a more complete description of the terms of the Series B notes, see “Description of Notes” in this prospectus.

Issuer	Sonic Automotive, Inc.
Notes offered	\$200.0 million aggregate principal amount of 8 <sup>5</sup> / <sub>8</sub> % senior subordinated notes due 2013, Series B. The terms of these notes will be identical in all material respects to the Series A notes and will vote as a single class for purposes of taking actions and exercising rights under the indenture.
Interest rate	The Series B notes will bear interest at a rate of 8 <sup>5</sup> / <sub>8</sub> % per annum.
Interest payment dates	Semi-annually in cash in arrears on February 15 and August 15 commencing on February 15, 2004.
Maturity	August 15, 2013.
Guarantees	The Series B notes will be unconditionally guaranteed, jointly and severally, on a senior subordinated basis by all of our operative domestic subsidiaries. Future subsidiaries may also be required to guarantee the Series B notes. However, the guarantees will rank behind all of the senior debt of those subsidiaries.
Ranking	<p>The Series B notes and the guarantees will be unsecured senior subordinated obligations. Accordingly, they will rank:</p> <ul style="list-style-type: none"><li>• behind all of our and the guarantors’ existing and future senior debt, whether or not secured, and effectively subordinated to the obligations of our non-guarantor subsidiaries;</li><li>• equally with all of our and the guarantors’ existing and future senior subordinated obligations that do not expressly provide that they are subordinated to the Series B notes and will be effectively senior to all of our debt that is not guaranteed by our subsidiaries; and</li><li>• ahead of any of our and the guarantors’ existing and future debt that expressly provides that it is subordinated to the Series B notes.</li></ul>

Because the Series B notes are subordinated, in the event of bankruptcy, liquidation or dissolution and acceleration of or payment default on senior indebtedness, holders of the Series B notes will not receive any payment until holders of senior indebtedness have been paid in full.

As of June 30, 2003, assuming that all Series A notes are exchanged for Series B notes, we would have had \$318.8 million of debt which would have been senior or secured (excluding floor plan debt), \$130.1 million of debt ranking pari passu to the Series B notes (which excludes \$182.4 million of our 11% senior subordinated notes that were redeemed on September 10, 2003) and \$5.5 million of unsecured subordinated debt.

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	<p>In addition, our non-guarantor subsidiaries would have had no debt (other than intercompany liabilities and trade payables) to which the Series B notes would have been structurally subordinated.</p>
Optional redemption	<p>On or after August 15, 2008, we may redeem some or all of the Series B notes at any time at the redemption prices described under the caption “Description of Notes—Optional Redemption,” plus accrued and unpaid interest, if any, to the date that we redeem the Series B notes.</p>
	<p>In addition, on or before August 15, 2006, we may redeem up to 35% of the aggregate principal amount of the Series B notes with the proceeds from certain equity offerings at the redemption price listed under the caption “Description of Notes—Optional Redemption.”</p>
Change of control	<p>Upon the occurrence of certain change of control events, we must offer to repurchase the Series B notes, in whole or in part, at 101% of the aggregate principal amount of the Series B notes repurchased plus accrued and unpaid interest, if any, to the date we redeem the Series B notes.</p>
Covenants	<p>The indenture governing the Series B notes will, among other things, restrict our and our restricted subsidiaries’ ability to:</p> <ul style="list-style-type: none"><li>• incur additional debt;</li><li>• pay dividends and make distributions;</li><li>• incur liens;</li><li>• make specified types of investments;</li><li>• apply net proceeds from certain asset sales;</li><li>• engage in transactions with our affiliates;</li><li>• merge or consolidate;</li><li>• restrict dividends or other payments from restricted subsidiaries;</li><li>• issue of guarantees of and pledges for debt;</li><li>• sell preferred stock of restricted subsidiaries; and</li><li>• sell, assign, transfer, lease, convey or dispose of assets.</li></ul> <p>These covenants are subject to important exceptions, limitations and qualifications that are described under the caption “Description of Notes—Certain Covenants” in this prospectus.</p>
Absence of Market for the Series B notes	<p>The Series B notes are a new issue of securities with no established trading market. We currently do not intend to apply to list the Series B notes on any securities exchange or quotation system. Accordingly, we cannot assure you as to the development or liquidity of any market for the Series B notes.</p>

### **Summary Consolidated Financial Data**

The summary consolidated income statement data for the years ended December 31, 2000, 2001 and 2002 and the summary consolidated balance sheet data as of December 31, 2001 and 2002 are derived from Sonic's audited financial statements, which are incorporated by reference into this prospectus. The summary consolidated balance sheet data as of December 31, 2000 are derived from Sonic's audited financial statements, which are not included in or incorporated by reference into this prospectus. The summary consolidated balance sheet data as of June 30, 2002 are derived from Sonic's unaudited financial statements, which are not included in or incorporated by reference into this prospectus. The summary consolidated income statement data for the six months ended June 30, 2002 and 2003, and the summary consolidated balance sheet data as of June 30, 2003, are derived from Sonic's unaudited financial statements, which are incorporated by reference into this prospectus. In the opinion of management, these unaudited financial statements reflect all adjustments necessary for a fair presentation of Sonic's results of operations and financial condition. All such adjustments are of a normal recurring nature. The results for interim periods are not necessarily indicative of the results to be expected for the entire fiscal year.

The Summary Consolidated Financial and Operating Data of Sonic discussed below reflect the results of operations and financial position of each of our dealerships acquired prior to June 30, 2003. We have accounted for all of our dealership acquisitions using the purchase method of accounting and, as a result, we do not include in our financial statements the results of operations and financial positions of acquired dealerships prior to the date they were acquired by us. As a result of the effects of our acquisitions, the Summary Consolidated Financial and Operating Data set forth below is not necessarily indicative of the results of operations and financial position of Sonic in the future or the results of operations and financial position that would have resulted had such acquisitions occurred at the beginning of the periods presented below.

The following income statement data for all periods presented reflects our June 30, 2003 classification of franchises between continuing operations and discontinued operations in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144: Accounting for the Impairment or Disposal of Long-Lived Assets ("SFAS 144"). This Summary Consolidated Financial and Operating Data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Sonic's Consolidated Financial Statements and the related notes thereto, which are incorporated by reference into this prospectus.



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	Year Ended December 31,			Six Months Ended June 30,	
	2000	2001	2002	2002	2003
	(dollars in thousands)			(unaudited)	
<b>Income Statement Data:</b>					
Revenues:					
New vehicles	\$ 3,138,248	\$ 3,484,139	\$ 4,247,459	\$ 2,000,548	\$ 2,220,304
Used vehicles	1,001,926	1,019,617	1,170,869	568,183	599,741
Wholesale vehicles	368,533	368,369	459,506	232,902	213,679
Total vehicle sales	4,508,707	4,872,125	5,877,834	2,801,633	3,033,724
Parts, service and collision repair	624,466	717,669	905,176	428,935	489,918
Finance, insurance and other	145,748	172,935	198,708	94,938	104,153
Total revenues	5,278,921	5,762,729	6,981,718	3,325,506	3,627,795
Cost of sales	4,480,785	4,870,421	5,899,632	2,806,469	3,067,504
Gross profit	798,136	892,308	1,082,086	519,037	560,291
Selling, general and administrative expenses	582,956	671,611	837,308	398,486	451,771
Depreciation and amortization(a)	20,469	23,715	8,505	4,024	5,215
Operating income	194,711	196,982	236,273	116,527	103,305
Other income (expense):					
Interest expense, floor plan	(39,873)	(31,428)	(23,959)	(11,252)	(11,985)
Interest expense, other	(40,761)	(34,595)	(38,634)	(17,621)	(19,649)
Other income, net	115	136	3,306	236	80
Total other expenses	(80,519)	(65,887)	(59,287)	(28,637)	(31,554)
Income from continuing operations before taxes and cumulative effect of change in accounting principle	114,192	131,095	176,986	87,890	71,751
Provision for income taxes	(43,319)	(51,096)	(67,419)	(33,484)	(26,139)
Income from continuing operations before cumulative effect of change in accounting principle	70,873	79,999	109,567	54,406	45,612
Discontinued operations:					
Income/(loss) from operations of discontinued dealerships	5,680	(1,051)	(5,068)	(1,482)	336
Income tax benefit/(expense)	(2,381)	381	2,065	644	(127)
Income/(loss) from discontinued operations	3,299	(670)	(3,003)	(838)	209
Income before cumulative effect of change in accounting principle	74,172	79,329	106,564	53,568	45,821
Cumulative effect of change in accounting principle, net of tax benefit of \$3,325	—	—	—	—	(5,619)
Net income	\$ 74,172	\$ 79,329	\$ 106,564	\$ 53,568	\$ 40,202
Ratio of earnings to fixed charges (b)	3.0x	3.5x	3.9x	4.1x	3.2x
<b>Balance Sheet Data (at end of period):</b>					
Total assets	1,784,576	1,810,369	2,375,308	2,240,771	2,453,423
Total long-term debt (c)	493,309	519,963	645,809	602,936	630,193
Total long-term liabilities (including long-term debt)	515,333	551,412	699,746	640,522	685,991
Stockholders' equity	450,922	517,261	637,178	618,595	669,072

- (a) In accordance with the provisions of SFAS 142: Goodwill and Other Intangible Assets ("SFAS 142"), effective January 1, 2002, goodwill is no longer amortized.
- (b) Fixed charges is defined as interest (other than interest expense related to notes payable-floor plan) and such portion of rent expense determined to be representative of the interest factor. The ratio of earnings to fixed charges is calculated by adding fixed charges to income before income taxes and minority interest and dividing the sum by fixed charges.
- (c) Long-term debt, including current portion, includes the payable to our Chairman and the payable to our affiliates, which are subordinated to the Series B notes. See our "Consolidated Financial Statements" and the related notes which are incorporated by reference into this prospectus. On September 10, 2003, we redeemed all of our 11% senior subordinated notes due 2008 with the net proceeds from our private offering of 8<sup>5</sup>/<sub>8</sub>% senior subordinated notes due 2013, Series A, and borrowings under our credit facility. We paid \$194.6 million to redeem the 11% senior subordinated notes due 2008, which included the outstanding principal amount, accrued interest and the redemption premium of 5.5%.

## RISK FACTORS

*Prospective investors should carefully consider and evaluate all of the information set forth in this prospectus, including the risk factors set forth below and the risk factors set forth in Exhibit 99.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on October 2, 2003.*

### Risks Related to the Offering

#### **Failure to exchange your Series A notes may have adverse consequences to you.**

If you do not exchange your Series A notes for Series B notes in the exchange offer, your Series A notes will continue to be subject to the restrictions on transfer contained in the legend on the Series A notes. In general, the Series A notes may not be offered or sold unless they are registered under the Securities Act. However, you may offer or sell your Series A notes under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. After the exchange offer is completed, you will not be entitled to any exchange or registration rights with respect to your Series A notes except under limited circumstances. The exchange offer for the Series A notes is not conditioned upon the tender of a minimum aggregate principal amount of Series A notes.

Issuance of the Series B notes in exchange for the Series A notes pursuant to the exchange offer will be made following the prior satisfaction, or waiver, of the conditions set forth in “The Exchange Offer—Conditions to the Exchange Offer” and only after timely receipt by the exchange agent of Series A notes, a properly completed and duly executed letter of transmittal and all other required documents. Therefore, holders of Series A notes desiring to tender their Series A notes in exchange for Series B notes should allow sufficient time to ensure timely delivery of all required documentation. Neither we, the exchange agent, nor any other person is under any duty to give notification of defects or irregularities with respect to the tenders of Series A notes for exchange. Series A notes that may be tendered in the exchange offer but which are not validly tendered will remain outstanding following the consummation of the exchange offer.

#### **Certain participants in the exchange offer must deliver a prospectus in connection with resales of the Series B notes.**

Based on certain no-action letters issued by the staff of the Commission, we believe that you may offer for resale, resell or otherwise transfer the exchange notes without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus under “Plan of Distribution,” you will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer your Series B notes. In these cases, if you transfer any Series B note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your Series B notes under the Securities Act, you may incur liability under this act. We do not and will not assume, or indemnify you against, this liability.

#### **If you do not exchange your Series A notes for Series B notes, you will continue to be subject to restrictions on transfer of your Series A notes.**

If you do not exchange your Series A notes for the Series B notes pursuant to the exchange offer, you will continue to be subject to the restrictions on transfer of your Series A notes described in the legend on your Series A notes. The restrictions on transfer of your Series A notes arise because we issued the Series A notes pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer to sell the Series A notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold pursuant to an exemption from such requirements. We do not intend to register the Series A notes under the Securities Act. In addition, if you

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exchange your Series A notes in the exchange offer for the purpose of participating in a distribution of the Series B notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. To the extent Series A notes are tendered and accepted in the exchange offer, the trading market, if any, for the Series A notes would be adversely affected.

### **If you do not comply with the specified exchange procedures described in this prospectus, you may be unable to obtain registered notes.**

We will issue the Series B notes in exchange for the Series A notes pursuant to this exchange offer only after we have timely received the Series A notes, along with a properly completed and duly executed letter of transmittal and all other required documents. Therefore, if you want to tender your Series A notes in exchange for Series B notes, you should allow sufficient time to ensure timely delivery. Neither we nor the exchange agent is under any duty to give notification of defects or irregularities with respect to the tender of Series A notes for exchange. The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2003, or on a later extended date and time as we may decide. Series A notes that are not tendered or are tendered but not accepted for exchange will, following the expiration date and the consummation of this exchange offer, continue to be subject to the existing restrictions upon transfer thereof. In general, the Series A notes may not be offered or sold, unless registered under the Securities Act or except pursuant to an exemption from or in a transaction not subject to, the Securities Act. In addition, if you are still holding any Series A notes after the expiration date and the exchange offer has been consummated, subject to certain exceptions, you will not be entitled to any rights to have such Series A notes registered under the Securities Act or to any similar rights under the registration rights agreement subject to limited exceptions, if applicable. We do not currently anticipate that we will register the Series A notes under the Securities Act.

The Series B notes and any Series A notes having the same maturity which remain outstanding after consummation of the exchange offer will vote together as a single class for purposes of determining whether holders of the requisite percentage thereof have taken certain actions or exercised certain rights under the Indenture.

### **Risks Related to Our Existing Indebtedness and the Series B Notes**

#### **Our significant indebtedness could materially adversely affect our financial health, limit our ability to finance future acquisitions and capital expenditures and prevent us from fulfilling our financial obligations.**

As of August 31, 2003, our total outstanding indebtedness was approximately \$1,399.8 million, including the following:

- \$100.0 million under a revolving credit facility;
- \$781.1 million under standardized secured inventory floor plan facilities;
- \$179.3 million in 11% senior subordinated notes due 2008 representing \$182.4 million in aggregate principal amount outstanding less unamortized discount of approximately \$3.1 million;
- \$126.8 million in 5¼% convertible senior subordinated notes due 2009 representing \$130.1 million in aggregate principal amount outstanding less unamortized discount of approximately \$3.3 million;
- \$194.3 million in 8 5/8% Senior Subordinated Notes due 2013 representing \$200.0 million in aggregate principal amount outstanding less unamortized discount of approximately \$5.7 million;
- \$12.8 million of other secured debt, including \$8.5 million under our construction/mortgage credit facility; and
- \$5.5 million of subordinated debt owed to our chairman and chief executive officer, Mr. O. Bruton Smith.

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As of August 31, 2003, we had approximately \$376.6 million available for additional borrowings under the revolving credit facility. We also had approximately \$91.5 million available under a construction/mortgage credit facility for real estate acquisitions and new dealership construction. We also have significant additional capacity under the floor plan facilities. In addition, the indentures relating to our senior subordinated notes, convertible senior subordinated notes and other debt instruments allow us to incur additional indebtedness, including secured indebtedness.

On September 10, 2003, we redeemed all of our outstanding 11% senior subordinated notes due 2008 with the net proceeds from our private offering of 8/8% senior subordinated notes due 2013, Series A, and borrowings under our revolving credit facility. We paid \$194.6 million to redeem the 11% senior subordinated notes due 2008, which included the outstanding principal amount, accrued interest and the redemption premium of 5.5%.

The degree to which we are leveraged could have important consequences to the holders of our securities, including the following:

- our ability to obtain additional financing for acquisitions, capital expenditures, working capital or general corporate purposes may be impaired in the future;
- a substantial portion of our current cash flow from operations must be dedicated to the payment of principal and interest on our indebtedness, thereby reducing the funds available to us for our operations and other purposes;
- some of our borrowings are and will continue to be at variable rates of interest, which exposes us to the risk of increasing interest rates;
- the indebtedness outstanding under our revolving credit facility and floor plan facilities are secured by a pledge of substantially all the assets of our dealerships; and
- we may be substantially more leveraged than some of our competitors, which may place us at a relative competitive disadvantage and make us more vulnerable to changing market conditions and regulations.

In addition, our debt agreements contain numerous covenants that limit our discretion with respect to business matters, including mergers or acquisitions, paying dividends, incurring additional debt, making capital expenditures or disposing of assets.

**An acceleration of our obligation to repay all or a substantial portion of our outstanding indebtedness would have a material adverse effect on our business, financial condition or results of operations.**

Our revolving credit facility, floor plan facilities and the indenture governing our senior subordinated notes contain numerous financial and operating covenants. A breach of any of these covenants could result in a default under the applicable agreement or indenture. If a default were to occur, we may be unable to adequately finance our operations and the value of our common stock would be materially adversely affected. In addition, a default under one agreement or indenture could result in a default and acceleration of our repayment obligations under the other agreements or indentures, including the indenture governing our outstanding convertible senior subordinated notes, under the cross default provisions in those agreements or indentures. If a cross default were to occur, we may not be able to pay our debts or borrow sufficient funds to refinance them. Even if new financing were available, it may not be on terms acceptable to us. As a result of this risk, we could be forced to take actions that we otherwise would not take, or not take actions that we otherwise might take, in order to comply with the covenants in these agreements and indentures.

**Our repayment obligations under the Series B notes will be junior to our obligations under our revolving credit facility and other senior indebtedness, and our guarantors repayment obligations under the guarantees will be junior to their senior indebtedness.**

The payment of the principal of, premium, if any, and interest on the Series B notes will be subordinated to the prior payment in full of all of our existing and future senior indebtedness. In the event of a liquidation,

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dissolution, reorganization or any similar proceeding, our assets will be available to pay obligations on the Series B notes only after senior indebtedness has been paid in full. Therefore, there may not be sufficient assets to pay amounts due on all or any of the Series B notes.

In addition, we may not:

- pay principal of, premium, if any, interest on or any other amounts owing in respect of the Series B notes;
- make any deposit pursuant to defeasance provisions; or
- purchase, redeem or otherwise retire the Series B notes, if any senior indebtedness is not paid when due or any other default on senior indebtedness occurs and the maturity of such indebtedness is accelerated in accordance with its terms unless, in either case, the default has been cured or waived, the acceleration has been rescinded or the senior indebtedness has been repaid in full.

Moreover, under certain circumstances, if any non-payment default exists with respect to senior indebtedness, we may not make any payments on the Series B notes for a specified time, unless such default is cured or waived, any acceleration of such indebtedness has been rescinded or such indebtedness has been repaid in full. See “Description of Notes—*Ranking*.”

The Series B notes and the guarantees will be unsecured senior subordinated obligations and, as such, will be subordinated in right of payment with all of the other existing and future senior indebtedness incurred by us and certain of the guarantors and *pari passu* in right of payment to all of the existing and future senior subordinated indebtedness incurred by us. As of June 30, 2003, assuming that all Series A notes are exchanged for Series B notes:

- we and the guarantors would have had approximately \$318.8 million of debt which is senior or secured;
- we would also have had \$130.1 million of debt ranking *pari passu* to the Series B notes or the guarantees, as the case may be, (which excludes \$182.4 million of our 11% senior subordinated notes that were redeemed on September 10, 2003) all of which would have been effectively subordinated to the Series B notes because it is not guaranteed by our subsidiaries; and
- the guarantors would also have had approximately \$873.2 million of secured floor plan indebtedness, which is guaranteed by us.

Our indebtedness is described in the footnotes to the unaudited financial statements contained in our most recent quarterly report on Form 10-Q and our Current Report on Form 8-K filed with the Commission on October 2, 2003, both of which are incorporated by reference. The Series B notes will not be secured by any of our assets or assets of the guarantors. Our floor plan indebtedness is secured by vehicle inventory and proceeds from the sale of that inventory. Our construction/mortgage facility is secured by the property acquired with borrowings under the facility. The indebtedness under our revolving facility is secured by:

- our pledge of all the capital stock, membership interests and partnership interests of all of our dealership subsidiaries (to the extent that such a pledge is permitted by the applicable manufacturer);
- guarantees by all of our subsidiaries that are, in turn, secured by a lien on all of the assets of these subsidiaries; and
- a lien on all of our other assets, except for real estate owned by us or our subsidiaries.

In the event of a default on the Series B notes or our bankruptcy, liquidation or reorganization, these assets will be available to satisfy the obligations with respect to the indebtedness secured thereby before any payment therefrom could be made on the Series B notes. Therefore, there may not be sufficient assets to pay amounts due on all or any of the Series B notes.

**Our ability to make interest and principal payments when due to holders of our debt securities, including the Series B notes, depends upon the receipt of sufficient funds from our subsidiaries.**

The Series B notes are our obligations. Substantially all of our consolidated assets are held by our subsidiaries and substantially all of our consolidated cash flow and net income are generated by our subsidiaries. Accordingly, our cash flow and ability to service debt, including the Series B notes, depends to a substantial degree on the results of operations of subsidiaries and upon the ability of our subsidiaries to provide us with cash. We may receive cash from our subsidiaries in the form of dividends, loans or otherwise. We may use this cash to service our debt obligations or for working capital. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to distribute cash to us or to make funds available to service debt. In addition, the ability of our subsidiaries to pay dividends or make loans to us are subject to contractual limitations under the floor plan facilities, minimum net capital requirements under manufacturer franchise agreements and laws of the state in which a subsidiary is organized and depend to a significant degree on the results of operations of our subsidiaries and other business considerations.

**The guarantees may not be enforceable because of fraudulent conveyance laws.**

Our obligations under the Series B notes will be guaranteed by the guarantors. To the extent that a court were to find, pursuant to federal or state fraudulent transfer laws or otherwise, that:

- the guarantees were incurred by the guarantors with intent to hinder, delay or defraud any present or future creditor or the guarantors contemplated insolvency with a design to prefer one or more creditors to the exclusion in whole or in part of others; or
- a guarantor did not receive fair consideration or reasonably equivalent value for issuing its guarantee and the guarantor
  - was insolvent,
  - was rendered insolvent by reason of the issuance of the guarantee,
  - was engaged or about to engage in a business or transaction for which the remaining assets of the guarantor constituted unreasonably small capital to carry on its business,
  - intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured or
  - was a defendant in an action for money damages or had a judgment for money damages docketed against it (in either case, if after final judgment, the judgment remained unsatisfied),

the court could avoid or subordinate the guarantee in favor of the guarantor's other creditors. Among other things, a legal challenge of a guarantee on fraudulent conveyance grounds may focus on the benefits, if any, realized by the guarantor as a result of our issuance of the Series B notes. The measure of insolvency of the guarantor for these purposes will vary depending upon the law of the relevant jurisdiction. Generally, however, a company would be considered insolvent:

- if the sum of the company's debts, including contingent liabilities, is greater than all of the company's property at a fair valuation,
- if the present fair saleable value of the company's assets is less than the amount that will be required to pay its probable liability on its existing debts as they become absolute and mature or
- if the company could not pay its debts as they become due.

We cannot assure you what standards a court would apply to determine whether a guarantor was solvent at the relevant time. To the extent that a guarantee were to be avoided as a fraudulent conveyance or held unenforceable for any other reason, holders of the Series B notes would cease to have any claim in respect of the guarantor and would be creditors solely of ours and of the guarantors whose guarantees had not been avoided or

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held unenforceable. In this event, the claims of the holders of the Series B notes against the issuer of an invalid guarantee would be subject to the prior payment in full of all liabilities of the guarantor thereunder. There can be no assurance that, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Series B notes relating to the voided guarantees.

The guarantees may be released under certain circumstances, including upon resale, exchange or transfer by us of the stock of the related guarantor or all or substantially all of the assets of the guarantor to a non-affiliate. See “Description of Notes—Certain Covenants—*Limitation on Issuances of Guarantees of and Pledges for Indebtedness.*”

To the extent that a court were to find that the issuance of the Series B notes violated federal or state fraudulent transfer or conveyance laws, in the manner described above with respect to the guarantors, the court could avoid or modify our obligations to holders of the Series B notes in favor of our other creditors. To the extent that the issuance of the Series B notes were to be avoided as a fraudulent conveyance or held unenforceable for any other reason, holders of the Series B notes would cease to have any claim against us and would be creditors solely of the guarantors whose guarantees had not been avoided or held unenforceable. In this event, the claims of the holders of the Series B notes against us would be subject to the prior payment in full of all of our liabilities. We cannot assure you that, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Series B notes.

### **An active public market may not develop for the Series B notes, which may hinder your ability to liquidate your investment.**

There currently is no trading market and there can be no assurance as to the liquidity of any market for the Series B notes that may develop, the ability of holders of the Series B notes to sell their Series B notes, or the prices at which holders of the Series B notes would be able to sell their Series B notes. If markets were to exist, the Series B notes could trade at prices higher or lower than their initial purchase prices depending on many factors. Although the initial purchasers have informed us that they currently intend to make a market in the Series B notes, the initial purchasers are not obligated to do so, and they may discontinue any market making activities they engage in at any time without notice. Accordingly, there can be no assurance as to the development or liquidity of any market for the Series B notes. The Series B notes are eligible for trading in the PORTAL market. We do not intend to apply for listing of the Series B notes on any securities exchange or for quotation on the National Association of Securities Dealers Automated Quotation System.

### **We may not be able to purchase your Series B notes upon a change of control.**

Upon the occurrence of specified change of control events, we are required to offer to purchase each Series B holder’s notes at a price of 101% of their principal amount plus accrued interest. We may not have sufficient financial resources to purchase all of the Series B notes that holders may tender to us upon a change of control. In certain circumstances, our lenders also have the right to prohibit any purchases by us of the Series B notes, in which case we would be in default on the Series B notes.

### Cautionary Notice Regarding Forward-Looking Statements

This prospectus and any related supplements or amendments contain numerous “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements are not historical facts, but rather predictions that address our future objectives, plans and goals, as well as our intent, beliefs and current expectations regarding future operating performance, and can generally be identified by such words as “may,” “will,” “should,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “foresee” and other similar words or phrases. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements. Specific events addressed by these forward-looking statements include, but are not limited to:

- future acquisitions;
- industry trends;
- general economic trends, including employment rates and consumer confidence levels;
- vehicle sales rates and same store sales growth;
- our financing plans; and
- our business and growth strategies.

These forward-looking statements are based on our current estimates and assumptions and involve various risks and uncertainties. As a result, you are cautioned that these forward-looking statements are not guarantees of future performance, and that actual results may differ materially from those projected in these forward-looking statements. Factors which may cause actual results to differ materially from our projections include those risk factors contained in “Risk Factors” and elsewhere in this prospectus, and the filings made by us with the Securities and Exchange Commission (“Commission”) that are incorporated by reference into this prospectus, as well as:

- our ability to generate sufficient cash flows or obtain additional financing to support acquisitions, capital expenditures, our share repurchase program, and general operating activities;
- the reputation and financial condition of vehicle manufacturers whose brands we represent, and their willingness to provide financial incentives and their ability to design, manufacture, deliver and market their vehicles successfully;
- our relationships with manufacturers, which may affect our ability to complete additional acquisitions;
- changes in laws and regulations governing the operation of automobile franchises, accounting standards, taxation requirements, and environmental laws;
- general economic conditions in the markets in which we operate, including fluctuations in interest rates, employment levels, and the level of consumer spending;
- high competition in the automotive retailing industry which not only creates pricing pressures on the products and services we offer, but on businesses we seek to acquire; and
- our ability to successfully integrate recent and potential future acquisitions.



## THE EXCHANGE OFFER

### Background and Reasons for the Exchange Offer

We issued the Series A notes on August 12, 2003 in a transaction exempt from the registration requirements of the Securities Act. Simultaneously with the sale of the Series A notes, we entered into a registration rights agreement with the initial purchasers of the Series A notes—Banc of America Securities LLC, J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated—under which we agreed to offer to exchange the Series A notes for publicly tradeable notes having identical terms to those of the Series A notes.

In particular, under the registration rights agreement we agreed, for the benefit of the holders of the Series A notes, at our cost, to use our reasonable best efforts

- (a) to file with the Commission a registration statement with respect to the exchange offer for the Series B notes on or before November 10, 2003,
- (b) to cause the exchange offer registration statement to be declared effective under the Securities Act on or before January 9, 2004,
- (c) to keep the exchange offer registration statement effective until the closing of this exchange offer and
- (d) to cause the exchange offer to be consummated on or before February 8, 2004.

The exchange offer being conducted with this prospectus, if consummated within the required time period, will satisfy our obligations under the registration rights agreement except in limited circumstances. This prospectus, together with the letter of transmittal, is being sent to all beneficial holders of Series A notes known to us.

Promptly after this registration statement has been declared effective, we will offer the Series B notes in exchange for surrender of the Series A notes. We will keep the exchange offer open for not less than 30 days (or longer if required by applicable law) after the date notice of the exchange offer is mailed to the holders of the Series A notes. For each Series A note validly tendered to us pursuant to the exchange offer and not withdrawn by the holder thereof, the holder of each Series A note will receive a Series B note having a principal amount equal to that of the tendered Series A note. Interest on each Series B note will accrue from the last date on which interest was paid on the tendered Series A note in exchange therefor or, if no interest has been paid on the Series A note, from August 12, 2003.

Based on an interpretation of the Securities Act by the staff of the Commission set forth in several no action letters to third parties, and subject to the immediately following sentence, we believe that the Series B notes issued pursuant to the exchange offer may be offered for resale, resold and otherwise transferred by holders thereof without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any purchaser of Series A notes who is an “affiliate” of Sonic or who intends to participate in the exchange offer for the purpose of distributing the Series B notes (a) will not be able to rely on the interpretation by the staff of the Commission set forth in the no-action letters of the Commissions’ staff, (b) will not be able to tender Series A notes in the exchange offer and (c) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the Series A notes, unless such sale or transfer is made pursuant to an exemption from such requirements.

Each holder of the Series A notes who wishes to exchange Series A notes for Series B notes in the exchange offer will be required to make certain representations, including that

- (a) it is neither an affiliate of Sonic nor a broker/dealer tendering Series A notes acquired directly from Sonic for its own account,
- (b) any Series B notes to be received by it were acquired in the ordinary course of its business, and
- (c) at the time of commencement of the exchange offer, it has no arrangement with any person to participate in the distribution (within the meaning of the Securities Act) of the Series B notes.

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In addition, in connection with any resales of Series B notes, any broker/dealer (a “Participating Broker-Dealer”) who acquired the Series A notes for its own account as a result of market-making activities or other trading activities must deliver a prospectus meeting the requirements of the Securities Act. The Commission has taken the position that Participating Broker-Dealers may fulfill their prospectus delivery requirements with respect to the Series B notes (other than a resale of an unsold allotment from the original sale of the Series A notes) with the prospectus contained in this Exchange Offer Registration Statement. Under the registration rights agreement, we will be required to allow Participating Broker-Dealers and other persons, if any, subject to similar prospectus delivery requirements to use the prospectus contained in the Exchange Offer Registration Statement in connection with the resale of such Series B notes.

If any changes in law or the applicable interpretations of the staff of the Commission do not permit us to effect the exchange offer, or if for any other reason the Exchange Offer Registration Statement is not declared effective within 150 days of the date of original issue of the Series A notes or the exchange offer is not consummated within 180 days of the date of original issue of the Series A notes, or upon the request of any of the initial purchasers, or if a holder of the Series A notes is not permitted by applicable law to participate in the exchange offer or elects to participate in the exchange offer but does not receive fully tradable Series B notes pursuant to the exchange offer, we will, in lieu of effecting the registration of the Series B notes pursuant to the Exchange Offer Registration Statement and at our cost,

- (a) as promptly as practicable, file with the Commission a shelf registration statement covering resales of the Series A notes,
- (b) use our reasonable best efforts to cause the shelf registration statement to be declared effective under the Securities Act by the 180th day after the original issue of the Series A notes and
- (c) use our reasonable best efforts to keep effective the shelf registration statement for a period of two years after its effective date (or for such shorter period that will terminate when all of the Notes covered by the shelf registration statement have been sold pursuant thereto or cease to be outstanding).

If we file a shelf registration statement, we will provide to each holder of the Series A notes copies of the prospectus which is a part of the shelf registration statement, notify each such holder when the shelf registration statement for the Series A notes has become effective and take certain other actions as are required to permit unrestricted resales of the Series A notes. A holder of Series A notes who sells such Series A notes pursuant to the shelf registration statement generally will be required to be named as a selling security holder in the related prospectus and to deliver the prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the registration rights agreement which are applicable to such a holder (including certain indemnification obligations).

In the event that

- (a) the Exchange Offer Registration Statement is not filed with the Commission on or prior to the 90<sup>th</sup> calendar day following the date of original issue of the Series A notes,
- (b) the Exchange Offer Registration Statement is not declared effective on or prior to the 150<sup>th</sup> calendar day following the date of original issue of the Series A notes, or
- (c) the exchange offer is not consummated or a shelf registration statement is not declared effective, in either case, on or prior to the 180th day following the date of original issue of the Series A notes (each such event referred to in clauses (a) through (c) above, a “Registration Default”),

the interest rate borne by the Series A notes will be increased by 0.25% per annum upon the occurrence of each Registration Default, which increased rate will further increase by 0.25% each 90-day period that such additional interest continues to accrue under any Registration Default, with an aggregate maximum increase in the interest rate equal to one percent (1%) per annum. If the shelf registration statement is declared effective but becomes unusable for more than 30 days in the aggregate in any consecutive 12 month period, the interest rate borne by

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the Series A notes will be increased by 0.25% for the first 90 day period beginning on the 3<sup>rd</sup> day the shelf registration statement becomes unusable and will increase by an additional 0.25% at the beginning of each subsequent 90 day period with an aggregate maximum increase in the interest rate equal to one (1%) per annum. Following the cure of all Registration Defaults or the shelf registration statement becoming usable, the accrual of additional interest will cease and the interest rate will revert to the original rate.

The form and terms of the Series B notes are identical in all material respects to the form and terms of the Series A notes. The Series B notes will be registered under the Securities Act. The Series A notes are not currently registered under the Securities Act. As a result, the Series B notes issued in the exchange offer will not bear legends restricting their transfer and will not contain the registration rights and liquidated damage provisions contained in the Series A notes. Upon the completion of the exchange offer, you will not be entitled to any liquidated damages on your Series A notes or any further registration rights under the registration rights agreement except under limited circumstances. The exchange offer is not extended to holders of Series A notes in any jurisdiction where the exchange offer does not comply with the securities or blue sky laws of that jurisdiction.

In this section entitled “The Exchange Offer,” the term “holder” means:

- any person in whose name the Series A notes are registered on our books;
- any other person who has obtained a properly completed bond power from the registered holder; or
- any person whose Series A notes are held of record by DTC and who wants to deliver these Series A notes by book-entry transfer at DTC.

### **Terms of the Exchange Offer**

We are offering to exchange \$200 million in aggregate principal amount of our 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013, Series B that have been registered under the Securities Act for a like principal amount of our outstanding unregistered 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013, Series A.

Upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal, we will accept all Series A notes validly tendered and not withdrawn before 5:00 p.m., New York City time, on the expiration date of the exchange offer. We will issue \$1,000 principal amount of Series B notes in exchange for each \$1,000 principal amount of outstanding Series A notes we accept in the exchange offer. You may tender some or all of your Series A notes under the exchange offer. The exchange offer is not conditioned upon any minimum amount of Series A notes being tendered.

The form and terms of the Series B notes will be the same as the form and terms of the Series A notes, except that:

- the Series B notes will be registered under the Securities Act and, thus, will not be subject to the restrictions on transfer or bear legends restricting their transfer; and
- the Series B notes will not provide for the payment of additional interest under circumstances relating to the timing of the exchange offer.

The Series B notes will evidence the same debt as the Series A notes and will be issued under, and be entitled to the benefits of, the indenture, as supplemented, governing the Series A notes. The Series B notes will accrue interest from the most recent date to which interest has been paid or, if no interest has been paid, from date of issuance of the Series A notes. Accordingly, registered holders of Series B notes on the record date for the first interest payment date following the completion of the exchange offer will receive interest accrued from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance of the Series A notes. However, if that record date occurs prior to completion of the exchange offer, then the interest payable on the first interest payment date following the completion of the exchange offer will be paid to the registered holders of the Series A notes on that record date.

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In connection with the exchange offer, you do not have any appraisal or dissenters' rights under the Delaware Corporation Law or the indenture, as supplemented. We intend to conduct the exchange offer in accordance with the registration rights agreement and the applicable requirements of the Securities Exchange Act of 1934 and the rules and regulations of the SEC.

We will be deemed to have accepted validly tendered Series A notes when, as and if we have given oral or written notice of our acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving the Series B notes from us. If we do not accept any tendered notes because of an invalid tender or for any other reason, we will return certificates for any unaccepted Series A notes without expense to the tendering holder as promptly as practicable after the expiration date.

### **Expiration Date; Amendments**

The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2003, unless we, in our sole discretion, extend the exchange offer. The term "expiration date" means \_\_\_\_\_, 2003, unless we extend the exchange offer, in which case the term "expiration date" means the latest date to which the exchange offer is extended. If we determine to extend the exchange offer, we will notify the exchange agent of any extension by oral or written notice and give each registered holder notice of the extension by means of a press release or other public announcement before 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. We reserve the right, in our sole discretion, to delay accepting any Series A notes, to extend the exchange offer or to amend or terminate the exchange offer if any of the conditions described below under "Conditions" have not been satisfied or waived by giving oral or written notice to the exchange agent of the delay, extension, amendment or termination. Further, we reserve the right, in our sole discretion, to amend the terms of the exchange offer in any manner. We will notify you as promptly as practicable of any extension, amendment or termination.

Any delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice. If the exchange offer is amended in a manner determined by us to constitute a material change, we will promptly disclose the amendment in a manner reasonably calculated to inform the holders of the Series A notes of the amendment. Depending upon the significance of the amendment, we may extend the exchange offer if it otherwise would expire during the extension period.

Without limiting the manner in which we may choose to make a public announcement of any extension, amendment or termination of the exchange offer, we will not be obligated to publish, advertise or otherwise communicate any announcement, other than by making a timely release to an appropriate news agency.

### **Procedures for Tendering Series A notes**

Any tender of Series A notes that is not withdrawn prior to the expiration date will constitute a binding agreement between the tendering holder and us upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal. A holder who wishes to tender Series A notes in the exchange offer must do either of the following on or prior to 5:00 p.m., New York City time, on the expiration date:

- properly complete, sign and date the letter of transmittal, including all other documents required by the letter of transmittal; have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and mail or deliver that letter of transmittal and other required documents to the exchange agent at the address listed below under "Exchange Agent" on or before the expiration date; or
- if the Series A notes are tendered under the book-entry transfer procedures described below, transmit to the exchange agent on or before the expiration date an agent's message.

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In addition, one of the following must occur on or prior to 5:00 p.m., New York City time, on the expiration date:

- the exchange agent must receive certificates representing your Series A notes, along with the letter of transmittal, on or before the expiration date; or
- the exchange agent must receive a timely confirmation of book-entry transfer of the Series A notes into the exchange agent's account at DTC under the procedure for book-entry transfers described below, along with the letter of transmittal or a properly transmitted agent's message, on or before the expiration date; or
- the holder must comply with the guaranteed delivery procedures described below.

The term "agent's message" means a message, transmitted by the book-entry transfer facility to and received by the exchange agent and forming a part of the book-entry confirmation, which states that the book-entry transfer facility has received an express acknowledgment from the tendering participant stating that the participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against the participant.

The tender by a holder of Series A notes will constitute an agreement between the holder and Sonic in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

Only a holder of Series A notes may tender Series A notes in the exchange offer. The term "holder" with respect to the exchange offer means any person in whose name the Series A notes are registered or any other person who has obtained a properly completed bond power from the registered holder. Holders may also request their respective duly authorized brokers, dealers, commercial banks, trust companies or nominees to effect a tender for the holders.

Delivery of all documents must be made to the exchange agent at the address set forth below. Do not send letters of transmittal or Series A notes to us. The method of delivery of Series A notes, the letter of transmittal and all other required documents to the exchange agent is at your election and risk. Rather than mail these items, we recommend that you use an overnight or hand delivery service. In all cases, you should allow sufficient time to assure timely delivery to the exchange agent before the expiration date.

Generally, an eligible institution must guarantee signatures on a letter of transmittal or a notice of withdrawal unless the Series A notes are tendered:

- by a registered holder of the Series A notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- for the account of an eligible institution.

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantee must be by a firm which is:

- a member of a registered national securities exchange;
- a member of the National Association of Securities Dealers, Inc.;
- a commercial bank or trust company having an office or correspondent in the United States; or
- another "eligible institution" within the meaning of Rule 17Ad-15 under the Exchange Act.

If the letter of transmittal is signed by a person other than the registered holder of any outstanding Series A notes, the Series A notes must be endorsed or accompanied by appropriate powers of attorney. The power of attorney must be signed by the registered holder exactly as the registered holder(s) name(s) appear(s) on the Series A notes and an eligible institution must guarantee the signature on the power of attorney.

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If the letter of transmittal or any Series A notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless waived by us, they should also submit evidence satisfactory to us of their authority to so act. If you wish to tender Series A notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you should promptly instruct the registered holder to tender on your behalf.

If you wish to tender on your behalf, you must, before completing the procedures for tendering Series A notes, either register ownership of the Series A notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

We will determine in our sole discretion all questions as to the validity, form, eligibility, including time of receipt, and acceptance of Series A notes tendered for exchange. Our determination will be final and binding on all parties. We reserve the absolute right to reject any and all tenders of Series A notes not properly tendered or Series A notes our acceptance of which might, in the judgment of our counsel, be unlawful. We also reserve the absolute right to waive any defects, irregularities or conditions of tender as to any particular Series A 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, any defects or irregularities in connection with tenders of Series A notes must be cured within the time period we determine. Neither we, the exchange agent nor any other person has any duty to give notification of defects or irregularities with respect to tenders of Series A notes. In addition, neither we, the exchange agent nor any other person will incur any liability for failure to give you notification of defects or irregularities with respect to tenders of your Series A notes.

By tendering, you will represent to us that, among other things:

- the Series B notes acquired in the exchange offer are being acquired in the ordinary course of business of the person receiving the Series B notes;
- neither you nor any other person receiving your Series B notes has any arrangement or understanding with any person to participate in the distribution of the Series B notes; and
- neither you nor any other person receiving your Series B notes is our “affiliate,” as defined under Rule 405 of the Securities Act.

If you or the person receiving your Series B notes is our “affiliate,” as defined under Rule 405 of the Securities Act, or is participating in the exchange offer for the purpose of distributing the Series B notes, you or that other person (1) cannot rely on the applicable interpretations of the staff of the SEC and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in any resale transaction.

If you are a broker-dealer and you will receive Series B notes for your own account in exchange for Series A notes, where such Series A notes were acquired as a result of market-making activities or other trading activities, you must acknowledge that you will deliver a prospectus in connection with any resale of the Series B notes.

### **Acceptance of Series A notes for Exchange; Delivery of Series B notes**

Upon satisfaction of all conditions to the exchange offer, we will accept, promptly after the expiration date, all Series A notes properly tendered and issue the Series B notes.

For purposes of the exchange offer, we shall be deemed to have accepted properly tendered Series A notes for exchange when, as and if we have given oral or written notice of that acceptance to the exchange agent. For each Original Note accepted for exchange, you will receive a New Note having a principal amount equal to that of the surrendered Original Note.

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In all cases, we will issue Series B notes for Series A notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives (1) certificates for your Series A notes or a timely confirmation of book-entry transfer of your Series A notes into the exchange agent's account at DTC and (2) a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent's message. If we do not accept any tendered Series A notes for any reason set forth in the terms of the exchange offer or if you submit Series A notes for a greater principal amount than you desire to exchange, we will return the unaccepted or non-exchanged Series A notes without expense to you. In the case of Series A notes tendered by book-entry transfer into the exchange agent's account at DTC under the book-entry procedures described below, we will credit the non-exchanged Series A notes to your account maintained with DTC.

### **Book-Entry Transfer**

We understand that the exchange agent will make a request within two business days after the date of this prospectus to establish accounts for the Series A notes at DTC for the purpose of facilitating the exchange offer, and any financial institution that is a participant in DTC's system may make book-entry delivery of Series A notes by causing DTC to transfer the Series A notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. Although delivery of Series A notes may be effected through book-entry transfer at DTC, the exchange agent must receive a properly completed and duly executed letter of transmittal with any required signature guarantees, or an agent's message instead of a letter of transmittal, and all other required documents at its address listed below under "Exchange Agent" on or before the expiration date, or if you comply with the guaranteed delivery procedures described below, within the time period provided under those procedures. Delivery of documents to DTC does not constitute delivery to the exchange agent.

### **Guaranteed Delivery Procedures**

If you wish to tender your Series A notes and your Series A notes are not immediately available, or you cannot deliver your Series A notes, the letter of transmittal or any other required documents or comply with DTC's procedures for transfer before the expiration date, then you may participate in the exchange offer if:

- (1) the tender is made through an eligible institution;
- (2) before the expiration date, the exchange agent receives from the eligible institution a properly completed and duly executed notice of guaranteed delivery, substantially in the form provided by us, by facsimile transmission, mail or hand delivery, containing (a) the name and address of the holder and the principal amount of Series A notes tendered, (b) a statement that the tender is being made thereby and (c) a guarantee that within three New York Stock Exchange trading days after the expiration date, the certificates representing the Series A notes in proper form for transfer or a book-entry confirmation and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and
- (3) the exchange agent receives the properly completed and executed letter of transmittal as well as certificates representing all tendered Series A notes in proper form for transfer, or a book-entry confirmation, and all other documents required by the letter of transmittal within three New York Stock Exchange trading days after the expiration date.

### **Withdrawal Rights**

You may withdraw your tender of Series A notes at any time before 5:00 p.m., New York City time, on the expiration date of the exchange offer. For a withdrawal to be effective, the exchange agent must receive a written notice of withdrawal at its address listed below under "Exchange Agent." The notice of withdrawal must:

- specify the name of the person who tendered the Series A notes to be withdrawn;
- identify the Series A notes to be withdrawn, including the principal amount, or, in the case of Series A notes tendered by book-entry transfer, the name and number of the DTC account to be credited, and otherwise comply with the procedures of DTC; and

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- if certificates for Series A notes have been transmitted, specify the name in which those Series A notes are registered if different from that of the withdrawing holder.

If you have delivered or otherwise identified to the exchange agent the certificates for Series A notes, then, before the release of such certificates, you must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an eligible institution, unless the holder is an eligible institution.

We will determine in our sole discretion all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal. Our determination will be final and binding on all parties. Any Series A notes so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer. We will return any Series A notes that have been tendered but that are not exchanged for any reason to the holder, without cost, as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. In the case of Series A notes tendered by book-entry transfer into the exchange agent's account at DTC, the Series A notes will be credited to an account maintained with DTC for the Series A notes. You may retender properly withdrawn Series A notes by following one of the procedures described under "Procedures for Tendering Series A notes" at any time on or before 5:00 p.m., New York City time, on the expiration date.

### **Conditions**

Notwithstanding any other term of the exchange offer, we will not be required to accept for exchange, or exchange Series B notes for, any Series A notes if, prior to the expiration of the exchange offer:

- (1) any action or proceeding is instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer which, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer; or
- (2) the exchange offer, or the making of any exchange by a holder of Series A notes, would violate any applicable law or applicable interpretation by the staff of the SEC.

The conditions listed above are for our sole benefit and we may assert them regardless of the circumstances giving rise to any condition. We may waive these conditions in our discretion in whole or in part at any time and from time to time prior to the expiration of the exchange offer. If we fail at any time to exercise any of the above rights, the failure will not be deemed a waiver of those rights, and those rights will be deemed ongoing rights which may be asserted at any time and from time to time prior to the expiration of the exchange offer. All conditions will be satisfied or waived prior to the expiration of the exchange offer.

### **Exchange Agent**

U.S. Bank National Association is the exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus, the letter of transmittal or the notice of guaranteed delivery to the following address for the exchange agent:

U.S. Bank National Association  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: Specialized Finance  
(800) 934-6802 (telephone)  
(651) 495-8158 (facsimile)

If you deliver letters of transmittal or any other required documents to an address or facsimile number other than those listed above, your tender is invalid.



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Delivery of the letter of transmittal to an address other than as listed above or transmission via facsimile other than as listed above will not constitute a valid delivery of the letter of transmittal. Originals of all documents sent by facsimile should be sent promptly by registered or certified mail, by hand or overnight delivery service.

### **Fees and Expenses**

We will pay the expenses of the exchange offer. We will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offer. We are making the principal solicitation by mail; however, our officers and employees may make additional solicitations by facsimile transmission, e-mail, telephone or in person. You will not be charged a service fee for the exchange of your Series A notes, but we may require you to pay any transfer or similar government taxes in certain circumstances.

### **Transfer Taxes**

You will not be obligated to pay any transfer taxes, unless you instruct us to register Series B notes in the name of, or request that Series A notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder.

### **Consequences of Failure to Exchange Series A notes**

If you are eligible to participate in the exchange offer but do not tender your Series A notes, you will not have any further registration rights. Your Series A notes will continue to be subject to restrictions on transfer. Accordingly, you may resell the Series A notes that are not exchanged only:

- to us;
- so long as the Series A notes are eligible for resale under Rule 144A under the Securities Act, to a person whom you reasonably believe is a “qualified institutional buyer” within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A;
- in accordance with Rule 144 under the Securities Act or another exemption from the registration requirements of the Securities Act;
- to an institutional accredited investor (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is acquiring the Series A notes for its own account or for the account of an institutional accredited investor for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act; or
- under any effective registration statement under the Securities Act;

in each case in accordance with all other applicable securities laws. We do not intend to register the Series A notes under the Securities Act.

### **Accounting Treatment**

The Series B notes will be recorded at the same carrying value as the Series A notes. Accordingly, we will not recognize any gain or loss on the exchange for accounting purposes.

### **Regulatory Approvals**

We do not believe that the receipt of any material federal or state regulatory approval will be necessary in connection with the exchange offer, other than the effectiveness of the exchange offer registration statement under the Securities Act.

## SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated income statement data for the years ended December 31, 2000, 2001 and 2002 and the selected consolidated balance sheet data as of December 31, 2001 and 2002 are derived from Sonic's audited financial statements, which are incorporated by reference into this prospectus. The selected consolidated income statement data for the years ended December 31, 1998 and 1999 and the selected consolidated balance sheet data as of December 31, 1998, 1999 and 2000 are derived from Sonic's audited financial statements, none of which are included in or incorporated by reference into this prospectus. The selected consolidated balance sheet data as of June 30, 2002 is derived from Sonic's unaudited consolidated financial statements, which are not included in or incorporated by reference into this prospectus. The selected consolidated income statement data for the six months ended June 30, 2002 and June 30, 2003, and the selected consolidated balance sheet data as of June 30, 2003, are derived from Sonic's unaudited consolidated financial statements, which are incorporated by reference into this prospectus. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments necessary for a fair presentation of Sonic's results of operations and financial condition. All such adjustments are of a normal recurring nature. The results for interim periods are not necessarily indicative of the results to be expected for the entire fiscal year. In accordance with accounting principles generally accepted in the United States of America, the selected consolidated financial data has been retroactively restated to reflect Sonic's two-for-one common stock split that occurred on January 25, 1999.

The Selected Consolidated Financial and Operating Data of Sonic discussed on the next page reflect the results of operations and financial position of each of our dealerships acquired prior to June 30, 2003. We have accounted for all of our dealership acquisitions using the purchase method of accounting and, as a result, we do not include in our financial statements the results of operations and financial positions of acquired dealerships prior to the date they were acquired by us. As a result of the effects of our acquisitions, the Selected Consolidated Financial and Operating Data set forth below is not necessarily indicative of the results of operations and financial position of Sonic in the future or the results of operations and financial position that would have resulted had such acquisitions occurred at the beginning of the periods presented below.

The following income statement data for all periods presented reflects our June 30, 2003 classification of franchises between continuing operations and discontinued operations in accordance with SFAS 144. This Selected Consolidated Financial Data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Sonic's Consolidated Financial Statements and related notes thereto, which are incorporated by reference into this prospectus.

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	Year Ended December 31,					Six Months Ended June 30,	
	1998	1999	2000	2001	2002	2002	2003
	(dollars in thousands)					(unaudited)	
<b>Income Statement Data:</b>							
Revenues:							
New vehicles	\$ 747,831	\$ 1,662,077	\$ 3,138,248	\$ 3,484,139	\$ 4,247,459	\$ 2,000,548	\$ 2,220,304
Used vehicles	236,544	533,126	1,001,926	1,019,617	1,170,869	568,183	599,741
Wholesale vehicles	90,851	207,048	368,533	368,369	459,506	232,902	213,679
Total vehicle sales	1,075,226	2,402,251	4,508,707	4,872,125	5,877,834	2,801,633	3,033,724
Parts, service and collision repair	134,446	318,104	624,466	717,669	905,176	428,935	489,918
Finance, insurance and other	26,441	70,232	145,748	172,935	198,708	94,938	104,153
Total revenues	1,236,113	2,790,587	5,278,921	5,762,729	6,981,718	3,325,506	3,627,795
Cost of sales	1,068,283	2,392,893	4,480,785	4,870,421	5,899,632	2,806,469	3,067,504
Gross profit	167,830	397,694	798,136	892,308	1,082,086	519,037	560,291
Selling, general and administrative expenses	121,291	284,769	582,956	671,611	837,308	398,486	451,771
Depreciation and amortization (a)	4,418	10,460	20,469	23,715	8,505	4,024	5,215
Operating income	42,121	102,465	194,711	196,982	236,273	116,527	103,305
Other income/(expense):							
Interest expense, floor plan	(10,443)	(17,640)	(39,873)	(31,428)	(23,959)	(11,252)	(11,985)
Interest expense, other	(9,093)	(21,041)	(40,761)	(34,595)	(38,634)	(17,621)	(19,649)
Other income, net	397	1,284	115	136	3,306	236	80
Total other expense	(19,139)	(37,397)	(80,519)	(65,887)	(59,287)	(28,637)	(31,554)
Income from continuing operations before taxes and cumulative effect of change in accounting principle	22,982	65,068	114,192	131,095	176,986	87,890	71,751
Provision for income taxes	(8,515)	(25,267)	(43,319)	(51,096)	(67,419)	(33,484)	(26,139)
Income from continuing operations before cumulative effect of change in accounting principle	14,467	39,801	70,873	79,999	109,567	54,406	45,612
Discontinued Operations:							
Income/(loss) from operations of discontinued dealerships	6,658	7,906	5,680	(1,051)	(5,068)	(1,482)	336
Income tax benefit/(expense)	(2,568)	(3,058)	(2,381)	381	2,065	644	(127)
Income/(loss) from discontinued operations	4,090	4,848	3,299	(670)	(3,003)	(838)	209
Income before cumulative effect of change in accounting principle	18,557	44,649	74,172	79,329	106,564	53,568	45,821
Cumulative effect of change in accounting principle, net of tax benefit of \$3,325			—	—	—	—	(5,619)
Net income	\$ 18,557	\$ 44,649	\$ 74,172	\$ 79,329	\$ 106,564	53,568	40,202
Ratio of earnings to fixed charges(b)	3.0x	3.3x	3.0x	3.5x	3.9x	4.1x	3.2x
<b>Balance Sheet Data (at end of period):</b>							
Total assets	576,103	1,501,102	1,784,576	1,810,369	2,375,308	2,240,771	2,453,423
Total long-term debt(c)	145,790	425,894	493,309	519,963	645,809	602,936	630,193
Total long-term liabilities(including long-term debt)	147,988	440,619	515,333	551,412	699,746	640,522	685,991
Stockholders' equity	142,429	402,573	450,922	517,261	637,178	618,595	669,072

- (a) In accordance with the provisions of SFAS 142, effective January 1, 2002 goodwill is no longer amortized.
- (b) Fixed charges is defined as interest (other than interest expense related to notes payable-floor plan) and such portion of rent expense determined to be representative of the interest factor. The ratio of earnings to fixed charges is calculated by adding fixed charges to income before income taxes and minority interest and dividing the sum by fixed charges.
- (c) Long-term debt, including current portion, includes the payable to our Chairman and the payable to our affiliates, which are subordinated to the Series B notes. See our "Consolidated Financial Statements" and the related notes included in or incorporated by reference into this offering memorandum. On September 10, 2003, we redeemed all of our 11% senior subordinated notes due 2008 with the net proceeds from our private offering of 8<sup>5</sup>/<sub>8</sub>% senior subordinated notes due 2013, Series A, and borrowings under our credit facility. We paid \$194.6 million to redeem the 11% senior subordinated notes due 2008, which included the outstanding principal amount, accrued interest and the redemption premium of 5.5%.

## DESCRIPTION OF NOTES

The 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013, Series B (the “Series B notes”) will be issued under an Indenture (the “Indenture”) among Sonic, the Guarantors and U.S. Bank National Association, as trustee (the “Trustee”). The Series A notes were issued under the same Indenture. The terms of the Series A and Series B notes include those stated in their respective indentures and those made a part of their respective indentures by reference to the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”). Parenthetical references to “Section” mean the applicable section of the Indenture.

The following summary of the material provisions of the Indenture governing the Series B notes does not purport to be complete, and where reference is made to particular provisions of the Indenture, these provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of the Indenture and those terms made a part of the Indenture by the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”). For definitions of certain capitalized terms used in the following summary, see “—Certain Definitions.” In this description, the word “Company” refers only to Sonic Automotive, Inc. and not to its subsidiaries.

The form and terms of the Series A and Series B notes are identical, except that:

- the Series B notes have been registered under the Securities Act and, therefore, will not bear legends restricting transfers; and
- holders of Series B notes will not be, and upon consummation of the exchange offer, holders of the Series A notes will no longer be, entitled to rights under the registration rights agreement, except in limited circumstances described elsewhere in this prospectus.

### **Brief Description of the Series B notes and Guarantees**

#### *The Series B notes:*

- (a) will be issued in the aggregate principal amount of \$200.0 million;
- (b) are general unsecured obligations of the Company;
- (c) are subordinated in right of payment to all existing and future Senior Indebtedness of the Company;
- (d) are pari passu in right of payment with any future senior subordinated Indebtedness of the Company; and
- (e) are guaranteed by the Guarantors.

#### *The Guarantees*

The Series B notes are guaranteed by all of our operative domestic Subsidiaries as of the Issue Date. Under the circumstances described below under the caption “—*Limitation on Unrestricted Subsidiaries*”, we will be permitted to designate certain of our subsidiaries as “Unrestricted Subsidiaries.” Our Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not guarantee the Series B notes.

#### *Each Guarantee of the Series B notes:*

- (a) is a general unsecured obligation of the Guarantor;
- (b) is subordinated in right of payment to all existing and future Senior Guarantor Indebtedness of the Guarantor; and
- (c) is pari passu in right of payment with any future senior subordinated Indebtedness of the Guarantor.

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### **Principal, Maturity and Interest**

The Series B notes will mature on August 15, 2013, subject to the Company's ability to issue additional notes of the same series as the notes, and will be unsecured senior subordinated obligations of the Company. As described in "Exchange Offer" we have agreed to exchange all of our \$200.0 million outstanding Series A notes for \$200 million of Series B notes. Each Series B note will bear interest at the rate of 8<sup>5</sup>/<sub>8</sub>% per annum from the date of its issuance or from the most recent interest payment date to which interest has been paid on the Series A notes accepted for exchange, payable semiannually in arrears on February 15 and August 15 in each year, commencing February 15, 2004, to the person in whose name the Series B note (or any predecessor Series B note) is registered at the close of business on the February 1 or August 1 next preceding such interest payment date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. (Sections 202, 301 and 309)

We may from time to time, without notice to or the consent of the holders of the Series B notes, create and issue further notes ranking equally with the Series B notes, in all respects, subject to the limitations described under the caption "Certain Covenants—*Limitation on Indebtedness*." The total amount of Series B notes which may be issued under the Indenture is unlimited. Any further notes may be consolidated and form a single series with the Series B notes, vote together with the Series B notes and have the same terms as to status, redemption or otherwise as the Series B notes. References to Series B notes in this "Description of Notes" includes these additional notes if they are in the same series, unless the context requires otherwise.

### **Issuance and Methods of Receiving Payments on the Series B notes**

Principal of, premium, if any, and interest on the Series B notes will be payable, and the Series B notes will be exchangeable and transferable, at the office or agency of the Company in The City of New York maintained for such purposes (which initially will be the corporate trust office of the Trustee); *provided, however*, that payment of interest may be made at the option of the Company by check mailed to the Person entitled thereto as shown on the security register. (Sections 301, 305 and 1002) The Series B notes will be issued only in fully registered form without coupons, in denominations of \$1,000 and any integral multiple thereof. (Section 302) No service charge will be made for any registration of transfer, exchange or redemption of Series B notes, except in certain circumstances for any tax or other governmental charge that may be imposed in connection therewith. (Section 305)

### **Subsidiary Guarantees**

Payment of the Series B notes will be guaranteed by the Guarantors jointly and severally, fully and unconditionally, on a senior subordinated basis. The Guarantors are comprised of all of the direct and indirect operative domestic Restricted Subsidiaries of the Company on the Issue Date. Substantially all of the Company's operations are conducted through its subsidiaries. In addition, if any Restricted Subsidiary of the Company becomes a guarantor or obligor in respect of any other Indebtedness of the Company or any of the Restricted Subsidiaries, the Company shall cause such Restricted Subsidiary to enter into a supplemental indenture pursuant to which such Restricted Subsidiary shall agree to guarantee the Company's obligations under the Series B notes. If the Company defaults in payment of the principal of, premium, if any, or interest on the Series B notes, each of the Guarantors will be unconditionally, jointly and severally obligated to duly and punctually pay the same.

The obligations of each Guarantor under its Guarantee are limited to the maximum amount which, after (1) giving effect to all other contingent and fixed liabilities of such Guarantor, and (2) giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under the Indenture, will result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law. Each Guarantor that makes a payment or distribution under its Guarantee shall be entitled to a contribution from any other Guarantor in a *pro rata* amount based on the net assets of each Guarantor determined in accordance with GAAP.

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Notwithstanding the foregoing, in certain circumstances a Guarantee of a Guarantor may be released pursuant to the provisions of subsection (c) under “—Certain Covenants—*Limitation on Issuances of Guarantees of and Pledges for Indebtedness.*” The Company also may, at any time, cause a Restricted Subsidiary to become a Guarantor by executing and delivering a supplemental indenture providing for the guarantee of payment of the Series B notes by such Restricted Subsidiary on the basis provided in the Indenture.

### Optional Redemption

The Series B notes will be subject to redemption at any time on or after August 15, 2008 at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days’ prior notice, in amounts of \$1,000 or an integral multiple thereof, at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning August 15 of the years indicated below:

<u>Year</u>	<u>Redemption Price</u>
2008	104.313%
2009	102.875%
2010	101.438%

and thereafter at 100% of the principal amount, in each case, together with accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

In addition, at any time and from time to time on or prior to August 15, 2006, the Company may redeem up to an aggregate of 35% of the aggregate principal amount of the Series B notes issued under the Indenture at a redemption price equal to 108.625% of the aggregate principal amount of the Series B notes redeemed, plus accrued and unpaid interest, if any, to the redemption date with the Net Cash Proceeds from the issuance of any Qualified Capital Stock, provided that

- At least 65% of the aggregate principal amount of the Series B notes issued under the Indenture must remain outstanding immediately after any such redemption; and
- The redemption must occur no later than 60 days after such issuance and sale of Qualified Capital Stock.

### Selection of Series B Notes to be Redeemed

If less than all of the Series B notes are to be redeemed, the Trustee shall select the Series B notes or portions of them to be redeemed in compliance with the requirements of the principal national security exchange, if any, on which the Series B notes are listed. If the Series B notes are not so listed, the Trustee shall select them on a pro rata basis, by lot or by any other method the Trustee shall deem fair and reasonable; *provided*, that Series B notes redeemed in part shall be redeemed only in integral multiples of \$1,000 (subject to the procedures of The Depository Trust Company or any other Depository). (Sections 203, 1101, 1104, 1105 and 1107)

### Sinking Fund

The Series B notes will not be entitled to the benefit of any sinking fund.

### Purchase of Series B notes Upon a Change of Control

#### *General*

If a Change of Control shall occur at any time, then each holder of Series B notes shall have the right to require that the Company purchase such holder’s Series B notes in whole or in part in integral multiples of

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\$1,000, at a purchase price (the “Change of Control Purchase Price”) in cash in an amount equal to 101% of the aggregate principal amount of such Series B notes, plus accrued and unpaid interest, if any, to the date of purchase (the “Change of Control Purchase Date”), pursuant to the offer described below (the “Change of Control Offer”) and in accordance with the other procedures set forth in the Indenture.

### *Procedure*

Within 30 days of any Change of Control, or at the Company’s option, prior to such Change of Control but after it is publicly announced, the Company shall notify the Trustee and give written notice of the Change of Control to each holder of Series B notes, by first-class mail, postage prepaid, at his address appearing in the security register. The notice will state, among other things,

- (1) that a Change of Control has occurred or will occur and the date of the event;
- (2) the circumstances and relevant facts regarding the Change of Control (including, but not limited to, information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control);
- (3) the purchase price and the purchase date which shall be fixed by the Company on a business day no earlier than 30 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act;
- (4) that any Series B note not tendered will continue to accrue interest;
- (5) that, unless the Company defaults in the payment of the Change of Control Purchase Price, any Series B notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and
- (6) certain other procedures that a holder of Series B notes must follow to accept a Change of Control Offer or to withdraw such acceptance. (Section 1014)

### *Stipulations*

If a Change of Control Offer is made, there can be no assurance that the Company will have available funds sufficient or be able to obtain financing to pay the Change of Control Purchase Price for all or any of the Series B notes that might be delivered by holders of the Series B notes seeking to accept the Change of Control Offer. See “—Ranking.” The failure of the Company to make or consummate the Change of Control Offer or pay the Change of Control Purchase Price when due will give the Trustee and the holders of the Series B notes the rights described under the caption “—Events of Default.”

In addition to the obligations of the Company under the Indenture with respect to the Series B notes in the event of a Change of Control, all of the Company’s Indebtedness under our Floor Plan Facility, the Revolving Facility and the Mortgage Loan also contain an event of default upon a Change of Control as defined therein which obligates the Company to repay amounts outstanding under such indebtedness upon an acceleration of the Indebtedness issued thereunder. In addition, a Change of Control could result in a termination or nonrenewal of one or more of the Company’s franchise agreements or its other agreements with the Manufacturers.

The term “all or substantially all” as used in the definition of “Change of Control” has not been interpreted under New York law, the governing law of the Indenture, to represent a specific quantitative test. As a consequence, in the event the holders of the Series B notes elected to exercise their rights under the Indenture and the Company elected to contest such election, there could be no assurance as to how a court interpreting New York law would interpret the phrase.

The existence of a holder’s right to require the Company to repurchase the holder’s Series B notes upon a Change of Control may deter a third party from acquiring the Company in a transaction which constitutes a Change of Control.

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The provisions of the Indenture will not afford holders of the Series B notes the right to require the Company to repurchase the Series B notes in the event of a highly leveraged transaction or certain transactions with the Company's management or its Affiliates, including a reorganization, restructuring, merger or similar transaction (including, in certain circumstances, an acquisition of the Company by management or its affiliates) involving the Company that may adversely affect holders of the Series B notes, if such transaction is not a transaction defined as a Change of Control. A transaction involving the Company's management or its Affiliates, or a transaction involving a recapitalization of the Company, will only result in a Change of Control if it is the type of transaction specified by such definition.

The Company will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer.

The Company will not be required to make a Change of Control Offer upon or in anticipation of a Change of Control if a third party makes the Change of Control Offer in the manner, at the time and otherwise in compliance with the requirements described in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Series B notes validly tendered and not withdrawn under such Change of Control Offer.

### **Ranking**

#### *General*

The payment of the principal of, premium, if any, and interest on, the Series B notes will be subordinated, as set forth in the Indenture, in right of payment, to the prior payment in full of all Senior Indebtedness. The Series B notes will be senior subordinated indebtedness of the Company ranking *pari passu* with all other existing and future senior subordinated indebtedness of the Company and senior to all existing and future Subordinated Indebtedness of the Company.

#### *Payment Stoppages*

Upon the occurrence of any default in the payment of any Designated Senior Indebtedness beyond any applicable grace period and after the receipt by the Trustee from a representative of holders of any Designated Senior Indebtedness (collectively, a "Senior Representative") of written notice of such default, no payment (other than payments previously made or set aside pursuant to the provisions described under "—Defeasance or Covenant Defeasance of Indenture") or distribution of any assets of the Company or any Subsidiary of any kind or character (excluding Permitted Junior Payments) may be made on account of the principal of, premium, if any, or interest on, the Series B notes or on account of the purchase, redemption, defeasance or other acquisition of or in respect of, the Series B notes unless and until such default shall have been cured or waived or shall have ceased to exist or such Designated Senior Indebtedness shall have been discharged or paid in full after which the Company shall resume making any and all required payments in respect of the Series B notes, including any missed payments.

Upon the occurrence and during the continuance of any non-payment default or non-payment event of default with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may then be accelerated immediately (a "Non-payment Default") and after the receipt by the Trustee and the Company from a Senior Representative of written notice of such Non-payment Default, no payment (other than payments previously made or set aside pursuant to the provisions described under "—Defeasance or Covenant Defeasance of Indenture") or distribution of any assets of the Company of any kind or character (excluding Permitted Junior Payments) may be made by the Company or any Subsidiary on account of the principal of, premium, if any, or interest on, the Series B notes or on account of the purchase, redemption, defeasance or other acquisition of, or in respect of, the Series B notes for the period specified below (the "Payment Blockage Period").

The Payment Blockage Period shall commence upon the receipt of notice of the Non-payment Default by the Trustee and the Company from a Senior Representative and shall end on the earliest of:

- (i) the 179th day after such commencement;



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- (ii) the date on which such Non-payment Default (and all other Non-payment Defaults as to which notice is given after such Payment Blockage Period is initiated) is cured, waived or ceases to exist or on which such Designated Senior Indebtedness is discharged or paid in full; or
- (iii) the date on which such Payment Blockage Period (and all Non-payment Defaults as to which notice is given after such Payment Blockage Period is initiated) shall have been terminated by written notice to the Company or the Trustee from the Senior Representative initiating such Payment Blockage Period.

After the occurrence of any of the dates set forth in clauses (i), (ii) or (iii), the Company will promptly resume making any and all required payments in respect of the Series B notes, including any missed payments. In no event will a Payment Blockage Period extend beyond 179 days from the date of the receipt by the Company and the Trustee of the notice initiating such Payment Blockage Period (such 179-day period referred to as the “Initial Period”). Any number of notices of Non-payment Defaults may be given during the Initial Period; *provided* that during any period of 365 consecutive days only one Payment Blockage Period, during which payment of principal of, premium, if any, or interest on, the Series B notes may not be made, may commence and the duration of such period may not exceed 179 days. No Non-payment Default with respect to Designated Senior Indebtedness that existed or was continuing on the date of the commencement of any Payment Blockage Period will be, or can be, made the basis for the commencement of a second Payment Blockage Period, whether or not within a period of 365 consecutive days, unless such default has been cured or waived for a period of not less than 90 consecutive days.

If the Company fails to make any payment on the Series B notes when due or within any applicable grace period, whether or not on account of the payment blockage provisions referred to above, such failure would constitute an Event of Default under the Indenture and would enable the holders of the Series B notes to accelerate the maturity thereof. See “— Events of Default.”

### *Liquidation/Insolvency*

The Indenture will provide that in the event of any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or its assets, or liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary, or whether or not involving insolvency or bankruptcy, or any assignment for the benefit of creditors or other marshaling of assets or liabilities of the Company, all Senior Indebtedness must be paid in full before any payment or distribution, excluding distributions of Permitted Junior Payments, is made on account of the principal of, premium, if any, or interest on the Series B notes or on account of the purchase, redemption, defeasance or other acquisition of or in respect of the Series B notes (other than payments previously made pursuant to the provisions described under “—Defeasance or Covenant Defeasance of Indenture”).

By reason of such subordination, in the event of liquidation or insolvency, creditors of the Company who are holders of Senior Indebtedness may recover more, ratably, than the holders of the Series B notes. Funds which would be otherwise payable to the holders of the Series B notes will be paid to the holders of the Senior Indebtedness to the extent necessary to pay the Senior Indebtedness in full and the Company may be unable to meet its obligations fully with respect to the Series B notes.

### *Guarantees*

Each Guarantee of a Guarantor will be an unsecured senior subordinated obligation of such Guarantor, ranking *pari passu* with, or senior in right of payment to, all other existing and future Indebtedness of such Guarantor that is expressly subordinated to Senior Guarantor Indebtedness. The Indebtedness evidenced by the Guarantees will be subordinated to Senior Guarantor Indebtedness to substantially the same extent as the Series B notes are subordinated to Senior Indebtedness and during any period when payment on the Series B notes is blocked by Designated Senior Indebtedness, payment on the Guarantees is similarly blocked.

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### **Related Definitions**

“Senior Indebtedness” means the principal of, premium, if any, and interest (including interest, to the extent allowable, accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy law) on any Indebtedness of the Company (other than as otherwise provided in this definition), whether outstanding on the Issue Date or thereafter created, incurred or assumed, and whether at any time owing, actually or contingent, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Series B notes. Notwithstanding the foregoing, “Senior Indebtedness” shall (x) include the Floor Plan Facility and the Revolving Facility to the extent the Company is a party to them and (y) not include

- (i) Indebtedness evidenced by the Series B notes or Series A notes;
- (ii) Indebtedness evidenced by our 5 1/4% convertible senior subordinated notes due 2009;
- (iii) Indebtedness that is subordinate or junior in right of payment to any Indebtedness of the Company;
- (iv) Indebtedness which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code, is without recourse to the Company;
- (v) Indebtedness which is represented by Redeemable Capital Stock;
- (vi) any liability for foreign, federal, state, local or other taxes owed or owing by the Company to the extent such liability constitutes Indebtedness;
- (vii) Indebtedness of the Company to a Subsidiary or any other Affiliate of the Company or any of such Affiliate’s Subsidiaries;
- (viii) to the extent it might constitute Indebtedness, amounts owing for goods, materials or services purchased in the ordinary course of business or consisting of trade accounts payable owed or owing by the Company, and amounts owed by the Company for compensation to employees or services rendered to the Company;
- (ix) that portion of any Indebtedness which at the time of issuance is issued in violation of the Indenture; and
- (x) Indebtedness evidenced by any guarantee of any Subordinated Indebtedness or Pari Passu Indebtedness.

“Designated Senior Indebtedness” means (i) all Senior Indebtedness under the Floor Plan Facility, the Mortgage Loan or the Revolving Facility and (ii) any other Senior Indebtedness which at the time of determination has an aggregate principal amount outstanding of at least \$25 million and which is specifically designated in the instrument evidencing such Senior Indebtedness or the agreement under which such Senior Indebtedness arises as “Designated Senior Indebtedness” by the Company.

“Senior Guarantor Indebtedness” means the principal of, premium, if any, and interest (including interest, to the extent allowable, accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy law) on any Indebtedness of any Guarantor (other than as otherwise provided in this definition), whether outstanding on the Issue Date or thereafter created, incurred or assumed, and whether at any time owing, actually or contingent, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to any Guarantee. Notwithstanding the foregoing, “Senior Guarantor Indebtedness” shall (x) include the Floor Plan Facility, the Mortgage Loan and the Revolving Facility to the extent any Guarantor is a party thereto and (y) not include

- (i) Indebtedness evidenced by the Guarantees or the Guarantees with respect to the Series A notes;
- (ii) Indebtedness that is subordinated or junior in right of payment to any Indebtedness of any Guarantor;
- (iii) Indebtedness which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code, is without recourse to any Guarantor;

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- (iv) Indebtedness which is represented by Redeemable Capital Stock;
- (v) any liability for foreign, federal, state, local or other taxes owed or owing by any Guarantor to the extent such liability constitutes Indebtedness;
- (vi) Indebtedness of any Guarantor to a Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;
- (vii) to the extent it might constitute Indebtedness, amounts owing for goods, materials or services purchased in the ordinary course of business or consisting of trade accounts payable owed or owing by such Guarantor, and amounts owed by such Guarantor for compensation to employees or services rendered to such Guarantor;
- (viii) that portion of any Indebtedness which at the time of issuance is issued in violation of the Indenture; and
- (ix) Indebtedness evidenced by any guarantee of any Subordinated Indebtedness or Pari Passu Indebtedness.

### *Limitation on Future Indebtedness*

The Indenture will limit, but not prohibit, the incurrence by the Company and its Subsidiaries of additional Indebtedness. It will prohibit the incurrence by the Company of Indebtedness that is subordinated in right of payment to any Senior Indebtedness of the Company and senior in right of payment to the Series B notes.

### **Certain Covenants**

The Indenture contains, among others, the following covenants:

*Limitation on Indebtedness.* The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, create, issue, incur, assume, guarantee or otherwise in any manner become directly or indirectly liable for the payment of or otherwise incur, contingently or otherwise (collectively, "incur"), any Indebtedness (including any Acquired Indebtedness), unless such Indebtedness is incurred by the Company or any Guarantor or constitutes Acquired Indebtedness of a Restricted Subsidiary and, in each case, the Company's Consolidated Fixed Charge Coverage Ratio for the most recent four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness taken as one period is at least equal to or greater than 2.00:1. (Section 1008)

Notwithstanding the foregoing, the Company and, to the extent specifically set forth below, the Restricted Subsidiaries may incur each and all of the following (collectively, the "Permitted Indebtedness"):

- (i) Indebtedness of the Company and the Guarantors under the Revolving Facility in an aggregate principal amount at any one time outstanding, not to exceed the greater of (a) \$550 million or (b) 20% of the Company's Consolidated Tangible Assets, in any case under the Revolving Facility or in respect of letters of credit thereunder;
- (ii) Indebtedness of the Company and the Guarantors under the Mortgage Loan, in an amount not to exceed \$100.0 million at any time outstanding;
- (iii) Indebtedness of the Company and the Guarantors under any Inventory Facility;
- (iv) Indebtedness of the Company pursuant to the Series A notes and Indebtedness of any Guarantor pursuant to a Guarantee of the Series A notes;
- (v) Indebtedness of the Company or any Restricted Subsidiary outstanding the Issue Date, listed on a schedule to the Indenture and not otherwise referred to in this definition of "Permitted Indebtedness";

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- (vi) Indebtedness of the Company owing to a Restricted Subsidiary; *provided* that any Indebtedness of the Company owing to a Restricted Subsidiary that is not a Guarantor is made pursuant to an intercompany note in the form attached to the Indenture and is unsecured and is subordinated in right of payment from and after such time as the Series B notes shall become due and payable (whether at Stated Maturity, acceleration or otherwise) to the payment and performance of the Company's obligations under the Series B notes; *provided, further*, that any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to a Restricted Subsidiary) shall be deemed to be an incurrence of such Indebtedness by the Company or other obligor not permitted by this clause (vi);
- (vii) Indebtedness of a Restricted Subsidiary owing to the Company or another Restricted Subsidiary; *provided* that any such Indebtedness is made pursuant to an intercompany note in the form attached to the Indenture; *provided, further*, that (a) any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to the Company or a Restricted Subsidiary) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (vii), and (b) any transaction pursuant to which any Restricted Subsidiary, which has Indebtedness owing to the Company or any other Restricted Subsidiary, ceases to be a Restricted Subsidiary shall be deemed to be the incurrence of Indebtedness by such Restricted Subsidiary that is not permitted by this clause (vii);
- (viii) guarantees of any Restricted Subsidiary made in accordance with the provisions of "*Limitation on Issuances of Guarantees of and Pledges for Indebtedness*";
- (ix) obligations of the Company or any Guarantor entered into in the ordinary course of business (a) pursuant to Interest Rate Agreements designed to protect the Company or any Restricted Subsidiary against fluctuations in interest rates in respect of Indebtedness of the Company or any Restricted Subsidiary as long as such obligations do not exceed the aggregate principal amount of such Indebtedness then outstanding, (b) under any Currency Hedging Agreements, relating to (i) Indebtedness of the Company or any Restricted Subsidiary and/or (ii) obligations to purchase or sell assets or properties, in each case, incurred in the ordinary course of business of the Company or any Restricted Subsidiary; *provided*, however, that such Currency Hedging Agreements do not increase the Indebtedness or other obligations of the Company or any Restricted Subsidiary outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder or (c) under any Commodity Price Protection Agreements which do not increase the amount of Indebtedness or other obligations of the Company or any Restricted Subsidiary outstanding other than as a result of fluctuations in commodity prices or by reason of fees, indemnities and compensation payable thereunder;
- (x) Indebtedness of the Company or any Restricted Subsidiary represented by Capital Lease Obligations or Purchase Money Obligations or other Indebtedness incurred or assumed in connection with the acquisition or development of real or personal, movable or immovable, property in each case incurred for the purpose of financing or refinancing all or any part of the purchase price or cost of construction or improvement of property used in the business of the Company, in an aggregate principal amount pursuant to this clause (x) not to exceed \$35 million outstanding at any time; *provided* that the principal amount of any Indebtedness permitted under this clause (x) did not in each case at the time of incurrence exceed the Fair Market Value, as determined by the Company in good faith, of the acquired or constructed asset or improvement so financed;
- (xi) obligations arising from agreements by the Company or a Restricted Subsidiary to provide for indemnification, customary purchase price closing adjustments, earn-outs or other similar obligations, in each case, incurred in connection with the acquisition or disposition of any business or assets of a Restricted Subsidiary;

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- (xii) Indebtedness in the ordinary course of business to support the Company's or a Restricted Subsidiary's insurance or self-insurance obligations for workers' compensation and other similar insurance coverages;
- (xiii) guarantees by the Company or a Guarantor of Indebtedness of a Restricted Subsidiary that was permitted to be incurred under the covenant described under the caption "*—Limitation on Indebtedness;*"
- (xiv) any renewals, extensions, substitutions, refundings, refinancings or replacements (collectively, a "refinancing") of any Indebtedness incurred pursuant to the first paragraph of this covenant or described in clauses (iv) and (v) (other than the 11% Notes) of this definition of "Permitted Indebtedness," including any successive refinancings so long as the borrower under such refinancing is the Company or, if not the Company, the same as the borrower of the Indebtedness being refinanced and the aggregate principal amount of Indebtedness represented thereby (or if such Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof, the original issue price of such Indebtedness plus any accreted value attributable thereto since the original issuance of such Indebtedness) does not exceed the initial principal amount of such Indebtedness plus the lesser of (I) the stated amount of any premium or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing and (A) in the case of any refinancing of Indebtedness that is Subordinated Indebtedness, such new Indebtedness is made subordinated to the Series B notes at least to the same extent as the Indebtedness being refinanced and (B) in the case of Pari Passu Indebtedness or Subordinated Indebtedness, as the case may be, such refinancing does not reduce the Average Life to Stated Maturity or the Stated Maturity of such Indebtedness;
- (xv) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five business days of occurrence;
- (xvi) Indebtedness of the Company to the extent the net proceeds thereof are promptly deposited to (a) defease the Series B notes as described under the caption "Defeasance or Covenant Defeasance of Indenture" or (b) redeem the Series B notes, as described under the caption "Optional Redemption";
- (xvii) shares of Preferred Stock of a Restricted Subsidiary issued to the Company or a Wholly-Owned Restricted Subsidiary of the Company; provided that any subsequent transfer of any such shares of Preferred Stock (except to the Company or a Wholly-Owned Restricted Subsidiary of the Company) shall be deemed to be an issuance of Preferred Stock that was not permitted by this clause (xvii); and
- (xviii) Indebtedness of the Company and its Restricted Subsidiaries or any Guarantor in addition to that described in clauses (i) through (xvii) above, and any renewals, extensions, substitutions, refundings or replacements of such Indebtedness, so long as the aggregate principal amount of all such Indebtedness shall not exceed \$40 million outstanding at any one time in the aggregate.

For purposes of determining compliance with this "Limitation on Indebtedness" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness permitted by this covenant, the Company in its sole discretion shall classify or reclassify such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types. Accrual of interest, accretion or amortization of original issue discount and the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on any Redeemable Capital Stock or Preferred Stock in the form of additional shares of the same class of Redeemable Capital Stock or Preferred Stock will not be deemed to be an incurrence of

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Indebtedness for purposes of this covenant provided, in each such case, that the amount thereof as accrued over time is included in the Consolidated Fixed Charge Coverage Ratio of the Company.

*Limitation on Restricted Payments.* (a) The Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly:

- (i) declare or pay any dividend on, or make any distribution to holders of, any shares of the Company's Capital Stock (other than dividends or distributions payable solely in shares of its Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock);
- (ii) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, the Company's Capital Stock or any Capital Stock of any Affiliate of the Company, including any Subsidiary of the Company (other than Capital Stock of any Restricted Subsidiary of the Company), or options, warrants or other rights to acquire such Capital Stock;
- (iii) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to any scheduled principal payment, sinking fund payment or maturity, any Subordinated Indebtedness;
- (iv) declare or pay any dividend or distribution on any Capital Stock of any Restricted Subsidiary to any Person (other than:
  - (a) to the Company or any of its Wholly-Owned Restricted Subsidiaries; or
  - (b) dividends or distributions made by a Restricted Subsidiary:
    - (1) organized as a partnership, limited liability company or similar pass-through entity to the holders of its Capital Stock in amounts sufficient to satisfy the tax liabilities arising from their ownership of such Capital Stock; or
    - (2) on a pro rata basis to all stockholders of such Restricted Subsidiary); or
- (v) make any Investment in any Person (other than any Permitted Investments)

(any of the foregoing actions described in clauses (i) through (v), other than any such action that is a Permitted Payment (as defined below), collectively, "Restricted Payments") (the amount of any such Restricted Payment, if other than cash, shall be the Fair Market Value of the assets proposed to be transferred, as determined by the board of directors of the Company, whose determination shall be conclusive and evidenced by a board resolution), unless

- (1) immediately before and immediately after giving effect to such proposed Restricted Payment on *apro forma* basis, no Default or Event of Default shall have occurred and be continuing and such Restricted Payment shall not be an event which is, or after notice or lapse of time or both, would be, an "event of default" under the terms of any Indebtedness of the Company or its Restricted Subsidiaries;
- (2) immediately before and immediately after giving effect to such Restricted Payment on *apro forma* basis, the Company could incur \$1.00 of additional Indebtedness (other than Permitted Indebtedness) under the provisions described under "*—Limitation on Indebtedness;*" and
- (3) after giving effect to the proposed Restricted Payment, the aggregate amount of all such Restricted Payments declared or made after the Issue Date and all Designation Amounts does not exceed the sum of:
  - (A) 50% of the aggregate Consolidated Net Income of the Company accrued on a cumulative basis during the period beginning on the first day of the Company's fiscal quarter during which the Issue Date fell and ending on the last day of the Company's last fiscal quarter ending prior to the date of the Restricted Payment, or, if such aggregate cumulative Consolidated Net Income shall be a loss, minus 100% of such loss;
  - (B) the aggregate Net Cash Proceeds received after the Issue Date by the Company either (x) as capital contributions in the form of common equity to the Company or (y) from the issuance or

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sale (other than to any of its Subsidiaries) of Qualified Capital Stock of the Company or any options, warrants or rights to purchase such Qualified Capital Stock of the Company (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness as set forth below in clause (ii) or (iii) of paragraph (b) below) (and excluding the Net Cash Proceeds from the issuance of Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);

- (C) the aggregate Net Cash Proceeds received after the Issue Date, by the Company (other than from any of its Subsidiaries) upon the exercise of any options, warrants or rights to purchase Qualified Capital Stock of the Company (and excluding the Net Cash Proceeds from the exercise of any options, warrants or rights to purchase Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);
  - (D) the aggregate Net Cash Proceeds received after the Issue Date, by the Company from the conversion or exchange, if any, of debt securities or Redeemable Capital Stock of the Company or its Restricted Subsidiaries into or for Qualified Capital Stock of the Company plus, to the extent such debt securities or Redeemable Capital Stock were issued after the Issue Date, upon the conversion or exchange of such debt securities or Redeemable Capital Stock, the aggregate of Net Cash Proceeds from their original issuance (and excluding the Net Cash Proceeds from the conversion or exchange of debt securities or Redeemable Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);
  - (E) (a) in the case of the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date, an amount (to the extent not included in Consolidated Net Income) equal to (a) the lesser of (i) the return of capital with respect to such Investment and (ii) the initial amount of such Investment, in either case, less the cost of the disposition of such Investment and net of taxes, and (b) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary for purposes of the Indenture (in each case, as long as the designation of such Subsidiary as an Unrestricted Subsidiary was deemed a Restricted Payment), the Fair Market Value of the Company's interest in such Subsidiary provided that such amount shall not in any case exceed the amount of the Restricted Payment deemed made at the time the Subsidiary was designated as an Unrestricted Subsidiary; and
  - (F) any amount which previously qualified as a Restricted Payment on account of any Guarantee entered into by the Company or any Restricted Subsidiary; provided that such Guarantee has not been called upon and the obligation arising under such Guarantee no longer exists.
- (b) Notwithstanding the foregoing, and in the case of clauses (ii) through (iv) below, so long as no Default or Event of Default is continuing or would arise therefrom, the foregoing provisions shall not prohibit the following actions (each of clauses (i) through (iv) and (vii) through (xiv) being referred to as a "Permitted Payment"):
- (i) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment was permitted by the provisions of paragraph (a) of this Section and such payment shall have been deemed to have been paid on the date of declaration and shall not have been deemed a "Permitted Payment" for purposes of the calculation required by paragraph (a) of this Section;
  - (ii) the repurchase, redemption, or other acquisition or retirement for value of any shares of any class of Capital Stock of the Company in exchange for, including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip, or out of the Net Cash Proceeds of a substantially concurrent issuance and sale for cash (other than to a Subsidiary) of, other shares of Qualified Capital Stock of the Company; *provided* that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clause (3) (C) of paragraph (a) of this Section;

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- (iii) the repurchase, redemption, defeasance, retirement or acquisition for value or payment of principal of any Subordinated Indebtedness or Redeemable Capital Stock in exchange for, or in an amount not in excess of the Net Cash Proceeds of, a substantially concurrent issuance and sale for cash (other than to any Subsidiary of the Company) of any Qualified Capital Stock of the Company, *provided* that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clause (3)(C) of paragraph (a) of this Section;
- (iv) the repurchase, redemption, defeasance, retirement, refinancing, acquisition for value or payment of principal of any Subordinated Indebtedness (other than Redeemable Capital Stock) (a “refinancing”) through the substantially concurrent issuance of new Subordinated Indebtedness of the Company, *provided* that any such new Subordinated Indebtedness
  - (1) shall be in a principal amount that does not exceed the principal amount so refinanced (or, if such Subordinated Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration thereof, then such lesser amount as of the date of determination), plus the lesser of (I) the stated amount of any premium or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing;
  - (2) has an Average Life to Stated Maturity greater than the remaining Average Life to Stated Maturity of the Series B notes;
  - (3) has a Stated Maturity for its final scheduled principal payment later than the Stated Maturity for the final scheduled principal payment of the Series B notes; and
  - (4) is expressly subordinated in right of payment to the Series B notes at least to the same extent as the Subordinated Indebtedness to be refinanced;
- (v) the purchase, redemption, or other acquisition or retirement for value of any class of Capital Stock of the Company from employees, former employees, directors or former directors of the Company or any Subsidiary in an amount not to exceed \$2.0 million in the aggregate in any twelve-month period plus the aggregate cash proceeds received by the Company during such twelve-month period from any reissuance of Capital Stock by the Company to members of management of the Company or any Restricted Subsidiary; *provided* that the Company may carry over and make in a subsequent twelve-month period, in addition to the amount otherwise permitted for such twelve-month period, the amount of such purchase, redemptions or other acquisitions for value permitted to have been made but not made in any preceding twelve-month period; *provided* that the aggregate repurchases, redemptions or other acquisitions or retirements for value does not exceed \$4.0 million in any twelve-month period;
- (vi) the repurchase, redemption or other acquisition or retirement for value of Capital Stock of the Company issued pursuant to acquisitions by the Company to the extent required by or needed to comply with the requirements of any of the Manufacturers with which the Company or a Restricted Subsidiary is a party to a franchise agreement;
- (vii) the repurchase, redemption, defeasance, retirement or acquisition for value or payment of principal on the Smith Subordinated Loan;
- (viii) the payment of the contingent purchase price or the payment of the deferred purchase price, including holdbacks (and the receipt of any corresponding consideration therefor), of an acquisition to the extent any such payment would be deemed a Restricted Payment and would otherwise have been permitted by the Indenture at the time of such acquisition;
- (ix) the repurchase of Capital Stock of the Company issued to sellers of businesses acquired by the Company or its Restricted Subsidiaries, in an amount not to exceed \$5.0 million during the term of the Indenture;



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- (x) the repurchase of Capital Stock deemed to occur upon exercise of stock options to the extent that shares of such Capital Stock represent a portion of the exercise price of such options;
- (xi) the payment of cash in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible or exercisable for Capital Stock of the Company;
- (xii) payments or distributions to stockholders pursuant to appraisal rights required under applicable law in connection with any consolidation, merger or transfer of assets that complies with the covenant described under the caption “—Consolidation, Merger or Sale of Assets”;
- (xiii) the making of any Restricted Payments after the date of the Indenture not exceeding in the aggregate \$100 million; provided that no Default or Event of Default shall have occurred and be continuing immediately after such transaction; and
- (xiv) the payment of cash dividends on the Company’s Qualified Capital Stock in the aggregate amount per fiscal quarter equal to \$0.10 per share for each share of the Company’s Qualified Capital Stock outstanding as of the quarterly record date for dividends payable in respect of such fiscal quarter (as such amount shall be adjusted for changes in the capitalization of the Company upon recapitalizations, reclassifications, stock splits, stock dividends, reverse stock splits, stock consolidations and similar transactions), provided, however, in the event a Change of Control occurs, the aggregate amounts permitted to be paid in cash dividends per fiscal quarter shall not exceed the aggregate amounts of such cash dividends paid in the same fiscal quarter most recently occurring prior to such Change of Control, provided, further, that for purposes of this exception, shares of Qualified Capital Stock issued for less than fair market value (other than shares issued pursuant to options or otherwise in accordance with the Company’s stock option, employee stock purchase or other equity compensation plans) shall not be deemed outstanding; provided, further, that no Default or Event of Default shall have occurred and be continuing immediately after such transaction. (Section 1009)

*Limitation on Transactions with Affiliates.* The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with or for the benefit of any Affiliate of the Company (other than the Company or a Restricted Subsidiary) unless such transaction or series of related transactions is entered into in good faith and in writing and

- (a) such transaction or series of related transactions is on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that would be available in a comparable transaction in arm’s-length dealings with an unrelated third party;
- (b) with respect to any transaction or series of related transactions involving aggregate value in excess of \$2.0 million the Company delivers an officers’ certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (a) above or such transaction or series of related transactions is approved by a majority of the Disinterested Directors of the board of directors of the Company, or in the event there is only one Disinterested Director, by such Disinterested Director; and
- (c) with respect to any transaction or series of related transactions involving aggregate value in excess of \$5 million, either (i) such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the board of directors of the Company, or in the event there is only one Disinterested Director, by such Disinterested Director, or (ii) the Company delivers to the Trustee a written opinion of an investment banking firm of national standing or other recognized independent expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required stating that the transaction or series of related transactions is fair to the Company or such Restricted Subsidiary from a financial point of view;

*provided, however,* that this provision shall not apply to:

- (i) compensation and employee benefit arrangements with any officer or director of the Company, including under any stock option or stock incentive plans, entered into in the ordinary course of business;

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- (ii) any transaction permitted as a Restricted Payment pursuant to the covenant described in “—*Limitation on Restricted Payments*”;
- (iii) the payment of customary fees to directors of the Company and its Restricted Subsidiaries;
- (iv) any transaction with any officer or member of the Board of Directors of the Company involving indemnification arrangements;
- (v) loans or advances to officers of the Company in the ordinary course of business not to exceed \$1 million in any calendar year; and
- (vi) any transactions undertaken pursuant to any contractual obligations in existence on the Issue Date and any renewals, replacements or modifications of such obligations (pursuant to new transactions or otherwise) on terms no less favorable than could be received from an unaffiliated third party. (Section 1010)

*Limitation on Liens.* The Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, (1) create, incur or affirm any Lien of any kind securing any Pari Passu Indebtedness or Subordinated Indebtedness, including any assumption, guarantee or other liability with respect thereto by any Restricted Subsidiary, upon any property or assets (including any intercompany notes) of the Company or any Restricted Subsidiary owned on the Issue Date or acquired after the Issue Date, or (2) assign or convey any right to receive any income or profits from such Liens, unless the Series B notes or a Guarantee in the case of Liens of a Guarantor are directly secured equally and ratably with (or, in the case of Subordinated Indebtedness, prior or senior thereto, with the same relative priority as the Series B notes shall have with respect to such Subordinated Indebtedness) the obligation or liability secured by such Lien except for Liens:

- (A) securing any Indebtedness which became Indebtedness pursuant to a transaction permitted under “—*Consolidation, Merger, Sale of Assets*” or securing Acquired Indebtedness which was created prior to (and not created in connection with, or in contemplation of) the incurrence of such Pari Passu Indebtedness or Subordinated Indebtedness (including any assumption, guarantee or other liability with respect thereto by any Restricted Subsidiary) and which Indebtedness is permitted under the provisions of “—*Limitation on Indebtedness*”; or
- (B) securing any Indebtedness incurred in connection with any refinancing, renewal, substitutions or replacements of any such Indebtedness described in clause (A), so long as the aggregate principal amount of Indebtedness represented thereby (or if such Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof, the original issue price of such Indebtedness plus any accreted value attributable thereto since the original issuance of such Indebtedness) is not increased by such refinancing by an amount greater than the lesser of:
  - (i) the stated amount of any premium or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced; or
  - (ii) the amount of premium or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing.

*provided*, however, that in the case of clauses (A) and (B), any such Lien only extends to the assets that were subject to such Lien securing such Indebtedness prior to the related acquisition by the Company or its Restricted Subsidiaries. Notwithstanding the foregoing, any Lien securing the Series B notes granted pursuant to this covenant shall be automatically and unconditionally released and discharged upon the release by the holders of the Pari Passu Indebtedness or Subordinated Indebtedness described above of their Lien on the property or assets of the Company or any Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness), at such time as the holders of all such Pari Passu Indebtedness or Subordinated Indebtedness also release their Lien on the property or assets of the Company or such Restricted Subsidiary, or upon any sale, exchange or transfer to any Person not an Affiliate of the Company of the property

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or assets secured by such Lien, or of all of the Capital Stock held by the Company or any Restricted Subsidiary in, or all or substantially all the assets of, any Restricted Subsidiary creating such Lien. (Section 1011)

*Limitation on Sale of Assets* (a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless (i) at least 75% of the consideration from such Asset Sale consists of:

- (A) cash or Cash Equivalents;
- (B) the assumption of Senior Indebtedness or Senior Guarantor Indebtedness by the party acquiring the assets from the Company of any Restricted Subsidiary;
- (C) Replacement Assets;
- (D) Designated Noncash Consideration;
- (E) a combination of any of the foregoing; and

(ii) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the shares or assets subject to such Asset Sale (as determined by the board of directors of the Company and evidenced in a board resolution); *provided* that any notes or other obligations received by the Company or any such Restricted Subsidiary from any transferee of assets from the Company or such Restricted Subsidiary that are converted by the Company or such Restricted Subsidiary into cash at Fair Market Value within 30 days after receipt shall be deemed to be cash for purposes of this provision.

(b) If:

- (A) all or a portion of the Net Cash Proceeds of any Asset Sale are not required to be applied to repay permanently any Senior Indebtedness or Senior Guarantor Indebtedness then outstanding as required by the terms thereof;
- (B) the Company determines not to apply such Net Cash Proceeds to the permanent prepayment of such Senior Indebtedness or Senior Guarantor Indebtedness; or
- (C) if no such Senior Indebtedness or Senior Guarantor Indebtedness that requires prepayment is then outstanding (or such prepayment is waived);

then the Company or a Restricted Subsidiary may within 365 days of the Asset Sale invest the Net Cash Proceeds in Replacement Assets. The amount of such Net Cash Proceeds not used or invested within 365 days of the Asset Sale as set forth in this paragraph constitutes "Excess Proceeds."

(c) When the aggregate amount of Excess Proceeds exceeds \$10 million or more, the Company will apply the Excess Proceeds to the repayment of the Series B notes and any other Pari Passu Indebtedness outstanding with similar provisions requiring the Company to make an offer to purchase such Indebtedness with the proceeds from any Asset Sale as follows:

- (A) the Company will make an offer to purchase (an "Offer") from all holders of the Series B notes in accordance with the procedures set forth in the Indenture in the maximum principal amount (expressed as a multiple of \$1,000) of Series B notes that may be purchased out of an amount (the "Note Amount") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Series B notes, and the denominator of which is the sum of the outstanding principal amount of the Series B notes and such Pari Passu Indebtedness (subject to proration in the event such amount is less than the aggregate Offered Price (as defined herein) of all Series B notes tendered) and
- (B) to the extent required by such Pari Passu Indebtedness to permanently reduce the principal amount of such Pari Passu Indebtedness, the Company will make an offer to purchase or otherwise repurchase or redeem Pari Passu Indebtedness (a "Pari Passu Offer") in an amount (the "Pari Passu Debt Amount") equal to the excess of the Excess Proceeds over the Note Amount.

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However, in no event will the Company be required to make a Pari Passu Offer in a Pari Passu Debt Amount exceeding the principal amount of such Pari Passu Indebtedness plus the amount of any premium required to be paid to repurchase such Pari Passu Indebtedness. The offer price for the Series B notes will be payable in cash in an amount equal to 100% of the principal amount of the Series B notes plus accrued and unpaid interest, if any, to the date (the "Offer Date") such Offer is consummated (the "Offered Price"), in accordance with the procedures set forth in the Indenture. To the extent that the aggregate Offered Price of the Series B notes tendered pursuant to the Offer is less than the Note Amount relating thereto or the aggregate amount of Pari Passu Indebtedness that is purchased in a Pari Passu Offer is less than the Pari Passu Debt Amount, the Company may use any remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of Series B notes and Pari Passu Indebtedness surrendered by holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Series B notes to be purchased on a pro rata basis. Upon the completion of the purchase of all the Series B notes tendered pursuant to an Offer and the completion of a Pari Passu Offer, the amount of Excess Proceeds, if any, shall be reset at zero.

(d) If the Company becomes obligated to make an Offer pursuant to clause (c) above, the Series B notes and the Pari Passu Indebtedness shall be purchased by the Company, at the option of the holders thereof, in whole or in part in integral multiples of \$1,000, on a date that is not earlier than 30 days and not later than 60 days from the date the notice of the Offer is given to holders, or such later date as may be necessary for the Company to comply with the requirements under the Exchange Act.

(e) The Indenture will provide that the Company will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with an Offer. (Section 1012)

*Limitation on Issuances of Guarantees of and Pledges for Indebtedness.* (a) The Company will not cause or permit any Restricted Subsidiary, other than a Guarantor, directly or indirectly, to secure the payment of any Senior Indebtedness of the Company and the Company will not, and will not permit any Restricted Subsidiary to, pledge any intercompany notes representing obligations of any Restricted Subsidiary (other than a Guarantor) to secure the payment of any Senior Indebtedness unless in each case such Restricted Subsidiary executes and delivers a supplemental indenture to the Indenture providing for a guarantee of payment of the Series B notes by such Restricted Subsidiary within 30 days. The guarantee shall be on the same terms as the guarantee of the Senior Indebtedness (if a guarantee of Senior Indebtedness is granted by any such Restricted Subsidiary) except that the guarantee of the Series B notes need not be secured and shall be subordinated to the claims against such Restricted Subsidiary in respect of Senior Indebtedness to the same extent as the Series B notes are subordinated to Senior Indebtedness of the Company under the Indenture.

(b) The Company will not cause or permit any Restricted Subsidiary (which is not a Guarantor), directly or indirectly, to guarantee, assume or in any other manner become liable with respect to any Indebtedness of the Company or any Restricted Subsidiary unless such Restricted Subsidiary executes and delivers a supplemental indenture to the Indenture providing for a Guarantee of the Series B notes within 30 days on the same terms as the guarantee of such Indebtedness except that

- (A) such guarantee need not be secured unless required pursuant to "*—Limitation on Liens,*"
- (B) if such Indebtedness is by its terms Senior Indebtedness, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be senior to such Restricted Subsidiary's Guarantee of the Series B notes to the same extent as such Senior Indebtedness is senior to the Series B notes and
- (C) if such Indebtedness is by its terms expressly subordinated to the Series B notes, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated to such Restricted Subsidiary's Guarantee of the Series B notes at least to the same extent as such Indebtedness is subordinated to the Series B notes.

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(c) Notwithstanding the foregoing, any Guarantee by a Restricted Subsidiary of the Series B notes shall provide by its terms that it (and all Liens securing the same) shall be automatically and unconditionally released and discharged upon (i) any sale, exchange or transfer, to any Person not an Affiliate of the Company, of all of the Company's Capital Stock in, or all or substantially all the assets of, such Restricted Subsidiary, which transaction is in compliance with the terms of the Indenture and pursuant to which transaction such Subsidiary is released from all guarantees, if any, by it of other Indebtedness of the Company or any Restricted Subsidiaries or (ii) the release by the holders of the Indebtedness of the Company of their security interest or their guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness), at such time as (A) no other Indebtedness of the Company has been secured or guaranteed by such Restricted Subsidiary, as the case may be, or (B) the holders of all such other Indebtedness which is secured or guaranteed by such Restricted Subsidiary also release their security interest in or guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness). (Section 1013)

*Limitation on Senior Subordinated Indebtedness.* The Company will not, and will not permit or cause any Guarantor to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise in any manner become directly or indirectly liable for or with respect to or otherwise permit to exist any Indebtedness that is subordinate in right of payment to any Indebtedness of the Company or such Guarantor, as the case may be, unless such Indebtedness is also *pari passu* with the Series B notes or the Guarantee of such Guarantor or subordinated in right of payment to the Series B notes or such Guarantee at least to the same extent as the Series B notes or such Guarantee are subordinated in right of payment to Senior Indebtedness or such Guarantor's Senior Guarantor Indebtedness, as the case may be, as set forth in the Indenture. (Section 1017)

*Limitation on Subsidiary Preferred Stock.* The Company will not permit

- (a) any Restricted Subsidiary of the Company to issue, sell or transfer any Preferred Stock, except for (i) Preferred Stock issued or sold to, held by or transferred to the Company or a Wholly Owned Restricted Subsidiary and (ii) Preferred Stock issued by a Person prior to the time
  - (A) such Person becomes a Restricted Subsidiary,
  - (B) such Person merges with or into a Restricted Subsidiary or
  - (C) a Restricted Subsidiary merges with or into such Person;

*provided* that such Preferred Stock was not issued or incurred by such Person in anticipation of the type of transaction contemplated by subclause (A), (B) or (C) or

- (b) any Person (other than the Company or a Wholly Owned Restricted Subsidiary) to acquire Preferred Stock of any Restricted Subsidiary from the Company or any Restricted Subsidiary, except, in the case of clause (a) or (b), or upon the acquisition of all the outstanding Capital Stock of such Restricted Subsidiary in accordance with the terms of the Indenture. (Section 1015)

*Limitation on Dividends and Other Payment Restrictions Affecting Subsidiaries.* The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to

- (i) pay dividends or make any other distributions on its Capital Stock or any other interest or participation in or measured by its profits,
- (ii) pay any Indebtedness owed to the Company or any other Restricted Subsidiary,
- (iii) make any Investment in the Company or any other Restricted Subsidiary or
- (iv) transfer any of its properties or assets to the Company or any other Restricted Subsidiary,

except for:

- (a) any encumbrance or restriction pursuant to an agreement in effect on the Issue Date;

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- (b) any encumbrance or restriction, with respect to a Restricted Subsidiary that was not a Restricted Subsidiary of the Company on the Issue Date, in existence at the time such Person becomes a Restricted Subsidiary of the Company and not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary, *provided* that such encumbrances and restrictions are not applicable to the Company or any Restricted Subsidiary or the properties or assets of the Company or any Restricted Subsidiary other than such Subsidiary which is becoming a Restricted Subsidiary;
- (c) customary provisions contained in an agreement that has been entered into for the sale or other disposition of all or substantially all of the Capital Stock or assets of a Restricted Subsidiary; *provided however* that the restrictions are applicable only to such Restricted Subsidiary or assets;
- (d) any encumbrance or restriction existing under or by reason of applicable law or any requirement of any regulatory body;
- (e) customary provisions restricting subletting or assignment of any lease governing any leasehold interest of any Restricted Subsidiary;
- (f) covenants in franchise agreements with Manufacturers customary for franchise agreements in the automobile retailing industry;
- (g) any encumbrance or restriction contained in any Purchase Money Obligations for property to the extent such restriction or encumbrance restricts the transfer of such property;
- (h) any encumbrances or restrictions in security agreements securing Indebtedness (other than Subordinated Indebtedness) of a Guarantor (including any Inventory Facility (to the extent that such Liens are otherwise incurred in accordance with “—*Limitation on Liens*”) that restrict the transfer of property subject to such agreements, provided that any such encumbrance or restriction is released to the extent the underlying Lien is released or the related Indebtedness is repaid;
- (i) covenants in Inventory Facilities customary for inventory and floor plan financing in the automobile retailing industry;
- (j) any encumbrance related to assets acquired by or merged into or consolidated with the Company or any Restricted Subsidiary so long as such encumbrance was not entered into in contemplation of the acquisition, merger or consolidation transaction;
- (k) customary non-assignment provisions contained in (a) any lease governing a leasehold interest or (b) any supply, license or other agreement entered into in the ordinary course of business of the Company or any of its Restricted Subsidiaries;
- (l) Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant described above under the caption “Limitations on Liens” that limit the right of the debtor to dispose of the assets subject to such Liens;
- (m) restrictions on cash or other deposits or net worth imposed by customers or vendors under contracts entered into in the ordinary course of business;
- (n) restrictions contained in any other indenture or instrument governing debt or preferred securities that are not materially more restrictive, taken as a whole, than those contained in the Indenture governing the Series B notes; and
- (o) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (a), (b), (j) or in this clause (o), *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement evidencing the Indebtedness so extended, renewed, refinanced or replaced. (Section 1016)

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*Limitation on Unrestricted Subsidiaries.* The Company may designate after the Issue Date any Subsidiary as an “Unrestricted Subsidiary” under the Indenture (a “Designation”) only if:

- (a) no Default shall have occurred and be continuing at the time of or after giving effect to such Designation;
- (b) the Company would be permitted to make an Investment (other than a Permitted Investment) at the time of Designation (assuming the effectiveness of such Designation) pursuant to the first paragraph of “—*Limitation on Restricted Payments*” above in an amount (the “Designation Amount”) equal to the greater of (1) the net book value of the Company’s interest in such Subsidiary calculated in accordance with GAAP or (2) the Fair Market Value of the Company’s interest in such Subsidiary as determined in good faith by the Company’s board of directors;
- (c) the Company would be permitted under the Indenture to incur \$1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the covenant described under “—*Limitation on Indebtedness*” at the time of such Designation (assuming the effectiveness of such Designation);
- (d) such Unrestricted Subsidiary does not own any Capital Stock in any Restricted Subsidiary of the Company which is not simultaneously being designated an Unrestricted Subsidiary;
- (e) such Unrestricted Subsidiary is not liable, directly or indirectly, with respect to any Indebtedness other than Unrestricted Subsidiary Indebtedness, *provided* that an Unrestricted Subsidiary may provide a Guarantee for the Series B notes; and
- (f) such Unrestricted Subsidiary is not a party to any agreement, contract, arrangement or understanding at such time with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company or, in the event such condition is not satisfied, the value of such agreement, contract, arrangement or understanding to such Unrestricted Subsidiary shall be deemed a Restricted Payment.

In the event of any such Designation, the Company shall be deemed to have made an Investment constituting a Restricted Payment pursuant to the covenant “—*Limitation on Restricted Payments*” for all purposes of the Indenture in the Designation Amount.

The Indenture will also provide that the Company shall not and shall not cause or permit any Restricted Subsidiary to at any time (x) provide credit support for, or subject any of its property or assets, other than the Capital Stock of any Unrestricted Subsidiary, to the satisfaction of, any Indebtedness of any Unrestricted Subsidiary, including any undertaking, agreement or instrument evidencing such Indebtedness, (other than Permitted Investments in Unrestricted Subsidiaries) or (y) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary. For purposes of the foregoing, the Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to be the Designation of all of the Subsidiaries of such Subsidiary.

The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a “Revocation”) if:

- (a) no Default shall have occurred and be continuing at the time of and after giving effect to such Revocation;
- (b) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if incurred at such time, have been permitted to be incurred for all purposes of the Indenture; and
- (c) unless such redesignated Subsidiary shall not have any Indebtedness outstanding (other than Indebtedness that would be Permitted Indebtedness), immediately after giving effect to such proposed Revocation, and after giving pro forma effect to the incurrence of any such Indebtedness of such redesignated Subsidiary as if such Indebtedness was incurred on the date of the Revocation, the Company could incur \$1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the covenant described under “—*Limitation on Indebtedness*.”

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All Designations and Revocations must be evidenced by a resolution of the board of directors of the Company delivered to the Trustee certifying compliance with the foregoing provisions. (Section 1018)

*Provision of Financial Statements.* Whether or not the Company is subject to Section 13(a) or 15(d) of the Exchange Act, the Company and each Guarantor (to the extent such Guarantor would be required if subject to Section 13(a) or 15(d) of the Exchange Act) will, to the extent permitted under the Exchange Act, file with the Commission the annual reports, quarterly reports and other documents which the Company and such Guarantor would have been required to file with the Commission pursuant to Sections 13(a) or 15(d) if the Company or such Guarantor were so subject. The documents are to be filed with the Commission on or prior to the date (the "Required Filing Date") by which the Company and such Guarantor would have been required so to file such documents if the Company and such Guarantor were so subject. The Company will also in any event (x) within 15 days of each Required Filing Date

- (i) transmit by mail to all holders, as their names and addresses appear in the security register, without cost to such holders; and
- (ii) file with the Trustee copies of the annual reports, quarterly reports and other documents which the Company and such Guarantor would have been required to file with the Commission pursuant to Sections 13(a) or 15(d) of the Exchange Act if the Company and such Guarantor were subject to either of such Sections; and
- (y) if filing such documents by the Company and such Guarantor with the Commission is not permitted under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective holder at the Company's cost.

If any Guarantor's financial statements would be required to be included in the financial statements filed or delivered pursuant to the Indenture if the Company were subject to Section 13(a) or 15(d) of the Exchange Act, the Company shall include such Guarantor's financial statements in any filing or delivery pursuant to the Indenture. The Indenture also provides that, so long as any of the Series A notes remain outstanding, the Company will make available to any prospective purchaser of Series A notes or beneficial owner of Series A notes in connection with any sale thereof the information required by Rule 144A(d)(4) under the Securities Act, until such time as the Company has either exchanged the Series A notes for securities identical in all material respects which have been registered under the Securities Act or until such time as the holders thereof have disposed of such Series A notes pursuant to an effective registration statement under the Securities Act. (Section 1019)

*Additional Covenants.* The Indenture also contains covenants with respect to the following matters:

- (i) payment of principal, premium and interest;
- (ii) maintenance of an office or agency in The City of New York;
- (iii) arrangements regarding the handling of money held in trust;
- (iv) maintenance of corporate existence;
- (v) payment of taxes and other claims;
- (vi) maintenance of properties; and
- (vii) maintenance of insurance.

### **Consolidation, Merger, Sale of Assets**

#### *The Company*

The Company will not, in a single transaction or through a series of related transactions, (1) consolidate with or merge with or into any other Person; (2) sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person or group of Persons; or (3) permit any of its Restricted Subsidiaries to enter into any such transaction or series of related transactions if such transaction or series of



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related transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries on a Consolidated basis to any other Person or group of Persons, unless at the time and after giving effect thereto:

- (i) either (a) the Company will be the continuing corporation (in the case of a consolidation or merger involving the Company) or (b) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries on a Consolidated basis (the "Surviving Entity") will be a corporation duly organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and such Person expressly assumes, by a supplemental indenture, in a form reasonably satisfactory to the Trustee, all the obligations of the Company under the Series B notes, the Indenture and the Registration Rights Agreement (as that term is defined under "Exchange Offer; Registration Rights"), as the case may be, and the Series B notes, the Indenture and the Registration Rights Agreement (to the extent any obligations remain under the Registration Rights Agreement) will remain in full force and effect as so supplemented;
- (ii) immediately before and immediately after giving effect to such transaction on *pro forma* basis (and treating any Indebtedness not previously an obligation of the Company or any of its Restricted Subsidiaries which becomes the obligation of the Company or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing;
- (iii) immediately before and immediately after giving effect to such transaction on *pro forma* basis (on the assumption that the transaction occurred on the first day of the four-quarter period for which financial statements are available ending immediately prior to the consummation of such transaction with the appropriate adjustments with respect to the transaction being included in such *pro forma* calculation), the Company (or the Surviving Entity if the Company is not the continuing obligor under the Indenture) could incur \$1.00 of additional Indebtedness (other than Permitted Indebtedness) under the provisions of "—Certain Covenants—*Limitation on Indebtedness*;"
- (iv) at the time of the transaction, each Guarantor, if any, unless it is the other party to the transactions described above, will have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under the Indenture and under the Series B notes;
- (v) at the time of the transaction if any of the property or assets of the Company or any of its Restricted Subsidiaries would thereupon become subject to any Lien, the provisions of "—Certain Covenants—*Limitation on Liens*" are complied with; and
- (vi) at the time of the transaction the Company or the Surviving Entity will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an officers' certificate and an opinion of counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, transfer, lease or other transaction and the supplemental indenture in respect thereof comply with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with. (Section 801)

### *The Guarantors*

Each Guarantor will not, and the Company will not permit a Guarantor to, in a single transaction or through a series of related transactions, (1) consolidate with or merge with or into any other Person (other than the Company or any Guarantor); (2) sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets on a Consolidated basis to any Person or group of Persons (other than the Company or any Guarantor); or (3) permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the

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Guarantor and its Restricted Subsidiaries on a Consolidated basis to any other Person or group of Persons (other than the Company or any Guarantor), unless at the time and after giving effect thereto:

- (i) either (a) the Guarantor will be the continuing entity, in the case of a consolidation or merger involving the Guarantor or (b) the Person (if other than the Guarantor) formed by such consolidation or into which such Guarantor is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of the Guarantor and its Restricted Subsidiaries on a Consolidated basis (the “Surviving Guarantor Entity”) is duly organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and such Person expressly assumes, by a supplemental indenture, in a form reasonably satisfactory to the Trustee, all the obligations of such Guarantor under its Guarantee of the Series B notes, the Indenture and the Registration Rights Agreement and such Guarantee, Indenture and Registration Rights Agreement (to the extent any obligations remain under the Registration Rights Agreements) will remain in full force and effect;
- (ii) immediately before and immediately after giving effect to such transaction on *apro forma* basis, no Default or Event of Default will have occurred and be continuing; and
- (iii) at the time of the transaction such Guarantor or the Surviving Guarantor Entity will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an officers’ certificate and an opinion of counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, lease or other transaction and the supplemental indenture in respect thereof comply with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with.

However, the foregoing limitations do not apply to any Guarantor whose Guarantee of the Series B notes is unconditionally released and discharged in accordance with paragraph (c) under the provisions of “—Certain Covenants—*Limitation on Issuances of Guarantees of and Pledges for Indebtedness.*” (Section 801)

In the event of any transaction (other than a transfer by lease or a sale of substantially all of the assets of the Company or a Guarantor that results in the sale, assignment, conveyance, transfer or other disposition of assets constituting or accounting for less than 95% of the consolidated assets, revenues or Consolidated Net Income (Loss) of the Company or such Guarantor, as the case may be) described in and complying with the conditions listed in the two immediately preceding subsections in which the Company or any Guarantor, as the case may be, is not the continuing corporation, the successor Person formed or remaining or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or such Guarantor, as the case may be, under the Indenture, the Series B notes and/or the related Guarantees, as the case may be, and the Company or any Guarantor, as the case may be, shall be discharged from all obligations and covenants under the Indenture and the Series B notes or its Guarantee, as the case may be. (Section 802)

Nothing in this covenant shall prohibit a merger or consolidation of the Company or any of the Guarantors into an Affiliate organized in the United States solely for the purpose of changing the entity’s jurisdiction of organization.

### **Events of Default**

An Event of Default will occur under the Indenture if:

- (1) there shall be a default in the payment of any interest on any Series B note when it becomes due and payable, and such default shall continue for a period of 30 days, whether or not prohibited by the subordination provisions of the Indenture;
- (2) there shall be a default in the payment of the principal of (or premium, if any, on) any Series B note at its Maturity (upon acceleration, optional or mandatory redemption if any, required repurchase or otherwise), whether or not prohibited by the subordination provisions of the Indenture;

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- (3) (a) there shall be a default in the performance, or breach, of any covenant or agreement of the Company or any Guarantor under the Indenture or any Guarantee (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in clause (1), (2) or in clause (b), (c) or (d) of this clause (3)) and such default or breach shall continue for a period of 60 days after written notice (30 days in the case of a default in the covenants described under “—Certain Covenants—*Limitation on Indebtedness*” or “—*Limitation on Restricted Payments*”) has been given, by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Series B notes;
- (b) there shall be a default in the performance or breach of the provisions described in “—Consolidation, Merger, Sale of Assets”;
- (c) the Company shall have failed to consummate an Offer in accordance with the provisions of “—Certain Covenants—*Limitation on Sale of Assets*”; or
- (d) the Company shall have failed to consummate a Change of Control Offer in accordance with the provisions of “—Purchase of Series B notes Upon a Change of Control”;
- (4) one or more defaults, individually or in the aggregate, shall have occurred under any of the agreements, indentures or instruments under which the Company or any Restricted Subsidiary then has outstanding Indebtedness in excess of \$20.0 million in principal amount, individually or in the aggregate, and either (a) such default results from the failure to pay such Indebtedness at its stated final maturity or (b) such default or defaults resulted in the acceleration of the maturity of such Indebtedness;
- (5) any Guarantee shall for any reason cease to be, or shall for any reason be asserted in writing by any Guarantor or the Company not to be, in full force and effect and enforceable in accordance with its terms, except to the extent contemplated by the Indenture and any such Guarantee;
- (6) one or more final judgments, orders or decrees (not subject to appeal) of any court or regulatory or administrative agency for the payment of money in excess of \$20.0 million, either individually or in the aggregate (exclusive of any portion of any such payment covered by insurance, if and to the extent the insurer has acknowledged in writing its liability therefor), shall be rendered against the Company, any Guarantor or any Restricted Subsidiary or any of their respective properties and shall not be discharged or fully bonded and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;
- (7) there shall have been the entry by a court of competent jurisdiction of (a) a decree or order for relief in respect of the Company or any Significant Restricted Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or (b) a decree or order:
- (i) adjudging the Company or any Significant Restricted Subsidiary bankrupt or insolvent;
- (ii) seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any Significant Restricted Subsidiary under any applicable federal or state law;
- (iii) appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any Significant Restricted Subsidiary or of any substantial part of their respective properties; or
- (iv) ordering the winding up or liquidation of their respective affairs, and any such decree or order for relief shall continue to be in effect, or any such other decree or order shall be unstayed and in effect, for a period of 60 consecutive days; or
- (8) (a) the Company or any Significant Restricted Subsidiary commences a voluntary case or proceeding under any applicable Bankruptcy Law or any other case or proceeding to be adjudicated bankrupt or insolvent,

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- (b) the Company or any Significant Restricted Subsidiary consents to the entry of a decree or order for relief in respect of the Company or such Significant Restricted Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against it,
- (c) the Company or any Significant Restricted Subsidiary files a petition or answer or consent seeking reorganization or relief under any applicable federal or state law,
- (d) the Company or any Significant Restricted Subsidiary
  - (i) consents to the filing of such petition or the appointment of, or taking possession by, a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or such Significant Restricted Subsidiary or of any substantial part of their respective properties,
  - (ii) makes an assignment for the benefit of creditors or
  - (iii) admits in writing its inability to pay its debts generally as they become due or
- (e) the Company or any Significant Restricted Subsidiary takes any corporate action in furtherance of any such actions in this paragraph (8). (Section 501)

### *Result of Events of Default*

If an Event of Default (other than as specified in clauses (7) and (8) of the prior paragraph) shall occur and be continuing with respect to the Indenture, the Trustee or the holders of not less than 25% in aggregate principal amount of the Series B notes then outstanding may, and the Trustee at the request of such holders shall, declare all unpaid principal of, premium, if any, and accrued interest on all Series B notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the holders of the Series B notes). Upon any such declaration, such principal, premium, if any, and interest shall become due and payable immediately. If an Event of Default specified in clause (7) or (8) of the prior paragraph occurs and is continuing, then all the Series B notes shall automatically become and be due and payable immediately in an amount equal to the principal amount of the Series B notes, together with accrued and unpaid interest, if any, to the date the Series B notes become due and payable, without any declaration or other act on the part of the Trustee or any holder. Thereupon, the Trustee may, at its discretion, proceed to protect and enforce the rights of the holders of Series B notes by appropriate judicial proceedings.

After a declaration of acceleration, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in aggregate principal amount of Series B notes outstanding by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

- (a) the Company has paid or deposited with the Trustee a sum sufficient to pay
  - (i) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel,
  - (ii) all overdue interest on all Series B notes then outstanding,
  - (iii) the principal of and premium, if any, on any Series B notes then outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Series B notes and
  - (iv) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Series B notes;
- (b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and
- (c) all Events of Default, other than the non-payment of principal of, premium, if any, and interest on the Series B notes which have become due solely by such declaration of acceleration, have been cured or waived as provided in the Indenture. No such rescission shall affect any subsequent default or impair any right consequent thereon. (Section 502)

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### *Waiver of Default by Noteholders*

The holders of not less than a majority in aggregate principal amount of the Series B notes outstanding may on behalf of the holders of all outstanding Series B notes waive any past default under the Indenture and its consequences, except a default (i) in the payment of the principal of, premium, if any, or interest on any Series B note, which may only be waived with the consent of each holder of Series B notes effected or (ii) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holder of each Series B note affected by such modification or amendment. (Section 513)

### *Legal Rights of Noteholders*

No holder of any of the Series B notes has any right to institute any proceedings with respect to the Series B notes, the Indenture or any remedy thereunder, unless

- (1) the holders of at least 25% in aggregate principal amount of the outstanding Series B notes have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as Trustee under the Series B notes and the Indenture;
- (2) the Trustee has failed to institute such proceeding within 15 days after receipt of such notice; and
- (3) the Trustee, within such 15-day period, has not received directions inconsistent with such written request by holders of a majority in aggregate principal amount of the outstanding Series B notes.

Such limitations do not, however, apply to a suit instituted by a holder of a Series B for the enforcement of the payment of the principal of, premium, if any, or interest on such Series B on or after the respective due dates expressed in such Series B note.

### *Notice to and Action of Trustees*

The Company is required to notify the Trustee within five business days of the occurrence of any Default. The Company is required to deliver to the Trustee, on or before a date not more than 60 days after the end of each fiscal quarter and not more than 120 days after the end of each fiscal year, a written statement as to compliance with the Indenture, including whether or not any Default has occurred. (Section 1020) The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the holders of the Series B notes unless such holders offer to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred thereby. (Section 603)

The Trust Indenture Act contains limitations on the rights of the Trustee, should it become a creditor of the Company or any Guarantor, if any, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions, *provided* that if it acquires any conflicting interest it must eliminate such conflict upon the occurrence of an Event of Default or else resign.

### **No Personal Liability of Directors, Officers, Employees, Members, Partners and Stockholders**

No director, officer, employee, member, partner or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Series B notes, the Indenture, the Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Series B notes by accepting a Series B note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Series B notes. The waiver may not be effective to waive liabilities under the federal securities laws.

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### **Defeasance or Covenant Defeasance of Indenture**

The Company may, at its option and at any time, elect to have the obligations of the Company, any Guarantor and any other obligor upon the Series B notes discharged with respect to the outstanding Series B notes (“defeasance”). Such defeasance means that the Company, any such Guarantor and any other obligor under the Indenture shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Series B notes, except for

- (i) the rights of holders of such outstanding Series B notes to receive payments in respect of the principal of, premium, if any, and interest on such Series B notes when such payments are due,
- (ii) the Company’s obligations with respect to the Series B notes concerning issuing temporary Series B notes, registration of Series B notes, mutilated, destroyed, lost or stolen Series B notes, and the maintenance of an office or agency for payment and money for security payments held in trust,
- (iii) the rights, powers, trusts, duties and immunities of the Trustee and
- (iv) the defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and any Guarantor released with respect to certain covenants that are described in the Indenture (“covenant defeasance”) and thereafter any omission to comply with such obligations shall not constitute a Default or an Event of Default with respect to the Series B notes. In the event covenant defeasance occurs, certain events (not including non-payment, bankruptcy and insolvency events) described under “Events of Default” will no longer constitute an Event of Default with respect to the Series B notes. (Sections 401, 402 and 403)

In order to exercise either defeasance or covenant defeasance,

- (i) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Series B notes, cash in United States dollars, U.S. Government Obligations (as defined in the Indenture), or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants or a nationally recognized investment banking firm, to pay and discharge the principal of, premium, if any, and interest on the outstanding Series B notes on the Stated Maturity (or on any date after August 15, 2008 (such date being referred to as the “Defeasance Redemption Date”), if at or prior to electing either defeasance or covenant defeasance, the Company has delivered to the Trustee an irrevocable notice to redeem all of the outstanding Series B notes on the Defeasance Redemption Date);
- (ii) in the case of defeasance, the Company shall have delivered to the Trustee an opinion of independent counsel in the United States stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the Issue Date, 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 independent counsel in the United States shall confirm that, the holders of the outstanding Series B notes will not recognize income, gain or loss for federal income tax purposes as a result of such 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 defeasance had not occurred;
- (iii) in the case of covenant defeasance, the Company shall have delivered to the Trustee an opinion of independent counsel in the United States to the effect that the holders of the outstanding Series B notes will not recognize income, 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;
- (iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as clauses (7) or (8) under the first paragraph under “— Events of Default” are concerned, at any time during the period ending on the 91st day after the date of deposit (other than a Default which

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- results from the borrowing of amounts to finance the defeasance and which borrowing does not result in a breach or violation of, or constitute a default, under any other material agreement or instrument to which the Company or any Restricted Subsidiary is a party or to which it is bound);
- (v) such defeasance or covenant defeasance shall not cause the Trustee for the Series B notes to have a conflicting interest as defined in the Indenture in violation of and for purposes of the Trust Indenture Act with respect to any other securities of the Company or any Guarantor;
  - (vi) such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a Default under, the Indenture or any other material agreement or instrument to which the Company, any Guarantor or any Restricted Subsidiary is a party or by which it is bound;
  - (vii) such defeasance or covenant defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act of 1940, as amended, unless such trust shall be registered under such Act or exempt from registration thereunder;
  - (viii) the Company will have delivered to the Trustee an opinion of independent counsel in the United States to the effect that (assuming that no holder of any Series B notes would be considered an insider of the Company under any applicable bankruptcy or insolvency law and assuming no intervening bankruptcy or insolvency of the Company between the date of deposit and the 91st day following the deposit) after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;
  - (ix) the Company shall have delivered to the Trustee an officers' certificate stating that the deposit was not made by the Company with the intent of preferring the holders of the Series B notes or any Guarantee over the other creditors of the Company or any Guarantor with the intent of defeating, hindering, delaying or defrauding creditors of the Company, any Guarantor or others;
  - (x) no event or condition shall exist that would prevent the Company from making payments of the principal of, premium, if any, and interest on the Series B notes on the date of such deposit or at any time ending on the 91st day after the date of such deposit; and
  - (xi) the Company will have delivered to the Trustee an officers' certificate and an opinion of independent counsel, each stating that all conditions precedent provided for relating to either the defeasance or the covenant defeasance, as the case may be, have been complied with. (Section 404)

### **Satisfaction and Discharge**

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Series B notes as expressly provided for in the Indenture) as to all outstanding Series B notes under the Indenture when

- (a) either (i) all such Series B notes theretofore authenticated and delivered (except lost, stolen or destroyed Series B notes which have been replaced or paid or Series B notes whose payment has been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust as provided for in the Indenture) have been delivered to the Trustee for cancellation or (ii) all Series B notes not theretofore delivered to the Trustee for cancellation
  - (x) have become due and payable,
  - (y) will become due and payable at their Stated Maturity within one year, or
  - (z) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company;

and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount in United States dollars sufficient to pay and discharge the

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- entire Indebtedness on the Series B notes not theretofore delivered to the Trustee for cancellation, including the principal of, premium, if any, and accrued interest on such Series B notes at such Maturity, Stated Maturity or redemption date;
- (b) the Company or any Guarantor has paid or caused to be paid all other sums payable under the Indenture by the Company and any Guarantor; and
  - (c) the Company has delivered to the Trustee an officers' certificate and an opinion of independent counsel in form and substance reasonably satisfactory to the Trustee each stating that (i) all conditions precedent under the Indenture relating to the satisfaction and discharge of such Indenture have been complied with and (ii) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreement or instrument to which the Company, any Guarantor or any Restricted Subsidiary is a party or by which the Company, any Guarantor or any Restricted Subsidiary is bound. (Section 1201)

### **Modifications and Amendments**

#### *With Noteholder Consent*

Modifications and amendments of the Indenture may be made by the Company, each Guarantor, if any, and the Trustee with the consent of the holders of at least a majority in aggregate principal amount of the Series B notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for Series B notes); *provided, however*, that no such modification or amendment may, without the consent of the holder of each outstanding Series B note affected thereby:

- (i) change the Stated Maturity of the principal of, or any installment of interest on, or change to an earlier date any redemption date of, or waive a default in the payment of the principal of, premium, if any, or interest on, any such Series B note or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any such Series B note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date);
- (ii) amend, change or modify the obligation of the Company to make and consummate an Offer with respect to any Asset Sale or Asset Sales in accordance with “—Certain Covenants—*Limitation on Sale of Assets*” or the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with “—Purchase of Series B notes Upon a Change of Control,” including, in each case, amending, changing or modifying any definitions relating thereto, but only to the extent such definitions relate thereto;
- (iii) reduce the percentage in principal amount of such outstanding Series B notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver or compliance with certain provisions of the Indenture;
- (iv) modify any of the provisions relating to supplemental indentures requiring the consent of holders or relating to the waiver of past defaults or relating to the waiver of certain covenants, except to increase the percentage of such outstanding Series B notes required for any such actions or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each such Series B note affected thereby;
- (v) except as otherwise permitted under “—Consolidation, Merger, Sale of Assets,” consent to the assignment or transfer by the Company or any Guarantor of any of its rights and obligations under the Indenture; or
- (vi) amend or modify any of the provisions of the Indenture in any manner which subordinates the Series B notes issued under the Indenture in right of payment to any other Indebtedness of the Company or



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which subordinates any Guarantee in right of payment to any other Indebtedness of the Guarantor issuing such Guarantee. (Section 902)

### *Without Noteholder Consent*

Notwithstanding the foregoing, without the consent of any holders of the Series B notes, the Company, any Guarantor, any other obligor under the Series B notes and the Trustee may modify or amend the Indenture:

- (a) to evidence the succession of another Person to the Company or a Guarantor or any other obligor upon the Series B notes, and the assumption by any such successor of the covenants of the Company or such Guarantor or obligor in the Indenture and in the Series B notes and in any Guarantee in accordance with “— Consolidation, Merger, Sale of Assets;”
- (b) to add to the covenants of the Company, any Guarantor or any other obligor upon the Series B notes for the benefit of the holders of the Series B notes or to surrender any right or power conferred upon the Company or any Guarantor or any other obligor upon the Series B notes, as applicable, in the Indenture, in the Series B notes or in any Guarantee;
- (c) to cure any ambiguity, or to correct or supplement any provision in the Indenture or in any supplemental indenture, the Series B notes or any Guarantee which may be defective or inconsistent with any other provision in the Indenture, the Series B notes or any Guarantee or to make any other provisions with respect to matters or questions arising under the Indenture, the Series B notes or any Guarantee; *provided* that, in each case, such provisions shall not adversely affect the interest of the holders of the Series B notes;
- (d) to comply with the requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act;
- (e) to add a Guarantor under the Indenture;
- (f) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture; or
- (g) to mortgage, pledge, hypothecate or grant a security interest in favor of the Trustee for the benefit of the holders of the Series B notes as additional security for the payment and performance of the Company’s and any Guarantor’s obligations under the Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Trustee pursuant to the Indenture or otherwise. (Section 901)

The holders of a majority in aggregate principal amount of the Series B notes outstanding may waive compliance with certain restrictive covenants and provisions of the Indenture. (Section 1021)

### **Governing Law**

The Indenture, the Series B notes and any Guarantee will be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the conflicts of law principles thereof.

### **Concerning the Trustee**

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Company, 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 will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue as Trustee with such conflict or resign as Trustee. (Sections 608 and 611)

The holders of a majority in principal amount of the then outstanding Series B notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the

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Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs, which has not been cured, 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 Series B notes unless such holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense. (Sections 512, 601 and 603)

### **Certain Definitions**

“Acquired Indebtedness” means Indebtedness of a Person:

- (i) existing at the time such Person becomes a Restricted Subsidiary;
- (ii) Indebtedness of any other Person existing at the time such other Person is merged with or into or becomes a Restricted Subsidiary of such specified Person; or
- (iii) assumed in connection with the acquisition of assets from such Person,

in each case, other than Indebtedness incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, as the case may be.

Acquired Indebtedness shall be deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Restricted Subsidiary, as the case may be.

“Affiliate” means, with respect to any specified Person:

- (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person;
- (ii) any other Person that owns, directly or indirectly, ten percent or more of such specified Person’s Capital Stock or any officer or director of any such specified Person or other Person or, with respect to any natural Person, any person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin; or
- (iii) any other Person, ten percent or more of the Voting Stock of which is beneficially owned or held directly or indirectly by such specified Person.

For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Asset Sale” means any sale, issuance, conveyance, transfer, lease or other disposition, including, without limitation, by way of merger, consolidation or sale and leaseback transaction (collectively, a “transfer”), directly or indirectly, in one or a series of related transactions, of:

- (i) any Capital Stock of any Restricted Subsidiary (other than directors’ qualifying shares and transfers of Capital Stock required by a Manufacturer to the extent the Company does not receive cash or Cash Equivalents for such Capital Stock);
- (ii) all or substantially all of the properties and assets of any division or line of business of the Company or any Restricted Subsidiary; or
- (iii) any other properties or assets of the Company or any Restricted Subsidiary other than in the ordinary course of business.

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For the purposes of this definition, the term “Asset Sale” shall not include any transfer of properties and assets:

- (A) that is governed by the provisions described under “—Consolidation, Merger, Sale of Assets,”
- (B) that is by the Company to any Restricted Subsidiary, or by any Restricted Subsidiary to the Company or any Restricted Subsidiary in accordance with the terms of the Indenture,
- (C) that is of obsolete equipment,
- (D) that consists of defaulted receivables for collection or any sale, transfer or other disposition of defaulted receivables for collection,
- (E) the Fair Market Value of which in the aggregate does not exceed \$2.5 million in any transaction or series of related transactions, or
- (F) any Restricted Payment permitted under the caption “—Certain Covenants—*Limitation on Restricted Payments.*”

“Average Life to Stated Maturity” means, as of the date of determination with respect to any Indebtedness, the quotient obtained by dividing (i) the sum of the products of (a) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Indebtedness multiplied by (b) the amount of each such principal payment by (ii) the sum of all such principal payments.

“Bankruptcy Law” means Title 11, United States Bankruptcy Code of 1978, as amended, or any similar United States federal or state law or foreign law relating to the bankruptcy, insolvency, receivership, winding up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

“Capital Lease Obligation” of any Person means any obligation of such Person and its Subsidiaries on a Consolidated basis under any capital lease of real or personal property which, in accordance with GAAP, is required to be recorded as a capitalized lease obligation on the books of the lessee.

“Capital Stock” of any Person means any and all shares, interests, participations, rights in or other equivalents, however designated, of such Person’s capital stock or other equity interests whether now outstanding or issued after the Issue Date, including limited liability company interests, partnership interests (whether general or limited), any other interest or participation that confers on a Person that right to receive a share of the profits and losses of, or distributions of assets of (other than a distribution in respect of Indebtedness), the issuing Person, including any Preferred Stock and any rights (other than debt securities convertible into Capital Stock), warrants or options exchangeable for or convertible into such Capital Stock.

“Cash Equivalents” means

- (i) marketable direct obligations, maturing not more than one year after the date of acquisition, issued by the United States of America, or an instrumentality or agency thereof, and guaranteed fully as to principal, premium, if any, and interest by the United States of America,
- (ii) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by a commercial banking institution that is a member of the Federal Reserve System and that has combined capital and surplus and undivided profits of not less than \$500 million, whose debt has a rating, at the time as of which any investment therein is made, of “P-1” (or higher) according to Moody’s Investors Service, Inc. (“Moody’s”) or any successor rating agency or “A-1” (or higher) according to Standard Poor’s Rating Group, a division of McGraw Hill, Inc. (“S&P”), or any successor rating agency,
- (iii) commercial paper, maturing not more than 270 days after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Company) organized and existing under the laws of the United States of America with a rating, at the time as of which any investment therein is made, of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P, and

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- (iv) any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of \$500 million *provided* that the short term debt of such commercial bank has a rating, at the time of Investment, of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P.

“Change of Control” means the occurrence of any of the following events:

- (i) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than Permitted Holders, is or becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have beneficial ownership of all shares that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total outstanding Voting Stock of the Company;
- (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the board of directors of the Company (together with any new directors whose election to such board or whose nomination for election by the stockholders of the Company was approved by a vote of 66 <sup>2</sup>/<sub>3</sub>% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved), cease for any reason to constitute a majority of such board of directors then in office;
- (iii) the Company consolidates with or merges with or into any Person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person, or any Person consolidates with or merges into or with the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is converted into or exchanged for cash, securities or other property, other than any such transaction where:
  - (A) the outstanding Voting Stock of the Company is changed into or exchanged for (x) Voting Stock of the surviving corporation which is not Redeemable Capital Stock or (y) cash, securities and other property (other than Capital Stock of the surviving corporation) in an amount which could be paid by the Company as a Restricted Payment as described under “—Certain Covenants—*Limitation on Restricted Payments*” (and such amount shall be treated as a Restricted Payment subject to the provisions in the Indenture described under “—Certain Covenants—*Limitation on Restricted Payments*”); and
  - (B) immediately after such transaction, no “person” or “group,” other than Permitted Holders, is the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, more than 35% of the total outstanding Voting Stock of the surviving corporation; or
- (iv) the Company is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under “—Consolidation, Merger, Sale of Assets.”

For purposes of this definition, any transfer of an equity interest of an entity that was formed for the purpose of acquiring voting stock of the Company will be deemed to be a transfer of such portion of such voting stock as corresponds to the portion of the equity of such entity that has been so transferred.

“Class A Common Stock” means the Company’s Class A common stock, par value \$.01 per share, or any successor common stock thereto.

“Commission” means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of the Indenture such Commission is not existing and performing the duties now assigned to it under the Securities Act, Exchange Act and Trust Indenture Act then the body performing such duties at such time.

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“Commodity Price Protection Agreement” means any forward contract, commodity swap, commodity option or other similar financial agreement or arrangement relating to, or the value which is dependent upon, fluctuations in commodity prices.

“Company” means Sonic Automotive, Inc., a corporation incorporated under the laws of Delaware, until a successor Person shall have become such pursuant to the applicable provisions of the Indenture, and thereafter “Company” shall mean such successor Person.

“Consolidated Fixed Charge Coverage Ratio” of any Person means, for any period, the ratio of:

- (a) the sum of Consolidated Net Income (Loss), and in each case to the extent deducted in computing Consolidated Net Income (Loss) for such period, Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-cash Charges for such period, of such Person and its Restricted Subsidiaries on a Consolidated basis, all determined in accordance with GAAP, less all noncash items increasing Consolidated Net Income for such period and less all cash payments during such period relating to noncash charges that were added back to Consolidated Net Income in determining the Consolidated Fixed Charge Coverage Ratio in any prior period to
  - (b) the sum of Consolidated Interest Expense for such period and cash and noncash dividends paid on any Preferred Stock of such Person during such period, in each case after giving *pro forma* effect to
    - (i) the incurrence of the Indebtedness giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period;
    - (ii) the incurrence, repayment or retirement of any other Indebtedness by the Company and its Restricted Subsidiaries since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility shall be computed based upon the average daily balance of such Indebtedness during such period);
    - (iii) in the case of Acquired Indebtedness or any acquisition occurring at the time of the incurrence of such Indebtedness, the related acquisition, assuming such acquisition had been consummated on the first day of such period; and
    - (iv) any acquisition or disposition by the Company and its Restricted Subsidiaries of any company or any business or any assets out of the ordinary course of business, whether by merger, stock purchase or sale or asset purchase or sale, or any related repayment of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period;
- provided that*
- (i) in making such computation, the Consolidated Interest Expense attributable to interest on any Indebtedness computed on *apro forma* basis and (A) bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period (subject to any applicable Interest Rate Agreement) and (B) which was not outstanding during the period for which the computation is being made but which bears, at the option of such Person, a fixed or floating rate of interest, shall be computed by applying at the option of such Person either the fixed or floating rate and
  - (ii) in making such computation, the Consolidated Interest Expense of such Person attributable to interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

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“Consolidated Income Tax Expense” of any Person means, for any period, the provision for federal, state, local and foreign income taxes of such Person and its Consolidated Restricted Subsidiaries for such period as determined in accordance with GAAP.

“Consolidated Interest Expense” of any Person means, without duplication, for any period, the sum of

- (a) the interest expense of such Person and its Restricted Subsidiaries for such period, on a Consolidated basis (other than interest expense under any Inventory Facility), including, without limitation,
  - (i) amortization of debt discount,
  - (ii) the net costs associated with Interest Rate Agreements, Currency Hedging Agreements and Commodity Price Protection Agreements (including amortization of discounts),
  - (iii) the interest portion of any deferred payment obligation,
  - (iv) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing and
  - (v) accrued interest; plus
- (b) (i) the interest component of the Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period and (ii) all capitalized interest of such Person and its Restricted Subsidiaries; plus
- (c) the interest expense under any Guaranteed Debt of such Person and any Restricted Subsidiary to the extent not included under clause (a)(iv) above, whether or not paid by such Person or its Restricted Subsidiaries

but excluding, in the case of (a), (b) and (c), the amortization or write-off of deferred financing costs.

“Consolidated Net Income (Loss)” of any Person means, for any period, the Consolidated net income (or loss) of such Person and its Restricted Subsidiaries for such period on a Consolidated basis as determined in accordance with GAAP, adjusted, to the extent included in calculating such net income (or loss), by excluding, without duplication,

- (i) all extraordinary gains or losses net of taxes (less all fees and expenses relating thereto),
- (ii) the portion of net income (or loss) of such Person and its Restricted Subsidiaries on a Consolidated basis allocable to minority interests in unconsolidated Persons or Unrestricted Subsidiaries to the extent that cash dividends or distributions have not actually been received by such Person or one of its Consolidated Restricted Subsidiaries,
- (iii) net income (or loss) of any Person combined with such Person or any of its Restricted Subsidiaries on a “pooling of interests” basis attributable to any period prior to the date of combination,
- (iv) any gain or loss, net of taxes, realized upon the termination of any employee pension benefit plan,
- (v) gains or losses, net of taxes (less all fees and expenses relating thereto), in respect of dispositions of assets other than in the ordinary course of business,
- (vi) the net income of any Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is not at the time permitted, 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,
- (vii) any restoration to net income of any contingency reserve, except to the extent provision for such reserve was made out of income accrued at any time following the Issue Date, or

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(viii) any net gain arising from the acquisition of any securities or extinguishment, under GAAP, of any Indebtedness of such Person.

“Consolidated Non-cash Charges” of any Person means, for any period, the aggregate depreciation, amortization and other non-cash charges of such Person and its subsidiaries on a Consolidated basis for such period, as determined in accordance with GAAP, excluding any non-cash charge which requires an accrual or reserve for cash charges for any future period.

“Consolidated Tangible Assets” of any Person means (a) all amounts that would be shown as assets on a Consolidated balance sheet of such Person and its Restricted Subsidiaries prepared in accordance with GAAP, less (b) the amount thereof constituting goodwill and other intangible assets as calculated in accordance with GAAP.

“Consolidation” means, with respect to any Person, the consolidation of the accounts of such Person and each of its subsidiaries if and to the extent the accounts of such Person and each of its subsidiaries would normally be consolidated with those of such Person, all in accordance with GAAP. The term “Consolidated” shall have a similar meaning.

“Currency Hedging Agreements” means one or more of the following agreements which shall be entered into by one or more financial institutions: foreign exchange contracts, currency swap agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency values.

“Default” means any event which is, or after notice or passage of any time or both would be, an Event of Default.

“Designated Noncash Consideration” means the Fair Market Value of non-cash consideration received by the Company or any of its Restricted Subsidiaries in connection with an Asset Sale that is so designated pursuant to an officer’s certificate, setting forth the basis of the valuation. The aggregate Fair Market Value of the Designated Noncash Consideration, taken together with the Fair Market Value at the time of receipt of all other Designated Noncash Consideration received to the date thereof and then held by the Company or a Restricted Subsidiary, may not exceed \$25 million in the aggregate outstanding at any one time (with the Fair Market Value being measured at the time received and without giving effect to subsequent changes in value).

“Disinterested Director” means, with respect to any transaction or series of related transactions, a member of the board of directors of the Company who does not have any material direct or indirect financial interest in or with respect to such transaction or series of transactions.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

“Fair Market Value” means, with respect to any asset or property, the sale value that would be obtained in an arm’s-length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy. Fair Market Value shall be determined by the board of directors of the Company acting in good faith and shall be evidenced by a resolution of the board of directors.

“Floor Plan Facility” means an agreement from Ford Motor Credit Company, DaimlerChrysler Services of North America LLC, Toyota Motor Credit Corporation, General Motors Acceptance Corporation or any other bank or asset-based lender pursuant to which the Company or any Restricted Subsidiary incurs 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 business of the Company 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 the property of the dealership(s) which use the proceeds of the Floor Plan Facility.

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“Generally Accepted Accounting Principles” or “GAAP” means generally accepted accounting principles in the United States, consistently applied, which (i) for the purpose of determining compliance with the covenants contained in the Indenture were in effect as of the Issue Date and (ii) for purposes of complying with the reporting requirements contained in the Indenture are in effect from time to time.

“Guarantee” means the guarantee by any Guarantor of the Company’s Indenture Obligations.

“Guaranteed Debt” of any Person means, without duplication, all Indebtedness of any other Person referred to in the definition of Indebtedness guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement:

- (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness,
- (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss,
- (iii) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered),
- (iv) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor or to cause such debtor to achieve certain levels of financial performance or
- (v) otherwise to assure a creditor against loss;

*provided* that the term “guarantee” shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

“Guarantor” means any Subsidiary which is a guarantor of the Series B notes, including any Person that is required to execute a guarantee of the Series B notes pursuant to “—Certain Covenants—*Limitation on Liens*” or “—*Limitation on Issuance of Guarantees of and Pledges for Indebtedness*” covenant until a successor replaces such party pursuant to the applicable provisions of the Indenture and, thereafter, shall mean such successor.

“Indebtedness” means, with respect to any Person, without duplication,

- (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities arising in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities,
- (ii) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments,
- (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business,
- (iv) all net obligations of such Person under Interest Rate Agreements, Currency Hedging Agreements or Commodity Price Protection Agreements of such Person,
- (v) all Capital Lease Obligations of such Person,
- (vi) all Indebtedness referred to in clauses (i) through (v) above of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or with respect to



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- property, including, without limitation, accounts and contract rights owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness,
- (vii) all Guaranteed Debt of such Person,
  - (viii) all Redeemable Capital Stock issued by such Person valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued and unpaid dividends,
  - (ix) Preferred Stock of any Restricted Subsidiary of the Company which is not a Guarantor and
  - (x) any amendment, supplement, modification, deferral, renewal, extension, refunding or refinancing of any liability of the types referred to in clauses (i) through (ix) above.

For purposes hereof, the “maximum fixed repurchase price” of any Redeemable Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Redeemable Capital Stock, such Fair Market Value to be determined in good faith by the board of directors of the issuer of such Redeemable Capital Stock.

“Indenture Obligations” means the obligations of the Company and any other obligor under the Indenture or under the Series B notes, including any Guarantor, to pay principal of, premium, if any, and interest when due and payable, and all other amounts due or to become due under or in connection with the Indenture, the Series B notes and the performance of all other obligations to the Trustee and the holders under the Indenture and the Series B notes, according to the respective terms thereof.

“Interest Rate Agreements” means one or more of the following agreements which shall be entered into by one or more financial institutions: interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) and/or other types of interest rate hedging agreements from time to time.

“Inventory Facility” means any Floor Plan Facility or any other agreement, including pursuant to a commercial paper program, pursuant to which the Company or any Restricted Subsidiary incurs Indebtedness, 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 business of the Company 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 the property of the dealership(s) which use the proceeds of the Inventory Facility or other dealerships who have incurred Indebtedness from the same lender.

“Investment” means, with respect to any Person, directly or indirectly, any advance, loan, including guarantees, or other extension of credit or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) (but for clarity purposes excluding trade receivables and prepaid expenses, in each case arising in the ordinary course of business), or any purchase, acquisition or ownership by such Person of any Capital Stock, bonds, notes, debentures or other securities issued or owned by any other Person and all other items that would be classified as investments on a balance sheet prepared in accordance with GAAP.

“Issue Date” means the original issue date of the Series A notes under the Indenture.

“Lien” means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege, security interest, assignment, deposit, arrangement, easement, hypothecation, claim, preference, priority or other encumbrance upon or with respect to any property of any kind (including any conditional sale, capital lease or other title retention agreement, any leases in the nature thereof, and any agreement to give any security interest), real or personal, movable or immovable, now owned or hereafter acquired. A Person will be deemed to own

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subject to a Lien any property which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease Obligation or other title retention agreement.

“Manufacturer” means a vehicle manufacturer which is a party to a dealership franchise agreement with the Company or any Restricted Subsidiary.

“Maturity” means, when used with respect to the Series B notes, the date on which the principal of the Series B notes becomes due and payable as therein provided or as provided in the Indenture, whether at Stated Maturity, the Offer Date or the redemption date and whether by declaration of acceleration, Offer in respect of Excess Proceeds, Change of Control Offer in respect of a Change of Control, call for redemption or otherwise.

“Mortgage Loan” means the revolving real estate and construction line of credit and related mortgage refinancing facility dated as of December 31, 2002 between the Company and with Toyota Motor Credit Corporation, as may be amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time, including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing.

“Net Cash Proceeds” means

- (a) with respect to any Asset Sale by any Person, the proceeds from that sale (without duplication in respect of all Asset Sales) in the form of cash or Temporary Cash Investments including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary) net of
  - (i) brokerage commissions and other reasonable fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale,
  - (ii) provisions for all taxes payable as a result of such Asset Sale,
  - (iii) payments made to retire Indebtedness where payment of such Indebtedness is secured by the assets or properties the subject of such Asset Sale,
  - (iv) amounts required to be paid to any Person (other than the Company or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale and
  - (v) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an officers’ certificate delivered to the Trustee and
- (b) with respect to any issuance or sale of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that have been converted into or exchanged for Capital Stock as referred to under “—Certain Covenants—*Limitation on Restricted Payments*,” the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary), net of attorney’s fees, accountant’s fees and brokerage, consultation, underwriting and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Pari Passu Indebtedness” means (a) any Indebtedness of the Company that is *pari passu* in right of payment to the Series B notes (including without limitation, the 11% Notes while outstanding), and (b) with

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respect to any Guarantee, Indebtedness which ranks *pari passu* in right of payment to such Guarantee (including without limitation, the Guarantee with respect to the 11% Notes while outstanding).

“Permitted Holders” means:

- (i) Mr. O. Bruton Smith or Mr. William S. Egan and their respective guardians, conservators, committees, or attorneys-in-fact;
- (ii) lineal descendants of Mr. Smith or Mr. Egan (in either case, a “Descendant”) and their respective guardians, conservators, committees or attorneys-in-fact; and
- (iii) each “Family Controlled Entity,” as defined herein. The term “Family Controlled Entity” means
  - (a) any not-for-profit corporation if at least 80% of its board of directors is composed of Mr. Smith, Mr. Egan and/or Descendants;
  - (b) any other corporation if at least 80% of the value of its outstanding equity is owned by a Permitted Holder;
  - (c) any partnership if at least 80% of the value of the partnership interests are owned by a Permitted Holder;
  - (d) any limited liability or similar company if at least 80% of the value of the company is owned by a Permitted Holder; and
  - (e) any trusts created for the benefit of any of the persons listed in clauses (i) or (ii) of this definition.

“Permitted Investment” means:

- (i) Investments in any Restricted Subsidiary or any Person which, as a result of such Investment, (a) becomes a Restricted Subsidiary or (b) is merged or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary;
- (ii) Indebtedness of the Company or a Restricted Subsidiary described under clauses (vi), (vii) and (viii) of the definition of “Permitted Indebtedness;”
- (iii) Investments in any of the Series A notes or Series B notes;
- (iv) Temporary Cash Investments;
- (v) Investments acquired by the Company or any Restricted Subsidiary in connection with an Asset Sale permitted under “—Certain Covenants—*Limitation on Sale of Assets*” to the extent such Investments are non-cash proceeds as permitted under such covenant;
- (vi) any Investment to the extent the consideration therefor consists of Qualified Capital Stock of the Company or any Restricted Subsidiary;
- (vii) Investments representing Capital Stock or obligations issued to the Company or any Restricted Subsidiary in the ordinary course of the good faith settlement of claims against any other Person by reason of a composition or readjustment of debt or a reorganization of any debtor or any Restricted Subsidiary;
- (viii) prepaid expenses advanced to employees in the ordinary course of business or other loans or advances to employees in the ordinary course of business not to exceed \$1 million in the aggregate at any one time outstanding;
- (ix) Investments in existence on the Issue Date;
- (x) deposits, including interest-bearing deposits, maintained in the ordinary course of business in banks or with floor plan lenders; endorsements for collection or deposit in the ordinary course of business by such Person of bank drafts and similar negotiable instruments of such other Person received as payment for ordinary course of business trade receivables;

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- (xi) Investments acquired in exchange for the issuance of Capital Stock (other than Redeemable Capital Stock or Preferred Stock) of the Company or acquired with the Net Cash Proceeds received by the Company after the date of the indenture from the issuance and sale of Capital Stock (other than Redeemable Capital Stock or Preferred Stock); provided that such Net Cash Proceeds are used to make such Investment within 10 days of the receipt thereof and the amount of all such Net Cash Proceeds will be excluded from clause (3)(C) of the first paragraph of the covenant described under the caption “—Certain Covenants—*Limitation on Restricted Payments;*”
- (xii) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and worker’s compensation, performance and other similar deposits provided to third parties in the ordinary course of business;
- (xiii) consumer loans and leases entered into, purchased or otherwise acquired by the Company or its Subsidiaries, as lender, lessor or assignee, as applicable, in the ordinary course of business consistent with past practices; and
- (xiv) in addition to the Investments described in clauses (i) through (xiii) above, Investments in an amount not to exceed \$10 million in the aggregate at any one time outstanding.

In connection with any assets or property contributed or transferred to any Person as an Investment, such property and assets shall be equal to the Fair Market Value at the time of Investment.

“Permitted Junior Payment” means any payment or other distribution to the holders of the Series A notes or Series B notes of securities of the Company or any other entity that are equity securities (other than Preferred Stock or Redeemable Capital Stock) or are subordinated in right of payment to all Senior Indebtedness to substantially the same extent as, or to a greater extent than, the holders of the Indenture Obligations are so subordinated.

“Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Preferred Stock” means, with respect to any Person, any Capital Stock of any class or classes, however designated, which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class in such Person.

“Purchase Money Obligation” means any Indebtedness secured by a Lien on assets related to the business of the Company and any additions and accessions thereto, which are purchased or constructed by the Company at any time after the Issue Date; *provided that*

- (i) the security agreement or conditional sales or other title retention contract pursuant to which the Lien on such assets is created (collectively a “Purchase Money Security Agreement”) shall be entered into within 90 days after the purchase or substantial completion of the construction of such assets and shall at all times be confined solely to the assets so purchased or acquired, any additions and accessions thereto and any proceeds therefrom,
- (ii) at no time shall the aggregate principal amount of the outstanding Indebtedness secured thereby be increased, except in connection with the purchase of additions and accessions thereto and except in respect of fees and other obligations in respect of such Indebtedness and
- (iii) (A) the aggregate outstanding principal amount of Indebtedness secured thereby (determined on a per asset basis in the case of any additions and accessions) shall not at the time such Purchase Money Security Agreement is entered into exceed 100% of the purchase price or construction cost to the Company of the assets subject thereto or

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(B) the Indebtedness secured thereby shall be with recourse solely to the assets so purchased or acquired or constructed, any additions and accessions thereto and any proceeds therefrom.

“Qualified Capital Stock” of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

“Redeemable Capital Stock” means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or exchangeable (at the option of the holders thereof),

- (1) is or upon the happening of an event or passage of time would be, required to be redeemed prior to the final Stated Maturity of the principal of the Series B notes,
- (2) is redeemable at the option of the holder thereof at any time prior to such final Stated Maturity (other than upon a change of control of or sale of the assets by the Company in circumstances where the holders of the Series B notes would have similar rights), or
- (3) is convertible into or exchangeable for debt securities at any time prior to any such Stated Maturity at the option of the holder thereof.

“Replacement Assets” means properties and assets (other than cash or any Capital Stock or other security) that will be used in a business of the Company or its Restricted Subsidiaries existing on the Issue Date or in a business reasonably related thereto.

“Restricted Subsidiary” means any Subsidiary of the Company that has not been designated by the board of directors of the Company by a board resolution delivered to the Trustee as an Unrestricted Subsidiary pursuant to and in compliance with the covenant described under “—Certain Covenants—*Limitation on Unrestricted Subsidiaries.*”

“Revolving Facility” means the Second Amended and Restated Credit Agreement dated as of February 5, 2003 between the Company and Ford Motor Credit Company, DaimlerChrysler Services North America LLC, Toyota Motor Credit Corporation, Bank of America, N.A. and the other lenders party thereto, and Ford Motor Credit Company, as agent, as such agreement, in whole or in part, may have been or may be amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time, including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing.

“Securities Act” means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

“Significant Restricted Subsidiary” means, at any particular time, any Restricted Subsidiary that, together with the Restricted Subsidiaries of such Restricted Subsidiary (i) accounted for more than five percent of the Consolidated revenues of the Company and its Restricted Subsidiaries for their most recently completed fiscal year or (ii) is or are the owner(s) of more than five percent of the Consolidated assets of the Company and its Restricted Subsidiaries as at the end of such fiscal year, all as calculated in accordance with GAAP and as shown on the Consolidated financial statements of the Company and its Restricted Subsidiaries for such fiscal year.

“Smith Subordinated Loan” means the subordinated loan from O. Bruton Smith to the Company in the principal amount of \$5.5 million in existence on the Issue Date.

“Stated Maturity” means, when used with respect to any Indebtedness or any installment of interest thereon, the dates specified in such Indebtedness as the fixed date on which the principal of such Indebtedness or such installment of interest, as the case may be, is due and payable.

“Subordinated Indebtedness” means Indebtedness of the Company or a Guarantor subordinated in right of payment to the Series B notes or the Guarantee of such Guarantor, as the case may be.

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“Subsidiary” of a Person means:

- (i) any corporation more than 50% of the outstanding voting power of the Voting Stock of which is owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person, or by such Person and one or more other Subsidiaries of such Person,
- (ii) any limited partnership of which such Person or any Subsidiary of such Person is a general partner, or
- (iii) any other Person in which such Person, or one or more other Subsidiaries of such Person, or such Person and one or more other Subsidiaries, directly or indirectly, has more than 50% of the outstanding partnership or similar interests or has the power, by contract or otherwise, to direct or cause the direction of the policies, management and affairs thereof.

“Temporary Cash Investments” means:

- (i) any evidence of Indebtedness, maturing not more than one year after the date of acquisition, issued by the United States of America, or an instrumentality or agency thereof, and guaranteed fully as to principal, premium, if any, and interest by the United States of America;
- (ii) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by, or time deposit of, a commercial banking institution that is a member of the Federal Reserve System and that has combined capital and surplus and undivided profits of not less than \$500 million, whose debt has a rating, at the time as of which any investment therein is made, of “P-1” (or higher) according to Moody’s or any successor rating agency or “A-1” (or higher) according to S&P or any successor rating agency;
- (iii) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Company) organized and existing under the laws of the United States of America with a rating, at the time as of which any investment therein is made, of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P; and
- (iv) any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of \$500 million *provided* that the short term debt of such commercial bank has a rating, at the time of Investment, of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P.

“Trust Indenture Act” means the Trust Indenture Act of 1939, as amended, or any successor statute.

“Unrestricted Subsidiary” means any Subsidiary of the Company (other than a Guarantor) designated as such pursuant to and in compliance with the covenant described under “—Certain Covenants—*Limitation on Unrestricted Subsidiaries.*”

“Unrestricted Subsidiary Indebtedness” of any Unrestricted Subsidiary means Indebtedness of such Unrestricted Subsidiary

- (i) as to which neither the Company nor any Restricted Subsidiary is directly or indirectly liable (by virtue of the Company or any such Subsidiary being the primary obligor on, guarantor of, or otherwise liable in any respect to, such Indebtedness), except Guaranteed Debt of the Company or any Restricted Subsidiary to any Affiliate, in which case (unless the incurrence of such Guaranteed Debt resulted in a Restricted Payment at the time of incurrence) the Company shall be deemed to have made a Restricted Payment equal to the principal amount of any such Indebtedness to the extent guaranteed at the time such Affiliate is designated an Unrestricted Subsidiary and
- (ii) which, upon the occurrence of a default with respect thereto, does not result in, or permit any holder of any Indebtedness of the Company or any Subsidiary to declare, a default on such Indebtedness of the Company or any Subsidiary or cause the payment thereof to be accelerated or payable prior to its Stated Maturity;

provided that notwithstanding the foregoing any Unrestricted Subsidiary may guarantee the Series B notes.

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“Voting Stock” of a Person means Capital Stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not at the time Capital Stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

“Wholly Owned Restricted Subsidiary” means a Restricted Subsidiary all the Capital Stock of which (other than directors’ qualifying shares and shares of Capital Stock of a Restricted Subsidiary which a Manufacturer requires to be held by another Person and which Capital Stock, together with any related contractual arrangements, has no significant economic value with respect to distributions of profits or losses in ordinary circumstances) is owned by the Company or another Wholly Owned Restricted Subsidiary (other than directors’ qualifying shares).

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

The Series B notes will be issued only in fully registered form, without interest coupons, in denominations of \$1,000 and integral multiples thereof. The Series B notes will not be issued in bearer form.

#### *Global Notes*

The Series B notes initially will be represented by one or more Series B notes in registered, global form without interest coupons (collectively, the “Global Notes”). The Global Notes will be deposited upon issuance with the Trustee as custodian for The Depository Trust Company (“DTC”), in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. In addition, transfer of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants, which may change from time to time. Beneficial interests in the Global Notes may not be exchanged for Series B notes in certificated form except in the limited circumstances described below. See “—Exchanges of Book-Entry Notes for Certificated Notes.”

Initially, the Trustee will act as Paying Agent and Registrar. The Series B notes may be presented for registration of transfer and exchange at the offices of the Registrar.

#### *Exchange of Book-Entry Notes for Certificated Notes*

A beneficial interest in a Global Note may not be exchanged for a Series B note in certificated form unless:

- (i) DTC (x) notifies the Company that it is unwilling or unable to continue as depository for the Global Note or (y) has ceased to be a clearing agency registered under the Exchange Act, and in either case the Company thereupon fails to appoint a successor depository;
- (ii) the Company, at its option, notifies the Trustee in writing that it elects to cause the issuance of the Series B notes in certificated form; or
- (iii) there shall have occurred and be continuing an Event of Default or any event which after notice or lapse of time or both would be an Event of Default with respect to the Series B notes.

In all cases, certificated Series B notes delivered in exchange for any Global Note or beneficial interests in such Global Note will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository, in accordance with its customary procedures. Any certificated Series B note issued in exchange for an interest in a Global Note will bear the legend restricting transfers that is borne by such Global

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Note. Any such exchange will be effected through the DWAC system and an appropriate adjustment will be made in the records of the registrar of the Series B notes to reflect a decrease in the principal amount of the relevant Global Note.

### *Certain Book-Entry Procedures for Global Notes*

The following description of the operations and procedures of DTC are provided solely as a matter of convenience. These operations and procedures are solely within the control of the DTC settlement system and are subject to changes by them. The Company takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised the Company that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the “Participants”) and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also 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 (collectively, the “Indirect Participants”). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised the Company that, pursuant to procedures established by it:

- (1) upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and
- (2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Global Notes who are Participants in DTC’s system may hold their interests therein directly through DTC. Investors in the Global Notes who are not Participants may hold their interests therein indirectly through organizations which are Participants in such system. All interests in a Global Note may be subject to the procedures and requirements of DTC. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. 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 Note to pledge such 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 such interests.

**Except as described below, owners of interests in the Global Notes will not have Series B notes registered in their names, will not receive physical delivery of Series B notes in certificated form and will not be considered the registered owners or “Holders” thereof under the Indenture for any purpose.**

Payments in respect of the principal of, and interest and premium on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered Holder under the Indenture. Under the terms of the Indenture, the Company and the Trustee will treat the Persons in whose names the notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Company, the Guarantors, the Trustee nor any agent of the Company, the Guarantors or the Trustee has or will have any responsibility or liability for:



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(1) 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 interests in the Global Notes 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 Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Company that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of Series B notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee, the Company or the Guarantors. None of the Company, the Guarantors nor the Trustee will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the notes; and the Company, the Guarantors and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds.

DTC has advised the Company that it will take any action permitted to be taken by a holder of Series B notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the Series B notes, DTC reserves the right to exchange the Global Notes for legended notes in certificated form, and to distribute such notes to its Participants.

Although DTC has agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, it is under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of the Company, the Guarantors, the Trustee or any of their respective agents will have any responsibility for the performance by DTC or its respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

### **Same Date Settlement and Payment**

The Company will make payments in respect of the Series B notes represented by the Global Notes (including principal, premium, if any and interest) by wire transfer of immediately available funds to the accounts specified by the Global Note Holder. The Company will make all payments of principal, interest and premium, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a check to each such holder's registered address. The Series B notes represented by the Global Notes are expected to be eligible to trade in the PORTAL market and 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. The Company expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

## MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the material United States federal income tax consequences and, in the case of a holder that is a non-U.S. holder (as defined below), the United States federal estate tax consequences, of purchasing, owning and disposing of the notes. This summary applies to you only if you are the initial holder of the notes and you acquire the notes for a price equal to the issue price of the notes. The issue price of the notes is the first price at which a substantial amount of the notes is sold other than to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers.

This summary deals only with notes held as capital assets (generally, investment property) and does not deal with special tax situations such as:

- dealers in securities or currencies;
- traders in securities;
- United States holders (as defined below) whose functional currency is not the United States dollar;
- persons holding notes as part of a hedge, straddle, conversion or other integrated transaction;
- certain United States expatriates;
- financial institutions;
- insurance companies;
- controlled foreign corporations, foreign personal holding companies and passive foreign investment companies and shareholders of such foreign corporations;
- entities that are tax-exempt for United States federal income tax purposes; and
- persons that acquire the notes for a price other than their issue price.

This summary does not discuss all of the aspects of United States federal income and estate taxation that may be relevant to you in light of your particular investment or other circumstances. In addition, this summary does not discuss any United States state or local income or foreign income or other tax consequences. This summary is based on United States federal income and estate tax law, including the provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), Treasury regulations, administrative rulings and judicial authority, all as in effect as of the date of this offering memorandum. Subsequent developments in United States federal income and estate tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the United States federal income and estate tax consequences of purchasing, owning and disposing of notes as set forth in this summary. Before you purchase notes, you should consult your own tax advisor regarding the particular United States federal, state and local and foreign income and other tax consequences of acquiring, owning and disposing of the notes that may be applicable to you.

### Exchange Offer

The exchange of Series A notes for Series B notes pursuant to the exchange offer will not be a taxable event for United States federal income tax purposes. Accordingly, you will not recognize taxable gain or loss as a result of such exchange and will have the same tax basis and holding period in the Series B notes as you had in the Series A notes immediately before the exchange.

### United States Holders

The following summary applies to you only if you are a United States holder (as defined below).

#### *Definition of a United States Holder*

A "United States holder" is a beneficial owner of a note or notes who or which is for United States federal income tax purposes:

- an individual citizen or resident of the United States;

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- a corporation or partnership (or other entity classified as a corporation or partnership for these purposes) created or organized in or under the laws of the United States or of any political subdivision of the United States, including any State;
- an estate, the income of which is subject to United States federal income taxation regardless of the source of that income; or
- a trust, if, (1) a United States court is able to exercise primary supervision over the trust's administration and one or more United States persons (within the meaning of the Internal Revenue Code) has the authority to control all of the trust's substantial decisions or, (2) the trust has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

If a partnership (or other entity classified as a partnership for United States federal income tax purposes) is the beneficial owner of the notes, the United States federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partnership holding notes or a partner in such a partnership, you should consult your own tax advisor regarding the United States federal income tax consequences of purchasing, owning and disposing of the notes.

### *Payments of Interest*

Interest on your notes will be taxed as ordinary interest income. In addition:

- if you use the cash method of accounting for United States federal income tax purposes, you will have to include the interest on your notes in your gross income at the time you receive the interest; and
- if you use the accrual method of accounting for United States federal income tax purposes, you will have to include the interest on your notes in your gross income at the time the interest accrues.

### *Sale or Other Disposition of Notes*

In the exchange offer contemplated by us (as described in "Exchange Offer"), an exchange of the notes for exchange notes will not be a taxable event for United States federal income tax purposes and a United States holder will have the same tax basis and holding period in the exchange notes as the notes.

Your tax basis in your notes generally will be their cost. You generally will recognize taxable gain or loss when you sell or otherwise dispose of your notes equal to the difference, if any, between:

- the amount realized on the sale or other disposition (less any amount attributable to accrued interest, which will be taxable in the manner described under "United States Tax Considerations—United States Holders—*Payments of Interest*"); and
- your tax basis in the notes.

Your gain or loss generally will be capital gain or loss. This capital gain or loss will be long-term capital gain or loss if at the time of the sale or other disposition you have held the notes for more than one year. Subject to limited exceptions, your capital losses cannot be used to offset your ordinary income. If you are a non-corporate United States holder, your long-term capital gain generally will be subject to a maximum tax rate of 15%, which maximum tax rate will increase to 20% for dispositions occurring during taxable years beginning on or after January 1, 2009.

### *Backup Withholding*

In general, "backup withholding" at a rate of 28% (which rate will increase to 31% for taxable years beginning on or after January 1, 2011) may apply:

- to any payments made to you of principal of and interest on your note, and
- to payment of the proceeds of a sale or other disposition of your note before maturity,

if you are a non-corporate United States holder and fail to provide a correct taxpayer identification number or otherwise comply with applicable requirements of the backup withholding rules.

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The backup withholding tax is not an additional tax and may be credited against your United States federal income tax liability, provided that correct information is provided to the Internal Revenue Service.

### **Non-U.S. Holders**

The following summary applies to you if you are a beneficial owner of a note who or which is not a United States holder (as defined above) (a “non-U.S. holder”). An individual may, subject to exceptions, be deemed to be a resident alien, as opposed to a non-resident alien, by among other ways being present in the United States:

- on at least 31 days in the calendar year, and
- for an aggregate of at least 183 days during a three-year period ending in the current calendar year, counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year.

Resident aliens are subject to United States federal income tax as if they were United States citizens.

### *United States Federal Withholding Tax*

Under current United States federal income tax laws, and subject to the discussion below, United States federal withholding tax will not apply to payments by us or our paying agent (in its capacity as such) of principal of and interest on your notes under the “portfolio interest” exception of the Internal Revenue Code, provided that in the case of interest:

- you do not, directly or indirectly, actually or constructively, own ten percent or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h)(3) of the Internal Revenue Code and the Treasury regulations thereunder;
- you are not (i) a controlled foreign corporation for United States federal income tax purposes that is related, directly or indirectly, to us through sufficient stock ownership (as provided in the Internal Revenue Code), or (ii) a bank receiving interest described in section 881(c)(3)(A) of the Internal Revenue Code;
- such interest is not effectively connected with your conduct of a United States trade or business; and
- you provide a signed written statement, on an Internal Revenue Service Form W-8BEN (or other applicable form) which can reliably be related to you, certifying under penalties of perjury that you are not a United States person within the meaning of the Internal Revenue Code and providing your name and address to:
  - (A) us or our paying agent; or
  - (B) a securities clearing organization, bank or other financial institution that holds customers’ securities in the ordinary course of its trade or business and holds your notes on your behalf and that certifies to us or our paying agent under penalties of perjury that it, or the bank or financial institution between it and you, has received from you your signed, written statement and provides us or our paying agent with a copy of this statement.

The applicable Treasury regulations provide alternative methods for satisfying the certification requirement described in this section. In addition, under these Treasury regulations:

- if you are a foreign partnership, the certification requirement will generally apply to partners in you, and you will be required to provide certain information;
- if you are a foreign trust, the certification requirement will generally be applied to you or your beneficial owners depending on whether you are a “foreign complex trust,” “foreign simple trust,” or “foreign grantor trust” as defined in the Treasury regulations; and
- look-through rules will apply for tiered partnerships, foreign simple trusts and foreign grantor trusts.

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If you are a foreign partnership or a foreign trust, you should consult your own tax advisor regarding your status under these Treasury regulations and the certification requirements applicable to you.

If you cannot satisfy the requirements of the “portfolio interest” exception described above, payments of interest made to you will be subject to 30% United States federal withholding tax unless you provide us or our paying agent with a properly executed (1) Internal Revenue Service Form W-8ECI (or other applicable form) stating that interest paid on your notes is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States, or (2) Internal Revenue Service Form W-8BEN (or other applicable form) claiming an exemption from or reduction in this withholding tax under an applicable income tax treaty.

### *United States Federal Income Tax*

Except for the possible application of United States federal withholding tax (see “United States Federal Tax Considerations—Non-U.S. Holders—*United States Federal Withholding Tax*” above) and backup withholding tax (see “United States Federal Tax Considerations—Non-U.S. Holders—*Backup Withholding and Information Reporting*” below), you generally will not have to pay United States federal income tax on payments of principal of and interest on your notes, or on any gain or accrued interest realized from the sale, redemption, retirement at maturity or other disposition of your notes unless:

- in the case of interest payments or disposition proceeds representing accrued interest, you cannot satisfy the requirements of the “portfolio interest” exception described above;
- in the case of gain, you are an individual who is present in the United States for 183 days or more during the taxable year of the sale or other disposition of your notes, and specific other conditions are met; or
- the interest or gain is effectively connected with your conduct of a United States trade or business and, if an income tax treaty applies, is generally attributable to a United States “permanent establishment” maintained by you.

If you are engaged in a trade or business in the United States and interest or gain in respect of your notes is effectively connected with the conduct of your trade or business and, if an income tax treaty applies, you maintain a United States “permanent establishment” to which the interest or gain is generally attributable, you may be subject to United States income tax on a net basis on the interest or gain (although interest is exempt from the withholding tax discussed in the preceding paragraphs provided that you provide a properly executed Internal Revenue Service W-8ECI (or other applicable form) on or before any payment date to claim the exemption).

In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30% of your effectively connected earnings and profits for the taxable year, as adjusted for certain items, unless a lower rate applies to you under a United States income tax treaty with your country of residence. For this purpose, you must include interest or gain on your notes in the earnings and profits subject to the branch tax if these amounts are effectively connected with the conduct of your United States trade or business.

### *United States Federal Estate Tax*

If you are an individual and are not a United States citizen or a resident of the United States (as specially defined for United States federal estate tax purposes) at the time of your death, your notes will generally not be subject to the United States federal estate tax, unless, at the time of your death:

- you directly or indirectly, actually or constructively, own ten percent or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h)(3) of the Internal Revenue Code and the Treasury regulations thereunder; or
- your interest on the notes is effectively connected with your conduct of a United States trade or business.

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### *Backup Withholding and Information Reporting*

Under current Treasury regulations, backup withholding and information reporting will not apply to payments made by us or our paying agent (in its capacity as such) to you if you have provided the required certification that you are a non-U.S. holder as described in “United States Tax Considerations—Non-U.S. Holders—*United States Federal Withholding Tax*” above, and provided that neither we nor our paying agent has actual knowledge that you are a United States holder (as described in “United States Tax Considerations—United States Holders” above). We or our paying agent may, however, report payments of interest on the notes.

The gross proceeds from the disposition of your notes may be subject to information reporting and backup withholding tax at a rate of 28% (which rate will increase to 31% for taxable years beginning on or after January 1, 2011). If you sell your notes outside the United States through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States, then the U.S. backup withholding and information reporting requirements generally will not apply to that payment. However, U.S. information reporting, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made outside the United States, if you sell your notes through a non-U.S. office of a broker that:

- is a United States person (as defined in the Internal Revenue Code);
- derives 50% or more of its gross income in specific periods from the conduct of a trade or business in the United States;
- is a “controlled foreign corporation” for U.S. federal income tax purposes; or
- is a foreign partnership, if at any time during its tax year:
  - one or more of its partners are U.S. persons who in the aggregate hold more than 50% of the income or capital interests in the partnership; or
  - the foreign partnership is engaged in a U.S. trade or business,

unless the broker has documentary evidence in its files that you are a non-U.S. person and certain other conditions are met or you otherwise establish an exemption. If you receive payments of the proceeds of a sale of your notes to or through a U.S. office of a broker, the payment is subject to both U.S. backup withholding and information reporting unless you provide a Form W-8BEN certifying that you are a non-U.S. person or you otherwise establish an exemption.

This summary does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to you in deciding whether to exchange your Series A notes for Series B notes. You should consult your own tax advisor regarding application of backup withholding in your particular circumstance and the availability of and procedure for obtaining an exemption from backup withholding under current Treasury regulations. Any amounts withheld under the backup withholding rules from a payment to you will be allowed as a refund or credit against your United States federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

### **PLAN OF DISTRIBUTION**

Each broker-dealer that receives Series B notes for its own account for Series A notes pursuant to this exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of Series B 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 Series B notes received in exchange for Series A notes where the Series A notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resales. Any broker-dealers required to use this prospectus and any amendments or supplements to this prospectus for resales of the Series B notes must notify us of this fact by

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checking the box on the letter of transmittal requesting additional copies of these documents. In addition, we agreed for a period of 180 days from August 12, 2003, the date of the offering memorandum distributed in connection with the sale of the Series A notes, not to directly or indirectly offer, sell, grant any options to purchase or otherwise dispose of any debt securities or any securities convertible or exchangeable into or exercisable for any debt securities other than in connection with this exchange offer, except for borrowings under our existing floor plan facilities, construction/mortgage facility and revolving facility.

We will not receive any proceeds from any sale of Series B notes by broker-dealers. Series B notes received by broker-dealers for their own account pursuant to this 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 Series B notes or a combination of these methods of resale, at market prices prevailing at the time of resale, at prices related to prevailing market prices or at negotiated prices. Any resale may be made directly to purchasers or to or through broker or dealers who receive compensation in the form of commissions or concessions from a broker-dealer and/or the purchasers of Series B notes. Any broker-dealer that resells Series B notes that were received by it for its own account pursuant to this exchange offer and any broker or dealer that participates in a distribution of the Series B notes may be deemed to be an "underwriter" within the meaning of the Securities Act of 1933, and any profit on any such resale of Series B notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The 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 incidental to the exchange offer other than commissions and concessions of any broker or dealer and will indemnify holders of the Series B notes, including broker-dealers, against certain liabilities, including liabilities under the Securities Act.

### **LEGAL MATTERS**

The validity of the Series B notes being offered hereby will be passed upon for Sonic by Moore & Van Allen PLLC, Charlotte, North Carolina.

### **EXPERTS**

The consolidated financial statements as of December 31, 2001 and 2002 and for each of the three years in the period ended December 31, 2002, incorporated in this prospectus by reference from Sonic Automotive, Inc.'s Current Report on Form 8-K dated October 2, 2003 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated herein by reference (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, and No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets), and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). These reports and information relate to our business, financial condition and other matters. You may read and copy these reports, proxy statements and other information at the Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Commission's Public Reference Room in Washington, D.C. by calling the Commission at 1-800-SEC-0330. Copies may be obtained from the Commission by paying the required fees. The Commission maintains an internet web site that contains reports, proxy and information statements and other information regarding us and other registrants that file electronically with the Commission. The Commission's

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web site is <http://www.sec.gov>. Information that we file with the Commission may also be read and copied at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. Our website address is [www.sonicautomotive.com](http://www.sonicautomotive.com). Information on our website is not part of this prospectus.

The Commission allows us to “incorporate by reference” the information we file with them, which means that we can disclose important information to you by referring to documents we have previously filed with the Commission. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the Commission will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, until we decide to terminate this offering earlier.

- (1) Our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (File No. 1-13395);
- (2) our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2003 (File No. 1-13395);
- (3) our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2003 (File No. 1-13395);
- (4) our Current Report on Form 8-K filed February 10, 2003 (File No. 1-13395);
- (5) our Current Report on Form 8-K filed April 29, 2003 (File No. 1-13395)\*;
- (6) both of our Current Reports on Form 8-K filed July 29, 2003 (File Nos. 1-13395)\*;
- (7) our Current Report on Form 8-K filed July 31, 2003 (File No. 1-13395); \*
- (8) our Current Report on Form 8-K filed August 4, 2003 (File No. 1-13395)\*;
- (9) our Current Report on Form 8-K filed August 4, 2003 (File No. 1-13395)\*\* and
- (10) our Current Report on Form 8-K filed October 2, 2003 (File No. 1-13395).\*\*\*

Prior to completion of the offering contemplated hereby, we may furnish information to the Commission under Item 9 or Item 12 of a Current Report on Form 8-K. The information in such a report is not deemed to be “filed” for purposes of the Exchange Act and will not be incorporated into this, or any other, prospectus, registration statement or any of our other filings with the Commission under the Securities Act, or the Exchange Act unless the information is expressly incorporated by reference into this, or any other, prospectus, registration statement or our other filings with the Commission.

The information incorporated by reference is considered to be part of this prospectus and information that we file later with the Commission will automatically update and supersede this information, as applicable. Any statement contained herein or in a document, all or a portion of which is incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or amended, to constitute a part of this prospectus.

\* The information in this Current Report on Form 8-K was furnished to the Commission under Item 9 and/or Item 12 of Form 8-K. The information in this report is not deemed to be “filed” for purposes of the Exchange Act. We are not incorporating this information into this prospectus and will not incorporate it by reference into any prospectus, registration statement or any of our other filings with the Commission under the Securities Act, or the Exchange Act.

\*\* This Current Report on Form 8-K contains a description of our business under the caption “Item 1. Business.” Although the information in this Current Report was furnished to the Commission under Item 9 and Item 12 of Form 8-K, we are incorporating it by reference into this prospectus.

\*\*\* Although the information in this Current Report was furnished to the Commission under Item 9 and Item 12 of Form 8-K, we are incorporating it by reference into this prospectus.



**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 20. Indemnification of directors and officers.**

The Company's Bylaws effectively provide that the Company shall, to the full extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as amended from time to time ("Section 145"), indemnify all persons whom it may indemnify pursuant thereto. In addition, the Company's Certificate of Incorporation eliminates personal liability of its directors to the full extent permitted by Section 102(b)(7) of the General Corporation Law of the State of Delaware, as amended from time to time ("Section 102(b)(7)").

Section 145 permits a corporation to indemnify its directors and officers against expenses (including attorney's fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by them in connection with any action, suit or proceeding brought by a third party if such directors or officers acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reason to believe their conduct was unlawful. In a derivative action, indemnification may be made only for expenses actually and reasonably incurred by directors and officers in connection with the defense or settlement of an action or suit and only with respect to a matter as to which they shall have acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made if such person shall have been adjudged liable to the corporation, unless and only to the extent that the court in which the action or suit was brought shall determine upon application that the defendant officers or directors are reasonably entitled to indemnity for such expenses despite such adjudication of liability.

Section 102(b)(7) provides that a corporation may eliminate or limit that personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith of which involve intentional misconduct or a knowing violation of law, (iii) for willful or negligent conduct in paying dividends or repurchasing stock out of other than lawfully available funds or (iv) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective.

The Company maintains insurance against liabilities under the Securities Act of 1933 for the benefit of its officers and directors.

Section 4(b) of the Registration Rights Agreement (filed as Exhibit 4.5 to this Registration Statement) provides that the holders of the Series A notes covered by this Registration Statement severally and not jointly will indemnify and hold harmless the Company, the Guarantors, and their respective officers, directors, partners, employees, representatives and agents from and against any loss, liability, claim, damage or expense caused by any untrue statement or omission, or alleged untrue statement or omission, in the Registration Statement, in the Prospectus or in any amendment or supplement thereto, in each case to the extent that the statement or omission was made in reliance upon and in conformity with written information furnished to the Company by the holders of the Series A notes covered by this Registration Statement expressly for use therein, provided, however, that no such holder of the Series A notes shall be liable for any claims hereunder in excess of the amount of net proceeds received by such holder of the Series A notes from the sale of Registrable Securities pursuant to such Registration Statement.

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### **Item 21. Exhibits and Financial Statement Schedules.**

<u>Exhibit No.</u>	<u>Description</u>
4.1	Specimen Certificate representing Class A Common Stock (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1 (Reg. No. 333-33295)).
4.2	Registration Rights Agreement dated as of June 30, 1997 among Sonic, O. Bruton Smith, Bryan Scott Smith, William S. Egan and Sonic Financial Corporation (incorporated by reference to Exhibit 4.2 to the Form S-1).
4.3	Form of 8 <sup>5</sup> / <sub>8</sub> % Senior Subordinated Note due 2013, Series B.
4.4	Indenture dated as of August 12, 2003 among Sonic, as issuer, the subsidiaries of Sonic named therein, as guarantors, and U.S. Bank National Association, as trustee (the "Trustee"), relating to the 8 <sup>5</sup> / <sub>8</sub> % Senior Subordinated Notes due 2013.
4.5	Registration Rights Agreement dated as of August 12, 2003 among Sonic, the Guarantors named therein and Banc of America Securities LLC, J.P. Morgan Securities, Inc., Merrill Lynch & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated.
4.6	Purchase Agreement dated as of August 7, 2003 between Sonic Automotive, Inc., the Guarantors named therein and Banc of America Securities LLC, J.P. Morgan Securities, Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith, Incorporated.
5.1	Form of Opinion of Moore & Van Allen PLLC regarding the validity of the securities being registered.
12.1	Computation of Ratio of Earnings to Fixed Charges.
23.1	Consent of Deloitte & Touche LLP.
23.2	Consent of Moore & Van Allen PLLC (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).
25.1	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of U.S. Bank National Association.
99.1	Form of Letter of Transmittal.
99.2	Form of Notice of Guaranteed Delivery.

### **Item 22. Undertakings.**

Each of the undersigned Registrants hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of such Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrants pursuant to the foregoing provisions, or otherwise, each of the Registrants has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by a Registrant of expenses incurred or paid by a director, officer or controlling person of such Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, such Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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Each of the undersigned Registrants hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

Each of the undersigned Registrants hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.



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<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ William P. Benton _____ William P. Benton	Director	September 26, 2003
/s/ William I. Belk _____ William I. Belk	Director	October 2, 2003
/s/ H. Robert Heller _____ H. Robert Heller	Director	September 26, 2003
/s/ Maryann N. Keller _____ Maryann N. Keller	Director	October 2, 2003
_____ Thomas P. Capo	Director	, 2003
/s/ Robert L. Rewey _____ Robert L. Rewey	Director	October 2, 2003

**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on October 2, 2003.

ARNGAR, INC.  
AUTOBAHN, INC.  
AVALON FORD, INC.  
CAPITOL CHEVROLET AND IMPORTS, INC.  
CASA FORD OF HOUSTON, INC.  
COBB PONTIAC CADILLAC, INC.  
FA SERVICE CORPORATION  
FAA AUTO FACTORY, INC.  
FAA BEVERLY HILLS, INC.  
FAA CAPITOL F, INC.  
FAA CAPITOL N, INC.  
FAA CONCORD H, INC.  
FAA CONCORD N, INC.  
FAA CONCORD T, INC.  
FAA DUBLIN N, INC.  
FAA DUBLIN VWD, INC.  
FAA HOLDING CORP.  
FAA MARIN D, INC.  
FAA MARIN F, INC.  
FAA MARIN LR, INC.  
FAA MONTEREY F, INC.  
FAA POWAY D, INC.  
FAA POWAY G, INC.  
FAA POWAY H, INC.  
FAA POWAY T, INC.  
FAA SAN BRUNO, INC.  
FAA SANTA MONICA V, INC.  
FAA SERRAMONTE H, INC.  
FAA SERRAMONTE L, INC.  
FAA SERRAMONTE, INC.  
FAA STEVENS CREEK, INC.  
FAA TORRANCE CPJ, INC.  
FORT MILL FORD, INC.  
FRANCISCAN MOTORS, INC.  
FRONTIER OLDSMOBILE-CADILLAC, INC.  
HMC FINANCE ALABAMA, INC.  
KRAMER MOTORS INCORPORATED  
L DEALERSHIP GROUP, INC.  
MARCUS DAVID CORPORATION  
RIVERSIDE NISSAN, INC.  
ROYAL MOTOR COMPANY, INC.  
SANTA CLARA IMPORTED CARS, INC.  
SMART NISSAN, INC.  
SONIC AUTOMOTIVE – 1400 AUTOMALL DRIVE, COLUMBUS, INC.  
SONIC AUTOMOTIVE – 1455 AUTOMALL DRIVE, COLUMBUS, INC.

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SONIC AUTOMOTIVE – 1495 AUTOMALL DRIVE, COLUMBUS, INC.  
SONIC AUTOMOTIVE – 1500 AUTOMALL DRIVE, COLUMBUS, INC.  
SONIC AUTOMOTIVE 2424 LAURENS RD., GREENVILLE, INC.  
SONIC AUTOMOTIVE 2752 LAURENS RD., GREENVILLE, INC.  
SONIC AUTOMOTIVE – 3700 WEST BROAD STREET, COLUMBUS, INC.  
SONIC AUTOMOTIVE – 4000 WEST BROAD STREET, COLUMBUS, INC.  
SONIC – BETHANY H, INC.  
SONIC – BUENA PARK H, INC.  
SONIC – CALABASAS A, INC.  
SONIC – CALABASAS V, INC.  
SONIC – CAPITAL CHEVROLET, INC.  
SONIC – CAPITOL IMPORTS, INC.  
SONIC – CARSON F, INC.  
SONIC – CARSON LM, INC.  
SONIC – CLASSIC DODGE, INC.  
SONIC – COAST CADILLAC, INC.  
SONIC – DOWNEY CADILLAC, INC.  
SONIC – DUBLIN M, INC.  
SONIC ESTORE, INC.  
SONIC – FORT MILL CHRYSLER JEEP, INC.  
SONIC – FORT MILL DODGE, INC.  
SONIC – GLOVER, INC.  
SONIC – HARBOR CITY H, INC.  
SONIC – MANHATTAN FAIRFAX, INC.  
SONIC – MANHATTAN WALDORF, INC.  
SONIC – MASSEY CHEVROLET, INC.  
SONIC – MONTGOMERY FLM, INC.  
SONIC – NEWSOME CHEVROLET WORLD, INC.  
SONIC – NEWSOME OF FLORENCE, INC.  
SONIC – NORTH CHARLESTON, INC.  
SONIC – NORTH CHARLESTON DODGE, INC.  
SONIC – OKLAHOMA T, INC.  
SONIC – RIVERSIDE, INC.  
SONIC – RIVERSIDE AUTO FACTORY, INC.  
SONIC – ROCKVILLE IMPORTS, INC.  
SONIC – ROCKVILLE MOTORS, INC.  
SONIC – SERRAMONTE I, INC.  
SONIC – STEVENS CREEK B, INC.  
SONIC – WEST COVINA T, INC.  
SONIC – WEST RENO CHEVROLET, INC.  
SONIC – WILLIAMS BUICK, INC.  
SONIC – WILLIAMS CADILLAC, INC.  
SONIC – WILLIAMS IMPORTS, INC.  
SPEEDWAY CHEVROLET, INC.  
STEVENS CREEK CADILLAC, INC.









**POWER OF ATTORNEY**

Each of the undersigned directors and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ O. BRUTON SMITH</u> O. Bruton Smith	Director	October 2, 2003
<u>/s/ E. LEE WYATT, JR.</u> E. Lee Wyatt, Jr.	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
<u>/s/ B. SCOTT SMITH</u> B. Scott Smith	President and Director (principal executive officer)	October 2, 2003
<u>/s/ THEODORE M. WRIGHT</u> Theodore M. Wright	Vice President and Director	October 2, 2003

**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on October 2, 2003.

ANTREV, LLC  
SONIC AUTOMOTIVE – 9103 E.  
INDEPENDENCE, NC, LLC  
SONIC DEVELOPMENT, LLC  
SONIC – LAKE NORMAN CHRYSLER JEEP, LLC  
SONIC – LAKE NORMAN DODGE, LLC  
SONIC – LS, LLC  
On behalf of itself and the following entity  
as General Partner:  
SONIC – LS CHEVROLET, L.P.  
SONIC – WILLIAMS MOTORS, LLC  
SRE HOLDING, LLC  
SRE ALABAMA-2, LLC  
SRE ALABAMA-3, LLC  
SRE ALABAMA-4, LLC  
SRE ALABAMA-5, LLC  
SREALESTATE ARIZONA-1, LLC  
SREALESTATE ARIZONA-2, LLC  
SREALESTATE ARIZONA-3, LLC  
SREALESTATE ARIZONA-4, LLC  
SREALESTATE ARIZONA-5, LLC  
SREALESTATE ARIZONA-6, LLC  
SREALESTATE ARIZONA-7, LLC  
SRE OKLAHOMA-1, LLC  
SRE OKLAHOMA-2, LLC  
SRE OKLAHOMA-3, LLC  
SRE OKLAHOMA-4, LLC  
SRE OKLAHOMA-5, LLC  
SRE SOUTH CAROLINA-2, LLC  
SRE VIRGINIA-1, LLC

By: \_\_\_\_\_ /s/ E. LEE WYATT, JR.

E. Lee Wyatt, Jr.  
Vice President and Treasurer

**POWER OF ATTORNEY**

Each of the undersigned managers and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ O. BRUTON SMITH</u> O. Bruton Smith	President and Manager (principal executive officer)	October 2, 2003
<u>/s/ E. LEE WYATT, JR.</u> E. Lee Wyatt, Jr.	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
<u>/s/ B. SCOTT SMITH</u> B. Scott Smith	Vice President and Manager	October 2, 2003
<u>/s/ THEODORE M. WRIGHT</u> Theodore M. Wright	Vice President and Manager	October 2, 2003



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**POWER OF ATTORNEY**

Each of the undersigned managers and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ O. BRUTON SMITH</u> O. Bruton Smith	Chief Executive Officer and Manager (principal executive officer)	October 2, 2003
<u>/s/ E. LEE WYATT, JR.</u> E. Lee Wyatt, Jr.	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
<u>/s/ B. SCOTT SMITH</u> B. Scott Smith	President and Manager	October 2, 2003
<u>/s/ THEODORE M. WRIGHT</u> Theodore M. Wright	Vice President and Manager	October 2, 2003









**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on October 2, 2003.

SRE TENNESSEE-1, LLC  
SRE TENNESSEE-2, LLC  
SRE TENNESSEE-3, LLC

By:                                 /s/ E. LEE WYATT, JR.

**E. Lee Wyatt, Jr.**  
**Vice President and Treasurer**

**POWER OF ATTORNEY**

Each of the undersigned governors and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>                                /s/ O. BRUTON SMITH</u> <b>O. Bruton Smith</b>	President and Governor (principal executive officer)	October 2, 2003
<u>                                /s/ E. LEE WYATT, JR.</u> <b>E. Lee Wyatt, Jr.</b>	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
<u>                                /s/ B. SCOTT SMITH</u> <b>B. Scott Smith</b>	Vice President and Governor	October 2, 2003
<u>                                /s/ THEODORE M. WRIGHT</u> <b>Theodore M. Wright</b>	Vice President and Governor	October 2, 2003





**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on October 2, 2003.

SONIC AUTOMOTIVE OF GEORGIA, INC.  
On behalf of itself and the following entities as General Partner:  
SONIC – GLOBAL IMPORTS, L.P.  
SONIC PEACHTREE INDUSTRIAL  
BLVD., L.P.  
SONIC – STONE MOUNTAIN  
CHEVROLET, L.P.  
SRE GEORGIA-1, L.P.  
SRE GEORGIA-2, L.P.  
SRE GEORGIA-3, L.P.

By:                                  /s/ E. LEE WYATT, JR.

**E. Lee Wyatt, Jr.**  
Vice President and Treasurer

**POWER OF ATTORNEY**

Each of the undersigned directors and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ O. BRUTON SMITH <hr/> <b>O. Bruton Smith</b>	President (principal executive officer)	October 2, 2003
/s/ E. LEE WYATT, JR. <hr/> <b>E. Lee Wyatt, Jr.</b>	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
/s/ B. SCOTT SMITH <hr/> <b>B. Scott Smith</b>	Vice President and Director	October 2, 2003

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> <p>/s/ THEODORE M. WRIGHT</p> <hr/> <p>Theodore M. Wright</p>	Vice President and Director	October 2, 2003
<hr/> <p>/s/ PEGGY MCFARLAND</p> <hr/> <p>Peggy McFarland</p>	Assistant Secretary and Director	September 29, 2003

## SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on October 2, 2003.

SONIC OF TEXAS, INC.

On behalf of itself and the following entities as General Partner:

PHILPOTT MOTORS, LTD.

SONIC AUTOMOTIVE OF TEXAS, L.P.

SONIC AUTOMOTIVE – 3401 N. MAIN, TX, L.P.

SONIC AUTOMOTIVE – 4701 I-10 EAST, TX, L.P.

SONIC AUTOMOTIVE – 5221 I-10 EAST, TX, L.P.

SONIC – CADILLAC D, L.P.

SONIC – CAMP FORD, L.P.

SONIC – CARROLLTON V, L.P.

SONIC – CLEAR LAKE VOLKSWAGEN, L.P.

SONIC – FORT WORTH T, L.P.

SONIC – FRANK PARRA AUTOPLEX, L.P.

SONIC – HOUSTON V, L.P.

SONIC – JERSEY VILLAGE VOLKSWAGEN, L.P.

SONIC – LUTE RILEY, L.P.

SONIC – MASSEY CADILLAC, L.P.

SONIC – MESQUITE HYUNDAI, L.P.

SONIC – MOMENTUM VWA, L.P.

SONIC – READING, L.P.

SONIC – RICHARDSON F, L.P.

SONIC – SAM WHITE NISSAN, L.P.

SONIC – SAM WHITE OLDSMOBILE, L.P.

SONIC – UNIVERSITY PARK A, L.P.

SRE TEXAS-1, L.P.

SRE TEXAS-2, L.P.

SRE TEXAS-3, L.P.

SRE TEXAS-4, L.P.

SRE TEXAS-5, L.P.

SRE TEXAS-6, L.P.

SRE TEXAS-7, L.P.

SRE TEXAS-8, L.P.

By: /s/ E. LEE WYATT, JR.

**E. Lee Wyatt, Jr.**  
**Vice President and Treasurer**



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**POWER OF ATTORNEY**

Each of the undersigned directors and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ B. SCOTT SMITH</u> B. Scott Smith	President and Director (principal executive officer)	October 2, 2003
<u>/s/ E. LEE WYATT, JR.</u> E. Lee Wyatt, Jr.	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
<u>/s/ THEODORE M. WRIGHT</u> Theodore M. Wright	Vice President and Director	October 2, 2003
<u>Roger A. Elswick</u>	Director	, 2003









**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on October 2, 2003.

SONIC AUTOMOTIVE – 3741 S. NOVA RD.,  
PO, INC.

By:    /s/ E. LEE WYATT, JR.

    
E. Lee Wyatt, Jr.  
Vice President and Treasurer

**POWER OF ATTORNEY**

Each of the undersigned directors and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>  </u> /s/ B. SCOTT SMITH <u>  </u> B. Scott Smith	President and Director (principal executive officer)	October 2, 2003
<u>  </u> /s/ E. LEE WYATT, JR. <u>  </u> E. Lee Wyatt, Jr.	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
<u>  </u> /s/ THEODORE M. WRIGHT <u>  </u> Theodore M. Wright	Vice President and Director	October 2, 2003
<u>  </u> Jeffrey C. Rachor	Director	, 2003

**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on October 2, 2003.

FAA LAS VEGAS H, INC.

By:    /s/ E. LEE WYATT, JR.

**E. Lee Wyatt, Jr.  
Vice President and Treasurer**

**POWER OF ATTORNEY**

Each of the undersigned directors and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ O. BRUTON SMITH <b>O. Bruton Smith</b>	Chairman, Chief Executive Officer and Director (principal executive officer)	October 2, 2003
/s/ E. LEE WYATT, JR. <b>E. Lee Wyatt, Jr.</b>	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
/s/ THEODORE M. WRIGHT <b>Theodore M. Wright</b>	Vice President and Director	October 2, 2003
/s/ DAVID PLUMMER <b>David Plummer</b>	Assistant Secretary and Director	October 2, 2003

**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on October 2, 2003.

SONIC RESOURCES, INC.

By:    /s/ E. LEE WYATT, JR.

**E. Lee Wyatt, Jr.**  
**Vice President and Treasurer**

**POWER OF ATTORNEY**

Each of the undersigned directors and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>          </u> /s/ O. BRUTON SMITH <b>O. Bruton Smith</b>	Chairman and Chief Executive Officer (principal executive officer)	October 2, 2003
<u>          </u> /s/ E. LEE WYATT, JR. <b>E. Lee Wyatt, Jr.</b>	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
<u>          </u> /s/ B. SCOTT SMITH <b>B. Scott Smith</b>	President and Director	October 2, 2003
<u>          </u> /s/ THEODORE M. WRIGHT <b>Theodore M. Wright</b>	Vice President and Director	October 2, 2003
<u>          </u> /s/ DAVID PLUMMER <b>David Plummer</b>	Assistant Secretary, Assistant Treasurer and Director	October 2, 2003



**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on October 2, 2003.

SONIC AUTOMOTIVE OF CHATTANOOGA, LLC  
SONIC AUTOMOTIVE OF NASHVILLE, LLC  
SONIC AUTOMOTIVE – 2490 SOUTH  
LEE HIGHWAY, LLC  
SONIC AUTOMOTIVE – 6025 INTERNATIONAL DRIVE, LLC  
SONIC – 2185 CHAPMAN RD.,  
CHATTANOOGA, LLC  
SONIC – CREST CADILLAC, LLC  
SONIC – SUPERIOR OLDSMOBILE, LLC  
TOWN AND COUNTRY FORD OF  
CLEVELAND, LLC  
TOWN AND COUNTRY JAGUAR, LLC

By: /s/ E. LEE WYATT, JR.

---

**E. Lee Wyatt, Jr.**  
**Vice President and Treasurer**

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**POWER OF ATTORNEY**

Each of the undersigned governors and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ O. BRUTON SMITH</u> <b>O. Bruton Smith</b>	President	October 2, 2003
<u>/s/ E. LEE WYATT, JR.</u> <b>E. Lee Wyatt, Jr.</b>	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
<u>/s/ B. SCOTT SMITH</u> <b>B. Scott Smith</b>	Vice President and Governor	October 2, 2003
<u>/s/ THEODORE M. WRIGHT</u> <b>Theodore M. Wright</b>	Vice President and Governor	October 2, 2003
<u>Jeffrey C. Rachor</u>	Chief Manager and Governor (principal executive officer)	, 2003





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**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on October 2, 2003.

ADI OF THE SOUTHEAST LLC

By: /s/ E. LEE WYATT, JR.

**E. Lee Wyatt, Jr.**  
**Vice President and Treasurer**

**POWER OF ATTORNEY**

Each of the undersigned managers and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ O. BRUTON SMITH  _____ O. Bruton Smith	Chief Executive Officer and Manager (principal executive officer)	October 2, 2003
/s/ E. LEE WYATT, JR.  _____ E. Lee Wyatt, Jr.	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
/s/ B. SCOTT SMITH  _____ B. Scott Smith	President and Manager	October 2, 2003
/s/ THEODORE M. WRIGHT  _____ Theodore M. Wright	Vice President and Manager	October 2, 2003





**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on October 2, 2003.

SONIC – CREST H, LLC

By:                                  /s/ E. LEE WYATT, JR.

**E. Lee Wyatt, Jr.**  
**Vice President and Treasurer**

**POWER OF ATTORNEY**

Each of the undersigned governors and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>                                </u> /s/ O. BRUTON SMITH <b>O. Bruton Smith</b>	President	October 2, 2003
<u>                                </u> /s/ E. LEE WYATT, JR. <b>E. Lee Wyatt, Jr.</b>	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
<u>                                </u> /s/ B. SCOTT SMITH <b>B. Scott Smith</b>	Vice President and Governor	October 2, 2003
<u>                                </u> /s/ THEODORE M. WRIGHT <b>Theodore M. Wright</b>	Vice President and Governor	October 2, 2003
<u>                                </u> <b>Jeffrey C. Rachor</b>	Chief Manager and Governor (principal executive officer)	, 2003





**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Charlotte, state of North Carolina, on October 2, 2003.

SONIC AUTOMOTIVE F&I, LLC  
SONIC AUTOMOTIVE WEST, LLC

By:                                  /s/ E. LEE WYATT, JR.

**E. Lee Wyatt, Jr.**  
**Vice President and Treasurer**

**POWER OF ATTORNEY**

Each of the undersigned managers and officers of the above named Registrants, by his execution hereof, hereby constitutes and appoints Theodore M. Wright, E. Lee Wyatt, Jr. and Stephen K. Coss, and each of them, with full power of substitution, as his or her true and lawful attorneys-in-fact and agents, to do any and all acts and things for him or her, and in his or her name, place and stead, to execute and sign any and all pre-effective and post-effective amendments to such Registration Statement and any additional registration statement pursuant to Rule 462(b) under the Securities Act of 1933, and file the same, together with all exhibits and schedules thereto and all other documents in connection therewith, with the Commission and with such state securities authorities as may be appropriate, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as the undersigned might or could do in person, and hereby ratifying and confirming all the acts of said attorneys-in-fact and agents, or any of them, which they may lawfully do in the premises or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>                                </u> /s/ O. BRUTON SMITH <b>O. Bruton Smith</b>	Chairman and Chief Executive Officer (principal executive officer)	October 2, 2003
<u>                                </u> /s/ E. LEE WYATT, JR <b>E. Lee Wyatt, Jr.</b>	Vice President and Treasurer (principal financial and accounting officer)	October 2, 2003
<u>                                </u> /s/ THEODORE M. WRIGHT <b>Theodore M. Wright</b>	Vice President and Manager	October 2, 2003
<u>                                </u> /s/ DAVID PLUMMER <b>David Plummer</b>	Assistant Secretary, Assistant Treasurer and Manager	October 2, 2003
<u>                                </u> /s/ GAIL M. SYFERT <b>Gail M. Syfert</b>	Assistant Secretary, Assistant Treasurer and Manager	October 2, 2003

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
4.1	Specimen Certificate representing Class A Common Stock (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1 (Reg. No. 333-33295)).
4.2	Registration Rights Agreement dated as of June 30, 1997 among Sonic, O. Bruton Smith, Bryan Scott Smith, William S. Egan and Sonic Financial Corporation (incorporated by reference to Exhibit 4.2 to the Form S-1).
4.3	Form of 8 <sup>5</sup> / <sub>8</sub> % Senior Subordinated Note due 2013, Series B.
4.4	Indenture dated as of August 12, 2003 among Sonic, as issuer, the subsidiaries of Sonic named therein, as guarantors, and U.S. Bank National Association, as trustee (the "Trustee"), relating to the 8 <sup>5</sup> / <sub>8</sub> % Senior Subordinated Notes due 2013.
4.5	Registration Rights Agreement dated as of August 12, 2003 among Sonic, the Guarantors named therein and Banc of America Securities LLC, J.P. Morgan Securities, Inc., Merrill Lynch & Co. and Merrill Lynch, Pierce, Fenner and Smith Incorporated.
4.6	Purchase Agreement dated as of August 7, 2003 between Sonic Automotive, Inc., the Guarantors named therein and Banc of America Securities LLC, J.P. Morgan Securities, Inc., Merrill Lynch & Co. and Merrill Lynch, Pierce, Fenner & Smith, Incorporated.
5.1	Form of Opinion of Moore & Van Allen PLLC regarding the validity of the securities being registered.
12.1	Computation of Ratio of Earnings to Fixed Charges.
23.1	Consent of Deloitte & Touche LLP.
23.2	Consent of Moore & Van Allen PLLC (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).
25.1	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of U.S. Bank National Association.
99.1	Form of Letter of Transmittal.
99.2	Form of Notice of Guaranteed Delivery.

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 306 AND 307 OF THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN ARTICLE FOURTEEN OF THE INDENTURE TO THE OBLIGATIONS (INCLUDING INTEREST) OWED BY THE COMPANY AND CERTAIN OF ITS SUBSIDIARIES TO ALL SENIOR INDEBTEDNESS; THE GUARANTEE OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN ARTICLE THIRTEEN OF THE INDENTURE TO THE OBLIGATIONS (INCLUDING INTEREST) OWED BY THE GUARANTORS TO ALL SENIOR GUARANTOR INDEBTEDNESS; AND EACH HOLDER HEREOF BY ITS

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ACCEPTANCE HEREOF, SHALL BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AS SET FORTH IN SAID ARTICLE THIRTEEN AND ARTICLE FOURTEEN OF THE INDENTURE.

SONIC AUTOMOTIVE, INC.

8 <sup>5</sup>/<sub>8</sub>% SENIOR SUBORDINATED NOTE DUE 2013, SERIES B

CUSIP NO. 83545GAG7

No. \_\_\_\_\_

\$ \_\_\_\_\_

Sonic Automotive, Inc., a Delaware corporation (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to \_\_\_\_\_ or registered assigns, the principal sum of \$ \_\_\_\_\_ United States dollars, or such other principal amount as may be set forth on the Security Register on Appendix A hereto in accordance with the Indenture, on August 15, 2013, at the office or agency of the Company referred to below, and to pay interest thereon from August 12, 2003, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on February 15 and August 15 in each year, commencing February 15, 2004 at the rate of 8 <sup>5</sup>/<sub>8</sub>% per annum in United States dollars, until the principal hereof is paid or duly provided for; provided that to the extent interest has not been paid or duly provided for with respect to the Series A Security exchanged for this Series B Security, interest on this Series B Security shall accrue from the most recent Interest Payment Date to which interest on the Series A Security which was exchanged for this Series B Security has been paid or duly provided for, or if no interest has been paid on the Series A Security, it shall accrue interest from August 12, 2003 with respect to Series A Securities exchanged for Series B Securities. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

This Series B Security was issued pursuant to the Exchange Offer pursuant to which the 8 <sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013, Series A and related Guarantees (herein called the "Series A Securities") in like principal amount were exchanged for the Series B Securities and related Guarantees. The Series B Securities rank *pari passu* in right of payment with the Series A Securities and will be treated as one class with the Series A Securities.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or any Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the February 1 or August 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid, or duly provided for, and interest on such defaulted interest at the interest rate borne by the Series B Securities, to the extent lawful, shall forthwith cease to be payable to the Holder on such Regular Record Date, and may either be paid to the Person in whose name this Security (or any Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof shall be

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given to Holders of Securities not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by this Indenture not inconsistent with the requirements of such exchange, all as more fully provided in this Indenture.

Payment of the principal of, premium, if any, and interest on, this Security, and exchange or transfer of the Security, will be made at the office or agency of the Company in The City of New York maintained for that purpose (which initially will be a corporate trust office of the Trustee located at 100 Wall Street, Suite 1600, New York, New York 10005), or at such other office or agency as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Security is entitled to the benefits of the Guarantees by the Guarantors of the punctual payment when due and performance of the Indenture Obligations made in favor of the Trustee for the benefit of the Holders. Reference is made to Article Thirteen of the Indenture for a statement of the respective rights, limitations of rights, duties and obligations under the Guarantees of the Guarantors.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof or by the authenticating agent appointed as provided in the Indenture by manual signature of an authorized signer, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by the manual or facsimile signature of its authorized officers.

Sonic Automotive, Inc.

By: \_\_\_\_\_

Name:

Title:

Attest:

\_\_\_\_\_  
Name:

Title:



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TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013, Series B referred to in the within-mentioned Indenture.

U.S. Bank National Association, as Trustee

By: \_\_\_\_\_

Authorized Signer

Dated:

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OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have this Security purchased by the Company pursuant to Section 1012 or Section 1014, as applicable, of the Indenture, check the Box: [        ].

If you wish to have a portion of this Security purchased by the Company pursuant to Section 1012 or Section 1014 as applicable, of the Indenture, state the amount (in original principal amount):

\$ \_\_\_\_\_

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: \_\_\_\_\_

[Signature must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15]

Sonic Automotive, Inc.  
8 5/8% Senior Subordinated Note due 2013, Series B

This Security is one of a duly authorized issue of Securities of the Company designated as its 8 5/8% Senior Subordinated Notes due 2013, Series B (herein called the "Securities"), issued under and subject to the terms of an indenture (herein called the "Indenture") dated as of August 12, 2003, among the Company, the Guarantors and U.S. Bank National Association, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Guarantors, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Company may, from time to time, without notice to or the consent of the Holders of the Securities, create and issue Additional Securities under the Indenture ranking equally with the Securities in all respects, subject to the limitations described in Section 1008 of the Indenture. The terms of the Securities and any Additional Securities may have additional issuance dates and dates from which interest accrues and shall be part of the same series. The total amount of the Securities which may be issued under the Indenture is unlimited. Such Additional Securities will be consolidated and form a single series with the Securities, vote together with the Securities and have the same terms as to status, redemption or otherwise as the Securities. References to the Securities under the Indenture include these Additional Securities if they are in the same series, unless the context requires otherwise.

The Securities are subject to redemption at any time on or after August 15, 2008, at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days' prior notice, in amounts of \$1,000 or an integral multiple thereof, at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning August 15 of the years indicated below:

<u>Year</u>	<u>Redemption Price</u>
2008	104.313%
2009	102.875%
2010	101.438%

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and thereafter at 100% of the principal amount, in each case, together with accrued and unpaid interest, if any, to the Redemption Date (subject to the rights of Holders of record on relevant record dates to receive interest due on an Interest Payment Date).

In addition, at any time and from time to time on or prior to August 15, 2006, the Company may redeem up to an aggregate of 35% of the aggregate principal amount of the Securities issued under the Indenture at a redemption price equal to 108.625% of the aggregate principal amount of the Securities redeemed, plus accrued and unpaid interest, if any, to the redemption date with the Net Cash Proceeds from the issuance of any Qualified Capital Stock, provided that:

- at least 65% of the aggregate principal amount of the Securities issued under the Indenture must remain outstanding immediately after any such redemption; and
- the redemption must occur no later than 60 days after such issuance and sale of Qualified Capital Stock.

If less than all of the Securities are to be redeemed, the Trustee shall select the Securities or portions thereof to be redeemed in compliance with the requirements of the principal national security exchange, if any, on which the Securities are listed, or if the Securities are not so listed, the Trustee shall select them on a pro rata basis, by lot or by any other method the Trustee shall deem fair and reasonable.

Upon the occurrence of a Change of Control, each Holder may require the Company to purchase such Holder's Securities in whole or in part in integral multiples of \$1,000, at a purchase price in cash in an amount equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase, pursuant to a Change of Control Offer in accordance with the procedures set forth in the Indenture.

Under certain circumstances described more specifically in the Indenture, in the event the Net Cash Proceeds received by the Company from any Asset Sale, which proceeds are not used to repay permanently any Senior Indebtedness or Senior Guarantor Indebtedness or invested in Replacement Assets or exceeds a specified amount, the Company will be required to apply such proceeds to the repayment of the Securities and certain Indebtedness ranking *pari passu* in right of payment to the Securities.

In the case of any redemption or repurchase of Securities in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record as of the close of business on the relevant Regular Record Date or Special Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

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In the event of redemption or repurchase of this Security in accordance with the Indenture in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal amount of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Securities and (b) certain restrictive covenants and related Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Indenture permits, with certain exceptions (including certain amendments permitted without the consent of any Holders and certain amendments which require the consent of all the Holders) as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the Guarantors and the rights of the Holders under the Indenture and the Securities and the Guarantees at any time by the Company and the Trustee with the consent of the Holders of at least a majority in aggregate principal amount of the Securities at the time Outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Securities). The Indenture also contains provisions permitting the Holders of at least a majority in aggregate principal amount of the Securities (100% of the Holders in certain circumstances) at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Company and the Guarantors with certain provisions of the Indenture and the Securities and the Guarantees and certain past Defaults under the Indenture and the Securities and the Guarantees and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, any Guarantor or any other obligor on the Securities (in the event such Guarantor or such other obligor is obligated to make payments in respect of the Securities), which is absolute and unconditional, to pay the principal of, premium, if any, and interest on, this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing.

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and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

Certificated Securities shall be transferred to all beneficial holders in exchange for their beneficial interests in the Rule 144A Global Securities or the Regulation S Global Securities, if any, if (x) the Depositary (A) notifies the Company that it is unwilling or unable to continue as Depositary for such Global Security or (B) ceases to be a clearing agency registered as such under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 90 days or (y) there shall have occurred and be continuing an Event of Default and the Security Registrar has received a request from the Depositary. Upon any such issuance, the Trustee is required to register such certificated Securities in the name of, and cause the same to be delivered to, such Person or Persons (or the nominee of any thereof).

Securities in certificated form are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a differing authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, any Guarantor, the Trustee and any agent of the Company, any Guarantor or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, any Guarantor, the Trustee nor any such agent shall be affected by notice to the contrary.

**THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.**

All capitalized terms used in this Security which are defined in the Indenture and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

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FORM OF TRANSFEREE CERTIFICATE

I or we assign and transfer this Security to

Please insert social security or other identifying number of assignee

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Print or type name, address and zip code of assignee and irrevocably  
appoint

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[Agent], to transfer this Security on the books of the Company. The Agent may substitute another to act for him.

Dated \_\_\_\_\_

Signed \_\_\_\_\_

(Sign exactly as name appears on the other side of this Security)

[Signature must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved  
guarantee medallion program pursuant to Securities and Exchange Commission Rule 17  
Ad-15]

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## GUARANTEES

For value received, each of the undersigned hereby absolutely, fully and unconditionally and irrevocably guarantees, jointly and severally with each other Guarantor, to the holder of this Security the payment of principal of, premium, if any, and interest on this Security upon which these Guarantees are endorsed in the amounts and at the time when due and payable whether by declaration thereof, or otherwise, and interest on the overdue principal and interest, if any, of this Security, if lawful, and the payment or performance of all other obligations of the Company under the Indenture or the Securities, to the holder of this Security and the Trustee, all in accordance with and subject to the terms and limitations of this Security and Article Thirteen of the Indenture. These Guarantees shall be subordinate in the manner and to the extent set forth in Article Thirteen of the Indenture to all Senior Guarantor Indebtedness. These Guarantees will not become effective until the Trustee duly executes the certificate of authentication on this Security. These Guarantees shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of law principles thereof.

Dated:

ADI OF THE SOUTHEAST LLC  
ARNGAR, INC.  
ANTREV, LLC  
AUTOBAHN, INC.  
AVALON FORD, INC.  
CAPITOL CHEVROLET AND IMPORTS, INC.  
CASA FORD OF HOUSTON, INC.  
COBB PONTIAC CADILLAC, INC.  
FAA SERVICE CORPORATION  
FAA AUTO FACTORY, INC.  
FAA BEVERLY HILLS, INC.  
FAA CAPITOL F, INC.  
FAA CAPITOL N, INC.  
FAA CONCORD H, INC.  
FAA CONCORD N, INC.  
FAA CONCORD T, INC.  
FAA DUBLIN N, INC.  
FAA DUBLIN VWD, INC.  
FAA HOLDING CORP.  
FAA LAS VEGAS H, INC.  
FAA MARIN D, INC.  
FAA MARIN F, INC.  
FAA MARIN LR, INC.  
FAA MONTEREY F, INC.  
FAA POWAY D, INC.  
FAA POWAY G, INC.  
FAA POWAY H, INC.



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FAA POWAY T, INC.  
FAA SAN BRUNO, INC.  
FAA SANTA MONICA V, INC.  
FAA SERRAMONTE H, INC.  
FAA SERRAMONTE L, INC.  
FAA SERRAMONTE, INC.  
FAA STEVENS CREEK, INC.  
FAA TORRANCE CPJ, INC.  
FIRSTAMERICA AUTOMOTIVE, INC.  
FORT MILL FORD, INC.  
FORT MYERS COLLISION CENTER, LLC  
FRANCISCAN MOTORS, INC.  
FRANK PARRA AUTOPLEX, INC.  
FREEDOM FORD, INC.  
FRONTIER OLDSMOBILE-CADILLAC, INC.  
HMC FINANCE ALABAMA, INC.  
KRAMER MOTORS INCORPORATED  
L DEALERSHIP GROUP, INC.  
MARCUS DAVID CORPORATION  
MASSEY CADILLAC, INC.  
MASSEY CADILLAC, INC.  
MOUNTAIN STATES MOTORS CO., INC.  
PHILPOTT MOTORS, LTD.  
RIVERSIDE NISSAN, INC.  
ROYAL MOTOR COMPANY, INC.  
SANTA CLARA IMPORTED CARS, INC.  
SMART NISSAN, INC.  
SONIC AGENCY, INC.  
SONIC – ANN ARBOR IMPORTS, INC.  
SONIC AUTOMOTIVE—BONDESEN, INC.  
SONIC AUTOMOTIVE OF CHATTANOOGA, LLC  
SONIC AUTOMOTIVE-CLEARWATER, INC.  
SONIC AUTOMOTIVE COLLISION CENTER OF CLEARWATER, INC.  
SONIC AUTOMOTIVE F&I, LLC  
SONIC AUTOMOTIVE OF GEORGIA, INC.  
SONIC AUTOMOTIVE OF NASHVILLE, LLC  
SONIC AUTOMOTIVE OF NEVADA, INC.  
SONIC AUTOMOTIVE SERVICING COMPANY, LLC  
SONIC AUTOMOTIVE OF TENNESSEE, INC.  
SONIC AUTOMOTIVE OF TEXAS, L.P.  
SONIC AUTOMOTIVE WEST, LLC  
SONIC AUTOMOTIVE—1307 N. DIXIE HWY., NSB, INC.  
SONIC AUTOMOTIVE-1400 AUTOMALL DRIVE, COLUMBUS, INC.  
SONIC AUTOMOTIVE-1455 AUTOMALL DRIVE, COLUMBUS, INC.

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SONIC AUTOMOTIVE-1495 AUTOMALL DRIVE, COLUMBUS, INC.  
SONIC AUTOMOTIVE-1500 AUTOMALL DRIVE, COLUMBUS, INC.  
SONIC AUTOMOTIVE—1720 MASON AVE., DB, INC.  
SONIC AUTOMOTIVE—1720 MASON AVE., DB, LLC  
SONIC AUTOMOTIVE—1919 N. DIXIE HWY., NSB, INC.  
SONIC AUTOMOTIVE – 21699 U.S. HWY 19 N., INC.  
SONIC AUTOMOTIVE—241 RIDGEWOOD AVE., HH, INC.  
SONIC AUTOMOTIVE 2424 LAURENS RD., GREENVILLE, INC.  
SONIC AUTOMOTIVE—2490 SOUTH LEE HIGHWAY, LLC  
SONIC AUTOMOTIVE 2752 LAURENS RD., GREENVILLE, INC.  
SONIC AUTOMOTIVE—3401 N. MAIN, TX, L.P.  
SONIC AUTOMOTIVE-3700 WEST BROAD STREET, COLUMBUS, INC.  
SONIC AUTOMOTIVE—3741 S. NOVA RD., PO, INC.  
SONIC AUTOMOTIVE-4000 WEST BROAD STREET, COLUMBUS, INC.  
SONIC AUTOMOTIVE—4701 I-10 EAST, TX, L.P.  
SONIC AUTOMOTIVE—5221 I-10 EAST, TX, L.P.  
SONIC AUTOMOTIVE 5260 PEACHTREE INDUSTRIAL BLVD., LLC  
SONIC AUTOMOTIVE-5585 PEACHTREE INDUSTRIAL BLVD., LLC  
SONIC AUTOMOTIVE—6008 N. DALE MABRY, FL, INC.  
SONIC AUTOMOTIVE—6025 INTERNATIONAL DRIVE, LLC  
SONIC AUTOMOTIVE—9103 E. INDEPENDENCE, NC, LLC  
SONIC – 2185 CHAPMAN RD., CHATTANOOGA, LLC  
SONIC – BETHANY H, INC.  
SONIC – BUENA PARK H, INC.  
SONIC – CADILLAC D, L.P.  
SONIC – CALABASAS A, INC.  
SONIC – CALABASAS V, INC.  
SONIC—CAMP FORD, L.P.  
SONIC – CAPITAL CHEVROLET, INC.  
SONIC – CAPITOL CADILLAC, INC.  
SONIC – CAPITOL IMPORTS, INC.  
SONIC – CARROLLTON V, L.P.  
SONIC – CARSON F, INC.  
SONIC – CARSON LM, INC.  
SONIC – CHATTANOOGA D EAST, LLC

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SONIC—CLASSIC DODGE, INC.  
SONIC – CLEAR LAKE VOLKSWAGEN, L.P.  
SONIC – COAST CADILLAC, INC.  
SONIC – CREST CADILLAC, LLC  
SONIC – CREST H, LLC  
SONIC – DENVER T, INC.  
SONIC – DENVER VOLKSWAGEN, INC.  
SONIC DEVELOPMENT, LLC  
SONIC – DOWNEY CADILLAC, INC.  
SONIC – DUBLIN M, INC.  
SONIC – ENGLEWOOD M, INC.  
SONIC ESTORE, INC.  
SONIC—FM AUTOMOTIVE, LLC  
SONIC—FM, INC.  
SONIC—FM VW, INC.  
SONIC – FORT MILL CHRYSLER JEEP, INC.  
SONIC – FORT MILL DODGE, INC.  
SONIC – FORT WORTH T, L.P.  
SONIC – FRANK PARRA AUTOPLEX, L.P.  
SONIC – FREELAND, INC.  
SONIC—GLOBAL IMPORTS, L.P.  
SONIC-GLOVER, INC.  
SONIC – HARBOR CITY H, INC.  
SONIC – HOUSTON V, L.P.  
SONIC – INTEGRITY DODGE LV, LLC  
SONIC – JERSEY VILLAGE VOLKSWAGEN, L.P.  
SONIC – LS, LLC  
SONIC – LS CHEVROLET, L.P.  
SONIC – LAKE NORMAN CHRYSLER JEEP, LLC  
SONIC – LAKE NORMAN DODGE, LLC  
SONIC—LAS VEGAS C EAST, LLC  
SONIC—LAS VEGAS C WEST, LLC  
SONIC—LLOYD NISSAN, INC.  
SONIC—LLOYD PONTIAC – CADILLAC, INC.  
SONIC – LONE TREE CADILLAC, INC.  
SONIC—LUTE RILEY, L. P.  
SONIC—MANHATTAN FAIRFAX, INC.  
SONIC—MANHATTAN WALDORF, INC.  
SONIC – MASSEY CADILLAC, L.P.  
SONIC – MASSEY CHEVROLET, INC.  
SONIC – MASSEY PONTIAC BUICK GMC, INC.  
SONIC – MESQUITE HYUNDAI, L.P.  
SONIC—MONTGOMERY FLM, INC.  
SONIC—NEWSOME CHEVROLET WORLD, INC.  
SONIC—NEWSOME OF FLORENCE, INC.  
SONIC – NORTH CADILLAC, INC.  
SONIC—NORTH CHARLESTON, INC.  
SONIC—NORTH CHARLESTON DODGE, INC.  
SONIC – OKLAHOMA T, INC.

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SONIC PEACHTREE INDUSTRIAL BLVD., L.P.  
SONIC – PLYMOUTH CADILLAC, INC.  
SONIC – READING, L.P.  
SONIC RESOURCES, INC.  
SONIC – RICHARDSON F, L.P.  
SONIC – RICHMOND VOLKSWAGEN, L.P.  
SONIC-RIVERSIDE, INC.  
SONIC—RIVERSIDE AUTO FACTORY, INC.  
SONIC—ROCKVILLE IMPORTS, INC.  
SONIC—ROCKVILLE MOTORS, INC.  
SONIC—SAM WHITE NISSAN, L.P.  
SONIC – SAM WHITE OLDSMOBILE, L.P.  
SONIC – SANFORD CADILLAC, INC.  
SONIC – SERRAMONTE I, INC.  
SONIC—SHOTTENKIRK, INC.  
SONIC – SOUTH CADILLAC, INC.  
SONIC – STEVENS CREEK B, INC.  
SONIC – STONE MOUNTAIN CHEVROLET, L.P.  
SONIC – SUPERIOR OLDSMOBILE,  
SONIC OF TEXAS, INC.  
SONIC – UNIVERSITY PARK A, L.P.  
SONIC-VOLVO LV, LLC  
SONIC – WEST COVINA T, INC.  
SONIC – WEST RENO CHEVROLET, INC.  
SONIC—WILLIAMS BUICK, INC.  
SONIC—WILLIAMS CADILLAC, INC.  
SONIC—WILLIAMS IMPORTS, INC.  
SONIC—WILLIAMS MOTORS, LLC  
SPEEDWAY CHEVROLET, INC.  
STEVENS CREEK CADILLAC, INC.  
TOWN AND COUNTRY FORD, INCORPORATED  
TOWN AND COUNTRY FORD OF CLEVELAND, LLC  
TOWN AND COUNTRY JAGUAR, LLC  
TRANSCAR LEASING, INC.  
VILLAGE IMPORTED CARS, INC.  
WINDWARD, INC.  
WRANGLER INVESTMENTS, INC.  
Z MANAGEMENT, INC.  
SRE ALABAMA—2, LLC  
SRE ALABAMA—3, LLC  
SRE ALABAMA – 4, LLC  
SRE ALABAMA—5, LLC  
SREALESTATE ARIZONA—1, LLC  
SREALESTATE ARIZONA—2, LLC  
SREALESTATE ARIZONA - 3, LLC  
SREALESTATE ARIZONA - 4, LLC  
SREALESTATE ARIZONA—5, LLC  
SREALESTATE ARIZONA—6, LLC  
SREALESTATE ARIZONA—7, LLC

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SRE CALIFORNIA – 1, LLC  
SRE CALIFORNIA – 2, LLC  
SRE CALIFORNIA – 3, LLC  
SRE CALIFORNIA – 4, LLC  
SRE CALIFORNIA – 5, LLC  
SRE CALIFORNIA – 6, LLC  
SRE COLORADO – 1, LLC  
SRE COLORADO – 2, LLC  
SRE COLORADO – 3, LLC  
SRE FLORIDA—1, LLC  
SRE FLORIDA—2, LLC  
SRE FLORIDA—3, LLC  
SRE GEORGIA – 1, L.P.  
SRE GEORGIA – 2, L.P.  
SRE GEORGIA – 3, L.P.  
SRE HOLDING, LLC  
SRE MARYLAND – 1, LLC  
SRE MARYLAND – 2, LLC  
SRE MICHIGAN – 1, LLC  
SRE MICHIGAN – 2, LLC  
SRE MICHIGAN – 3, LLC  
SRE NEVADA – 1, LLC  
SRE NEVADA – 2, LLC  
SRE NEVADA – 3, LLC  
SRE NEVADA – 4, LLC  
SRE NEVADA – 5, LLC  
SRE NORTH CAROLINA – 1, LLC  
SRE NORTH CAROLINA – 2, LLC  
SRE NORTH CAROLINA – 3, LLC  
SRE OKLAHOMA – 1, LLC  
SRE OKLAHOMA – 2, LLC  
SRE OKLAHOMA – 3, LLC  
SRE OKLAHOMA – 4, LLC  
SRE OKLAHOMA – 5, LLC  
SRE SOUTH CAROLINA—2, LLC  
SRE SOUTH CAROLINA – 3, LLC  
SRE SOUTH CAROLINA – 4, LLC  
SRE TENNESSEE—1, LLC  
SRE TENNESSEE—2, LLC  
SRE TENNESSEE—3, LLC  
SRE TENNESSEE – 4, LLC  
SRE TENNESSEE – 5, LLC  
SRE TENNESSEE – 6, LLC  
SRE TENNESSEE – 7, LLC  
SRE TENNESSEE – 8, LLC  
SRE TENNESSEE – 9, LLC  
SRE TEXAS—1, L.P.  
SRE TEXAS—2, L.P.  
SRE TEXAS—3, L.P.

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SRE TEXAS – 4, L.P.  
SRE TEXAS – 5, L.P.  
SRE TEXAS – 6, L.P.  
SRE TEXAS – 7, L.P.  
SRE TEXAS – 8, L.P.  
SRE VIRGINIA—1, LLC  
SRE VIRGINIA – 2, LLC

By \_\_\_\_\_  
Name  
Title:

Attest: \_\_\_\_\_  
Name:  
Title:

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APPENDIX A

EXCHANGES FOR GLOBAL NOTES OR PHYSICAL NOTES

The following increases or decreases in the principal amount of this Global Note in accordance with the Indenture have been made:

<u>Date Made</u>	<u>Increase (decrease) in the principal amount of this Global Note</u>	<u>New principal amount of this Global Note following such increase or decrease</u>	<u>Notation made by or on behalf of the Security Registrar</u>
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SONIC AUTOMOTIVE, INC. (a Delaware corporation)  
as Issuer

ADI OF THE SOUTHEAST LLC (a South Carolina limited liability company)  
 ARNGAR, INC. (a North Carolina corporation)  
 ANTREV, LLC (a North Carolina limited liability company)  
 AUTOBAHN, INC. (a California corporation)  
 AVALON FORD, INC. (a Delaware corporation)  
 CAPITOL CHEVROLET AND IMPORTS, INC. (an Alabama corporation)  
 CASA FORD OF HOUSTON, INC. (a Texas corporation)  
 COBB PONTIAC CADILLAC, INC. (an Alabama corporation)  
 FA SERVICE CORPORATION (a California corporation)  
 FAA AUTO FACTORY, INC. (a California corporation)  
 FAA BEVERLY HILLS, INC. (a California corporation)  
 FAA CAPITOL F, INC. (a California corporation)  
 FAA CAPITOL N, INC. (a California corporation)  
 FAA CONCORD H, INC. (a California corporation)  
 FAA CONCORD N, INC. (a California corporation)  
 FAA CONCORD T, INC. (a California corporation)  
 FAA DUBLIN N, INC. (a California corporation)  
 FAA DUBLIN VWD, INC. (a California corporation)  
 FAA HOLDING CORP. (a California corporation)  
 FAA LAS VEGAS H, INC (a Nevada corporation)  
 FAA MARIN D, INC. (a California corporation)  
 FAA MARIN F, INC. (a California corporation)  
 FAA MARIN LR, INC. (a California corporation)  
 FAA MONTEREY F, INC. (a California corporation)  
 FAA POWAY D, INC. (a California corporation)  
 FAA POWAY G, INC. (a California corporation)  
 FAA POWAY H, INC. (a California corporation)  
 FAA POWAY T, INC. (a California corporation)  
 FAA SAN BRUNO, INC. (a California corporation)  
 FAA SANTA MONICA V, INC. (a California corporation)  
 FAA SERRAMONTE H, INC. (a California corporation)  
 FAA SERRAMONTE L, INC. (a California corporation)  
 FAA SERRAMONTE, INC. (a California corporation)  
 FAA STEVENS CREEK, INC. (a California corporation)  
 FAA TORRANCE CPJ, INC. (a California corporation)  
 FIRSTAMERICA AUTOMOTIVE, INC. (a Delaware corporation)  
 FORT MILL FORD, INC. (a South Carolina corporation)  
 FORT MYERS COLLISION CENTER, LLC (a Florida limited liability company)  
 FRANCISCAN MOTORS, INC. (a California corporation)  
 FRANK PARRA AUTOPLEX, INC. (a Texas corporation)  
 FREEDOM FORD, INC. (a Florida corporation)  
 FRONTIER OLDSMOBILE-CADILLAC, INC. (a North Carolina corporation)  
 HMC FINANCE ALABAMA, INC. (an Alabama corporation)  
 KRAMER MOTORS INCORPORATED (a California corporation)  
 L DEALERSHIP GROUP, INC. (a Texas corporation)  
 MARCUS DAVID CORPORATION (a North Carolina corporation)  
 MASSEY CADILLAC, INC. (a Tennessee corporation)  
 MASSEY CADILLAC, INC. (a Texas corporation)  
 MOUNTAIN STATES MOTORS CO., INC. (a Colorado corporation)



PHILPOTT MOTORS, LTD. (a Texas limited partnership)  
RIVERSIDE NISSAN, INC. (an Oklahoma corporation)  
ROYAL MOTOR COMPANY, INC. (an Alabama corporation)  
SANTA CLARA IMPORTED CARS, INC. (a California corporation)  
SMART NISSAN, INC. (a California corporation)  
SONIC AGENCY, INC. (a Michigan corporation)  
SONIC – ANN ARBOR IMPORTS, INC. (a Michigan corporation)  
SONIC AUTOMOTIVE - BONDESEN, INC. (a Florida corporation)  
SONIC AUTOMOTIVE OF CHATTANOOGA, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE-CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE COLLISION CENTER OF CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE F&I, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE OF GEORGIA, INC. (a Georgia corporation)  
SONIC AUTOMOTIVE OF NASHVILLE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE OF NEVADA, INC. (a Nevada corporation)  
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SONIC AUTOMOTIVE OF TENNESSEE, INC. (a Tennessee corporation)  
SONIC AUTOMOTIVE OF TEXAS, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE WEST, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE - 1307 N. DIXIE HWY., NSB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-1400 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1455 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1495 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1500 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, INC. (a Florida corporation)  
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SONIC AUTOMOTIVE – 21699 U.S. HWY 19 N., INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 241 RIDGEWOOD AVE., HH, INC. (a Florida corporation)  
SONIC AUTOMOTIVE 2424 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE - 2490 SOUTH LEE HIGHWAY, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE 2752 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE - 3401 N. MAIN, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE-3700 WEST BROAD STREET, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 3741 S. NOVA RD., PO, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-4000 WEST BROAD STREET, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 4701 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE - 5221 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE 5260 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia limited liability company)  
SONIC AUTOMOTIVE-5585 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia limited liability company)  
SONIC AUTOMOTIVE - 6008 N. DALE MABRY, FL, INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 6025 INTERNATIONAL DRIVE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE - 9103 E. INDEPENDENCE, NC, LLC (a North Carolina limited liability company)  
SONIC – 2185 CHAPMAN RD., CHATTANOOGA, LLC (a Tennessee limited liability company)  
SONIC – BETHANY H, INC. (an Oklahoma corporation)  
SONIC – BUENA PARK H, INC. (a California corporation)  
SONIC – CADILLAC D, L.P. (a Texas limited partnership)  
SONIC – CALABASAS A, INC. (a California corporation)  
SONIC – CALABASAS V, INC. (a California corporation)  
SONIC - CAMP FORD, L.P. (a Texas limited partnership)  
SONIC – CAPITAL CHEVROLET, INC. (an Ohio corporation)  
SONIC – CAPITOL CADILLAC, INC. (a Michigan corporation)

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SONIC – CAPITOL IMPORTS, INC. (a South Carolina corporation)  
SONIC – CARROLLTON V, L.P. (a Texas limited partnership)  
SONIC – CARSON F, INC. (a California corporation)  
SONIC – CARSON LM, INC. (a California corporation)  
SONIC – CHATTANOOGA D EAST, LLC (a Tennessee limited liability company)  
SONIC - CLASSIC DODGE, INC. (an Alabama corporation)  
SONIC – CLEAR LAKE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC – COAST CADILLAC, INC. (a California corporation)  
SONIC – CREST CADILLAC, LLC (a Tennessee limited liability company)  
SONIC – CREST H, LLC (a Tennessee limited liability company)  
SONIC – DENVER T, INC. (a Colorado corporation)  
SONIC – DENVER VOLKSWAGEN, INC. (a Colorado corporation)  
SONIC DEVELOPMENT, LLC (a North Carolina limited liability company)  
SONIC – DOWNEY CADILLAC, INC. (a California corporation)  
SONIC – DUBLIN M, INC. (a California corporation)  
SONIC – ENGLEWOOD M, INC. (a Colorado corporation)  
SONIC ESTORE, INC. (a North Carolina corporation)  
SONIC - FM AUTOMOTIVE, LLC (a Florida limited liability company)  
SONIC - FM, INC. (a Florida corporation)  
SONIC - FM VW, INC. (a Florida corporation)  
SONIC – FORT MILL CHRYSLER JEEP, INC. (a South Carolina corporation)  
SONIC – FORT MILL DODGE, INC. (a South Carolina corporation)  
SONIC – FORT WORTH T, L.P. (a Texas limited partnership)  
SONIC – FRANK PARRA AUTOPLEX, L.P. (a Texas limited partnership)  
SONIC – FREELAND, INC. (a Florida corporation)  
SONIC - GLOBAL IMPORTS, L.P. (a Georgia limited partnership)  
SONIC-GLOVER, INC. (an Oklahoma corporation)  
SONIC – HARBOR CITY H, INC. (a California corporation)  
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SONIC – LS, LLC (a Delaware limited liability company)  
SONIC – LS CHEVROLET, L.P. (a Texas limited partnership)  
SONIC – LAKE NORMAN CHRYLSER JEEP, LLC (a North Carolina limited liability company)  
SONIC – LAKE NORMAN DODGE, LLC (a North Carolina limited liability company)  
SONIC - LAS VEGAS C EAST, LLC (a Nevada limited liability company)  
SONIC - LAS VEGAS C WEST, LLC (a Nevada limited liability company)  
SONIC - LLOYD NISSAN, INC. (a Florida corporation)  
SONIC - LLOYD PONTIAC – CADILLAC, INC. (a Florida corporation)  
SONIC – LONE TREE CADILLAC, INC. (a Colorado corporation)  
SONIC - LUTE RILEY, L. P. (a Texas limited partnership)  
SONIC - MANHATTAN FAIRFAX, INC. (a Virginia corporation)  
SONIC - MANHATTAN WALDORF, INC. (a Maryland corporation)  
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SONIC – MESQUITE HYUNDAI, L.P. (a Texas limited partnership)  
SONIC - MONTGOMERY FLM, INC. (an Alabama corporation)  
SONIC - NEWSOME CHEVROLET WORLD, INC. (a South Carolina corporation)  
SONIC - NEWSOME OF FLORENCE, INC. (a South Carolina corporation)  
SONIC – NORTH CADILLAC, INC. (a Florida corporation)  
SONIC - NORTH CHARLESTON, INC. (a South Carolina corporation)  
SONIC - NORTH CHARLESTON DODGE, INC. (a South Carolina corporation)  
SONIC – OKLAHOMA T, INC. (an Oklahoma corporation)

SONIC PEACHTREE INDUSTRIAL BLVD., L.P. (a Georgia limited partnership)  
SONIC – PLYMOUTH CADILLAC, INC. (a Michigan corporation)  
SONIC – READING, L.P. (a Texas limited partnership)  
SONIC RESOURCES, INC. (a Nevada corporation)  
SONIC – RICHARDSON F, L.P. (a Texas limited partnership)  
SONIC – RICHMOND VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC-RIVERSIDE, INC. (an Oklahoma corporation)  
SONIC - RIVERSIDE AUTO FACTORY, INC. (an Oklahoma corporation)  
SONIC - ROCKVILLE IMPORTS, INC. (a Maryland corporation)  
SONIC - ROCKVILLE MOTORS, INC. (a Maryland corporation)  
SONIC - SAM WHITE NISSAN, L.P. (a Texas limited partnership)  
SONIC – SAM WHITE OLDSMOBILE, L.P. (a Texas limited partnership)  
SONIC – SANFORD CADILLAC, INC. (a Florida corporation)  
SONIC – SERRAMONTE I, INC. (a California corporation)  
SONIC - SHOTTENKIRK, INC. (a Florida corporation)  
SONIC – SOUTH CADILLAC, INC. (a Florida corporation)  
SONIC – STEVENS CREEK B, INC. (a California corporation)  
SONIC – STONE MOUNTAIN CHEVROLET, L.P. (a Georgia limited partnership)  
SONIC – SUPERIOR OLDSMOBILE, LLC (a Tennessee limited liability company)  
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SONIC - WILLIAMS CADILLAC, INC. (an Alabama corporation)  
SONIC - WILLIAMS IMPORTS, INC. (an Alabama corporation)  
SONIC - WILLIAMS MOTORS, LLC (an Alabama limited liability company)  
SPEEDWAY CHEVROLET, INC. (an Oklahoma corporation)  
STEVENS CREEK CADILLAC, INC. (a California corporation)  
TOWN AND COUNTRY FORD, INCORPORATED (a North Carolina corporation)  
TOWN AND COUNTRY FORD OF CLEVELAND, LLC (a Tennessee limited liability company)  
TOWN AND COUNTRY JAGUAR, LLC (a Tennessee limited liability company)  
TRANSCAR LEASING, INC. (a California corporation)  
VILLAGE IMPORTED CARS, INC. (a Maryland corporation)  
WINDWARD, INC. (a Hawaii corporation)  
WRANGLER INVESTMENTS, INC. (an Oklahoma corporation)  
Z MANAGEMENT, INC. (a Colorado corporation)  
SRE ALABAMA - 2, LLC (an Alabama limited liability company)  
SRE ALABAMA - 3, LLC (an Alabama limited liability company)  
SRE ALABAMA – 4, LLC (an Alabama limited liability company)  
SRE ALABAMA – 5, LLC (an Alabama limited liability company)  
SREALESTATE ARIZONA - 1, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 2, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 3, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 4, LLC (an Arizona limited liability company)  
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SRE CALIFORNIA – 1, LLC (a California limited liability company)  
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SRE CALIFORNIA – 3, LLC (a California limited liability company)  
SRE CALIFORNIA – 4, LLC (a California limited liability company)  
SRE CALIFORNIA – 5, LLC (a California limited liability company)

SRE CALIFORNIA – 6, LLC (a California limited liability company)  
SRE COLORADO – 1, LLC (a Colorado limited liability company)  
SRE COLORADO – 2, LLC (a Colorado limited liability company)  
SRE COLORADO – 3, LLC (a Colorado limited liability company)  
SRE FLORIDA - 1, LLC (a Florida limited liability company)  
SRE FLORIDA - 2, LLC (a Florida limited liability company)  
SRE FLORIDA - 3, LLC (a Florida limited liability company)  
SRE GEORGIA – 1, L.P. (a Georgia limited partnership)  
SRE GEORGIA – 2, L.P. (a Georgia limited partnership)  
SRE GEORGIA – 3, L.P. (a Georgia limited partnership)  
SRE HOLDING, LLC (a North Carolina limited liability company)  
SRE MARYLAND – 1, LLC (a Maryland limited liability company)  
SRE MARYLAND – 2, LLC (a Maryland limited liability company)  
SRE MICHIGAN – 1, LLC (a Michigan limited liability company)  
SRE MICHIGAN – 2, LLC (a Michigan limited liability company)  
SRE MICHIGAN – 3, LLC (a Michigan limited liability company)  
SRE NEVADA – 1, LLC (a Nevada limited liability company)  
SRE NEVADA – 2, LLC (a Nevada limited liability company)  
SRE NEVADA – 3, LLC (a Nevada limited liability company)  
SRE NEVADA – 4, LLC (a Nevada limited liability company)  
SRE NEVADA – 5, LLC (a Nevada limited liability company)  
SRE NORTH CAROLINA – 1, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA – 2, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA – 3, LLC (a North Carolina limited liability company)  
SRE OKLAHOMA – 1, LLC (an Oklahoma limited liability company)  
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SRE OKLAHOMA – 3, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 4, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 5, LLC (an Oklahoma limited liability company)  
SRE SOUTH CAROLINA - 2, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA – 3, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA – 4, LLC (a South Carolina limited liability company)  
SRE TENNESSEE - 1, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 2, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 3, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 4, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 5, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 6, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 7, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 8, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 9, LLC (a Tennessee limited liability company)  
SRE TEXAS - 1, L.P. (a Texas limited partnership)  
SRE TEXAS - 2, L.P. (a Texas limited partnership)  
SRE TEXAS - 3, L.P. (a Texas limited partnership)  
SRE TEXAS – 4, L.P. (a Texas limited partnership)  
SRE TEXAS – 5, L.P. (a Texas limited partnership)  
SRE TEXAS – 6, L.P. (a Texas limited partnership)  
SRE TEXAS – 7, L.P. (a Texas limited partnership)  
SRE TEXAS – 8, L.P. (a Texas limited partnership)  
SRE VIRGINIA - 1, LLC (a Virginia limited liability company)  
SRE VIRGINIA – 2, LLC (a Virginia limited liability company)  
as Guarantors,

and

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**U.S. Bank National Association, as Trustee**

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**INDENTURE**

**Dated as of August 12, 2003**

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**8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013**

Reconciliation and tie between Trust Indenture Act of 1939,  
as amended, and Indenture, dated as of August 12, 2003

Trust Indenture Act Section		Indenture Section
§ 310	(a)(1)	609
	(a)(2)	609
	(b)	608, 610
§ 311	(a)	613
§ 312	(a)	701
	(b)	702
	(c)	702
§ 313	(a)	703
	(b)(2)	703
	(c)	703, 704
§ 314	(a)	704
	(a)(4)	1018
	(c)(1)	103
	(c)(2)	103
	(e)	103
§ 315	(a)	601(b)
	(b)	602
	(c)	601(a)
	(d)	601(c), 603
	(e)	514
§ 316	(a)(last sentence)	101 (“Outstanding”)
	(a)(1)(A)	512
	(a)(1)(B)	513
	(b)	508
	(c)	105(e)
§ 317	(a)(1)	503(b)
	(a)(2)	504
	(b)	1003
§ 318	(a)	108

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of this Indenture.

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EXHIBIT B Restricted Security Certificate

EXHIBIT C Unrestricted Security Certificate

APPENDIX I Form of Transferee Certificate for Series A Securities

APPENDIX II Form of Transferee Certificate for Series B Securities

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INDENTURE, dated as of August 12, 2003, between Sonic Automotive, Inc., a Delaware corporation (the "Company"), the guarantors set forth on the signature pages hereto (each a "Guarantor" and collectively, the "Guarantors") and U.S. Bank National Association, as Trustee (the "Trustee").

RECITALS OF THE COMPANY AND THE GUARANTORS

The Company has duly authorized the creation of an issue of (i) 8 5/8% Senior Subordinated Notes due 2013, Series A (the "Series A Securities") and (ii) 8 5/8% Senior Subordinated Notes due 2013, Series B (the "Series B Securities" and, together with the Series A Securities, the "Securities") of substantially the tenor and amount hereinafter set forth (subject to the ability of the Company to issue additional Securities hereunder as described herein), and to provide therefor the Company has duly authorized the execution and delivery of this Indenture and the Securities;

Each Guarantor has duly authorized the issuance of a Guarantee of the Securities, of substantially the tenor hereinafter set forth, and to provide therefor, each Guarantor has duly authorized the execution and delivery of this Indenture and its Guarantee;

Upon the issuance of the Series B Securities, this Indenture is subject to, and shall be governed by, the provisions of the Trust Indenture Act that are required to be part of and to govern indentures qualified under the Trust Indenture Act;

All acts and things necessary have been done to make (i) the Securities, when duly issued and executed by the Company and authenticated and delivered hereunder, the valid obligations of the Company, (ii) the Guarantees, when executed by each of the Guarantors and delivered hereunder, the valid obligation of each of the Guarantors and (iii) this Indenture a valid agreement of the Company and each of the Guarantors in accordance with the terms of this Indenture;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

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- (a) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;
  - (b) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
  - (c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP;
  - (d) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;
  - (e) all references to \$, US\$, dollars or United States dollars shall refer to the lawful currency of the United States of America; and
  - (f) all references herein to particular Sections or Articles refer to this Indenture unless otherwise so indicated.

Certain terms used principally in Article Four are defined in Article Four.

“Acquired Indebtedness” means Indebtedness of a Person

- (i) existing at the time such Person becomes a Restricted Subsidiary;
- (ii) Indebtedness of any other Person existing at the time such other Person is merged with or into or becomes a Restricted Subsidiary of such specified Person; or
- (iii) assumed in connection with the acquisition of assets from such Person,

in each case, other than Indebtedness incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, as the case may be. Acquired Indebtedness shall be deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Restricted Subsidiary, as the case may be.

“Additional Securities” means further Securities (other than the Initial Securities issued on the date of this Indenture) issued under this Indenture in accordance with the terms of this Indenture, including Sections 303 and 1108 hereof, as part of the same series as the Initial Securities, ranking equally with the Initial Securities in all respects, subject to compliance with Section 1008 herein. The terms of the Initial Securities and any Additional Securities may have different issuance dates and dates from which interest accrues and shall be part of the same series. The Initial Securities and any Additional Securities subsequently issued under this Indenture will be consolidated and form a single series for all purposes under this Indenture, including, without limitation, voting, status, redemptions, waivers and amendments.



“Affiliate” means, with respect to any specified Person: (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person; (ii) any other Person that owns, directly or indirectly, 10% or more of such specified Person’s Capital Stock or any officer or director of any such specified Person or other Person or, with respect to any natural Person, any person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin; or (iii) any other Person 10% or more of the Voting Stock of which is beneficially owned or held directly or indirectly by such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Applicable Procedures” means, with respect to any transfer or transaction involving a Global Security or beneficial interest therein, the rules and procedures of the Depository for such Security, Euroclear and Clearstream, in each case to the extent applicable to such transaction and as in effect at the time of such transfer or transaction.

“Asset Sale” means any sale, issuance, conveyance, transfer, lease or other disposition (including, without limitation, by way of merger, consolidation or sale and leaseback transaction) (collectively, a “transfer”), directly or indirectly, in one or a series of related transactions, of: (i) any Capital Stock of any Restricted Subsidiary (other than directors’ qualifying shares and transfers of Capital Stock required by a Manufacturer to the extent the Company does not receive cash or Cash Equivalents for such Capital Stock); (ii) all or substantially all of the properties and assets of any division or line of business of the Company or any Restricted Subsidiary; or (iii) any other properties or assets of the Company or any Restricted Subsidiary other than in the ordinary course of business. For the purposes of this definition, the term “Asset Sale” shall not include any transfer of properties and assets (A) that is governed by the provisions described under Article Eight hereof, (B) that is by the Company to any Restricted Subsidiary, or by any Restricted Subsidiary to the Company or any Restricted Subsidiary in accordance with the terms of this Indenture, (C) that is of obsolete equipment, (D) that consists of defaulted receivables for collection or any sale, transfer or other disposition of defaulted receivables for collection, (E) the Fair Market Value of which in the aggregate does not exceed \$2.5 million in any transaction or series of related transactions; or (F) any Restricted Payment permitted under Section 1009 herein.

“Average Life to Stated Maturity” means, as of the date of determination with respect to any Indebtedness, the quotient obtained by dividing (i) the sum of the products of (a) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Indebtedness multiplied by (b) the amount of each such principal payment; by (ii) the sum of all such principal payments.

“Bankruptcy Law” means Title 11, United States Bankruptcy Code of 1978, as amended, or any similar United States federal or state law or foreign law relating to the bankruptcy, insolvency, receivership, winding up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

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“Board of Directors” means the board of directors of the Company or any Guarantor, as the case may be, or any duly authorized committee of such board.

“Board Resolution” means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company or any Guarantor, as the case may be, to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“Book-Entry Security” means any Global Securities bearing the legend specified in Section 202 evidencing all or part of a series of Securities, authenticated and delivered to the Depository for such series or its nominee, and registered in the name of such Depository or nominee.

“Business Day” means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions or trust companies in The City of New York or the city in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law, regulation or executive order to close.

“Capital Lease Obligation” of any Person means any obligation of such Person and its Subsidiaries on a Consolidated basis under any capital lease of real or personal property which, in accordance with GAAP, is required to be recorded as a capitalized lease obligation on the books of the lessee.

“Capital Stock” of any Person means any and all shares, interests, participations, rights in or other equivalents (however designated) of such Person’s capital stock or other equity interests whether now outstanding or issued after the date of this Indenture, including limited liability company interests, partnership interests (whether general or limited), any other interest or participation that confers on a Person that right to receive a share of the profits and losses of, or distributions of assets of (other than a distribution in respect of Indebtedness), the issuing Person, including any Preferred Stock and any rights (other than debt securities convertible into Capital Stock), warrants or options exchangeable for or convertible into such Capital Stock.

“Cash Equivalents” means (i) marketable direct obligations, maturing not more than one year after the date of acquisition, issued by the United States of America, or an instrumentality or agency thereof, and guaranteed fully as to principal, premium, if any, and interest by the United States of America, (ii) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by a commercial banking institution that is a member of the Federal Reserve System and that has combined capital and surplus and undivided profits of not less than \$500 million, whose debt has a rating, at the time as of which any investment therein is made, of “P-1” (or higher) according to Moody’s or any successor rating agency or “A-1” (or higher) according to S&P or any successor rating agency, (iii) commercial paper, maturing not more than 270 days after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Company) organized and existing under the laws of the United States of America with a rating, at the time as of which any investment therein is made, of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P and (iv)

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any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of \$500 million; provided that the short term debt of such commercial bank has a rating, at the time of Investment, of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P.

"Change of Control" means the occurrence of any of the following events: (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have beneficial ownership of all shares that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total outstanding Voting Stock of the Company; (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election to such board or whose nomination for election by the stockholders of the Company was approved by a vote of 66 2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved), cease for any reason to constitute a majority of such Board of Directors then in office; (iii) the Company consolidates with or merges with or into any Person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person, or any Person consolidates with or merges into or with the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is converted into or exchanged for cash, securities or other property, other than any such transaction where (A) the outstanding Voting Stock of the Company is changed into or exchanged for (x) Voting Stock of the surviving corporation which is not Redeemable Capital Stock or (y) cash, securities and other property (other than Capital Stock of the surviving corporation) in an amount which could be paid by the Company as a Restricted Payment as described in Section 1009 herein (and such amount shall be treated as a Restricted Payment subject to the provisions in this Indenture described in Section 1009 herein) and (B) immediately after such transaction, no "person" or "group," other than Permitted Holders, is the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, more than 35% of the total outstanding Voting Stock of the surviving corporation; or (iv) the Company is liquidated or dissolved or adopts a plan of liquidation or dissolution other than in a transaction which complies with the provisions described under Article Eight herein. For purposes of this definition, any transfer of an equity interest of an entity that was formed for the purpose of acquiring voting stock of the Company will be deemed to be a transfer of such portion of such voting stock as corresponds to the portion of the equity of such entity that has been so transferred.

"Clearstream" means Clearstream Banking, société anonyme (or any successor securities clearing agency).

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under

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the Securities Act, Exchange Act and Trust Indenture Act then the body performing such duties at such time.

“Commodity Price Protection Agreement” means any forward contract, commodity swap, commodity option or other similar financial agreement or arrangement relating to, or the value which is dependent upon, fluctuations in commodity prices.

“Company” means Sonic Automotive, Inc., a corporation incorporated under the laws of Delaware, until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Company” shall mean such successor Person.

“Company Request” or “Company Order” means a written request or order signed in the name of the Company by any one of its Chairman of the Board, its President, its Chief Executive Officer, its Chief Financial Officer or a Vice President (regardless of Vice Presidential designation), and by any one of its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

“Consolidated Fixed Charge Coverage Ratio” of any Person means, for any period, the ratio of (a) the sum of Consolidated Net Income (Loss), and in each case to the extent deducted in computing Consolidated Net Income (Loss) for such period, Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-cash Charges for such period, of such Person and its Restricted Subsidiaries on a Consolidated basis, all determined in accordance with GAAP, less all noncash items increasing Consolidated Net Income for such period and less all cash payments during such period relating to noncash charges that were added back to Consolidated Net Income in determining the Consolidated Fixed Charge Coverage Ratio in any prior period to (b) the sum of Consolidated Interest Expense for such period and cash and noncash dividends paid on any Preferred Stock of such Person during such period, in each case after giving *pro forma* effect to (i) the incurrence of the Indebtedness giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness was incurred, and the application of such proceeds occurred, on the first day of such period; (ii) the incurrence, repayment or retirement of any other Indebtedness by the Company and its Restricted Subsidiaries since the first day of such period as if such Indebtedness was incurred, repaid or retired at the beginning of such period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility shall be computed based upon the average daily balance of such Indebtedness during such period); (iii) in the case of Acquired Indebtedness or any acquisition occurring at the time of the incurrence of such Indebtedness, the related acquisition, assuming such acquisition had been consummated on the first day of such period; and (iv) any acquisition or disposition by the Company and its Restricted Subsidiaries of any company or any business or any assets out of the ordinary course of business, whether by merger, stock purchase or sale or asset purchase or sale, or any related repayment of Indebtedness, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period; *provided* that (i) in making such computation, the Consolidated Interest Expense attributable to interest on any Indebtedness computed on a *pro forma* basis and (A) bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period (subject to any applicable Interest Rate Agreement) and (B) which was

not outstanding during the period for which the computation is being made but which bears, at the option of such Person, a fixed or floating rate of interest, shall be computed by applying at the option of such Person either the fixed or floating rate and (ii) in making such computation, the Consolidated Interest Expense of such Person attributable to interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

“Consolidated Income Tax Expense” of any Person means, for any period, the provision for federal, state, local and foreign income taxes of such Person and its Consolidated Restricted Subsidiaries for such period as determined in accordance with GAAP.

“Consolidated Interest Expense” of any Person means, without duplication, for any period, the sum of (a) the interest expense of such Person and its Restricted Subsidiaries for such period, on a Consolidated basis (other than interest expense under any Inventory Facility), including, without limitation, (i) amortization of debt discount, (ii) the net costs associated with Interest Rate Agreements, Currency Hedging Agreements and Commodity Price Protection Agreements (including amortization of discounts), (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing and (v) accrued interest, plus (b) (i) the interest component of the Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period and (ii) all capitalized interest of such Person and its Restricted Subsidiaries, plus (c) the interest expense under any Guaranteed Debt of such Person and any Restricted Subsidiary to the extent not included under clause (a)(iv) above, whether or not paid by such Person or its Restricted Subsidiaries but excluding, in the case of (a), (b) and (c), the amortization or write off of deferred financing costs.

“Consolidated Net Income (Loss)” of any Person means, for any period, the Consolidated net income (or loss) of such Person and its Restricted Subsidiaries for such period on a Consolidated basis as determined in accordance with GAAP, adjusted, to the extent included in calculating such net income (or loss), by excluding, without duplication, (i) all extraordinary gains or losses net of taxes (less all fees and expenses relating thereto), (ii) the portion of net income (or loss) of such Person and its Restricted Subsidiaries on a Consolidated basis allocable to minority interests in unconsolidated Persons or Unrestricted Subsidiaries to the extent that cash dividends or distributions have not actually been received by such Person or one of its Consolidated Restricted Subsidiaries, (iii) net income (or loss) of any Person combined with such Person or any of its Restricted Subsidiaries on a “pooling of interests” basis attributable to any period prior to the date of combination, (iv) any gain or loss, net of taxes, realized upon the termination of any employee pension benefit plan, (v) gains or losses, net of taxes (less all fees and expenses relating thereto), in respect of dispositions of assets other than in the ordinary course of business, (vi) the net income of any Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is not at the time permitted, 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, (vii) any restoration to net income of any contingency reserve, except to the extent provision for such reserve was made out of income

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accrued at any time following the Issue Date, or (viii) any net gain arising from the acquisition of any securities or extinguishment, under GAAP, of any Indebtedness of such Person.

“Consolidated Non-cash Charges” of any Person means, for any period, the aggregate depreciation, amortization and other non-cash charges of such Person and its subsidiaries on a Consolidated basis for such period, as determined in accordance with GAAP (excluding any non-cash charge which requires an accrual or reserve for cash charges for any future period).

“Consolidated Tangible Assets” of any Person means (a) all amounts that would be shown as assets on a Consolidated balance sheet of such Person and its Restricted Subsidiaries prepared in accordance with GAAP, less (b) the amount thereof constituting goodwill and other intangible assets as calculated in accordance with GAAP.

“Consolidation” means, with respect to any Person, the consolidation of the accounts of such Person and each of its subsidiaries if and to the extent the accounts of such Person and each of its subsidiaries would normally be consolidated with those of such Person, all in accordance with GAAP. The term “Consolidated” shall have a similar meaning.

“Corporate Trust Office” means the office of the Trustee or an affiliate or agent thereof at which at any particular time the corporate trust business for the purposes of this Indenture shall be principally administered, which office at the date of execution of this Indenture is located at 60 Livingston Avenue, St. Paul, Minnesota 55107.

“Currency Hedging Agreements” means one or more of the following agreements which shall be entered into by one or more financial institutions: foreign exchange contracts, currency swap agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency values.

“Default” means any event which is, or after notice or passage of any time or both would be, an Event of Default.

“Depository” means, with respect to the Securities issued in the form of one or more Book-Entry Securities, The Depository Trust Company (“DTC”), its nominees and successors, or another Person designated as Depository by the Company, which must be a clearing agency registered under the Exchange Act.

“Designated Noncash Consideration” means the Fair Market Value of non-cash consideration received by the Company or any of its Restricted Subsidiaries in connection with an Asset Sale that is so designated pursuant to an Officer’s Certificate, setting forth the basis of the valuation. The aggregate Fair Market Value of the Designated Noncash Consideration, taken together with the Fair Market Value at the time of receipt of all other Designated Noncash Consideration received to the date thereof and then held by the Company or a Restricted Subsidiary, may not exceed \$25 million in the aggregate outstanding at any one time (with the Fair Market Value being measured at the time received and without giving effect to subsequent changes in value).

“Designated Senior Indebtedness” means (i) all Senior Indebtedness under the Floor Plan Facility, the Mortgage Loan or the Revolving Facility and (ii) any other Senior Indebtedness which at the time of determination has an aggregate principal amount outstanding of at least \$25 million and which is specifically designated in the instrument evidencing such Senior Indebtedness or the agreement under which such Senior Indebtedness arises as “Designated Senior Indebtedness” by the Company.

“Disinterested Director” means, with respect to any transaction or series of related transactions, a member of the Board of Directors of the Company who does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions.

“11% Securities” means the 11% Senior Subordinated Notes due 2008 issued under the Indenture, dated as of July 1, 1998, and the Indenture, dated as of November 19, 2001, each of them among the Company, the Trustee and the other parties thereto, as such agreements have been and may be amended or supplemented from time to time.

“Euroclear” means Euroclear Bank S.A./N.V., as operator of the Euroclear Clearance System (or any successor securities clearing agency).

“Event of Default” has the meaning specified in Section 501.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

“Exchange Offer” means the exchange offer by the Company and the Guarantors of Series B Securities for Series A Securities to be effected pursuant to Section 2.1 of the Registration Rights Agreement.

“Exchange Offer Registration Statement” means the registration statement under the Securities Act contemplated by Section 2.1 of the Registration Rights Agreement.

“Fair Market Value” means, with respect to any asset or property, the sale value that would be obtained in an arm’s-length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy. Fair Market Value shall be determined by the Board of Directors of the Company acting in good faith and shall be evidenced by a Board Resolution.

“Floor Plan Facility” means an agreement from Ford Motor Credit Company, Daimler Chrysler Services North America LLC, Toyota Motor Credit Corporation, General Motors Acceptance Corporation or any other bank or asset-based lender pursuant to which the Company or any Restricted Subsidiary incurs 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 business of the Company 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 the property of the dealership(s) which use the proceeds of the Floor Plan Facility.

“Generally Accepted Accounting Principles” or “GAAP” means generally accepted accounting principles in the United States, consistently applied, which (i) for the purpose of determining compliance with the covenants contained in this Indenture, were in effect as of the Issue Date, and (ii) for purposes of compliance with the reporting requirements contained in this Indenture, are in effect from time to time.

“Global Securities” means the Rule 144A Global Securities, the Regulation S Global Securities and the Series B Global Securities to be issued as Book-Entry Securities issued to the Depositary in accordance with Section 306.

“Guarantee” means the guarantee by any Guarantor of the Company’s Indenture Obligations.

“Guaranteed Debt” of any Person means, without duplication, all Indebtedness of any other Person referred to in the definition of Indebtedness below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (iii) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered), (iv) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor or to cause such debtor to achieve certain levels of financial performance or (v) otherwise to assure a creditor against loss; *provided* that the term “guarantee” shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

“Guarantor” means any Subsidiary which is a guarantor of the Securities, including any Person that is required to execute a guarantee of the Securities pursuant to Section 1011 or Section 1013 until a successor replaces such party pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor.

“Holder” means a Person in whose name a Security is registered in the Security Register.

“Indebtedness” means, with respect to any Person, without duplication, (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities arising in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities, (ii) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments, (iii) all indebtedness created



or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business, (iv) all net obligations of such Person under Interest Rate Agreements, Currency Hedging Agreements or Commodity Price Protection Agreements of such Person, (v) all Capital Lease Obligations of such Person, (vi) all Indebtedness referred to in clauses (i) through (v) above of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, (vii) all Guaranteed Debt of such Person, (viii) all Redeemable Capital Stock issued by such Person valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued and unpaid dividends, (ix) Preferred Stock of any Restricted Subsidiary of the Company which is not a Guarantor and (x) any amendment, supplement, modification, deferral, renewal, extension, refunding or refinancing of any liability of the types referred to in clauses (i) through (ix) above. For purposes hereof, the "maximum fixed repurchase price" of any Redeemable Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Redeemable Capital Stock, such Fair Market Value to be determined in good faith by the board of directors of the issuer of such Redeemable Capital Stock.

"Indenture" means this instrument as originally executed (including all exhibits and schedules thereto) and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Indenture Obligations" means the obligations of the Company and any other obligor under this Indenture or under the Securities, including any Guarantor, to pay principal of, premium, if any, and interest when due and payable, and all other amounts due or to become due under or in connection with this Indenture, the Securities and the performance of all other obligations to the Trustee and the Holders under this Indenture and the Securities, according to the respective terms hereof and thereof.

"Initial Purchasers" means Banc of America Securities LLC, J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (or the initial purchasers with respect to Additional Securities issued after the date hereof).

"Initial Securities" means Securities issued on the date hereof.

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Securities.

"Interest Rate Agreements" means one or more of the following agreements which shall be entered into by one or more financial institutions: interest rate protection

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agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) and/or other types of interest rate hedging agreements from time to time.

“Inventory Facility” means any Floor Plan Facility or any other agreement (including pursuant to a commercial paper program) pursuant to which the Company or any Restricted Subsidiary incurs Indebtedness, 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 business of the Company and its Restricted Subsidiaries and which may not be secured except by Lien that does not extend to or cover any property other than the property of the dealership(s) which use the proceeds of the Inventory Facility or other dealerships who have incurred Indebtedness from the same lender.

“Investment” means, with respect to any Person, directly or indirectly, any advance, loan (including guarantees), or other extension of credit or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) (but for clarity purposes excluding trade receivables and prepaid expenses, in each case arising in the ordinary course of business), or any purchase, acquisition or ownership by such Person of any Capital Stock, bonds, notes, debentures or other securities issued or owned by any other Person and all other items that would be classified as investments on a balance sheet prepared in accordance with GAAP.

“Issue Date” means the original issue date of the Securities under this Indenture.

“Lien” means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege, security interest, assignment, deposit, arrangement, easement, hypothecation, claim, preference, priority or other encumbrance upon or with respect to any property of any kind (including any conditional sale, capital lease or other title retention agreement, any leases in the nature thereof, and any agreement to give any security interest), real or personal, movable or immovable, now owned or hereafter acquired. A Person will be deemed to own subject to a Lien any property which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease Obligation or other title retention agreement.

“Manufacturer” means a vehicle manufacturer which is a party to a dealership franchise agreement with the Company or any Restricted Subsidiary.

“Maturity” means, when used with respect to the Securities, the date on which the principal of the Securities becomes due and payable as therein provided or as provided in this Indenture, whether at Stated Maturity, the Offer Date or the Redemption Date and whether by declaration of acceleration, Offer in respect of Excess Proceeds, Change of Control Offer in respect of a Change of Control, call for redemption or otherwise.

“Moody’s” means Moody’s Investors Service, Inc. or any successor rating agency.

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“Mortgage Loan” means the revolving real estate acquisition and construction line of credit and related mortgage refinancing facility dated as of December 31, 2002 between the Company and with Toyota Motor Credit Corporation, as may be amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time, including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing.

“Net Cash Proceeds” means (a) with respect to any Asset Sale by any Person, the proceeds thereof (without duplication in respect of all Asset Sales) in the form of cash or Temporary Cash Investments including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary) net of (i) brokerage commissions and other reasonable fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale, (ii) provisions for all taxes payable as a result of such Asset Sale, (iii) payments made to retire Indebtedness where payment of such Indebtedness is secured by the assets or properties the subject of such Asset Sale, (iv) amounts required to be paid to any Person (other than the Company or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale and (v) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an Officers’ Certificate delivered to the Trustee and (b) with respect to any issuance or sale of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that have been converted into or exchanged for Capital Stock as referred to in Section 1009, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Temporary Cash Investments (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary), net of attorney’s fees, accountant’s fees and brokerage, consultation, underwriting and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Non-U.S. Person” means a Person that is not a “U.S. person” as defined in Regulation S under the Securities Act.

“Officers’ Certificate” means a certificate signed by the Chairman of the Board, the President, the Chief Executive Officer, the Chief Financial Officer or a Vice President (regardless of Vice Presidential designation), and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company or any Guarantor, as the case may be, and in form and substance reasonably satisfactory to, and delivered to, the Trustee.

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“Opinion of Counsel” means a written opinion of counsel, who may be an employee or counsel for the Company, any Guarantor or the Trustee, unless an Opinion of Independent Counsel is required pursuant to the terms of this Indenture, and who shall be acceptable to the Trustee, and which opinion shall be in form and substance reasonably satisfactory to the Trustee.

“Opinion of Independent Counsel” means a written opinion of counsel which is issued by a Person who is not an employee, director or consultant (other than non-employee legal counsel) of the Company or any Guarantor and who shall be acceptable to the Trustee, and which opinion shall be in form and substance reasonably satisfactory to the Trustee.

“Outstanding” when used with respect to Securities means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(a) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company or an Affiliate thereof) in trust or set aside and segregated in trust by the Company or an Affiliate thereof (if the Company or an Affiliate thereof shall act as its own Paying Agent) for the Holders of such Securities; *provided* that if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor reasonably satisfactory to the Trustee has been made;

(c) Securities, to the extent provided in Sections 402 and 403, with respect to which the Company has effected defeasance or covenant defeasance as provided in Article Four; and

(d) Securities in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee and the Company proof reasonably satisfactory to each of them that such Securities are held by a bona fide purchaser in whose hands the Securities are valid obligations of the Company;

*provided, however*, that in determining whether the Holders of the requisite principal amount of Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company, any Guarantor, or any other obligor upon the Securities or any Affiliate of the Company, any Guarantor or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the reasonable satisfaction of the Trustee the pledgee’s right so to act with respect to such Securities and that the pledgee is not the Company, any

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Guarantor or any other obligor upon the Securities or any Affiliate of the Company, any Guarantor or such other obligor.

“Pari Passu Indebtedness” means (a) any Indebtedness of the Company that is *pari passu* in right of payment to the Securities (including without limitation, the 11% Securities while outstanding) and (b) with respect to any Guarantee, Indebtedness which ranks *pari passu* in right of payment to such Guarantee (including without limitation, the Guarantees with respect to the 11% Securities while outstanding).

“Paying Agent” means any Person (including the Company) authorized by the Company to pay the principal of, premium, if any, or interest on, any Securities on behalf of the Company.

“Permitted Holders” means (i) Mr. O. Bruton Smith or Mr. William S. Egan and their respective guardians, conservators, committees, or attorneys-in-fact; (ii) lineal descendants of Mr. Smith or Mr. Egan (in either case, a “Descendant”) and their respective guardians, conservators, committees or attorneys-in-fact; and (iii) each “Family Controlled Entity” (as defined herein). The term “Family Controlled Entity” means (a) any not-for-profit corporation if at least 80% of its board of directors is composed of Mr. Smith, Mr. Egan and/or Descendants; (b) any other corporation if at least 80% of the value of its outstanding equity is owned by a Permitted Holder; (c) any partnership if at least 80% of the value of the partnership interests are owned by a Permitted Holder; (d) any limited liability or similar company if at least 80% of the value of the company is owned by a Permitted Holder; and (e) any trusts created for the benefit of any of the persons listed in (i) or (ii) of the prior sentence.

“Permitted Investment” means (i) Investments in any Restricted Subsidiary or any Person which, as a result of such Investment, (a) becomes a Restricted Subsidiary or (b) is merged or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or any Restricted Subsidiary; (ii) Indebtedness of the Company or a Restricted Subsidiary described under clauses, (vi), (vii) and (viii) of the definition of “Permitted Indebtedness”; (iii) Investments in any of the Securities; (iv) Temporary Cash Investments; (v) Investments acquired by the Company or any Restricted Subsidiary in connection with an Asset Sale permitted under Section 1012 herein to the extent such Investments are non-cash proceeds as permitted under such covenant; (vi) any Investment to the extent the consideration therefor consists of Qualified Capital Stock of the Company or any Restricted Subsidiary; (vii) Investments representing Capital Stock or obligations issued to the Company or any Restricted Subsidiary in the ordinary course of the good faith settlement of claims against any other Person by reason of a composition or readjustment of debt or a reorganization of any debtor or any Restricted Subsidiary; (viii) prepaid expenses advanced to employees in the ordinary course of business or other loans or advances to employees in the ordinary course of business not to exceed \$1 million in the aggregate at any one time outstanding; (ix) Investments in existence on the Issue Date; (x) deposits, including interest-bearing deposits, maintained in the ordinary course of business in banks or with floor plan lenders; endorsements for collection or deposit in the ordinary course of business by such Person of bank drafts and similar negotiable instruments of such other Person received as payment for ordinary course of business trade receivables; (xi) Investments acquired in exchange for the issuance of Capital Stock (other than

Redeemable Capital Stock or Preferred Stock) of the Company or acquired with the Net Cash Proceeds received by the Company after the date of this Indenture from the issuance and sale of Capital Stock (other than Redeemable Capital Stock or Preferred Stock); provided that such Net Cash Proceeds are used to make such Investment within 10 days of the receipt thereof and the amount of all such Net Cash Proceeds will be excluded from clause (3)(C) of the first paragraph of the covenant described under Section 1009(a); (xii) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and worker's compensation, performance and other similar deposits provided to third parties in the ordinary course of business; (xiii) consumer loans and leases entered into, purchased or otherwise acquired by the Company or its Subsidiaries, as lender, lessor or assignee, as applicable, in the ordinary course of business consistent with past practices; and (xiv) in addition to the Investments described in clauses (i) through (xiii) above, Investments in an amount not to exceed \$10 million in the aggregate at any one time outstanding. In connection with any assets or property contributed or transferred to any Person as an Investment, such property and assets shall be equal to the Fair Market Value (as determined by the Company's Board of Directors) at the time of Investment.

"Permitted Junior Payment" means any payment or other distribution to the holders of the Securities of securities of the Company or any other entity that are equity securities (other than Preferred Stock or Redeemable Capital Stock) or are subordinated in right of payment to all Senior Indebtedness to substantially the same extent as, or to a greater extent than, the holders of the Indenture Obligations are so subordinated.

"Permitted Guarantor Junior Payment" means any payment or other distribution to the holders of the Guarantees of securities of any Guarantor or any other entity that are equity securities (other than Preferred Stock or Redeemable Capital Stock) or are subordinated in right of payment to all Senior Guarantor Indebtedness to substantially the same extent as, or to a greater extent than, the holders of the Indenture Obligations are so subordinated.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 308 in exchange for a mutilated Security or in lieu of a lost, destroyed or stolen Security shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Security.

"Preferred Stock" means, with respect to any Person, any Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class in such Person.

"Prospectus" means the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including any such prospectus supplement with respect to the terms

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of the offering of any portion of the Series A Securities covered by a Shelf Registration Statement, and by all other amendments and supplements to a prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

“Purchase Money Obligation” means any Indebtedness secured by a Lien on assets related to the business of the Company and any additions and accessions thereto, which are purchased or constructed by the Company at any time after the Issue Date; *provided* that (i) the security agreement or conditional sales or other title retention contract pursuant to which the Lien on such assets is created (collectively a “Purchase Money Security Agreement”) shall be entered into within 90 days after the purchase or substantial completion of the construction of such assets and shall at all times be confined solely to the assets so purchased or acquired, any additions and accessions thereto and any proceeds therefrom, (ii) at no time shall the aggregate principal amount of the outstanding Indebtedness secured thereby be increased, except in connection with the purchase of additions and accessions thereto and except in respect of fees and other obligations in respect of such Indebtedness and (iii) (A) the aggregate outstanding principal amount of Indebtedness secured thereby (determined on a per asset basis in the case of any additions and accessions) shall not at the time such Purchase Money Security Agreement is entered into exceed 100% of the purchase price or construction cost to the Company of the assets subject thereto or (B) the Indebtedness secured thereby shall be with recourse solely to the assets so purchased or acquired or constructed, any additions and accessions thereto and any proceeds therefrom.

“Qualified Capital Stock” of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

“Redeemable Capital Stock” means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or exchangeable (at the option of the holders thereof), is or upon the happening of an event or passage of time would be, required to be redeemed prior to the final Stated Maturity of the principal of the Securities or is redeemable at the option of the holder thereof at any time prior to such final Stated Maturity (other than upon a change of control of or sale of assets by the Company in circumstances where a Holder would have similar rights), or is convertible into or exchangeable for debt securities at any time prior to any such Stated Maturity at the option of the holder thereof.

“Redemption Date” when used with respect to any Security to be redeemed pursuant to any provision in this Indenture means the date fixed for such redemption by or pursuant to this Indenture.

“Redemption Price” when used with respect to any Security to be redeemed pursuant to any provision in this Indenture means the price at which it is to be redeemed pursuant to this Indenture.

“Registration Rights Agreement” means (i) the Registration Rights Agreement, dated as of August 12, 2003, among the Company, the Guarantors and the Initial Purchasers and (ii) with respect to any Additional Securities issued subsequent to August 12, 2003, the

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registration rights agreement entered into for the benefit of the holders of such Additional Securities, if any.

“Registration Statement” means any registration statement of the Company and the Guarantors which covers the sale or issuance of any of the Series A Securities (and related guarantees) or Series B Securities (and related guarantees) pursuant to the provisions of the Registration Rights Agreement, and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

“Regular Record Date” for the interest payable on any Interest Payment Date means the February 1 or August 1 (whether or not a Business Day) next preceding such Interest Payment Date.

“Regulation S” means Regulation S under the Securities Act, as amended from time to time.

“Regulation S Global Securities” means one or more permanent global Securities in registered form representing the aggregate principal amount of Securities sold in reliance on Regulation S under the Securities Act.

“Responsible Officer” when used with respect to the Trustee means any officer or employee assigned to the Corporate Trust Office or any agent of the Trustee appointed hereunder, including any vice president, assistant vice president, secretary, assistant secretary, or any other officer or assistant officer of the Trustee or any agent of the Trustee appointed hereunder to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject.

“Replacement Assets” means properties and assets (other than cash or any Capital Stock or other security) that will be used in a business of the Company or its Restricted Subsidiaries existing on the Issue Date or in a business reasonably related thereto.

“Restricted Subsidiary” means any Subsidiary of the Company that has not been designated by the Board of Directors of the Company by a Board Resolution delivered to the Trustee as an Unrestricted Subsidiary pursuant to and in compliance with Section 1018 herein.

“Revolving Facility” means the Second Amended and Restated Credit Agreement dated as of February 5, 2003 between the Company and Ford Motor Credit Company, DaimlerChrysler Services North America LLC, Toyota Motor Credit Corporation, Bank of America, N.A. and the other lenders party thereto, and Ford Motor Credit Company, as agent, as such agreement, in whole or in part, may have been or may be amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time (including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing).



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“Rule 144A” means Rule 144A under the Securities Act, as amended from time to time.

“Rule 144A Global Securities” means one or more permanent global Securities in registered form representing the aggregate principal amount of Securities sold in reliance on Rule 144A under the Securities Act.

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw Hill Companies, Inc., and any successor rating agency.

“Securities Act” means the Securities Act of 1933, as amended, or any successor statute and the rules and regulations promulgated by the Commission thereunder.

“Senior Guarantor Indebtedness” means the principal of, premium, if any, and interest (including interest, to the extent allowable, accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy law) on any Indebtedness of any Guarantor (other than as otherwise provided in this definition), whether outstanding on the Issue Date or thereafter created, incurred or assumed, and whether at any time owing, actually or contingent, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to any Guarantee. Notwithstanding the foregoing, “Senior Guarantor Indebtedness” shall (x) include the Floor Plan Facility, the Mortgage Loan and the Revolving Facility to the extent any Guarantor is a party thereto and (y) not include (i) Indebtedness evidenced by the Guarantees or the Guarantees with respect to the 11% Securities, (ii) Indebtedness that is subordinated or junior in right of payment to any Indebtedness of any Guarantor, (iii) Indebtedness which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code is without recourse to any Guarantor, (iv) Indebtedness which is represented by Redeemable Capital Stock, (v) any liability for foreign, federal, state, local or other taxes owed or owing by any Guarantor to the extent such liability constitutes Indebtedness, (vi) Indebtedness of any Guarantor to a Subsidiary or any other Affiliate of the Company or any of such Affiliate’s Subsidiaries, (vii) to the extent it might constitute Indebtedness, amounts owing for goods, materials or services purchased in the ordinary course of business or consisting of trade accounts payable owed or owing by such Guarantor, and amounts owed by such Guarantor for compensation to employees or services rendered to such Guarantor, (viii) that portion of any Indebtedness which at the time of issuance is issued in violation of this Indenture and (ix) Indebtedness evidenced by any guarantee of any Subordinated Indebtedness or Pari Passu Indebtedness.

“Senior Guarantor Representative” means the agent, indenture trustee or other trustee or representative for any Senior Guarantor Indebtedness.

“Senior Indebtedness” means the principal of, premium, if any, and interest (including interest, to the extent allowable, accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy law) on any Indebtedness of the Company (other than as otherwise provided in this definition), whether outstanding on the Issue Date or thereafter created, incurred or assumed, and whether at any time owing, actually or

contingent, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Notes. Notwithstanding the foregoing, "Senior Indebtedness" shall (x) include the Floor Plan Facility and the Revolving Facility to the extent the Company is a party thereto and (y) not include (i) Indebtedness evidenced by the Securities or the 11% Securities, (ii) Indebtedness evidenced by the Company's 5 ¼% convertible senior subordinated notes due 2009, (iii) Indebtedness that is subordinate or junior in right of payment to any Indebtedness of the Company, (iv) Indebtedness which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code is without recourse to the Company, (v) Indebtedness which is represented by Redeemable Capital Stock, (vi) any liability for foreign, federal, state, local or other taxes owed or owing by the Company to the extent such liability constitutes Indebtedness, (vii) Indebtedness of the Company to a Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries, (viii) to the extent it might constitute Indebtedness, amounts owing for goods, materials or services purchased in the ordinary course of business or consisting of trade accounts payable owed or owing by the Company, and amounts owed by the Company for compensation to employees or services rendered to the Company, (ix) that portion of any Indebtedness which at the time of issuance is issued in violation of this Indenture and (x) Indebtedness evidenced by any guarantee of any Subordinated Indebtedness or Pari Passu Indebtedness.

"Senior Representative" means the agent, indenture trustee or other trustee or representative for any Senior Indebtedness.

"Series B Global Securities" means one or more permanent Global Securities in registered form representing the aggregate principal amount of Series B Securities exchanged for Series A Securities pursuant to the Exchange Offer.

"Shelf Registration Statement" means a "shelf" registration statement of the Company and the Guarantors pursuant to Section 2.2 of the of the Registration Rights Agreement, which covers all of the Registrable Securities (as defined in the Registration Rights Agreement) on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the Commission, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Significant Restricted Subsidiary" means, at any particular time, any Restricted Subsidiary that, together with the Restricted Subsidiaries of such Restricted Subsidiary (i) accounted for more than 5% of the Consolidated revenues of the Company and its Restricted Subsidiaries for their most recently completed fiscal year or (ii) is or are the owner(s) of more than 5% of the Consolidated assets of the Company and its Restricted Subsidiaries as at the end of such fiscal year, all as calculated in accordance with GAAP and as shown on the Consolidated financial statements of the Company and its Restricted Subsidiaries for such fiscal year.

"Smith Subordinated Loan" means the subordinated loan from O. Bruton Smith to the Company in the principal amount of \$5.5 million in existence on the Issue Date.

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“Special Record Date” for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 309.

“Stated Maturity” means, when used with respect to any Indebtedness or any installment of interest thereon, the dates specified in such Indebtedness as the fixed date on which the principal of such Indebtedness or such installment of interest, as the case may be, is due and payable.

“Subordinated Indebtedness” means Indebtedness of the Company or a Guarantor subordinated in right of payment to the Securities or the Guarantee of such Guarantor, as the case may be.

“Subsidiary” of a Person means (i) any corporation more than 50% of the outstanding voting power of the Voting Stock of which is owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person, or by such Person and one or more other Subsidiaries thereof, or (ii) any limited partnership of which such Person or any Subsidiary of such Person is a general partner, or (iii) any other Person in which such Person, or one or more other Subsidiaries of such Person, or such Person and one or more other Subsidiaries, directly or indirectly, has more than 50% of the outstanding partnership or similar interests or has the power, by contract or otherwise, to direct or cause the direction of the policies, management and affairs of such Person.

“Successor Security” of any particular Security means every Security issued after, and evidencing all or a portion of the same debt as that evidenced by, such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 307 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

“Temporary Cash Investments” means (i) any evidence of Indebtedness, maturing not more than one year after the date of acquisition, issued by the United States of America, or an instrumentality or agency thereof, and guaranteed fully as to principal, premium, if any, and interest by the United States of America, (ii) any certificate of deposit, maturing not more than one year after the date of acquisition, issued by, or time deposit of, a commercial banking institution that is a member of the Federal Reserve System and that has combined capital and surplus and undivided profits of not less than \$500 million, whose debt has a rating, at the time as of which any investment therein is made, of “P-1” (or higher) according to Moody’s or any successor rating agency or “A-1” (or higher) according to S&P or any successor rating agency, (iii) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Company) organized and existing under the laws of the United States of America with a rating, at the time as of which any investment therein is made, of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P, and (iv) any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of \$500 million; *provided* that the short term debt of such commercial bank has a rating, at the time of Investment, of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P.

“Trustee” means the Person named as the “Trustee” in the first paragraph of this Indenture, until a successor trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean such successor trustee.

“Trust Indenture Act” means the Trust Indenture Act of 1939, as amended, or any successor statute.

“Unrestricted Subsidiary” means any Subsidiary of the Company (other than a Guarantor) designated as such pursuant to and in compliance with Section 1018 herein.

“Unrestricted Subsidiary Indebtedness” of any Unrestricted Subsidiary means Indebtedness of such Unrestricted Subsidiary (i) as to which neither the Company nor any Restricted Subsidiary is directly or indirectly liable (by virtue of the Company or any such Subsidiary being the primary obligor on, guarantor of, or otherwise liable in any respect to, such Indebtedness), except Guaranteed Debt of the Company or any Restricted Subsidiary to any Affiliate, in which case (unless the incurrence of such Guaranteed Debt resulted in a Restricted Payment at the time of incurrence) the Company shall be deemed to have made a Restricted Payment equal to the principal amount of any such Indebtedness to the extent guaranteed at the time such Affiliate is designated an Unrestricted Subsidiary and (ii) which, upon the occurrence of a default with respect thereto, does not result in, or permit any holder of any Indebtedness of the Company or any Subsidiary to declare, a default on such Indebtedness of the Company or any Subsidiary or cause the payment thereof to be accelerated or payable prior to its Stated Maturity; provided that notwithstanding the foregoing any Unrestricted Subsidiary may guarantee the Securities.

“Voting Stock” of a Person means Capital Stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not at the time Capital Stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

“Wholly-Owned Restricted Subsidiary” means a Restricted Subsidiary all the Capital Stock of which (other than directors’ qualifying shares and shares of Capital Stock of a Restricted Subsidiary which a Manufacturer requires to be held by another Person and which Capital Stock, together with any related contractual arrangements, has no significant economic value with respect to distributions of profits or losses in ordinary circumstances) is owned by the Company or another Wholly-Owned Restricted Subsidiary (other than directors’ qualifying shares).

Section 102. Other Definitions.

<u>Term</u>	<u>Defined in Section</u>
“Act”	105
“Agent Members”	306

<u>Term</u>	<u>Defined in Section</u>
“Change of Control Offer”	1014
“Change of Control Purchase Date”	1014
“Change of Control Purchase Notice”	1014
“Change of Control Purchase Price”	1014
“covenant defeasance”	403
“Defaulted Interest”	309
“defeasance”	402
“Defeasance Redemption Date”	404
“Defeased Securities”	401
“Excess Proceeds”	1012
“incur”	1008
“Offer”	1012
“Offer Date”	1012
“Offered Price”	1012
“Pari Passu Debt Amount”	1012
“Pari Passu Offer”	1012
“Permitted Indebtedness”	1008
“Permitted Payment”	1009
“Private Placement Legend”	202
“Purchase Money Security Agreement”	101
“refinancing”	1008
“Registration Default”	202
“Required Filing Date”	1019
“Restricted Payments”	1009
“Securities”	Recitals
“Security Amount”	1012
“Security Register”	305
“Security Registrar”	305
“Series A Securities”	Recitals
“Series B Securities”	Recitals
“Special Payment Date”	309
“Surviving Entity”	801
“Surviving Guarantor Entity”	801
“U.S. Government Obligations”	404

Section 103. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture and as may be requested by the Trustee, the Company and any Guarantor (if applicable) and any other obligor on the Securities (if applicable) shall furnish to the Trustee an Officers’ Certificate in a form and substance reasonably acceptable to the Trustee stating that all conditions precedent, if any, provided for in this Indenture (including any covenant compliance with which constitutes a condition precedent) relating to the proposed action have been complied with, and an Opinion of Counsel in a form and substance reasonably

acceptable to the Trustee stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such certificates or opinions is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (a) a statement that each individual signing such certificate or individual or firm signing such opinion has read and understands such covenant or condition and the definitions herein relating thereto;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement that, in the opinion of each such individual or such firm, he or it has made such examination or investigation as is necessary to enable him or it to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (d) a statement as to whether, in the opinion of each such individual or such firm, such condition or covenant has been complied with.

Section 104. Form of Documents Delivered to Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate of an officer of the Company, any Guarantor or other obligor on the Securities may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer has actual knowledge that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company, any Guarantor or other obligor on the Securities stating that the information with respect to such factual matters is in the possession of the Company, any Guarantor or other obligor on the Securities, unless such officer or counsel has actual knowledge that the certificate or opinion or representations with respect to such matters are erroneous. Opinions of Counsel required to be delivered to the Trustee may have qualifications customary for opinions of the type required and counsel delivering such Opinions of Counsel may rely on certificates of the Company or government or other officials customary for opinions of the type required, including

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certificates certifying as to matters of fact, including that various financial covenants have been complied with.

Any certificate or opinion of an officer of the Company, any Guarantor or other obligor on the Securities may be based, insofar as it relates to accounting matters, upon a certificate or opinion of, or representations by, an accountant or firm of accountants in the employ of the Company, unless such officer has actual knowledge that the certificate or opinion or representations with respect to the accounting matters upon which his certificate or opinion may be based are erroneous. Any certificate or opinion of any independent firm of public accountants filed with the Trustee shall contain a statement that such firm is independent with respect to the Company.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 105. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing and may be given or obtained in connection with a purchase of, or tender offer or exchange offer for, outstanding Securities; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section 105.

(b) The ownership of Securities shall be proved by the Security Register.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other Act by the Holder of any Security shall bind every future Holder of the same Security or the Holder of every Security issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, suffered or omitted to be done by the Trustee, any Paying Agent or the Company, any Guarantor or any other obligor of the Securities in reliance thereon, whether or not notation of such action is made upon such Security.

(d) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The

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fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(e) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of such Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. Notwithstanding Trust Indenture Act Section 316(c), any such record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not more than 30 days prior to the first solicitation of Holders generally in connection therewith and no later than the date such first solicitation is completed.

If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for purposes of determining whether Holders of the requisite proportion of Securities then Outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for this purpose the Securities then Outstanding shall be computed as of such record date; provided that no such request, demand, authorization, direction, notice, consent, waiver or other Act by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after such record date.

(f) For purposes of this Indenture, any action by the Holders which may be taken in writing may be taken by electronic means or as otherwise reasonably acceptable to the Trustee.

Section 106. Notices, etc., to the Trustee, the Company and any Guarantor.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(a) the Trustee by any Holder or by the Company or any Guarantor or any other obligor on the Securities shall be sufficient for every purpose (except as provided in Section 501(c)) hereunder if in writing and mailed, first-class postage prepaid, or delivered by recognized overnight courier, to or with the Trustee at its Corporate Trust Office, or at any other address previously furnished in writing to the Holders or the Company, any Guarantor or any other obligor on the Securities by the Trustee; or

(b) the Company or any Guarantor by the Trustee or any Holder shall be sufficient for every purpose (except as provided in Section 501(c)) hereunder if in writing and mailed, first-class postage prepaid, or delivered by recognized overnight courier, to the Company or such Guarantor addressed to it c/o Sonic Automotive, Inc., 6415 Idlewild Road, Suite 109,



Section 107. Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, or delivered by recognized overnight courier, to each Holder affected by such event, at its address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Any notice when mailed to a Holder in the aforesaid manner shall be conclusively deemed to have been received by such Holder whether or not actually received by such Holder. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause, it shall be impracticable to mail notice of any event as required by any provision of this Indenture, then any method of giving such notice as shall be reasonably satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Section 108. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with any provision of the Trust Indenture Act or another provision which is required or deemed to be included in this Indenture by any of the provisions of the Trust Indenture Act, the provision or requirement of the Trust Indenture Act shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

Section 109. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 110. Successors and Assigns.

All covenants and agreements in this Indenture by the Company and the Guarantors shall bind their respective successors and assigns, whether so expressed or not.

Section 111. Separability Clause.

In case any provision in this Indenture or in the Securities or Guarantees shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 112. Benefits of Indenture.

Nothing in this Indenture or in the Securities or Guarantees, express or implied, shall give to any Person (other than the parties hereto and their successors hereunder, any Paying Agent and the Holders) any benefit or any legal or equitable right, remedy or claim under this Indenture.

**SECTION 113. GOVERNING LAW.**

**THIS INDENTURE, THE SECURITIES AND THE GUARANTEES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF.**

Section 114. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, Maturity or Stated Maturity of any Security shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Securities) payment of interest or principal or premium, if any, need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such Interest Payment Date or Redemption Date, or at the Maturity or Stated Maturity and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date, Redemption Date, Maturity or Stated Maturity, as the case may be, to the next succeeding Business Day.

Section 115. Independence of Covenants.

All covenants and agreements in this Indenture shall be given independent effect so that if a particular action or condition is not permitted by any such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

Section 116. Schedules and Exhibits.

All schedules and exhibits attached hereto are by this reference made a part hereof with the same effect as if herein set forth in full.

Section 117. Counterparts.

This Indenture may be executed in any number of counterparts, each of which shall be deemed an original; but all such counterparts shall together constitute but one and the same instrument.

Section 118. No Personal Liability of Directors, Officers, Employees, Members, Partners and Stockholders.

No director, officer, employee, member, partner or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Securities, this Indenture, the Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Securities by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Securities. The waiver may not be effective to waive liabilities under the federal securities law.

ARTICLE TWO

SECURITY FORMS

Section 201. Forms Generally.

The Securities, the Guarantees and the Trustee's certificate of authentication thereon shall be in substantially the forms set forth in this Article Two, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted hereby and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange, any organizational document or governing instrument or applicable law or as may, consistently herewith, be determined by the officers executing such Securities and Guarantees, as evidenced by their execution of the Securities and Guarantees. Any portion of the text of any Security may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Security.

The definitive Securities shall be printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner permitted by the rules of any securities exchange on which the Securities may be listed, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

Series A Securities offered and sold in reliance on Rule 144A shall be issued initially in the form of one or more Rule 144A Global Securities, substantially in the form set forth in Section 202, deposited upon issuance with the Trustee, as custodian for the Depository, registered in the name of the Depository, or its nominee, in each case for credit to an account of a direct or indirect participant of the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the Rule 144A Global

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Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depository or its nominee, as hereinafter provided.

Series A Securities offered and sold in reliance on Regulation S shall be issued in the form of one or more Regulation S Global Securities, substantially in the form set forth in Section 202, deposited upon issuance with the Trustee, as custodian for the Depository, registered in the name of the Depository, or its nominee in each case for credit by the Depository to an account of a direct or indirect participant of the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided; *provided, however*, that upon such deposit through and including the 40th day after the later of the commencement of the Offering and the original issue date of the Securities (such period through and including such 40th day, the "Restricted Period"), all such Securities shall be credited to or through accounts maintained at the Depository by or on behalf of Euroclear or Clearstream unless exchanged for interests in the Rule 144A Global Securities in accordance with the transfer and certification requirements described below. The aggregate principal amount of the Regulation S Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depository or its nominee, as hereinafter provided.

Series B Securities exchanged for Series A Securities shall be issued initially in the form of one or more Series B Global Securities, substantially in the form set forth in Section 202, deposited upon issuance with the Trustee, as custodian for the Depository, registered in the name of the Depository or its nominee, in each case for credit to an account of a direct or indirect participant of the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the Series B Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depository or its nominee, as hereinafter provided.

With respect to any Additional Securities issued subsequent to the date of this Indenture notwithstanding anything else herein, (1) all references in Section 202 herein and elsewhere in this Indenture to a Registration Rights Agreement shall be to the registration rights agreement entered into with respect to such Additional Securities, (2) any references in Section 202 and elsewhere in this Indenture to the Exchange Offer, Exchange Offer Registration Statement, Shelf Registration Statement, Initial Purchasers, Registration Default, and any other term related thereto shall be to such terms as they are defined in such registration rights agreement entered into with respect to such Additional Securities, (3) all time periods described in the Securities with respect to the registration of such Additional Securities shall be as provided in such Registration Rights Agreement entered into with respect to such Additional Securities, (4) any penalty interest may, if set forth in the Registration Rights Agreement, be paid to the holders of the Additional Securities immediately prior to the making or the consummation of the Exchange Offer regardless of any other provisions regarding record dates herein and (5) all provisions of this Indenture shall be construed and interpreted to permit the issuance of such Additional Securities and to allow such Additional Securities to become fungible and interchangeable with the Series A Securities originally issued under this Indenture.

Section 202. Form of Face of Security.

(a) The form of the face of any Series A Securities authenticated and delivered hereunder shall be substantially as follows:

Unless and until (i) a Series A Security is sold under an effective Registration Statement or (ii) a Series A Security is exchanged for a Series B Security in connection with an effective Registration Statement, in each case pursuant to the Registration Rights Agreement, then such Security shall bear the legend set forth below (the "Private Placement Legend") on the face thereof:

**THIS SECURITY AND THE GUARANTEES ENDORSED HEREON HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY, THE GUARANTEES ENDORSED HEREON, NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.**

**BY ITS ACCEPTANCE HEREOF, THE HOLDER OF THIS SECURITY AND THE GUARANTEES ENDORSED HEREON, AGREES NOT TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY WAS THE OWNER OF THIS SECURITY AND THE GUARANTEES ENDORSED HEREON (OR ANY PREDECESSOR OF THIS SECURITY AND THE GUARANTEES ENDORSED HEREON (THE "RESALE RESTRICTION TERMINATION DATE")), EXCEPT THAT THE SECURITIES AND GUARANTEES MAY BE TRANSFERRED TO (A) THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES AND THE GUARANTEES ENDORSED THEREON ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATIONS UNDER THE**

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SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (1) PURSUANT TO CLAUSE (D) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT AND PURSUANT TO CLAUSE (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (2) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF A HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

[Legend if Security is a Global Security]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 306 AND 307 OF THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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**THE OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN ARTICLE FOURTEEN OF THE INDENTURE TO THE OBLIGATIONS (INCLUDING INTEREST) OWED BY THE COMPANY AND CERTAIN OF ITS SUBSIDIARIES TO ALL SENIOR INDEBTEDNESS; THE GUARANTEE OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN ARTICLE THIRTEEN OF THE INDENTURE TO THE OBLIGATIONS (INCLUDING INTEREST) OWED BY THE GUARANTORS TO ALL SENIOR GUARANTOR INDEBTEDNESS; AND EACH HOLDER HEREOF BY ITS ACCEPTANCE HEREOF, SHALL BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AS SET FORTH IN SAID ARTICLE THIRTEEN AND ARTICLE FOURTEEN OF THE INDENTURE.”**

SONIC AUTOMOTIVE, INC.  
8 5/8% SENIOR SUBORDINATED NOTE DUE 2013 SERIES A

No. \_\_\_\_\_

CUSIP NO.

\$ \_\_\_\_\_

Sonic Automotive, Inc., a Delaware corporation (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to \_\_\_\_\_ or registered assigns, the principal sum of \$\_\_\_\_\_ United States dollars, or such other principal amount as may be set forth on the Security Register on Appendix A hereto in accordance with the Indenture, on August 15, 2013, at the office or agency of the Company referred to below, and to pay interest thereon from August, 12 2003, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on February 15 and August 15 in each year, commencing February 15, 2004 at the rate of 8 5/8% per annum, subject to adjustments as described in the second following paragraph, in United States dollars, until the principal hereof is paid or duly provided for. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Holder of this Series A Security is entitled to the benefits of a Registration Rights Agreement, pursuant to which, subject to the terms and conditions thereof, the Company and the Guarantors are obligated to consummate the Exchange Offer pursuant to which the Holder of this Security (and related Guarantees) shall have the right to exchange this Security (and related Guarantees) for 8 5/8% Senior Subordinated Notes due 2013, Series B and related Guarantees (herein called the "Series B Securities") in like principal amount as provided therein. The Series A Securities and the Series B Securities are together (including related Guarantees) referred to as the "Securities." The Series A Securities rank pari passu in right of payment with the Series B Securities and will be treated as one class with the Series B Securities.

In the event that (a) the Exchange Offer Registration Statement is not filed with the Commission within the time prescribed under the Registration Rights Agreement following the date of original issue of the Series A Securities, (b) the Exchange Offer Registration Statement has not been declared effective within the time prescribed under the Registration Rights Agreement following the date of original issue of the Series A Securities, (c) the Exchange Offer is not consummated or a Shelf Registration Statement is not declared effective, in either case, within the time prescribed under the Registration Rights Agreement following the date of original issue of the Series A Securities or (d) the Shelf Registration Statement is declared effective but shall thereafter become unusable for more than the time allowed under the Registration Rights Agreement (each such event referred to in clauses (a) through (d) above, a "Registration Default"), the interest rate borne by the Series A Securities shall be increased by the amount stated in the Registration Rights Agreement. The Shelf Registration Statement will be required to remain effective until the time stated under the Registration Rights Agreement.



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Following the cure of all Registration Defaults, the accrual of additional interest will cease and the interest rate will revert to the original rate.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or any Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the February 1 or August 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid, or duly provided for, and interest on such defaulted interest at the interest rate borne by the Series A Securities, to the extent lawful, shall forthwith cease to be payable to the Holder on such Regular Record Date, and may either be paid to the Person in whose name this Security (or any Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by this Indenture not inconsistent with the requirements of such exchange, all as more fully provided in this Indenture.

Payment of the principal of, premium, if any, and interest on, this Security, and exchange or transfer of the Security, will be made at the office or agency of the Company in The City of New York maintained for that purpose (which initially will be a corporate trust office of the Trustee located at 100 Wall Street, Suite 1600, New York, New York, 10005), or at such other office or agency as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Security is entitled to the benefits of the Guarantees by the Guarantors of the punctual payment when due and performance of the Indenture Obligations made in favor of the Trustee for the benefit of the Holders. Reference is made to Article Thirteen of the Indenture for a statement of the respective rights, limitations of rights, duties and obligations under the Guarantees of the Guarantors.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof or by the authenticating agent appointed as provided in the Indenture by manual signature of an authorized signer, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by the manual or facsimile signature of its authorized officers.

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Sonic Automotive, Inc.

By: \_\_\_\_\_

Name:

Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 8 5/8% Senior Subordinated Notes due 2013, Series A referred to in the within-mentioned Indenture.

U.S Bank National Association,  
as Trustee

By: \_\_\_\_\_  
Authorized Signer

Dated:

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have this Security purchased by the Company pursuant to Section 1012 or Section 1014, as applicable, of the Indenture, check the Box: [  ].

If you wish to have a portion of this Security purchased by the Company pursuant to Section 1012 or Section 1014 as applicable, of the Indenture, state the amount (in original principal amount):

\$ \_\_\_\_\_

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: \_\_\_\_\_

[Signature must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15]

(b) The form of the face of any Series B Securities authenticated and delivered hereunder shall be substantially as follows:

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[Legend if Security is a Global Security]

**THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY. TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 306 AND 307 OF THE INDENTURE.**

**UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.**

**THE OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN ARTICLE FOURTEEN OF THE INDENTURE TO THE OBLIGATIONS (INCLUDING INTEREST) OWED BY THE COMPANY AND CERTAIN OF ITS SUBSIDIARIES TO ALL SENIOR INDEBTEDNESS; THE GUARANTEE OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN ARTICLE THIRTEEN OF THE INDENTURE TO THE OBLIGATIONS (INCLUDING INTEREST) OWED BY THE GUARANTORS TO ALL SENIOR GUARANTOR INDEBTEDNESS; THE GUARANTEE OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN ARTICLE THIRTEEN OF THE INDENTURE TO THE OBLIGATIONS (INCLUDING INTEREST) OWED BY THE**

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**GUARANTORS TO ALL SENIOR GUARANTOR INDEBTEDNESS; AND EACH HOLDER HEREOF BY ITS ACCEPTANCE HEREOF, SHALL BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AS SET FORTH IN SAID ARTICLE THIRTEEN AND ARTICLE THIRTEEN AND FOURTEEN OF THE INDENTURE.”**

8 5/8% SENIOR SUBORDINATED NOTE DUE 2013, SERIES B

CUSIP NO.

No. \_\_\_\_\_

\$ \_\_\_\_\_

Sonic Automotive, Inc., a Delaware corporation (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to \_\_\_\_\_ or registered assigns, the principal sum of \$ \_\_\_\_\_ United States dollars on August 15, 2013, at the office or agency of the Company referred to below, and to pay interest thereon from August 12, 2003, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on February 15 and August 15 in each year, commencing February 15, 2004 at the rate of 8 5/8% per annum, in United States dollars, until the principal hereof is paid or duly provided for; *provided* that to the extent interest has not been paid or duly provided for with respect to the Series A Security exchanged for this Series B Security, interest on this Series B Security shall accrue from the most recent Interest Payment Date to which interest on the Series A Security which was exchanged for this Series B Security has been paid or duly provided for, or if no interest has been paid on the Series A Security, it shall accrue interest from August 12, 2003 with respect to Series A Securities exchanged for Series B Securities. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

This Series B Security was issued pursuant to the Exchange Offer pursuant to which the 8 5/8% Senior Subordinated Notes due 2013, Series A and related Guarantees (herein called the "Series A Securities") in like principal amount were exchanged for the Series B Securities and related Guarantees. The Series B Securities rank *pari passu* in right of payment with the Series A Securities and will be treated as one class with the Series A Securities.

In addition, for any period in which a Series A Security exchanged for this Series B Security was outstanding, in the event that (a) the Exchange Offer Registration Statement is not filed with the Commission within the time prescribed under the Registration Rights Agreement following the date of original issue of the Series A Securities, (b) the Exchange Offer Registration Statement has not been declared effective within the time prescribed under the Registration Rights Agreement following the date of original issue of the Series A Securities, (c) the Exchange Offer is not consummated or a Shelf Registration Statement is not declared effective, in either case, within the time prescribed under the Registration Rights Agreement following the date of original issue of the Series A Securities or (d) the Shelf Registration Statement is declared effective but shall thereafter become unusable for more than the time allowed under the Registration Rights Agreement (each such event referred to in clauses (a) through (d) above, a "Registration Default"), the interest rate borne by the Series A Securities shall be increased by the amount stated under the Registration Rights Agreement. The Shelf Registration Statement will be required to remain effective until the time stated under the Registration Rights Agreement. Following the cure of all Registration Defaults,

the accrual of additional interest will cease and the interest rate will revert to the original rate *provided* that, to the extent interest at such increased interest rate has been paid or duly provided for with respect to the Series A Security, interest at such increased interest rate, if any, on this Series B Security, if not previously paid on the Series A Security, shall accrue from the most recent Interest Payment Date to which such interest on the Series A Security has been paid or duly provided for; *provided, however*, that, if after any such reduction in interest rate, a different event specified in clause (a), (b), (c) or (d) above occurs, the interest rate shall again be increased pursuant to the foregoing provisions.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or any Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the February 1 or August 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid, or duly provided for, and interest on such defaulted interest at the interest rate borne by the Series B Securities, to the extent lawful, shall forthwith cease to be payable to the Holder on such Regular Record Date, and may either be paid to the Person in whose name this Security (or any Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in this Indenture.

Payment of the principal of, premium, if any, and interest on, this Security, and exchange or transfer of the Security, will be made at the office or agency of the Company in The City of New York maintained for such purpose (which initially will be a corporate trust office of the Trustee located at 100 Wall Street, Suite 1600, New York, New York, 10005, or at such other office or agency as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Security is entitled to the benefits of the Guarantees by the Guarantors of the punctual payment when due and performance of the Indenture Obligations made in favor of the Trustee for the benefit of the Holders. Reference is made to Article Thirteen of the Indenture for a statement of the respective rights, limitations of rights, duties and obligations under the Guarantees of the Guarantors.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof or by the authenticating agent appointed as provided in

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the Indenture by manual signature of an authorized signer, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed by the manual or facsimile signature of its authorized officers.

Sonic Automotive, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_



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TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 8 <sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013, Series B referred to in the within-mentioned Indenture.

U.S Bank National Association,  
as Trustee

By: \_\_\_\_\_

Authorized Signer

Dated:

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have this Security purchased by the Company pursuant to Section 1012 or Section 1014, as applicable, of the Indenture, check the Box: [  ].

If you wish to have a portion of this Security purchased by the Company pursuant to Section 1012 or Section 1014 as applicable, of the Indenture, state the amount (in original principal amount):

\$ \_\_\_\_\_

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: \_\_\_\_\_

[Signature must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15]

Section 203. Form of Reverse of Securities.

(a) The form of the reverse of the Series A Securities shall be substantially as follows:

Sonic Automotive, Inc.  
8 <sup>5</sup>/<sub>8</sub>% Senior Subordinated Note due 2013, Series A

This Security is one of a duly authorized issue of Securities of the Company designated as its 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013, Series A (herein called the "Securities"), issued under and subject to the terms of an indenture (herein called the "Indenture") dated as of August 12, 2003, among the Company, the Guarantors and U.S. Bank National Association, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Guarantors, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Company may, from time to time, without notice to or the consent of the Holders of the Securities, create and issue Additional Securities under the Indenture ranking equally with the Securities in all respects, subject to the limitations described in Section 1008 of the Indenture. The terms of the Securities and any Additional Securities may have additional issuance dates and dates from which interest accrues and shall be part of the same series. The

total amount of the Securities which may be issued under the Indenture is unlimited. Such Additional Securities will be consolidated and form a single series with the Securities, vote together with the Securities and have the same terms as to status, redemption or otherwise as the Securities. References to the Securities under the Indenture include these Additional Securities if they are in the same series, unless the context requires otherwise.

The Securities are subject to redemption at any time on or after August 15, 2008, at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days' prior notice, in amounts of \$1,000 or an integral multiple thereof, at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning August 15 of the years indicated below:

<u>Year</u>	<u>Redemption Price</u>
2008	104.313%
2009	102.875%
2010	101.438%

and thereafter at 100% of the principal amount, in each case, together with accrued and unpaid interest, if any, to the Redemption Date (subject to the rights of Holders of record on relevant record dates to receive interest due on an Interest Payment Date).

In addition, at any time and from time to time on or prior to August 15, 2006, the Company may redeem up to an aggregate of 35% of the aggregate principal amount of the Securities issued under the Indenture at a redemption price equal to 108.625% of the aggregate principal amount of the Securities redeemed, plus accrued and unpaid interest, if any, to the redemption date with the Net Cash Proceeds from the issuance of any Qualified Capital Stock, provided that

- at least 65% of the aggregate principal amount of the Securities issued under the Indenture must remain outstanding immediately after any such redemption; and
- the redemption must occur no later than 60 days after such issuance and sale of Qualified Capital Stock.

If less than all of the Securities are to be redeemed, the Trustee shall select the Securities or portions thereof to be redeemed in compliance with the requirements of the principal national security exchange, if any, on which the Securities are listed, or if the Securities are not so listed, the Trustee shall select them on a pro rata basis, by lot or by any other method the Trustee shall deem fair and reasonable.

Upon the occurrence of a Change of Control, each Holder may require the Company to purchase such Holder's Securities in whole or in part in integral multiples of \$1,000, at a purchase price in cash in an amount equal to 101% of the aggregate principal

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amount thereof, plus accrued and unpaid interest, if any, to the date of purchase, pursuant to a Change of Control Offer in accordance with the procedures set forth in the Indenture.

Under certain circumstances described more specifically in the Indenture, in the event the Net Cash Proceeds received by the Company from any Asset Sale, which proceeds are not used to repay permanently any Senior Indebtedness or Senior Guarantor Indebtedness or invested in Replacement Assets or exceeds a specified amount, the Company will be required to apply such proceeds to the repayment of the Securities and certain Indebtedness ranking *pari passu* in right of payment to the Securities.

In the case of any redemption or repurchase of Securities in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record as of the close of business on the relevant Regular Record Date or Special Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

In the event of redemption or repurchase of this Security in accordance with the Indenture in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal amount of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Securities and (b) certain restrictive covenants and related Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Indenture permits, with certain exceptions (including certain amendments permitted without the consent of any Holders and certain amendments which require the consent of all the Holders) as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the Guarantors and the rights of the Holders under the Indenture and the Securities and the Guarantees at any time by the Company and the Trustee with the consent of the Holders of at least a majority in aggregate principal amount of the Securities at the time Outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Securities). The Indenture also contains provisions permitting the Holders of at least a majority in aggregate principal amount of the Securities (100% of the Holders in certain circumstances) at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Company and the Guarantors with certain provisions of the Indenture and the Securities and the Guarantees and certain past Defaults under the Indenture and the Securities and the Guarantees and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

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No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, any Guarantor or any other obligor on the Securities (in the event such Guarantor or such other obligor is obligated to make payments in respect of the Securities), which is absolute and unconditional, to pay the principal of, premium, if any, and interest on, this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

Certificated securities shall be transferred to all beneficial holders in exchange for their beneficial interests in the Rule 144A Global Securities or the Regulation S Global Securities, if any, if (x) the Depository (A) notifies the Company that it is unwilling or unable to continue as Depository for such Global Security or (B) ceases to be a clearing agency registered as such under the Exchange Act and, in either case, a successor Depository is not appointed by the Company within 90 days or (y) there shall have occurred and be continuing an Event of Default and the Security Registrar has received a request from the Depository. Upon any such issuance, the Trustee is required to register such certificated Securities in the name of, and cause the same to be delivered to, such Person or Persons (or the nominee of any thereof). All such certificated Securities would be required to include the Private Placement Legend unless the legend is not required by applicable law.

Securities in certificated form are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a differing authorized denomination, as requested by the Holder surrendering the same.

At any time when the Company is not subject to Sections 13 or 15(d) of the Exchange Act, upon the written request of a Holder of a Series A Security, the Company will promptly furnish or cause to be furnished such information as is specified pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto) to such Holder or to a prospective purchaser of such Security who such Holder informs the Company is reasonably believed to be a "Qualified Institutional Buyer" within the meaning of Rule 144A under the Securities Act, as the case may be, in order to permit compliance by such Holder with Rule 144A under the Securities Act.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, any Guarantor, the Trustee and any agent of the Company, any Guarantor or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, any Guarantor, the Trustee nor any such agent shall be affected by notice to the contrary.

**THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.**

All terms used in this Security which are defined in the Indenture and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

[The Transferee Certificate, in the form of Appendix I hereto, will be attached to the Series A Security.]

(b) The form of the reverse of the Series B Securities shall be substantially as follows:

Sonic Automotive, Inc.  
8<sup>5/8</sup>% Senior Subordinated Note due 2013, Series B

This Security is one of a duly authorized issue of Securities of the Company designated as its 8<sup>5/8</sup>% Senior Subordinated Notes due 2013, Series B (herein called the "Securities"), issued under and subject to the terms of an indenture (herein called the "Indenture") dated as of August 12, 2003 among the Company, the Guarantors and U.S. Bank National Association, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Guarantors, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Company may, from time to time, without notice to or the consent of the Holders of the Securities, create and issue Additional Securities under the Indenture ranking equally with the Securities in all respects, subject to the limitations described in Section 1008 of the Indenture. The terms of the Securities and any Additional Securities may have additional issuance dates and dates from which interest accrues and shall be part of the same series. The total amount of the Securities which may be issued under the Indenture is unlimited. Such Additional Securities will be consolidated and form a single series with the Securities, vote together with the Securities and have the same terms as to status, redemption or otherwise as the

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Securities. References to the Securities under the Indenture include these Additional Securities if they are in the same series, unless the context requires otherwise.

The Series B Securities are subject to redemption at any time on or after August 15, 2008, at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days' prior notice, in amounts of \$1,000 or an integral multiple thereof, at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning August 15 of the years indicated below:

<u>Year</u>	<u>Redemption Price</u>
2008	104.313%
2009	102.875%
2010	101.438%

and thereafter at 100% of the principal amount, in each case, together with accrued and unpaid interest, if any, to the Redemption Date (subject to the rights of Holders of record on relevant record dates to receive interest due on an Interest Payment Date).

In addition, at any time and from time to time on or prior to August 15, 2006, the Company may redeem up to an aggregate of 35% of the aggregate principal amount of the Securities issued under the Indenture at a redemption price equal to 108.625% of the aggregate principal amount of the Securities redeemed, plus accrued and unpaid interest, if any, to the redemption date with the Net Cash Proceeds from the issuance of any Qualified Capital Stock, provided that

- at least 65% of the aggregate principal amount of the Securities issued under the Indenture must remain outstanding immediately after any such redemption; and
- the redemption must occur no later than 60 days after such issuance and sale of Qualified Capital Stock.

If less than all of the Securities are to be redeemed, the Trustee shall select the Securities or portions thereof to be redeemed in compliance with the requirements of the principal national security exchange, if any, on which the Securities are listed or, if the Securities are so not listed, the Trustee shall select them on a pro rata basis, by lot or by any other method the Trustee shall deem fair and reasonable.

Upon the occurrence of a Change of Control, each Holder may require the Company to purchase such Holder's Securities in whole or in part in integral multiples of \$1,000, at a purchase price in cash in an amount equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase, pursuant to Change of Control Offer and in accordance with the procedures set forth in the Indenture.

Under certain circumstances described more specifically in the Indenture, in the event the Net Cash Proceeds received by the Company from any Asset Sale, which proceeds are not used to repay permanently any Senior Indebtedness or Senior Guarantor Indebtedness or invested in Replacement Assets or exceeds a specified amount, the Company will be required to



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apply such proceeds to the repayment of the Securities and certain Indebtedness ranking *pari passu* in right of payment to the Securities.

In the case of any redemption or repurchase of Securities in accordance with the Indenture, interest installments whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities of record as of the close of business on the relevant Regular Record Date or Special Record Date referred to on the face hereof. Securities (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture shall cease to bear interest from and after the Redemption Date.

In the event of redemption or repurchase of this Security in accordance with the Indenture in part only, a new Security or Securities for the unredeemed portion hereof shall be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal amount of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire Indebtedness on the Securities and (b) certain restrictive covenants and related Defaults and Events of Default, in each case upon compliance with certain conditions set forth therein.

The Indenture permits, with certain exceptions (including certain amendments permitted without the consent of any Holders and certain amendments which required the consent of all of the Holders) as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the Guarantors and the rights of the Holders under the Indenture and the Securities and the Guarantees at any time by the Company and the Trustee with the consent of the Holders of at least a majority in aggregate principal amount of the Securities at the time Outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Securities). The Indenture also contains provisions permitting the Holders of at least a majority in aggregate principal amount of the Securities (100% of the Holders in certain circumstances) at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Company and the Guarantors with certain provisions of the Indenture and the Securities and the Guarantees and certain past Defaults under the Indenture and the Securities and the Guarantees and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, any Guarantor or any other obligor on the Securities (in the event such Guarantor or such other obligor is obligated to make payments in respect of the Securities), which is absolute and unconditional, to pay the principal of, and premium, if any, and interest on, this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or its attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

Certificated securities shall be transferred to all beneficial holders in exchange for their beneficial interests in the Rule 144A Global Securities or the Regulation S Global Securities if (x) the Depository (A) notifies the Company that it is unwilling or unable to continue as Depository for such Global Security or (B) ceases to be a clearing agency registered as such under the Exchange Act and, in either case, a successor Depository is not appointed by the Company within 90 days or (y) there shall have occurred and be continuing an Event of Default and the Security Registrar has received a request from the Depository. Upon any such issuance, the Trustee is required to register such certificated Securities in the name of, and cause the same to be delivered to, such Person or Persons (or the nominee of any thereof).

Securities in certificated form are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a differing authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, any Guarantor, the Trustee and any agent of the Company, any Guarantor or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security is overdue, and neither the Company, any Guarantor, the Trustee nor any such agent shall be affected by notice to the contrary.

**THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.**

All terms used in this Security which are defined in the Indenture and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

[The Transferee Certificate, in the form of Appendix II hereto, will be attached to the Series B Security.]

Section 204. Form of Guarantee.

The form of Guarantee shall be set forth on the Securities substantially as follows:

GUARANTEE

For value received, each of the undersigned hereby absolutely, fully and unconditionally and irrevocably guarantees, jointly and severally with each other Guarantor, to the holder of this Security the payment of principal of, premium, if any, and interest on this Security upon which these Guarantees are endorsed in the amounts and at the time when due and payable whether by declaration thereof, or otherwise, and interest on the overdue principal and interest, if any, of this Security, if lawful, and the payment or performance of all other obligations of the Company under the Indenture or the Securities, to the holder of this Security and the Trustee, all in accordance with and subject to the terms and limitations of this Security and Article Thirteen of the Indenture. These Guarantees shall be subordinate in the manner and to the extent set forth in Article Thirteen of the Indenture to all Senior Guarantor Indebtedness. These Guarantees will not become effective until the Trustee duly executes the certificate of authentication on this Security. These Guarantees shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of law principles thereof.

Dated:

ADI OF THE SOUTHEAST LLC (a South Carolina limited liability company)  
ARNGAR, INC. (a North Carolina corporation)  
ANTREV, LLC (a North Carolina limited liability company)  
AUTOBAHN, INC. (a California corporation)  
AVALON FORD, INC. (a Delaware corporation)  
CAPITOL CHEVROLET AND IMPORTS, INC. (an Alabama corporation)  
CASA FORD OF HOUSTON, INC. (a Texas corporation)  
COBB PONTIAC CADILLAC, INC. (an Alabama corporation)  
FA SERVICE CORPORATION (a California corporation)  
FAA AUTO FACTORY, INC. (a California corporation)  
FAA BEVERLY HILLS, INC. (a California corporation)  
FAA CAPITOL F, INC. (a California corporation)  
FAA CAPITOL N, INC. (a California corporation)  
FAA CONCORD H, INC. (a California corporation)  
FAA CONCORD N, INC. (a California corporation)  
FAA CONCORD T, INC. (a California corporation)  
FAA DUBLIN N, INC. (a California corporation)  
FAA DUBLIN VWD, INC. (a California corporation)  
FAA HOLDING CORP. (a California corporation)  
FAA LAS VEGAS H, INC. (a Nevada corporation)  
FAA MARIN D, INC. (a California corporation)  
FAA MARIN F, INC. (a California corporation)  
FAA MARIN LR, INC. (a California corporation)  
FAA MONTEREY F, INC. (a California corporation)  
FAA POWAY D, INC. (a California corporation)  
FAA POWAY G, INC. (a California corporation)  
FAA POWAY H, INC. (a California corporation)  
FAA POWAY T, INC. (a California corporation)  
FAA SAN BRUNO, INC. (a California corporation)  
FAA SANTA MONICA V, INC. (a California corporation)

FAA SERRAMONTE H, INC. (a California corporation)  
FAA SERRAMONTE L, INC. (a California corporation)  
FAA SERRAMONTE, INC. (a California corporation)  
FAA STEVENS CREEK, INC. (a California corporation)  
FAA TORRANCE CPJ, INC. (a California corporation)  
FIRSTAMERICA AUTOMOTIVE, INC. (a Delaware corporation)  
FORT MILL FORD, INC. (a South Carolina corporation)  
FORT MYERS COLLISION CENTER, LLC (a Florida limited liability company)  
FRANCISCAN MOTORS, INC. (a California corporation)  
FRANK PARRA AUTOPLEX, INC. (a Texas corporation)  
FREEDOM FORD, INC. (a Florida corporation)  
FRONTIER OLDSMOBILE-CADILLAC, INC. (a North Carolina corporation)  
HMC FINANCE ALABAMA, INC. (an Alabama corporation)  
KRAMER MOTORS INCORPORATED (a California corporation)  
L DEALERSHIP GROUP, INC. (a Texas corporation)  
MARCUS DAVID CORPORATION (a North Carolina corporation)  
MASSEY CADILLAC, INC. (a Tennessee corporation)  
MASSEY CADILLAC, INC. (a Texas corporation)  
MOUNTAIN STATES MOTORS CO., INC. (a Colorado corporation)  
PHILPOTT MOTORS, LTD. (a Texas limited partnership)  
RIVERSIDE NISSAN, INC. (an Oklahoma corporation)  
ROYAL MOTOR COMPANY, INC. (an Alabama corporation)  
SANTA CLARA IMPORTED CARS, INC. (a California corporation)  
SMART NISSAN, INC. (a California corporation)  
SONIC AGENCY, INC. (a Michigan corporation)  
SONIC – ANN ARBOR IMPORTS, INC. (a Michigan corporation)  
SONIC AUTOMOTIVE - BONDESEN, INC. (a Florida corporation)  
SONIC AUTOMOTIVE OF CHATTANOOGA, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE-CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE COLLISION CENTER OF CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE F&I, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE OF GEORGIA, INC. (a Georgia corporation)  
SONIC AUTOMOTIVE OF NASHVILLE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE OF NEVADA, INC. (a Nevada corporation)  
SONIC AUTOMOTIVE SERVICING COMPANY, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE OF TENNESSEE, INC. (a Tennessee corporation)  
SONIC AUTOMOTIVE OF TEXAS, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE WEST, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE - 1307 N. DIXIE HWY., NSB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-1400 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1455 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1495 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1500 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, LLC (a Florida limited liability company)  
SONIC AUTOMOTIVE - 1919 N. DIXIE HWY., NSB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE – 21699 U.S. HWY 19 N., INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 241 RIDGEWOOD AVE., HH, INC. (a Florida corporation)  
SONIC AUTOMOTIVE 2424 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE - 2490 SOUTH LEE HIGHWAY, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE 2752 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE - 3401 N. MAIN, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE-3700 WEST BROAD STREET, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 3741 S. NOVA RD., PO, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-4000 WEST BROAD STREET, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 4701 I-10 EAST, TX, L.P. (a Texas limited partnership)

SONIC AUTOMOTIVE - 5221 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE 5260 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia limited liability company)  
SONIC AUTOMOTIVE-5585 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia limited liability company)  
SONIC AUTOMOTIVE - 6008 N. DALE MABRY, FL, INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 6025 INTERNATIONAL DRIVE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE - 9103 E. INDEPENDENCE, NC, LLC (a North Carolina limited liability company)  
SONIC – 2185 CHAPMAN RD., CHATTANOOGA, LLC (a Tennessee limited liability company)  
SONIC – BETHANY H, INC. (an Oklahoma corporation)  
SONIC – BUENA PARK H, INC. (a California corporation)  
SONIC – CADILLAC D, L.P. (a Texas limited partnership)  
SONIC – CALABASAS A, INC. (a California corporation)  
SONIC – CALABASAS V, INC. (a California corporation)  
SONIC - CAMP FORD, L.P. (a Texas limited partnership)  
SONIC – CAPITAL CHEVROLET, INC. (an Ohio corporation)  
SONIC – CAPITOL CADILLAC, INC. (a Michigan corporation)  
SONIC – CAPITOL IMPORTS, INC. (a South Carolina corporation)  
SONIC – CARROLLTON V, L.P. (a Texas limited partnership)  
SONIC – CARSON F, INC. (a California corporation)  
SONIC – CARSON LM, INC. (a California corporation)  
SONIC – CHATTANOOGA D EAST, LLC (a Tennessee limited liability company)  
SONIC - CLASSIC DODGE, INC. (an Alabama corporation)  
SONIC – CLEAR LAKE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC – COAST CADILLAC, INC. (a California corporation)  
SONIC – CREST CADILLAC, LLC (a Tennessee limited liability company)  
SONIC – CREST H, LLC (a Tennessee limited liability company)  
SONIC – DENVER T, INC. (a Colorado corporation)  
SONIC – DENVER VOLKSWAGEN, INC. (a Colorado corporation)  
SONIC DEVELOPMENT, LLC (a North Carolina limited liability company)  
SONIC – DOWNEY CADILLAC, INC. (a California corporation)  
SONIC – DUBLIN M, INC. (a California corporation)  
SONIC – ENGLEWOOD M, INC. (a Colorado corporation)  
SONIC ESTORE, INC. (a North Carolina corporation)  
SONIC - FM AUTOMOTIVE, LLC (a Florida limited liability company)  
SONIC - FM, INC. (a Florida corporation)  
SONIC - FM VW, INC. (a Florida corporation)  
SONIC – FORT MILL CHRYSLER JEEP, INC. (a South Carolina corporation)  
SONIC – FORT MILL DODGE, INC. (a South Carolina corporation)  
SONIC – FORT WORTH T, L.P. (a Texas limited partnership)  
SONIC – FRANK PARRA AUTOPLEX, L.P. (a Texas limited partnership)  
SONIC – FREELAND, INC. (a Florida corporation)  
SONIC - GLOBAL IMPORTS, L.P. (a Georgia limited partnership)  
SONIC-GLOVER, INC. (an Oklahoma corporation)  
SONIC – HARBOR CITY H, INC. (a California corporation)  
SONIC – HOUSTON V, L.P. (a Texas limited partnership)  
SONIC – INTEGRITY DODGE LV, LLC (a Nevada limited liability company)  
SONIC – JERSEY VILLAGE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC – LS, LLC (a Delaware limited liability company)  
SONIC – LS CHEVROLET, L.P. (a Texas limited partnership)  
SONIC – LAKE NORMAN CHRYLSER JEEP, LLC (a North Carolina limited liability company)  
SONIC – LAKE NORMAN DODGE, LLC (a North Carolina limited liability company)  
SONIC - LAS VEGAS C EAST, LLC (a Nevada limited liability company)  
SONIC - LAS VEGAS C WEST, LLC (a Nevada limited liability company)

SONIC - LLOYD NISSAN, INC. (a Florida corporation)  
SONIC - LLOYD PONTIAC – CADILLAC, INC. (a Florida corporation)  
SONIC – LONE TREE CADILLAC, INC. (a Colorado corporation)  
SONIC - LUTE RILEY, L. P. (a Texas limited partnership)  
SONIC - MANHATTAN FAIRFAX, INC. (a Virginia corporation)  
SONIC - MANHATTAN WALDORF, INC. (a Maryland corporation)  
SONIC – MASSEY CADILLAC, L.P. (a Texas limited partnership)  
SONIC – MASSEY CHEVROLET, INC. (a California corporation)  
SONIC – MASSEY PONTIAC BUICK GMC, INC. (a Colorado corporation)  
SONIC – MESQUITE HYUNDAI, L.P. (a Texas limited partnership)  
SONIC - MONTGOMERY FLM, INC. (an Alabama corporation)  
SONIC-NEWSOME CHEVROLET WORLD, INC. (a South Carolina corporation)  
SONIC-NEWSOME OF FLORENCE, INC. (a South Carolina corporation)  
SONIC – NORTH CADILLAC, INC. (a Florida corporation)  
SONIC - NORTH CHARLESTON, INC. (a South Carolina corporation)  
SONIC - NORTH CHARLESTON DODGE, INC. (a South Carolina corporation)  
SONIC – OKLAHOMA T, INC. (an Oklahoma corporation)  
SONIC PEACHTREE INDUSTRIAL BLVD., L.P. (a Georgia limited partnership)  
SONIC – PLYMOUTH CADILLAC, INC. (a Michigan corporation)  
SONIC – READING, L.P. (a Texas limited partnership)  
SONIC RESOURCES, INC. (a Nevada corporation)  
SONIC – RICHARDSON F, L.P. (a Texas limited partnership)  
SONIC – RICHMOND VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC-RIVERSIDE, INC. (an Oklahoma corporation)  
SONIC - RIVERSIDE AUTO FACTORY, INC. (an Oklahoma corporation)  
SONIC - ROCKVILLE IMPORTS, INC. (a Maryland corporation)  
SONIC - ROCKVILLE MOTORS, INC. (a Maryland corporation)  
SONIC - SAM WHITE NISSAN, L.P. (a Texas limited partnership)  
SONIC – SAM WHITE OLDSMOBILE, L.P. (a Texas limited partnership)  
SONIC – SANFORD CADILLAC, INC. (a Florida corporation)  
SONIC – SERRAMONTE I, INC. (a California corporation)  
SONIC - SHOTTENKIRK, INC. (a Florida corporation)  
SONIC – SOUTH CADILLAC, INC. (a Florida corporation)  
SONIC – STEVENS CREEK B, INC. (a California corporation)  
SONIC – STONE MOUNTAIN CHEVROLET, L.P. (a Georgia limited partnership)  
SONIC – SUPERIOR OLDSMOBILE, LLC (a Tennessee limited liability company)  
SONIC OF TEXAS, INC. (a Texas corporation)  
SONIC – UNIVERSITY PARK A, L.P. (a Texas limited partnership)  
SONIC-VOLVO LV, LLC (a Nevada limited liability company)  
SONIC – WEST COVINA T, INC. (a California corporation)  
SONIC – WEST RENO CHEVROLET, INC. (an Oklahoma corporation)  
SONIC - WILLIAMS BUICK, INC. (an Alabama corporation)  
SONIC - WILLIAMS CADILLAC, INC. (an Alabama corporation)  
SONIC - WILLIAMS IMPORTS, INC. (an Alabama corporation)  
SONIC - WILLIAMS MOTORS, LLC (an Alabama limited liability company)  
SPEEDWAY CHEVROLET, INC. (an Oklahoma corporation)  
STEVENS CREEK CADILLAC, INC. (a California corporation)  
TOWN AND COUNTRY FORD, INCORPORATED (a North Carolina corporation)  
TOWN AND COUNTRY FORD OF CLEVELAND, LLC (a Tennessee limited liability company)  
TOWN AND COUNTRY JAGUAR, LLC (a Tennessee limited liability company)  
TRANSCAR LEASING, INC. (a California corporation)  
VILLAGE IMPORTED CARS, INC. (a Maryland corporation)  
WINDWARD, INC. (a Hawaii corporation)  
WRANGLER INVESTMENTS, INC. (an Oklahoma corporation)  
Z MANAGEMENT, INC. (a Colorado corporation)  
SRE ALABAMA - 2, LLC (an Alabama limited liability company)

SRE ALABAMA - 3, LLC (an Alabama limited liability company)  
SRE ALABAMA - 4, LLC (an Alabama limited liability company)  
SRE ALABAMA - 5, LLC (an Alabama limited liability company)  
SREALESTATE ARIZONA - 1, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 2, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 3, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 4, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 5, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 6, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 7, LLC (an Arizona limited liability company)  
SRE CALIFORNIA - 1, LLC (a California limited liability company)  
SRE CALIFORNIA - 2, LLC (a California limited liability company)  
SRE CALIFORNIA - 3, LLC (a California limited liability company)  
SRE CALIFORNIA - 4, LLC (a California limited liability company)  
SRE CALIFORNIA - 5, LLC (a California limited liability company)  
SRE CALIFORNIA - 6, LLC (a California limited liability company)  
SRE COLORADO - 1, LLC (a Colorado limited liability company)  
SRE COLORADO - 2, LLC (a Colorado limited liability company)  
SRE COLORADO - 3, LLC (a Colorado limited liability company)  
SRE FLORIDA - 1, LLC (a Florida limited liability company)  
SRE FLORIDA - 2, LLC (a Florida limited liability company)  
SRE FLORIDA - 3, LLC (a Florida limited liability company)  
SRE GEORGIA - 1, L.P. (a Georgia limited partnership)  
SRE GEORGIA - 2, L.P. (a Georgia limited partnership)  
SRE GEORGIA - 3, L.P. (a Georgia limited partnership)  
SRE HOLDING, LLC (a North Carolina limited liability company)  
SRE MARYLAND - 1, LLC (a Maryland limited liability company)  
SRE MARYLAND - 2, LLC (a Maryland limited liability company)  
SRE MICHIGAN - 1, LLC (a Michigan limited liability company)  
SRE MICHIGAN - 2, LLC (a Michigan limited liability company)  
SRE MICHIGAN - 3, LLC (a Michigan limited liability company)  
SRE NEVADA - 1, LLC (a Nevada limited liability company)  
SRE NEVADA - 2, LLC (a Nevada limited liability company)  
SRE NEVADA - 3, LLC (a Nevada limited liability company)  
SRE NEVADA - 4, LLC (a Nevada limited liability company)  
SRE NEVADA - 5, LLC (a Nevada limited liability company)  
SRE NORTH CAROLINA - 1, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA - 2, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA - 3, LLC (a North Carolina limited liability company)  
SRE OKLAHOMA - 1, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA - 2, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA - 3, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA - 4, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA - 5, LLC (an Oklahoma limited liability company)  
SRE SOUTH CAROLINA - 2, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA - 3, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA - 4, LLC (a South Carolina limited liability company)  
SRE TENNESSEE - 1, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 2, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 3, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 4, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 5, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 6, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 7, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 8, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 9, LLC (a Tennessee limited liability company)

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SRE TEXAS - 1, L.P. (a Texas limited partnership)  
SRE TEXAS - 2, L.P. (a Texas limited partnership)  
SRE TEXAS - 3, L.P. (a Texas limited partnership)  
SRE TEXAS - 4, L.P. (a Texas limited partnership)  
SRE TEXAS - 5, L.P. (a Texas limited partnership)  
SRE TEXAS - 6, L.P. (a Texas limited partnership)  
SRE TEXAS - 7, L.P. (a Texas limited partnership)  
SRE TEXAS - 8, L.P. (a Texas limited partnership)  
SRE VIRGINIA - 1, LLC (a Virginia limited liability company)  
SRE VIRGINIA - 2, LLC (a Virginia limited liability company)

By: \_\_\_\_\_  
Name:  
Title:



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ARTICLE THREE

THE SECURITIES

Section 301. Title and Terms.

The initial aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is \$200,000,000 in principal amount of Securities, except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities pursuant to Section 303, 304, 305, 306, 307, 308, 906, 1012, 1015, 1108 or otherwise. Notwithstanding the foregoing, the Company may, from time to time, without notice to or the consent of the Holders of Securities, create and issue Additional Securities under this Indenture ranking equally with the Securities in all respects, subject to the limitations described in Section 1008 hereof. The Company may issue Additional Securities as Series A Securities (with or without registration rights) or freely tradable Series B Securities. The terms of the Securities and any Additional Securities may have different issuance dates and dates from which interest accrues and shall be part of the same series. The total amount of the Securities which may be issued under this Indenture is unlimited. Such Additional Securities will be consolidated and form a single series with the Securities, vote together with the Securities and have the same terms as to status, redemption or otherwise as the Securities. References to the Securities under this Indenture include these Additional Securities if they are in the same series, unless the context requires otherwise.

The Securities shall be known and designated as the “8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013” of the Company. A separate reference may be made to each series. The Stated Maturity of the Securities shall be August 15, 2013, and the Securities shall each bear interest at the rate of 8<sup>5</sup>/<sub>8</sub>% per annum, as such interest rate may be adjusted as set forth in the Securities, from August 12, 2003, or from the most recent Interest Payment Date to which interest has been paid, payable semiannually on February 15 and August 15 in each year, commencing as of February 15, 2004 until the principal thereof is paid or duly provided for. Interest on any overdue principal, interest (to the extent lawful) or premium, if any, shall be payable on demand.

The principal of, premium, if any, and interest on, the Securities shall be payable and the Securities shall be exchangeable and transferable at an office or agency of the Company in The City of New York maintained for such purposes (which initially will be a corporate trust office of the Trustee located at 100 Wall Street, Suite 1600, New York, New York, 10005); *provided, however*, that payment of interest may be made at the option of the Company by check mailed to addresses of the Persons entitled thereto as shown on the Security Register.

For all purposes hereunder, the Series A Securities and the Series B Securities will be treated as one class and are together referred to as the “Securities.” The Series A Securities rank *pari passu* in right of payment with the Series B Securities.

The Securities shall be subject to repurchase by the Company pursuant to an Offer as provided in Section 1012.

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Holders shall have the right to require the Company to purchase their Securities, in whole or in part, in the event of a Change of Control pursuant to Section 1014.

The Securities shall be redeemable as provided in Article Eleven and in the Securities.

The Indebtedness evidenced by these Securities shall be subordinated in right of payment to all other Senior Indebtedness.

At the election of the Company, the entire Indebtedness on the Securities or certain of the Company's obligations and covenants and certain Events of Default thereunder may be defeased as provided in Article Four.

Section 302. Denominations.

The Securities shall be issuable only in fully registered form without coupons and only in denominations of \$1,000 and any integral multiple thereof.

Section 303. Execution, Authentication, Delivery and Dating

The Securities shall be executed on behalf of the Company by one of its Chairman of the Board, its President, its Chief Executive Officer, its Chief Financial Officer or one of its Vice Presidents. The signatures of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities executed by the Company to the Trustee (with or without Guarantees endorsed thereon) for authentication, together with a Company Order for the authentication and delivery of such Securities; and the Trustee in accordance with such Company Order shall authenticate and make available for delivery such Securities as provided in this Indenture and not otherwise.

Each Security shall be dated the date of its authentication.

No Security or Guarantee endorsed thereon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized officer, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

In case the Company or any Guarantor, pursuant to Article Eight, shall, in a single transaction or through a series of related transactions, be consolidated or merged with or into any other Person or shall sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person, and the successor Person resulting from such consolidation or surviving such merger, or into which the Company or such Guarantor shall have been merged, or the successor Person which shall have participated in the sale, assignment, conveyance, transfer, lease or other disposition as aforesaid, shall have executed an indenture supplemental hereto with the Trustee pursuant to Article Eight, any of the Securities authenticated or delivered prior to such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition may, from time to time, at the request of the successor Person, be exchanged for other Securities executed in the name of the successor Person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the Securities surrendered for such exchange and of like principal amount; and the Trustee, upon the written request of the successor Person, shall authenticate and deliver Securities as specified in such request for the purpose of such exchange. If Securities shall at any time be authenticated and delivered in any new name of a successor Person pursuant to this Section 303 in exchange or substitution for or upon registration of transfer of any Securities, such successor Person, at the option of the Holders but without expense to them, shall provide for the exchange of all Securities at the time Outstanding for Securities authenticated and delivered in such new name.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities on behalf of the Trustee. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Security Registrar or Paying Agent to deal with the Company and its Affiliates.

If an officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates such Security such Security shall be valid nevertheless.

#### Section 304. Temporary Securities.

Pending the preparation of definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and make available for delivery, temporary Securities which are printed, lithographed, typewritten or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 1002, without charge to the Holder. Upon surrender for cancellation of any

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one or more temporary Securities, the Company shall execute and the Trustee (in accordance with a Company Order for the authentication of such Securities) shall authenticate and make available for delivery in exchange therefor a like principal amount of definitive Securities of authorized denominations. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

Section 305. Registration, Registration of Transfer and Exchange.

The Company shall cause the Trustee to keep, so long as it is the Security Registrar, at the Corporate Trust Office of the Trustee, or such other office as the Trustee may designate, a register (the register maintained in such office or in any other office or agency designated pursuant to Section 1002 being herein sometimes referred to as the "Security Register") in which, subject to such reasonable regulations as the Security Registrar may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee shall initially be the "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided. The Company may change the Security Registrar or appoint one or more co-Security Registrars without notice.

Upon surrender for registration of transfer of any Security at the office or agency of the Company designated pursuant to Section 1002, the Company shall execute, and the Trustee shall (in accordance with a Company Order for the authentication of such Securities) authenticate and make available for delivery, in the name of the designated transferee or transferees, one or more new Securities of the same series of any authorized denomination or denominations, of a like aggregate principal amount.

Furthermore, any Holder of the Global Security shall, by acceptance of such Global Security, agree that transfers of beneficial interests in such Global Security may be effected only through a book-entry system maintained by the Holder of such Global Security (or its agent), and that ownership of a beneficial interest in a Security shall be required to be reflected in a book entry.

At the option of the Holder, Securities may be exchanged for other Securities of any authorized denomination or denominations, of a like aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall (in accordance with a Company Order for the authentication of such Securities) authenticate and make available for delivery, Securities of the same series which the Holder making the exchange is entitled to receive; *provided* that no exchange of Series A Securities for Series B Securities shall occur until an Exchange Offer Registration Statement shall have been declared effective by the Commission and the Series A Securities exchanged for the Series B Securities shall be canceled.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same Indebtedness, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

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Every Security presented or surrendered for registration of transfer, or for exchange, repurchase or redemption, shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made to a Holder for any registration of transfer, exchange or redemption of Securities, except for any tax or other governmental charge that may be imposed in connection therewith, other than exchanges pursuant to Sections 303, 304, 305, 308, 906, 1012, 1014 or 1108 not involving any transfer.

The Company shall not be required (a) to issue, register the transfer of or exchange any Security during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of the Securities selected for redemption under Section 1104 and ending at the close of business on the day of such mailing or (b) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of Securities being redeemed in part.

Every Security shall be subject to the restrictions on transfer provided in the legend required to be set forth on the face of each Security pursuant to Section 202, and the restrictions set forth in this Section 305, and the Holder of each Security, by such Holder's acceptance thereof (or interest therein), agrees to be bound by such restrictions on transfer.

Except as provided in the preceding paragraph, any Security authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, any Global Security, whether pursuant to this Section 305, Section 304, 308, 906 or 1108 or otherwise, shall also be a Global Security and bear the legend specified in Section 202.

Section 306. Book Entry Provisions for Global Securities

(a) Each Global Security initially shall (i) be registered in the name of the Depositary for such Global Security or the nominee of such Depositary, (ii) be deposited with, or on behalf of, the Depositary or with the Trustee as custodian for such Depositary and (iii) bear legends as set forth in Section 202.

Members of, or participants in, the Depositary ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depositary, or the Trustee as its custodian, or under such Global Security, and the Depositary may be treated by the Company, the Guarantors, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Guarantors, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or shall impair, as between the Depositary and its Agent Members, the operation of customary practices governing the exercise of the rights of a holder of any Security.

(b) Notwithstanding any other provision in this Indenture, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person other than the Depository for such Global Security or a nominee thereof unless (i) such Depository (A) has notified the Company that it is unwilling or unable to continue as Depository for such Global Security or (B) has ceased to be a clearing agency registered as such under the Exchange Act, and in either case the Company fails to appoint a successor Depository, (ii) the Company, at its option, executes and delivers to the Trustee a Company Order stating that it elects to cause the issuance of the Securities in certificated form and that all Global Securities shall be exchanged in whole for Securities that are not Global Securities (in which case such exchange shall be effected by the Trustee) or (iii) there shall have occurred and be continuing an Event of Default or any event which after notice or lapse of time or both would be an Event of Default with respect to such Global Security.

(c) If any Global Security is to be exchanged for other Securities or canceled in whole, it shall be surrendered by or on behalf of the Depository or its nominee to the Trustee, as Security Registrar, for exchange or cancellation as provided in this Article Three. If any Global Security is to be exchanged for other Securities or canceled in part, or if another Security is to be exchanged in whole or in part for a beneficial interest in any Global Security, then either (i) such Global Security shall be so surrendered for exchange or cancellation as provided in this Article Three or (ii) the principal amount thereof shall be reduced or increased by an amount equal to the portion thereof to be so exchanged or canceled, or equal to the principal amount of such other Security to be so exchanged for a beneficial interest therein, as the case may be, by means of an appropriate adjustment made on the records of the Trustee, as Security Registrar, whereupon the Trustee, in accordance with the Applicable Procedures, shall instruct the Depository or its authorized representative to make a corresponding adjustment to its records. Upon any such surrender or adjustment of a Global Security, the Trustee shall, subject to this Section 306(c) and as otherwise provided in this Article Three, authenticate and deliver any Securities issuable in exchange for such Global Security (or any portion thereof) to or upon the order of, and registered in such names as may be directed by, the Depository or its authorized representative. Upon the request of the Trustee in connection with the occurrence of any of the events specified in the preceding paragraph, the Company shall promptly make available to the Trustee a reasonable supply of Securities that are not in the form of Global Securities. The Trustee shall be entitled to rely upon any order, direction or request of the Depository or its authorized representative which is given or made pursuant to this Article Three if such order, direction or request is given or made in accordance with the Applicable Procedures.

(d) Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, whether pursuant to this Article Three or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Security is registered in the name of a Person other than the Depository for such Global Security or a nominee thereof.

(e) The Depository or its nominee, as registered owner of a Global Security, shall be the Holder of such Global Security for all purposes under this Indenture and the Securities, and owners of beneficial interests in a Global Security shall hold such interests

pursuant to the Applicable Procedures. Accordingly, any such owner's beneficial interest in a Global Security will be shown only on, and the transfer of such interest shall be effected only through, records maintained by the Depository or its nominee or its Agent Members.

Section 307. Special Transfer and Exchange Provisions.

(a) Certain Transfers and Exchanges. Transfers and exchanges of Securities and beneficial interests in a Global Security of the kinds specified in this Section 307 shall be made only in accordance with this Section 307 and subject in each case to the Applicable Procedures.

(i) Rule 144A Global Security to Regulation S Global Security If the owner of a beneficial interest in the Rule 144A Global Security wishes at any time to transfer such interest to a Person who wishes to acquire the same in the form of a beneficial interest in the Regulation S Global Security, such transfer may be effected only in accordance with the provisions of this paragraph and paragraph (iv) below and subject to the Applicable Procedures. Upon receipt by the Trustee, as Security Registrar, of (a) an order given by the Depository or its authorized representative directing that a beneficial interest in the Regulation S Global Security in a specified principal amount be credited to a specified Agent Member's account and that a beneficial interest in the Rule 144A Global Security in an equal principal amount be debited from another specified Agent Member's account and (b) a Regulation S Certificate in the form of Exhibit A hereto, satisfactory to the Trustee and duly executed by the owner of such beneficial interest in the Rule 144A Global Security or his attorney duly authorized in writing, then the Trustee, as Security Registrar but subject to paragraph (iv) below, shall reduce the principal amount of the Rule 144A Global Security and increase the principal amount of the Regulation S Global Security by such specified principal amount as provided in Section 306(c).

(ii) Regulation S Global Security to Rule 144A Global Security If the owner of a beneficial interest in the Regulation S Global Security wishes at any time to transfer such interest to a Person who wishes to acquire the same in the form of a beneficial interest in the Rule 144A Global Security, such transfer may be effected only in accordance with this paragraph (ii) and subject to the Applicable Procedures. Upon receipt by the Trustee, as Security Registrar, of (a) an order given by the Depository or its authorized representative directing that a beneficial interest in the Rule 144A Global Security in a specified principal amount be credited to a specified Agent Member's account and that a beneficial interest in the Regulation S Global Security in an equal principal amount be debited from another specified Agent Member's account and (b) if such transfer is to occur during the Restricted Period, a Restricted Securities Certificate in the form of Exhibit B hereto, satisfactory to the Trustee and duly executed by the owner of such beneficial interest in the Regulation S Global Security or his attorney duly authorized in writing, then the Trustee, as Security Registrar, shall reduce the principal amount of the Regulation S Global Security and increase the

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principal amount of the Rule 144A Global Security by such specified principal amount as provided in Section 306(c).

(iii) Exchanges between Global Security and Non-Global Security A beneficial interest in a Global Security may be exchanged for a Security that is not a Global Security as provided in Section 307(b), provided that, if such interest is a beneficial interest in the Rule 144A Global Security, or if such interest is a beneficial interest in the Regulation S Global Security and such exchange is to occur during the Restricted Period, then such interest shall bear the Private Placement Legend (subject in each case to Section 307(b)).

(iv) Regulation S Global Security to be Held Through Euroclear or Clearstream during Restricted Period The Company shall use its best efforts to cause the Depository to ensure that, until the expiration of the Restricted Period, beneficial interests in the Regulation S Global Security may be held only in or through accounts maintained at the Depository by Euroclear or Clearstream (or by Agent Members acting for the account thereof), and no person shall be entitled to effect any transfer or exchange that would result in any such interest being held otherwise than in or through such an account; provided that this paragraph (iv) shall not prohibit any transfer or exchange of such an interest in accordance with paragraph (ii) above.

(b) Private Placement Legends. Rule 144A Securities and their Successor Securities and Regulation S Securities and their Successor Securities shall bear a Private Placement Legend, subject to the following:

(i) subject to the following clauses of this Section 307(b), a Security or any portion thereof which is exchanged, upon transfer or otherwise, for a Global Security or any portion thereof shall bear the Private Placement Legend borne by such Global Security while represented thereby;

(ii) subject to the following Clauses of this Section 307(b), a new Security which is not a Global Security and is issued in exchange for another Security (including a Global Security) or any portion thereof, upon transfer or otherwise, shall bear the Private Placement Legend borne by such other Security;

(iii) Series B Securities, and all other Securities sold or otherwise disposed of pursuant to an effective registration statement under the Securities Act, together with their respective Successor Securities, shall not bear a Private Placement Legend;

(iv) at any time after the Securities may be freely transferred without registration under the Securities Act or without being subject to transfer restrictions pursuant to the Securities Act, a new Security which does not bear a Private Placement Legend may be issued in exchange for or in lieu of a Security (other than a Global Security) or any portion thereof which bears such a legend if



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the Trustee has received an Unrestricted Securities Certificate substantially in the form of Exhibit C hereto, satisfactory to the Trustee and duly executed by the Holder of such legended Security or his attorney duly authorized in writing, and after such date and receipt of such certificate, the Trustee shall authenticate and deliver such a new Security in exchange for or in lieu of such other Security as provided in this Article Three;

(v) a new Security which does not bear a Private Placement Legend may be issued in exchange for or in lieu of a Security (other than a Global Security) or any portion thereof which bears such a legend if, in the Company's judgment, placing such a legend upon such new Security is not necessary to ensure compliance with the registration requirements of the Securities Act, and the Trustee, at the direction of the Company, shall authenticate and deliver such a new Security as provided in this Article Three; and

(vi) notwithstanding the foregoing provisions of this Section 307(b), a Successor Security of a Security that does not bear a particular form of Private Placement Legend shall not bear such form of legend unless the Company has reasonable cause to believe that such Successor Security is a "restricted security" within the meaning of Rule 144, in which case the Trustee, at the direction of the Company, shall authenticate and deliver a new Security bearing a Private Placement Legend in exchange for such Successor Security as provided in this Article Three.

By its acceptance of any Security bearing the Private Placement Legend, each Holder of such a Security acknowledges the restrictions on transfer of such Security set forth in this Indenture and in the Private Placement Legend and agrees that it will transfer such Security only as provided in this Indenture.

The Security Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 306 or this Section 307. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Security Registrar.

In the event that Regulation S is amended during the term of this Indenture to alter the applicable holding period, all reference in this Indenture to a holding period for Non-U.S. Persons will be deemed to include such amendment.

**Section 308. Mutilated, Destroyed, Lost and Stolen Securities.**

If (a) any mutilated Security is surrendered to the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company, any Guarantor and the Trustee, such security or indemnity, in each case, as may be required by them to save each of them harmless, then, in the absence of notice to the Company, any Guarantor or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon a Company Request the

Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a replacement Security of like tenor and principal amount, bearing a number not contemporaneously outstanding and each Guarantor shall execute a replacement Guarantee.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a replacement Security, pay such Security.

Upon the issuance of any replacement Securities under this Section, the Company may require the payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charges that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every replacement Security and Guarantee issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company and any Guarantor, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 309. Payment of Interest: Interest Rights Preserved.

Interest on any Security which is payable, and is punctually paid or duly provided for, on the Stated Maturity of such interest shall be paid to the Person in whose name the Security (or any Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest payment.

Any interest on any Security which is payable, but is not punctually paid or duly provided for, on the Stated Maturity of such interest, and interest on such defaulted interest at the then applicable interest rate borne by the Securities, to the extent lawful (such defaulted interest and interest thereon herein collectively called "Defaulted Interest"), shall forthwith cease to be payable to the Holder on the Regular Record Date; and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Subsection (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities (or any relevant Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date (not less than 30 days after such notice) of the proposed payment (the "Special Payment Date"), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements

satisfactory to the Trustee for such deposit prior to the Special Payment Date, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Subsection provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the Special Payment Date and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company in writing of such Special Record Date. In the name and at the expense of the Company, the Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at its address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Payment Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities are registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection (b).

(b) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by this Indenture not inconsistent with the requirements of such exchange, if, after written notice given by the Company to the Trustee of the proposed payment pursuant to this Subsection, such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 309, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 310. CUSIP Numbers.

The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and the Company, or the Trustee on behalf of the Company, shall use CUSIP numbers in notices of redemption or exchange as a convenience to Holders; *provided, however*, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of redemption or exchange and that reliance may be placed only on the other identification numbers printed on the Securities; and *provided further, however*, that failure to use CUSIP numbers in any notice of redemption or exchange shall not affect the validity or sufficiency of such notice.

Section 311. Persons Deemed Owners

Prior to due presentment of a Security for registration of transfer, the Company, any Guarantor, the Trustee and any agent of the Company, any Guarantor or the Trustee may treat the Person in whose name any Security is registered as the owner of such Security for the purpose of receiving payment of principal of, premium, if any, and (subject to Section 309) interest on, such Security and for all other purposes whatsoever, whether or not such Security is

overdue, and neither the Company, any Guarantor, the Trustee nor any agent of the Company, any Guarantor or the Trustee shall be affected by notice to the contrary.

Section 312. Cancellation.

All Securities surrendered for payment, purchase, redemption, registration of transfer or exchange shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by it. The Company and any Guarantor may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company or such Guarantor may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section 312, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be returned to the Company. The Trustee shall provide the Company a list of all Securities that have been canceled from time to time as requested by the Company.

Section 313. Computation of Interest.

Interest on the Securities shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

ARTICLE FOUR

DEFEASANCE AND COVENANT DEFEASANCE

Section 401. Company's Option to Effect Defeasance or Covenant Defeasance.

The Company may, at its option by Board Resolution, at any time, with respect to the Securities, elect to have either Section 402 or Section 403 be applied to all of the Outstanding Securities (the "Defeased Securities"), upon compliance with the conditions set forth below in this Article Four.

Section 402. Defeasance and Discharge.

Upon the Company's exercise under Section 401 of the option applicable to this Section 402, the Company, each Guarantor and any other obligor upon the Securities, if any, shall be deemed to have been discharged from its obligations with respect to the Defeased Securities on the date the conditions set forth in Section 404 below are satisfied (hereinafter, "defeasance"). For this purpose, such defeasance means that the Company, each Guarantor and any other obligor under this Indenture shall be deemed to have paid and discharged the entire Indebtedness represented by the Defeased Securities, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 405 and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company and upon Company Request, shall execute proper instruments

acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of Defeased Securities to receive, solely from the trust fund described in Section 404 and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest on, such Securities, when such payments are due, (b) the Company's obligations with respect to such Defeased Securities under Sections 304, 305, 308, 1002 and 1003, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder, including, without limitation, the Trustee's rights under Section 607, and (d) this Article Four. Subject to compliance with this Article Four, the Company may exercise its option under this Section 402 notwithstanding the prior exercise of its option under Section 403 with respect to the Securities.

Section 403. Covenant Defeasance.

Upon the Company's exercise under Section 401 of the option applicable to this Section 403, the Company and each Guarantor shall be released from its obligations under any covenant or provision contained or referred to in Sections 1005 through 1020, inclusive, and the provisions of clause (iii) of Section 801(a), with respect to the Defeased Securities, on and after the date the conditions set forth in Section 404 below are satisfied (hereinafter, "covenant defeasance"), and the Defeased Securities shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to the Defeased Securities, the Company and each Guarantor may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 501(c), (d) or (f) but, except as specified above, the remainder of this Indenture and such Defeased Securities shall be unaffected thereby.

Section 404. Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to application of either Section 402 or Section 403 to the Defeased Securities:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (a) cash in United States dollars, (b) U.S. Government Obligations, or (c) a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants or a nationally recognized investment banking firm expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee to pay and discharge, the principal of, premium, if any, and interest on, the Defeased Securities, on the Stated Maturity of such principal or interest (or on any date after August 15, 2008 (such date being referred to as the "Defeasance Redemption Date")) if at or prior to electing to exercise either its option applicable

to Section 402 or its option applicable to Section 403, the Company has delivered to the Trustee an irrevocable notice to redeem the Defeased Securities on the Defeasance Redemption Date). For this purpose, "U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a Depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such Depositary receipt, *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such Depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such Depositary receipt;

(2) In the case of an election under Section 402, the Company shall have delivered to the Trustee an Opinion of Independent Counsel in the United States stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the Issue Date, 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 Independent Counsel in the United States shall confirm that, the Holders of the Outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such 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 defeasance had not occurred;

(3) In the case of an election under Section 403, the Company shall have delivered to the Trustee an Opinion of Independent Counsel in the United States to the effect that the Holders of the Outstanding Securities will not recognize income, 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 or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as Section 501(g) or (h) is concerned, at any time during the period ending on the 91st day after the date of deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period) (other than a Default which results from the borrowing of amounts to finance the defeasance and which borrowing does not result in a breach or violation of, or constitute a default, under any other material agreement or instrument to which the Company or any Restricted Subsidiary is a party or to which it is bound);

(5) Such defeasance or covenant defeasance shall not cause the Trustee for the Securities to have a conflicting interest in violation of and for purposes of the Trust Indenture Act with respect to any other securities of the Company or any Guarantor;

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(6) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a Default under, this Indenture or any other material agreement or instrument to which the Company, any Guarantor or any Restricted Subsidiary is a party or by which it is bound;

(7) Such defeasance or covenant defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act of 1940, as amended, unless such trust shall be registered under such Act or exempt from registration thereunder;

(8) The Company shall have delivered to the Trustee an Opinion of Independent Counsel in the United States to the effect that (assuming that no Holder of any Securities would be considered an insider of the Company under any applicable bankruptcy or insolvency law and assuming no intervening bankruptcy or insolvency of the Company between the date of deposit and the 91<sup>st</sup> day following the deposit) after the 91<sup>st</sup> day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(9) The Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of the Securities or any Guarantee over the other creditors of the Company or any Guarantor with the intent of defeating, hindering, delaying or defrauding creditors of the Company, any Guarantor or others;

(10) No event or condition shall exist that would prevent the Company from making payments of the principal of, premium, if any, and interest on the Securities on the date of such deposit or at any time ending on the 91<sup>st</sup> day after the date of such deposit; and

(11) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Independent Counsel, each stating that all conditions precedent provided for relating to either the defeasance under Section 402 or the covenant defeasance under Section 403 (as the case may be) have been complied with.

Opinions of Counsel or Opinions of Independent Counsel required to be delivered under this Section shall be in form and substance reasonably satisfactory to the Trustee may have qualifications customary for opinions of the type required and counsel delivering such opinions may rely on certificates of the Company or government or other officials customary for opinions of the type required, which certificates shall be limited as to matters of fact, including that various financial covenants have been complied with.

Section 405. Deposited Money and U.S. Government Obligations to Be Held in Trust; Other Miscellaneous Provisions

Subject to the provisions of the last paragraph of Section 1003, all United States dollars and U.S. Government Obligations (including the proceeds thereof) deposited with the

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Trustee pursuant to Section 404 in respect of the Defeased Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (excluding the Company or any of its Affiliates acting as Paying Agent), as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 404 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is imposed, assessed or for the account of the Holders of the Defeased Securities.

Anything in this Article Four to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any United States dollars or U.S. Government Obligations held by it as provided in Section 404 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect defeasance or covenant defeasance.

Section 406. Reinstatement.

If the Trustee or Paying Agent is unable to apply any United States dollars or U.S. Government Obligations in accordance with Section 402 or 403, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Securities and any Guarantor's obligations under any Guarantee shall be revived and reinstated, with present and prospective effect, as though no deposit had occurred pursuant to Section 402 or 403, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such United States dollars or U.S. Government Obligations in accordance with Section 402 or 403, as the case may be; *provided, however*, that if the Company makes any payment to the Trustee or Paying Agent of principal of, premium, if any, or interest on any Security following the reinstatement of its obligations, the Trustee or Paying Agent shall promptly pay any such amount to the Holders of the Securities and the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the United States dollars and U.S. Government Obligations held by the Trustee or Paying Agent.



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ARTICLE FIVE

REMEDIES

Section 501. Events of Default.

“Event of Default,” wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) there shall be a default in the payment of any interest on any Security when it becomes due and payable, and such default shall continue for a period of 30 days (whether or not prohibited by the subordination provisions of this Indenture);

(b) there shall be a default in the payment of the principal of (or premium, if any, on) any Security at its Maturity (upon acceleration, optional or mandatory redemption, required repurchase or otherwise) (whether or not prohibited by the subordination provisions of this Indenture);

(c) (i) there shall be a default in the performance, or breach, of any covenant or agreement of the Company or any Guarantor under this Indenture or any Guarantee (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in clause (a), (b) or in clause (ii), (iii) or (iv) of this clause (c)) and such default or breach shall continue for a period of 60 days after written notice (30 days in the case of a default under Section 1008 or Section 1009 herein) has been given, by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Securities; (ii) there shall be a default in the performance or breach of the provisions of Article Eight; (iii) the Company shall have failed to consummate an Offer in accordance with the provisions of Section 1012; or (iv) the Company shall have failed to consummate a Change of Control Offer in accordance with the provisions of Section 1014;

(d) one or more defaults, individually or in the aggregate, shall have occurred under any of the agreements, indentures or instruments under which the Company or any Restricted Subsidiary then has outstanding Indebtedness in excess of \$20.0 million in principal amount, individually or in the aggregate, and either (i) such default results from the failure to pay such Indebtedness at its stated final maturity or (ii) such default or defaults resulted in the acceleration of the maturity of such Indebtedness;

(e) any Guarantee shall for any reason cease to be, or shall for any reason be asserted in writing by any Guarantor or the Company not to be, in full force and effect and enforceable in accordance with its terms, except to the extent contemplated by this Indenture and any such Guarantee;

(f) one or more final judgments, orders or decrees (not subject to appeal) of any court or regulatory or administrative agency for the payment of money in excess of \$20.0 million, either individually or in the aggregate (exclusive of any portion of any such payment covered by insurance, if and to the extent the insurer has acknowledged in writing its liability therefor), shall be rendered against the Company, any Guarantor or any Restricted Subsidiary or any of their respective properties and shall not be discharged or fully bonded and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

(g) there shall have been the entry by a court of competent jurisdiction of (i) a decree or order for relief in respect of the Company or any Significant Restricted Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or (ii) a decree or order adjudging the Company or any Significant Restricted Subsidiary bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any Significant Restricted Subsidiary under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any Significant Restricted Subsidiary or of any substantial part of their respective properties, or ordering the winding up or liquidation of their respective affairs, and any such decree or order for relief shall continue to be in effect, or any such other decree or order shall be unstayed and in effect, for a period of 60 consecutive days; or

(h) (i) the Company or any Significant Restricted Subsidiary commences a voluntary case or proceeding under any applicable Bankruptcy Law or any other case or proceeding to be adjudicated bankrupt or insolvent, (ii) the Company or any Significant Restricted Subsidiary consents to the entry of a decree or order for relief in respect of the Company or such Significant Restricted Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against it, (iii) the Company or any Significant Restricted Subsidiary files a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, (iv) the Company or any Significant Restricted Subsidiary (1) consents to the filing of such petition or the appointment of, or taking possession by, a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or such Significant Restricted Subsidiary or of any substantial part of their respective properties, (2) makes an assignment for the benefit of creditors or (3) admits in writing its inability to pay its debts generally as they become due or (v) the Company or any Significant Restricted Subsidiary takes any corporate action in furtherance of any such actions in this paragraph (i).

Section 502. Acceleration of Maturity; Rescission and Annulment

If an Event of Default (other than an Event of Default specified in Sections 501(g) and (h)) shall occur and be continuing with respect to this Indenture, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Securities then Outstanding may, and the Trustee at the request of such Holders shall, declare all unpaid principal of, premium, if any, and accrued interest on all Securities to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders of the Securities) and upon any such declaration, such principal, premium, if any, and interest shall become due and payable

immediately. If an Event of Default specified in clause (g) or (h) of Section 501 occurs and is continuing, then all the Securities shall automatically become and be due and payable immediately in an amount equal to the principal amount of the Securities, together with accrued and unpaid interest, if any, to the date the Securities become due and payable, without any declaration or other act on the part of the Trustee or any Holder. Thereupon, the Trustee may, at its discretion, proceed to protect and enforce the rights of the Holders of the Securities by appropriate judicial proceedings.

After a declaration of acceleration with respect to the Securities, but before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in aggregate principal amount of the Securities Outstanding, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(a) the Company has paid or deposited with the Trustee a sum sufficient to pay

(i) all sums paid or advanced by the Trustee under this Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel,

(ii) all overdue interest on all Outstanding Securities,

(iii) the principal of and premium, if any, on any Outstanding Securities which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Securities, and

(iv) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Securities;

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(c) all Events of Default, other than the non-payment of principal of, premium, if any, and interest on the Securities which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513. No such rescission shall affect any subsequent Default or impair any right consequent thereon.

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee

The Company and each Guarantor covenant that if

(a) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days,

or

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(b) default is made in the payment of the principal of or premium, if any, on any Security at the Stated Maturity thereof or otherwise,

the Company and such Guarantor will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal and premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent that payment of such interest shall be legally enforceable, upon overdue installments of interest, at the rate borne by the Securities; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company or any Guarantor, as the case may be, fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any Guarantor or any other obligor upon the Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company, any Guarantor or any other obligor upon the Securities, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders under this Indenture or any Guarantee by such appropriate private or judicial proceedings as the Trustee shall deem most effectual to protect and enforce such rights, including seeking recourse against any Guarantor pursuant to the terms of any Guarantee, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein or therein, or to enforce any other proper remedy, including, without limitation, seeking recourse against any Guarantor pursuant to the terms of a Guarantee, or to enforce any other proper remedy, subject however to Section 512. No recovery of any such judgment upon any property of the Company or any Guarantor shall affect or impair any rights, powers or remedies of the Trustee or the Holders.

Section 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor, including any Guarantor, upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, and premium, if any, and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including

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any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 505. Trustee May Enforce Claims without Possession of Securities

All rights of action and claims under this Indenture, the Securities or the Guarantees may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article or otherwise on behalf of the Holders or the Trustee pursuant to this Article or through any proceeding or any arrangement or restructuring in anticipation or in lieu of any proceeding contemplated by this Article shall be applied, subject to applicable law, in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal, premium, if any, or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607;

SECOND: To the payment of the amounts then due and unpaid upon the Securities for principal, premium, if any, and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal, premium, if any, and interest; and

THIRD: The balance, if any, to the Person or Persons entitled thereto, including the Company, provided that all sums due and owing to the Holders and the Trustee have been paid in full as required by this Indenture.

Section 507. Limitation on Suits.

No Holder of any Securities shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture or the Securities, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Holders of not less than 25% in aggregate principal amount of the Outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as trustee hereunder;

(c) such Holder or Holders have offered to the Trustee a reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 15 days after its receipt of such notice, request and offer (and if requested, provision) of indemnity has failed to institute any such proceeding;  
and

(e) no direction inconsistent with such written request has been given to the Trustee during such 15-day period by the Holders of a majority in aggregate principal amount of the Outstanding Securities;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture, any Security or any Guarantee to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, any Security or any Guarantee, except in the manner provided in this Indenture and for the equal and ratable benefit of all the Holders.

Section 508. Unconditional Right of Holders to Receive Principal, Premium and Interest

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right based on the terms stated herein, which is absolute and unconditional, to receive payment of the principal of, premium, if any, and (subject to Section 309) interest on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption or repurchase, on the Redemption Date or the repurchase date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture or any Guarantee and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case the Company, any Guarantor, any other obligor on the Securities, the Trustee and the Holders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 510. Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 512. Control by Holders.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, *provided* that

(a) such direction shall not be in conflict with any rule of law or with this Indenture (including, without limitation, Section 507) or any Guarantee, expose the Trustee to personal liability, or be unduly prejudicial to Holders not joining therein; and

(b) subject to the provisions of Section 315 of the Trust Indenture Act, the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 513. Waiver of Past Defaults.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Securities may on behalf of the Holders of all Outstanding Securities waive any past Default hereunder and its consequences, except a Default

(a) in the payment of the principal of, premium, if any, or interest on any Security (which may only be waived with the consent of each Holder of the Securities affected); or

(b) in respect of a covenant or a provision hereof which under this Indenture cannot be modified or amended without the consent of the Holder of each Security Outstanding affected by such modification or amendment.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant, but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities, or to any suit instituted by any Holder for the enforcement of the payment of the principal of, premium, if any, or interest on, any Security on or after the respective Stated Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

Section 515. Waiver of Stay, Extension or Usury Laws.

Each of the Company and the Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Company or any Guarantor from paying all or any portion of the principal of, premium, if any, or interest on the Securities contemplated herein or in the Securities or which may affect the covenants or the performance of this Indenture; and each of the Company and the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power



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herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 516. Remedies Subject to Applicable Law.

All rights, remedies and powers provided by this Article Five may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Indenture are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

ARTICLE SIX

THE TRUSTEE

Section 601. Duties of Trustee.

Subject to the provisions of Trust Indenture Act Sections 315(a) through 315(d):

(a) if a Default or an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his own affairs;

(b) except during the continuance of a Default or an Event of Default:

(1) the Trustee need perform only those duties as are specifically set forth in this Indenture and no covenants or obligations shall be implied in this Indenture that are adverse to the Trustee; and

(2) in the absence of bad faith or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture;

(c) the Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this Subsection (c) does not limit the effect of Subsection (b) of this Section 601;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith, in accordance with a direction of the Holders of a majority in principal amount of Outstanding Securities relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power confirmed upon the Trustee under this Indenture;

(d) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it;

(e) whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to Subsections (a), (b), (c) and (d) and (f) of this Section 601; and

(f) the Trustee shall not be liable for interest on any money or assets received by it except as the Trustee may agree with the Company. Assets held in trust by the Trustee need not be segregated from other assets except to the extent required by law.

Section 602. Notice of Defaults.

Within 30 days after a Responsible Officer of the Trustee receives notice of the occurrence of any Default, the Trustee shall transmit by mail to all Holders and any other Persons entitled to receive reports pursuant to Section 313(c) of the Trust Indenture Act, as their names and addresses appear in the Security Register, notice of such Default hereunder known to the Trustee, unless such Default shall have been cured or waived; *provided, however*, that, except in the case of a Default in the payment of the principal of, premium, if any, or interest on any Security, the Trustee shall be protected in withholding such notice if and so long as a trust committee of Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders.

Section 603. Certain Rights of Trustee.

Subject to the provisions of Section 601 hereof and Trust Indenture Act Sections 315(a) through 315(d):

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon receipt by it of any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of Indebtedness

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or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) the Trustee may consult with counsel of its selection and any advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred therein;

(e) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture other than any liabilities arising out of the negligence, bad faith or willful misconduct of the Trustee;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, appraisal, bond, debenture, note, coupon, security or other paper or document unless requested in writing to do so by the Holders of not less than a majority in aggregate principal amount of the Securities then Outstanding; *provided* that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to proceeding; the reasonable expenses of every such investigation so requested by the Holders of not less than 25% in aggregate principal amount of the Securities Outstanding shall be paid by the Company or, if paid by the Trustee or any predecessor Trustee, shall be repaid by the Company upon demand; *provided, further*, the Trustee in its discretion may make such further inquiry or investigation into such facts or matters as it may deem fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) Except with respect to Section 1001, the Trustee shall have no duty to inquire as to the performance of the Company with respect to the covenants contained in Article 10. In addition, the Trustee shall not be deemed to have knowledge of an Event of Default except (i) any Default or Event of Default occurring pursuant to Sections 1001, 501(a) or 501(b) or (ii) any Default or Event of Default of which the Trustee shall have received written notification or obtained actual knowledge; and

(i) Delivery of reports, information and documents to the Trustee under Section 1019 is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of their covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

Section 604. Trustee Not Responsible for Recitals, Dispositions of Securities or Application of Proceeds Thereof

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Guarantors, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Securities and perform its obligations hereunder and that the statements made by it in any Statement of Eligibility and Qualification on Form T-1 supplied to the Company are true and accurate subject to the qualifications set forth therein. The Trustee shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

Section 605. Trustee and Agents May Hold Securities; Collections; etc.

The Trustee, any Paying Agent, Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities, with the same rights it would have if it were not the Trustee, Paying Agent, Security Registrar or such other agent and, subject to Trust Indenture Act Sections 310 and 311, may otherwise deal with the Company and receive, collect, hold and retain collections from the Company with the same rights it would have if it were not the Trustee, Paying Agent, Security Registrar or such other agent.

Section 606. Money Held in Trust

All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law. Except for funds or securities deposited with the Trustee pursuant to Article Four, the Trustee shall be required to invest all moneys received by the Trustee, until used or applied as herein provided, in Temporary Cash Investments in accordance with the directions of the Company.

Section 607. Compensation and Indemnification of Trustee and Its Prior Claim.

The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, such compensation as the parties shall agree in writing from time to time for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and the Company covenants and agrees to pay or reimburse the Trustee and each predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by or on behalf of the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, bad faith or willful misconduct. The Company also covenants and agrees to indemnify the Trustee and each predecessor Trustee for, and to hold it harmless against, any claim, loss, liability, tax, assessment or other governmental charge (other than taxes applicable to the Trustee's compensation hereunder) or expense incurred without negligence, bad faith or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder and its duties hereunder, including enforcement of this Section 607 and also including any liability which the Trustee may incur as a result of failure to withhold, pay or report any tax, assessment or other governmental charge, and the costs and expenses of defending itself against or investigating any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The obligations of the Company under this Section 607 to compensate and indemnify the Trustee and each predecessor Trustee and to pay or reimburse the Trustee and each predecessor Trustee for reasonable expenses, disbursements and advances shall constitute an additional obligation hereunder and shall survive the satisfaction and discharge of this Indenture and the resignation or removal of the Trustee and each predecessor Trustee.

Section 608. Conflicting Interests.

The Trustee shall comply with the provisions of Section 310(b) of the Trust Indenture Act.

Section 609. Trustee Eligibility.

There shall at all times be a Trustee hereunder which shall be eligible to act as trustee under Trust Indenture Act Section 310(a) and is a member of a bank holding company which shall have a combined capital and surplus of at least \$250,000,000, to the extent there is an institution eligible and willing to serve. If the Trustee does not have a Corporate Trust Office in The City of New York, the Trustee may appoint an agent in The City of New York reasonably acceptable to the Company to conduct any activities which the Trustee may be required under this Indenture to conduct in The City of New York. If such Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 609, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this

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Section 609, the Trustee shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 610. Resignation and Removal; Appointment of Successor Trustee.

(a) No resignation or removal of the Trustee and no appointment of a successor trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor trustee under Section 611.

(b) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign by giving written notice thereof to the Company no later than 20 Business Days prior to the proposed date of resignation. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument executed by authority of the Board of Directors of the Company, a copy of which shall be delivered to the resigning Trustee and a copy to the successor trustee. If an instrument of acceptance by a successor trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may, or any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint and prescribe a successor trustee.

(c) The Trustee may be removed at any time for any cause or for no cause by an Act of the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with the provisions of Trust Indenture Act Section 310(b) after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months,

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any case, (i) the Company by a Board Resolution may remove the Trustee, or (ii) subject to Section 514, the Holder of any Security who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee.

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Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board Resolution, shall promptly appoint a successor trustee and shall comply with the applicable requirements of Section 611. If, within 60 days after such resignation, removal or incapability, or the occurrence of such vacancy, the Company has not appointed a successor Trustee, a successor trustee shall be appointed by the Act of the Holders of a majority in principal amount of the Outstanding Securities delivered to the Company and the retiring Trustee. Such successor trustee so appointed shall forthwith upon its acceptance of such appointment become the successor trustee and supersede the successor trustee appointed by the Company. If no successor trustee shall have been so appointed by the Company or the Holders of the Securities and accepted appointment in the manner hereinafter provided, the Trustee or the Holder of any Security who has been a bona fide Holder for at least six months may, subject to Section 514, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Holders of Securities as their names and addresses appear in the Security Register. Each notice shall include the name of the successor trustee and the address of its Corporate Trust Office or agent hereunder.

Section 611. Acceptance of Appointment by Successor.

Every successor trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee as if originally named as Trustee hereunder; but, nevertheless, on the written request of the Company or the successor trustee, upon payment of its charges pursuant to Section 607 then unpaid, such retiring Trustee shall pay over to the successor trustee all moneys at the time held by it hereunder and shall execute and deliver an instrument transferring to such successor trustee all such rights, powers, duties and obligations. Upon request of any such successor trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers.

No successor trustee with respect to the Securities shall accept appointment as provided in this Section 611 unless at the time of such acceptance such successor trustee shall be eligible to act as trustee under the provisions of Trust Indenture Act Section 310(a) and this Article Six and shall have a combined capital and surplus of at least \$250,000,000 and have a Corporate Trust Office or an agent selected in accordance with Section 609.

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Upon acceptance of appointment by any successor trustee as provided in this Section 611, the Company shall give notice thereof to the Holders of the Securities, by mailing such notice to such Holders at their addresses as they shall appear on the Security Register. If the acceptance of appointment is substantially contemporaneous with the appointment, then the notice called for by the preceding sentence may be combined with the notice called for by Section 610. If the Company fails to give such notice within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be given at the expense of the Company.

**Section 612. Merger, Conversion, Consolidation or Succession to Business**

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee (including the trust created by this Indenture) shall be the successor of the Trustee hereunder, *provided* that such corporation shall be eligible under Trust Indenture Act Section 310(a) and this Article Six and shall have a combined capital and surplus of at least \$250,000,000 and have a Corporate Trust Office or an agent selected in accordance with Section 609, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee and deliver such Securities so authenticated; and, in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor trustee; and in all such cases such certificate shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have; *provided* that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

**Section 613. Preferential Collection of Claims Against Company**

If and when the Trustee shall be or become a creditor of the Company (or other obligor under the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor). A Trustee who has resigned or been removed shall be subject to Trust Indenture Act Section 311(a) to the extent indicated therein.



ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

Section 701. Company to Furnish Trustee Names and Addresses of Holders

The Company will furnish or cause to be furnished to the Trustee

(a) semiannually, not more than 10 days after each Regular Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of such Regular Record Date; and

(b) at such other times as the Trustee may reasonably request in writing, within 30 days after receipt by the Company of any such request, a list of similar form and content to that in subsection (a) hereof as of a date not more than 15 days prior to the time such list is furnished;

*provided, however*, that if and so long as the Trustee shall be the Security Registrar, no such list need be furnished.

Section 702. Disclosure of Names and Addresses of Holders

Holders may communicate pursuant to Trust Indenture Act Section 312(b) with other Holders with respect to their rights under this Indenture or the Securities, and the Trustee shall comply with Trust Indenture Act Section 312(b). The Company, the Trustee, the Security Registrar and any other Person shall have the protection of Trust Indenture Act Section 312(c). Further, every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee or any agent of either of them shall be held accountable by reason of the disclosure of any information as to the names and addresses of the Holders in accordance with Trust Indenture Act Section 312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Trust Indenture Act Section 312.

Section 703. Reports by Trustee

(a) Within 60 days after May 15 of each year commencing with the first May 15 after the issuance of Securities, the Trustee, if so required under the Trust Indenture Act, shall transmit by mail to all Holders, in the manner and to the extent provided in Trust Indenture Act Section 313(c), a brief report dated as of such May 15 in accordance with and with respect to the matters required by Trust Indenture Act Section 313(a). The Trustee shall also transmit by mail to all Holders, in the manner and to the extent provided in Trust Indenture Act Section 313(c), a brief report in accordance with and with respect to the matters required by Trust Indenture Act Section 313(b)(2).

(b) A copy of each report transmitted to Holders pursuant to this Section 703 shall, at the time of such transmission, be mailed to the Company and filed with each stock

exchange, if any, upon which the Securities are listed and also with the Commission. The Company will notify the Trustee promptly if the Securities are listed on any stock exchange.

Section 704. Reports by Company and Guarantors.

The Company and each Guarantor, as the case may be, shall:

(a) file with the Trustee, within 15 days after the Company or any Guarantor, as the case may be, is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company or any Guarantor may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company or any Guarantor, as the case may be, is not required to file information, documents or reports pursuant to either of said Sections, then it shall (i) deliver to the Trustee annual audited financial statements of the Company and its Subsidiaries, prepared on a Consolidated basis in conformity with GAAP, within 120 days after the end of each fiscal year of the Company, and (ii) file with the Trustee and, to the extent permitted by law, the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(b) file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company or any Guarantor, as the case may be, with the conditions and covenants of this Indenture as are required from time to time by such rules and regulations (including such information, documents and reports referred to in Trust Indenture Act Section 314(a)); and

(c) within 15 days after the filing thereof with the Trustee, transmit by mail to all Holders in the manner and to the extent provided in Trust Indenture Act Section 313(c), such summaries of any information, documents and reports required to be filed by the Company or any Guarantor, as the case may be, pursuant to Section 1019 hereunder and subsections (a) and (b) of this Section as are required by rules and regulations prescribed from time to time by the Commission.

ARTICLE EIGHT  
CONSOLIDATION, MERGER, SALE OF ASSETS

Section 801. Company and Guarantors May Consolidate, etc., Only on Certain Terms

(a) The Company will not, in a single transaction or through a series of related transactions, consolidate with or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person or group of Persons, or permit any of its Restricted Subsidiaries to enter into any such transaction or series of related transactions if such transaction or series of related transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries on a Consolidated basis to any other Person or group of Persons, unless at the time and after giving effect thereto:

(i) either (a) the Company will be the continuing corporation (in the case of a consolidation or merger involving the Company) or (b) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries on a Consolidated basis (the "Surviving Entity") will be a corporation duly organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and such Person expressly assumes, by a supplemental indenture, in a form reasonably satisfactory to the Trustee, all the obligations of the Company under the Securities and this Indenture and the Registration Rights Agreement, as the case may be, and the Securities and this Indenture and the Registration Rights Agreement (to the extent any obligations remain under the Registration Rights Agreement) will remain in full force and effect as so supplemented;

(ii) immediately before and immediately after giving effect to such transaction on *pro forma* basis (and treating any Indebtedness not previously an obligation of the Company or any of its Restricted Subsidiaries which becomes the obligation of the Company or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(iii) immediately before and immediately after giving effect to such transaction on *pro forma* basis (on the assumption that the transaction occurred on the first day of the four-quarter period for which financial statements are available ending immediately prior to the consummation of such transaction with the appropriate adjustments with respect to the transaction being included in such *pro forma* calculation), the Company (or the Surviving Entity if the Company is not the continuing obligor hereunder) could incur \$1.00 of additional Indebtedness (other than Permitted Indebtedness) under Section 1008;

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(iv) at the time of the transaction, each Guarantor, if any, unless it is the other party to the transactions described above, will have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under this Indenture and under the Securities;

(v) at the time of the transaction if any of the property or assets of the Company or any of its Restricted Subsidiaries would thereupon become subject to any Lien, the provisions of Section 1011 are complied with; and

(vi) at the time of the transaction the Company or the Surviving Entity will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, transfer, lease or other transaction and the supplemental indenture in respect thereof comply with this Indenture and that all conditions precedent herein provided for relating to such transaction have been complied with.

(b) Each Guarantor will not, and the Company will not permit a Guarantor to, in a single transaction or through a series of related transactions, consolidate with or merge with or into any other Person (other than the Company or any Guarantor) or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets on a Consolidated basis to any Person or group of Persons (other than the Company or any Guarantor), or permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Guarantor and its Restricted Subsidiaries on a Consolidated basis to any other Person or group of Persons (other than the Company or any Guarantor), unless at the time and after giving effect thereto:

(i) either (1) the Guarantor will be the continuing entity (in the case of a consolidation or merger involving the Guarantor) or (2) the Person (if other than the Guarantor) formed by such consolidation or into which such Guarantor is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of the Guarantor and its Restricted Subsidiaries on a Consolidated basis (the "Surviving Guarantor Entity") is duly organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and such Person expressly assumes, by a supplemental indenture, in a form satisfactory to the Trustee, all the obligations of such Guarantor under its Guarantee of the Securities and this Indenture and the Registration Rights Agreement (to the extent any obligations remain under the Registration Rights Agreement) and such Guarantee, Indenture and Registration Rights Agreement will remain in full force and effect;

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(ii) immediately before and immediately after giving effect to such transaction, on *apro forma* basis, no Default or Event of Default will have occurred and be continuing; and

(iii) at the time of the transaction such Guarantor or the Surviving Guarantor Entity will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, lease or other transaction and the supplemental indenture in respect thereof comply with this Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with.

(c) Notwithstanding the foregoing, the provisions of Section 801(b) shall not apply to any Guarantor whose Guarantee of the Securities is unconditionally released and discharged in accordance with paragraph (c) under Section 1013.

(d) Notwithstanding the foregoing, nothing in the provisions of Sections 801(a) or 801(b) shall prohibit a merger or consolidation of the Company or any of the Guarantors into an Affiliate organized in the United States solely for the purpose of changing the entity's jurisdiction of organization.

Section 802. Successor Substituted.

Upon any consolidation or merger, or any sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company or any Guarantor, if any, in accordance with Section 801, the successor Person formed by such consolidation or into which the Company or such Guarantor, as the case may be, is merged or the successor Person to which such sale, assignment, conveyance, transfer, lease or disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or such Guarantor, as the case may be, under this Indenture, the Securities and/or the related Guarantee, as the case may be, with the same effect as if such successor had been named as the Company or such Guarantor, as the case may be, herein, in the Securities and/or in the Guarantee, as the case may be, and the Company or such Guarantor, as the case may be, shall be discharged from all obligations and covenants under this Indenture and the Securities or its Guarantee, as the case may be; *provided* that in the case of a transfer by lease or a sale of substantially all of the assets of the Company or a Guarantor that results in the sale, assignment, conveyance, transfer or other disposition of assets constituting or accounting for less than 95% of the consolidated assets, revenues or Consolidated Net Income (Loss) of the Company or such Guarantor, as the case may be, the predecessor shall not be released from the payment of principal and interest on the Securities or its Guarantee, as the case may be.

ARTICLE NINE  
SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures and Agreements without Consent of Holders.

Without the consent of any Holders, the Company, the Guarantors, if any, and any other obligor under the Securities when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto or agreements or other instruments with respect to this Indenture, the Securities or any Guarantee, in form and substance satisfactory to the Trustee, for any of the following purposes:

- (a) to evidence the succession of another Person to the Company or a Guarantor or any other obligor upon the Securities, and the assumption by any such successor of the covenants of the Company or such Guarantor or obligor herein and in the Securities and in any Guarantee in accordance with Article Eight;
- (b) to add to the covenants of the Company, any Guarantor or any other obligor upon the Securities for the benefit of the Holders, or to surrender any right or power conferred upon the Company or any Guarantor or any other obligor upon the Securities, as applicable, herein, in the Securities or in any Guarantee;
- (c) to cure any ambiguity, or to correct or supplement any provision herein or in any supplemental indenture, the Securities or any Guarantee which may be defective or inconsistent with any other provision herein or in the Securities or any Guarantee or to make any other provisions with respect to matters or questions arising under this Indenture, the Securities or the Guarantees; *provided* that, in each case, such provisions shall not adversely affect the interest of the Holders;
- (d) to comply with the requirements of the Commission in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act, as contemplated by Section 905 or otherwise;
- (e) to add a Guarantor pursuant to the requirements of Section 1013 hereof or otherwise;
- (f) to evidence and provide the acceptance of the appointment of a successor Trustee hereunder; or
- (g) to mortgage, pledge, hypothecate or grant a security interest in favor of the Trustee for the benefit of the Holders as additional security for the payment and performance of the Company's or any Guarantor's Indenture Obligations, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Trustee pursuant to this Indenture or otherwise.

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Section 902. Supplemental Indentures and Agreements with Consent of Holders

Except as permitted by Section 901, with the consent of the Holders of at least a majority in aggregate principal amount of the Outstanding Securities (including consents obtained in connection with a tender offer or exchange offer for Securities), by Act of said Holders delivered to the Company, each Guarantor, if any, and the Trustee, the Company and each Guarantor (if a party thereto) when authorized by or pursuant to Board Resolutions, and the Trustee may (i) enter into an indenture or indentures supplemental hereto or agreements or other instruments with respect to any Guarantee in form and substance satisfactory to the Trustee, for the purpose of adding any provisions to or amending, modifying or changing in any manner or eliminating any of the provisions of this Indenture, the Securities or any Guarantee (including but not limited to, for the purpose of modifying in any manner the rights of the Holders under this Indenture, the Securities or any Guarantee) or (ii) waive compliance with any provision in this Indenture, the Securities or any Guarantee (other than waivers of past Defaults covered by Section 513 and waivers of covenants which are covered by Section 1021); *provided, however*, that no such supplemental indenture, agreement or instrument shall, without the consent of the Holder of each Outstanding Security affected thereby:

(a) change the Stated Maturity of the principal of, or any installment of interest on, or change to an earlier date any Redemption Date of, or waive a default in the payment of the principal of, premium, if any, or interest on, any such Security or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date);

(b) amend, change or modify the obligation of the Company to make and consummate an Offer with respect to any Asset Sale or Asset Sales in accordance with Section 1012 or the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with Section 1014, including, in each case, amending, changing or modifying any definitions relating thereto but only to the extent such definitions relate thereto;

(c) reduce the percentage in principal amount of the Outstanding Securities, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver or compliance with certain provisions of this Indenture;

(d) modify any of the provisions of this Section 902 or Section 513 or 1021, except to increase the percentage of such Outstanding Securities required for any such actions or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each such Security affected thereby;

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(e) except as otherwise permitted under Article Eight, consent to the assignment or transfer by the Company or any Guarantor of any of its rights and obligations hereunder; or

(f) amend or modify any of the provisions of this Indenture in any manner which subordinates the Securities issued hereunder in right of payment to any other Indebtedness of the Company or which subordinates any Guarantee in right of payment to any other Indebtedness of the Guarantor issuing such Guarantee.

Upon the written request of the Company and each Guarantor, if any, accompanied by a copy of Board Resolutions authorizing the execution of any such supplemental indenture or Guarantee, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company and each Guarantor in the execution of such supplemental indenture or Guarantee.

It shall not be necessary for any Act of Holders under this Section 902 to approve the particular form of any proposed supplemental indenture or Guarantee or agreement or instrument relating to any Guarantee, but it shall be sufficient if such Act shall approve the substance thereof.

Section 903. Execution of Supplemental Indentures and Agreements.

In executing, or accepting the additional trusts created by, any supplemental indenture, agreement, instrument or waiver permitted by this Article Nine or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Trust Indenture Act Sections 315(a) through 315(d) and Section 603(a) hereof) shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate stating that the execution of such supplemental indenture, agreement or instrument (a) is authorized or permitted by this Indenture and (b) does not violate the provisions of any agreement or instrument evidencing any other Indebtedness of the Company, any Guarantor or any other Restricted Subsidiary. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture, agreement or instrument which affects the Trustee's own rights, duties or immunities under this Indenture, any Guarantee or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article Nine shall conform to the requirements of the Trust Indenture Act as then in effect.



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Section 906. Reference in Securities to Supplemental Indentures

Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article Nine may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and each Guarantor and authenticated and delivered by the Trustee in exchange for Outstanding Securities.

Section 907. Notice of Supplemental Indentures

Promptly after the execution by the Company, any Guarantor and the Trustee of any supplemental indenture pursuant to the provisions of Section 902, the Company shall give notice thereof to the Holders of each Outstanding Security affected, in the manner provided for in Section 106, setting forth in general terms the substance of such supplemental indenture. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

ARTICLE TEN  
COVENANTS

Section 1001. Payment of Principal, Premium and Interest

The Company shall duly and punctually pay the principal of, premium, if any, and interest on the Securities in accordance with the terms of the Securities and this Indenture.

Section 1002. Maintenance of Office or Agency

The Company shall maintain an office or agency where Securities may be presented or surrendered for payment. The Company also will maintain in The City of New York an office or agency where Securities may be surrendered for registration of transfer, redemption or exchange and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The office of the Trustee, at its Corporate Trust Office initially located at 100 Wall Street, Suite 1600, New York, New York, 10005, will be such office or agency of the Company, unless the Company shall designate and maintain some other office or agency for one or more of such purposes. The Company will give prompt written notice to the Trustee of the location and any change in the location of any such offices or agencies. If at any time the Company shall fail to maintain any such required offices or agencies or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the office of the Trustee and the Company hereby appoints the Trustee such agent as its agent to receive all such presentations, surrenders, notices and demands.

The Company may from time to time designate one or more other offices or agencies (in or outside of The City of New York) where the Securities may be presented or surrendered for any or all such purposes, and may from time to time rescind such designation. The Company will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such office or agency.

The Trustee shall initially act as Paying Agent for the Securities.

Section 1003. Money for Security Payments to Be Held in Trust

If the Company or any of its Affiliates shall at any time act as Paying Agent, it will, on or before each due date of the principal of, premium, if any, or interest on any of the Securities, segregate and hold in trust for the benefit of the Holders entitled thereto a sum sufficient to pay the principal, premium, if any, or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action or failure so to act.

If the Company or any of its Affiliates is not acting as Paying Agent, the Company will, on or before each due date of the principal of, premium, if any, or interest on any of the Securities, deposit with a Paying Agent a sum in same day funds sufficient to pay the

principal, premium, if any, or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of such action or any failure so to act.

If the Company is not acting as Paying Agent, the Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

- (a) hold all sums held by it for the payment of the principal of, premium, if any, or interest on the Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;
- (b) give the Trustee notice of any Default by the Company or any Guarantor (or any other obligor upon the Securities) in the making of any payment of principal, premium, if any, or interest on the Securities;
- (c) at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent; and
- (d) acknowledge, accept and agree to comply in all aspects with the provisions of this Indenture relating to the duties, rights and liabilities of such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Security and remaining unclaimed for two years after such principal and premium, if any, or interest has become due and payable shall promptly be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), and mail to each such Holder, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less

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than 30 days from the date of such notification, publication and mailing, any unclaimed balance of such money then remaining will promptly be repaid to the Company.

Section 1004. Corporate Existence.

Subject to Article Eight, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect the corporate existence and related rights and franchises (charter and statutory) of the Company and each Restricted Subsidiary; *provided, however*, that the Company shall not be required to preserve any such right or franchise or the corporate existence of any such Restricted Subsidiary if the Board of Directors of the Company shall determine that the preservation thereof is no longer necessary or desirable in the conduct of the business of the Company and its Restricted Subsidiaries as a whole; and *provided, further, however*, that the foregoing shall not prohibit a sale, transfer or conveyance of a Restricted Subsidiary or any of its assets in compliance with the terms of this Indenture.

Section 1005. Payment of Taxes and Other Claims.

The Company shall pay or discharge or cause to be paid or discharged, on or before the date the same shall become due and payable, (a) all taxes, assessments and governmental charges levied or imposed upon the Company or any of its Restricted Subsidiaries shown to be due on any return of the Company or any of its Restricted Subsidiaries or otherwise assessed or upon the income, profits or property of the Company or any of its Restricted Subsidiaries if failure to pay or discharge the same could reasonably be expected to have a material adverse effect on the ability of the Company or any Guarantor to perform its obligations hereunder and (b) all lawful claims for labor, materials and supplies, which, if unpaid, would by law become a Lien upon the property of the Company or any of its Restricted Subsidiaries, except for any Lien permitted to be incurred under Section 1011, if failure to pay or discharge the same could reasonably be expected to have a material adverse effect on the ability of the Company or any Guarantor to perform its obligations hereunder; *provided, however*, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings properly instituted and diligently conducted and in respect of which appropriate reserves (in the good faith judgment of management of the Company) are being maintained in accordance with GAAP.

Section 1006. Maintenance of Properties.

The Company shall cause all material properties owned by the Company or any of its Restricted Subsidiaries or used or held for use in the conduct of its business or the business of any of its Restricted Subsidiaries to be maintained and kept in good condition, repair and working order (ordinary wear and tear excepted) and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the reasonable judgment of the Company may be consistent with sound business practice and necessary so that the business carried on in connection therewith may be properly conducted at all times; *provided, however*, that nothing in this Section shall prevent the Company from discontinuing the maintenance of any of such properties if such

discontinuance is in the ordinary course of business or, in the reasonable judgment of the Company, desirable in the conduct of its business or the business of any of its Restricted Subsidiaries; and *provided, further*, however, that the foregoing shall not prohibit a sale, transfer or conveyance of a Restricted Subsidiary or any of its properties or assets in compliance with the terms of this Indenture.

Section 1007. Maintenance of Insurance.

The Company shall at all times keep all of its and its Restricted Subsidiaries' properties which are of an insurable nature insured with insurers, believed by the Company in good faith to be financially sound and responsible, against loss or damage to the extent that property of similar character is usually so insured by corporations similarly situated and owning like properties in the same general geographic areas in which the Company and its Restricted Subsidiaries operate, except where the failure to do so could not reasonably be expected to have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or prospects of the Company and its Restricted Subsidiaries, taken as a whole.

Section 1008. Limitation on Indebtedness.

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, create, issue, incur, assume, guarantee or otherwise in any manner become directly or indirectly liable for the payment of or otherwise incur, contingently or otherwise (collectively, "incur"), any Indebtedness (including any Acquired Indebtedness), unless such Indebtedness is incurred by the Company or any Guarantor or constitutes Acquired Indebtedness of a Restricted Subsidiary and, in each case, the Company's Consolidated Fixed Charge Coverage Ratio for the most recent four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness taken as one period is at least equal to or greater than 2.00:1.

Notwithstanding the foregoing, the Company and, to the extent specifically set forth below, the Restricted Subsidiaries may incur each and all of the following (collectively, the "Permitted Indebtedness"):

- (i) Indebtedness of the Company and the Guarantors under the Revolving Facility in an aggregate principal amount at any one time outstanding not to exceed the greater of (a) \$550 million or (b) 20% of the Company's Consolidated Tangible Assets, in any case under the Revolving Facility or in respect of letters of credit thereunder;
- (ii) Indebtedness of the Company and the Guarantors under the Mortgage Loan in an amount not to exceed \$100.0 million at any time outstanding;
- (iii) Indebtedness of the Company and the Guarantors under any Inventory Facility;

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(iv) Indebtedness of the Company pursuant to the Securities issued on the date of the Indenture and Indebtedness of any Guarantor pursuant to a guarantee of the Securities issued on the date of the Indenture;

(v) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Issue Date, and listed on Schedule I to the Indenture and not otherwise referred to in this definition of Permitted Indebtedness;

(vi) Indebtedness of the Company owing to a Restricted Subsidiary; *provided* that any Indebtedness of the Company owing to a Restricted Subsidiary that is not a Guarantor is made pursuant to an intercompany loan agreement in the form attached as Annex A to this Indenture and is unsecured and is subordinated in right of payment from and after such time as the Securities shall become due and payable (whether at Stated Maturity, acceleration or otherwise) to the payment and performance of the Company's obligations under the Securities; *provided, further*, that any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to a Restricted Subsidiary) shall be deemed to be an incurrence of such Indebtedness by the Company or other obligor not permitted by this clause (vi);

(vii) Indebtedness of a Restricted Subsidiary owing to the Company or another Restricted Subsidiary; *provided* that any such Indebtedness is made pursuant to an intercompany loan agreement in the form attached as Annex A to this Indenture; *provided, further*, that (a) any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to the Company or a Restricted Subsidiary) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (vii), and (b) any transaction pursuant to which any Restricted Subsidiary, which has Indebtedness owing to the Company or any other Restricted Subsidiary, ceases to be a Restricted Subsidiary shall be deemed to be the incurrence of Indebtedness by such Restricted Subsidiary that is not permitted by this clause (vii);

(viii) guarantees of any Restricted Subsidiary made in accordance with the provisions of Section 1013;

(ix) obligations of the Company or any Guarantor entered into in the ordinary course of business (a) pursuant to Interest Rate Agreements designed to protect the Company or any Restricted Subsidiary against fluctuations in interest rates in respect of Indebtedness of the Company or any Restricted Subsidiary as long as such obligations do not exceed the aggregate principal amount of such Indebtedness then outstanding, (b) under any Currency Hedging Agreements, relating to (i) Indebtedness of the Company or any Restricted Subsidiary and/or (ii) obligations to purchase or sell assets or properties, in each case, incurred in the ordinary course of business of the Company or any Restricted Subsidiary; *provided, however*, that such Currency Hedging Agreements do not increase the Indebtedness or other obligations of the Company or any Restricted Subsidiary outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder or (c) under any Commodity Price Protection Agreements which do not increase the amount of Indebtedness or other obligations of the Company or any Restricted Subsidiary outstanding other

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than as a result of fluctuations in commodity prices or by reason of fees, indemnities and compensation payable thereunder;

(x) Indebtedness of the Company or any Restricted Subsidiary represented by Capital Lease Obligations or Purchase Money Obligations or other Indebtedness incurred or assumed in connection with the acquisition or development of real or personal, movable or immovable, property in each case incurred for the purpose of financing or refinancing all or any part of the purchase price or cost of construction or improvement of property used in the business of the Company, in an aggregate principal amount pursuant to this clause (x) not to exceed \$35 million outstanding at any time; *provided* that the principal amount of any Indebtedness permitted under this clause (x) did not in each case at the time of incurrence exceed the Fair Market Value, as determined by the Board of Directors of the Company in good faith, of the acquired or constructed asset or improvement so financed;

(xi) obligations arising from agreements by the Company or a Restricted Subsidiary to provide for indemnification, customary purchase price closing adjustments, earn-outs or other similar obligations, in each case, incurred in connection with the acquisition or disposition of any business or assets of a Restricted Subsidiary;

(xii) Indebtedness in the ordinary course of business to support the Company's or a Restricted Subsidiary's insurance or self-insurance obligations for workers' compensation and other similar insurance coverages;

(xiii) guarantees by the Company or a Guarantor of Indebtedness of a Restricted Subsidiary that was permitted to be incurred under this Section 1008;

(xiv) any renewals, extensions, substitutions, refundings, refinancings or replacements (collectively, a "refinancing") of any Indebtedness incurred pursuant to the first paragraph of this Section 1008 or described in clauses (iv) and (v) (other than the 11% Securities) of this definition of "Permitted Indebtedness," including any successive refinancings so long as the borrower under such refinancing is the Company or, if not the Company, the same as the borrower of the Indebtedness being refinanced and the aggregate principal amount of Indebtedness represented thereby (or if such Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof, the original issue price of such Indebtedness plus any accreted value attributable thereto since the original issuance of such Indebtedness) does not exceed the initial principal amount of such Indebtedness plus the lesser of (I) the stated amount of any premium or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing and (A) in the case of any refinancing of Indebtedness that is Subordinated Indebtedness, such new Indebtedness is made subordinated to the Securities at least to the same extent as the Indebtedness being refinanced and (B) in the case of *Pari Passu* Indebtedness or Subordinated Indebtedness, as the case may be, such refinancing does not reduce the Average Life to Stated Maturity or the Stated Maturity of such Indebtedness;

(xv) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of occurrence;

(xvi) Indebtedness of the Company or any Guarantor to the extent the net proceeds thereof are promptly deposited to (a) defease the Securities as described in Article Four or (b) redeem the Securities as described in Article Eleven;

(xvii) shares of Preferred Stock of a Restricted Subsidiary issued to the Company or a Wholly-Owned Restricted Subsidiary of the Company; *provided* that any subsequent transfer of any such shares of Preferred Stock (except to the Company or a Wholly-Owned Restricted Subsidiary of the Company) shall be deemed to be an issuance of Preferred Stock that was not permitted by this clause (xvii); and

(xviii) Indebtedness of the Company and its Restricted Subsidiaries or any Guarantor in addition to that described in clauses (i) through (xvii) above, and any renewals, extensions, substitutions, refinancings or replacements of such Indebtedness, so long as the aggregate principal amount of all such Indebtedness shall not exceed \$40 million outstanding at any one time in the aggregate.

For purposes of determining compliance with this Section 1008, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness permitted by this Section 1008, the Company in its sole discretion shall classify or reclassify such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types. Accrual of interest, accretion or amortization of original issue discount and the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on any Redeemable Capital Stock or Preferred Stock in the form of additional shares of the same class of Redeemable Capital Stock or Preferred Stock will not be deemed to be an incurrence of Indebtedness for purposes of this Section 1008 provided, in each such case, that the amount thereof as accrued over time is included in the Consolidated Fixed Charge Coverage Ratio of the Company.

Section 1009. Limitation on Restricted Payments.

(a) The Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly:

- (i) declare or pay any dividend on, or make any distribution to holders of, any shares of the Company's Capital Stock (other than dividends or distributions payable solely in shares of its Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock);



- (ii) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, the Company's Capital Stock or any Capital Stock of any Affiliate of the Company, including any Subsidiary of the Company (other than Capital Stock of any Restricted Subsidiary of the Company), or options, warrants or other rights to acquire such Capital Stock;
- (iii) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to any scheduled principal payment, sinking fund payment or maturity, any Subordinated Indebtedness;
- (iv) declare or pay any dividend or distribution on any Capital Stock of any Restricted Subsidiary to any Person (other than (a) to the Company or any of its Wholly-Owned Restricted Subsidiaries or (b) dividends or distributions made by a Restricted Subsidiary (i) organized as a partnership, limited liability company or similar pass-through entity to the holders of its Capital Stock in amounts sufficient to satisfy the tax liabilities arising from their ownership of such Capital Stock or (ii) on a pro rata basis to all stockholders of such Restricted Subsidiary); or
- (v) make any Investment in any Person (other than any Permitted Investments)

(any of the foregoing actions described in clauses (i) through (v), other than any such action that is a Permitted Payment (as defined below), collectively, "Restricted Payments") (the amount of any such Restricted Payment, if other than cash, shall be the Fair Market Value of the assets proposed to be transferred, as determined by the board of directors of the Company, whose determination shall be conclusive and evidenced by a board resolution), unless (1) immediately before and immediately after giving effect to such proposed Restricted Payment on a pro forma basis, no Default or Event of Default shall have occurred and be continuing and such Restricted Payment shall not be an event which is, or after notice or lapse of time or both, would be, an "event of default" under the terms of any Indebtedness of the Company or its Restricted Subsidiaries; (2) immediately before and immediately after giving effect to such Restricted Payment on a pro forma basis, the Company could incur \$1.00 of additional Indebtedness (other than Permitted Indebtedness) under Section 1008 herein; and (3) after giving effect to the proposed Restricted Payment, the aggregate amount of all such Restricted Payments declared or made after the Issue Date and all Designation Amounts does not exceed the sum of:

- (A) 50% of the aggregate Consolidated Net Income of the Company accrued on a cumulative basis during the period beginning on the first day of the Company's fiscal quarter during which the Issue Date fell and ending on the last day of the Company's last fiscal quarter ending prior to the date of the Restricted Payment, or, if such aggregate cumulative Consolidated Net Income shall be a loss, minus 100% of such loss;
- (B) the aggregate Net Cash Proceeds received after the Issue Date by the Company either (x) as capital contributions in the form of common equity to the Company

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- or (y) from the issuance or sale (other than to any of its Subsidiaries) of Qualified Capital Stock of the Company or any options, warrants or rights to purchase such Qualified Capital Stock of the Company (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness as set forth below in clause (ii) or (iii) of paragraph (b) below) (and excluding the Net Cash Proceeds from the issuance of Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);
- (C) the aggregate Net Cash Proceeds received after the Issue Date by the Company (other than from any of its Subsidiaries) upon the exercise of any options, warrants or rights to purchase Qualified Capital Stock of the Company (and excluding the Net Cash Proceeds from the exercise of any options, warrants or rights to purchase Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);
- (D) the aggregate Net Cash Proceeds received after the Issue Date by the Company from the conversion or exchange, if any, of debt securities or Redeemable Capital Stock of the Company or its Restricted Subsidiaries into or for Qualified Capital Stock of the Company plus, to the extent such debt securities or Redeemable Capital Stock were issued after the Issue Date, upon the conversion or exchange of such debt securities or Redeemable Capital Stock, the aggregate of Net Cash Proceeds from their original issuance (and excluding the Net Cash Proceeds from the conversion or exchange of debt securities or Redeemable Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);
- (E) (a) in the case of the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date, an amount (to the extent not included in Consolidated Net Income) equal to (a) the lesser of (i) the return of capital with respect to such Investment and (ii) the initial amount of such Investment, in either case, less the cost of the disposition of such Investment and net of taxes, and (b) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary for purposes of this Indenture (in each case, as long as the designation of such Subsidiary as an Unrestricted Subsidiary was deemed a Restricted Payment), the Fair Market Value of the Company's interest in such Subsidiary provided that such amount shall not in any case exceed the amount of the Restricted Payment deemed made at the time the Subsidiary was designated as an Unrestricted Subsidiary; and
- (F) any amount which previously qualified as a Restricted Payment on account of any Guarantee entered into by the Company or any Restricted Subsidiary *provided* that such Guarantee has not been called upon and the obligation arising under such Guarantee no longer exists.

(b) Notwithstanding the foregoing, and in the case of clauses (ii) through (iv) below, so long as no Default or Event of Default is continuing or would arise therefrom, the foregoing provisions shall not prohibit the following actions (each of clauses (i) through (iv) and (vii) through (xiv) being referred to as a "Permitted Payment"):

- (i) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment was permitted by the provisions of paragraph (a) of this Section and such payment shall have been deemed to have been paid on the date of declaration and shall not have been deemed a "Permitted Payment" for purposes of the calculation required by paragraph (a) of this Section 1009;
- (ii) the repurchase, redemption, or other acquisition or retirement for value of any shares of any class of Capital Stock of the Company in exchange for, including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip, or out of the Net Cash Proceeds of a substantially concurrent issuance and sale for cash (other than to a Subsidiary) of, other shares of Qualified Capital Stock of the Company; *provided* that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clause (3) (C) of paragraph (a) of this Section 1009;
- (iii) the repurchase, redemption, defeasance, retirement or acquisition for value or payment of principal of any Subordinated Indebtedness or Redeemable Capital Stock in exchange for, or in an amount not in excess of the Net Cash Proceeds of, a substantially concurrent issuance and sale for cash (other than to any Subsidiary of the Company) of any Qualified Capital Stock of the Company, provided that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clause (3)(C) of paragraph (a) of this Section 1009;
- (iv) the repurchase, redemption, defeasance, retirement, refinancing, acquisition for value or payment of principal of any Subordinated Indebtedness (other than Redeemable Capital Stock) (a "refinancing") through the substantially concurrent issuance of new Subordinated Indebtedness of the Company, *provided* that any such new Subordinated Indebtedness (I) shall be in a principal amount that does not exceed the principal amount so refinanced (or, if such Subordinated Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration thereof, then such lesser amount as of the date of determination), plus the lesser of (I) the stated amount of any premium or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium or other

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- payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing; (2) has an Average Life to Stated Maturity greater than the remaining Average Life to Stated Maturity of the Securities; (3) has a Stated Maturity for its final scheduled principal payment later than the Stated Maturity for the final scheduled principal payment of the Securities; and (4) is expressly subordinated in right of payment to the Securities at least to the same extent as the Subordinated Indebtedness to be refinanced;
- (v) the purchase, redemption, or other acquisition or retirement for value of any class of Capital Stock of the Company from employees, former employees, directors or former directors of the Company or any Subsidiary in an amount not to exceed \$2.0 million in the aggregate in any twelve-month period plus the aggregate cash proceeds received by the Company during such twelve-month period from any reissuance of Capital Stock by the Company to members of management of the Company or any Restricted Subsidiary; *provided* that the Company may carry over and make in a subsequent twelve-month period, in addition to the amount otherwise permitted for such twelve-month period, the amount of such purchase, redemptions or other acquisitions for value permitted to have been made but not made in any preceding twelve-month period; provided that the aggregate repurchases, redemptions or other acquisitions or retirements for value does not exceed \$4.0 million in any twelve-month period;
  - (vi) the repurchase, redemption or other acquisition or retirement for value of Capital Stock of the Company issued pursuant to acquisitions by the Company to the extent required by or needed to comply with the requirements of any of the Manufacturers with which the Company or a Restricted Subsidiary is a party to a franchise agreement;
  - (vii) the repurchase, redemption, defeasance, retirement or acquisition for value or payment of principal on the Smith Subordinated Loan;
  - (viii) the payment of the contingent purchase price or the payment of the deferred purchase price, including holdbacks (and the receipt of any corresponding consideration therefor), of an acquisition to the extent any such payment would be deemed a Restricted Payment and would otherwise have been permitted by this Indenture at the time of such acquisition;
  - (ix) the repurchase of Capital Stock of the Company issued to sellers of businesses acquired by the Company or its Restricted Subsidiaries, in an amount not to exceed \$5.0 million during the term of this Indenture;

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- (x) the repurchase of Capital Stock deemed to occur upon exercise of stock options to the extent that shares of such Capital Stock represent a portion of the exercise price of such options;
  - (xi) the payment of cash in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible or exercisable for Capital Stock of the Company;
  - (xii) payments or distributions to stockholders pursuant to appraisal rights required under applicable law in connection with any consolidation, merger or transfer of assets that complies with Section 801;
  - (xiii) the making of any Restricted Payments after the date of this Indenture not exceeding in the aggregate \$100 million; *provided* that no Default or Event of Default shall have occurred and be continuing immediately after such transaction; and
  - (xiv) the payment of cash dividends on the Company's Qualified Capital Stock in the aggregate amount per fiscal quarter equal to \$0.10 per share for each share of the Company's Qualified Capital Stock outstanding as of the quarterly record date for dividends payable in respect of such fiscal quarter (as such amount shall be adjusted for changes in the capitalization of the Company upon recapitalizations, reclassifications, stock splits, stock dividends, reverse stock splits, stock consolidations and similar transactions), provided, however, in the event a Change of Control occurs, the aggregate amounts permitted to be paid in cash dividends per fiscal quarter shall not exceed the aggregate amounts of such cash dividends paid in the same fiscal quarter most recently occurring prior to such Change of Control, *provided, further*, that for purposes of this exception, shares of Qualified Capital Stock issued for less than fair market value (other than shares issued pursuant to options or otherwise in accordance with the Company's stock option, employee stock purchase or other equity compensation plans) shall not be deemed outstanding; *provided, further*, that no Default or Event of Default shall have occurred and be continuing immediately after such transaction.

Section 1010. Limitation on Transactions with Affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with or for the benefit of any Affiliate of the Company (other than the Company or a Restricted Subsidiary) unless such transaction or series of related transactions is entered into in good faith and in writing and (a) such transaction or series of related transactions is on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that would be available in a comparable transaction in arm's-length dealings with an

unrelated third party, (b) with respect to any transaction or series of related transactions involving aggregate value in excess of \$2.0 million, the Company delivers an Officers' Certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (a) above or such transaction or series of related transactions is approved by a majority of the Disinterested Directors of the Board of Directors of the Company, or in the event there is only one Disinterested Director, by such Disinterested Director, and (c) with respect to any transaction or series of related transactions involving aggregate value in excess of \$5.0 million, either (A) such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the Board of Directors of the Company, or in the event there is only one Disinterested Director, by such Disinterested Director, or (B) the Company delivers to the Trustee a written opinion of an investment banking firm of national standing or other recognized independent expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required stating that the transaction or series of related transactions is fair to the Company or such Restricted Subsidiary from a financial point of view; *provided, however*, that this provision shall not apply to (i) compensation and employee benefit arrangements with any officer or director of the Company, including under any stock option or stock incentive plans, entered into in the ordinary course of business; (ii) any transaction permitted as a Restricted Payment pursuant to Section 1009; (iii) the payment of customary fees to directors of the Company and its Restricted Subsidiaries; (iv) any transaction with any officer or member of the Board of Directors of the Company involving indemnification arrangements; (v) loans or advances to officers of the Company in the ordinary course of business not to exceed \$1 million in any calendar year; and (vi) any transactions undertaken pursuant to any arrangements in existence on the Issue Date and any renewals, replacements or modifications of such arrangements (pursuant to new transactions or otherwise) on terms no less favorable than could be received from an unaffiliated third party.

Section 1011. Limitation on Liens.

The Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create, incur or affirm any Lien of any kind securing any Pari Passu Indebtedness or Subordinated Indebtedness (including any assumption, guarantee or other liability with respect thereto by any Restricted Subsidiary) upon any property or assets (including any intercompany notes) of the Company or any Restricted Subsidiary owned on the Issue Date or acquired after the Issue Date, or assign or convey any right to receive any income or profits therefrom, unless the Securities or a Guarantee in the case of Liens of a Guarantor are directly secured equally and ratably with (or, in the case of Subordinated Indebtedness, prior or senior thereto, with the same relative priority as the Securities shall have with respect to such Subordinated Indebtedness) the obligation or liability secured by such Lien except for Liens (A) securing any Indebtedness which became Indebtedness pursuant to a transaction permitted under Article Eight or securing Acquired Indebtedness which was created prior to (and not created in connection with, or in contemplation of) the incurrence of such Pari Passu Indebtedness or Subordinated Indebtedness (including any assumption, guarantee or other liability with respect thereto by any Restricted Subsidiary) and which Indebtedness is permitted under the provisions of Section 1008 or (B) securing any Indebtedness incurred in connection with any refinancing, renewal, substitutions or replacements of any such Indebtedness described in clause (A), so long

as the aggregate principal amount of Indebtedness represented thereby (or if such Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof, the original issue price of such Indebtedness plus any accreted value attributable thereto since the original issuance of such Indebtedness) is not increased by such refinancing by an amount greater than the lesser of (i) the stated amount of any premium or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (ii) the amount of premium or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing; provided, however, that in the case of clauses (A) and (B), any such Lien only extends to the assets that were subject to such Lien securing such Indebtedness prior to the related acquisition by the Company or its Restricted Subsidiaries. Notwithstanding the foregoing, any Lien securing the Securities granted pursuant to this covenant shall be automatically and unconditionally released and discharged upon the release by the holders of the Pari Passu Indebtedness or Subordinated Indebtedness described above of their Lien on the property or assets of the Company or any Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness), at such time as the holders of all such Pari Passu Indebtedness or Subordinated Indebtedness also release their Lien on the property or assets of the Company or such Restricted Subsidiary, or upon any sale, exchange or transfer to any Person not an Affiliate of the Company of the property or assets secured by such Lien, or of all of the Capital Stock held by the Company or any Restricted Subsidiary in, or all or substantially all the assets of, any Restricted Subsidiary creating such Lien.

Section 1012. Limitation on Sale of Assets

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless (i) at least 75% of the consideration from such Asset Sale consists of (A) cash or Cash Equivalents, (B) the assumption of Senior Indebtedness or Senior Guarantor Indebtedness by the party acquiring the assets from the Company or any Restricted Subsidiary, (C) Replacement Assets; (D) Designated Noncash Consideration; or (E) a combination of any of the foregoing; and (ii) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the shares or assets subject to such Asset Sale (as determined by the Board of Directors of the Company and evidenced in a Board Resolution); provided that any notes or other obligations received by the Company or any such Restricted Subsidiary from any transferee of assets from the Company or such Restricted Subsidiary that are converted by the Company or such Restricted Subsidiary into cash at Fair Market Value within 30 days after receipt shall be deemed to be cash for purposes of this provision.

(b) If all or a portion of the Net Cash Proceeds of any Asset Sale are not required to be applied to repay permanently any Senior Indebtedness or Senior Guarantor Indebtedness then outstanding as required by the terms thereof, the Company determines not to apply such Net Cash Proceeds to the permanent prepayment of such Senior Indebtedness or Senior Guarantor Indebtedness, or if no such Senior Indebtedness or Senior Guarantor Indebtedness that requires prepayment is then outstanding (or such prepayment is waived), then the Company or a Restricted Subsidiary may within 365 days of the Asset Sale invest the Net

Cash Proceeds in Replacement Assets. The amount of such Net Cash Proceeds not used or invested within 365 days of the Asset Sale as set forth in this paragraph constitutes "Excess Proceeds."

(c) When the aggregate amount of Excess Proceeds exceeds \$10 million or more, the Company will apply the Excess Proceeds to the repayment of the Securities and any other Pari Passu Indebtedness outstanding with similar provisions requiring the Company to make an offer to purchase such Indebtedness with the proceeds from any Asset Sale as follows: (A) the Company will make an offer to purchase (an "Offer") from all holders of the Securities in accordance with the procedures set forth in this Indenture in the maximum principal amount (expressed as a multiple of \$1,000) of Securities that may be purchased out of an amount (the "Security Amount") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Securities, and the denominator of which is the sum of the outstanding principal amount of the Securities and such Pari Passu Indebtedness (subject to proration in the event such amount is less than the aggregate Offered Price (as defined herein) of all Securities tendered) and (B) to the extent required by such Pari Passu Indebtedness to permanently reduce the principal amount of such Pari Passu Indebtedness, the Company will make an offer to purchase or otherwise repurchase or redeem Pari Passu Indebtedness (a "Pari Passu Offer") in an amount (the "Pari Passu Debt Amount") equal to the excess of the Excess Proceeds over the Security Amount; *provided* that in no event will the Company be required to make a Pari Passu Offer in a Pari Passu Debt Amount exceeding the principal amount of such Pari Passu Indebtedness plus the amount of any premium required to be paid to repurchase such Pari Passu Indebtedness. The offer price for the Securities will be payable in cash in an amount equal to 100% of the principal amount of the Securities plus accrued and unpaid interest, if any, to the date (the "Offer Date") such Offer is consummated (the "Offered Price"), in accordance with the procedures set forth herein. To the extent that the aggregate Offered Price of the Securities tendered pursuant to the Offer is less than the Security Amount relating thereto or the aggregate amount of Pari Passu Indebtedness that is purchased in a Pari Passu Offer is less than the Pari Passu Debt Amount, the Company may use any remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of Securities and Pari Passu Indebtedness surrendered by holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Securities to be purchased on a pro rata basis. Upon the completion of the purchase of all the Securities tendered pursuant to an Offer and the completion of a Pari Passu Offer, the amount of Excess Proceeds, if any, shall be reset at zero.

(d) When the aggregate amount of Excess Proceeds exceeds \$10 million, such Excess Proceeds will, prior to any purchase of Securities described in paragraph (c) above, be set aside by the Company in a separate account pending (i) deposit with the Depositary or a paying agent of the amount required to purchase the Securities tendered in an Offer or Pari Passu Indebtedness tendered in a Pari Passu Offer, (ii) delivery by the Company of the Offered Price to the holders of the Securities tendered in an Offer or Pari Passu Indebtedness tendered in a Pari Passu Offer and (iii) the completion of the purchase of all the Securities tendered pursuant to the Offer and the completion of the Pari Passu Offer. Such Excess Proceeds may be invested in Temporary Cash Investments, *provided* that the maturity date of any such investment made after the amount of Excess Proceeds exceeds \$10 million shall not be later than the Offer Date. The Company shall be entitled to any interest or dividends accrued, earned or paid on such



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Temporary Cash Investments; *provided* that the Company shall not withdraw such interest from the separate account if an Event of Default has occurred and is continuing.

(e) If the Company becomes obligated to make an Offer pursuant to clause (c) above, the Securities and the Pari Passu Indebtedness shall be purchased by the Company, at the option of the holders thereof, in whole or in part in integral multiples of \$1,000, on a date that is not earlier than 30 days and not later than 60 days from the date the notice of the Offer is given to holders, or such later date as may be necessary for the Company to comply with the requirements under the Exchange Act.

(f) The Company will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with an Offer.

(g) Subject to paragraph (e) above, within 30 days after the date on which the amount of Excess Proceeds equals or exceeds \$10 million, the Company shall send or cause to be sent by first-class mail, postage prepaid, to the Trustee and to each Holder, at his address appearing in the Security Register, a notice stating or including:

(1) that the Holder has the right to require the Company to repurchase, subject to proration, such Holder's Securities at the Offered Price;

(2) the Offer Date;

(3) the instructions a Holder must follow in order to have his Securities purchased in accordance with paragraph (c) of this Section;

(4) (i) the most recently filed Annual Report on Form 10-K (including audited consolidated financial statements) of the Company, the most recent subsequently filed Quarterly Report on Form 10-Q, as applicable, and any Current Report on Form 8-K of the Company filed subsequent to such Quarterly Report, other than Current Reports describing Asset Sales otherwise described in the offering materials (or corresponding successor reports) (or in the event the Company is not required to prepare any of the foregoing Forms, the comparable information required pursuant to Section 1020), (ii) a description of material developments, if any, in the Company's business subsequent to the date of the latest of such reports, (iii) if material, appropriate pro forma financial information, and (iv) such other information, if any, concerning the business of the Company which the Company in good faith believes will enable such Holders to make an informed investment decision regarding the Offer;

(5) the Offered Price;

(6) the names and addresses of the Paying Agent and the offices or agencies referred to in Section 1002;

(7) that Securities must be surrendered prior to the Offer Date to the Paying Agent at the office of the Paying Agent or to an office or agency referred to in Section 1002 to collect payment;

(8) that any Securities not tendered will continue to accrue interest and that unless the Company defaults in the payment of the Offered Price, any Security accepted for payment pursuant to the Offer shall cease to accrue interest on and after the Offer Date;

(9) the procedures for withdrawing a tender; and

(10) that the Offered Price for any Security which has been properly tendered and not withdrawn and which has been accepted for payment pursuant to the Offer will be paid promptly following the Offered Date.

(h) Holders electing to have Securities purchased hereunder will be required to surrender such Securities at the address specified in the notice prior to the Offer Date. Holders will be entitled to withdraw their election to have their Securities purchased pursuant to this Section 1012 if the Company receives, not later than one Business Day prior to the Offer Date, a telegram, telex, facsimile transmission or letter setting forth (1) the name of the Holder, (2) the certificate number of the Security in respect of which such notice of withdrawal is being submitted, (3) the principal amount of the Security (which shall be \$1,000 or an integral multiple thereof) delivered for purchase by the Holder as to which his election is to be withdrawn, (4) a statement that such Holder is withdrawing his election to have such principal amount of such Security purchased, and (5) the principal amount, if any, of such Security (which shall be \$1,000 or an integral multiple thereof) that remains subject to the original notice of the Offer and that has been or will be delivered for purchase by the Company.

(i) The Company shall (i) not later than the Offer Date, accept for payment Securities or portions thereof tendered pursuant to the Offer, (ii) not later than 10:00 a.m. (New York time) on the Business Day following the Offer Date, deposit with the Trustee or with a Paying Agent an amount of money in same day funds (or New York Clearing House funds if such deposit is made prior to the Offer Date) sufficient to pay the aggregate Offered Price of all the Securities or portions thereof which have been so accepted for payment and (iii) not later than 10:00 a.m. (New York time) on the Business Day following the Offer Date, deliver to the Paying Agent an Officers' Certificate stating the Securities or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail or deliver to Holders of Securities so accepted payment in an amount equal to the Offered Price of the Securities purchased from each such Holder, and the Company shall execute and the Trustee shall promptly authenticate and mail or deliver to such Holders a new Security equal in principal amount to any unpurchased portion of the Security surrendered. Any Securities not so accepted shall be promptly mailed or delivered by the Paying Agent at the Company's expense to the Holder thereof. For purposes of this Section 1012, the Company shall choose a Paying Agent which shall not be the Company.

Subject to applicable escheat laws, the Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed, together with interest, if any, thereon, held by them for the payment of the Offered Price; *provided, however*, that (x) to the extent that the aggregate amount of cash deposited by the Company with the Trustee in respect of an Offer exceeds the aggregate Offered Price of the Securities or portions thereof to be purchased, then the Trustee shall hold such excess for the Company and (y) unless otherwise directed by the Company in writing, promptly after the Business Day following the Offer Date the Trustee shall return any such excess to the Company together with interest or dividends, if any, thereon.

(j) Securities to be purchased shall, on the Offer Date, become due and payable at the Offered Price and from and after such date (unless the Company shall default in the payment of the Offered Price) such Securities shall cease to bear interest. Such Offered Price shall be paid to such Holder promptly following the later of the Offer Date and the time of delivery of such Security to the relevant Paying Agent at the office of such Paying Agent by the Holder thereof in the manner required. Upon surrender of any such Security for purchase in accordance with the foregoing provisions, such Security shall be paid by the Company at the Offered Price; *provided, however*, that installments of interest whose Stated Maturity is on or prior to the Offer Date shall be payable to the Person in whose name the Securities (or any Predecessor Securities) is registered as such on the relevant Regular Record Dates according to the terms and the provisions of Section 309; *provided, further*, that Securities to be purchased are subject to proration in the event the Excess Proceeds are less than the aggregate Offered Price of all Securities tendered for purchase, with such adjustments as may be appropriate by the Trustee so that only Securities in denominations of \$1,000 or integral multiples thereof, shall be purchased. If any Security tendered for purchase shall not be so paid upon surrender thereof by deposit of funds with the Trustee or a Paying Agent in accordance with paragraph (h) above, the principal thereof (and premium, if any, thereon) shall, until paid, bear interest from the Offer Date at the rate borne by such Security. Any Security that is to be purchased only in part shall be surrendered to a Paying Agent at the office of such Paying Agent (with, if the Company, the Security Registrar or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Security Registrar or the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, one or more new Securities of any authorized denomination as requested by such Holder in an aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Security so surrendered that is not purchased. The Company shall publicly announce the results of the Offer on or as soon as practicable after the Offer Date.

#### Section 1013. Limitation on Issuances of Guarantees of and Pledges for Indebtedness

(a) The Company will not cause or permit any Restricted Subsidiary, other than a Guarantor, directly or indirectly, to secure the payment of any Senior Indebtedness of the Company and the Company will not, and will not permit any Restricted Subsidiary to, pledge any intercompany notes representing obligations of any Restricted Subsidiary (other than a Guarantor) to secure the payment of any Senior Indebtedness unless in each case such Restricted Subsidiary executes and delivers a supplemental indenture to this Indenture providing for a

guarantee of payment of the Securities by such Restricted Subsidiary within 30 days, which guarantee shall be on the same terms as the guarantee of the Senior Indebtedness (if a guarantee of Senior Indebtedness is granted by any such Restricted Subsidiary) except that the guarantee of the Securities need not be secured and shall be subordinated to the claims against such Restricted Subsidiary in respect of Senior Indebtedness to the same extent as the Securities are subordinated to Senior Indebtedness of the Company under this Indenture.

(b) The Company will not cause or permit any Restricted Subsidiary (which is not a Guarantor), directly or indirectly, to guarantee, assume or in any other manner become liable with respect to any Indebtedness of the Company or any Restricted Subsidiary unless such Restricted Subsidiary executes and delivers a supplemental indenture to this Indenture providing for a Guarantee of the Securities within 30 days on the same terms as the guarantee of such Indebtedness except that (A) such guarantee need not be secured unless required pursuant to Section 1011, (B) if such Indebtedness is by its terms Senior Indebtedness, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be senior to such Restricted Subsidiary's Guarantee of the Securities to the same extent as such Senior Indebtedness is senior to the Securities and (C) if such Indebtedness is by its terms expressly subordinated to the Securities, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated to such Restricted Subsidiary's Guarantee of the Securities at least to the same extent as such Indebtedness is subordinated to the Securities.

(c) Notwithstanding the foregoing, any Guarantee by a Restricted Subsidiary of the Securities shall provide by its terms that it (and all Liens securing the same) shall be automatically and unconditionally released and discharged upon (i) any sale, exchange or transfer, to any Person not an Affiliate of the Company, of all of the Company's Capital Stock in, or all or substantially all the assets of, such Restricted Subsidiary, which transaction is in compliance with the terms of this Indenture and pursuant to which transaction such Subsidiary is released from all guarantees, if any, by it of other Indebtedness of the Company or any Restricted Subsidiaries or (ii) the release by the holders of the Indebtedness of the Company of their security interest or their guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness), at such time as (A) no other Indebtedness of the Company has been secured or guaranteed by such Restricted Subsidiary, as the case may be, or (B) the holders of all such other Indebtedness which is secured or guaranteed by such Restricted Subsidiary also release their security interest in or guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness).

Section 1014. Purchase of Securities upon a Change of Control.

(a) If a Change of Control shall occur at any time, then each Holder shall have the right to require that the Company purchase such Holder's Securities in whole or in part in integral multiples of \$1,000, at a purchase price (the "Change of Control Purchase Price") in cash in an amount equal to 101% of the aggregate principal amount of such Securities, plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Purchase Date"), pursuant to the offer described below in this Section 1014 (the "Change of Control

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Offer”) and in accordance with the other procedures set forth in subsections (b), (c), (d) and (e) of this Section 1014.

(b) Within 30 days of any Change of Control, or at the Company’s option, prior to such Change of Control but after it is publicly announced, the Company shall notify the Trustee thereof and give written notice (a “Change of Control Purchase Notice”) of such Change of Control to each Holder by first-class mail, postage prepaid, at his address appearing in the Security Register, stating among other things:

(1) that a Change of Control has occurred or will occur, the date of such event, and that such Holder has the right to require the Company to repurchase such Holder’s Securities at the Change of Control Purchase Price;

(2) the circumstances and relevant facts regarding the Change of Control (including, but not limited to, information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control);

(3) (i) the most recently filed Annual Report on Form 10-K (including audited consolidated financial statements) of the Company, the most recent subsequently filed Quarterly Report on Form 10-Q, as applicable, and any Current Report on Form 8-K of the Company filed subsequent to such Quarterly Report (or in the event the Company is not required to prepare any of the foregoing Forms, the comparable information required to be prepared by the Company and any Guarantor pursuant to Section 1020), (ii) a description of material developments, if any, in the Company’s business subsequent to the date of the latest of such reports and (iii) such other information, if any, concerning the business of the Company which the Company in good faith believes will enable such Holders to make an informed investment decision regarding the Change of Control Offer;

(4) that the Change of Control Offer is being made pursuant to this Section 1014 and that all Securities properly tendered pursuant to the Change of Control Offer will be accepted for payment at the Change of Control Purchase Price;

(5) the Change of Control Purchase Date, which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act; *provided* that the Change of Control Purchase Date may not occur prior to the Change of Control;

(6) the Change of Control Purchase Price;

(7) the names and addresses of the Paying Agent and the offices or agencies referred to in Section 1002;

(8) that Securities must be surrendered on or prior to the Change of Control Purchase Date to the Paying Agent at the office of the Paying Agent or to an office or agency referred to in Section 1002 to collect payment;

(9) that the Change of Control Purchase Price for any Security which has been properly tendered and not withdrawn will be paid promptly following the Change of Control Offer Purchase Date;

(10) the procedures that a Holder must follow to accept a Change of Control Offer or to withdraw such acceptance;

(11) that any Security not tendered will continue to accrue interest; and

(12) that, unless the Company defaults in the payment of the Change of Control Purchase Price, any Securities accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date.

(c) Upon receipt by the Company of the proper tender of Securities, the Holder of the Security in respect of which such proper tender was made shall (unless the tender of such Security is properly withdrawn) thereafter be entitled to receive solely the Change of Control Purchase Price with respect to such Security. Upon surrender of any such Security for purchase in accordance with the foregoing provisions, such Security shall be paid by the Company at the Change of Control Purchase Price; *provided, however,* that installments of interest whose Stated Maturity is on or prior to the Change of Control Purchase Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such on the relevant Regular Record Dates according to the terms and the provisions of Section 309. If any Security tendered for purchase in accordance with the provisions of this Section 1014 shall not be so paid upon surrender thereof, the principal thereof (and premium, if any, thereon) shall, until paid, bear interest from the Change of Control Purchase Date at the rate borne by such Security. Holders electing to have Securities purchased will be required to surrender such Securities to the Paying Agent at the address specified in the Change of Control Purchase Notice at least one Business Day prior to the Change of Control Purchase Date. Any Security that is to be purchased only in part shall be surrendered to a Paying Agent at the office of such Paying Agent (with, if the Company, the Security Registrar or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Security Registrar or the Trustee, as the case may be, duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, one or more new Securities of any authorized denomination as requested by such Holder in an aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Security so surrendered that is not purchased.

(d) The Company shall (i) not later than the Change of Control Purchase Date, accept for payment Securities or portions thereof tendered pursuant to the Change of Control

Offer, (ii) not later than 10:00 a.m. (New York time) on the Business Day following the Change of Control Purchase Date, deposit with the Trustee or with a Paying Agent an amount of money in same day funds sufficient to pay the aggregate Change of Control Purchase Price of all the Securities or portions thereof which have been so accepted for payment and (iii) not later than 10:00 a.m. (New York time) on the Business Day following Change of Control Purchase Date, deliver to the Paying Agent an Officers' Certificate stating the Securities or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail or deliver to Holders of Securities so accepted payment in an amount equal to the Change of Control Purchase Price of the Securities purchased from each such Holder, and the Company shall execute and the Trustee shall promptly authenticate and mail or deliver to such Holders a new Security equal in principal amount to any unpurchased portion of the Security surrendered. Any Securities not so accepted shall be promptly mailed or delivered by the Paying Agent at the Company's expense to the Holder thereof. The Company will publicly announce the results of the Change of Control Offer on the Change of Control Purchase Date. For purposes of this Section 1014, the Company shall choose a Paying Agent which shall not be the Company.

(e) A tender made in response to a Change of Control Purchase Notice may be withdrawn if the Company receives, not later than one Business Day prior to the Change of Control Purchase Date, a telegram, telex, facsimile transmission or letter, specifying, as applicable:

- (1) the name of the Holder;
- (2) the certificate number of the Security in respect of which such notice of withdrawal is being submitted;
- (3) the principal amount of the Security (which shall be \$1,000 or an integral multiple thereof) delivered for purchase by the Holder as to which such notice of withdrawal is being submitted;
- (4) a statement that such Holder is withdrawing his election to have such principal amount of such Security purchased; and
- (5) the principal amount, if any, of such Security (which shall be \$1,000 or an integral multiple thereof) that remains subject to the original Change of Control Purchase Notice and that has been or will be delivered for purchase by the Company.

(f) Subject to applicable escheat laws, the Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed, together with interest or dividends, if any, thereon, held by them for the payment of the Change of Control Purchase Price; *provided, however*, that, (x) to the extent that the aggregate amount of cash deposited by the Company pursuant to clause (ii) of paragraph (d) above exceeds the aggregate Change of Control Purchase Price of the Securities or portions thereof to be purchased, then the Trustee shall hold such excess for the Company and (y) unless otherwise directed by the Company in writing, promptly

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after the Business Day following the Change of Control Purchase Date the Trustee shall return any such excess to the Company together with interest, if any, thereon.

(g) The Company shall comply, to the extent applicable, with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer.

(h) Notwithstanding the foregoing, the Company will not be required to make a Change of Control Offer upon or in anticipation of a Change of Control if a third party makes the Change of Control Offer in the manner, at the time and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company and purchases all the Securities validly tendered and not withdrawn under such Change of Control Offer.

Section 1015. Limitation on Subsidiary Preferred Stock.

The Company will not permit (a) any Restricted Subsidiary of the Company to issue, sell or transfer any Preferred Stock, except for (i) Preferred Stock issued or sold to, held by or transferred to the Company or a Wholly-Owned Restricted Subsidiary, and (ii) Preferred Stock issued by a Person prior to the time (A) such Person becomes a Restricted Subsidiary, (B) such Person merges with or into a Restricted Subsidiary or (C) a Restricted Subsidiary merges with or into such Person; *provided* that such Preferred Stock was not issued or incurred by such Person in anticipation of the type of transaction contemplated by subclause (A), (B) or (C) or (b) any Person (other than the Company or a Wholly-Owned Restricted Subsidiary) to acquire Preferred Stock of any Restricted Subsidiary from the Company or any Restricted Subsidiary, except, in the case of clause (a) or (b), or upon the acquisition of all the outstanding Capital Stock of such Restricted Subsidiary in accordance with the terms of this Indenture.

Section 1016. Limitation on Dividends and Other Payment Restrictions Affecting Subsidiaries.

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (i) pay dividends or make any other distribution on its Capital Stock, or any other interest or participation in or measured by its profits, (ii) pay any Indebtedness owed to the Company or any other Restricted Subsidiary, (iii) make any Investment in the Company or any other Restricted Subsidiary or (iv) transfer any of its properties or assets to the Company or any other Restricted Subsidiary, except for: (a) any encumbrance or restriction pursuant to an agreement in effect on the Issue Date; (b) any encumbrance or restriction, with respect to a Restricted Subsidiary that was not a Restricted Subsidiary of the Company on the Issue Date, in existence at the time such Person becomes a Restricted Subsidiary of the Company and not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary, provided that such encumbrances and restrictions are not applicable to the Company or any Restricted Subsidiary or the properties or assets of the Company or any Restricted Subsidiary other than such Subsidiary which is becoming a Restricted Subsidiary; (c) customary provisions contained in an agreement



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that has been entered into for the sale or other disposition of all or substantially all of the Capital Stock or assets of a Restricted Subsidiary; provided, however, that the restrictions are applicable only to such Restricted Subsidiary or assets; (d) any encumbrance or restriction existing under or by reason of applicable law or any requirement of any regulatory body; (e) customary provisions restricting subletting or assignment of any lease governing any leasehold interest of any Restricted Subsidiary; (f) covenants in franchise agreements with Manufacturers customary for franchise agreements in the automobile retailing industry; (g) any encumbrance or restriction contained in any Purchase Money Obligations for property to the extent such restriction or encumbrance restricts the transfer of such property; (h) any encumbrances or restrictions in security agreements securing Indebtedness (other than Subordinated Indebtedness) of a Guarantor (including any Inventory Facility) (to the extent that such Liens are otherwise incurred in accordance with Section 1011) that restrict the transfer of property subject to such agreements, provided that any such encumbrance or restriction is released to the extent the underlying Lien is released or the related Indebtedness is repaid; (i) covenants in Inventory Facilities customary for inventory and floor plan financing in the automobile retailing industry; (j) any encumbrance related to assets acquired by or merged into or consolidated with the Company or any Restricted Subsidiary so long as such encumbrance was not entered into in contemplation of the acquisition, merger or consolidation transaction; (k) customary non-assignment provisions contained in (a) any lease governing a leasehold interest or (b) any supply, license or other agreement entered into in the ordinary course of business of the Company or any of its Restricted Subsidiaries; (l) Liens securing Indebtedness otherwise permitted to be incurred under Section 1011 that limit the right of the debtor to dispose of the assets subject to such Liens; (m) restrictions on cash or other deposits or net worth imposed by customers or vendors under contracts entered into in the ordinary course of business; (n) restrictions contained in any other indenture or instrument governing debt or preferred securities that are not materially more restrictive, taken as a whole, than those contained in this Indenture governing the Securities; and (o) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (a), (b), (j) or in this clause (o), *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement evidencing the Indebtedness so extended, renewed, refinanced or replaced.

Section 1017. Limitation on Senior Subordinated Indebtedness.

The Company will not, and will not permit or cause any Guarantor to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise in any manner become directly or indirectly liable for or with respect to or otherwise permit to exist any Indebtedness that is subordinate in right of payment to any Indebtedness of the Company or such Guarantor, as the case may be, unless such Indebtedness is also *pari passu* with the Securities or the Guarantee of such Guarantor or subordinated in right of payment to the Securities or such Guarantee at least to the same extent as the Securities or such Guarantee are subordinated in right of payment to Senior Indebtedness or such Guarantor's Senior Guarantor Indebtedness, as the case may be, as set forth in this Indenture.

Section 1018. Limitations on Unrestricted Subsidiaries.

The Company may designate after the Issue Date any Subsidiary as an “Unrestricted Subsidiary” under this Indenture (a “Designation”) only if:

(a) no Default shall have occurred and be continuing at the time of or after giving effect to such Designation;

(b) the Company would be permitted to make an Investment (other than a Permitted Investment) at the time of Designation (assuming the effectiveness of such Designation) pursuant to the first paragraph of Section 1009 herein in an amount (the “Designation Amount”) equal to the greater of (1) the net book value of the Company’s interest in such Subsidiary calculated in accordance with GAAP or (2) the Fair Market Value of the Company’s interest in such Subsidiary as determined in good faith by the Company’s board of directors;

(c) the Company would be permitted to incur \$1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to Section 1008 at the time of such Designation (assuming the effectiveness of such Designation);

(d) such Unrestricted Subsidiary does not own any Capital Stock in any Restricted Subsidiary of the Company which is not simultaneously being designated an Unrestricted Subsidiary;

(e) such Unrestricted Subsidiary is not liable, directly or indirectly, with respect to any Indebtedness other than Unrestricted Subsidiary Indebtedness, provided that an Unrestricted Subsidiary may provide a Guarantee for the Securities; and

(f) such Unrestricted Subsidiary is not a party to any agreement, contract, arrangement or understanding at such time with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company or, in the event such condition is not satisfied, the value of such agreement, contract, arrangement or understanding to such Unrestricted Subsidiary shall be deemed a Restricted Payment.

In the event of any such Designation, the Company shall be deemed to have made an Investment constituting a Restricted Payment pursuant to Section 1009 for all purposes of this Indenture in the Designation Amount.

The Company shall not and shall not cause or permit any Restricted Subsidiary to at any time (x) provide credit support for, or subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness) (other than Permitted Investments in Unrestricted Subsidiaries) or (y) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary. For purposes of the

foregoing, the Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to be the Designation of all of the Subsidiaries of such Subsidiary.

The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "Revocation") if:

(a) no Default shall have occurred and be continuing at the time of and after giving effect to such Revocation;

(b) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if incurred at such time, have been permitted to be incurred for all purposes of this Indenture; and

(c) unless such redesignated Subsidiary shall not have any Indebtedness outstanding (other than Indebtedness that would be Permitted Indebtedness), immediately after giving effect to such proposed Revocation, and after giving pro forma effect to the incurrence of any such Indebtedness of such redesignated Subsidiary as if such Indebtedness was incurred on the date of the Revocation, the Company could incur \$1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to Section 1008 herein.

All Designations and Revocations must be evidenced by a resolution of the Board of Directors of the Company delivered to the Trustee certifying compliance with the foregoing provisions.

Section 1019. Provision of Financial Statements.

Whether or not the Company is subject to Section 13(a) or 15(d) of the Exchange Act, the Company and each Guarantor (to the extent such Guarantor would be required if subject to Section 13(a) or 15(d) of the Exchange Act) will, to the extent permitted under the Exchange Act, file with the Commission the annual reports, quarterly reports and other documents which the Company and such Guarantor would have been required to file with the Commission pursuant to Sections 13(a) or 15(d) if the Company or such Guarantor were so subject, such documents to be filed with the Commission on or prior to the date (the "Required Filing Date") by which the Company and such Guarantor would have been required so to file such documents if the Company and such Guarantor were so subject. The Company will also in any event (x) within 15 days of each Required Filing Date (i) transmit by mail to all Holders, as their names and addresses appear in the Security Register, without cost to such Holders and (ii) file with the Trustee copies of the annual reports, quarterly reports and other documents which the Company and such Guarantor would have been required to file with the Commission pursuant to Sections 13(a) or 15(d) of the Exchange Act if the Company and such Guarantor were subject to either of such Sections and (y) if filing such documents by the Company and such Guarantor with the Commission is not permitted under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective Holder at the Company's cost. If any Guarantor's financial statements would be required to be included in the financial statements filed or delivered pursuant to this Indenture if the Company were subject to Section 13(a) or 15(d) of the Exchange Act, the Company shall

include such Guarantor's financial statements in any filing or delivery pursuant to this Indenture. In addition, so long as any of the Securities remain outstanding, the Company will make available to any prospective purchaser of Securities or beneficial owner of Securities in connection with any sale thereof the information required by Rule 144A(d)(4) under the Securities Act, until such time as the Company has either exchanged the Securities for securities identical in all material respects which have been registered under the Securities Act or until such time as the Holders thereof have disposed of such Securities pursuant to an effective registration statement under the Securities Act.

Section 1020. Statement by Officers as to Default.

(a) The Company will deliver to the Trustee, on or before a date not more than 120 days after the end of each fiscal year of the Company ending after the date hereof, and 60 days after the end of each fiscal quarter ending after the date hereof, a written statement signed by two executive officers of the Company and the Guarantors, one of whom shall be the principal executive officer, principal financial officer or principal accounting officer of the Company and the Guarantors, as to compliance herewith, including whether or not, after a review of the activities of the Company during such year and of the Company's and each Guarantor's performance under this Indenture, to the best knowledge, based on such review, of the signers thereof, the Company and each Guarantor have fulfilled all of their respective obligations and are in compliance with all conditions and covenants under this Indenture throughout such year and, if there has been a Default specifying each Default and the nature and status thereof and any actions being taken by the Company with respect thereto.

(b) When any Default or Event of Default has occurred and is continuing, or if the Trustee or any Holder or the trustee for or the holder of any other evidence of Indebtedness of the Company or any Subsidiary gives any notice or takes any other action with respect to a claimed default the Company shall deliver to the Trustee by registered or certified mail or facsimile transmission followed by an originally executed copy of an Officers' Certificate specifying such Default, Event of Default, notice or other action, the status thereof and what actions the Company is taking or proposes to take with respect thereto, within five Business Days after the occurrence of such Default or Event of Default.

Section 1021. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any covenant or condition set forth in Sections 1006 through 1011, 1013 and 1015 through 1020, if, before or after the time for such compliance, the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding shall, by Act of such Holders, waive such compliance in such instance with such covenant or provision, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

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ARTICLE ELEVEN  
REDEMPTION OF SECURITIES

Section 1101. Rights of Redemption.

The Securities are subject to redemption at any time on or after August 15, 2008, at the option of the Company, in whole or in part, subject to the conditions, and at the Redemption Prices, specified in the form of Security, together with accrued and unpaid interest, if any, to the Redemption Date (subject to the right of Holders of record on relevant Regular Record Dates and Special Record Dates to receive interest due on relevant Interest Payment Dates and Special Payment Dates).

Section 1102. Applicability of Article.

Redemption of Securities at the election of the Company or otherwise, as permitted or required by any provision of this Indenture, shall be made in accordance with such provision and this Article Eleven.

Section 1103. Election to Redeem; Notice to Trustee

The election of the Company to redeem any Securities pursuant to Section 1101 shall be evidenced by a Company Order and an Officers' Certificate. In case of any redemption at the election of the Company, the Company shall, not less than 45 nor more than 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice period shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of Securities to be redeemed.

Section 1104. Selection by Trustee of Securities to Be Redeemed

If less than all the Securities are to be redeemed, the Trustee shall select the Securities or portions thereof to be redeemed in compliance with the requirements of the principal national security exchange, if any, on which the Securities are listed, or if the Securities are not so listed, the Trustee shall select them on a pro rata basis, by lot or by any other method the Trustee shall deem fair and reasonable.

The Trustee shall promptly notify the Company and the Security Registrar in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

Section 1105. Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at its address appearing in the Security Register.

All notices of redemption shall state:

(a) the Redemption Date;

(b) the Redemption Price;

(c) if less than all Outstanding Securities are to be redeemed, the identification of the particular Securities to be redeemed;

(d) in the case of a Security to be redeemed in part, the principal amount of such Security to be redeemed and that after the Redemption Date upon surrender of such Security, new Security or Securities in the aggregate principal amount equal to the unredeemed portion thereof will be issued;

(e) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;

(f) that on the Redemption Date the Redemption Price will become due and payable upon each such Security or portion thereof to be redeemed, and that (unless the Company shall default in payment of the Redemption Price) interest thereon shall cease to accrue on and after said date;

(g) the names and addresses of the Paying Agent and the offices or agencies referred to in Section 1002 where such Securities are to be surrendered for payment of the Redemption Price;

(h) the CUSIP number, if any, relating to such Securities; and

(i) the procedures that a Holder must follow to surrender the Securities to be redeemed.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's written request, by the Trustee in the name and at the expense of the Company. If the Company elects to give notice of redemption, it shall provide the Trustee with a certificate stating that such notice has been given in compliance with the requirements of this Section 1105.

The notice if mailed in the manner herein provided shall be conclusively presumed to have been given, whether or not the Holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the Holder of any Security

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designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security.

Section 1106. Deposit of Redemption Price.

On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company or any of its Affiliates is acting as Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money in same day funds sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date or Special Payment Date) accrued interest on, all the Securities or portions thereof which are to be redeemed on that date. The Paying Agent shall promptly mail or deliver to Holders of Securities so redeemed payment in an amount equal to the Redemption Price of the Securities purchased from each such Holder. All money, if any, earned on funds held in trust by the Trustee or any Paying Agent shall be remitted to the Company. For purposes of this Section 1106, the Company shall choose a Paying Agent which shall not be the Company.

Section 1107. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Holders will be required to surrender the Securities to be redeemed to the Paying Agent at the address specified in the notice of redemption at least one Business Day prior to the Redemption Date. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price together with accrued interest to the Redemption Date; *provided, however*, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such on the relevant Regular Record Dates and Special Record Dates according to the terms and the provisions of Section 309.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and premium, if any, shall, until paid, bear interest from the Redemption Date at the rate borne by such Security.

Section 1108. Securities Redeemed or Purchased in Part.

Any Security which is to be redeemed or purchased only in part shall be surrendered to the Paying Agent at the office or agency maintained for such purpose pursuant to Section 1002 (with, if the Company, the Security Registrar or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company, the Security Registrar or the Trustee, as the case may be, duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder in

aggregate principal amount equal to, and in exchange for, the unredeemed portion of the principal of the Security so surrendered that is not redeemed or purchased.

ARTICLE TWELVE

SATISFACTION AND DISCHARGE

Section 1201. Satisfaction and Discharge of Indenture.

This Indenture shall be discharged and shall cease to be of further effect (except as to surviving rights of registration of transfer or exchange of Securities as expressly provided for herein) as to all Outstanding Securities hereunder, and the Trustee, upon Company Request and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(a) either

(1) all the Securities theretofore authenticated and delivered (except (i) lost, stolen or destroyed Securities which have been replaced or paid as provided in Section 308 or (ii) all Securities whose payment has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(2) all Securities not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company; and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount in United States dollars sufficient to pay and discharge the entire Indebtedness on the Securities not theretofore delivered to the Trustee for cancellation, including the principal of, premium, if any, and accrued interest on, such Securities at such Maturity, Stated Maturity or Redemption Date;

(b) the Company or any Guarantor has paid or caused to be paid all other sums payable hereunder by the Company and any Guarantor; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Independent Counsel, in form and substance reasonably satisfactory to the Trustee, each stating that (i) all conditions precedent herein relating to the satisfaction and discharge hereof have been complied with and (ii) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, this Indenture or any other material



agreement or instrument to which the Company, any Guarantor or any Restricted Subsidiary is a party or by which the Company, any Guarantor or any Restricted Subsidiary is bound.

Notwithstanding the satisfaction and discharge hereof, the obligations of the Company to the Trustee under Section 607 and, if United States dollars shall have been deposited with the Trustee pursuant to subclause (2) of subsection (a) of this Section 1201, the obligations of the Trustee under Section 1202 and the last paragraph of Section 1003 shall survive.

Section 1202. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all United States dollars deposited with the Trustee pursuant to Section 1201 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal of, premium, if any, and interest on, the Securities for whose payment such United States dollars have been deposited with the Trustee.

ARTICLE THIRTEEN

GUARANTEES

Section 1301. Guarantors' Guarantee.

For value received, each of the Guarantors, in accordance with this Article Thirteen, hereby absolutely, fully, unconditionally and irrevocably guarantees, jointly and severally with each other and with each other Person which may become a Guarantor hereunder, to the Trustee and the Holders, as if the Guarantors were the principal debtor, the punctual payment and performance when due of all Indenture Obligations (which for purposes of this Guarantee shall also be deemed to include all commissions, fees, charges, costs and other expenses (including reasonable legal fees and disbursements of one counsel) arising out of or incurred by the Trustee or the Holders in connection with the enforcement of this Guarantee).

Section 1302. Continuing Guarantee; No Right of Set-Off; Independent Obligation.

(a) This Guarantee shall be a continuing guarantee of the payment and performance of all Indenture Obligations and shall remain in full force and effect until the payment in full of all of the Indenture Obligations and shall apply to and secure any ultimate balance due or remaining unpaid to the Trustee or the Holders; and this Guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or from time to time of any sum of money for the time being due or remaining unpaid to the Trustee or the Holders. Each Guarantor, jointly and severally, covenants and agrees to comply with all obligations, covenants, agreements and provisions applicable to it in this Indenture including those set forth in Article Eight. Without limiting the generality of the foregoing, each

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Guarantor's liability shall extend to all amounts which constitute part of the Indenture Obligations and would be owed by the Company under this Indenture and the Securities but for the fact that they are unenforceable, reduced, limited, impaired, suspended or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Company.

(b) Each Guarantor, jointly and severally, hereby guarantees that the Indenture Obligations will be paid to the Trustee without set-off or counterclaim or other reduction whatsoever (whether for taxes, withholding or otherwise) in lawful currency of the United States of America.

(c) Each Guarantor, jointly and severally, guarantees that the Indenture Obligations shall be paid strictly in accordance with their terms regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the holders of the Securities.

(d) Each Guarantor's liability to pay or perform or cause the performance of the Indenture Obligations under this Guarantee shall arise forthwith after demand for payment or performance by the Trustee has been given to the Guarantors in the manner prescribed in Section 106 hereof.

(e) Except as provided herein, the provisions of this Article Thirteen cover all agreements between the parties hereto relative to this Guarantee and none of the parties shall be bound by any representation, warranty or promise made by any Person relative thereto which is not embodied herein; and it is specifically acknowledged and agreed that this Guarantee has been delivered by each Guarantor free of any conditions whatsoever and that no representations, warranties or promises have been made to any Guarantor affecting its liabilities hereunder, and that the Trustee shall not be bound by any representations, warranties or promises now or at any time hereafter made by the Company to any Guarantor.

(f) This Guarantee is a guarantee of payment, performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to collect from or enforce performance or compliance by the Company or upon any event or condition whatsoever.

(g) The obligations of the Guarantors set forth herein constitute the full recourse obligations of the Guarantors enforceable against them to the full extent of all their assets and properties.

Section 1303. Guarantee Absolute.

The obligations of the Guarantors hereunder are independent of the obligations of the Company under the Securities and this Indenture and a separate action or actions may be brought and prosecuted against any Guarantor whether or not an action or proceeding is brought against the Company and whether or not the Company is joined in any such action or proceeding. The liability of the Guarantors hereunder is irrevocable, absolute and unconditional

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and (to the extent permitted by law) the liability and obligations of the Guarantors hereunder shall not be released, discharged, mitigated, waived, impaired or affected in whole or in part by:

- (a) any defect or lack of validity or enforceability in respect of any Indebtedness or other obligation of the Company or any other Person under this Indenture or the Securities, or any agreement or instrument relating to any of the foregoing;
- (b) any grants of time, renewals, extensions, indulgences, releases, discharges or modifications which the Trustee or the Holders may extend to, or make with, the Company, any Guarantor or any other Person, or any change in the time, manner or place of payment of, or in any other term of, all or any of the Indenture Obligations, or any other amendment or waiver of, or any consent to or departure from, this Indenture or the Securities, including any increase or decrease in the Indenture Obligations;
- (c) the taking of security from the Company, any Guarantor or any other Person, and the release, discharge or alteration of, or other dealing with, such security;
- (d) the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction by any present or future action of any governmental authority or court amending, varying, reducing or otherwise affecting, or purporting to amend, vary, reduce or otherwise affect, any of the Indenture Obligations and the obligations of any Guarantor hereunder;
- (e) the abstention from taking security from the Company, any Guarantor or any other Person or from perfecting, continuing to keep perfected or taking advantage of any security;
- (f) any loss, diminution of value or lack of enforceability of any security received from the Company, any Guarantor or any other Person, and including any other guarantees received by the Trustee;
- (g) any other dealings with the Company, any Guarantor or any other Person, or with any security;
- (h) the Trustee's or the Holders' acceptance of compositions from the Company or any Guarantor;
- (i) the application by the Holders or the Trustee of all monies at any time and from time to time received from the Company, any Guarantor or any other Person on account of any indebtedness and liabilities owing by the Company or any Guarantor to the Trustee or the Holders, in such manner as the Trustee or the Holders deems best and the changing of such application in whole or in part and at any time or from time to time, or any

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- manner of application of collateral, or proceeds thereof, to all or any of the Indenture Obligations, or the manner of sale of any collateral;
- (j) the release or discharge of the Company or any Guarantor of the Securities or of any Person liable directly as surety or otherwise by operation of law or otherwise for the Securities, other than an express release in writing given by the Trustee, on behalf of the Holders, of the liability and obligations of any Guarantor hereunder;
  - (k) any change in the name, business, capital structure or governing instrument of the Company or any Guarantor or any refinancing or restructuring of any of the Indenture Obligations;
  - (l) the sale of the Company's or any Guarantor's business or any part thereof;
  - (m) subject to Section 1314, any merger or consolidation, arrangement or reorganization of the Company, any Guarantor, any Person resulting from the merger or consolidation of the Company or any Guarantor with any other Person or any other successor to such Person or merged or consolidated Person or any other change in the corporate existence, structure or ownership of the Company or any Guarantor or any change in the corporate relationship between the Company and any Guarantor, or any termination of such relationship;
  - (n) the insolvency, bankruptcy, liquidation, winding-up, dissolution, receivership, arrangement, readjustment, assignment for the benefit of creditors or distribution of the assets of the Company or its assets or any resulting discharge of any obligations of the Company (whether voluntary or involuntary) or of any Guarantor (whether voluntary or involuntary) or the loss of corporate existence;
  - (o) subject to Section 1314, any arrangement or plan of reorganization affecting the Company or any Guarantor;
  - (p) any failure, omission or delay on the part of the Company to conform or comply with any term of this Indenture;
  - (q) any limitation on the liability or obligations of the Company or any other Person under this Indenture, or any discharge, termination, cancellation, distribution, irregularity, invalidity or unenforceability in whole or in part of this Indenture;
  - (r) any other circumstance (including any statute of limitations) that might otherwise constitute a defense available to, or discharge of, the Company or any Guarantor; or

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- (s) any modification, compromise, settlement or release by the Trustee, or by operation of law or otherwise, of the Indenture Obligations or the liability of the Company or any other obligor under the Securities, in whole or in part, and any refusal of payment by the Trustee, in whole or in part, from any other obligor or other guarantor in connection with any of the Indenture Obligations, whether or not with notice to, or further assent by, or any reservation of rights against, each of the Guarantors.

Section 1304. Right to Demand Full Performance

In the event of any demand for payment or performance by the Trustee from any Guarantor hereunder, the Trustee or the Holders shall have the right to demand its full claim and to receive all dividends or other payments in respect thereof until the Indenture Obligations have been paid in full, and the Guarantors shall continue to be jointly and severally liable hereunder for any balance which may be owing to the Trustee or the Holders by the Company under this Indenture and the Securities. The retention by the Trustee or the Holders of any security, prior to the realization by the Trustee or the Holders of its rights to such security upon foreclosure thereon, shall not, as between the Trustee and any Guarantor, be considered as a purchase of such security, or as payment, satisfaction or reduction of the Indenture Obligations due to the Trustee or the Holders by the Company or any part thereof. Each Guarantor, promptly after demand, will reimburse the Trustee and the Holders for all costs and expenses of collecting such amount under, or enforcing this Guarantee, including, without limitation, the reasonable fees and expenses of counsel.

Section 1305. Waivers

(a) Each Guarantor hereby expressly waives (to the extent permitted by law) notice of the acceptance of this Guarantee and notice of the existence, renewal, extension or the non-performance, non-payment, or non-observance on the part of the Company of any of the terms, covenants, conditions and provisions of this Indenture or the Securities or any other notice whatsoever to or upon the Company or such Guarantor with respect to the Indenture Obligations, whether by statute, rule of law or otherwise. Each Guarantor hereby acknowledges communication to it of the terms of this Indenture and the Securities and all of the provisions therein contained and consents to and approves the same. Each Guarantor hereby expressly waives (to the extent permitted by law) diligence, presentment, protest and demand for payment with respect to (i) any notice of sale, transfer or other disposition of any right, title to or interest in the Securities by the Holders or in this Indenture, (ii) any release of any Guarantor from its obligations hereunder resulting from any loss by it of its rights of subrogation hereunder and (iii) any other circumstances whatsoever that might otherwise constitute a legal or equitable discharge, release or defense of a guarantor or surety or that might otherwise limit recourse against such Guarantor.

(b) Without prejudice to any of the rights or recourses which the Trustee or the Holders may have against the Company, each Guarantor hereby expressly waives (to the extent permitted by law) any right to require the Trustee or the Holders to:

- (i) enforce, assert, exercise, initiate or exhaust any rights, remedies or recourse against the Company, any Guarantor or any other Person under this Indenture or otherwise;
- (ii) value, realize upon, or dispose of any security of the Company or any other Person held by the Trustee or the Holders;
- (iii) initiate or exhaust any other remedy which the Trustee or the Holders may have in law or equity; or
- (iv) mitigate the damages resulting from any default under this Indenture;

before requiring or becoming entitled to demand payment from such Guarantor under this Guarantee.

Section 1306. The Guarantors Remain Obligated in Event the Company Is No Longer Obligated to Discharge Indenture Obligations

It is the express intention of the Trustee and the Guarantors that if for any reason the Company has no legal existence, is or becomes under no legal obligation to discharge the Indenture Obligations owing to the Trustee or the Holders by the Company or if any of the Indenture Obligations owing by the Company to the Trustee or the Holders becomes irrecoverable from the Company by operation of law or for any reason whatsoever, this Guarantee and the covenants, agreements and obligations of the Guarantors contained in this Article Thirteen shall nevertheless be binding upon the Guarantors, as principal debtor, until such time as all such Indenture Obligations have been paid in full to the Trustee and all Indenture Obligations owing to the Trustee or the Holders by the Company have been discharged, or such earlier time as Section 402 shall apply to the Securities and the Guarantors shall be responsible for the payment thereof to the Trustee or the Holders upon demand.

Section 1307. Fraudulent Conveyance; Contribution; Subrogation.

(a) Each Guarantor that is a Subsidiary of the Company and, by its acceptance hereof, each Holder hereby confirms that it is the intention of all such parties that the Guarantee by such Guarantor pursuant to its Guarantee not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law. To effectuate the foregoing intention, the Holders and such Guarantor hereby irrevocably agree that the obligations of such Guarantor under its Guarantee shall be limited to the maximum amount which, after giving effect to all other contingent and fixed liabilities of such Guarantor, and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under this Indenture, will result in the obligations of such Guarantor under its Guarantee not constituting such fraudulent transfer or conveyance.

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(b) Each Guarantor that makes a payment or distribution under its Guarantee shall be entitled to a contribution from each other Guarantor, if any, in a pro rata amount based on the net assets of each Guarantor, determined in accordance with GAAP.

(c) Each Guarantor hereby waives all rights of subrogation or contribution, whether arising by contract or operation of law (including, without limitation, any such right arising under federal bankruptcy law) or otherwise by reason of any payment by it pursuant to the provisions of this Article Thirteen until payment in full of all Indenture Obligations.

Section 1308. Guarantee Is in Addition to Other Security

This Guarantee shall be in addition to and not in substitution for any other guarantees or other security which the Trustee may now or hereafter hold in respect of the Indenture Obligations owing to the Trustee or the Holders by the Company and (except as may be required by law) the Trustee shall be under no obligation to marshal in favor of each of the Guarantors any other guarantees or other security or any moneys or other assets which the Trustee may be entitled to receive or upon which the Trustee or the Holders may have a claim.

Section 1309. Release of Security Interests

Without limiting the generality of the foregoing and except as otherwise provided in this Indenture, each Guarantor hereby consents and agrees, to the fullest extent permitted by applicable law, that the rights of the Trustee hereunder, and the liability of the Guarantors hereunder, shall not be affected by any and all releases for any purpose of any collateral, if any, from the Liens and security interests created by any collateral document and that this Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Indenture Obligations is rescinded or must otherwise be returned by the Trustee upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

Section 1310. No Bar to Further Actions

Except as provided by law, no action or proceeding brought or instituted under Article Thirteen and this Guarantee and no recovery or judgment in pursuance thereof shall be a bar or defense to any further action or proceeding which may be brought under Article Thirteen and this Guarantee by reason of any further default or defaults under Article Thirteen and this Guarantee or in the payment of any of the Indenture Obligations owing by the Company.

Section 1311. Failure to Exercise Rights Shall Not Operate as a Waiver; No Suspension of Remedies

(a) No failure to exercise and no delay in exercising, on the part of the Trustee or the Holders, any right, power, privilege or remedy under this Article Thirteen and this Guarantee shall operate as a waiver thereof, nor shall any single or partial exercise of any rights, power, privilege or remedy preclude any other or further exercise thereof, or the exercise of any

other rights, powers, privileges or remedies. The rights and remedies herein provided for are cumulative and not exclusive of any rights or remedies provided in law or equity.

(b) Nothing contained in this Article Thirteen shall limit the right of the Trustee or the Holders to take any action to accelerate the maturity of the Securities pursuant to Article Five or to pursue any rights or remedies hereunder or under applicable law.

Section 1312. Trustee's Duties; Notice to Trustee.

(a) Any provision in this Article Thirteen or elsewhere in this Indenture allowing the Trustee to request any information or to take any action authorized by, or on behalf of any Guarantor, shall be permissive and shall not be obligatory on the Trustee except as the Holders may direct in accordance with the provisions of this Indenture or where the failure of the Trustee to request any such information or to take any such action arises from the Trustee's negligence, bad faith or willful misconduct.

(b) The Trustee shall not be required to inquire into the existence, powers or capacities of the Company, any Guarantor or the officers, directors or agents acting or purporting to act on their respective behalf.

Section 1313. Successors and Assigns.

All terms, agreements and conditions of this Article Thirteen shall extend to and be binding upon each Guarantor and its successors and permitted assigns and shall enure to the benefit of and may be enforced by the Trustee and its successors and assigns; *provided, however*, that the Guarantors may not assign any of their rights or obligations hereunder other than in accordance with Article Eight.

Section 1314. Release of Guarantee.

Concurrently with the payment in full of all of the Indenture Obligations, the Guarantors shall be released from and relieved of their obligations under this Article Thirteen. Upon the delivery by the Company to the Trustee of an Officers' Certificate and, if requested by the Trustee, an Opinion of Counsel to the effect that the transaction giving rise to the release of this Guarantee was made by the Company in accordance with the provisions of this Indenture and the Securities, the Trustee shall execute any documents reasonably required in order to evidence the release of the Guarantors from their obligations under this Guarantee. If any of the Indenture Obligations are revived and reinstated after the termination of this Guarantee, then all of the obligations of the Guarantors under this Guarantee shall be revived and reinstated as if this Guarantee had not been terminated until such time as the Indenture Obligations are paid in full, and each Guarantor shall enter into an amendment to this Guarantee, reasonably satisfactory to the Trustee, evidencing such revival and reinstatement.

This Guarantee shall terminate with respect to each Guarantor and shall be automatically and unconditionally released and discharged as provided in Section 1013(c).



Section 1315. Execution of Guarantee.

(a) To evidence the Guarantee, each Guarantor hereby agrees to execute the guarantee substantially in the form set forth in Section 204, to be endorsed on each Security authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of each Guarantor by its Chairman of the Board, its President, its Chief Executive Officer, Chief Operating Officer or one of its Vice Presidents. The signature of any of these officers on the Securities may be manual or facsimile.

(b) Any person that was not a Guarantor on the Issue Date may become a Guarantor by executing and delivering to the Trustee (i) a supplemental indenture in form and substance satisfactory to the Trustee, which subjects such person to the provisions (including the representations and warranties) of this Indenture as a Guarantor, (ii) in the event that as of the date of such supplemental indenture any Registrable Securities are outstanding, an instrument in form and substance satisfactory to the Trustee which subjects such person to the provisions of the Registration Rights Agreement with respect to such outstanding Registrable Securities, and (iii) an Opinion of Counsel to the effect that such supplemental indenture has been duly authorized and executed by such person and constitutes the legal, valid and binding obligation of such person (subject to such customary assumptions and exceptions as may be acceptable to the Trustee in its reasonable discretion).

(c) If an officer whose signature is on this Indenture no longer holds that office at the time the Trustee authenticates a Security on which this Guarantee is endorsed, such Guarantee shall be valid nevertheless.

Section 1316. Guarantee Subordinate to Senior Guarantor Indebtedness.

Each Guarantor covenants and agrees, and each Holder of a Guarantee, by his acceptance thereof, likewise covenants and agrees, that, to the extent and in the manner hereinafter set forth in this Article, the Indebtedness represented by the Guarantees is hereby expressly made subordinate and subject in right of payment as provided in this Article to the prior payment in full of all Senior Guarantor Indebtedness.

This Article shall constitute a continuing offer to all Persons who, in reliance upon such provisions, become holders of, or continue to hold Senior Guarantor Indebtedness; and such provisions are made for the benefit of the holders of Senior Guarantor Indebtedness; and such holders are made obligees hereunder and they or each of them may enforce such provisions.

Section 1317. Payment Over of Proceeds Upon Dissolution of the Guarantor, etc.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to any Guarantor or to its assets, or (b) any liquidation, dissolution or other winding up of any Guarantor, whether voluntary or involuntary, or whether or not involving

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insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshaling of assets or liabilities of any Guarantor, then and in any such event:

(1) the holders of Senior Guarantor Indebtedness shall be entitled to receive payment in full of all amounts due on or in respect of all Senior Guarantor Indebtedness before the Holders of the Securities are entitled to receive any payment or distribution of any kind or character (excluding Permitted Guarantor Junior Payment) on account of the Guarantee of such Guarantor or on account of the purchase, redemption, defeasance or other acquisition of, or in respect of the Guarantees (other than amounts previously set aside with the Trustee, or payments previously made, in either case, pursuant to the provisions of Sections 402 and 403 of this Indenture); and

(2) any payment or distribution of assets of any Guarantor of any kind or character, whether in cash, property or securities (excluding Permitted Guarantor Junior Payment), by set-off or otherwise, to which the Holders or the Trustee would be entitled but for the provisions of this Article shall be paid by the liquidating trustee or agent or other Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Senior Guarantor Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Guarantor Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Senior Guarantor Indebtedness held or represented by each, to the extent necessary to make payment in full of all Senior Guarantor Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Guarantor Indebtedness; and

(3) in the event that, notwithstanding the foregoing provisions of this Section, the Trustee or the Holder of any Security shall have received any payment or distribution of assets of any Guarantor of any kind or character, whether in cash, property or securities (excluding Permitted Guarantor Junior Payment), in respect of the Guarantee of such Guarantor before all Senior Guarantor Indebtedness is paid in full, then and in such event such payment or distribution (excluding Permitted Guarantor Junior Payment) shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other Person making payments or distributions of assets of such Guarantor for application to the payment of all Senior Guarantor Indebtedness remaining unpaid, to the extent necessary to pay all Senior Guarantor Indebtedness in full after giving effect to any concurrent payment or distribution to or for the holders of Senior Guarantor Indebtedness.

The consolidation of any Guarantor with, or the merger of any Guarantor with or into, another Person or the liquidation or dissolution of any Guarantor following the sale, assignment, conveyance, transfer, lease or other disposal of its properties and assets substantially as an entirety to another Person upon the terms and conditions set forth in Article Eight shall not be deemed a dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors or marshaling of assets and liabilities of such Guarantor for the purposes of this Section if the Person formed by such consolidation or the surviving entity of such merger or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposal of such properties and assets substantially as an entirety, as the case may be, shall, as a part of such

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consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposal, comply with the conditions set forth in Article Eight.

Section 1318. Suspension of Payment When Designated Senior Guarantor Indebtedness in Default

(a) Upon the maturity of any Senior Guarantor Indebtedness by lapse of time, acceleration or otherwise, all principal thereof and interest thereon and other amounts due in connection therewith shall first be paid in full or such payment duly provided for before any payment is made by any of the Guarantors or any Person acting on behalf of any of the Guarantors in respect of the Guarantee of such Guarantor.

(b) No payment (excluding payments in the form of Permitted Guarantor Junior Payment) shall be made by any Guarantor in respect of its Guarantee during the period in which Section 1317 shall be applicable, during any suspension of payments in effect under Section 1403(a) of this Indenture or during any Payment Blockage Period in effect under Sections 1403(b) and (c) of this Indenture.

(c) In the event that, notwithstanding the foregoing, any Guarantor shall make any payment to the Trustee or the Holder of its Guarantee prohibited by the foregoing provisions of this Section, then and in such event such payment shall be paid over and delivered forthwith to a Senior Guarantor Representative of the holders of the Senior Guarantor Indebtedness or as a court of competent jurisdiction shall direct.

Section 1319. Payment Permitted by Each of the Guarantors if No Default

Nothing contained in this Article, elsewhere in this Indenture or in any of the Securities shall prevent any Guarantor, at any time except during the pendency of any case, proceeding, dissolution, liquidation or other winding-up, assignment for the benefit of creditors or other marshaling of assets and liabilities of such Guarantor referred to in Section 1317 or under the conditions described in Section 1318, from making payments at any time on the Guarantees.

Section 1320. Subrogation to Rights of Holders of Senior Guarantor Indebtedness.

After the payment in full of all Senior Guarantor Indebtedness, the Holders of the Guarantees shall be subrogated to the rights of the holders of such Senior Guarantor Indebtedness to receive payments and distributions of cash, property and securities applicable to the Senior Guarantor Indebtedness until the payment on the Guarantees shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of Senior Guarantor Indebtedness of any cash, property or securities to which the Holders of the Guarantees or the Trustee would be entitled except for the provisions of this Article, and no payments over pursuant to the provisions of this Article to the holders of Senior Guarantor Indebtedness by Holders of the Guarantees or the Trustee, shall, as among any Guarantor, its creditors other than holders of Senior Guarantor Indebtedness, and the Holders of the Guarantees, be deemed to be a

payment or distribution by such Guarantor to or on account of the Senior Guarantor Indebtedness.

Section 1321. Provisions Solely to Define Relative Rights

The provisions of Sections 1316 through 1329 of this Indenture are intended solely for the purpose of defining the relative rights of the Holders of the Guarantees on the one hand and the holders of Senior Guarantor Indebtedness on the other hand. Nothing contained in this Article or elsewhere in this Indenture or in the Guarantees is intended to or shall (a) impair, as among any Guarantor, its creditors other than holders of Senior Guarantor Indebtedness and the Holders of the Guarantees, the obligation such Guarantor, which is absolute and unconditional, to pay to the Holders of the Guarantees the payment on the Guarantees as and when the same shall become due and payable in accordance with their terms; or (b) affect the relative rights against each of the Guarantors of the Holders of the Guarantees and creditors of each of the Guarantors other than the holders of Senior Guarantor Indebtedness; or (c) prevent the Trustee or the Holder of any Guarantee from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Guarantor Indebtedness (1) in any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshaling of assets and liabilities of the Guarantors referred to in Section 1317, to receive, pursuant to and in accordance with such Section, cash, property and securities otherwise payable or deliverable to the Trustee or such Holder, or (2) under the conditions specified in Section 1318, to prevent any payment prohibited by such Section or enforce their rights pursuant to Section 1318(c).

Section 1322. Trustee to Effectuate Subordination.

Each Holder of a Guarantee by such Holder's acceptance thereof authorizes and directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee such Holder's attorney-in-fact for any and all such purposes, including, in the event of any dissolution, winding-up, liquidation or reorganization of any Guarantor whether in bankruptcy, insolvency, receivership proceedings, or otherwise, the timely filing of a claim for the unpaid balance of the indebtedness of any Guarantor owing to such Holder in the form required in such proceedings and the causing of such claim to be approved.

Section 1323. No Waiver of Subordination Provisions.

(a) No right of any present or future holder of any Senior Guarantor Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of any Guarantor or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by any Guarantor with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

(b) Without limiting the generality of subsection (a) of this Section, the holders of Senior Guarantor Indebtedness may, at any time and from time to time, without the

consent of or notice to the Trustee or the Holders of the Guarantees, without incurring responsibility to the Holders of the Guarantees and without impairing or releasing the subordination provided in this Article or the obligations hereunder of the Holders of the Guarantees to the holders of Senior Guarantor Indebtedness, do any one or more of the following: (1) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Guarantor Indebtedness or any instrument evidencing the same or any agreement under which Senior Guarantor Indebtedness is outstanding; (2) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Guarantor Indebtedness; (3) release any Person liable in any manner for the collection or payment of Senior Guarantor Indebtedness; and (4) exercise or refrain from exercising any rights against any of the Guarantors and any other Person; *provided, however*, that in no event shall any such actions limit the right of the Holders of the Guarantees to take any action to accelerate the maturity of the Securities pursuant to Article Five of this Indenture or to pursue any rights or remedies hereunder or under applicable laws if the taking of such action does not otherwise violate the terms of this Article.

Section 1324. Notice to Trustee by Each of the Guarantors.

(a) Each Guarantor shall give prompt written notice to the Trustee of any fact known to such Guarantor which would prohibit the making of any payment to or by the Trustee in respect of the Guarantee. Notwithstanding the provisions of this Article or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Guarantees, unless and until the Trustee shall have received written notice thereof from any Guarantor or a holder of Senior Guarantor Indebtedness or from a Senior Guarantor Representative or any trustee, fiduciary or agent thereof; and, prior to the receipt of any such written notice, the Trustee shall be entitled in all respects to assume that no such facts exist; *provided, however*, that if the Trustee shall not have received the notice provided for in this Section by Noon, Eastern Time, on the Business Day prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of, premium, if any, or interest on any Guarantee), then, anything herein contained to the contrary notwithstanding but without limiting the rights and remedies of the holders of Senior Guarantor Indebtedness, a Senior Guarantor Representative or any trustee, fiduciary or agent thereof, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it after such date; nor shall the Trustee be charged with knowledge of the curing of any default or the elimination of the act or condition preventing any such payment unless and until the Trustee shall have received an Officers' Certificate to such effect.

(b) The Trustee shall be entitled to rely on the delivery to it of a written notice to the Trustee and each Guarantor by a Person representing himself to be a Senior Guarantor Representative or a holder of Senior Guarantor Indebtedness (or a trustee, fiduciary or agent therefor) to establish that such notice has been given by a Senior Guarantor Representative or a holder of Senior Guarantor Indebtedness (or a trustee, fiduciary or agent therefor); *provided, however*, that failure to give such notice to the Company or any Guarantor shall not affect in any

way the ability of the Trustee to rely on such notice. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Guarantor Indebtedness to participate in any payment or distribution pursuant to this Article, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Guarantor Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 1325. Reliance on Judicial Orders or Certificates

Upon any payment or distribution of assets of any Guarantor referred to in this Article, the Trustee and the Holders of the Guarantees shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other person making such payment or distribution, or a certificate of a Senior Guarantor Representative delivered to the Trustee or to the Holders of Guarantees for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Guarantor Indebtedness and other indebtedness of such Guarantor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article, *provided* that the foregoing shall apply only if such court has been fully apprised of the provisions of this Article.

Section 1326. Rights of Trustee as a Holder of Senior Guarantor Indebtedness: Preservation of Trustee's Rights

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article with respect to any Senior Guarantor Indebtedness which may at any time be held by it, to the same extent as any other holder of Senior Guarantor Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder. Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 607.

Section 1327. Article Applicable to Paying Agents

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting under this Indenture, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; *provided, however*, that Section 1326 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

Section 1328. No Suspension of Remedies.

Nothing contained in this Article shall limit the right of the Trustee or the Holders of Guarantees to take any action to accelerate the maturity of the Securities pursuant to Article Five of this Indenture or to pursue any rights or remedies hereunder or under applicable law, subject to the rights, if any, under this Article of the holders, from time to time, of Senior Guarantor Indebtedness to receive the cash, property or securities receivable upon the exercise of such rights or remedies.

Section 1329. Trustee's Relation to Senior Guarantor Indebtedness.

With respect to the holders of Senior Guarantor Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article, and no implied covenants or obligations with respect to the holders of Senior Guarantor Indebtedness shall be read into this Article against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Guarantor Indebtedness and the Trustee shall not be liable to any holder of Senior Guarantor Indebtedness if it shall in good faith mistakenly (absent negligence or willful misconduct) pay over or deliver to Holders, a Guarantor or any other Person moneys or assets to which any holder of Senior Guarantor Indebtedness shall be entitled by virtue of this Article or otherwise.

ARTICLE FOURTEEN

SUBORDINATION OF SECURITIES

Section 1401. Securities Subordinate to Senior Indebtedness.

The Company covenants and agrees, and each Holder of a Security, by his acceptance thereof, likewise covenants and agrees, that, to the extent and in the manner hereinafter set forth in this Article, the Indebtedness represented by the Securities and the payment of the principal of, premium, if any, and interest on, the Securities are hereby expressly made subordinate and subject in right of payment as provided in this Article to the prior payment in full of all Senior Indebtedness.

This Article Fourteen shall constitute a continuing offer to all Persons who, in reliance upon such provisions, become holders of, or continue to hold Senior Indebtedness; and such provisions are made for the benefit of the holders of Senior Indebtedness; and such holders are made obligees hereunder and they or each of them may enforce such provisions.

Section 1402. Payment Over of Proceeds Upon Dissolution, etc.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or its assets, or (b) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary, or whether or not involving

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insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshaling of assets or liabilities of the Company, then and in any such event:

(1) the holders of Senior Indebtedness shall be entitled to receive payment in full of all amounts due on or in respect of Senior Indebtedness before the Holders of the Securities are entitled to receive any payment or distribution of any kind or character (excluding Permitted Junior Payment) on account of the principal of, premium, if any, or interest on the Securities or on account of the purchase, redemption, defeasance or other acquisition of, or in respect of, the Securities (other than amounts previously set aside with the Trustee, or payments previously made, in either case, pursuant to the provisions of Sections 402 and 403 of this Indenture); and

(2) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (excluding Permitted Junior Payment), by set-off or otherwise, to which the Holders or the Trustee would be entitled but for the provisions of this Article shall be paid by the liquidating trustee or agent or other Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Senior Indebtedness held or represented by each, to the extent necessary to make payment in full, of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; and

(3) in the event that, notwithstanding the foregoing provisions of this Section, the Trustee or the Holder of any Security shall have received any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (excluding Permitted Junior Payment), in respect of principal, premium, if any, and interest on the Securities before all Senior Indebtedness is paid in full, then and in such event such payment or distribution (excluding Permitted Junior Payment) shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other Person making payments or distributions of assets of the Company for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

The consolidation of the Company with, or the merger of the Company with or into, another Person or the liquidation or dissolution of the Company following the sale, assignment, conveyance, transfer, lease or other disposal of its properties and assets substantially as an entirety to another Person upon the terms and conditions set forth in Article Eight shall not be deemed a dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors or marshaling of assets and liabilities of the Company for the purposes of this Section if the Person formed by such consolidation or the surviving entity of such merger or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposal of such properties and assets substantially as an entirety, as the case may be, shall, as a part of such



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consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposal, comply with the conditions set forth in Article Eight.

Section 1403. Suspension of Payment When Designated Senior Indebtedness in Default

(a) Unless Section 1402 shall be applicable, upon the occurrence and during the continuance of any default in the payment of any Designated Senior Indebtedness beyond any applicable grace period (a "Payment Default") and after the receipt by the Trustee from a Senior Representative of any Designated Senior Indebtedness of written notice of such default, no payment (other than amounts previously set aside with the Trustee or payments previously made, in either case, pursuant to Section 402 or 403 in this Indenture) or distribution of any assets of the Company or any Subsidiary of any kind or character (excluding Permitted Junior Payment) may be made by the Company on account of the principal of, premium, if any, or interest on, the Securities, or on account of the purchase, redemption, defeasance or other acquisition of or in respect of, the Securities unless and until such Payment Default shall have been cured or waived or shall have ceased to exist or such Designated Senior Indebtedness shall have been discharged or paid in full, after which the Company shall (subject to the other provisions of this Article Fourteen) resume making any and all required payments in respect of the Securities, including any missed payments.

(b) Unless Section 1402 shall be applicable, (1) upon the occurrence and during the continuance of any non-payment default or non-payment event of default with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may then be accelerated immediately (a "Non-payment Default") and (2) after the receipt by the Trustee and the Company from a Senior Representative of any Designated Senior Indebtedness of written notice of such Non-payment Default, no payment (other than any amounts previously set aside with the Trustee, or payments previously made, in either case, pursuant to the provisions of Sections 402 or 403 in this Indenture) or distribution of any assets of the Company of any kind or character (excluding Permitted Junior Payment) may be made by the Company or any Subsidiary on account of the principal of, premium, if any, or interest on, the Securities, or on account of the purchase, redemption, defeasance or other acquisition of, or in respect of, the Securities for the period specified below ("Payment Blockage Period").

(c) The Payment Blockage Period shall commence upon the receipt of notice of the Non-payment Default by the Trustee and the Company from a Senior Representative and shall end on the earliest of (i) the 179th day after such commencement, (ii) the date on which such Non-payment Default (and all other Non-payment Defaults as to which notice is given after such Payment Blockage Period is initiated) is cured, waived or ceases to exist or on which such Designated Senior Indebtedness is discharged or paid in full, or (iii) the date on which such Payment Blockage Period (and all Non-payment Defaults as to which notice is given after such Payment Blockage Period is initiated) shall have been terminated by written notice to the Company or the Trustee from the Senior Representative initiating such Payment Blockage Period, after which, in the case of clauses (i), (ii) and (iii), the Company shall promptly resume making any and all required payments in respect of the Securities, including any missed payments. In no event will a Payment Blockage Period extend beyond 179 days from the date of the receipt by the Company and the Trustee of the notice initiating such Payment Blockage

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Period (such 179-day period referred to as the "Initial Period"). Any number of notices of Non-payment Defaults may be given during the Initial Period *provided* that during any period of 365 consecutive days only one Payment Blockage Period, during which payment of principal of, premium, if any, or interest on, the Securities may not be made, may commence and the duration of such period may not exceed 179 days. No Non-payment Default with respect to any Designated Senior Indebtedness that existed or was continuing on the date of the commencement of any Payment Blockage Period will be, or can be, made the basis for the commencement of a second Payment Blockage Period, whether or not within a period of 365 consecutive days, unless such default has been cured or waived for a period of not less than 90 consecutive days. The Company shall deliver a notice to the Trustee promptly after the date on which any Non-payment Default is cured or waived or ceases to exist or on which the Designated Senior Indebtedness related thereto is discharged or paid in full, and the Trustee is authorized to act in reliance on such notice.

(d) In the event that, notwithstanding the foregoing, the Company shall make any payment to the Trustee or the Holder of any Security prohibited by the foregoing provisions of this Section, then and in such event such payment shall be paid over and delivered forthwith to a Senior Representative of the holders of the Designated Senior Indebtedness or as a court of competent jurisdiction shall direct.

Section 1404. Payment Permitted if No Default.

Nothing contained in this Article, elsewhere in this Indenture or in any of the Securities shall prevent the Company, at any time except during the pendency of any case, proceeding, dissolution, liquidation or other winding-up, assignment for the benefit of creditors or other marshaling of assets and liabilities of the Company referred to in Section 1402 or under the conditions described in Section 1403, from making payments at any time of principal of, premium, if any, or interest on the Securities.

Section 1405. Subrogation to Rights of Holders of Senior Indebtedness.

After the payment in full, the Holders of the Securities shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments and distributions of cash, property and securities applicable to the Senior Indebtedness until the principal of, premium, if any, and interest on, the Securities shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness of any cash, property or securities to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article, and no payments over pursuant to the provisions of this Article to the holders of Senior Indebtedness by Holders of the Securities or the Trustee, shall, as among the Company, its creditors other than holders of Senior Indebtedness, and the Holders of the Securities, be deemed to be a payment or distribution by the Company to or on account of the Senior Indebtedness.

Section 1406. Provisions Solely to Define Relative Rights

The provisions of this Article are intended solely for the purpose of defining the relative rights of the Holders of the Securities on the one hand and the holders of Senior Indebtedness on the other hand. Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall (a) impair, as among the Company, its creditors other than holders of Senior Indebtedness and the Holders of the Securities, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities the principal of, premium, if any, and interest on, the Securities as and when the same shall become due and payable in accordance with their terms; or (b) affect the relative rights against the Company or the Holders of the Securities and creditors of the Company other than the holders of Senior Indebtedness; or (c) prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness (1) in any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshaling of assets and liabilities of the Company referred to in Section 1402, to receive, pursuant to and in accordance with such Section, cash, property and securities otherwise payable or deliverable to the Trustee or such Holder, or (2) under the conditions specified in Section 1403, to prevent any payment prohibited by such Section or enforce their rights pursuant to Section 1403(d).

Section 1407. Trustee to Effectuate Subordination

Each Holder of a Security by such Holder's acceptance thereof authorizes and directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee such Holder's attorney-in-fact for any and all such purposes, including, in the event of any dissolution, winding-up, liquidation or reorganization of the Company whether in bankruptcy, insolvency, receivership proceedings, or otherwise, the timely filing of a claim for the unpaid balance of the indebtedness of the Company owing to such Holder in the form required in such proceedings and the causing of such claim to be approved.

Section 1408. No Waiver of Subordination Provisions

(a) No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

(b) Without limiting the generality of subsection (a) of this Section, the holders of Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Securities, without incurring responsibility to the Holders of the Securities and without impairing or releasing the subordination provided in this Article or the obligations hereunder of the Holders of the Securities to the holders of Senior

Indebtedness, do any one or more of the following: (1) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Indebtedness or any instrument evidencing the same or any agreement under which Senior Indebtedness is outstanding; (2) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness; (3) release any Person liable in any manner for the collection or payment of Senior Indebtedness; and (4) exercise or refrain from exercising any rights against the Company and any other Person; *provided, however*, that in no event shall any such actions limit the right of the Holders of the Securities to take any action to accelerate the maturity of the Securities pursuant to Article Five of this Indenture or to pursue any rights or remedies hereunder or under applicable laws if the taking of such action does not otherwise violate the terms of this Article.

Section 1409. Notice to Trustee.

(a) The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Securities. Notwithstanding the provisions of this Article or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Securities, unless and until the Trustee shall have received written notice thereof from the Company or a holder of Senior Indebtedness or from a Senior Representative or any trustee, fiduciary or agent thereof; and, prior to the receipt of any such written notice, the Trustee shall be entitled in all respects to assume that no such facts exist; *provided, however*, that if the Trustee shall not have received the notice provided for in this Section by Noon, Eastern Time, on the Business Day prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of, premium, if any, or interest on any Security), then, anything herein contained to the contrary notwithstanding but without limiting the rights and remedies of the holders of Senior Indebtedness, a Senior Representative or any trustee, fiduciary or agent thereof, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it after such date; nor shall the Trustee be charged with knowledge of the curing of any default or the elimination of the act or condition preventing any such payment unless and until the Trustee shall have received an Officers' Certificate to such effect.

(b) The Trustee shall be entitled to rely on the delivery to it of a written notice to the Trustee and the Company by a Person representing himself to be a Senior Representative or a holder of Senior Indebtedness (or a trustee, fiduciary or agent thereof) to establish that such notice has been given by a Senior Representative or a holder of Senior Indebtedness (or a trustee, fiduciary or agent thereof); *provided, however*, that failure to give such notice to the Company shall not affect in any way the ability of the Trustee to rely on such notice. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any

other facts pertinent to the rights of such Person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 1410. Reliance on Judicial Orders or Certificates

Upon any payment or distribution of assets of the Company referred to in this Article, the Trustee and the Holders of the Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other person making such payment or distribution, or a certificate of a Senior Representative, delivered to the Trustee or to the Holders of Securities for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article, *provided* that the foregoing shall apply only if such court has been fully apprised of the provisions of this Article.

Section 1411. Rights of Trustee as a Holder of Senior Indebtedness: Preservation of Trustee's Rights

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article with respect to any Senior Indebtedness which may at any time be held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder. Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 607.

Section 1412. Article Applicable to Paying Agents

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting under this Indenture, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; *provided, however*, that Section 1411 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

Section 1413. No Suspension of Remedies.

Nothing contained in this Article shall limit the right of the Trustee or the Holders of Securities to take any action to accelerate the maturity of the Securities pursuant to Article Five of this Indenture or to pursue any rights or remedies hereunder or under applicable law, subject to the rights, if any, under this Article of the holders, from time to time, of Senior Indebtedness to receive the cash, property or securities receivable upon the exercise of such rights or remedies.

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Section 1414. Trustee's Relation to Senior Indebtedness

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Article against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and the Trustee shall not be liable to any holder of Senior Indebtedness if it shall in good faith mistakenly (absent negligence or willful misconduct) pay over or deliver to Holders, the Company or any other Person moneys or assets to which any holder of Senior Indebtedness shall be entitled by virtue of this Article or otherwise.

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

SONIC AUTOMOTIVE, INC.

By: \_\_\_\_\_ /s/ Theodore M. Wright

Name: Theodore M. Wright  
Title: President

- ADI OF THE SOUTHEAST LLC (a South Carolina limited liability company)
- ARNGAR, INC. (a North Carolina corporation)
- ANTREV, LLC (a North Carolina limited liability company)
- AUTOBAHN, INC. (a California corporation)
- AVALON FORD, INC. (a Delaware corporation)
- CAPITOL CHEVROLET AND IMPORTS, INC. (an Alabama corporation)
- CASA FORD OF HOUSTON, INC. (a Texas corporation)
- COBB PONTIAC CADILLAC, INC. (an Alabama corporation)
- FA SERVICE CORPORATION (a California corporation)
- FAA AUTO FACTORY, INC. (a California corporation)
- FAA BEVERLY HILLS, INC. (a California corporation)
- FAA CAPITOL F, INC. (a California corporation)
- FAA CAPITOL N, INC. (a California corporation)
- FAA CONCORD H, INC. (a California corporation)
- FAA CONCORD N, INC. (a California corporation)
- FAA CONCORD T, INC. (a California corporation)
- FAA DUBLIN N, INC. (a California corporation)
- FAA DUBLIN VWD, INC. (a California corporation)
- FAA HOLDING CORP. (a California corporation)
- FAA LAS VEGAS H, INC. (a Nevada corporation)
- FAA MARIN D, INC. (a California corporation)
- FAA MARIN F, INC. (a California corporation)
- FAA MARIN LR, INC. (a California corporation)
- FAA MONTEREY F, INC. (a California corporation)
- FAA POWAY D, INC. (a California corporation)
- FAA POWAY G, INC. (a California corporation)
- FAA POWAY H, INC. (a California corporation)
- FAA POWAY T, INC. (a California corporation)
- FAA SAN BRUNO, INC. (a California corporation)

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FAA SANTA MONICA V, INC. (a California corporation)  
FAA SERRAMONTE H, INC. (a California corporation)  
FAA SERRAMONTE L, INC. (a California corporation)  
FAA SERRAMONTE, INC. (a California corporation)  
FAA STEVENS CREEK, INC. (a California corporation)  
FAA TORRANCE CPJ, INC. (a California corporation)  
FIRSTAMERICA AUTOMOTIVE, INC. (a Delaware corporation)  
FORT MILL FORD, INC. (a South Carolina corporation)  
FORT MYERS COLLISION CENTER, LLC (a Florida limited liability company)  
FRANCISCAN MOTORS, INC. (a California corporation)  
FRANK PARRA AUTOPLEX, INC. (a Texas corporation)  
FREEDOM FORD, INC. (a Florida corporation)  
FRONTIER OLDSMOBILE-CADILLAC, INC. (a North Carolina corporation)  
HMC FINANCE ALABAMA, INC. (an Alabama corporation)  
KRAMER MOTORS INCORPORATED (a California corporation)  
L DEALERSHIP GROUP, INC. (a Texas corporation)  
MARCUS DAVID CORPORATION (a North Carolina corporation)  
MASSEY CADILLAC, INC. (a Tennessee corporation)  
MASSEY CADILLAC, INC. (a Texas corporation)  
MOUNTAIN STATES MOTORS CO., INC. (a Colorado corporation)  
PHILPOTT MOTORS, LTD. (a Texas limited partnership)  
RIVERSIDE NISSAN, INC. (an Oklahoma corporation)  
ROYAL MOTOR COMPANY, INC. (an Alabama corporation)  
SANTA CLARA IMPORTED CARS, INC. (a California corporation)  
SMART NISSAN, INC. (a California corporation)  
SONIC AGENCY, INC. (a Michigan corporation)  
SONIC – ANN ARBOR IMPORTS, INC. (a Michigan corporation)  
SONIC AUTOMOTIVE - BONDESEN, INC. (a Florida corporation)  
SONIC AUTOMOTIVE OF CHATTANOOGA, LLC (a Tennessee limited liability company)



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SONIC AUTOMOTIVE-CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE COLLISION CENTER OF CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE F&I, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE OF GEORGIA, INC. (a Georgia corporation)  
SONIC AUTOMOTIVE OF NASHVILLE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE OF NEVADA, INC. (a Nevada corporation)  
SONIC AUTOMOTIVE SERVICING COMPANY, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE OF TENNESSEE, INC. (a Tennessee corporation)  
SONIC AUTOMOTIVE OF TEXAS, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE WEST, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE - 1307 N. DIXIE HWY., NSB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-1400 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1455 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1495 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1500 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, LLC (a Florida limited liability company)  
SONIC AUTOMOTIVE - 1919 N. DIXIE HWY., NSB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE – 21699 U.S. HWY 19 N., INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 241 RIDGEWOOD AVE., HH, INC. (a Florida corporation)  
SONIC AUTOMOTIVE 2424 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE - 2490 SOUTH LEE HIGHWAY, LLC (a Tennessee limited liability company)

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SONIC AUTOMOTIVE 2752 LAURENS RD.,  
GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE - 3401 N. MAIN, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE-3700 WEST BROAD STREET, COLUMBUS, INC. (an  
Ohio corporation)  
SONIC AUTOMOTIVE - 3741 S. NOVA RD., PO, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-4000 WEST BROAD STREET, COLUMBUS, INC. (an  
Ohio corporation)  
SONIC AUTOMOTIVE - 4701 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE - 5221 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE 5260 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia  
limited liability company)  
SONIC AUTOMOTIVE-5585 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia  
limited liability company)  
SONIC AUTOMOTIVE - 6008 N. DALE MABRY, FL, INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 6025 INTERNATIONAL DRIVE, LLC (a Tennessee  
limited liability company)  
SONIC AUTOMOTIVE - 9103 E. INDEPENDENCE, NC, LLC (a North Carolina  
limited liability company)  
SONIC – 2185 CHAPMAN RD., CHATTANOOGA, LLC (a Tennessee limited  
liability company)  
SONIC – BETHANY H, INC. (an Oklahoma corporation)  
SONIC – BUENA PARK H, INC. (a California corporation)  
SONIC – CADILLAC D, L.P. (a Texas limited partnership)  
SONIC – CALABASAS A, INC. (a California corporation)  
SONIC – CALABASAS V, INC. (a California corporation)  
SONIC - CAMP FORD, L.P. (a Texas limited partnership)  
SONIC – CAPITAL CHEVROLET, INC. (an Ohio corporation)  
SONIC – CAPITOL CADILLAC, INC. (a Michigan corporation)  
SONIC – CAPITOL IMPORTS, INC. (a South Carolina corporation)

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SONIC – CARROLLTON V, L.P. (a Texas limited partnership)  
SONIC – CARSON F, INC. (a California corporation)  
SONIC – CARSON LM, INC. (a California corporation)  
SONIC – CHATTANOOGA D EAST, LLC (a Tennessee limited liability company)  
SONIC - CLASSIC DODGE, INC. (an Alabama corporation)  
SONIC – CLEAR LAKE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC – COAST CADILLAC, INC. (a California corporation)  
SONIC – CREST CADILLAC, LLC (a Tennessee limited liability company)  
SONIC – CREST H, LLC (a Tennessee limited liability company)  
SONIC – DENVER T, INC. (a Colorado corporation)  
SONIC – DENVER VOLKSWAGEN, INC. (a Colorado corporation)  
SONIC DEVELOPMENT, LLC (a North Carolina limited liability company)  
SONIC – DOWNEY CADILLAC, INC. (a California corporation)  
SONIC – DUBLIN M, INC. (a California corporation)  
SONIC – ENGLEWOOD M, INC. (a Colorado corporation)  
SONIC ESTORE, INC. (a North Carolina corporation)  
SONIC - FM AUTOMOTIVE, LLC (a Florida limited liability company)  
SONIC - FM, INC. (a Florida corporation)  
SONIC - FM VW, INC. (a Florida corporation)  
SONIC – FORT MILL CHRYSLER JEEP, INC. (a South Carolina corporation)  
SONIC – FORT MILL DODGE, INC. (a South Carolina corporation)  
SONIC – FORT WORTH T, L.P. (a Texas limited partnership)  
SONIC – FRANK PARRA AUTOPLEX, L.P. (a Texas limited partnership)  
SONIC – FREELAND, INC. (a Florida corporation)  
SONIC - GLOBAL IMPORTS, L.P. (a Georgia limited partnership)  
SONIC-GLOVER, INC. (an Oklahoma corporation)  
SONIC – HARBOR CITY H, INC. (a California corporation)

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SONIC – HOUSTON V, L.P. (a Texas limited partnership)  
SONIC – INTEGRITY DODGE LV, LLC (a Nevada limited liability company)  
SONIC – JERSEY VILLAGE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC – LS, LLC (a Delaware limited liability company)  
SONIC – LS CHEVROLET, L.P. (a Texas limited partnership)  
SONIC – LAKE NORMAN CHRYLSER JEEP, LLC (a North Carolina limited liability company)  
SONIC – LAKE NORMAN DODGE, LLC (a North Carolina limited liability company)  
SONIC - LAS VEGAS C EAST, LLC (a Nevada limited liability company)  
SONIC - LAS VEGAS C WEST, LLC (a Nevada limited liability company)  
SONIC - LLOYD NISSAN, INC. (a Florida corporation)  
SONIC - LLOYD PONTIAC – CADILLAC, INC. (a Florida corporation)  
SONIC – LONE TREE CADILLAC, INC. (a Colorado corporation)  
SONIC - LUTE RILEY, L. P. (a Texas limited partnership)  
SONIC - MANHATTAN FAIRFAX, INC. (a Virginia corporation)  
SONIC - MANHATTAN WALDORF, INC. (a Maryland corporation)  
SONIC – MASSEY CADILLAC, L.P. (a Texas limited partnership)  
SONIC – MASSEY CHEVROLET, INC. (a California corporation)  
SONIC – MASSEY PONTIAC BUICK GMC, INC. (a Colorado corporation)  
SONIC – MESQUITE HYUNDAI, L.P. (a Texas limited partnership)  
SONIC - MONTGOMERY FLM, INC. (an Alabama corporation)  
SONIC - NEWSOME CHEVROLET WORLD, INC. (a South Carolina corporation)  
SONIC - NEWSOME OF FLORENCE, INC. (a South Carolina corporation)  
SONIC – NORTH CADILLAC, INC. (a Florida corporation)

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SONIC - NORTH CHARLESTON, INC. (a South Carolina corporation)  
SONIC - NORTH CHARLESTON DODGE, INC. (a South Carolina corporation)  
SONIC - OKLAHOMA T, INC. (an Oklahoma corporation)  
SONIC PEACHTREE INDUSTRIAL BLVD., L.P. (a Georgia limited partnership)  
SONIC - PLYMOUTH CADILLAC, INC. (a Michigan corporation)  
SONIC - READING, L.P. (a Texas limited partnership)  
SONIC RESOURCES, INC. (a Nevada corporation)  
SONIC - RICHARDSON F, L.P. (a Texas limited partnership)  
SONIC - RICHMOND VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC-RIVERSIDE, INC. (an Oklahoma corporation)  
SONIC - RIVERSIDE AUTO FACTORY, INC. (an Oklahoma corporation)  
SONIC - ROCKVILLE IMPORTS, INC. (a Maryland corporation)  
SONIC - ROCKVILLE MOTORS, INC. (a Maryland corporation)  
SONIC - SAM WHITE NISSAN, L.P. (a Texas limited partnership)  
SONIC - SAM WHITE OLDSMOBILE, L.P. (a Texas limited partnership)  
SONIC - SANFORD CADILLAC, INC. (a Florida corporation)  
SONIC - SERRAMONTE I, INC. (a California corporation)  
SONIC - SHOTTENKIRK, INC. (a Florida corporation)  
SONIC - SOUTH CADILLAC, INC. (a Florida corporation)  
SONIC - STEVENS CREEK B, INC. (a California corporation)  
SONIC - STONE MOUNTAIN CHEVROLET, L.P. (a Georgia limited partnership)  
SONIC - SUPERIOR OLDSMOBILE, LLC (a Tennessee limited liability company)  
SONIC OF TEXAS, INC. (a Texas corporation)  
SONIC - UNIVERSITY PARK A, L.P. (a Texas limited partnership)  
SONIC-VOLVO LV, LLC (a Nevada limited liability company)

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SONIC – WEST COVINA T, INC. (a California corporation)  
SONIC – WEST RENO CHEVROLET, INC. (an Oklahoma corporation)  
SONIC - WILLIAMS BUICK, INC. (an Alabama corporation)  
SONIC - WILLIAMS CADILLAC, INC. (an Alabama corporation)  
SONIC - WILLIAMS IMPORTS, INC. (an Alabama corporation)  
SONIC - WILLIAMS MOTORS, LLC (an Alabama limited liability company)  
SPEEDWAY CHEVROLET, INC. (an Oklahoma corporation)  
STEVENS CREEK CADILLAC, INC. (a California corporation)  
TOWN AND COUNTRY FORD, INCORPORATED (a North Carolina corporation)  
TOWN AND COUNTRY FORD OF CLEVELAND, LLC (a Tennessee limited liability company)  
TOWN AND COUNTRY JAGUAR, LLC (a Tennessee limited liability company)  
TRANSCAR LEASING, INC. (a California corporation)  
VILLAGE IMPORTED CARS, INC. (a Maryland corporation)  
WINDWARD, INC. (a Hawaii corporation)  
WRANGLER INVESTMENTS, INC. (an Oklahoma corporation)  
Z MANAGEMENT, INC. (a Colorado corporation)  
SRE ALABAMA - 2, LLC (an Alabama limited liability company)  
SRE ALABAMA - 3, LLC (an Alabama limited liability company)  
SRE ALABAMA – 4, LLC (an Alabama limited liability company)  
SRE ALABAMA – 5, LLC (an Alabama limited liability company)  
SREALESTATE ARIZONA - 1, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 2, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 3, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 4, LLC (an Arizona limited liability company)

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SREALESTATE ARIZONA – 5, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 6, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 7, LLC (an Arizona limited liability company)  
SRE CALIFORNIA – 1, LLC (a California limited liability company)  
SRE CALIFORNIA – 2, LLC (a California limited liability company)  
SRE CALIFORNIA – 3, LLC (a California limited liability company)  
SRE CALIFORNIA – 4, LLC (a California limited liability company)  
SRE CALIFORNIA – 5, LLC (a California limited liability company)  
SRE CALIFORNIA – 6, LLC (a California limited liability company)  
SRE COLORADO – 1, LLC (a Colorado limited liability company)  
SRE COLORADO – 2, LLC (a Colorado limited liability company)  
SRE COLORADO – 3, LLC (a Colorado limited liability company)  
SRE FLORIDA - 1, LLC (a Florida limited liability company)  
SRE FLORIDA - 2, LLC (a Florida limited liability company)  
SRE FLORIDA - 3, LLC (a Florida limited liability company)  
SRE GEORGIA – 1, L.P. (a Georgia limited partnership)  
SRE GEORGIA – 2, L.P. (a Georgia limited partnership)  
SRE GEORGIA – 3, L.P. (a Georgia limited partnership)  
SRE HOLDING, LLC (a North Carolina limited liability company)  
SRE MARYLAND – 1, LLC (a Maryland limited liability company)  
SRE MARYLAND – 2, LLC (a Maryland limited liability company)  
SRE MICHIGAN – 1, LLC (a Michigan limited liability company)  
SRE MICHIGAN – 2, LLC (a Michigan limited liability company)  
SRE MICHIGAN – 3, LLC (a Michigan limited liability company)

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SRE NEVADA – 1, LLC (a Nevada limited liability company)  
SRE NEVADA – 2, LLC (a Nevada limited liability company)  
SRE NEVADA – 3, LLC (a Nevada limited liability company)  
SRE NEVADA – 4, LLC (a Nevada limited liability company)  
SRE NEVADA – 5, LLC (a Nevada limited liability company)  
SRE NORTH CAROLINA – 1, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA – 2, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA – 3, LLC (a North Carolina limited liability company)  
SRE OKLAHOMA – 1, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 2, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 3, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 4, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 5, LLC (an Oklahoma limited liability company)  
SRE SOUTH CAROLINA - 2, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA – 3, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA – 4, LLC (a South Carolina limited liability company)  
SRE TENNESSEE - 1, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 2, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 3, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 4, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 5, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 6, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 7, LLC (a Tennessee limited liability company)



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SRE TENNESSEE – 8, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 9, LLC (a Tennessee limited liability company)  
SRE TEXAS - 1, L.P. (a Texas limited partnership)  
SRE TEXAS - 2, L.P. (a Texas limited partnership)  
SRE TEXAS - 3, L.P. (a Texas limited partnership)  
SRE TEXAS – 4, L.P. (a Texas limited partnership)  
SRE TEXAS – 5, L.P. (a Texas limited partnership)  
SRE TEXAS – 6, L.P. (a Texas limited partnership)  
SRE TEXAS – 7, L.P. (a Texas limited partnership)  
SRE TEXAS – 8, L.P. (a Texas limited partnership)  
SRE VIRGINIA - 1, LLC (a Virginia limited liability company)  
SRE VIRGINIA – 2, LLC (a Virginia limited liability company)

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By: \_\_\_\_\_ /s/ Theodore M. Wright

Name: Theodore M. Wright  
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_ /s/ Richard H. Prokosch

Name: Richard H. Prokosch  
Title: Vice President

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STATE OF North Carolina

)

) ss.:

COUNTY OF Mecklenburg

)

On the 12th day of August, 2003, before me personally came Theodore M. Wright, to me known, who, being by me duly sworn, did depose and say that he resides at Charlotte, North Carolina; that he is the President of Sonic Automotive, Inc., a corporation described in and which executed the foregoing instrument; and that he signed his name thereto pursuant to authority of the Board of Directors of such corporation.

(NOTARIAL SEAL)

/s/ Sally Y. Hentz

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Notary Public

STATE OF North Carolina )  
 ) ss.:  
COUNTY OF Mecklenburg )

On the 12th day of August, 2003, before me personally came Theodore M. Wright, to me known, who, being by me duly sworn, did depose and say that he resides at Charlotte, North Carolina; that he is the Vice President of the corporations listed below, corporations described in and which executed the foregoing instrument; and that he signed his name thereto pursuant to authority of the Board of Directors of such corporations.

(NOTARIAL  
SEAL)

/s/ Sally Y. Hentz

Notary Public

ARNGAR, INC. (a North Carolina corporation)  
AUTOBAHN, INC. (a California corporation)  
AVALON FORD, INC. (a Delaware corporation)  
CAPITOL CHEVROLET AND IMPORTS, INC. (an Alabama corporation)  
CASA FORD OF HOUSTON, INC. (a Texas corporation)  
COBB PONTIAC CADILLAC, INC. (an Alabama corporation)  
FA SERVICE CORPORATION (a California corporation)  
FAA AUTO FACTORY, INC. (a California corporation)  
FAA BEVERLY HILLS, INC. (a California corporation)  
FAA CAPITOL F, INC. (a California corporation)  
FAA CAPITOL N, INC. (a California corporation)  
FAA CONCORD H, INC. (a California corporation)  
FAA CONCORD N, INC. (a California corporation)  
FAA CONCORD T, INC. (a California corporation)  
FAA DUBLIN N, INC. (a California corporation)  
FAA DUBLIN VWD, INC. (a California corporation)  
FAA HOLDING CORP. (a California corporation)  
FAA LAS VEGAS H, INC. (a Nevada corporation)  
FAA MARIN D, INC. (a California corporation)  
FAA MARIN F, INC. (a California corporation)  
FAA MARIN LR, INC. (a California corporation)  
FAA MONTEREY F, INC. (a California corporation)  
FAA POWAY D, INC. (a California corporation)  
FAA POWAY G, INC. (a California corporation)

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FAA POWAY H, INC. (a California corporation)  
FAA POWAY T, INC. (a California corporation)  
FAA SAN BRUNO, INC. (a California corporation)  
FAA SANTA MONICA V, INC. (a California corporation)  
FAA SERRAMONTE H, INC. (a California corporation)  
FAA SERRAMONTE L, INC. (a California corporation)  
FAA SERRAMONTE, INC. (a California corporation)  
FAA STEVENS CREEK, INC. (a California corporation)  
FAA TORRANCE CPJ, INC. (a California corporation)  
FIRSTAMERICA AUTOMOTIVE, INC. (a Delaware corporation)  
FORT MILL FORD, INC. (a South Carolina corporation)  
FRANCISCAN MOTORS, INC. (a California corporation)  
FRANK PARRA AUTOPLEX, INC. (a Texas corporation)  
FREEDOM FORD, INC. (a Florida corporation)  
FRONTIER OLDSMOBILE-CADILLAC, INC. (a North Carolina corporation)  
HMC FINANCE ALABAMA, INC. (an Alabama corporation)  
KRAMER MOTORS INCORPORATED (a California corporation)  
L DEALERSHIP GROUP, INC. (a Texas corporation)  
MARCUS DAVID CORPORATION (a North Carolina corporation)  
MASSEY CADILLAC, INC. (a Tennessee corporation)  
MASSEY CADILLAC, INC. (a Texas corporation)  
MOUNTAIN STATES MOTORS CO., INC. (a Colorado corporation)  
RIVERSIDE NISSAN, INC. (an Oklahoma corporation)  
ROYAL MOTOR COMPANY, INC. (an Alabama corporation)  
SANTA CLARA IMPORTED CARS, INC. (a California corporation)  
SMART NISSAN, INC. (a California corporation)  
SONIC AGENCY, INC. (a Michigan corporation)  
SONIC – ANN ARBOR IMPORTS, INC. (a Michigan corporation)  
SONIC AUTOMOTIVE - BONDESEN, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE COLLISION CENTER OF CLEARWATER, INC. (a Florida corporation)

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SONIC AUTOMOTIVE OF GEORGIA, INC. (a Georgia corporation)  
SONIC AUTOMOTIVE OF NEVADA, INC. (a Nevada corporation)  
SONIC AUTOMOTIVE OF TENNESSEE, INC. (a Tennessee corporation)  
SONIC AUTOMOTIVE - 1307 N. DIXIE HWY., NSB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-1400 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1455 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1495 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1500 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 1919 N. DIXIE HWY., NSB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE – 21699 U.S. HWY 19 N., INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 241 RIDGEWOOD AVE., HH, INC. (a Florida corporation)  
SONIC AUTOMOTIVE 2424 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE 2752 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE-3700 WEST BROAD STREET, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 3741 S. NOVA RD., PO, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-4000 WEST BROAD STREET, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 6008 N. DALE MABRY, FL, INC. (a Florida corporation)  
SONIC – BETHANY H, INC. (an Oklahoma corporation)  
SONIC – BUENA PARK H, INC. (a California corporation)  
SONIC – CALABASAS A, INC. (a California corporation)  
SONIC – CALABASAS V, INC. (a California corporation)  
SONIC – CAPITAL CHEVROLET, INC. (an Ohio corporation)

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SONIC – CAPITOL CADILLAC, INC. (a Michigan corporation)  
SONIC – CAPITOL IMPORTS, INC. (a South Carolina corporation)  
SONIC – CARSON F, INC. (a California corporation)  
SONIC – CARSON LM, INC. (a California corporation)  
SONIC - CLASSIC DODGE, INC. (an Alabama corporation)  
SONIC – COAST CADILLAC, INC. (a California corporation)  
SONIC – DENVER T, INC. (a Colorado corporation)  
SONIC – DENVER VOLKSWAGEN, INC. (a Colorado corporation)  
SONIC – DOWNEY CADILLAC, INC. (a California corporation)  
SONIC – DUBLIN M, INC. (a California corporation)  
SONIC – ENGLEWOOD M, INC. (a Colorado corporation)  
SONIC ESTORE, INC. (a North Carolina corporation)  
SONIC - FM, INC. (a Florida corporation)  
SONIC - FM VW, INC. (a Florida corporation)  
SONIC – FORT MILL CHRYSLER JEEP, INC. (a South Carolina corporation)  
SONIC – FORT MILL DODGE, INC. (a South Carolina corporation)  
SONIC – FREELAND, INC. (a Florida corporation)  
SONIC-GLOVER, INC. (an Oklahoma corporation)  
SONIC – HARBOR CITY H, INC. (a California corporation)  
SONIC - LLOYD NISSAN, INC. (a Florida corporation)  
SONIC - LLOYD PONTIAC – CADILLAC, INC. (a Florida corporation)  
SONIC – LONE TREE CADILLAC, INC. (a Colorado corporation)  
SONIC - MANHATTAN FAIRFAX, INC. (a Virginia corporation)  
SONIC - MANHATTAN WALDORF, INC. (a Maryland corporation)  
SONIC – MASSEY CHEVROLET, INC. (a California corporation)  
SONIC – MASSEY PONTIAC BUICK GMC, INC. (a Colorado corporation)  
SONIC - MONTGOMERY FLM, INC. (an Alabama corporation)  
SONIC - NEWSOME CHEVROLET WORLD, INC. (a South Carolina corporation)

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SONIC - NEWSOME OF FLORENCE, INC. (a South Carolina corporation)  
SONIC – NORTH CADILLAC, INC. (a Florida corporation)  
SONIC - NORTH CHARLESTON, INC. (a South Carolina corporation)  
SONIC - NORTH CHARLESTON DODGE, INC. (a South Carolina corporation)  
SONIC – OKLAHOMA T, INC. (an Oklahoma corporation)  
SONIC – PLYMOUTH CADILLAC, INC. (a Michigan corporation)  
SONIC RESOURCES, INC. (a Nevada corporation)  
SONIC-RIVERSIDE, INC. (an Oklahoma corporation)  
SONIC - RIVERSIDE AUTO FACTORY, INC. (an Oklahoma corporation)  
SONIC - ROCKVILLE IMPORTS, INC. (a Maryland corporation)  
SONIC - ROCKVILLE MOTORS, INC. (a Maryland corporation)  
SONIC – SANFORD CADILLAC, INC. (a Florida corporation)  
SONIC – SERRAMONTE I, INC. (a California corporation)  
SONIC - SHOTTENKIRK, INC. (a Florida corporation)  
SONIC – SOUTH CADILLAC, INC. (a Florida corporation)  
SONIC – STEVENS CREEK B, INC. (a California corporation)  
SONIC OF TEXAS, INC. (a Texas corporation)  
SONIC – WEST COVINA T, INC. (a California corporation)  
SONIC – WEST RENO CHEVROLET, INC. (an Oklahoma corporation)  
SONIC - WILLIAMS BUICK, INC. (an Alabama corporation)  
SONIC - WILLIAMS CADILLAC, INC. (an Alabama corporation)  
SONIC - WILLIAMS IMPORTS, INC. (an Alabama corporation)  
SPEEDWAY CHEVROLET, INC. (an Oklahoma corporation)  
STEVENS CREEK CADILLAC, INC. (a California corporation)  
TOWN AND COUNTRY FORD, INCORPORATED (a North Carolina corporation)



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TRANSCAR LEASING, INC. (a California corporation)  
VILLAGE IMPORTED CARS, INC. (a Maryland corporation)  
WINDWARD, INC. (a Hawaii corporation)  
WRANGLER INVESTMENTS, INC. (an Oklahoma corporation)  
Z MANAGEMENT, INC. (a Colorado corporation)

STATE OF North Carolina )  
 ) ss.:  
COUNTY OF Mecklenburg )

On the 12th day of August, 2003, before me personally came Theodore M. Wright, to me known, who, being by me duly sworn, did depose and say that he resides at Charlotte, North Carolina; that he is the Vice President of the limited liability companies listed below, limited liability companies described in and which executed the foregoing instrument; and that he signed his name thereto pursuant to authority under the operating agreements of such limited liability companies.

(NOTARIAL  
SEAL)

/s/ Sally Y. Hentz

Notary Public

ADI OF THE SOUTHEAST LLC (a South Carolina limited liability company)  
ANTREV, LLC (a North Carolina limited liability company)  
FORT MYERS COLLISION CENTER, LLC (a Florida limited liability company)  
SONIC AUTOMOTIVE OF CHATTANOOGA, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE F&I, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE OF NASHVILLE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE SERVICING COMPANY, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE WEST, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, LLC (a Florida limited liability company)  
SONIC AUTOMOTIVE - 2490 SOUTH LEE HIGHWAY, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE 5260 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia limited liability company)  
SONIC AUTOMOTIVE-5585 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia limited liability company)

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SONIC AUTOMOTIVE - 6025 INTERNATIONAL DRIVE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE - 9103 E. INDEPENDENCE, NC, LLC (a North Carolina limited liability company)  
SONIC – 2185 CHAPMAN RD., CHATTANOOGA, LLC (a Tennessee limited liability company)  
SONIC – CHATTANOOGA D EAST, LLC (a Tennessee limited liability company)  
SONIC – CREST CADILLAC, LLC (a Tennessee limited liability company)  
SONIC – CREST H, LLC (a Tennessee limited liability company)  
SONIC DEVELOPMENT, LLC (a North Carolina limited liability company)  
SONIC - FM AUTOMOTIVE, LLC (a Florida limited liability company)  
SONIC – INTEGRITY DODGE LV, LLC (a Nevada limited liability company)  
SONIC – LS, LLC (a Delaware limited liability company)  
SONIC – LAKE NORMAN CHRYLSER JEEP, LLC (a North Carolina limited liability company)  
SONIC – LAKE NORMAN DODGE, LLC (a North Carolina limited liability company)  
SONIC - LAS VEGAS C EAST, LLC (a Nevada limited liability company)  
SONIC - LAS VEGAS C WEST, LLC (a Nevada limited liability company)  
SONIC – SUPERIOR OLDSMOBILE, LLC (a Tennessee limited liability company)  
SONIC-VOLVO LV, LLC (a Nevada limited liability company)  
SONIC - WILLIAMS MOTORS, LLC (an Alabama limited liability company)  
  
SRE ALABAMA - 2, LLC (an Alabama limited liability company)  
SRE ALABAMA - 3, LLC (an Alabama limited liability company)  
SRE ALABAMA – 4, LLC (an Alabama limited liability company)  
SRE ALABAMA – 5, LLC (an Alabama limited liability company)  
SREALESTATE ARIZONA - 1, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 2, LLC (an Arizona limited liability company)

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SREALESTATE ARIZONA - 3, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 4, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 5, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 6, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 7, LLC (an Arizona limited liability company)  
SRE CALIFORNIA - 1, LLC (a California limited liability company)  
SRE CALIFORNIA - 2, LLC (a California limited liability company)  
SRE CALIFORNIA - 3, LLC (a California limited liability company)  
SRE CALIFORNIA - 4, LLC (a California limited liability company)  
SRE CALIFORNIA - 5, LLC (a California limited liability company)  
SRE CALIFORNIA - 6, LLC (a California limited liability company)  
SRE COLORADO - 1, LLC (a Colorado limited liability company)  
SRE COLORADO - 2, LLC (a Colorado limited liability company)  
SRE COLORADO - 3, LLC (a Colorado limited liability company)  
SRE FLORIDA - 1, LLC (a Florida limited liability company)  
SRE FLORIDA - 2, LLC (a Florida limited liability company)  
SRE FLORIDA - 3, LLC (a Florida limited liability company)  
SRE HOLDING, LLC (a North Carolina limited liability company)  
SRE MARYLAND - 1, LLC (a Maryland limited liability company)  
SRE MARYLAND - 2, LLC (a Maryland limited liability company)  
SRE MICHIGAN - 1, LLC (a Michigan limited liability company)  
SRE MICHIGAN - 2, LLC (a Michigan limited liability company)  
SRE MICHIGAN - 3, LLC (a Michigan limited liability company)

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SRE NEVADA – 1, LLC (a Nevada limited liability company)  
SRE NEVADA – 2, LLC (a Nevada limited liability company)  
SRE NEVADA – 3, LLC (a Nevada limited liability company)  
SRE NEVADA – 4, LLC (a Nevada limited liability company)  
SRE NEVADA – 5, LLC (a Nevada limited liability company)  
SRE NORTH CAROLINA – 1, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA – 2, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA – 3, LLC (a North Carolina limited liability company)  
SRE OKLAHOMA – 1, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 2, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 3, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 4, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 5, LLC (an Oklahoma limited liability company)  
SRE SOUTH CAROLINA – 2, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA – 3, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA – 4, LLC (a South Carolina limited liability company)  
SRE TENNESSEE – 1, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 2, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 3, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 4, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 5, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 6, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 7, LLC (a Tennessee limited liability company)

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SRE TENNESSEE – 8, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 9, LLC (a Tennessee limited liability company)  
SRE VIRGINIA - 1, LLC (a Virginia limited liability company)  
SRE VIRGINIA – 2, LLC (a Virginia limited liability company)  
TOWN AND COUNTRY FORD OF CLEVELAND, LLC (a Tennessee limited liability company)  
TOWN AND COUNTRY JAGUAR, LLC (a Tennessee limited liability company)

STATE OF North Carolina )  
 ) ss.:  
COUNTY OF Mecklenburg )

On the 12th day of August, 2003, before me personally came Theodore M. Wright, to me known, who, being by me duly sworn, did depose and say that he resides at Charlotte, North Carolina; that he, the Vice President of the general partner of each of the limited partnerships listed below; limited partnerships described in and which executed the foregoing instrument; and that he signed his name thereto pursuant to authority of the general partner under the partnership agreements of such limited partnerships.

(NOTARIAL  
SEAL)

/s/ Sally Y. Hentz

Notary Public

PHILPOTT MOTORS, LTD. (a Texas limited partnership)  
SONIC AUTOMOTIVE OF TEXAS, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE - 3401 N. MAIN, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE - 4701 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE - 5221 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC - CADILLAC D, L.P. (a Texas limited partnership)  
SONIC - CAMP FORD, L.P. (a Texas limited partnership)  
SONIC - CARROLLTON V, L.P. (a Texas limited partnership)  
SONIC - CLEAR LAKE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC - FORT WORTH T, L.P. (a Texas limited partnership)  
SONIC - FRANK PARRA AUTOPLEX, L.P. (a Texas limited partnership)  
SONIC - GLOBAL IMPORTS, L.P. (a Georgia limited partnership)  
SONIC - HOUSTON V, L.P. (a Texas limited partnership)

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SONIC – JERSEY VILLAGE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC – LS CHEVROLET, L.P. (a Texas limited partnership)  
SONIC - LUTE RILEY, L. P. (a Texas limited partnership)  
SONIC – MASSEY CADILLAC, L.P. (a Texas limited partnership)  
SONIC – MESQUITE HYUNDAI, L.P. (a Texas limited partnership)  
SONIC PEACHTREE INDUSTRIAL BLVD., L.P. (a Georgia limited partnership)  
SONIC – READING, L.P. (a Texas limited partnership)  
SONIC – RICHARDSON F, L.P. (a Texas limited partnership)  
SONIC – RICHMOND VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC - SAM WHITE NISSAN, L.P. (a Texas limited partnership)  
SONIC – SAM WHITE OLDSMOBILE, L.P. (a Texas limited partnership)  
SONIC – STONE MOUNTAIN CHEVROLET, L.P. (a Georgia limited partnership)  
SONIC – UNIVERSITY PARK A, L.P. (a Texas limited partnership)  
SRE GEORGIA – 1, L.P. (a Georgia limited partnership)  
SRE GEORGIA – 2, L.P. (a Georgia limited partnership)  
SRE GEORGIA – 3, L.P. (a Georgia limited partnership)  
SRE TEXAS - 1, L.P. (a Texas limited partnership)  
SRE TEXAS - 2, L.P. (a Texas limited partnership)  
SRE TEXAS - 3, L.P. (a Texas limited partnership)  
SRE TEXAS – 4, L.P. (a Texas limited partnership)  
SRE TEXAS – 5, L.P. (a Texas limited partnership)  
SRE TEXAS – 6, L.P. (a Texas limited partnership)  
SRE TEXAS – 7, L.P. (a Texas limited partnership)  
SRE TEXAS – 8, L.P. (a Texas limited partnership)



## INTERCOMPANY LOAN AGREEMENT

FOR VALUE RECEIVED with respect to any loan or advance (“Loan”) made by Sonic Automotive, Inc., a Delaware corporation (the “Company”), or any of its Restricted Subsidiaries to the Company or any other Restricted Subsidiary, each of such Person obtaining a Loan (each, a “Maker”) from any such other Person (each, a “Holder”), HEREBY PROMISES TO PAY ON DEMAND (or as otherwise agreed to by the parties) to the order of the applicable Holder the applicable principal sum of the aggregate unpaid principal amount of all Loans owed by such Maker (plus the applicable accrued interest thereon) to the applicable Holder at any time and from time to time made hereunder which has not been previously paid.

All capitalized terms used herein that are defined in, or by reference in, the Indenture between Sonic Automotive Inc., a Delaware corporation (the “Company”), the Guarantors and U.S. Bank National Association, as trustee, dated as of August 12, 2003, (the “Indenture”), have the meanings assigned to such terms therein, or by reference therein, unless otherwise defined.

## ARTICLE I

## TERMS OF INTERCOMPANY LOAN AGREEMENT

With respect to each Loan owed by a Maker to a Holder:

Section 1.01 Note Not Forgivable. Unless the Maker of the Loan hereunder is the Company or any Guarantor, the Holder may not forgive any amounts owing under this intercompany loan agreement.

Section 1.02 Interest: Prepayment. (a) The interest rate (“Interest Rate”) on the Loans shall be a rate per annum as agreed to by the parties.

(b) The interest, if any, payable on each of the Loans shall accrue from the date such Loan is made and, subject to Section 3.01, shall be payable upon demand of the Holder or as agreed to by the parties.

(c) To the extent permitted by law, if the principal or accrued interest, if any, of the Loans is not paid on the date demand is made, interest on the unpaid principal and interest will accrue at a rate equal to the Interest Rate, if any, plus 100 basis points per annum from maturity until the principal and interest on such Loans are fully paid.

(d) Subject to Section 3.01, any amounts hereunder may be repaid at any time by the Maker.

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ARTICLE II

SUBORDINATION

Section 2.01 Subordination. All Loans hereunder shall be subordinated in right of payment to the payment and performance of the obligations of the Company and any Subsidiary (which Subsidiary is also an obligor under the Indenture, the Securities, a Guarantee or other Senior Indebtedness or Pari Passu Indebtedness, as the case may be, whether as a borrower or guarantor) under the Indenture, the Securities, the Guarantees or any other Indebtedness ranking senior to or *pari passu* with the Securities; *provided*, that this provision shall not prohibit the repayment by any Subsidiary of any Loans of which the Company is the Holder.

ARTICLE III

EVENTS OF DEFAULT

Section 3.01 Events of Default. With respect to each Loan owed by a Maker to a Holder, if after the date of issuance of a Loan (i) an Event of Default has occurred under the Indenture or (ii) an "event of default" (as defined) has occurred under any other Indebtedness of the Company or any Subsidiary, then (x) in the event the Maker is (A) a Subsidiary which is not a Guarantor or (B) a Guarantor in the case where the Holder is the Company, all amounts owing under the Loans hereunder shall be immediately due and payable to the Holder, (y) in the event the Maker is the Company, the amounts owing under the Loans hereunder shall not be due and payable at any time and shall not be paid and (z) in the event the Maker is a Guarantor and the Holder is not the Company or any Guarantor, the amounts owing under the Loans hereunder shall not be due and payable at any time and shall not be paid; *provided, however*, that if such Event of Default or event of default has been waived, cured or rescinded, such amounts shall no longer be due and payable in the case of clause (x), and such amounts may be paid in the case of clauses (y) and (z). If the Holder is a Subsidiary, then the Holder hereby agrees that if it receives any payments or distributions on any Loan from the Company or a Guarantor which is not payable pursuant to clause (y) or (z) of the prior sentence after any Event of Default described in clauses (i) or (ii) or any event of default described in clause (iii) above has occurred, is continuing and has not been waived, cured or rescinded, it will pay over and deliver forthwith to the Company or such Guarantor, as the case may be, all such payments and distributions.

ARTICLE IV

MISCELLANEOUS

Section 4.01 Amendments, Etc. No amendment or waiver of any provision of this intercompany loan agreement, or consent to depart herefrom is permitted at any time for any reason, except with the consent of the holders of not less than a majority in aggregate principal amount of the Outstanding Securities or any other lender with similar rights; *provided*, however, that any provision may be added without such consent if such provision is not adverse in any

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material respect to the holders of the Securities or any other such lender who have such approval rights.

Any new Restricted Subsidiary of the Company may become a party hereto without any of the parties hereto having to reexecute this intercompany loan agreement.

Section 4.02 Assignment. No party to this Agreement may assign, in whole or in part, any of its rights and obligations under this intercompany loan agreement, except to its legal successor in interest.

Section 4.03 Third Party Beneficiaries. The holders of the Securities or any other Indebtedness ranking *pari passu* with or senior to, the Securities or any Guarantees shall be third party beneficiaries to this intercompany loan agreement and upon an Event of Default shall have the right to enforce this intercompany loan agreement against the Company or any of its Subsidiaries.

Section 4.04 Headings. Article and Section headings in this intercompany loan agreement are included for convenience of reference only and shall not constitute a part of this intercompany loan agreement for any other purpose.

Section 4.05 Entire Agreement. This intercompany loan agreement sets forth the entire agreement of the parties with respect to its subject matter and supersedes all previous understandings, written or oral, in respect thereof.

Section 4.06 **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF).**

Section 4.07 Waivers. Each Maker hereby waives presentment, demand for payment, notice of protest and all other demands and notices in connection with the delivery, acceptance, performance or enforcement hereof.

By: \_\_\_\_\_

Name:

Title:

ADI OF THE SOUTHEAST LLC (a South Carolina limited liability company)  
ARNGAR, INC. (a North Carolina corporation)  
ANTREV, LLC (a North Carolina limited liability company)  
AUTOBAHN, INC. (a California corporation)  
AVALON FORD, INC. (a Delaware corporation)  
CAPITOL CHEVROLET AND IMPORTS, INC. (an Alabama corporation)  
CASA FORD OF HOUSTON, INC. (a Texas corporation)  
COBB PONTIAC CADILLAC, INC. (an Alabama corporation)  
FA SERVICE CORPORATION (a California corporation)  
FAA AUTO FACTORY, INC. (a California corporation)  
FAA BEVERLY HILLS, INC. (a California corporation)  
FAA CAPITOL F, INC. (a California corporation)  
FAA CAPITOL N, INC. (a California corporation)  
FAA CONCORD H, INC. (a California corporation)  
FAA CONCORD N, INC. (a California corporation)  
FAA CONCORD T, INC. (a California corporation)  
FAA DUBLIN N, INC. (a California corporation)  
FAA DUBLIN VWD, INC. (a California corporation)  
FAA HOLDING CORP. (a California corporation)  
FAA LAS VEGAS H, INC. (a Nevada corporation)  
FAA MARIN D, INC. (a California corporation)  
FAA MARIN F, INC. (a California corporation)  
FAA MARIN LR, INC. (a California corporation)  
FAA MONTEREY F, INC. (a California corporation)  
FAA POWAY D, INC. (a California corporation)  
FAA POWAY G, INC. (a California corporation)  
FAA POWAY H, INC. (a California corporation)  
FAA POWAY T, INC. (a California corporation)

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FAA SAN BRUNO, INC. (a California corporation)  
FAA SANTA MONICA V, INC. (a California corporation)  
FAA SERRAMONTE H, INC. (a California corporation)  
FAA SERRAMONTE L, INC. (a California corporation)  
FAA SERRAMONTE, INC. (a California corporation)  
FAA STEVENS CREEK, INC. (a California corporation)  
FAA TORRANCE CPJ, INC. (a California corporation)  
FIRSTAMERICA AUTOMOTIVE, INC. (a Delaware corporation)  
FORT MILL FORD, INC. (a South Carolina corporation)  
FORT MYERS COLLISION CENTER, LLC (a Florida limited liability company)  
FRANCISCAN MOTORS, INC. (a California corporation)  
FRANK PARRA AUTOPLEX, INC. (a Texas corporation)  
FREEDOM FORD, INC. (a Florida corporation)  
FRONTIER OLDSMOBILE-CADILLAC, INC. (a North Carolina corporation)  
HMC FINANCE ALABAMA, INC. (an Alabama corporation)  
KRAMER MOTORS INCORPORATED (a California corporation)  
L DEALERSHIP GROUP, INC. (a Texas corporation)  
MARCUS DAVID CORPORATION (a North Carolina corporation)  
MASSEY CADILLAC, INC. (a Tennessee corporation)  
MASSEY CADILLAC, INC. (a Texas corporation)  
MOUNTAIN STATES MOTORS CO., INC. (a Colorado corporation)  
PHILPOTT MOTORS, LTD. (a Texas limited partnership)  
RIVERSIDE NISSAN, INC. (an Oklahoma corporation)  
ROYAL MOTOR COMPANY, INC. (an Alabama corporation)

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SANTA CLARA IMPORTED CARS, INC. (a California corporation)  
SMART NISSAN, INC. (a California corporation)  
SONIC AGENCY, INC. (a Michigan corporation)  
SONIC – ANN ARBOR IMPORTS, INC. (a Michigan corporation)  
SONIC AUTOMOTIVE - BONDESEN, INC. (a Florida corporation)  
SONIC AUTOMOTIVE OF CHATTANOOGA, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE-CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE COLLISION CENTER OF CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE F&I, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE OF GEORGIA, INC. (a Georgia corporation)  
SONIC AUTOMOTIVE OF NASHVILLE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE OF NEVADA, INC. (a Nevada corporation)  
SONIC AUTOMOTIVE SERVICING COMPANY, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE OF TENNESSEE, INC. (a Tennessee corporation)  
SONIC AUTOMOTIVE OF TEXAS, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE WEST, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE - 1307 N. DIXIE HWY., NSB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-1400 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1455 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1495 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1500 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, LLC (a Florida limited liability company)  
SONIC AUTOMOTIVE - 1919 N. DIXIE HWY., NSB, INC. (a Florida corporation)

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SONIC AUTOMOTIVE – 21699 U.S. HWY 19 N., INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 241 RIDGEWOOD AVE., HH, INC. (a Florida corporation)  
SONIC AUTOMOTIVE 2424 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE - 2490 SOUTH LEE HIGHWAY, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE 2752 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE - 3401 N. MAIN, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE-3700 WEST BROAD STREET, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 3741 S. NOVA RD., PO, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-4000 WEST BROAD STREET, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 4701 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE - 5221 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE 5260 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia limited liability company)  
SONIC AUTOMOTIVE-5585 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia limited liability company)  
SONIC AUTOMOTIVE - 6008 N. DALE MABRY, FL, INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 6025 INTERNATIONAL DRIVE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE - 9103 E. INDEPENDENCE, NC, LLC (a North Carolina limited liability company)  
SONIC – 2185 CHAPMAN RD., CHATTANOOGA, LLC (a Tennessee limited liability company)  
SONIC – BETHANY H, INC. (an Oklahoma corporation)

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SONIC – BUENA PARK H, INC. (a California corporation)  
SONIC – CADILLAC D, L.P. (a Texas limited partnership)  
SONIC – CALABASAS A, INC. (a California corporation)  
SONIC – CALABASAS V, INC. (a California corporation)  
SONIC – CAMP FORD, L.P. (a Texas limited partnership)  
SONIC – CAPITAL CHEVROLET, INC. (an Ohio corporation)  
SONIC – CAPITOL CADILLAC, INC. (a Michigan corporation)  
SONIC – CAPITOL IMPORTS, INC. (a South Carolina corporation)  
SONIC – CARROLLTON V, L.P. (a Texas limited partnership)  
SONIC – CARSON F, INC. (a California corporation)  
SONIC – CARSON LM, INC. (a California corporation)  
SONIC – CHATTANOOGA D EAST, LLC (a Tennessee limited liability company)  
SONIC – CLASSIC DODGE, INC. (an Alabama corporation)  
SONIC – CLEAR LAKE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC – COAST CADILLAC, INC. (a California corporation)  
SONIC – CREST CADILLAC, LLC (a Tennessee limited liability company)  
SONIC – CREST H, LLC (a Tennessee limited liability company)  
SONIC – DENVER T, INC. (a Colorado corporation)  
SONIC – DENVER VOLKSWAGEN, INC. (a Colorado corporation)  
SONIC DEVELOPMENT, LLC (a North Carolina limited liability company)  
SONIC – DOWNEY CADILLAC, INC. (a California corporation)  
SONIC – DUBLIN M, INC. (a California corporation)  
SONIC – ENGLEWOOD M, INC. (a Colorado corporation)



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SONIC ESTORE, INC. (a North Carolina corporation)  
SONIC - FM AUTOMOTIVE, LLC (a Florida limited liability company)  
SONIC - FM, INC. (a Florida corporation)  
SONIC - FM VW, INC. (a Florida corporation)  
SONIC – FORT MILL CHRYSLER JEEP, INC. (a South Carolina corporation)  
SONIC – FORT MILL DODGE, INC. (a South Carolina corporation)  
SONIC – FORT WORTH T, L.P. (a Texas limited partnership)  
SONIC – FRANK PARRA AUTOPLEX, L.P. (a Texas limited partnership)  
SONIC – FREELAND, INC. (a Florida corporation)  
SONIC - GLOBAL IMPORTS, L.P. (a Georgia limited partnership)  
SONIC-GLOVER, INC. (an Oklahoma corporation)  
SONIC – HARBOR CITY H, INC. (a California corporation)  
SONIC – HOUSTON V, L.P. (a Texas limited partnership)  
SONIC – INTEGRITY DODGE LV, LLC (a Nevada limited liability company)  
SONIC – JERSEY VILLAGE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC – LS, LLC (a Delaware limited liability company)  
SONIC – LS CHEVROLET, L.P. (a Texas limited partnership)  
SONIC – LAKE NORMAN CHRYLSEER JEEP, LLC (a North Carolina limited liability company)  
SONIC – LAKE NORMAN DODGE, LLC (a North Carolina limited liability company)  
SONIC - LAS VEGAS C EAST, LLC (a Nevada limited liability company)  
SONIC - LAS VEGAS C WEST, LLC (a Nevada limited liability company)  
SONIC - LLOYD NISSAN, INC. (a Florida corporation)  
SONIC - LLOYD PONTIAC – CADILLAC, INC. (a Florida corporation)  
SONIC – LONE TREE CADILLAC, INC. (a Colorado corporation)  
SONIC - LUTE RILEY, L. P. (a Texas limited partnership)

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SONIC - MANHATTAN FAIRFAX, INC. (a Virginia corporation)  
SONIC - MANHATTAN WALDORF, INC. (a Maryland corporation)  
SONIC - MASSEY CADILLAC, L.P. (a Texas limited partnership)  
SONIC - MASSEY CHEVROLET, INC. (a California corporation)  
SONIC - MASSEY PONTIAC BUICK GMC, INC. (a Colorado corporation)  
SONIC - MESQUITE HYUNDAI, L.P. (a Texas limited partnership)  
SONIC - MONTGOMERY FLM, INC. (an Alabama corporation)  
SONIC - NEWSOME CHEVROLET WORLD, INC. (a South Carolina corporation)  
SONIC - NEWSOME OF FLORENCE, INC. (a South Carolina corporation)  
SONIC - NORTH CADILLAC, INC. (a Florida corporation)  
SONIC - NORTH CHARLESTON, INC. (a South Carolina corporation)  
SONIC - NORTH CHARLESTON DODGE, INC. (a South Carolina corporation)  
SONIC - OKLAHOMA T, INC. (an Oklahoma corporation)  
SONIC PEACHTREE INDUSTRIAL BLVD., L.P. (a Georgia limited partnership)  
SONIC - PLYMOUTH CADILLAC, INC. (a Michigan corporation)  
SONIC - READING, L.P. (a Texas limited partnership)  
SONIC RESOURCES, INC. (a Nevada corporation)  
SONIC - RICHARDSON F, L.P. (a Texas limited partnership)  
SONIC - RICHMOND VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC-RIVERSIDE, INC. (an Oklahoma corporation)  
SONIC - RIVERSIDE AUTO FACTORY, INC. (an Oklahoma corporation)  
SONIC - ROCKVILLE IMPORTS, INC. (a Maryland corporation)  
SONIC - ROCKVILLE MOTORS, INC. (a Maryland corporation)

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SONIC - SAM WHITE NISSAN, L.P. (a Texas limited partnership)  
SONIC - SAM WHITE OLDSMOBILE, L.P. (a Texas limited partnership)  
SONIC - SANFORD CADILLAC, INC. (a Florida corporation)  
SONIC - SERRAMONTE I, INC. (a California corporation)  
SONIC - SHOTTENKIRK, INC. (a Florida corporation)  
SONIC - SOUTH CADILLAC, INC. (a Florida corporation)  
SONIC - STEVENS CREEK B, INC. (a California corporation)  
SONIC - STONE MOUNTAIN CHEVROLET, L.P. (a Georgia limited partnership)  
SONIC - SUPERIOR OLDSMOBILE, LLC (a Tennessee limited liability company)  
SONIC OF TEXAS, INC. (a Texas corporation)  
SONIC - UNIVERSITY PARK A, L.P. (a Texas limited partnership)  
SONIC-VOLVO LV, LLC (a Nevada limited liability company)  
SONIC - WEST COVINA T, INC. (a California corporation)  
SONIC - WEST RENO CHEVROLET, INC. (an Oklahoma corporation)  
SONIC - WILLIAMS BUICK, INC. (an Alabama corporation)  
SONIC - WILLIAMS CADILLAC, INC. (an Alabama corporation)  
SONIC - WILLIAMS IMPORTS, INC. (an Alabama corporation)  
SONIC - WILLIAMS MOTORS, LLC (an Alabama limited liability company)  
SPEEDWAY CHEVROLET, INC. (an Oklahoma corporation)  
STEVENS CREEK CADILLAC, INC. (a California corporation)  
TOWN AND COUNTRY FORD, INCORPORATED (a North Carolina corporation)  
TOWN AND COUNTRY FORD OF CLEVELAND, LLC (a Tennessee limited liability company)  
TOWN AND COUNTRY JAGUAR, LLC (a Tennessee limited liability company)

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TRANSCAR LEASING, INC. (a California corporation)  
VILLAGE IMPORTED CARS, INC. (a Maryland corporation)  
WINDWARD, INC. (a Hawaii corporation)  
WRANGLER INVESTMENTS, INC. (an Oklahoma corporation)  
Z MANAGEMENT, INC. (a Colorado corporation)  
SRE ALABAMA - 2, LLC (an Alabama limited liability company)  
SRE ALABAMA - 3, LLC (an Alabama limited liability company)  
SRE ALABAMA – 4, LLC (an Alabama limited liability company)  
SRE ALABAMA – 5, LLC (an Alabama limited liability company)  
SREALESTATE ARIZONA - 1, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 2, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 3, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 4, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 5, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 6, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 7, LLC (an Arizona limited liability company)  
SRE CALIFORNIA – 1, LLC (a California limited liability company)  
SRE CALIFORNIA – 2, LLC (a California limited liability company)  
SRE CALIFORNIA – 3, LLC (a California limited liability company)  
SRE CALIFORNIA – 4, LLC (a California limited liability company)  
SRE CALIFORNIA – 5, LLC (a California limited liability company)  
SRE CALIFORNIA – 6, LLC (a California limited liability company)  
SRE COLORADO – 1, LLC (a Colorado limited liability company)  
SRE COLORADO – 2, LLC (a Colorado limited liability company)

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SRE COLORADO – 3, LLC (a Colorado limited liability company)  
SRE FLORIDA - 1, LLC (a Florida limited liability company)  
SRE FLORIDA - 2, LLC (a Florida limited liability company)  
SRE FLORIDA - 3, LLC (a Florida limited liability company)  
SRE GEORGIA – 1, L.P. (a Georgia limited partnership)  
SRE GEORGIA – 2, L.P. (a Georgia limited partnership)  
SRE GEORGIA – 3, L.P. (a Georgia limited partnership)  
SRE HOLDING, LLC (a North Carolina limited liability company)  
SRE MARYLAND – 1, LLC (a Maryland limited liability company)  
SRE MARYLAND – 2, LLC (a Maryland limited liability company)  
SRE MICHIGAN – 1, LLC (a Michigan limited liability company)  
SRE MICHIGAN – 2, LLC (a Michigan limited liability company)  
SRE MICHIGAN – 3, LLC (a Michigan limited liability company)  
SRE NEVADA – 1, LLC (a Nevada limited liability company)  
SRE NEVADA – 2, LLC (a Nevada limited liability company)  
SRE NEVADA – 3, LLC (a Nevada limited liability company)  
SRE NEVADA – 4, LLC (a Nevada limited liability company)  
SRE NEVADA – 5, LLC (a Nevada limited liability company)  
SRE NORTH CAROLINA – 1, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA – 2, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA – 3, LLC (a North Carolina limited liability company)  
SRE OKLAHOMA – 1, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 2, LLC (an Oklahoma limited liability company)

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SRE OKLAHOMA – 3, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 4, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 5, LLC (an Oklahoma limited liability company)  
SRE SOUTH CAROLINA - 2, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA – 3, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA – 4, LLC (a South Carolina limited liability company)  
SRE TENNESSEE - 1, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 2, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 3, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 4, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 5, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 6, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 7, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 8, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 9, LLC (a Tennessee limited liability company)  
SRE TEXAS - 1, L.P. (a Texas limited partnership)  
SRE TEXAS - 2, L.P. (a Texas limited partnership)  
SRE TEXAS - 3, L.P. (a Texas limited partnership)  
SRE TEXAS – 4, L.P. (a Texas limited partnership)  
SRE TEXAS – 5, L.P. (a Texas limited partnership)  
SRE TEXAS – 6, L.P. (a Texas limited partnership)  
SRE TEXAS – 7, L.P. (a Texas limited partnership)  
SRE TEXAS – 8, L.P. (a Texas limited partnership)  
SRE VIRGINIA - 1, LLC (a Virginia limited liability company)  
SRE VIRGINIA – 2, LLC (a Virginia limited liability company)

By:

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Name:  
Title:

REGULATION S CERTIFICATE

(For transfers pursuant to § 307(a)(i) of the Indenture)

U.S. Bank National Association  
60 Livingston Avenue  
St. Paul, Minnesota 55107

Re: 8 5/8% Senior Subordinated Notes due 2013 of Sonic Automotive, Inc. (the "Securities")

Reference is made to the Indenture, dated as of August 12

, 2003, (the "Indenture"), among Sonic Automotive, Inc., a Delaware corporation (the "Company"), the Guarantors and U.S. Bank National Association as Trustee. Terms used herein and defined in the Indenture or in Regulation S or Rule 144 under the U.S. Securities Act of 1933 (the "Securities Act") are used herein as so defined.

This certificate relates to US\$ \_\_\_\_\_ principal amount of Securities, which are evidenced by the following certificate(s) (the "Specified Securities"):

CUSIP No(s). \_\_\_\_\_

CERTIFICATE No(s). \_\_\_\_\_

The person in whose name this certificate is executed below (the "Undersigned") hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such beneficial owner or owners are referred to herein collectively as the "Owner." The Specified Securities are represented by a Global Security and are held through the Depositary or an Agent Member in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be transferred to a person (the "Transferee") who will take delivery in the form of a Regulation S Global Security. In connection with such transfer, the Owner hereby certifies that, unless such transfer is being effected pursuant to an effective registration statement under the Securities Act, it is being effected in accordance with Rule 904 or Rule 144 under the Securities Act and with all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby further certifies as follows:

- (1) Rule 904 Transfers. If the transfer is being effected in accordance with Rule 904:

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(A) the Owner is not a distributor of the Securities, an affiliate of the Company or any such distributor or a person acting on behalf of any of the foregoing;

(B) the offer of the Specified Securities was not made to a person in the United States;

(C) either:

(i) at the time the buy order was originated, the Transferee was outside the United States or the Owner and any person acting on its behalf reasonably believed that the Transferee was outside the United States, or

(ii) the transaction is being executed in, on or through the facilities of the Eurobond market, as regulated by the Association of International Bond Dealers, or another designated offshore securities market and neither the Owner nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States;

(D) no directed selling efforts have been made in the United States by or on behalf of the Owner or any affiliate thereof;

(E) if the Owner is a dealer in securities or has received a selling concession, fee or other remuneration in respect of the Specified Securities, and the transfer is to occur during the Restricted Period, then the requirements of Rule 904(c)(1) have been satisfied; and

(F) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

(2) Rule 144 Transfers. If the transfer is being effected pursuant to Rule 144:

(A) the transfer is occurring after a holding period of at least one year (computed in accordance with paragraph (d) of Rule 144) has elapsed since the Specified Securities were last acquired from the Company or from an affiliate of the Company, whichever is later, and is being effected in accordance with the applicable amount, manner of sale and notice requirements of Rule 144; or

(B) the transfer is occurring after a holding period of at least two years has elapsed since the Specified Securities were last acquired from the Company or from an affiliate of the Company, whichever is later, and the Owner is not, and during the preceding three months has not been, an affiliate of the Company.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the Initial Purchasers.



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Dated:

(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By: \_\_\_\_\_

Name:

Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)

## RESTRICTED SECURITIES CERTIFICATE

(For transfers pursuant to § 307(a)(ii) of the Indenture)

[U.S. Bank National Association  
60 Livingston Avenue  
St. Paul, Minnesota 55107]

Re: 8 5/8% Senior Subordinated Notes due 2013 of Sonic Automotive, Inc (the "Securities")

Reference is made to the Indenture, dated as of August 12, 2003 (the "Indenture"), among Sonic Automotive, Inc., a Delaware corporation (the "Company"), the Guarantors and U.S. Bank National Association, as Trustee. Terms used herein and defined in the Indenture or in Rule 144A or Rule 144 under the U.S. Securities Act of 1933 (the "Securities Act") are used herein as so defined.

This certificate relates to US\$ \_\_\_\_\_ principal amount of Securities, which are evidenced by the following certificate(s) (the "Specified Securities"):

CUSIP No(s). \_\_\_\_\_

ISIN No(s). If any. \_\_\_\_\_

CERTIFICATE No(s). \_\_\_\_\_

The person in whose name this certificate is executed below (the "Undersigned") hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such beneficial owner or owners are referred to herein collectively as the "Owner". The Specified Securities are represented by a Global Security and are held through the Depositary or an Agent Member in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be transferred to a person (the "Transferee") who will take delivery in the form of a Restricted Security. In connection with such transfer, the Owner hereby certifies that, unless such transfer is being effected pursuant to an effective registration statement under the Securities Act, it is being effected in accordance with Rule 144A or Rule 144 under the Securities Act and all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby further certifies as follows:

- (1) Rule 144A Transfers. If the transfer is being effected in accordance with Rule 144A:

(A) the Specified Securities are being transferred to a person that the Owner and any person acting on its behalf reasonably believe is a “qualified institutional buyer” within the meaning of Rule 144A, acquiring for its own account or for the account of a qualified institutional buyer; and

(B) the Owner and any person acting on its behalf have taken reasonable steps to ensure that the Transferee is aware that the Owner may be relying on Rule 144A in connection with the transfer; and

(2) Rule 144 Transfers. If the transfer is being effected pursuant to Rule 144:

(A) the transfer is occurring after a holding period of at least one year (computed in accordance with paragraph (d) of Rule 144) has elapsed since the Specified Securities were last acquired from the Company or from an affiliate of the Company, whichever is later, and is being effected in accordance with the applicable amount, manner of sale and notice requirements of Rule 144; or

(B) the transfer is occurring after a holding period of at least two years has elapsed since the Specified Securities were last acquired from the Company or from an affiliate of the Company, whichever is later, and the Owner is not, and during the preceding three months has not been, an affiliate of the Company.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the Initial Purchasers.

Dated:

(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By: \_\_\_\_\_

Name:

Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)

## UNRESTRICTED SECURITIES CERTIFICATE

(For removal of Securities Act Legends pursuant to § 307(b)) of the Indenture

[U.S. Bank National Association  
60 Livingston Avenue  
St. Paul, Minnesota 55107]

Re: 8 <sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013 of Sonic Automotive, Inc. (the "Securities")

Reference is made to the Indenture, dated as of August 12, 2003, among Sonic Automotive, Inc., a Delaware corporation (the "Company"), the Guarantors and U.S. Bank Trust Company, as Trustee. Terms used herein and defined in the Indenture or in Rule 144 under the U.S. Securities Act of 1933 (the "Securities Act") are used herein as so defined.

This certificate relates to US\$ \_\_\_\_\_ principal amount of Securities, which are evidenced by the following certificate(s) (the "Specified Securities"):

CUSIP No(s). \_\_\_\_\_

CERTIFICATE No(s). \_\_\_\_\_

The person in whose name this certificate is executed below (the "Undersigned") hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such beneficial owner or owners are referred to herein collectively as the "Owner". If the Specified Securities are represented by a Global Security, they are held through the Depositary or an Agent Member in the name of the Undersigned, as or on behalf of the Owner. If the Specified Securities are not represented by a Global Security, they are registered in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be exchanged for Securities bearing no Private Placement Legend pursuant to Section 307(b) of the Indenture. In connection with such exchange, the Owner hereby certifies that the exchange is occurring after a holding period of at least two years (computed in accordance with paragraph (d) of Rule 144) has elapsed since the Specified Securities were last acquired from the Company or from an affiliate of the Company, whichever is later, and the Owner is not, and during the preceding three months has not been, an affiliate of the Company. The Owner also acknowledges that any future transfers of the Specified Securities must comply with all applicable securities laws of the states of the United States and other jurisdictions.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the Initial Purchasers.

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Dated:

(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By: \_\_\_\_\_

Name:

Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)

## [FORM OF TRANSFER NOTICE]

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto  
 Insert Taxpayer Identification No.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 (Please print or typewrite name and address including zip code of assignee)

\_\_\_\_\_ the within Security and all rights thereunder, hereby irrevocably constituting and appointing

\_\_\_\_\_ attorney to transfer such Security on the books of the Company with full power of substitution in the premises.

[THE FOLLOWING PROVISION TO BE INCLUDED  
 ON ALL CERTIFICATES FOR SERIES C SECURITIES  
 EXCEPT PERMANENT OFFSHORE PHYSICAL  
 CERTIFICATES]

In connection with any transfer of this Security occurring prior to the date which is the earlier of the date of an effective Registration Statement or August 12, 2005, the undersigned confirms that without utilizing any general solicitation or general advertising that:

[Check One]

(a) this Security is being transferred in compliance with the exemption from registration under the Securities Act of 1933, as amended, provided by Rule 144A thereunder.

or

(b) this Security is being transferred other than in accordance with (a) above and documents are being furnished which comply with the conditions of transfer set forth in this Security and the Indenture.

If none of the foregoing boxes is checked, the Trustee or other Security Registrar shall not be obligated to register this Security in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 307 of the Indenture shall have been satisfied.

Date: \_\_\_\_\_

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

Signature Guarantee: \_\_\_\_\_

[Signature must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15]

TO BE COMPLETED BY PURCHASER IF (a) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: \_\_\_\_\_

\_\_\_\_\_  
NOTICE: To be executed by an authorized signatory

FORM OF TRANSFEREE CERTIFICATE

I or we assign and transfer this Security to

Please insert social security or other identifying number of assignee

\_\_\_\_\_

\_\_\_\_\_

Print or type name, address and zip code of assignee and irrevocably appoint \_\_\_\_\_

[Agent], to transfer this Security on the books of the Company. The Agent may substitute another to act for him.

Dated \_\_\_\_\_ Signed \_\_\_\_\_  
(Sign exactly as name appears on the other side of this Security)

[Signature must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved guarantee medallion program pursuant to Securities and Exchange Commission Rule 17 Ad-15]



## REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made and entered into this 12<sup>th</sup> day of August, 2003, among Sonic Automotive, Inc., a Delaware corporation (the "Company"), the guarantors set forth on the signature page hereto (each a "Guarantor" and collectively, the "Guarantors"), Banc of America Securities LLC ("Banc of America"), J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith, Incorporated (collectively, the "Initial Purchasers").

This Agreement is made pursuant to the Purchase Agreement, dated August 7, 2003 among the Company, the Guarantors and the Initial Purchasers (the "Purchase Agreement"), which provides for the sale by the Company to the Initial Purchasers of an aggregate of \$200 million principal amount of the Company's 8 5/8% Senior Subordinated Notes due 2013, Series A, and related guarantees (collectively, the "Securities"). In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Company has agreed to provide to the Initial Purchasers and their direct and indirect transferees the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions.

As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"1933 Act" shall mean the Securities Act of 1933, as amended from time to time.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Closing Date" shall mean the Closing Time as defined in the Purchase Agreement.

"Company" shall have the meaning set forth in the preamble and shall also include the Company's successors.

"Depository" shall mean The Depository Trust Company, or any other depository appointed by the Company, *provided, however*, that such depository must have an address in the Borough of Manhattan, in the City of New York.

"Exchange Offer" shall mean the exchange offer by the Company of Exchange Securities for Registrable Securities pursuant to Section 2.1 hereof.

"Exchange Offer Registration" shall mean a registration under the 1933 Act effected pursuant to Section 2.1 hereof.

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“Exchange Offer Registration Statement” shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form), and all amendments and supplements to such registration statement, including the Prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein.

“Exchange Period” shall have the meaning set forth in Section 2.1 hereof.

“Exchange Securities” shall mean (i) the 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013, Series A, issued by the Company and (ii) the related guarantees issued by the Guarantors, in each case under the Indenture containing terms identical to the Securities in all material respects (except for references to certain interest rate provisions, restrictions on transfers and restrictive legends), to be offered to Holders of Securities in exchange for Registrable Securities pursuant to the Exchange Offer.

“Holder” shall mean an Initial Purchaser, for so long as it owns any Registrable Securities, and each of its successors, assigns and direct and indirect transferees who become registered owners of Registrable Securities under the Indenture and each Participating Broker-Dealer that holds Exchange Securities for so long as such Participating Broker-Dealer is required to deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Securities.

“Indenture” shall mean the Indenture relating to the Securities, the Exchange Securities and the Private Exchange Securities, dated as of August 12, 2003 between the Company and U.S. Bank Trust National Association, as trustee, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof.

“Initial Purchasers” shall have the meaning set forth in the preamble.

“Majority Holders” shall mean the Holders of a majority of the aggregate principal amount of Outstanding (as defined in the Indenture) Registrable Securities; provided that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company and other obligors on the Securities or any Affiliate (as defined in the Indenture) of the Company shall be disregarded in determining whether such consent or approval was given by the Holders of such required percentage amount.

“Participating Broker-Dealer” shall mean any of Banc of America, J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and any other broker-dealer which makes a market in the Securities and exchanges Registrable Securities in the Exchange Offer for Exchange Securities.

“Person” shall mean an individual, partnership (general or limited), corporation, limited liability company, trust or unincorporated organization, or a government or agency or political subdivision thereof.

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“Private Exchange” shall have the meaning set forth in Section 2.1 hereof.

“Private Exchange Securities” shall have the meaning set forth in Section 2.1 hereof.

“Prospectus” shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including any such prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by a Shelf Registration Statement, and by all other amendments and supplements to a prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

“Purchase Agreement” shall have the meaning set forth in the preamble.

“Registrable Securities” shall mean the Securities and, if issued, the Private Exchange Securities; *provided, however*, that the Securities and, if issued, the Private Exchange Securities, shall cease to be Registrable Securities when (i) a Registration Statement with respect to such Securities and, if issued, such Private Exchange Securities, shall have been declared effective under the 1933 Act and such Securities or Private Exchange Securities, as the case may be, shall have been disposed of pursuant to such Registration Statement, (ii) such Securities and, if issued, such Private Exchange Securities have been sold to the public pursuant to Rule 144 (or any similar provision then in force, but not Rule 144A) under the 1933 Act, (iii) such Securities or Private Exchange Securities, as the case may be, shall have ceased to be outstanding or (iv) the Exchange Offer is consummated (except in the case of Securities purchased from the Company and continued to be held by the Initial Purchasers).

“Registration Expenses” shall mean any and all expenses incident to performance of or compliance by the Company with this Agreement, including without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. (the “NASD”) registration and filing fees, including, if applicable, the fees and expenses of any “qualified independent underwriter” (and the reasonable fees and expenses of its counsel) that is required to be retained by any holder of Registrable Securities in accordance with the rules and regulations of the NASD, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws and compliance with the rules of the NASD (including reasonable fees and disbursements of counsel for any underwriters or Holders in connection with blue sky qualification of any of the Exchange Securities or Registrable Securities and any filings with the NASD), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all fees and expenses incurred in connection with the listing, if any, of any of the Registrable Securities on any securities exchange or exchanges, (v) all rating agency fees, (vi) the fees and disbursements of counsel for the Company and of the independent public accountants of the Company, including the expenses of any special audits or “cold comfort” letters required by or incident to

such performance and compliance, (vii) the fees and expenses of the Trustee, and any escrow agent or custodian, (viii) the reasonable fees and expenses of the Initial Purchasers in connection with the Exchange Offer, including the reasonable fees and expenses of counsel to the Initial Purchasers in connection therewith, (ix) the reasonable fees and disbursements of Fried, Frank, Harris, Shriver & Jacobson, special counsel representing the Holders of Registrable Securities and (x) any fees and disbursements of the underwriters customarily required to be paid by issuers or sellers of securities and the fees and expenses of any special experts retained by the Company in connection with any Registration Statement, but excluding underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

“Registration Statement” shall mean any registration statement of the Company which covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement, and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

“SEC” shall mean the Securities and Exchange Commission or any successor agency or government body performing the functions currently performed by the United States Securities and Exchange Commission.

“Shelf Registration” shall mean a registration effected pursuant to Section 2.2 hereof.

“Shelf Registration Statement” shall mean a “shelf” registration statement of the Company pursuant to the provisions of Section 2.2 of this Agreement which covers all of the Registrable Securities or all of the Private Exchange Securities on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

“Trustee” shall mean the trustee with respect to the Securities, the Exchange Securities and the Private Exchange Securities under the Indenture.

## 2. Registration Under the 1933 Act.

2.1 Exchange Offer. The Company and the Guarantors shall, for the benefit of the Holders, at the Company’s and the Guarantors’ cost, use their reasonable best efforts to (A) prepare and, as soon as practicable but not later than 90 days following the Closing Date, file with the SEC an Exchange Offer Registration Statement on an appropriate form under the 1933 Act with respect to a proposed Exchange Offer and the issuance and delivery to the Holders, in exchange for the Registrable Securities (other than Private Exchange Securities), of a like principal amount of Exchange Securities, (B) to cause the Exchange Offer Registration Statement to be declared effective under the 1933 Act within 150 days of the Closing Date, (C) keep the Exchange Offer Registration Statement effective until the closing of the Exchange

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Offer and (D) cause the Exchange Offer to be consummated not later than 180 days following the Closing Date. The Exchange Securities will be issued under the Indenture. Upon the effectiveness of the Exchange Offer Registration Statement, the Company and the Guarantors shall promptly commence the Exchange Offer, it being the objective of such Exchange Offer to enable each Holder eligible and electing to exchange Registrable Securities for Exchange Securities (assuming that such Holder or holder (a) is not an affiliate of the Company within the meaning of Rule 405 under the 1933 Act, (b) is not a broker-dealer tendering Registrable Securities acquired directly from the Company for its own account, (c) acquired the Exchange Securities in the ordinary course of such Holder's or holder's business and (d) has no arrangements or understandings with any Person to participate in the Exchange Offer for the purpose of distributing the Exchange Securities) to transfer such Exchange Securities from and after their receipt without any limitations or restrictions under the 1933 Act and under state securities or blue sky laws.

In connection with the Exchange Offer, the Company and the Guarantors shall:

- (a) mail as promptly as practicable to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;
- (b) keep the Exchange Offer open for acceptance for a period of not less than 30 calendar days after the date notice thereof is mailed to the Holders (or longer if required by applicable law) (such period referred to herein as the "Exchange Period");
- (c) utilize the services of the Depository for the Exchange Offer;
- (d) permit Holders to withdraw tendered Registrable Securities at any time prior to 5:00 p.m. (Eastern Standard Time), on the last business day of the Exchange Period, by sending to the institution specified in the notice, a telegram, telex, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange, and a statement that such Holder is withdrawing such party's election to have such Securities exchanged;
- (e) notify each Holder that any Registrable Security not tendered will remain outstanding and continue to accrue interest, but will not retain any rights under this Agreement (except in the case of the Initial Purchasers and Participating Broker-Dealers as provided herein); and
- (f) otherwise comply in all respects with all applicable laws relating to the Exchange Offer.

If, prior to consummation of the Exchange Offer, the Initial Purchasers hold any Securities acquired by them and having the status of an unsold allotment in the initial distribution, the Company and the Guarantors upon the request of any Initial Purchaser shall, simultaneously with the delivery of the Exchange Securities in the Exchange Offer, issue and deliver to such Initial Purchaser in exchange (the "Private Exchange") for the Securities held by such Initial Purchaser, a like principal amount of debt securities of the Company, guaranteed by

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the Guarantors on a senior basis, that are identical (except that such securities shall bear appropriate transfer restrictions) to the Exchange Securities (the "Private Exchange Securities").

The Exchange Securities and the Private Exchange Securities shall be issued under (i) the Indenture or (ii) an indenture identical in all material respects to the Indenture and which, in either case, has been qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), or is exempt from such qualification and shall provide that the Exchange Securities shall not be subject to the transfer restrictions set forth in the Indenture but that the Private Exchange Securities shall be subject to such transfer restrictions. The Indenture or such indenture shall provide that the Exchange Securities, the Private Exchange Securities and the Securities shall vote and consent together on all matters as one class and that none of the Exchange Securities, the Private Exchange Securities or the Securities will have the right to vote or consent as a separate class on any matter. The Private Exchange Securities shall be of the same series as and the Company and the Guarantors shall use all commercially reasonable efforts to have the Private Exchange Securities bear the same CUSIP number as the Exchange Securities. Neither the Company nor any of the Guarantors shall have any liability under this Agreement solely as a result of such Private Exchange Securities not bearing the same CUSIP number as the Exchange Securities.

As soon as practicable after the close of the Exchange Offer and/or the Private Exchange, the Company and the Guarantors shall:

(i) accept for exchange all Registrable Securities duly tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the terms of the Exchange Offer Registration Statement and the letter of transmittal which shall be an exhibit thereto;

(ii) accept for exchange all Securities properly tendered pursuant to the Private Exchange;

(iii) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Securities so accepted for exchange; and

(iv) cause the Trustee promptly to authenticate and deliver Exchange Securities or Private Exchange Securities, as the case may be, to each Holder of Registrable Securities so accepted for exchange in a principal amount equal to the principal amount of the Registrable Securities of such party so accepted for exchange.

Interest on each Exchange Security and Private Exchange Security will accrue from the last date on which interest was paid on the Registrable Securities surrendered in exchange therefor or, if no interest has been paid on the Registrable Securities, from the date of original issuance. The Exchange Offer and the Private Exchange shall not be subject to any conditions, other than (i) that the Exchange Offer or the Private Exchange, or the making of any exchange by a Holder, does not violate applicable law or any applicable interpretation of the staff of the SEC, (ii) the due tendering of Registrable Securities shall be in accordance with the

Exchange Offer and the Private Exchange, (iii) that each Holder of Registrable Securities exchanged in the Exchange Offer shall have represented that all Exchange Securities to be received by it shall be acquired in the ordinary course of its business and that at the time of the consummation of the Exchange Offer it shall have no arrangement or understanding with any person to participate in the distribution (within the meaning of the 1933 Act) of the Exchange Securities and shall have made such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to render the use of Form S-4 or other appropriate form under the 1933 Act available and (iv) that no action or proceeding shall have been instituted or threatened in any court or by or before any governmental agency with respect to the Exchange Offer or the Private Exchange which, in the Company's and the Guarantors' judgment, would reasonably be expected to impair the ability of the Company and the Guarantors to proceed with the Exchange Offer or the Private Exchange. The Company and the Guarantors shall inform the Initial Purchasers of the names and addresses of the Holders to whom the Exchange Offer is made, and the Initial Purchasers shall have the right to contact such parties and otherwise facilitate the tender of Registrable Securities in the Exchange Offer.

2.2 Shelf Registration. (i) If, because of any changes in law, SEC rules or regulations or applicable interpretations thereof by the staff of the SEC, the Company and the Guarantors are not permitted to effect the Exchange Offer as contemplated by Section 2.1 hereof, (ii) if for any other reason the Exchange Offer Registration Statement is not declared effective within 150 days following the original issue of the Registrable Securities or the Exchange Offer is not consummated within 180 days after the original issue of the Registrable Securities, (iii) upon the request of any of the Initial Purchasers or (iv) if a Holder is not permitted by applicable law to participate in the Exchange Offer or elects to participate in the Exchange Offer but does not receive fully tradeable Exchange Securities pursuant to the Exchange Offer, then in case of each of clauses (i) through (iv) the Company and the Guarantors shall, at their cost:

(a) As promptly as practicable, file with the SEC, and thereafter shall use their reasonable best efforts to cause to be declared effective within 180 days after the original issue of the Registrable Securities, a Shelf Registration Statement relating to the offer and sale of the Registrable Securities by the Holders from time to time in accordance with the methods of distribution elected by the Majority Holders participating in the Shelf Registration and set forth in such Shelf Registration Statement.

(b) Use their reasonable best efforts to keep the Shelf Registration Statement continuously effective in order to permit the Prospectus forming part thereof to be usable by Holders for a period of two years from the date the Shelf Registration Statement is declared effective by the SEC, or for such shorter period that will terminate when all Registrable Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement or cease to be outstanding or otherwise to be Registrable Securities (the "Effectiveness Period"); *provided, however*, that the Effectiveness Period in respect of the Shelf Registration Statement shall be extended to the extent required to permit dealers to comply with the applicable prospectus delivery requirements of Rule 174 under the 1933 Act and as otherwise provided herein.

(c) Notwithstanding any other provisions hereof, use their reasonable best efforts to ensure that (i) any Shelf Registration Statement and any amendment thereto and any Prospectus forming part thereof and any supplement thereto complies in all material respects with the 1933 Act and the rules and regulations thereunder, (ii) any Shelf Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any Prospectus forming part of any Shelf Registration Statement, and any supplement to such Prospectus (as amended or supplemented from time to time), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading.

The Company and the Guarantors shall not permit any securities other than Registrable Securities to be included in the Shelf Registration Statement. The Company and the Guarantors further agree, if necessary, to supplement or amend the Shelf Registration Statement, as required by Section 3(b) below, and to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after its being used or filed with the SEC.

2.3 Expenses. The Company and the Guarantors shall pay all Registration Expenses in connection with the registration pursuant to Section 2.1 or 2.2. Each Holder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Shelf Registration Statement.

2.4 Effectiveness. (a) The Company and the Guarantors will be deemed not have used their reasonable best efforts to cause the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, to become, or to remain, effective during the requisite period if the Company or any of the Guarantors voluntarily takes any action that would, or omits to take any action which omission would, result in any such Registration Statement not being declared effective or in the Holders of Registrable Securities covered thereby not being able to exchange or offer and sell such Registrable Securities during that period as and to the extent contemplated hereby, unless such action is required by applicable law.

(b) An Exchange Offer Registration Statement pursuant to Section 2.1 hereof or a Shelf Registration Statement pursuant to Section 2.2 hereof will not be deemed to have become effective unless it has been declared effective by the SEC; *provided, however*, that if, after it has been declared effective, the offering of (i) Registrable Securities pursuant to an Exchange Offer Registration Statement or (ii) Registrable Securities pursuant to a Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have become effective during the period of such interference, until the offering of such securities pursuant to such Registration Statement may legally resume.



2.5 Interest. In the event that either (a) the Exchange Offer Registration Statement is not filed with the Commission on or prior to the 90th calendar day following the date of original issue of the Securities, (b) the Exchange Offer Registration Statement has not been declared effective on or prior to the 150th calendar day following the date of original issue of the Securities or (c) the Exchange Offer is not consummated or a Shelf Registration Statement is not declared effective, in either case, on or prior to the 180th calendar day following the date of original issue of the Securities (each such event referred to in clauses (a) through (c) above, a "Registration Default"), the interest rate borne by the Securities and the Private Exchange Securities shall be increased ("Additional Interest") by one-quarter of one percent per annum upon the occurrence of each Registration Default, which rate will increase by one quarter of one percent each 90-day period that such Additional Interest continues to accrue under any such circumstance, provided that the maximum aggregate increase in the interest rate will in no event exceed one percent (1%) per annum. Following the cure of all Registration Defaults the accrual of Additional Interest will cease and the interest rate will revert to the original rate.

If the Shelf Registration Statement is declared effective but shall thereafter become unusable by the Holders for any reason, and the aggregate number of days in any consecutive twelve-month period for which the Shelf Registration Statement shall not be usable exceeds 30 days in the aggregate, then the interest rate borne by the Securities and the Private Exchange Securities (so long as the Private Exchange Securities have the status of an unsold allotment at the time of the Exchange Offer) will be increased by 0.25% per annum of the principal amount of the Securities and the Private Exchange Securities for the first 90-day period (or portion thereof) beginning on the 31<sup>st</sup> such date that such Shelf Registration Statement ceases to be usable, which rate shall be increased by an additional 0.25% per annum of the principal amount of the Securities and the Private Exchange (so long as the Private Exchange Securities have the status of an unsold allotment at the time of the Exchange Offer) at the beginning of each subsequent 90-day period, provided that the maximum aggregate increase in the interest rate will in no event exceed one percent (1%) per annum. Any amounts payable under this paragraph shall also be deemed "Additional Interest" for purposes of this Agreement. Upon the Shelf Registration Statement once again becoming usable, the interest rate borne by the Securities and the Private Exchange Securities will be reduced to the original interest rate if the Company is otherwise in compliance with this Agreement at such time. Additional Interest shall be computed based on the actual number of days elapsed in each 90-day period in which the Shelf Registration Statement is unusable.

The Company and the Guarantors shall notify the Trustee within five business days after each and every date on which an event occurs in respect of which Additional Interest is required to be paid (an "Event Date"). Additional Interest shall be paid by depositing with the Trustee, in trust, for the benefit of the Holders of Registrable Securities, on or before the applicable semiannual interest payment date, immediately available funds in sums sufficient to pay the Additional Interest then due. The Additional Interest due shall be payable on each interest payment date to the record Holder of Securities and Private Exchange Securities entitled to receive the interest payment to be paid on such date as set forth in the Indenture. Each obligation to pay Additional Interest shall be deemed to accrue from and including the day following the applicable Event Date.

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### 3. Registration Procedures.

In connection with the obligations of the Company and the Guarantors with respect to Registration Statements pursuant to Sections 2.1 and 2.2 hereof, the Company and the Guarantors shall:

(a) prepare and file with the SEC a Registration Statement, within the relevant time period specified in Section 2, on the appropriate form under the 1933 Act, which form (i) shall be selected by the Company and the Guarantors, (ii) shall, in the case of a Shelf Registration, be available for the sale of the Registrable Securities by the selling Holders thereof, (iii) shall comply as to form in all material respects with the requirements of the applicable form and include or incorporate by reference all financial statements required by the SEC to be filed therewith or incorporated by reference therein, and (iv) shall comply in all respects with the requirements of Regulation S-T under the 1933 Act, and use their reasonable best efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary under applicable law to keep such Registration Statement effective for the applicable period; and cause each Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provision then in force) under the 1933 Act and comply with the provisions of the 1933 Act, the 1934 Act and the rules and regulations thereunder applicable to them with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the selling holders thereof (including sales by any Participating Broker-Dealer);

(c) in the case of a Shelf Registration, (i) notify each Holder of Registrable Securities, at least five business days prior to filing, that a Shelf Registration Statement with respect to the Registrable Securities is being filed and advising such Holders that the distribution of Registrable Securities will be made in accordance with the method selected by the Majority Holders participating in the Shelf Registration; (ii) furnish to each Holder of Registrable Securities and to each underwriter of an underwritten offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request, including financial statements and schedules and, if the Holder so requests, all exhibits, in order to facilitate the public sale or other disposition of the Registrable Securities; and (iii) hereby consent to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of Registrable Securities in connection with the offering and sale of the Registrable Securities covered by the Prospectus or any amendment or supplement thereto;

(d) in the case of a Shelf Registration, use their reasonable best efforts to register or qualify the Registrable Securities under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Registrable Securities covered by a Registration Statement and each underwriter of an underwritten offering of Registrable Securities shall

reasonably request by the time the applicable Registration Statement is declared effective by the SEC, and do any and all other acts and things which may be reasonably necessary or advisable to enable each such Holder and underwriter to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; *provided, however*, that none of the Company and the Guarantors shall be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), or (ii) take any action which would subject it to general service of process or taxation in any such jurisdiction where it is not then so subject;

(e) notify promptly each Holder of Registrable Securities under a Shelf Registration or any Participating Broker-Dealer who has notified the Company and the Guarantors that it is utilizing the Exchange Offer Registration Statement as provided in paragraph (f) below and, if requested by such Holder or Participating Broker-Dealer, confirm such advice in writing promptly (i) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of any request by the SEC or any state securities authority for post-effective amendments and supplements to a Registration Statement and Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) in the case of a Shelf Registration, if, between the effective date of such Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company and the Guarantors contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects, (v) of the happening of any event or the discovery of any facts during the period a Shelf Registration Statement is effective which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any changes in such Registration Statement or Prospectus in order to make the statements therein not misleading, (vi) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities or the Exchange Securities, as the case may be, for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose and (vii) of any determination by the Company that a post-effective amendment to such Registration Statement would be appropriate;

(f) (A) in the case of the Exchange Offer Registration Statement (i) include in the Exchange Offer Registration Statement a section entitled "Plan of Distribution" which section shall be reasonably acceptable to Banc of America on behalf of the Participating Broker-Dealers, and which shall contain a summary statement of the positions taken or policies made by the staff of the SEC with respect to the potential "underwriter" status of any broker-dealer that holds Registrable Securities acquired for its own account as a result of market-making activities or other trading activities and that will be the beneficial owner (as defined in Rule 13d-3 promulgated under the 1934 Act) of Exchange Securities to be received by such broker-dealer in the Exchange Offer, whether such positions or policies have been publicly disseminated by the staff of the SEC or such positions or policies, in the reasonable judgment of Banc of America on behalf of the Participating Broker-Dealers and its counsel, represent the prevailing views of the staff of the SEC, including a statement that any such broker-dealer who

receives Exchange Securities for Registrable Securities pursuant to the Exchange Offer may be deemed a statutory underwriter and must deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Securities, (ii) furnish to each Participating Broker-Dealer who has delivered to the Company the notice referred to in Section 3(e), without charge, as many copies of each Prospectus included in the Exchange Offer Registration Statement, including any preliminary prospectus, and any amendment or supplement thereto, as such Participating Broker-Dealer may reasonably request, (iii) hereby consent to the use of the Prospectus forming part of the Exchange Offer Registration Statement or any amendment or supplement thereto, by any Person subject to the prospectus delivery requirements of the SEC, including all Participating Broker-Dealers, in connection with the sale or transfer of the Exchange Securities covered by the Prospectus or any amendment or supplement thereto, and (iv) include in the transmittal letter or similar documentation to be executed by an exchange offeree in order to participate in the Exchange Offer (x) the following provision:

“If the exchange offeree is a broker-dealer holding Registrable Securities acquired for its own account as a result of market-making activities or other trading activities, it will deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of Exchange Securities received in respect of such Registrable Securities pursuant to the Exchange Offer;” and

(y) a statement to the effect that by a broker-dealer making the acknowledgment described in clause (x) and by delivering a Prospectus in connection with the exchange of Registrable Securities, the broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the 1933 Act; and

(B) in the case of any Exchange Offer Registration Statement, the Company and the Guarantors agree to deliver to the Initial Purchasers on behalf of the Participating Broker-Dealers upon the effectiveness of the Exchange Offer Registration Statement (i) an opinion of counsel or opinions of counsel substantially in the form attached hereto as Exhibit A, (ii) officers’ certificates substantially in the form customarily delivered in a public offering of debt securities and (iii) a comfort letter or comfort letters in customary form to the extent permitted by Statement on Auditing Standards No. 72 of the American Institute of Certified Public Accountants (or if such a comfort letter is not permitted, an agreed upon procedures letter in customary form) from the Company’s independent certified public accountants (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements are, or are required to be, included in the Registration Statement) at least as broad in scope and coverage as the comfort letter or comfort letters delivered to the Initial Purchasers in connection with the initial sale of the Securities to the Initial Purchasers;

(g) (i) in the case of an Exchange Offer, furnish counsel for the Initial Purchasers and (ii) in the case of a Shelf Registration, furnish counsel for the Holders of Registrable Securities copies of any comment letters received from the SEC or any other request by the SEC or any state securities authority for amendments or supplements to a Registration Statement and Prospectus or for additional information;

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(h) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible moment;

(i) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, and each underwriter, if any, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment thereto, including financial statements and schedules (without documents incorporated therein by reference and all exhibits thereto, unless requested);

(j) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends; and enable such Registrable Securities to be in such denominations (consistent with the provisions of the Indenture) and registered in such names as the selling Holders or the underwriters, if any, may reasonably request at least three business days prior to the closing of any sale of Registrable Securities;

(k) in the case of a Shelf Registration, upon the occurrence of any event or the discovery of any facts, each as contemplated by Sections 3(e)(v) and 3(e)(vi) hereof, as promptly as practicable after the occurrence of such an event, use their best efforts to prepare a supplement or post-effective amendment to the Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities or Participating Broker-Dealers, such Prospectus will not contain at the time of such delivery any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or will remain so qualified. At such time as such public disclosure is otherwise made or the Company determines that such disclosure is not necessary, in each case to correct any misstatement of a material fact or to include any omitted material fact, the Company agrees promptly to notify each Holder of such determination and to furnish each Holder such number of copies of the Prospectus as amended or supplemented, as such Holder may reasonably request;

(l) in the case of a Shelf Registration, within a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus or any document which is to be incorporated by reference into a Registration Statement or a Prospectus after initial filing of a Registration Statement, provide copies of such document to the Initial Purchasers on behalf of such Holders; and make representatives of the Company and the Guarantors as shall be reasonably requested by the Holders of Registrable Securities, or the Initial Purchasers on behalf of such Holders, available for discussion of such document;

(m) use their reasonable best efforts to obtain a CUSIP number for all Exchange Securities, Private Exchange Securities or Registrable Securities, as the case may be, not later than the effective date of a Registration Statement, and provide the Trustee with printed

certificates for the Exchange Securities, Private Exchange Securities or the Registrable Securities, as the case may be, in a form eligible for deposit with the Depositary;

(n) (i) cause the Indenture to be qualified under the TIA in connection with the registration of the Exchange Securities or Registrable Securities, as the case may be, (ii) cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and (iii) execute, and use their reasonable best efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(o) in the case of a Shelf Registration, enter into agreements (including underwriting agreements) and take all other customary and appropriate actions in order to expedite or facilitate the disposition of such Registrable Securities and in such connection whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration:

(i) make such representations and warranties to the Holders of such Registrable Securities and the underwriters, if any, in form, substance and scope as are customarily made by issuers to underwriters in similar underwritten offerings as may be reasonably requested by them;

(ii) obtain opinions of counsel to the Company and the Guarantors and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and the holders of a majority in principal amount of the Registrable Securities being sold) addressed to each selling Holder and the underwriters, if any, covering the matters customarily covered in opinions requested in sales of securities or underwritten offerings and such other matters as may be reasonably requested by such Holders and underwriters;

(iii) obtain "cold comfort" letters and updates thereof from the Company's and the Guarantors' independent certified public accountants (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements are, or are required to be, included in the Registration Statement) addressed to the underwriters, if any, and use reasonable efforts to have such letter addressed to the selling Holders of Registrable Securities (to the extent consistent with Statement on Auditing Standards No. 72 of the American Institute of Certified Public Accounts), such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters to underwriters in connection with similar underwritten offerings;

(iv) enter into a securities sales agreement with the Holders and an agent of the Holders providing for, among other things, the appointment of such agent for the selling Holders for the purpose of soliciting purchases of Registrable

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Securities, which agreement shall be in form, substance and scope customary for similar offerings;

(v) if an underwriting agreement is entered into, cause the same to set forth indemnification provisions and procedures substantially equivalent to the indemnification provisions and procedures set forth in Section 4 hereof with respect to the underwriters and all other parties to be indemnified pursuant to said Section or, at the request of any underwriters, in the form customarily provided to such underwriters in similar types of transactions; provided such underwriting agreement shall contain customary provisions regarding indemnification of the Company and the Guarantors with the respect to information provided by the underwriters; and

(vi) deliver such documents and certificates as may be reasonably requested and as are customarily delivered in similar offerings to the Holders of a majority in principal amount of the Registrable Securities being sold and the managing underwriters, if any.

The above shall be done at (i) the effectiveness of such Registration Statement (and each post-effective amendment thereto) and (ii) each closing under any underwriting or similar agreement as and to the extent required thereunder. In the case of any underwritten offering, the Company and the Guarantors shall provide written notice to the Holders of all Registrable Securities of such underwritten offering at least 15 days prior to the filing of a prospectus supplement for such underwritten offering. Such notice shall (x) offer each such Holder the right to participate in such underwritten offering, (y) specify a date, which shall be no earlier than 10 days following the date of such notice, by which such Holder must inform the Company of its intent to participate in such underwritten offering and (z) include the instructions such Holder must follow in order to participate in such underwritten offering;

(p) in the case of a Shelf Registration or if a Prospectus is required to be delivered by any Participating Broker-Dealer in the case of an Exchange Offer, make available for inspection by representatives of the Holders of the Registrable Securities, any underwriters participating in any disposition pursuant to a Shelf Registration Statement, any Participating Broker-Dealer and any counsel or accountant retained by any of the foregoing, all financial and other records, pertinent corporate documents and properties of the Company and the Guarantors reasonably requested by any such persons, and cause the respective officers, directors, employees, and any other agents of the Company and the Guarantors to supply all information reasonably requested by any such representative, underwriter, special counsel or accountant in connection with a Registration Statement, and make such representatives of the Company and the Guarantors available for discussion of such documents as shall be reasonably requested by the Initial Purchasers;

(q) (i) in the case of an Exchange Offer Registration Statement, within a reasonable time prior to the filing of any Exchange Offer Registration Statement, any Prospectus forming a part thereof, any amendment to an Exchange Offer Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to the Initial

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Purchasers and to counsel to both the Holders of Registrable Securities and make such changes in any such document prior to the filing thereof as the Initial Purchasers or counsel to the Holders of Registrable Securities may reasonably request and, except as otherwise required by applicable law, not file any such document in a form to which the Initial Purchasers on behalf of the Holders of Registrable Securities and counsel to the Holders of Registrable Securities shall not have previously been advised and furnished a copy of or to which the Initial Purchasers on behalf of the Holders of Registrable Securities or counsel to the Holders of Registrable Securities shall reasonably object, and make the representatives of the Company and the Guarantors available for discussion of such documents as shall be reasonably requested by the Initial Purchasers; and

(ii) in the case of a Shelf Registration, within a reasonable time prior to filing any Shelf Registration Statement, any Prospectus forming a part thereof, any amendment to such Shelf Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to the Holders of Registrable Securities, to the Initial Purchasers, to counsel for the Holders and to the underwriter or underwriters of an underwritten offering of Registrable Securities, if any, make such changes in any such document prior to the filing thereof as the Initial Purchasers, the counsel to the Holders or the underwriter or underwriters reasonably request and not file any such document in a form to which the Majority Holders, the Initial Purchasers on behalf of the Holders of Registrable Securities, counsel for the Holders of Registrable Securities or any underwriter shall not have previously been advised and furnished a copy of or to which the Majority Holders, the Initial Purchasers on behalf of the Holders of Registrable Securities, counsel to the Holders of Registrable Securities or any underwriter shall reasonably object, and make the representatives of the Company and the Guarantors available for discussion of such document as shall be reasonably requested by the Holders of Registrable Securities, the Initial Purchasers on behalf of such Holders, counsel for the Holders of Registrable Securities or any underwriter.

(r) in the case of a Shelf Registration, use their reasonable best efforts to cause all Registrable Securities to be listed on any securities exchange on which similar debt securities issued by the Company are then listed if requested by the Majority Holders, or if requested by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any;

(s) in the case of a Shelf Registration, use their reasonable best efforts to cause the Registrable Securities to be rated by the appropriate rating agencies, if so requested by the Majority Holders, or if requested by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any;

(t) otherwise comply with all applicable rules and regulations of the SEC and make available to its security holders, as soon as reasonably practicable, an earnings statement covering at least 12 months which shall satisfy the provisions of Section 11(a) of the 1933 Act and Rule 158 promulgated thereunder;

(u) cooperate and assist in any filings required to be made with the NASD and, in the case of a Shelf Registration, in the performance of any due diligence investigation by



any underwriter and its counsel (including any “qualified independent underwriter” that is required to be retained in accordance with the rules and regulations of the NASD); and

(v) upon consummation of an Exchange Offer or a Private Exchange, obtain (i) a customary opinion of counsel to the Company and the Guarantors addressed to the Trustee for the benefit of all Holders of Registrable Securities participating in the Exchange Offer or a Private Exchange, and which includes an opinion that (A) each of the Company and the Guarantors has duly authorized, executed and delivered the Exchange Securities and/or Private Exchange Securities, as applicable, and the related indenture, and (B) each of the Exchange Securities and related indenture constitute legal, valid and binding obligations of each of the Company and the Guarantors, enforceable against the Company and the Guarantors in accordance with its respective terms (with customary exceptions) and (ii) an officers’ certificate containing the certifications substantially similar to those set forth in Section 5(c) of the Purchase Agreement.

In the case of a Shelf Registration Statement, the Company and the Guarantors may (as a condition to such Holder’s participation in the Shelf Registration) require each Holder of Registrable Securities to furnish to the Company and the Guarantors such information regarding the Holder and the proposed distribution by such Holder of such Registrable Securities as the Company and the Guarantors may from time to time reasonably request in writing.

In the case of a Shelf Registration Statement, each Holder agrees that, upon receipt of any notice from the Company and the Guarantors of the happening of any event or the discovery of any facts, each of the kind described in Section 3(e)(v) and 3(e)(vi) hereof, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to a Registration Statement until such Holder’s receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(k) hereof, and, if so directed by the Company and the Guarantors, such Holder will deliver to the Company and the Guarantors (at their expense) all copies in such Holder’s possession, other than permanent file copies then in such Holder’s possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice.

In the event that the Company and the Guarantors fail to effect the Exchange Offer or file any Shelf Registration Statement and maintain the effectiveness of any Shelf Registration Statement as provided herein, the Company and the Guarantors shall not file any Registration Statement with respect to any securities (within the meaning of Section 2(1) of the 1933 Act) of the Company and the Guarantors other than Registrable Securities.

If any of the Registrable Securities covered by any Shelf Registration Statement are to be sold in an underwritten offering, the underwriter or underwriters and manager or managers that will manage such offering will be selected by the Majority Holders of such Registrable Securities included in such offering and shall be acceptable to the Company and the Guarantors. No Holder of Registrable Securities may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder’s Registrable Securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of

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attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

4. Indemnification; Contribution.

(a) The Company and the Guarantors, jointly and severally, agree to indemnify and hold harmless the Initial Purchasers, each Holder, each Participating Broker-Dealer, each Person who participates as an underwriter (any such Person being an "Underwriter") and each Person, if any, who controls any Holder or Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment or supplement thereto) pursuant to which Exchange Securities or Registrable Securities were registered under the 1933 Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 4(d) below) any such settlement is effected with the written consent of the Company and the Guarantors; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by any indemnified party), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company and the Guarantors by the Holder, Participating Broker-Dealer or Underwriter expressly for use in a Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto).

(b) Each Holder severally, but not jointly, agrees to indemnify and hold harmless the Company, the Guarantors, the Initial Purchasers, each Underwriter and the other selling Holders, and each of their respective directors and officers, and each Person, if any, who controls the Company, the Guarantors, the Initial Purchasers, any Underwriter or any other selling Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 4(a) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Shelf Registration Statement (or any amendment thereto) or any Prospectus included therein (or any amendment or supplement thereto) in reliance upon and in conformity with written information with respect to such Holder furnished to the Company by such Holder expressly for use in the Shelf Registration Statement (or any amendment thereto) or such Prospectus (or any amendment or supplement thereto); *provided, however*, that no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Registrable Securities pursuant to such Shelf Registration Statement.

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action or proceeding commenced against it in respect of which indemnity may be sought hereunder, but failure so to notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 4 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 4(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have

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reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) If the indemnification provided for in this Section 4 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of the Company and the Guarantors on the one hand and the Holders and the Initial Purchasers each on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative fault of the Company and the Guarantors on the one hand and the Holders and the Initial Purchasers each on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company and the Guarantors, the Holders or the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Guarantors, the Holders and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 4 were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 4. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 4 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 4, no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Securities sold by it were offered exceeds the amount of any damages which such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 4, each Person, if any, who controls an Initial Purchaser or Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Initial Purchaser or Holder, and each director of the Company and such Guarantor, as the case may be, and each Person, if any, who controls the Company and such Guarantor, as the case may be, within the meaning of Section 15 of the 1933

Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Initial Purchasers' respective obligations to contribute pursuant to this Section 4 are several in proportion to the principal amount of Securities set forth opposite their respective names in Schedule B to the Purchase Agreement and not joint.

5. Miscellaneous.

5.1 Rule 144 and Rule 144A. For so long as the Company is subject to the reporting requirements of Section 13 or 15 of the 1934 Act, the Company and the Guarantors covenant that they will file the reports required to be filed by them under the 1933 Act and Section 13(a) or 15(d) of the 1934 Act and the rules and regulations adopted by the SEC thereunder. If the Company ceases to be so required to file such reports, the Company and the Guarantors covenant that they will upon the request of any Holder of Registrable Securities (a) make publicly available such information as is necessary to permit sales pursuant to Rule 144 under the 1933 Act, (b) deliver such information to a prospective purchaser as is necessary to permit sales pursuant to Rule 144A under the 1933 Act and it will take such further action as any Holder of Registrable Securities may reasonably request, and (c) take such further action that is reasonable in the circumstances, in each case, to the extent required from time to time to enable such Holder to sell its Registrable Securities without registration under the 1933 Act within the limitation of the exemptions provided by (i) Rule 144 under the 1933 Act, as such Rule may be amended from time to time, (ii) Rule 144A under the 1933 Act, as such Rule may be amended from time to time, or (iii) any similar rules or regulations hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company and the Guarantors will deliver to such Holder a written statement as to whether they have complied with such requirements.

5.2 No Inconsistent Agreements. The Company and the Guarantors have not entered into and the Company and the Guarantors will not after the date of this Agreement enter into any agreement which is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with the rights granted to the holders of the Company's and the Guarantor's other issued and outstanding securities under any such agreements.

5.3 Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company and the Guarantors have obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or departure.

5.4 Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (a) if to a Holder, at the most current address given by such Holder to the Company and the Guarantors by means of a notice given in accordance with the provisions of this Section 5.4, which address initially is the address set forth in the Purchase Agreement with respect to the Initial Purchasers; and (b) if to the Company and

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the Guarantors, initially at the Company's address set forth in the Purchase Agreement, and thereafter at such other address of which notice is given in accordance with the provisions of this Section 5.4.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; two business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the person giving the same to the Trustee under the Indenture, at the address specified in such Indenture.

5.5 Successor and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such person shall be entitled to receive the benefits hereof.

5.6 Third Party Beneficiaries. The Initial Purchasers (even if the Initial Purchasers are not Holders of Registrable Securities) shall be third party beneficiaries to the agreements made hereunder between the Company and the Guarantors, on the one hand, and the Holders, on the other hand, and shall have the right to enforce such agreements directly to the extent they deem such enforcement necessary or advisable to protect their rights or the rights of Holders hereunder. Each Holder of Registrable Securities shall be a third party beneficiary to the agreements made under this Registration Rights Agreement between the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights hereunder.

5.7 Specific Enforcement. Without limiting the remedies available to the Initial Purchasers and the Holders, the Company and the Guarantors acknowledge that any failure by the Company and the Guarantors to comply with their obligations under Sections 2.1 through 2.4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it would not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's and the Guarantor's obligations under Sections 2.1 through 2.4 hereof.

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5.8 Restriction on Resales. Until the expiration of two years after the original issuance of the Securities and the Guarantees, the Company and the Guarantors will not, and will cause their "affiliates" (as such term is defined in Rule 144(a)(1) under the 1933 Act) not to, resell any Securities and Guarantees which are "restricted securities" (as such term is defined under Rule 144(a)(3) under the 1933 Act) that have been reacquired by any of them and shall immediately upon any purchase of any such Securities and Guarantees submit such Securities and Guarantees to the Trustee for cancellation.

5.9 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

5.10 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

5.11 **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF.**

5.12 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

SONIC AUTOMOTIVE, INC.

By: /s/ Theodore M. Wright

Name: Theodore M. Wright  
Title: President

**The Guarantors:**

ADI OF THE SOUTHEAST LLC (a South Carolina limited liability company)  
ARNGAR, INC. (a North Carolina corporation)  
ANTREV, LLC (a North Carolina limited liability company)  
AUTOBAHN, INC. (a California corporation)  
AVALON FORD, INC. (a Delaware corporation)  
CAPITOL CHEVROLET AND IMPORTS, INC. (an Alabama corporation)  
CASA FORD OF HOUSTON, INC. (a Texas corporation)  
COBB PONTIAC CADILLAC, INC. (an Alabama corporation)  
FA SERVICE CORPORATION (a California corporation)  
FAA AUTO FACTORY, INC. (a California corporation)  
FAA BEVERLY HILLS, INC. (a California corporation)  
FAA CAPITOL F, INC. (a California corporation)  
FAA CAPITOL N, INC. (a California corporation)  
FAA CONCORD H, INC. (a California corporation)  
FAA CONCORD N, INC. (a California corporation)  
FAA CONCORD T, INC. (a California corporation)  
FAA DUBLIN N, INC. (a California corporation)  
FAA DUBLIN VWD, INC. (a California corporation)  
FAA HOLDING CORP. (a California corporation)  
FAA LAS VEGAS H, INC. (a Nevada corporation)  
FAA MARIN D, INC. (a California corporation)  
FAA MARIN F, INC. (a California corporation)  
FAA MARIN LR, INC. (a California corporation)  
FAA MONTEREY F, INC. (a California corporation)  
FAA POWAY D, INC. (a California corporation)  
FAA POWAY G, INC. (a California corporation)  
FAA POWAY H, INC. (a California corporation)  
FAA POWAY T, INC. (a California corporation)  
FAA SAN BRUNO, INC. (a California corporation)  
FAA SANTA MONICA V, INC. (a California corporation)  
FAA SERRAMONTE H, INC. (a California corporation)  
FAA SERRAMONTE L, INC. (a California corporation)  
FAA SERRAMONTE, INC. (a California corporation)  
FAA STEVENS CREEK, INC. (a California corporation)  
FAA TORRANCE CPJ, INC. (a California corporation)  
FIRSTAMERICA AUTOMOTIVE, INC. (a Delaware corporation)  
FORT MILL FORD, INC. (a South Carolina corporation)  
FORT MYERS COLLISION CENTER, LLC (a Florida limited liability company)  
FRANCISCAN MOTORS, INC. (a California corporation)  
FRANK PARRA AUTOPLEX, INC. (a Texas corporation)  
FREEDOM FORD, INC. (a Florida corporation)



FRONTIER OLDSMOBILE-CADILLAC, INC. (a North Carolina corporation)  
HMC FINANCE ALABAMA, INC. (an Alabama corporation)  
KRAMER MOTORS INCORPORATED (a California corporation)  
L DEALERSHIP GROUP, INC. (a Texas corporation)  
MARCUS DAVID CORPORATION (a North Carolina corporation)  
MASSEY CADILLAC, INC. (a Tennessee corporation)  
MASSEY CADILLAC, INC. (a Texas corporation)  
MOUNTAIN STATES MOTORS CO., INC. (a Colorado corporation)  
PHILPOTT MOTORS, LTD. (a Texas limited partnership)  
RIVERSIDE NISSAN, INC. (an Oklahoma corporation)  
ROYAL MOTOR COMPANY, INC. (an Alabama corporation)  
SANTA CLARA IMPORTED CARS, INC. (a California corporation)  
SMART NISSAN, INC. (a California corporation)  
SONIC AGENCY, INC. (a Michigan corporation)  
SONIC – ANN ARBOR IMPORTS, INC. (a Michigan corporation)  
SONIC AUTOMOTIVE - BONDESEN, INC. (a Florida corporation)  
SONIC AUTOMOTIVE OF CHATTANOOGA, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE-CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE COLLISION CENTER OF CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE F&I, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE OF GEORGIA, INC. (a Georgia corporation)  
SONIC AUTOMOTIVE OF NASHVILLE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE OF NEVADA, INC. (a Nevada corporation)  
SONIC AUTOMOTIVE SERVICING COMPANY, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE OF TENNESSEE, INC. (a Tennessee corporation)  
SONIC AUTOMOTIVE OF TEXAS, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE WEST, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE - 1307 N. DIXIE HWY., NSB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-1400 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1455 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1495 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1500 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, LLC (a Florida limited liability company)  
SONIC AUTOMOTIVE - 1919 N. DIXIE HWY., NSB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE – 21699 U.S. HWY 19 N., INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 241 RIDGEWOOD AVE., HH, INC. (a Florida corporation)  
SONIC AUTOMOTIVE 2424 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE - 2490 SOUTH LEE HIGHWAY, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE 2752 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE - 3401 N. MAIN, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE-3700 WEST BROAD STREET, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 3741 S. NOVA RD., PO, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-4000 WEST BROAD STREET, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE - 4701 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE - 5221 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE 5260 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia limited liability company)  
SONIC AUTOMOTIVE-5585 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia limited liability company)  
SONIC AUTOMOTIVE - 6008 N. DALE MABRY, FL, INC. (a Florida corporation)  
SONIC AUTOMOTIVE - 6025 INTERNATIONAL DRIVE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE - 9103 E. INDEPENDENCE, NC, LLC (a North Carolina limited liability company)  
SONIC – 2185 CHAPMAN RD., CHATTANOOGA, LLC (a Tennessee limited liability company)  
SONIC – BETHANY H, INC. (an Oklahoma corporation)  
SONIC – BUENA PARK H, INC. (a California corporation)  
SONIC – CADILLAC D, L.P. (a Texas limited partnership)  
SONIC – CALABASAS A, INC. (a California corporation)

SONIC – CALABASAS V, INC. (a California corporation)  
SONIC - CAMP FORD, L.P. (a Texas limited partnership)  
SONIC – CAPITAL CHEVROLET, INC. (an Ohio corporation)  
SONIC – CAPITOL CADILLAC, INC. (a Michigan corporation)  
SONIC – CAPITOL IMPORTS, INC. (a South Carolina corporation)  
SONIC – CARROLLTON V, L.P. (a Texas limited partnership)  
SONIC – CARSON F, INC. (a California corporation)  
SONIC – CARSON LM, INC. (a California corporation)  
SONIC – CHATTANOOGA D EAST, LLC (a Tennessee limited liability company)  
SONIC - CLASSIC DODGE, INC. (an Alabama corporation)  
SONIC – CLEAR LAKE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC – COAST CADILLAC, INC. (a California corporation)  
SONIC – CREST CADILLAC, LLC (a Tennessee limited liability company)  
SONIC – CREST H, LLC (a Tennessee limited liability company)  
SONIC – DENVER T, INC. (a Colorado corporation)  
SONIC – DENVER VOLKSWAGEN, INC. (a Colorado corporation)  
SONIC DEVELOPMENT, LLC (a North Carolina limited liability company)  
SONIC – DOWNEY CADILLAC, INC. (a California corporation)  
SONIC – DUBLIN M, INC. (a California corporation)  
SONIC – ENGLEWOOD M, INC. (a Colorado corporation)  
SONIC ESTORE, INC. (a North Carolina corporation)  
SONIC - FM AUTOMOTIVE, LLC (a Florida limited liability company)  
SONIC - FM, INC. (a Florida corporation)  
SONIC - FM VW, INC. (a Florida corporation)  
SONIC – FORT MILL CHRYSLER JEEP, INC. (a South Carolina corporation)  
SONIC – FORT MILL DODGE, INC. (a South Carolina corporation)  
SONIC – FORT WORTH T, L.P. (a Texas limited partnership)  
SONIC – FRANK PARRA AUTOPLEX, L.P. (a Texas limited partnership)  
SONIC – FREELAND, INC. (a Florida corporation)  
SONIC - GLOBAL IMPORTS, L.P. (a Georgia limited partnership)  
SONIC-GLOVER, INC. (an Oklahoma corporation)  
SONIC – HARBOR CITY H, INC. (a California corporation)  
SONIC – HOUSTON V, L.P. (a Texas limited partnership)  
SONIC – INTEGRITY DODGE LV, LLC (a Nevada limited liability company)  
SONIC – JERSEY VILLAGE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC – LS, LLC (a Delaware limited liability company)  
SONIC – LS CHEVROLET, L.P. (a Texas limited partnership)  
SONIC – LAKE NORMAN CHRYLSEER JEEP, LLC (a North Carolina limited liability company)  
SONIC – LAKE NORMAN DODGE, LLC (a North Carolina limited liability company)  
SONIC - LAS VEGAS C EAST, LLC (a Nevada limited liability company)  
SONIC - LAS VEGAS C WEST, LLC (a Nevada limited liability company)  
SONIC - LLOYD NISSAN, INC. (a Florida corporation)  
SONIC - LLOYD PONTIAC – CADILLAC, INC. (a Florida corporation)  
SONIC – LONE TREE CADILLAC, INC. (a Colorado corporation)  
SONIC - LUTE RILEY, L. P. (a Texas limited partnership)  
SONIC - MANHATTAN FAIRFAX, INC. (a Virginia corporation)  
SONIC - MANHATTAN WALDORF, INC. (a Maryland corporation)  
SONIC – MASSEY CADILLAC, L.P. (a Texas limited partnership)  
SONIC – MASSEY CHEVROLET, INC. (a California corporation)  
SONIC – MASSEY PONTIAC BUICK GMC, INC. (a Colorado corporation)  
SONIC – MESQUITE HYUNDAI, L.P. (a Texas limited partnership)  
SONIC - MONTGOMERY FLM, INC. (an Alabama corporation)  
SONIC - NEWSOME CHEVROLET WORLD, INC. (a South Carolina corporation)  
SONIC - NEWSOME OF FLORENCE, INC. (a South Carolina corporation)  
SONIC – NORTH CADILLAC, INC. (a Florida corporation)  
SONIC - NORTH CHARLESTON, INC. (a South Carolina corporation)

SONIC - NORTH CHARLESTON DODGE, INC. (a South Carolina corporation)  
SONIC – OKLAHOMA T, INC. (an Oklahoma corporation)  
SONIC PEACHTREE INDUSTRIAL BLVD., L.P. (a Georgia limited partnership)  
SONIC – PLYMOUTH CADILLAC, INC. (a Michigan corporation)  
SONIC – READING, L.P. (a Texas limited partnership)  
SONIC RESOURCES, INC. (a Nevada corporation)  
SONIC – RICHARDSON F, L.P. (a Texas limited partnership)  
SONIC – RICHMOND VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC-RIVERSIDE, INC. (an Oklahoma corporation)  
SONIC - RIVERSIDE AUTO FACTORY, INC. (an Oklahoma corporation)  
SONIC - ROCKVILLE IMPORTS, INC. (a Maryland corporation)  
SONIC - ROCKVILLE MOTORS, INC. (a Maryland corporation)  
SONIC - SAM WHITE NISSAN, L.P. (a Texas limited partnership)  
SONIC – SAM WHITE OLDSMOBILE, L.P. (a Texas limited partnership)  
SONIC – SANFORD CADILLAC, INC. (a Florida corporation)  
SONIC – SERRAMONTE I, INC. (a California corporation)  
SONIC - SHOTTENKIRK, INC. (a Florida corporation)  
SONIC – SOUTH CADILLAC, INC. (a Florida corporation)  
SONIC – STEVENS CREEK B, INC. (a California corporation)  
SONIC – STONE MOUNTAIN CHEVROLET, L.P. (a Georgia limited partnership)  
SONIC – SUPERIOR OLDSMOBILE, LLC (a Tennessee limited liability company)  
SONIC OF TEXAS, INC. (a Texas corporation)  
SONIC – UNIVERSITY PARK A, L.P. (a Texas limited partnership)  
SONIC-VOLVO LV, LLC (a Nevada limited liability company)  
SONIC – WEST COVINA T, INC. (a California corporation)  
SONIC – WEST RENO CHEVROLET, INC. (an Oklahoma corporation)  
SONIC - WILLIAMS BUICK, INC. (an Alabama corporation)  
SONIC - WILLIAMS CADILLAC, INC. (an Alabama corporation)  
SONIC - WILLIAMS IMPORTS, INC. (an Alabama corporation)  
SONIC - WILLIAMS MOTORS, LLC (an Alabama limited liability company)  
SPEEDWAY CHEVROLET, INC. (an Oklahoma corporation)  
STEVENS CREEK CADILLAC, INC. (a California corporation)  
TOWN AND COUNTRY FORD, INCORPORATED (a North Carolina corporation)  
TOWN AND COUNTRY FORD OF CLEVELAND, LLC (a Tennessee limited liability company)  
TOWN AND COUNTRY JAGUAR, LLC (a Tennessee limited liability company)  
TRANSCAR LEASING, INC. (a California corporation)  
VILLAGE IMPORTED CARS, INC. (a Maryland corporation)  
WINDWARD, INC. (a Hawaii corporation)  
WRANGLER INVESTMENTS, INC. (an Oklahoma corporation)  
Z MANAGEMENT, INC. (a Colorado corporation)  
SRE ALABAMA - 2, LLC (an Alabama limited liability company)  
SRE ALABAMA - 3, LLC (an Alabama limited liability company)  
SRE ALABAMA – 4, LLC (an Alabama limited liability company)  
SRE ALABAMA – 5, LLC (an Alabama limited liability company)  
SREALESTATE ARIZONA - 1, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 2, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 3, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA - 4, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 5, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 6, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 7, LLC (an Arizona limited liability company)  
SRE CALIFORNIA – 1, LLC (a California limited liability company)  
SRE CALIFORNIA – 2, LLC (a California limited liability company)  
SRE CALIFORNIA – 3, LLC (a California limited liability company)  
SRE CALIFORNIA – 4, LLC (a California limited liability company)  
SRE CALIFORNIA – 5, LLC (a California limited liability company)

SRE CALIFORNIA – 6, LLC (a California limited liability company)  
SRE COLORADO – 1, LLC (a Colorado limited liability company)  
SRE COLORADO – 2, LLC (a Colorado limited liability company)  
SRE COLORADO – 3, LLC (a Colorado limited liability company)  
SRE FLORIDA - 1, LLC (a Florida limited liability company)  
SRE FLORIDA - 2, LLC (a Florida limited liability company)  
SRE FLORIDA - 3, LLC (a Florida limited liability company)  
SRE GEORGIA – 1, L.P. (a Georgia limited partnership)  
SRE GEORGIA – 2, L.P. (a Georgia limited partnership)  
SRE GEORGIA – 3, L.P. (a Georgia limited partnership)  
SRE HOLDING, LLC (a North Carolina limited liability company)  
SRE MARYLAND – 1, LLC (a Maryland limited liability company)  
SRE MARYLAND – 2, LLC (a Maryland limited liability company)  
SRE MICHIGAN – 1, LLC (a Michigan limited liability company)  
SRE MICHIGAN – 2, LLC (a Michigan limited liability company)  
SRE MICHIGAN – 3, LLC (a Michigan limited liability company)  
SRE NEVADA – 1, LLC (a Nevada limited liability company)  
SRE NEVADA – 2, LLC (a Nevada limited liability company)  
SRE NEVADA – 3, LLC (a Nevada limited liability company)  
SRE NEVADA – 4, LLC (a Nevada limited liability company)  
SRE NEVADA – 5, LLC (a Nevada limited liability company)  
SRE NORTH CAROLINA – 1, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA – 2, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA – 3, LLC (a North Carolina limited liability company)  
SRE OKLAHOMA – 1, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 2, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 3, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 4, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 5, LLC (an Oklahoma limited liability company)  
SRE SOUTH CAROLINA - 2, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA – 3, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA – 4, LLC (a South Carolina limited liability company)  
SRE TENNESSEE - 1, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 2, LLC (a Tennessee limited liability company)  
SRE TENNESSEE - 3, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 4, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 5, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 6, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 7, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 8, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 9, LLC (a Tennessee limited liability company)  
SRE TEXAS - 1, L.P. (a Texas limited partnership)  
SRE TEXAS - 2, L.P. (a Texas limited partnership)  
SRE TEXAS - 3, L.P. (a Texas limited partnership)  
SRE TEXAS – 4, L.P. (a Texas limited partnership)  
SRE TEXAS – 5, L.P. (a Texas limited partnership)  
SRE TEXAS – 6, L.P. (a Texas limited partnership)  
SRE TEXAS – 7, L.P. (a Texas limited partnership)  
SRE TEXAS – 8, L.P. (a Texas limited partnership)  
SRE VIRGINIA - 1, LLC (a Virginia limited liability company)

By: /s/ Theodore M. Wright

Name: Theodore M. Wright  
Title: Vice President

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CONFIRMED AND ACCEPTED, as of the date first above written:

BANC OF AMERICA SECURITIES LLC  
J.P. MORGAN SECURITIES INC.  
MERRILL LYNCH & CO.  
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

BY: BANC OF AMERICA SECURITIES LLC

By: /s/ James G. Rose, Jr.

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Name: James G. Rose, Jr.  
Title: Managing Director

**Form of Opinion of Counsel**

Banc of America Securities LLC  
9 West 57<sup>th</sup> Street  
New York, New York 10019

Ladies and Gentlemen:

We have acted as counsel for Sonic Automotive, Inc., a Delaware corporation (the "Company") and its subsidiaries (as "Guarantors" as defined in the Registration Rights Agreement), in connection with the issuance and sale by the Company to the Initial Purchasers (as defined below) of \$200,000,000 aggregate principal amount of 8 5/8% Senior Subordinated Notes due 2013 (the "Notes") of the Company pursuant to and in accordance with the terms of a the Purchase Agreement dated as of August 7, 2003 (the "Purchase Agreement") entered into among the Company, the Guarantors, Banc of America Securities LLC, J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, the "Initial Purchasers") and the filing by the Company and the Guarantors of an Exchange Offer Registration Statement (the "Registration Statement") in connection with an Exchange Offer to be effected pursuant to the Registration Rights Agreement (the "Registration Rights Agreement"), dated as of August 12, 2003 between the Company, the Guarantors and the Initial Purchasers. This opinion is furnished to you pursuant to Section 3(f)(B) of the Registration Rights Agreement. Unless otherwise defined herein, capitalized terms used in this opinion that are defined in the Registration Rights Agreement are used herein as so defined.

We have examined such documents, records and matters of law as we have deemed necessary for purposes of this opinion. In rendering this opinion, as to all matters of fact relevant to this opinion, we have assumed the completeness and accuracy of, and are relying solely upon, the representations and warranties of the Company and the Guarantors set forth in the Purchase Agreement and the statements set forth in certificates of public officials and officers of the Company and the Guarantors, without making any independent investigation or inquiry with respect to the completeness or accuracy of such representations, warranties or statements, other than a review of the certificate of incorporation, by-laws and relevant minute books of the Company and the Guarantors.

Based on and subject to the foregoing, we are of the opinion that:

1. The Exchange Securities (including the Guarantees thereof) have been duly authorized, executed and delivered by the Company and the Guarantors, as the case may be.
2. The Exchange Offer Registration Statement and the Prospectus (other than the financial statements, notes or schedules thereto and other financial data and supplemental schedules included or incorporated by reference therein or omitted therefrom and the Form T-1, as to which such counsel need express no opinion), comply as to form in all material respects

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with the requirements of the 1933 Act and the applicable rules and regulations promulgated under the 1933 Act.

3. We have participated with you and your counsel in the preparation of the Registration Statement and the Prospectus and in the course thereof have had discussions with representatives of the Initial Purchasers, officers and other representatives of the Company and the Company's accountants, the Company's independent public accountants, during which the contents of the Registration Statement and the Prospectus were discussed. We have not, however, independently verified and are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement and the Prospectus. In the course of such participation, no facts have come to our attention that would lead us to believe that the Registration Statement (except for financial statements and schedules and other financial data included therein as to which we make no statement) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus or any amendment or supplement thereto (except for financial statements and schedules and other financial data included therein, as to which such counsel need make no statement), at the time the Prospectus was issued, at the time any such amended or supplemented Prospectus was issued or at the Closing Time, included or includes an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This opinion is being furnished to you solely for your benefit in connection with the transactions contemplated by the Registration Rights Agreement, and may not be used for any other purpose or relied upon by any person other than you. Except with our prior written consent, the opinions herein expressed are not to be used, circulated, quoted or otherwise referred to in connection with any transactions other than those contemplated by the Registration Rights Agreement by or to any other person.

Very truly yours,



SONIC AUTOMOTIVE, INC. (a Delaware corporation)

The Guarantors Listed on Schedule A

\$200,000,000

8 5/8% Senior Subordinated Notes due 2013

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Dated: August 7, 2003

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\$200,000,000

8 5/8% Senior Subordinated Notes due 2013

SONIC AUTOMOTIVE, INC. (a Delaware corporation)  
The Guarantors Listed on Schedule A

PURCHASE AGREEMENT

August 7 2003

Banc of America Securities LLC  
J.P. Morgan Securities Inc.  
Merrill Lynch & Co.  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
As Initial Purchasers

c/o Banc of America Securities LLC  
9 West 57th Street  
New York, NY 10019

Ladies and Gentlemen:

Sonic Automotive, Inc., a Delaware corporation (the "Company"), and each of the Guarantors listed on Schedule A hereto (the "Guarantors") confirm their respective agreements with Banc of America Securities LLC ("Banc of America"), J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, the "Initial Purchasers"), (which term shall also include any initial purchaser substituted as hereinafter provided in Section 10 hereof), for whom Banc of America is acting as representative (in such capacity, the "Representative"), with respect to (i) the issue and sale by the Company and the purchase by the Initial Purchasers, acting severally and not jointly, of the respective principal amounts set forth in Schedule B of \$200,000,000 aggregate principal amount of the Company's 8 5/8% Senior Subordinated Notes due 2013 (the "Securities") and (ii) the issue and sale by the Guarantors and the purchase by the Initial Purchasers, acting severally and not jointly of the guarantees (the "Guarantees") of the Company's obligations under the Securities. The Securities and the Guarantees are to be issued pursuant to an indenture dated as of August 12, 2003 (the "Indenture") among the Company, the Guarantors and U.S. Bank National Association, as trustee (the "Trustee"). Securities issued in book-entry form will be issued to Cede & Co. as nominee of The Depository Trust Company ("DTC") pursuant to a letter agreement, to be dated as of the Closing Time (as defined in Section 2(b)) (the "DTC Agreement"), among the Company, the Trustee and DTC.

The Company and the Guarantors understand that the Initial Purchasers propose to make an offering of the Securities (together with the related Guarantees) on the terms and in the manner set forth herein and agree that the Initial Purchasers may resell, subject to the conditions set forth herein, all or a portion of the Securities and the Guarantees to purchasers ("Subsequent Purchasers") at any time after the date of this Agreement. The Securities and the Guarantees are to be offered and sold through the Initial Purchasers without being registered under the Securities Act of 1933, as amended (the "1933 Act"), in reliance upon exemptions therefrom. Pursuant to the terms of the Securities, the Guarantees and the Indenture, investors that acquire Securities and Guarantees may only resell or otherwise transfer such Securities and Guarantees if such Securities and Guarantees are hereafter registered under the 1933 Act or if an exemption from the registration requirements of the 1933 Act is available (including the exemption afforded by



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Rule 144A (“Rule 144A”) pursuant to the rules and regulations promulgated under the 1933 Act by the Securities and Exchange Commission (the “Commission”).

The Company and the Guarantors prepared and delivered to each Initial Purchaser on August 4, 2003 (by electronic mail), copies of a preliminary offering memorandum dated August 4, 2003 (the “Preliminary Offering Memorandum”) and have prepared and will deliver to each Initial Purchaser as promptly as practicable after the date hereof (by overnight courier), copies of a final offering memorandum dated August 7, 2003 (the “Final Offering Memorandum”), to be used by such Initial Purchaser in connection with its solicitation of purchases of, or offering of the Securities and the Guarantees. “Offering Memorandum” means, with respect to any date or time referred to in this Agreement, the Final Offering Memorandum, or any amendment or supplement to such document, including exhibits thereto and any documents incorporated therein by reference, which has been prepared and delivered by the Company and the Guarantors to the Initial Purchasers in connection with their solicitation of, purchases of, or offering of the Securities and the Guarantees.

All references in this Agreement to financial statements and schedules and other information which is “contained,” “included” or “stated” in the Offering Memorandum or the Preliminary Offering Memorandum (or other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which are incorporated by reference in the Offering Memorandum or the Preliminary Offering Memorandum; and all references in this Agreement to amendments or supplements to the Offering Memorandum or the Preliminary Offering Memorandum shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended (the “1934 Act”), which is incorporated by reference in the Offering Memorandum or the Preliminary Offering Memorandum.

The holders of the Securities and the Guarantees will be entitled to the benefits of the registration rights agreement to be dated as of the Closing Time (the “Registration Rights Agreement”), among the Company, the Guarantors and the Initial Purchasers, pursuant to which the Company and the Guarantors will agree among other things, to file, as soon as practicable after the Closing Time but in any event within 90 days of the Closing Time, a registration statement with the Commission registering the Exchange Securities (as defined in the Registration Rights Agreement) under the 1933 Act.

SECTION I. Representations and Warranties.

(a) Representations and Warranties by the Company and the Guarantors. The Company and each of the Guarantors, jointly and severally, represent and warrant to the Initial Purchasers as of the date hereof and as of the Closing Time referred to in Section 2(b) hereof, and agrees with each Initial Purchaser as follows:

(i) Similar Offerings. The Company and the Guarantors have not, directly or indirectly, solicited any offer to buy or offered to sell, and will not, directly or indirectly, solicit any offer to buy or offer to sell, in the United States or to any United States citizen or resident, any security which is or would be integrated with the sale of the Securities

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and the Guarantees in a manner that would require the Securities or the Guarantees to be registered under the 1933 Act.

(ii) Offering Memorandum and Preliminary Offering Memorandum. Each of the Offering Memorandum and Preliminary Offering Memorandum does not, and at the Closing Time will not, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, that this representation, warranty and agreement shall not apply to statements in or omissions from the Offering Memorandum or Preliminary Offering Memorandum made in reliance upon and in conformity with information furnished to the Company and the Guarantors in writing by any Initial Purchaser through Banc of America expressly for use in the Offering Memorandum.

(iii) Incorporated Documents. The documents incorporated or deemed to be incorporated by reference in the Preliminary Offering Memorandum and Offering Memorandum at the time they were or hereafter are filed with the Commission (collectively, the “Incorporated Documents”) complied and will comply in all material respects with the requirements of the 1934 Act and at the time filed or furnished with the Commission and did not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iv) Independent Accountants. Deloitte & Touche LLP who have certified the financial statements (which term as used in this Agreement includes the notes related thereto) and supporting schedules (of (i) the Company and (ii) its Subsidiaries (as defined below in Section (a)(vii)) included in the Offering Memorandum are independent certified public accountants within the meaning of Regulation S-X under the 1933 Act with respect to the Company, the Guarantors and their respective Subsidiaries.

(v) Financial Statements. The financial statements of the Company, together with the related schedules and notes, included in the Offering Memorandum present fairly the financial position of the Company and its consolidated Subsidiaries at the dates indicated and the consolidated balance sheets, and consolidated statements of income, stockholders’ equity and cash flows of the Company and its consolidated Subsidiaries for the periods specified; said financial statements have been prepared in conformity with United States generally accepted accounting principles (“GAAP”) applied on a consistent basis throughout the periods involved. The selected consolidated financial data and the summary consolidated financial data included in the Offering Memorandum presents fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Offering Memorandum. There are no pro forma financial statements or other pro forma financial information of the Company, its Subsidiaries and entities acquired or to be acquired by the Company or its Subsidiaries and the related notes thereto which would be required to be included in or incorporated by reference into the Offering Memorandum if the Offering Memorandum were required to comply with the requirements of the 1933 Act for a Form S-1 registration statement and securities sold pursuant thereto.

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(vi) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Offering Memorandum, except as otherwise stated therein, (A) there has been no material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a “Material Adverse Effect”), (B) there have been no transactions entered into, or liabilities or obligations incurred, by the Company or any of its Subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its Subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(vii) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Memorandum and to enter into and perform its obligations under this Agreement, the Registration Rights Agreement, the Indenture, the Securities, the Exchange Securities, and the DTC Agreement and to enter into and consummate all the transactions in connection therewith as contemplated in the Offering Memorandum; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(viii) Subsidiaries. Each subsidiary of the Company that is a Guarantor (each, whether directly or indirectly, held, a “Subsidiary” and collectively the “Subsidiaries”) is listed on Schedule A attached hereto. Each Subsidiary is a corporation, limited liability company or limited partnership duly organized, as the case may be, validly existing and in good standing under the laws of the jurisdiction of its organization, has corporate, limited liability company or limited partnership, as the case may be, power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Memorandum and is duly qualified as a foreign corporation, limited liability company or limited partnership to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Offering Memorandum, all of the issued and outstanding capital stock, membership interests or partnership interests, as the case may be, of each such Subsidiary have been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through the Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding (a) shares of capital stock, (b) membership interests or (c) limited partnership interests of the Subsidiaries was issued in violation of any preemptive or similar rights arising by operation of law, or under the charter or by-laws of any Subsidiary or under any agreement to which the Company or any Subsidiary is a party. Except as set forth on Schedule C, none of the Guarantors or any other Subsidiary of the Company produced or

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accounted for more than 2% of the Company's total revenues for the six months ended June 30, 2003 (the "Significant Subsidiaries").

(ix) Capitalization. The authorized, issued and outstanding capital stock of the Company is as set forth in the Offering Memorandum in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to employee benefit plans referred to in the Offering Memorandum or pursuant to the exercise of convertible securities or options referred to in the Offering Memorandum and subsequent purchases of the Company's Class A Common Stock, par value \$0.01 per share). The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; and except as disclosed in the Offering Memorandum, none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any security holder of the Company arising by operation of law, under the charter or by-laws of the Company, under any agreement to which the Company or any of the Subsidiaries is a party or otherwise.

(x) Authorization of Agreements. This Agreement and the Registration Rights Agreement have each been duly authorized by the Company and each of the Guarantors. This Agreement has been, and as of the Closing Time the Registration Rights Agreement will have been, duly executed and delivered by the Company and each of the Guarantors. Upon the execution and delivery thereof by the Company and each of the Guarantors, the Registration Rights Agreement will constitute a valid and binding obligation of the Company and each of the Guarantors, enforceable against the Company and each of the Guarantors in accordance with its terms. The DTC Agreement has been duly authorized by the Company; as of the Closing Time, the DTC Agreement will have been duly executed and delivered by the Company; and, upon the execution and delivery thereof by the Company, the DTC Agreement will constitute a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(xi) Authorization of the Indenture. The Indenture has been duly authorized by the Company and each of the Guarantors and, at the Closing Time, will conform to an indenture that would be able to be duly qualified under the Trust Indenture Act of 1939, will have been duly executed and delivered by the Company and each of the Guarantors and will constitute a valid and binding agreement of the Company and each of the Guarantors, enforceable against the Company and each of the Guarantors in accordance with its terms.

(xii) Authorization of the Securities, the Guarantees and the Exchange Securities. The Securities have been duly authorized by the Company and, at the Closing Time, will have been duly issued by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms and will be in the form contemplated by, and entitled to the benefits of, the Indenture. The Guarantees have been duly authorized by each of the Guarantors and, at the Closing Time, will have been duly executed by each of the Guarantors and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor, will constitute valid and binding obligations of each of the Guarantors, enforceable against

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each of the Guarantors in accordance with their terms, and will be in the form contemplated by, and entitled to the benefits of, the Indenture. The Exchange Securities (as defined in the Registration Rights Agreement) have been duly authorized by the Company and each of the Guarantors and, when executed and authenticated and issued and delivered by the Company and each of the Guarantors in exchange for the Securities and the related Guarantees pursuant to the Exchange Offer (as defined in the Registration Rights Agreement), will constitute valid and binding obligations of the Company and each of the Guarantors.

(xiii) Description of the Securities, the Guarantees, the Indenture, the Registration Rights Agreement and the Exchange Securities The Securities, the Guarantees, the Indenture, the Registration Rights Agreement, the Company's floor plan facilities, credit facilities and mortgage facilities conform and will conform in all material respects to the respective statements relating thereto contained in the Offering Memorandum and will be in substantially the respective forms previously delivered to the Initial Purchasers. The Exchange Securities will conform in all material respects to the statements relating thereto contained in the Offering Memorandum and the Registration Statement (as defined in the Registration Rights Agreement) at the time it becomes effective. There are no contracts or documents which are required to be described or referred to in a registration statement on Form S-1 under the 1933 Act which have not been described or referred to in the Offering Memorandum.

(xiv) Absence of Defaults and Conflicts. (1) Except as disclosed in the Offering Memorandum, neither the Company nor any of the Subsidiaries is (x) in violation of its charter or by-laws or (y) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which any of them may be bound, or to which any of the property or assets of the Company or any of the Subsidiaries is subject (collectively, "Agreements and Instruments") or has violated or is in violation of any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of the Subsidiaries or any of their assets, properties or operations, except in the case of clause (y) above for such defaults or violations that would not result in a Material Adverse Effect. (2) Except as disclosed in the Offering Memorandum, the execution, delivery and performance of this Agreement, the Registration Rights Agreement, the Indenture, the DTC Agreement, the Securities, the Guarantees, the Exchange Securities and any other agreement or instrument entered into or issued or to be entered into or issued by the Company or any of the Guarantors in connection with the transactions contemplated hereby or thereby or in the Offering Memorandum or in connection with the consummation of the transactions contemplated herein and in the Offering Memorandum (including the issuance and sale of the Securities and the Guarantees and the use of the proceeds from the sale of the Securities (together with the related Guarantees as described in the Offering Memorandum under the caption "Use of Proceeds"), the exchange of the Securities and the Guarantees for Exchange Securities and compliance by the Company and the Guarantors with their respective obligations hereunder) have been duly authorized by all necessary corporate,

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limited liability company or partnership action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or a Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the Subsidiaries (other than existing liens on properties being acquired in the pending acquisitions) pursuant to, the Agreements and Instruments, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any of the Subsidiaries or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of the Subsidiaries or any of their assets, properties or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of the Subsidiaries.

(xv) Absence of Labor Disputes. No material labor dispute with the employees of the Company or any of the Subsidiaries exists or, to the knowledge of the Company and the Guarantors, is imminent, and except as disclosed in the Offering Memorandum, the Company and the Guarantors are not aware of any existing or imminent labor disturbance by the employees of any of their or any of the Subsidiaries' principal suppliers, manufacturers, customers or contractors, which, in either case, may reasonably be expected to result in a Material Adverse Effect.

(xvi) Absence of Proceedings. Except as disclosed in the Offering Memorandum, there is no action, suit, proceeding, inquiry or investigation, in each case before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company or any Guarantor, threatened, against or affecting (i) the Company or any Subsidiary thereof or (ii) or property owned or leased by, the Company or any of the Subsidiaries which, singly or in the aggregate, might reasonably be expected to result in a Material Adverse Effect, or which, singly or in the aggregate, might reasonably be expected to materially and adversely affect the properties or assets of the Company or any of the Significant Subsidiaries or the consummation of this Agreement or the performance by the Company and the Guarantors of their respective obligations hereunder or under the Securities, the Guarantees or the Exchange Securities. The aggregate of all pending legal or governmental proceedings to which the Company or any Subsidiary thereof is a party or of which any of their respective property or assets is the subject which are not described in the Offering Memorandum, including ordinary routine litigation incidental to the business, would not reasonably be expected to result in a Material Adverse Effect.

(xvii) Possession of Intellectual Property. The Company and the Subsidiaries own, possess or license, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property

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(collectively, "Intellectual Property") presently employed by them in connection with the business now operated by them, and neither the Company nor any of the Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property (including Intellectual Property which is licensed) or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of the Subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

(xviii) Absence of Further Requirements. Except as may be required under state securities laws or to effect the Exchange Offer contemplated by the Registration Rights Agreement, no filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company or any of the Guarantors of their respective obligations hereunder, in connection with the offering, issuance or sale of the Securities and the Guarantees hereunder or the consummation of the transactions contemplated by or for the due execution, delivery or performance of this Agreement, the Registration Rights Agreement, the Indenture, the DTC Agreement, the Securities, the Guarantees, the Exchange Securities or any other agreement or instrument entered into or issued or to be entered into or issued by the Company or any of the Subsidiaries in connection with the consummation of the transactions contemplated herein and in the Offering Memorandum (including the issuance and sale of the Securities and the Guarantees and the use of the proceeds from the sale of the Securities and the Guarantees as described in the Offering Memorandum under the caption "Use of Proceeds").

(xix) Possession of Licenses and Permits. The Company and the Subsidiaries possess such permits, licenses, approvals, consents, certificates and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them, except where the failure to possess such Governmental Licenses would not, singly or in the aggregate, have a Material Adverse Effect; the Company and the Subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses and with the rules and regulations of the regulatory authorities and governing bodies having jurisdiction with respect thereto, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except where the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and neither the Company nor any of the Subsidiaries has received any written notice of proceedings relating to the revocation or modification of any such Governmental Licenses, nor are there, to the knowledge of the Company or any Guarantor, pending or threatened actions, suits, claims or proceedings against the Company or any Subsidiary before any court, governmental agency or body or otherwise that, if successful, would limit, revoke, cancel, suspend or cause not to be renewed any Governmental License, in each case, which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xx) Title to Property. The Company and the Subsidiaries have good and marketable title to all real property owned by the Company and the Subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Offering Memorandum or (b) do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of the Subsidiaries; and all of the leases and subleases material to the business of the Company and the Subsidiaries, considered as one enterprise, and under which the Company or any of the Subsidiaries holds properties described in the Offering Memorandum, are in full force and effect, and neither the Company nor any of the Subsidiaries has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any of the Subsidiaries under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or any Subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease.

(xxi) Tax Returns. All United States federal income tax returns of the Company and the Subsidiaries required by law to be filed have been filed (taking into account extensions granted by the applicable federal governmental agency) and all taxes shown by such returns or pursuant to any assessment received by the Company or any Subsidiary, which are due and payable, have been paid, except assessments against which appeals have been or will be promptly taken in good faith and as to which adequate reserves have been provided. The Company and the Subsidiaries have filed all other tax returns that are required to have been filed by them pursuant to applicable foreign, federal, state, local or other law, and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company and the Subsidiaries, except for such taxes, if any, as are being contested in good faith and by appropriate proceedings and as to which adequate reserves have been provided. The charges, accruals and reserves on the books of the Company in respect of all federal, state, local and foreign tax liabilities of the Company and each Subsidiary for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not result in a Material Adverse Effect.

(xxii) Insurance. The Company and the Subsidiaries carry or are entitled to the benefits of insurance, with financially sound and reputable insurers, in such amounts and covering such risks as is generally maintained by companies of established repute engaged in the same or similar business and all such insurance is in full force and effect.

(xxiii) Solvency. The Company and each of the Guarantors is, and immediately after the Closing will be, Solvent. As used herein, the term "Solvent" means, with respect to the Company and each Guarantor, as the case may be, on a particular date, that on such date (A) the fair market value of the assets of the Company or such Guarantor is greater than the total amount of liabilities (including contingent liabilities) of the Company or such Guarantor, (B) the present fair salable value of the assets of the Company or such Guarantor is greater than the amount that will be required to pay the probable liabilities of the Company or such Guarantor on its debts as they



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become absolute and mature, (C) the Company or such Guarantor is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, and (D) the Company or such Guarantor does not have unreasonably small amount of capital.

(xxiv) Stabilization or Manipulation. Neither the Company nor any Guarantor nor any of their respective officers, directors or controlling persons has taken, or will take, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company or any Guarantor in order to facilitate the sale or resale of the Securities or the Guarantees. The Company and the Guarantors have not distributed and, prior to the later to occur of (i) the Closing Time and (ii) completion of the distribution of the Securities and the Guarantees, will not distribute any offering material in connection with the offering and sale of the Securities and the Guarantees other than the Offering Memorandum or other materials, if any, permitted by the 1933 Act and approved by the Representative.

(xxv) Related Party Transactions. No relationship, direct or indirect, exists between or among any of the Company, the Guarantors or any affiliate of the Company or any Guarantor, on the one hand, and any director, officer, stockholder, customer or supplier of any of them, on the other hand, which is required by the 1933 Act or by the rules and regulations enacted thereunder to be described in a registration statement on Form S-3 which is not so described or is not described as required in the Offering Memorandum.

(xxvi) Suppliers. No supplier of merchandise to the Company or any of the Subsidiaries has ceased shipments of merchandise to the Company or any of the Subsidiaries, other than in the normal and ordinary course of business consistent with past practices, which cessation would not result in a Material Adverse Effect.

(xxvii) Environmental Laws. Except as described in the Offering Memorandum and except for such matters as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of the Subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products or nuclear or radioactive material (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"); (B) the Company and the Subsidiaries have all permits, licenses, authorizations and approvals required for their respective businesses under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or

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proceedings relating to any Environmental Law against the Company or any of the Subsidiaries and (D) there are no events, facts or circumstances that might reasonably be expected to form the basis of any liability or obligation of the Company or any of the Subsidiaries, including, without limitation, any order, decree, plan or agreement requiring clean-up or remediation, or any action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of the Subsidiaries relating to any Hazardous Materials or Environmental Laws.

(xxviii) Registration Rights. Except as described in the Offering Memorandum, there are no holders of securities (debt or equity) of the Company or any Guarantor, or holders of rights (including, without limitation, preemptive rights), warrants or options to obtain securities of the Company or any Guarantor, who in connection with the issuance, sale and delivery of the Securities, the Guarantees and the Exchange Securities, if any, and the execution, delivery and performance of this Agreement and the Registration Rights Agreement, have the right to request the Company or any Guarantor to register securities held by them under the 1933 Act.

(xxix) Accounting Controls. The Company and its consolidated Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with United States GAAP and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; (D) the amounts recorded for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; (E) any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and any fraud whether or not material that involves management or other employees who have a significant role in the Company's internal control over financial reporting, are, based on the Company's most recent evaluation of internal control over financial reporting, disclosed to the Company's independent auditors and the audit committee of the Company's board of directors.

(xxx) Investment Company Act. The Company and each of the Guarantors is not, and upon the issuance and sale of the Securities and the Guarantees as herein contemplated and the application of the net proceeds therefrom as described in the Offering Memorandum will not be, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xxxi) Rule 144A Eligibility. The Securities and the Guarantees are eligible for resale pursuant to Rule 144A and will not be, at the Closing Time, of the same class as securities listed on a national securities exchange registered under Section 6 of the 1934 Act, or quoted in a U.S. automated interdealer quotation system.

(xxxii) No General Solicitation. None of the Company, the Guarantors, any of their respective affiliates, as such term is defined in Rule 501(b) under the 1933 Act ("Affiliates"), or any person acting on any of their behalf (other than the Initial

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Purchasers, as to whom the Company and the Guarantors make no representation) has engaged or will engage, in connection with the offering of the Securities and the Guarantees, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the 1933 Act.

(xxxiii) No Registration Required. Subject to compliance by the Initial Purchasers with the representations and warranties set forth in Section 2, it is not necessary in connection with the offer, sale and delivery of the Securities and the Guarantees to the Initial Purchasers and to each Subsequent Purchaser in the manner contemplated by this Agreement and the Offering Memorandum to register the Securities and the Guarantees under the 1933 Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended.

(xxxiv) PORTAL. The Company and the Guarantors have been advised by the National Association of Securities Dealers, Inc. PORTAL Market that the Securities and the Guarantees will be designated Private Offerings, Resales and Trading Through Automated Linkages (“PORTAL”) eligible securities in accordance with the rules and regulations of the National Association of Securities Dealers, Inc.

(xxxv) Franchise Agreements. Each franchise agreement, in each case between a Subsidiary and the applicable manufacturer has been duly authorized by the Company and such Subsidiaries, and, as of the Closing Time, the Company shall have obtained all consents, authorizations and approvals from the Manufacturers required to consummate the transactions contemplated hereby or by the Offering Memorandum.

(xxxvi) Liquidity and Off Balance Sheet Arrangements. There are no transactions, arrangements and other relationships between and/or among the Company, any of its affiliates (as such term is defined in Rule 405 under the 1933 Act Regulations) and any unconsolidated entity, including but not limited to, any structural finance, special purpose or limited purpose entity (each, an “Off Balance Sheet Transaction”) that could reasonably be expected to affect materially the Company’s liquidity or the availability of or requirements for its capital resources, required to be described in a registration statement on Form S-3 which is not so described or is not described as required in the Offering Memorandum.

(xxxvii) Disclosure Controls. The Company and its consolidated subsidiaries employ disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms, and is accumulated and communicated to the Company’s management, including its principal executive officer or officers and principal financial officer or officers, as appropriate to allow timely decisions regarding disclosure.

(b) Officer’s Certificates. Any certificate signed by any officer of the Company or any of the Subsidiaries delivered to the Initial Purchasers or to counsel for the Initial Purchasers shall be deemed a representation and warranty by the Company or any of the Subsidiaries to the Initial Purchasers as to the matters covered thereby.

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SECTION 2. Sale and Delivery to Initial Purchasers: Closing

(a) **Securities and Guarantees.** On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company and the Guarantors agree to sell to each Initial Purchaser, severally and not jointly, and each Initial Purchaser, severally and not jointly, agrees to purchase from the Company and the Guarantors, at the price set forth in Schedule D, the aggregate principal amount of Securities (including the Guarantees) set forth in Schedule B opposite the name of such Initial Purchaser, plus any additional principal amount of Securities (including the Guarantees) which such Initial Purchaser may become obligated to purchase pursuant to the provisions of Section 10 hereof.

(b) **Payment.** Payment of the purchase price for, and delivery of certificates for, the Securities and the Guarantees shall be made at the office of Fried, Frank, Harris, Shriver & Jacobson, or at such other place as shall be agreed upon by the Representative and the Company and the Guarantors at 9:00 A.M. (New York Time) on August 12, 2003 (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representative and the Company and the Guarantors (such time and date of payment and delivery being herein called the "Closing Time").

Payment shall be made to the Company and the Guarantors by wire transfer of immediately available funds to a bank account designated by the Company and the Guarantors, against delivery to the respective accounts of the Initial Purchasers of certificates for the Securities and the Guarantees to be purchased by them. It is understood that each Initial Purchaser has authorized the Representative, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Securities and the Guarantees which it has agreed to purchase. Banc of America, individually and not as representative of the Initial Purchasers, may (but shall not be obligated to) make payment of the purchase price for the Securities and the Guarantees to be purchased by any Initial Purchaser whose funds have not been received by the Closing Time, but such payment shall not relieve such Initial Purchaser from its obligations hereunder. The certificates representing the Securities and the Guarantees shall be registered in the name of Cede & Co. pursuant to the DTC Agreement, or physical certificates representing the Securities and the Guarantees shall be registered in the names and denominations requested by each Initial Purchaser, and in either case shall be made available for examination and packaging by the Initial Purchasers in The City of New York not later than 9:00 A.M. on the last business day prior to the Closing Time.

(c) **Qualified Institutional Buyer.** Each Initial Purchaser severally and not jointly represents and warrants to, and agrees with, the Company and each of the Guarantors that it is a "qualified institutional buyer" within the meaning of Rule 144A under the 1933 Act (a "Qualified Institutional Buyer").

(d) **Denominations; Registration.** Certificates representing the Securities (including the Guarantees) shall be in such denominations (\$1,000 or integral multiples thereof) and registered in such names as the Representative may request in writing at least one full business day before the Closing Time.

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SECTION 3. Covenants of the Company and the Guarantors. The Company and the Guarantors, jointly and severally, covenant with each Initial Purchaser as follows:

(a) **Offering Memorandum.** The Company and the Guarantors, as promptly as possible, will furnish to each Initial Purchaser, without charge, such number of copies of the Preliminary Offering Memorandum and the Offering Memorandum as such Initial Purchaser may reasonably request, and the Company hereby consents to the use of such copies by the Initial Purchasers with respect to the transactions contemplated hereby.

(b) **Notice and Effect of Material Events.** The Company and the Guarantors will immediately notify each Initial Purchaser, and confirm such notice in writing, of (x) any filing made by the Company or any Guarantor of information relating to the offering of the Securities and the Guarantees with any securities exchange or any other regulatory body in the United States or any other jurisdiction, and (y) prior to the completion of the placement of the Securities and the Guarantees by the Initial Purchasers, any material changes in or affecting the earnings, business affairs or business prospects of the Company and the Subsidiaries which (i) make any statement in the Offering Memorandum false or misleading or (ii) are not disclosed in the Offering Memorandum. In such event or if during such time any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of the Company and the Guarantors, their counsel, the Initial Purchasers or counsel for the Initial Purchasers, to amend or supplement the Offering Memorandum in order that the Offering Memorandum not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances then existing, the Company will forthwith amend or supplement the Offering Memorandum by preparing and furnishing to each Initial Purchaser an amendment or amendments of, or a supplement or supplements to, the Offering Memorandum (in form and substance satisfactory in the opinion of counsel for the Initial Purchasers) so that, as so amended or supplemented, the Offering Memorandum will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time it is delivered to a Subsequent Purchaser, not misleading.

(c) **Amendment to Offering Memorandum and Supplements.** The Company and the Guarantors will advise each Initial Purchaser promptly of any proposal to amend or supplement the Offering Memorandum and will not effect such amendment or supplement without the consent of the Initial Purchasers. Neither the consent of the Initial Purchasers to, nor the Initial Purchasers' delivery of, any such amendment or supplement, shall constitute a waiver of any of the conditions set forth in Section 5 hereof.

(d) **Qualification of Securities and Guarantees for Offer and Sale.** The Company and the Guarantors will endeavor, in cooperation with the Initial Purchasers, to register or qualify the Securities and the Guarantees for offering and sale under the applicable securities laws of such jurisdictions as the Representative may designate and will maintain such qualifications in effect as long as required for the sale of the Securities and the Guarantees; provided, however, that the Company and the Guarantors shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any

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jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect as long as required for the sale of the Securities and the Guarantees by the Initial Purchasers.

(e) Exchange Offer. The Company and the Guarantors will offer the holders of the Company's 8 5/8% Senior Subordinated Notes due 2013 the opportunity to exchange such notes for the Exchange Securities. Such offer will be on terms acceptable to Banc of America and shall be made as soon after the date hereof as is practicable in accordance with the Registration Rights Agreement.

(f) Integration. The Company and the Guarantors agree that they will not and will cause their affiliates not to make any offer or sale of securities of the Company or any Guarantor of any class if, as a result of the doctrine of "integration" referred to in Rule 502 promulgated under the 1933 Act, such offer or sale could be deemed to render invalid (for the purpose of (i) the sale of the Securities and the Guarantees by the Company and the Guarantors to the Initial Purchasers, (ii) the resale of the Securities and the Guarantees by the Initial Purchasers to Subsequent Purchasers or (iii) the resale of the Securities and the Guarantees by such Subsequent Purchasers to others) the exemption from the registration requirements of the 1933 Act provided by Section 4(2) thereof or by Rule 144A or by Regulation S thereunder or otherwise.

(g) No Directed Selling Effort or General Solicitation. None of the Company, the Guarantors, their affiliates (as such term is defined in Rule 501 under the 1933 Act (each, an "Affiliate")) or any person acting on its or any of their behalf (other than the Initial Purchasers, as to whom the Company and the Guarantors make no representation or warranty) has engaged or will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502 under the Securities Act. With respect to those Securities sold in reliance upon Regulation S, none of the Company, the Guarantors, their Affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Company and the Guarantors make no representation or warranty) has engaged or will engage in any directed selling efforts within the meaning of Regulation S and (ii) each of the Company, the Guarantors, their Affiliates and any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Company and the Guarantors make no representation or warranty) has complied and will comply with the offering restrictions set forth in Regulation S.

(h) Rating of Securities. The Company and the Guarantors shall take all reasonable action necessary to enable Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, Inc. ("S&P"), and Moody's Investors Service, Inc. ("Moody's"), to provide their respective credit ratings of the Securities and the Guarantees.

(i) Rule 144A Information. The Company and the Guarantors agree that, in order to render the Securities and the Guarantees eligible for resale pursuant to Rule 144A under the 1933 Act, while any of the Securities and the Guarantees remain outstanding, it will make available, upon request, to any holder of Securities and Guarantees or prospective purchasers of Securities and Guarantees the information specified in Rule 144A(d)(4), unless the Company and the Guarantors furnish information to the Commission pursuant to Section 13 or 15(d) of the 1934

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Act (such information, whether made available to holders or prospective purchasers or furnished to the Commission, is hereinafter referred to as “Additional Information”).

(j) **Restriction on Resales.** Until the expiration of two years after the original issuance of the Securities and the Guarantees, the Company and the Guarantors will not, and will cause their “affiliates” (as such term is defined in Rule 144(a)(1) under the 1933 Act) not to, resell any Securities and Guarantees which are “restricted securities” (as such term is defined under Rule 144(a)(3) under the 1933 Act) that have been reacquired by any of them and shall immediately upon any purchase of any such Securities and Guarantees submit such Securities and Guarantees to the Trustee for cancellation.

(k) **Use of Proceeds.** The Company and the Guarantors will use the net proceeds received by them from the sale of the Securities and the Guarantees in the manner specified in the Offering Memorandum under “Use of Proceeds.”

(l) **Restriction on Sale of Securities.** During a period of 180 days from the date of the Final Offering Memorandum, the Company and the Guarantors will not, without the prior written consent of Banc of America, directly or indirectly, issue, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, any debt securities or guarantees of debt securities of the Company or any of the Guarantors, or any securities convertible or exchangeable into or exercisable for any debt securities or guarantees of debt securities of the Company or any of the Guarantors, and will not file a registration statement in connection therewith (other than a registration statement registering solely the Securities, the Guarantees and/or the Exchange Securities); provided, however, the Company may incur indebtedness under its existing revolving credit, floor plan and construction/mortgage facilities.

(m) **DTC Clearance.** The Company and the Guarantors will use all reasonable efforts in cooperation with the Initial Purchasers to permit the Securities and the Guarantees to be eligible for clearance and settlement through DTC.

(n) **Legends.** Each certificate representing a Security (including a Guarantee) will bear the legend contained in “Notices to Investors” in the Offering Memorandum for the time period and upon the other terms stated in the Offering Memorandum.

(o) **Interim Financial Statements.** Prior to the Closing Time, the Company shall furnish to the Initial Purchasers any unaudited interim financial statements of the Company, promptly after they have been completed, for any periods subsequent to the periods covered by the financial statements appearing in the Offering Memorandum.

(p) **Periodic Reports.** For a period of three years after the Closing Time, the Company and the Guarantors will furnish to the Initial Purchasers copies of all annual reports, quarterly reports and current reports (excluding exhibits) filed with the Commission on Forms 10-K, 10-Q and 8-K, or such other similar forms as may be designated by the Commission, and such other documents, reports and information as shall be furnished by the Company and the Guarantors generally to the holders of the Securities and the Guarantees or to security holders of its publicly issued securities generally.

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SECTION 4. Payment of Expenses.

(a) Expenses. The Company and the Guarantors, jointly and severally, will pay (or cause to be paid) all expenses incident to the performance of their respective obligations under this Agreement, including (i) the preparation, printing and any filing of the Preliminary Offering Memorandum and the Offering Memorandum and the Registration Statement (including financial statements and any schedules or exhibits) and of each amendment or supplement thereto, including the Offering Memorandum and the Exchange Offer prospectus to be contained in the Registration Statement, (ii) the preparation, printing and delivery to the Initial Purchasers of this Agreement, the Registration Rights Agreement, the Indenture and such other documents as may be required in connection with the offering, purchase, sale and delivery of the Securities and the Guarantees, (iii) the preparation, issuance and delivery of the certificates for the Securities and the Guarantees to the Initial Purchasers, including any charges of DTC in connection therewith, (iv) the fees and disbursements of the Company's and the Guarantors' counsel, accountants and other advisors, (v) the qualification of the Securities and the Guarantees under securities laws in accordance with the provisions of Section 3(d) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Initial Purchasers in connection therewith and in connection with the preparation, printing and delivery to the Initial Purchasers of copies of any memorandum related to blue sky matters, any supplement thereto or any survey of investment qualifications, (vi) the fees and expenses of the Trustee, including the fees and disbursements of counsel for the Trustee in connection with the Indenture and the Securities and the Guarantees, (vii) any fees payable in connection with the rating of the Securities and the Guarantees and the listing of the Securities and the Guarantees with the PORTAL market, and (viii) any filing fees incident to, and any reasonable fees and disbursements of counsel to the Initial Purchasers in connection with, the review by the National Association of Securities Dealers, Inc. of the terms of the sale of the Securities and the Guarantees.

(b) Termination of Agreement. If this Agreement is terminated by the Representative in accordance with the provisions of Section 5 or Section 9(a)(i) or 9(a)(ii) hereof, the Company and the Guarantors, jointly and severally, shall reimburse the Initial Purchasers for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Initial Purchasers.

SECTION 5. Conditions of Initial Purchasers' Obligations. The obligations of the several Initial Purchasers hereunder are subject to the accuracy of the representations and warranties of the Company and the Guarantors contained in Section 1 hereof or in certificates of any officer of the Company or any of the Subsidiaries delivered pursuant to the provisions hereof, to the performance by the Company and the Guarantors of their covenants and other obligations hereunder, and to the following further conditions:

(a) Opinion of Counsel for the Company and the Guarantors. At the Closing Time, the Initial Purchasers shall have received the favorable opinion, dated as of the Closing Time, of Moore & Van Allen PLLC, counsel for the Company and the Guarantors, in form and substance satisfactory to counsel for the Initial Purchasers, together with signed or reproduced copies of



such letters for each of the other Initial Purchasers, to the effect previously agreed to by the parties and to such further effect as counsel for the Initial Purchasers may reasonably request.

(b) *Opinion of Counsel for the Initial Purchasers.* At the Closing Time, the Initial Purchasers shall have received the favorable opinion, dated as of the Closing Time, of Fried, Frank, Harris, Shriver & Jacobson, counsel for the Initial Purchasers, together with signed or reproduced copies of such letter for each of the other Initial Purchasers, with respect to certain matters agreed upon. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York and the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to the Representative. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company, the Guarantors and the Subsidiaries and certificates of public officials.

(c) *Officers' Certificate.* At the Closing Time, (i) the Offering Memorandum, as it may then be amended or supplemented, including any documents incorporated by reference therein, shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) there shall not have been, since the date hereof or since the respective dates as of which information is given in the Offering Memorandum (exclusive of any amendment or supplement thereto on or after the date of this Agreement), any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business; (iii) the Company and the Guarantors shall have complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time; and (iv) the representations and warranties of the Company and the Guarantors in Section 1 shall be accurate and true and correct as though expressly made at and as of the Closing Time. At the Closing Time, the Initial Purchasers shall have received a certificate of the Chief Executive Officer of the Company and the Chief Financial Officer of the Company, and equivalent officials of each Guarantor, dated as of the Closing Time, to such effect.

(d) *Accountants' Letters and Consents.* At the time of the execution of this Agreement, the Initial Purchasers shall have received from Deloitte & Touche LLP a letter, dated such date, in form and substance satisfactory to the Representative and to counsel for the Initial Purchasers, together with signed or reproduced copies of such letters for each of the other Initial Purchasers, containing statements and information of the type ordinarily included in accountants' "comfort letters" to the Initial Purchasers with respect to the financial statements and certain financial information contained in the Offering Memorandum and in the form previously agreed to. At the Closing Time, the Initial Purchasers shall have received from Deloitte & Touche LLP a letter, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to the foregoing sentence in this subsection, except that the specified date referred to shall be a date not more than three business days prior to Closing Time. To the extent an audit report of Deloitte & Touche LLP is included in the Offering Memorandum, such accounting firm shall include either in such letter or in a separate writing a consent to the

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inclusion of its report in the Offering Memorandum and to the reference to it under the caption "Independent Auditors" in the Offering Memorandum.

(e) **Maintenance of Rating.** At the Closing Time, the Securities and the Guarantees shall be rated at least B-2 by Moody's and B+ by S&P, and the Company and the Guarantors shall have delivered to the Representative a letter dated the Closing Time, from each such rating agency, or other evidence satisfactory to the Representative, confirming that the Securities and the Guarantees have such ratings; and since the date of this Agreement, there shall not have occurred a downgrading in the rating assigned to the Securities and the Guarantees or any of the Company's and the Guarantor's other debt securities by any nationally recognized statistical rating organization (as such term is defined by the Commission for purposes of Rule 436(g)(2) under the 1933 Act) and no such securities rating organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Securities and the Guarantees or any of the Company's and the Guarantor's other debt securities.

(f) **PORTAL.** At the Closing Time, the Securities and the Guarantees shall have been designated for trading on PORTAL.

(g) **Chief Financial Officer's Certificate.** At the Closing Time, the Initial Purchasers shall have received a certificate of the principal financial officer of the Company and the Guarantors as to certain agreed upon accounting matters.

(h) **Registration Rights Agreement and Indenture.** The Company and each of the Guarantors shall have duly authorized, executed and delivered the Registration Rights Agreement and the Indenture to the Initial Purchasers in a form and substance satisfactory to the Representative and counsel for the Initial Purchasers.

(i) **Manufacturers' Consents.** The Representative shall have received on or as of the Closing Time, as the case may be, a certificate, in a form and substance satisfactory to the Representative, of two executive officers of the Company certifying that each of the Company and its subsidiaries owns, possesses or has obtained any required consents and approvals from all Manufacturers with respect to the transactions contemplated hereby other than those consents not received as described in the Offering Memorandum, and such consents and approvals, if any, shall be in a form satisfactory to the Representative.

(j) **Lenders' Consents.** Prior to or at the Closing Time, the Company shall have received any required consents under their existing indebtedness for the issuance and sale of the Securities pursuant to the terms of this Agreement and the Indenture in a form previously approved by the Representative and such consent shall be in full force and effect.

(k) **Additional Documents.** At the Closing Time, counsel for the Initial Purchasers shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Securities and the Guarantees as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company and the Guarantors in connection with the issuance and sale of the

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Securities and the Guarantees as herein contemplated shall be satisfactory in form and substance to the Initial Purchasers and counsel for the Initial Purchasers.

(l) Termination of Agreement. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by the Representative by notice to the Company at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) Indemnification of Initial Purchasers. The Company and each of the Guarantors, jointly and severally, agree to indemnify and hold harmless each Initial Purchaser, its affiliates and each person, if any, who controls any Initial Purchaser within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Memorandum or the Offering Memorandum, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Representative), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company or the Guarantors by any Initial Purchaser through Banc of America expressly for use in the Preliminary Offering Memorandum or the Offering Memorandum.

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(b) Indemnification of Company, Guarantors, and Directors. Each Initial Purchaser severally agrees to indemnify and hold harmless the Company, the Guarantors and their directors, and each person, if any, who controls the Company or the Guarantors within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Preliminary Offering Memorandum or the Offering Memorandum in reliance upon and in conformity with written information furnished to the Company or the Guarantors by such Initial Purchasers through Banc of America expressly for use in the Preliminary Offering Memorandum or the Offering Memorandum. The Company hereby acknowledges that the only information that the Initial Purchasers have furnished to the Company expressly for use in the Preliminary Offering Memorandum or the Offering Memorandum are the statements set forth in the second sentence in the paragraph directly below the table under the caption "Plan of Distribution" in the Preliminary Offering Memorandum, and the second sentence in the second paragraph, the second sentence in the third paragraph and the fourth sentence in the sixth paragraph under the caption "Plan of Distribution" in the Final Offering Memorandum.

(c) Actions against Parties; Notification. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) above, counsel to the indemnified parties shall be selected by the Representative, and, in the case of parties indemnified pursuant to Section 6(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) Settlement without Consent if Failure to Reimburse. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party

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for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors on the one hand and the Initial Purchasers on the other hand from the offering of the Securities and the Guarantees pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Guarantors on the one hand and of the Initial Purchasers on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company and the Guarantors on the one hand and the Initial Purchasers on the other hand in connection with the offering of the Securities and the Guarantees pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities and the Guarantees pursuant to this Agreement (before deducting expenses) received by the Company and the Guarantors and the total discounts received by the Initial Purchasers, bear to the aggregate initial offering price of the Securities and the Guarantees.

The relative fault of the Company and the Guarantors on the one hand and the Initial Purchasers on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Guarantors, or by the Initial Purchasers, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Guarantors and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of the losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other fees reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding

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by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Securities (including the Guarantees) purchased by it and distributed to the public were offered to the public exceeds the amount of any damages which such Initial Purchaser has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Initial Purchaser within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Initial Purchaser, and each director of the Company and each Guarantor, and each person, if any, who controls the Company and each Guarantor within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company and each Guarantor. The Initial Purchasers' respective obligations to contribute pursuant to this Section 7 are several in proportion to the principal amount of Securities (including the Guarantees) set forth opposite their respective names in Schedule B hereto and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of the Subsidiaries submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Initial Purchaser, its affiliates or controlling person or by or on behalf of the Company or any Guarantor, and shall survive (i) delivery of the Securities (including the Guarantees) to the Initial Purchasers and (ii) any termination of this Agreement.

SECTION 9. Termination of Agreement.

(a) Termination; General. The Representative may terminate this Agreement, by notice to the Company and the Guarantors, at any time at or prior to the Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Final Offering Memorandum (exclusive of any amendment or supplement thereto, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and the Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there shall have occurred a downgrading in the rating assigned to the Securities or Guarantees or any of the Company's or any Guarantor's other debt securities by any nationally recognized securities rating agency, or if such securities rating agency shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Securities, the Guarantees or any of the Company's or Guarantors' other debt securities or guarantees of

debt securities, or (iii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representative, impracticable or inadvisable to proceed with the offering, sale or delivery of the Securities or the Guarantees or to enforce contracts for the sale of the Securities or the Guarantees, or (iv) if trading in any securities of the Company or any Guarantor has been suspended or materially limited by the Commission or the New York Stock Exchange, or if trading generally on the American Stock Exchange or the New York Stock Exchange or in the Nasdaq National Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority, or (v) the Company shall have sustained a loss by strike, fire, flood, earthquake, accident or other calamity of such character as in the judgment of the Representative may interfere materially with the conduct of the business and operations of the Company regardless of whether or not such loss shall have been insured, or (vi) a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States, or (vii) if a banking moratorium has been declared by either Federal, Delaware or New York authorities.

(b) **Liabilities.** If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

**SECTION 10. Default by One or More of the Initial Purchasers** If one or more of the Initial Purchasers shall fail at Closing Time to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representative shall have the right, but not the obligation, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Initial Purchasers, or any other initial purchasers, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representative shall not have completed such arrangements within such 24-hour period, then

(a) if the number of Defaulted Securities does not exceed 10% of the aggregate principal amount of the Securities to be purchased hereunder, each of the non-defaulting Initial Purchasers shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective obligations hereunder bear to the obligations of all non-defaulting Initial Purchasers, or

(b) if the number of Defaulted Securities exceeds 10% of the aggregate principal amount of the Securities to be purchased hereunder, this Agreement shall terminate without liability on the part of any non-defaulting Initial Purchaser.

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No action taken pursuant to this Section shall relieve any defaulting Initial Purchaser from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement, either the Representative, the Company or the Guarantors shall have the right to postpone the Closing Time for a period not exceeding seven days in order to effect any required changes in the Offering Memorandum or in any other documents or arrangements. As used herein, the term "Initial Purchaser" includes any person substituted for an Initial Purchaser under this Section 10.

SECTION 11. Tax Disclosure. Notwithstanding any other provision of this Agreement, from the commencement of discussions with respect to the transactions contemplated hereby, the Company and the Initial Purchasers (and each employee, representative or other agent of the Company and the Initial Purchasers) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure (as such terms are used in Sections 6011, 6111 and 6112 of the Internal Revenue Code and the Treasury regulations promulgated thereunder) of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided relating to such tax treatment and tax structure.

SECTION 12. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Initial Purchasers shall be directed to (i) the Representative at 9 West 57<sup>th</sup> Street, New York, New York 10019, attention of Joel Van Dusen, with a copy to Fried, Frank, Harris, Shriver & Jacobson, 1 New York Plaza, New York, New York 10004, attention of Stuart H. Gelfond, Esq.; notices to the Company or the Guarantors shall be directed to them at Sonic Automotive, Inc., 6415 Idlewild Road, Suite 109, Charlotte, North Carolina 28212, attention of Theodore Wright; with a copy to Barney Stewart, III, Esq., Moore & Van Allen, PLLC, 100 North Tryon Street, Suite 4700, Charlotte, North Carolina 28202-4003.

SECTION 13. Parties. This Agreement shall inure to the benefit of and be binding upon the Initial Purchasers, the Company and the Guarantors and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Initial Purchasers, the Company and the Guarantors and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Initial Purchasers, the Company and the Guarantors and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities and Guarantees from any Initial Purchaser shall be deemed to be a successor by reason merely of such purchase.



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**SECTION 14. Governing Law and Time. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. SPECIFIED TIMES OF DAY HEREIN REFER TO NEW YORK CITY TIME.**

**SECTION 15. General Provisions.** This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in two or more counterparts, each one of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit.

**SECTION 16. Partial Unenforceability.** The invalidity or unenforceability of any Section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

**SECTION 17. Effect of Headings.** The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Each of the parties hereto acknowledges that it is a sophisticated business person who was adequately represented by counsel during negotiations regarding the provisions hereof, including, without limitation, the indemnification provisions of Section 6 and the contribution provisions of Section 7, and is fully informed regarding said provisions. Each of the parties hereto further acknowledges that the provisions of Sections 6 and 7 hereto fairly allocate the risks in light of the ability of the parties to investigate the Company, its affairs and its business in order to assure that adequate disclosure has been made in Offering Memorandum.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company and the Guarantors a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Initial Purchasers, the Company and the Guarantors in accordance with its terms.

Very truly yours,

SONIC AUTOMOTIVE, INC.

By: /s/ Theodore M. Wright

Name: Theodore M. Wright  
Title: President

ADI OF THE SOUTHEAST LLC  
ARNGAR, INC.  
ANTREV, LLC  
AUTOBAHN, INC.  
AVALON FORD, INC.  
CAPITOL CHEVROLET AND IMPORTS, INC.  
CASA FORD OF HOUSTON, INC.  
COBB PONTIAC CADILLAC, INC.  
FA SERVICE CORPORATION  
FAA AUTO FACTORY, INC.  
FAA BEVERLY HILLS, INC.  
FAA CAPITOL F, INC.  
FAA CAPITOL N, INC.  
FAA CONCORD H, INC.  
FAA CONCORD N, INC.  
FAA CONCORD T, INC.  
FAA DUBLIN N, INC.  
FAA DUBLIN VWD, INC.  
FAA HOLDING CORP.  
FAA LAS VEGAS H, INC.  
FAA MARIN D, INC.  
FAA MARIN F, INC.  
FAA MARIN LR, INC.  
FAA MONTEREY F, INC.  
FAA POWAY D, INC.  
FAA POWAY G, INC.  
FAA POWAY H, INC.  
FAA POWAY T, INC.  
FAA SAN BRUNO, INC.  
FAA SANTA MONICA V, INC.  
FAA SERRAMONTE H, INC.  
FAA SERRAMONTE L, INC.  
FAA SERRAMONTE, INC.  
FAA STEVENS CREEK, INC.  
FAA TORRANCE CPJ, INC.  
FIRSTAMERICA AUTOMOTIVE, INC.

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FORT MILL FORD, INC.  
FORT MYERS COLLISION CENTER, LLC  
FRANCISCAN MOTORS, INC.  
FRANK PARRA AUTOPLEX, INC.  
FREEDOM FORD, INC.  
FRONTIER OLDSMOBILE-CADILLAC, INC.  
HMC FINANCE ALABAMA, INC.  
KRAMER MOTORS INCORPORATED  
L DEALERSHIP GROUP, INC.  
MARCUS DAVID CORPORATION  
MASSEY CADILLAC, INC.  
MASSEY CADILLAC, INC.  
MOUNTAIN STATES MOTORS CO., INC.  
PHILPOTT MOTORS, LTD.  
RIVERSIDE NISSAN, INC.  
ROYAL MOTOR COMPANY, INC.  
SANTA CLARA IMPORTED CARS, INC.  
SMART NISSAN, INC.  
SONIC AGENCY, INC.  
SONIC – ANN ARBOR IMPORTS, INC.  
SONIC AUTOMOTIVE-BONDESEN, INC.  
SONIC AUTOMOTIVE OF CHATTANOOGA,  
LLC  
SONIC AUTOMOTIVE-CLEARWATER, INC.  
SONIC AUTOMOTIVE COLLISION CENTER OF  
CLEARWATER, INC.  
SONIC AUTOMOTIVE F&I, LLC  
SONIC AUTOMOTIVE OF GEORGIA, INC.  
SONIC AUTOMOTIVE OF NASHVILLE, LLC  
SONIC AUTOMOTIVE OF NEVADA, INC.  
SONIC AUTOMOTIVE SERVICING COMPANY,  
LLC  
SONIC AUTOMOTIVE OF TENNESSEE, INC.  
SONIC AUTOMOTIVE OF TEXAS, L.P.  
SONIC AUTOMOTIVE WEST, LLC  
SONIC AUTOMOTIVE-1307 N. DIXIE HWY., NSB,  
INC.  
SONIC AUTOMOTIVE-1400 AUTOMALL DRIVE,  
COLUMBUS, INC.  
SONIC AUTOMOTIVE-1455 AUTOMALL DRIVE,  
COLUMBUS, INC.  
SONIC AUTOMOTIVE-1495 AUTOMALL DRIVE,  
COLUMBUS, INC.  
SONIC AUTOMOTIVE-1500 AUTOMALL DRIVE,  
COLUMBUS, INC.  
SONIC AUTOMOTIVE-1720 MASON AVE., DB,  
INC.  
SONIC AUTOMOTIVE-1720 MASON AVE., DB,  
LLC  
SONIC AUTOMOTIVE-1919 N. DIXIE HWY., NSB,  
INC.  
SONIC AUTOMOTIVE – 21699 U.S. HWY 19 N.,  
INC.  
SONIC AUTOMOTIVE-241 RIDGEWOOD AVE., HH,  
INC.  
SONIC AUTOMOTIVE 2424 LAURENS RD.,

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GREENVILLE, INC.  
SONIC AUTOMOTIVE-2490 SOUTH LEE  
HIGHWAY, LLC  
SONIC AUTOMOTIVE 2752 LAURENS RD.,  
GREENVILLE, INC.  
SONIC AUTOMOTIVE-3401 N. MAIN, TX, L.P.  
SONIC AUTOMOTIVE-3700 WEST BROAD STREET,  
COLUMBUS, INC.  
SONIC AUTOMOTIVE-3741 S. NOVA RD., PO,  
INC.  
SONIC AUTOMOTIVE-4000 WEST BROAD STREET,  
COLUMBUS, INC.  
SONIC AUTOMOTIVE-4701 I-10 EAST, TX, L.P.  
SONIC AUTOMOTIVE-5221 I-10 EAST, TX, L.P.  
SONIC AUTOMOTIVE 5260 PEACHTREE  
INDUSTRIAL BLVD.,  
SONIC AUTOMOTIVE-5585 PEACHTREE  
INDUSTRIAL BLVD., LLC  
SONIC AUTOMOTIVE-6008 N. DALE MABRY, FL,  
INC.  
SONIC AUTOMOTIVE-6025 INTERNATIONAL  
DRIVE, LLC  
SONIC AUTOMOTIVE-9103 E. INDEPENDENCE,  
NC, LLC  
SONIC – 2185 CHAPMAN RD., CHATTANOOGA, LLC  
SONIC – BETHANY H, INC.  
SONIC – BUENA PARK H, INC.  
SONIC – CADILLAC D, L.P.  
SONIC – CALABASAS A, INC.  
SONIC – CALABASAS V, INC.  
SONIC – CAMP FORD, L.P.  
SONIC – CAPITAL CHEVROLET, INC.  
SONIC – CAPITOL CADILLAC, INC.  
SONIC – CAPITOL IMPORTS, INC.  
SONIC – CARROLLTON V, L.P.  
SONIC – CARSON F, INC.  
SONIC – CARSON LM, INC.  
SONIC – CHATTANOOGA D EAST, LLC  
SONIC – CLASSIC DODGE, INC.  
SONIC – CLEAR LAKE VOLKSWAGEN, L.P.  
SONIC – COAST CADILLAC, INC.  
SONIC – CREST CADILLAC, LLC  
SONIC – CREST H, LLC  
SONIC – DENVER T, INC.  
SONIC – DENVER VOLKSWAGEN, INC.  
SONIC DEVELOPMENT, LLC  
SONIC – DOWNEY CADILLAC, INC.  
SONIC – DUBLIN M, INC.  
SONIC – ENGLEWOOD M, INC.  
SONIC ESTORE, INC.  
SONIC – FM AUTOMOTIVE, LLC  
SONIC – FM, INC.

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SONIC – FM VW, INC.  
SONIC – FORT MILL CHRYSLER JEEP, INC.  
SONIC – FORT MILL DODGE, INC.  
SONIC – FORT WORTH T, L.P.  
SONIC – FRANK PARRA AUTOPLEX, L.P.  
SONIC – FREELAND, INC.  
SONIC – GLOBAL IMPORTS, L.P.  
SONIC – GLOVER, INC.  
SONIC – HARBOR CITY H, INC.  
SONIC – HOUSTON V, L.P.  
SONIC – INTEGRITY DODGE LV, LLC  
SONIC – JERSEY VILLAGE VOLKSWAGEN, L.P.  
SONIC – LS, LLC  
SONIC – LS CHEVROLET, L.P.  
SONIC – LAKE NORMAN CHRYLSER JEEP, LLC  
SONIC – LAKE NORMAN DODGE, LLC  
SONIC – LAS VEGAS C EAST, LLC  
SONIC – LAS VEGAS C WEST, LLC  
SONIC – LLOYD NISSAN, INC.  
SONIC – LLOYD PONTIAC – CADILLAC, INC.  
SONIC – LONE TREE CADILLAC, INC.  
SONIC – LUTE RILEY, L. P.  
SONIC – MANHATTAN FAIRFAX, INC.  
SONIC – MANHATTAN WALDORF, INC.  
SONIC – MASSEY CADILLAC, L.P.  
SONIC – MASSEY CHEVROLET, INC.  
SONIC – MASSEY PONTIAC BUICK GMC, INC.  
SONIC – MESQUITE HYUNDAI, L.P.  
SONIC – MONTGOMERY FLM, INC.  
SONIC – NEWSOME CHEVROLET WORLD, INC.  
SONIC – NEWSOME OF FLORENCE, INC.  
SONIC – NORTH CADILLAC, INC.  
SONIC – NORTH CHARLESTON, INC.  
SONIC – NORTH CHARLESTON DODGE, INC.  
SONIC – OKLAHOMA T, INC.  
SONIC – PEACHTREE INDUSTRIAL BLVD., L.P.  
SONIC – PLYMOUTH CADILLAC, INC.  
SONIC – READING, L.P.  
SONIC RESOURCES, INC.  
SONIC – RICHARDSON F, L.P.  
SONIC – RICHMOND VOLKSWAGEN, L.P.  
SONIC – RIVERSIDE, INC.  
SONIC – RIVERSIDE AUTO FACTORY, INC.  
SONIC – ROCKVILLE IMPORTS, INC.  
SONIC – ROCKVILLE MOTORS, INC.  
SONIC – SAM WHITE NISSAN, L.P.  
SONIC – SAM WHITE OLDSMOBILE, L.P.  
SONIC – SANFORD CADILLAC, INC.  
SONIC – SERRAMONTE I, INC.  
SONIC – SHOTTENKIRK, INC.  
SONIC – SOUTH CADILLAC, INC.

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SONIC – STEVENS CREEK B, INC.  
SONIC – STONE MOUNTAIN CHEVROLET, L.P.  
SONIC – SUPERIOR OLDSMOBILE, LLC  
SONIC OF TEXAS, INC.  
SONIC – UNIVERSITY PARK A, L.P.  
SONIC – VOLVO LV, LLC  
SONIC – WEST COVINA T, INC.  
SONIC – WEST RENO CHEVROLET, INC.  
SONIC – WILLIAMS BUICK, INC.  
SONIC – WILLIAMS CADILLAC, INC.  
SONIC – WILLIAMS IMPORTS, INC.  
SONIC – WILLIAMS MOTORS, LLC  
SPEEDWAY CHEVROLET, INC.  
STEVENS CREEK CADILLAC, INC.  
TOWN AND COUNTRY FORD, INCORPORATED  
TOWN AND COUNTRY FORD OF CLEVELAND, LLC  
TOWN AND COUNTRY JAGUAR, LLC  
TRANSCAR LEASING, INC.  
VILLAGE IMPORTED CARS, INC.  
WINDWARD, INC.  
WRANGLER INVESTMENTS, INC.  
Z MANAGEMENT, INC.  
SRE ALABAMA – 2, LLC  
SRE ALABAMA – 3, LLC  
SRE ALABAMA – 4, LLC  
SRE ALABAMA – 5, LLC  
SREALESTATE ARIZONA – 1, LLC  
SREALESTATE ARIZONA – 2, LLC  
SREALESTATE ARIZONA – 3, LLC  
SREALESTATE ARIZONA – 4, LLC  
SREALESTATE ARIZONA – 5, LLC  
SREALESTATE ARIZONA – 6, LLC  
SREALESTATE ARIZONA – 7, LLC  
SRE CALIFORNIA – 1, LLC  
SRE CALIFORNIA – 2, LLC  
SRE CALIFORNIA – 3, LLC  
SRE CALIFORNIA – 4, LLC  
SRE CALIFORNIA – 5, LLC  
SRE CALIFORNIA – 6, LLC  
SRE COLORADO – 1, LLC  
SRE COLORADO – 2, LLC  
SRE COLORADO – 3, LLC  
SRE FLORIDA – 1, LLC  
SRE FLORIDA – 2, LLC  
SRE FLORIDA – 3, LLC  
SRE GEORGIA – 1, L.P.  
SRE GEORGIA – 2, L.P.  
SRE GEORGIA – 3, L.P.  
SRE HOLDING, LLC  
SRE MARYLAND – 1, LLC  
SRE MARYLAND – 2, LLC

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SRE MICHIGAN – 1, LLC  
SRE MICHIGAN – 2, LLC  
SRE MICHIGAN – 3, LLC  
SRE NEVADA – 1, LLC  
SRE NEVADA – 2, LLC  
SRE NEVADA – 3, LLC  
SRE NEVADA – 4, LLC  
SRE NEVADA – 5, LLC  
SRE NORTH CAROLINA – 1, LLC  
SRE NORTH CAROLINA – 2, LLC  
SRE NORTH CAROLINA – 3, LLC  
SRE OKLAHOMA – 1, LLC  
SRE OKLAHOMA – 2, LLC  
SRE OKLAHOMA – 3, LLC  
SRE OKLAHOMA – 4, LLC  
SRE OKLAHOMA – 5, LLC  
SRE SOUTH CAROLINA – 2, LLC  
SRE SOUTH CAROLINA – 3, LLC  
SRE SOUTH CAROLINA – 4, LLC  
SRE TENNESSEE – 1, LLC  
SRE TENNESSEE – 2, LLC  
SRE TENNESSEE – 3, LLC  
SRE TENNESSEE – 4, LLC  
SRE TENNESSEE – 5, LLC  
SRE TENNESSEE – 6, LLC  
SRE TENNESSEE – 7, LLC  
SRE TENNESSEE – 8, LLC  
SRE TENNESSEE – 9, LLC  
SRE TEXAS – 1, L.P.  
SRE TEXAS – 2, L.P.  
SRE TEXAS – 3, L.P.  
SRE TEXAS – 4, L.P.  
SRE TEXAS – 5, L.P.  
SRE TEXAS – 6, L.P.  
SRE TEXAS – 7, L.P.  
SRE TEXAS – 8, L.P.  
SRE VIRGINIA – 1, LLC  
SRE VIRGINIA – 2, LLC

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By: /s/ Theodore M. Wright

Name: Theodore M. Wright

Title: Vice President



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CONFIRMED AND ACCEPTED,  
as of the date first above written:

BANC OF AMERICA SECURITIES LLC  
J.P. MORGAN SECURITIES INC.  
MERRILL LYNCH & CO.  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

By: BANC OF AMERICA SECURITIES LLC

By: /s/ James G. Rose, Jr.  
James G. Rose, Jr.  
Managing Director

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## SCHEDULE A

### Subsidiaries which are Guarantors

ADI OF THE SOUTHEAST LLC (a South Carolina limited liability company)  
ARNGAR, INC. (a North Carolina corporation)  
ANTREV, LLC (a North Carolina limited liability company)  
AUTOBAHN, INC. (a California corporation)  
AVALON FORD, INC. (a Delaware corporation)  
CAPITOL CHEVROLET AND IMPORTS, INC. (an Alabama corporation)  
CASA FORD OF HOUSTON, INC. (a Texas corporation)  
COBB PONTIAC CADILLAC, INC. (an Alabama corporation)  
FA SERVICE CORPORATION (a California corporation)  
FAA AUTO FACTORY, INC. (a California corporation)  
FAA BEVERLY HILLS, INC. (a California corporation)  
FAA CAPITOL F, INC. (a California corporation)  
FAA CAPITOL N, INC. (a California corporation)  
FAA CONCORD H, INC. (a California corporation)  
FAA CONCORD N, INC. (a California corporation)  
FAA CONCORD T, INC. (a California corporation)  
FAA DUBLIN N, INC. (a California corporation)  
FAA DUBLIN VWD, INC. (a California corporation)  
FAA HOLDING CORP. (a California corporation)  
FAA LAS VEGAS H, INC. (a Nevada corporation)  
FAA MARIN D, INC. (a California corporation)  
FAA MARIN F, INC. (a California corporation)  
FAA MARIN LR, INC. (a California corporation)  
FAA MONTEREY F, INC. (a California corporation)  
FAA POWAY D, INC. (a California corporation)  
FAA POWAY G, INC. (a California corporation)  
FAA POWAY H, INC. (a California corporation)  
FAA POWAY T, INC. (a California corporation)  
FAA SAN BRUNO, INC. (a California corporation)  
FAA SANTA MONICA V, INC. (a California corporation)  
FAA SERRAMONTE H, INC. (a California corporation)  
FAA SERRAMONTE L, INC. (a California corporation)  
FAA SERRAMONTE, INC. (a California corporation)  
FAA STEVENS CREEK, INC. (a California corporation)  
FAA TORRANCE CPJ, INC. (a California corporation)  
FIRSTAMERICA AUTOMOTIVE, INC. (a Delaware corporation)  
FORT MILL FORD, INC. (a South Carolina corporation)  
FORT MYERS COLLISION CENTER, LLC (a Florida limited liability company)  
FRANCISCAN MOTORS, INC. (a California corporation)  
FRANK PARRA AUTOPLEX, INC. (a Texas corporation)  
FREEDOM FORD, INC. (a Florida corporation)  
FRONTIER OLDSMOBILE-CADILLAC, INC. (a North Carolina corporation)  
HMC FINANCE ALABAMA, INC. (an Alabama corporation)  
KRAMER MOTORS INCORPORATED (a California corporation)  
L DEALERSHIP GROUP, INC. (a Texas corporation)  
MARCUS DAVID CORPORATION (a North Carolina corporation)

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MASSEY CADILLAC, INC. (a Tennessee corporation)  
MASSEY CADILLAC, INC. (a Texas corporation)  
MOUNTAIN STATES MOTORS CO., INC. (a Colorado corporation)  
PHILPOTT MOTORS, LTD. (a Texas limited partnership)  
RIVERSIDE NISSAN, INC. (an Oklahoma corporation)  
ROYAL MOTOR COMPANY, INC. (an Alabama corporation)  
SANTA CLARA IMPORTED CARS, INC. (a California corporation)  
SMART NISSAN, INC. (a California corporation)  
SONIC AGENCY, INC. (a Michigan corporation)  
SONIC – ANN ARBOR IMPORTS, INC. (a Michigan corporation)  
SONIC AUTOMOTIVE – BONDESEN, INC. (a Florida corporation)  
SONIC AUTOMOTIVE OF CHATTANOOGA, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE-CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE COLLISION CENTER OF CLEARWATER, INC. (a Florida corporation)  
SONIC AUTOMOTIVE F&I, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE OF GEORGIA, INC. (a Georgia corporation)  
SONIC AUTOMOTIVE OF NASHVILLE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE OF NEVADA, INC. (a Nevada corporation)  
SONIC AUTOMOTIVE SERVICING COMPANY, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE OF TENNESSEE, INC. (a Tennessee corporation)  
SONIC AUTOMOTIVE OF TEXAS, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE WEST, LLC (a Nevada limited liability company)  
SONIC AUTOMOTIVE – 1307 N. DIXIE HWY., NSB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-1400 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1455 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1495 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE-1500 AUTOMALL DRIVE, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE – 1720 MASON AVE., DB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE – 1720 MASON AVE., DB, LLC (a Florida limited liability company)  
SONIC AUTOMOTIVE – 1919 N. DIXIE HWY., NSB, INC. (a Florida corporation)  
SONIC AUTOMOTIVE – 21699 U.S. HWY 19 N., INC. (a Florida corporation)  
SONIC AUTOMOTIVE – 241 RIDGEWOOD AVE., HH, INC. (a Florida corporation)  
SONIC AUTOMOTIVE 2424 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE – 2490 SOUTH LEE HIGHWAY, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE 2752 LAURENS RD., GREENVILLE, INC. (a South Carolina corporation)  
SONIC AUTOMOTIVE – 3401 N. MAIN, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE-3700 WEST BROAD STREET, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE – 3741 S. NOVA RD., PO, INC. (a Florida corporation)  
SONIC AUTOMOTIVE-4000 WEST BROAD STREET, COLUMBUS, INC. (an Ohio corporation)  
SONIC AUTOMOTIVE – 4701 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE – 5221 I-10 EAST, TX, L.P. (a Texas limited partnership)  
SONIC AUTOMOTIVE 5260 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia limited liability company)  
SONIC AUTOMOTIVE – 5585 PEACHTREE INDUSTRIAL BLVD., LLC (a Georgia limited liability company)

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SONIC AUTOMOTIVE – 6008 N. DALE MABRY, FL, INC. (a Florida corporation)  
SONIC AUTOMOTIVE – 6025 INTERNATIONAL DRIVE, LLC (a Tennessee limited liability company)  
SONIC AUTOMOTIVE – 9103 E. INDEPENDENCE, NC, LLC (a North Carolina limited liability company)  
SONIC – 2185 CHAPMAN RD., CHATTANOOGA, LLC (a Tennessee limited liability company)  
SONIC – BETHANY H, INC. (an Oklahoma corporation)  
SONIC – BUENA PARK H, INC. (a California corporation)  
SONIC – CADILLAC D, L.P. (a Texas limited partnership)  
SONIC – CALABASAS A, INC. (a California corporation)  
SONIC – CALABASAS V, INC. (a California corporation)  
SONIC – CAMP FORD, L.P. (a Texas limited partnership)  
SONIC – CAPITAL CHEVROLET, INC. (an Ohio corporation)  
SONIC – CAPITOL CADILLAC, INC. (a Michigan corporation)  
SONIC – CAPITOL IMPORTS, INC. (a South Carolina corporation)  
SONIC – CARROLLTON V, L.P. (a Texas limited partnership)  
SONIC – CARSON F, INC. (a California corporation)  
SONIC – CARSON LM, INC. (a California corporation)  
SONIC – CHATTANOOGA D EAST, LLC (a Tennessee limited liability company)  
SONIC – CLASSIC DODGE, INC. (an Alabama corporation)  
SONIC – CLEAR LAKE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC – COAST CADILLAC, INC. (a California corporation)  
SONIC – CREST CADILLAC, LLC (a Tennessee limited liability company)  
SONIC – CREST H, LLC (a Tennessee limited liability company)  
SONIC – DENVER T, INC. (a Colorado corporation)  
SONIC – DENVER VOLKSWAGEN, INC. (a Colorado corporation)  
SONIC DEVELOPMENT, LLC (a North Carolina limited liability company)  
SONIC – DOWNEY CADILLAC, INC. (a California corporation)  
SONIC – DUBLIN M, INC. (a California corporation)  
SONIC – ENGLEWOOD M, INC. (a Colorado corporation)  
SONIC ESTORE, INC. (a North Carolina corporation)  
SONIC – FM AUTOMOTIVE, LLC (a Florida limited liability company)  
SONIC – FM, INC. (a Florida corporation)  
SONIC – FM VW, INC. (a Florida corporation)  
SONIC – FORT MILL CHRYSLER JEEP, INC. (a South Carolina corporation)  
SONIC – FORT MILL DODGE, INC. (a South Carolina corporation)  
SONIC – FORT WORTH T, L.P. (a Texas limited partnership)  
SONIC – FRANK PARRA AUTOPLEX, L.P. (a Texas limited partnership)  
SONIC – FREELAND, INC. (a Florida corporation)  
SONIC – GLOBAL IMPORTS, L.P. (a Georgia limited partnership)  
SONIC-GLOVER, INC. (an Oklahoma corporation)  
SONIC – HARBOR CITY H, INC. (a California corporation)  
SONIC – HOUSTON V, L.P. (a Texas limited partnership)  
SONIC – INTEGRITY DODGE LV, LLC (a Nevada limited liability company)  
SONIC – JERSEY VILLAGE VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC – LS, LLC (a Delaware limited liability company)  
SONIC – LS CHEVROLET, L.P. (a Texas limited partnership)  
SONIC – LAKE NORMAN CHRYLSEER JEEP, LLC (a North Carolina limited liability company)  
SONIC – LAKE NORMAN DODGE, LLC (a North Carolina limited liability company)

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SONIC – LAS VEGAS C EAST, LLC (a Nevada limited liability company)  
SONIC – LAS VEGAS C WEST, LLC (a Nevada limited liability company)  
SONIC – LLOYD NISSAN, INC. (a Florida corporation)  
SONIC – LLOYD PONTIAC – CADILLAC, INC. (a Florida corporation)  
SONIC – LONE TREE CADILLAC, INC. (a Colorado corporation)  
SONIC – LUTE RILEY, L. P. (a Texas limited partnership)  
SONIC – MANHATTAN FAIRFAX, INC. (a Virginia corporation)  
SONIC – MANHATTAN WALDORF, INC. (a Maryland corporation)  
SONIC – MASSEY CADILLAC, L.P. (a Texas limited partnership)  
SONIC – MASSEY CHEVROLET, INC. (a California corporation)  
SONIC – MASSEY PONTIAC BUICK GMC, INC. (a Colorado corporation)  
SONIC – MESQUITE HYUNDAI, L.P. (a Texas limited partnership)  
SONIC – MONTGOMERY FLM, INC. (an Alabama corporation)  
SONIC – NEWSOME CHEVROLET WORLD, INC. (a South Carolina corporation)  
SONIC – NEWSOME OF FLORENCE, INC. (a South Carolina corporation)  
SONIC – NORTH CADILLAC, INC. (a Florida corporation)  
SONIC – NORTH CHARLESTON, INC. (a South Carolina corporation)  
SONIC – NORTH CHARLESTON DODGE, INC. (a South Carolina corporation)  
SONIC – OKLAHOMA T, INC. (an Oklahoma corporation)  
SONIC PEACHTREE INDUSTRIAL BLVD., L.P. (a Georgia limited partnership)  
SONIC – PLYMOUTH CADILLAC, INC. (a Michigan corporation)  
SONIC – READING, L.P. (a Texas limited partnership)  
SONIC RESOURCES, INC. (a Nevada corporation)  
SONIC – RICHARDSON F, L.P. (a Texas limited partnership)  
SONIC – RICHMOND VOLKSWAGEN, L.P. (a Texas limited partnership)  
SONIC-RIVERSIDE, INC. (an Oklahoma corporation)  
SONIC – RIVERSIDE AUTO FACTORY, INC. (an Oklahoma corporation)  
SONIC – ROCKVILLE IMPORTS, INC. (a Maryland corporation)  
SONIC – ROCKVILLE MOTORS, INC. (a Maryland corporation)  
SONIC – SAM WHITE NISSAN, L.P. (a Texas limited partnership)  
SONIC – SAM WHITE OLDSMOBILE, L.P. (a Texas limited partnership)  
SONIC – SANFORD CADILLAC, INC. (a Florida corporation)  
SONIC – SERRAMONTE I, INC. (a California corporation)  
SONIC – SHOTTENKIRK, INC. (a Florida corporation)  
SONIC – SOUTH CADILLAC, INC. (a Florida corporation)  
SONIC – STEVENS CREEK B, INC. (a California corporation)  
SONIC – STONE MOUNTAIN CHEVROLET, L.P. (a Georgia limited partnership)  
SONIC – SUPERIOR OLDSMOBILE, LLC (a Tennessee limited liability company)  
SONIC OF TEXAS, INC. (a Texas corporation)  
SONIC – UNIVERSITY PARK A, L.P. (a Texas limited partnership)  
SONIC-VOLVO LV, LLC (a Nevada limited liability company)  
SONIC – WEST COVINA T, INC. (a California corporation)  
SONIC – WEST RENO CHEVROLET, INC. (an Oklahoma corporation)  
SONIC – WILLIAMS BUICK, INC. (an Alabama corporation)  
SONIC – WILLIAMS CADILLAC, INC. (an Alabama corporation)  
SONIC – WILLIAMS IMPORTS, INC. (an Alabama corporation)  
SONIC – WILLIAMS MOTORS, LLC (an Alabama limited liability company)  
SPEEDWAY CHEVROLET, INC. (an Oklahoma corporation)  
STEVENS CREEK CADILLAC, INC. (a California corporation)  
TOWN AND COUNTRY FORD, INCORPORATED (a North Carolina corporation)

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TOWN AND COUNTRY FORD OF CLEVELAND, LLC (a Tennessee limited liability company)  
TOWN AND COUNTRY JAGUAR, LLC (a Tennessee limited liability company)  
TRANSCAR LEASING, INC. (a California corporation)  
VILLAGE IMPORTED CARS, INC. (a Maryland corporation)  
WINDWARD, INC. (a Hawaii corporation)  
WRANGLER INVESTMENTS, INC. (an Oklahoma corporation)  
Z MANAGEMENT, INC. (a Colorado corporation)  
SRE ALABAMA – 2, LLC (an Alabama limited liability company)  
SRE ALABAMA – 3, LLC (an Alabama limited liability company)  
SRE ALABAMA – 4, LLC (an Alabama limited liability company)  
SRE ALABAMA – 5, LLC (an Alabama limited liability company)  
SREALESTATE ARIZONA – 1, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 2, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 3, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 4, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 5, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 6, LLC (an Arizona limited liability company)  
SREALESTATE ARIZONA – 7, LLC (an Arizona limited liability company)  
SRE CALIFORNIA – 1, LLC (a California limited liability company)  
SRE CALIFORNIA – 2, LLC (a California limited liability company)  
SRE CALIFORNIA – 3, LLC (a California limited liability company)  
SRE CALIFORNIA – 4, LLC (a California limited liability company)  
SRE CALIFORNIA – 5, LLC (a California limited liability company)  
SRE CALIFORNIA – 6, LLC (a California limited liability company)  
SRE COLORADO – 1, LLC (a Colorado limited liability company)  
SRE COLORADO – 2, LLC (a Colorado limited liability company)  
SRE COLORADO – 3, LLC (a Colorado limited liability company)  
SRE FLORIDA – 1, LLC (a Florida limited liability company)  
SRE FLORIDA – 2, LLC (a Florida limited liability company)  
SRE FLORIDA – 3, LLC (a Florida limited liability company)  
SRE GEORGIA – 1, L.P. (a Georgia limited partnership)  
SRE GEORGIA – 2, L.P. (a Georgia limited partnership)  
SRE GEORGIA – 3, L.P. (a Georgia limited partnership)  
SRE HOLDING, LLC (a North Carolina limited liability company)  
SRE MARYLAND – 1, LLC (a Maryland limited liability company)  
SRE MARYLAND – 2, LLC (a Maryland limited liability company)  
SRE MICHIGAN – 1, LLC (a Michigan limited liability company)  
SRE MICHIGAN – 2, LLC (a Michigan limited liability company)  
SRE MICHIGAN – 3, LLC (a Michigan limited liability company)  
SRE NEVADA – 1, LLC (a Nevada limited liability company)  
SRE NEVADA – 2, LLC (a Nevada limited liability company)  
SRE NEVADA – 3, LLC (a Nevada limited liability company)  
SRE NEVADA – 4, LLC (a Nevada limited liability company)  
SRE NEVADA – 5, LLC (a Nevada limited liability company)  
SRE NORTH CAROLINA – 1, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA – 2, LLC (a North Carolina limited liability company)  
SRE NORTH CAROLINA – 3, LLC (a North Carolina limited liability company)  
SRE OKLAHOMA – 1, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 2, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 3, LLC (an Oklahoma limited liability company)

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SRE OKLAHOMA – 4, LLC (an Oklahoma limited liability company)  
SRE OKLAHOMA – 5, LLC (an Oklahoma limited liability company)  
SRE SOUTH CAROLINA – 2, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA – 3, LLC (a South Carolina limited liability company)  
SRE SOUTH CAROLINA – 4, LLC (a South Carolina limited liability company)  
SRE TENNESSEE – 1, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 2, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 3, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 4, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 5, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 6, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 7, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 8, LLC (a Tennessee limited liability company)  
SRE TENNESSEE – 9, LLC (a Tennessee limited liability company)  
SRE TEXAS – 1, L.P. (a Texas limited partnership)  
SRE TEXAS – 2, L.P. (a Texas limited partnership)  
SRE TEXAS – 3, L.P. (a Texas limited partnership)  
SRE TEXAS – 4, L.P. (a Texas limited partnership)  
SRE TEXAS – 5, L.P. (a Texas limited partnership)  
SRE TEXAS – 6, L.P. (a Texas limited partnership)  
SRE TEXAS – 7, L.P. (a Texas limited partnership)  
SRE TEXAS – 8, L.P. (a Texas limited partnership)  
SRE VIRGINIA – 1, LLC (a Virginia limited liability company)  
SRE VIRGINIA – 2, LLC (a Virginia limited liability company)

[Letterhead of Moore &amp; Van Allen]

## FORM OF OPINION

October , 2003

Board of Directors  
Sonic Automotive, Inc.  
5401 East Independence Boulevard  
Charlotte, North Carolina 28212

Dear Sirs:

We are acting as counsel to Sonic Automotive, Inc., a Delaware corporation (the "Company") and its subsidiaries, as guarantors (the "Guarantors" and, collectively with the Company, the "Issuers"), in connection with the preparation, execution, filing and processing with the Securities and Exchange Commission (the "Commission"), pursuant to the Securities Act of 1933, as amended (the "Act"), of a Registration Statement on Form S-4 (Reg. No. and Nos. through ) (as amended through the date hereof, the "Registration Statement"). This opinion is furnished to you for filing with the Commission pursuant to Item 601(b)(5) of Regulation S-K promulgated under the Act.

The Registration Statement covers the proposed offer to exchange (the "Exchange Offer") by the Company of its \$200,000,000 aggregate principal amount of 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013, Series B (the "Exchange Notes") and the guarantees (the "Guarantees" and, collectively with the Exchange Notes, the "Securities") by the Guarantors of the Company's obligations under the Exchange Notes, for any and all of the Company's \$200,000,000 aggregate principal amount of 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013, Series A (the "Old Notes") currently outstanding and the guarantees by the Guarantors of the Company's obligations thereunder.

In our representation of the Company and the Guarantors, we have examined (i) the Registration Statement, (ii) the Company's Certificate of Incorporation and Bylaws, each as amended to date, (iii) each of the Guarantors' respective Articles of Incorporation or Organization, as the case may be, and Bylaws, Operating Agreement or Limited Partnership Agreement, as the case may be, all as amended to date, (iv) all actions of the Company's Board of Directors recorded in the Company's minute book relating to the authorization, issuance, execution and delivery of the Indenture (as defined below) and the Securities, (v) all actions of the Guarantors' respective Board of Directors, Board of Governors, Managers or General Partners, as the case may be, recorded in the respective Guarantors' minute books relating to the authorization, issuance, execution and delivery of the Indenture (as defined below) and the Securities, (vi) each form of Old Note, (vii) the form of Exchange Note, (viii) the form of Guarantees, (ix) the Indenture dated as of August 12, 2003 (the "Indenture") between the Issuers and U.S. Bank National Association, as trustee (the "Trustee"), under which the Old Notes with the related Guarantees were issued and the Exchange Notes with the related Guarantees will be issued and (x) such other documents as we have considered necessary for purposes of rendering the opinions expressed below.



Based upon the foregoing, we are of the following opinion:

When (1) the Indenture, under which the Securities will be issued, has been qualified under the Trust Indenture Act of 1939, as amended, (2) the Exchange Notes have been executed by the Company and the related Guarantees have been executed by each of the Guarantors and (3) the Securities have been delivered in exchange for the Old Notes and the guarantees endorsed thereon in the manner stated in the Registration Statement and the Indenture, the Securities will be validly issued, fully paid and non-assessable, and will be binding obligations of the Company (in the case of the Exchange Notes) and the Guarantors (in the case of the Guarantees), except as may be limited by: (a) the effect of bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to or affecting the rights or remedies of creditors; (b) the effect of general principles of equity, whether enforcement is considered in a proceeding in equity or at law, and the discretion of the court before which any proceeding therefor may be brought; and (c) the unenforceability under certain circumstances, as contrary to public policy, under law or court decisions of provisions providing for the indemnification or exculpation of, or contribution to, a party.

We express no opinion as to the validity, binding effect or enforceability of any provision of the Exchange Notes or the Guarantees: (1) relating to indemnification or contribution; (2) containing any purported waiver, release, variation, disclaimer, consent or other agreement of similar effect (all of the foregoing, a "Waiver") by the Company or any Guarantor under any of such agreements to the extent limited by provisions of applicable law (including judicial decisions), or to the extent that such a Waiver applies to a right, claim, duty, defense or ground for discharge otherwise existing or occurring as a matter of law (including judicial decisions), except to the extent that such a Waiver is effective under, and is not prohibited by or void or invalid under provisions of applicable law (including judicial decisions), or any Waiver in the Guarantee insofar as it relates to causes or circumstances that would operate as a discharge or release of, or defense available to the Guarantors thereunder as a matter of law (including judicial decisions), except to the extent such Waiver is effective under and is not prohibited by or void or invalid under applicable law (including judicial decisions); (3) relating to choice of governing law to the extent that the validity, binding effect or enforceability of any such provision is to be determined by any court other than a court of the State of New York or a federal district court sitting in the State of New York and applying the law of the State of New York; (4) specifying that provisions thereof may be waived only in writing, to the extent that an oral agreement or an implied agreement by trade practice or course of conduct has been created that modifies any provision of such agreement; and (5) purporting to give any person or entity the power to accelerate obligations without any notice to the obligor.

In addition to the foregoing, our opinions expressed herein are subject to the following qualifications: (1) provisions in the Guarantees that provide the Guarantors' liability thereunder shall not be affected by actions or failures to act on the part of the holders or the Trustee or by amendments or waivers of provisions of documents governing the guaranteed obligations might not be enforceable under circumstances and in the event of actions that change the essential nature of the terms and conditions of the guaranteed obligations; (2) we express no opinion as to whether the Guarantee would be deemed by a court of competent jurisdiction to be within the authorized corporate power of any Guarantor; and (3) we have assumed consideration that is fair and sufficient to support the agreements of each Guarantor under the Guarantee has been, and would be deemed by a court of competent jurisdiction to have been, duly received by each Guarantor.

The opinions expressed herein are limited to matters governed by the laws of the States of North Carolina and New York, the General Corporation Law of the State of Delaware, the Act and the applicable business corporation, limited liability company or limited partnership laws of the States of Alabama, Arizona, California, Colorado, Delaware, Florida, Georgia, Hawaii, Maryland, Michigan, Nevada, Ohio, Oklahoma, South Carolina, Tennessee, Texas and Virginia. We do not purport to be expert with respect to the laws of the States of Alabama, Arizona, California, Colorado, Delaware, Florida, Georgia, Hawaii, Maryland, Michigan, Nevada, Ohio, Oklahoma, Tennessee, Texas and Virginia and our opinions with respect to the laws of such states are based solely upon our reading of the texts of the relevant corporate, limited liability company and limited partnership statutes.

We hereby consent to the use of this opinion letter as Exhibit 5.1 to the Registration Statement and to the use of our name under the heading "Legal Matters" in the related prospectus. In giving this consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

Sonic Automotive, Inc.  
Exhibit 12.1

	Year Ended December 31,					Six Months Ended June 30,	
	1998	1999	2000	(dollars in thousands) 2001	2002	2002	2003
Fixed charges:							
Interest expense, other	9,093	21,041	40,761	34,595	38,634	17,621	19,649
Rent expense (interest factor)	2,543	6,909	15,522	18,717	22,244	10,499	12,393
Total fixed charges	11,636	27,950	56,283	53,312	60,878	28,120	32,042
Income from continuing operations before income taxes and cumulative effect of change in accounting principle	22,982	65,068	114,192	131,095	176,986	87,890	71,751
Income from continuing operations before income taxes and cumulative effect of change in accounting principle & fixed charges	34,618	93,018	170,475	184,407	237,864	116,010	103,793
Ratio of earnings to fixed charges	3.0x	3.3x	3.0x	3.5x	3.9x	4.1x	3.2x

**INDEPENDENT AUDITORS' CONSENT**

We consent to the incorporation by reference in the following Registration Statements of Sonic Automotive, Inc.:

- Registration Statement No. 333-82615 on Form S-3;
- Registration Statement No. 333-81059 on Form S-8;
- Registration Statement No. 333-81053 on Form S-8;
- Registration Statement No. 333-71803 on Form S-3;
- Registration Statement No. 333-69907 on Form S-8;
- Registration Statement No. 333-69899 on Form S-8;
- Registration Statement No. 333-68183 on Form S-3;
- Registration Statement No. 333-65447 on Form S-8;
- Registration Statement No. 333-49113 on Form S-8;
- Registration Statement No. 333-96023 on Form S-3;
- Registration Statement No. 333-51978 on Form S-4;
- Registration Statement No. 333-50430 on Form S-3;
- Post-Effective Amendment No. 2 to the Registration Statement No. 333-69901 on Form S-8;
- Post-Effective Amendment No. 1 to the Registration Statement No. 333-95791 on Form S-8;
- Post-Effective Amendment No. 1 to the Registration Statement No. 333-46272 on Form S-8;
- Post-Effective Amendment No. 1 to the Registration Statement No. 333-46274 on Form S-8;
- Amendment No. 1 to the Registration Statement No. 333-75220 and Nos. 333-75220-01 through 333-75220-12 on Form S-4;
- Amendment No. 3 to the Registration Statement No. 333-86672 and Nos. 333-86672-01 through 333-86672-216 on Form S-3;
- Registration Statement No. 333-102052 on Form S-8; and
- Registration Statement No. 333-102053 on Form S-8,

of our report dated February 24, 2003 (October 2, 2003 as to the fourth and fifth paragraphs of Note 1), (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, and No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), incorporated by reference in this Registration Statement of Sonic Automotive, Inc. dated October 2, 2003.

We also consent to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina  
October 2, 2003

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM T-1**

**STATEMENT OF ELIGIBILITY UNDER  
THE TRUST INDENTURE ACT OF 1939 OF A  
CORPORATION DESIGNATED TO ACT AS TRUSTEE**

Check if an Application to Determine Eligibility of  
a Trustee Pursuant to Section 305(b)(2)

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**U.S. BANK NATIONAL ASSOCIATION**

(Exact name of Trustee as specified in its charter)

**31-0841368**

I.R.S. Employer Identification No.

**60 Livingston Avenue  
St. Paul, Minnesota**  
(Address of principal executive offices)

**55107**  
(Zip Code)

**Richard Prokosch  
U.S. Bank National Association  
60 Livingston Avenue  
St. Paul, MN 55107  
(651) 495-3918**

(Name, address and telephone number of agent for service)

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**Sonic Automotive, Inc.**

(Issuer with respect to the Securities)

**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**56-2010790**  
(I.R.S. Employer  
Identification No.)

**5401 East Independence Boulevard  
P.O. Box 18747  
Charlotte, North Carolina**  
Address of Principal Executive Offices)

**28212**  
(Zip Code)

**8-<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2013, Series B  
Guarantees of 8-<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2013, Series B**  
(Title of the Indenture Securities)

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**FORM T-1**

**Item 1.**        **GENERAL INFORMATION.** Furnish the following information as to the Trustee.

- a)    *Name and address of each examining or supervising authority to which it is subject.*  
          Comptroller of the Currency  
          Washington, D.C.
- b)    *Whether it is authorized to exercise corporate trust powers.*  
          Yes

**Item 2.**        **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*  
          None

**Items 3-15**    *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

**Item 16.**        **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

- 1.    A copy of the Articles of Association of the Trustee.\*
- 2.    A copy of the certificate of authority of the Trustee to commence business.\*
- 3.    A copy of the certificate of authority of the Trustee to exercise corporate trust powers.\*
- 4.    A copy of the existing bylaws of the Trustee.\*
- 5.    A copy of each Indenture referred to in Item 4. Not applicable.
- 6.    The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
- 7.    Report of Condition of the Trustee as of June 30, 2003, published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

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\*        Incorporated by reference to Registration Number 333-67188.

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**NOTE**

The answers to this statement insofar as such answers relate to what persons have been underwriters for any securities of the obligors within three years prior to the date of filing this statement, or what persons are owners of 10% or more of the voting securities of the obligors, or affiliates, are based upon information furnished to the Trustee by the obligors. While the Trustee has no reason to doubt the accuracy of any such information, it cannot accept any responsibility therefor.

**SIGNATURE**

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of St. Paul, State of Minnesota on the 25th day of September, 2003.

**U.S. BANK NATIONAL ASSOCIATION**

By: /s/ Richard Prokosch

\_\_\_\_\_  
Richard Prokosch  
Vice President

By: /s/ Benjamin J. Kreuger

\_\_\_\_\_  
Benjamin J. Kreuger  
Trust Officer

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**Exhibit 6**  
**CONSENT**

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: September 25, 2003

**U.S. BANK NATIONAL ASSOCIATION**

By: /s/ Richard Prokosch

\_\_\_\_\_  
Richard Prokosch  
Vice President

By: /s/ Benjamin J. Kreuger

\_\_\_\_\_  
Benjamin J. Kreuger  
Trust Officer



**Exhibit 7**  
**U.S. Bank National Association**  
**Statement of Financial Condition**  
**As of 6/30/2003**  
(\$000's)

	6/30/2003
<b>Assets</b>	
Cash and Due From Depository Institutions	\$ 11,987,100
Federal Reserve Stock	0
Securities	35,336,411
Federal Funds	4,955,134
Loans & Lease Financing Receivables	118,648,100
Fixed Assets	1,864,465
Intangible Assets	9,999,520
Other Assets	8,735,830
	<b>\$ 191,526,560</b>
<b>Liabilities</b>	
Deposits	\$ 132,461,590
Fed Funds	5,061,915
Treasury Demand Notes	0
Trading Liabilities	303,140
Other Borrowed Money	20,320,775
Acceptances	150,586
Subordinated Notes and Debentures	6,326,523
Other Liabilities	5,864,946
	<b>\$ 170,489,475</b>
<b>Equity</b>	
Minority Interest in Subsidiaries	\$ 999,216
Common and Preferred Stock	18,200
Surplus	11,015,123
Undivided Profits	9,004,546
	<b>\$ 21,037,085</b>
<b>Total Liabilities and Equity Capital</b>	<b>\$ 191,526,560</b>

To the best of the undersigned's determination, as of the date hereof, the above financial information is true and correct.

**U.S. Bank National Association**

By: /s/ Richard Prokosch

\_\_\_\_\_  
Vice President

Date: September 25, 2003

# SONIC AUTOMOTIVE, INC.

## OFFER TO EXCHANGE

*8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2013, Series B,  
Which Have Been Registered Under The Securities Act of 1933, As Amended  
For Any And All Outstanding  
8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2013, Series A,  
Which Have Not Been Registered Under The Securities Act of 1933, As Amended*

Pursuant to the Prospectus dated \_\_\_\_\_, 2003.

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M. NEW YORK CITY TIME, ON \_\_\_\_\_, 2003,  
UNLESS EXTENDED (THE "EXPIRATION DATE"). TENDERS MAY BE WITHDRAWN PRIOR TO  
5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

*The Exchange Agent for the Exchange Offer is:*

### U.S. Bank National Association

*By Messenger, Mail, or Overnight Delivery:*

U.S. Bank National Association  
60 Livingston Avenue  
St. Paul, Minnesota 55107  
Attention: Specialized Finance

*Facsimile Transmission:*

(651) 495-8158 (MN)

*Confirm by Telephone:*

(800) 934-6802 (MN)

**DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.**

The undersigned acknowledges receipt of the Prospectus, dated \_\_\_\_\_, 2003 (the "Prospectus"), of Sonic Automotive, Inc., a Delaware corporation (the "Company"), and this Letter of Transmittal (this "Letter"), which together constitute the offer (the "Exchange Offer") to exchange an aggregate principal amount of up to \$200,000,000 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2013, Series B (the "New Notes") for an equal principal amount of the outstanding 8<sup>5</sup>/<sub>8</sub>% Senior Subordinated Notes Due 2013, Series A (the "Old Notes").

For each Old Note accepted for exchange, the holder of such Old Note will receive a New Note having a principal amount at maturity equal to that of the surrendered Old Note. The New Notes will bear interest at a rate equal to 8<sup>5</sup>/<sub>8</sub>% per annum. Interest on the New Notes is payable semiannually, commencing February 15, 2004, on February 15 and August 15 of each year (each, an "Interest Payment Date") and shall accrue from August 12, 2003, or from the most recent Interest Payment Date with respect to the Old Notes to which interest was paid or for which interest was duly provided. The New Notes will mature on August 15, 2013.

Holders of New Notes will not be and, upon consummation of the Exchange Offer, holders of Old Notes will no longer be, entitled to (i) the right to receive the increased interest specified above or (ii) certain other rights under the Registration Rights Agreement intended for holders of Old Notes. The Exchange Offer shall be

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deemed consummated upon the occurrence of the delivery by the Company to the Registrar under the Indenture of New Notes in the same aggregate principal amount as the aggregate principal amount of Old Notes that are tendered by holders thereof pursuant to the Exchange Offer.

The Company reserves the right, in its sole discretion, (i) to delay accepting any Old Notes, (ii) to extend the Exchange Offer, in which event the term “Expiration Date” shall mean the latest time and date to which the Exchange Offer is extended, (iii) if the Commission does not declare the Registration Statement effective, to terminate the Exchange Offer, by giving oral or written notice of such delay, extension, or termination to the Exchange Agent, and (iv) to amend the terms of the Exchange Offer in any manner. If the Exchange Offer is amended in a manner determined by the Company to constitute a material change, the Company will promptly disclose such amendments by means of a prospectus supplement that will be distributed to the registered holders of the Old Notes. Modifications of the Exchange Offer, including but not limited to (i) extension of the period during which the Exchange Offer is open and (ii) satisfaction of the conditions set forth under the caption “The Exchange Offer—Conditions” in the Prospectus, may require that at least ten business days remain in the Exchange Offer. In order to extend the Exchange Offer, the Company will notify the Exchange Agent of any extension, amendment, non-acceptance or termination by oral or written notice and will make a public announcement thereof, each prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

This Letter must be completed and delivered by a holder of Old Notes if: (i) certificates are to be forwarded herewith or (ii) tenders are to be made by book-entry transfer to the account maintained by the Exchange Agent at The Depository Trust Company (“DTC” or the “Book-Entry Transfer Facility”) pursuant to the procedures set forth in “The Exchange Offer—Book-Entry Transfer” section of the Prospectus. Holders of Old Notes whose Old Notes are not immediately available, or who are unable to deliver their Notes or confirmation of the book-entry tender of their Old Notes into the Exchange Agent’s account at the Book-Entry Transfer Facility (a “Book-Entry Confirmation”), as the case may be, and all other documents required by this Letter to the Exchange Agent on or prior to the Expiration Date, must tender their Old Notes according to the guaranteed delivery procedures set forth in “The Exchange Offer—Guaranteed Delivery Procedures” section of the Prospectus. See Instruction 1 to this Letter. Delivery of documents to the Book Entry Transfer Facility does not constitute delivery to the Exchange Agent.

Tenders by book-entry transfer may also be made by delivering an Agent’s Message in lieu of this Letter. The term “Agent’s Message” means a message transmitted by the Book-Entry Transfer Facility and received by the Exchange Agent and forming a part of a Book-Entry Confirmation, which states that the Book-Entry Transfer Facility has received an express acknowledgement from the tendering participant, which acknowledgement states that such participant has received and agrees to be bound by this Letter and the Company may enforce this Letter against such participant.

The undersigned has completed the appropriate boxes below and signed this Letter to indicate the action the undersigned desires to take with respect to the Exchange Offer.

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of New Notes. If the undersigned is a broker-dealer that will receive New Notes, the undersigned represents that the Old Notes to be exchanged for the New Notes were acquired as a result of market-making activities or other trading activities, and the undersigned acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act of 1933, as amended, in connection with any resale of such New Notes; however, by so acknowledging and by delivering such a prospectus, the undersigned will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act of 1933, as amended.

List below the Old Notes to which this Letter relates. If the space provided below is inadequate, the Note numbers and principal amount of Old Notes should be listed on a separate signed schedule affixed hereto.

**DESCRIPTION OF OLD NOTES**

Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank)	1 Certificate Number(s)*	2 Principal Amount Of Old Note(s)	3 Principal Amount Tendered**
	Total		

\*Need not be completed if Old Notes are being tendered by book-entry transfer.

\*\* Unless otherwise indicated in this column, a holder will be deemed to have tendered the entire principal amount represented by the Old Note indicated in column 2. See Instruction 2. Old Notes tendered hereby must be in denominations of principal amount of \$1,000 and any integral multiple thereof. See Instruction 1.

**CHECK HERE IF TENDERED OLD NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:**

Name of Tendering Institution: \_\_\_\_\_

Account Number: \_\_\_\_\_ Transaction Code Number: \_\_\_\_\_

**CHECK HERE IF TENDERED OLD NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:**

Name of Registered Holder(s): \_\_\_\_\_

Window Ticket Number (if any): \_\_\_\_\_

Date of Execution of Notice of Guaranteed Delivery: \_\_\_\_\_

Name of Institution which Guaranteed Delivery: \_\_\_\_\_

**IF DELIVERED BY BOOK-ENTRY TRANSFER, COMPLETE THE FOLLOWING:**

Account Number: \_\_\_\_\_ Transaction Code Number: \_\_\_\_\_

**CHECK HERE IF TENDERED BY BOOK-ENTRY TRANSFER AND NON-EXCHANGED ORIGINAL NOTES ARE TO BE RETURNED BY CREDITING THE ACCOUNT NUMBER SET FORTH ABOVE.**

**CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

**PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY**

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company the aggregate principal amount of Old Notes indicated above. Subject to, and effective upon, the acceptance for exchange of the Old Notes tendered hereby, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Old Notes as are being tendered hereby.

The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as the undersigned's true and lawful agent and attorney-in-fact with respect to such tendered Old Notes, with full power of substitution, among other things, to cause the Old Notes to be assigned, transferred and exchanged. The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Old Notes tendered hereby, and to acquire the New Notes issuable upon the exchange of such tendered Old Notes, and that the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim when the same are accepted by the Company. The undersigned hereby further represents that any New Notes acquired in exchange for Old Notes tendered hereby will have been acquired in the ordinary course of business of the person receiving such New Notes, whether or not such person is the undersigned, that neither the holder of such Old Notes nor any such other person is engaged in, or intends to engage in, a distribution of such New Notes, or has an arrangement or understanding with any person to participate in the distribution of such New Notes, and that neither the holder of such Old Notes nor any such other person is an "affiliate," as defined in Rule 405 under the Securities Act of 1933, as amended (the "Securities Act"), of the Company.

The undersigned acknowledges that this Exchange Offer is being made in reliance on interpretations by the staff of the Securities and Exchange Commission (the "Commission"), as set forth in no-action letters issued to third parties, that the New Notes issued in exchange for the Old Notes pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by holders thereof (other than any such holder that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such holders are not broker-dealers, such New Notes are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such New Notes and have no arrangement with any person to participate in the distribution of such New Notes. However, the Commission has not considered the Exchange Offer in the context of a no-action letter and there can be no assurance that the staff of the Commission would make a similar determination with respect to the Exchange Offer as in other circumstances. If a holder of Old Notes is an affiliate of the Company, or is engaged in or intends to engage in a distribution of the New Notes or has any arrangement or understanding with respect to the distribution of the New Notes to be acquired pursuant to the Exchange Offer, such holder could not rely on the applicable interpretations of the staff of the Commission and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. By tendering Old Notes pursuant to the Exchange Offer and executing this Letter, a holder of Old Notes which is a broker-dealer represents and agrees, consistent with certain interpretive letters issued by the staff of the Division of Corporation Finance of the Commission to third parties, that such Old Notes held by the broker-dealer are held only as a nominee or that the Old Notes to be exchanged for the New Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes; however, by so acknowledging and by delivering a prospectus meeting the requirements of the Securities Act, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned will, upon request, execute and deliver any additional documents reasonably deemed by the Company to be necessary or desirable to complete the sale, assignment and transfer of the Old Notes tendered

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hereby. All authority conferred or agreed to be conferred in this Letter and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. This tender may be withdrawn only in accordance with the procedures set forth in “The Exchange Offer—Withdrawal Rights” section of the Prospectus.

The undersigned acknowledges that tenders of Old Notes pursuant to any one of the procedures described in “The Exchange Offer—Procedures for Tendering” in the Prospectus and in the instructions hereto will, upon the Company’s acceptance for exchange of such tendered Old Notes, constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Exchange Offer. The undersigned recognizes that, under certain circumstances set forth in the Prospectus, the Company may not be required to accept for exchange any of the Old Notes tendered hereby.

Unless otherwise indicated herein in the box entitled “Special Issuance Instructions” below, please deliver the New Notes (and, if applicable, a substitute Old Note representing the remaining principal balance of any Old Note exchanged only in part) in the name of the undersigned or, in the case of a book-entry delivery of Old Notes, please credit the account indicated above maintained at the Book-Entry Transfer Facility. Similarly, unless otherwise indicated under the box entitled “Special Delivery Instructions” below, please send the New Notes (and, if applicable, a substitute Old Note representing the remaining principal balance of any Old Note exchanged only in part) to the undersigned at the address shown above in the box entitled “Description of Old Notes.”

All authority herein conferred or agreed to be conferred in this Letter shall survive the death or incapacity of the undersigned and any obligation of the undersigned hereunder shall be binding upon the heirs, executors, administrators, personal representatives, trustees in bankruptcy, legal representatives, successors and assigns of the undersigned. Except as stated in the Prospectus, this tender is irrevocable.

The undersigned, by completing the box entitled “Description of Old Notes” on page 3 and signing this Letter, will be deemed to have tendered the Old Notes as set forth in such box on page 3.

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**SPECIAL ISSUANCE INSTRUCTIONS  
(SEE INSTRUCTIONS 3 AND 4)**

To be completed **ONLY** if Notes for Old Notes not exchanged and/or New Notes are to be issued in the name of and sent to someone other than the person(s) whose signature(s) appear(s) on this Letter on page 7, or if Old Notes delivered by book-entry transfer which are not accepted for exchange are to be returned by credit to an account maintained at the Book-Entry Transfer Facility other than the account indicated above.

Issue New Notes and/or Old Notes to:

Name(s) \_\_\_\_\_  
*(Please Type or Print)*

\_\_\_\_\_  
*(Please Type or Print)*

Address \_\_\_\_\_

\_\_\_\_\_  
*(Including Zip Code)*

Taxpayer Identification or Social Security Number:

\_\_\_\_\_  
*(Complete accompanying Substitute Form W-9)*

Credit unexchanged Old Notes delivered by book-entry transfer to the Book-Entry Transfer Facility account set forth below.

(Book-Entry Transfer Facility Account Number, if applicable): \_\_\_\_\_

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**SPECIAL DELIVERY INSTRUCTIONS  
(SEE INSTRUCTIONS 3 AND 4)**

To be completed **ONLY** if Notes or Old Notes not exchanged and/or New Notes are to be sent to someone other than the person(s) whose signature(s) appear(s) on this Letter above or to such person(s) at an address other than shown in the box entitled "Description of Old Notes" on this Letter above.

Mail New Notes and/or Old Notes to:

Name(s): \_\_\_\_\_  
*(Please Type or Print)*

\_\_\_\_\_  
*(Please Type or Print)*

Address \_\_\_\_\_

\_\_\_\_\_  
*(Including Zip Code)*

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**IMPORTANT: THIS LETTER OR A FACSIMILE HEREOF (TOGETHER WITH THE OLD NOTES AND ALL OTHER REQUIRED DOCUMENTS OR THE NOTICE OF GUARANTEED DELIVERY), OR A BOOK-ENTRY CONFIRMATION, AS THE CASE MAY BE, MUST BE RECEIVED BY THE EXCHANGE AGENT PRIOR TO 5:00 P.M., NEW YORK TIME, ON THE EXPIRATION DATE.**

**PLEASE READ THIS LETTER OF TRANSMITTAL  
CAREFULLY BEFORE COMPLETING ANY BOX ABOVE**

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**PLEASE SIGN HERE  
(TO BE COMPLETED BY ALL TENDERING HOLDERS)  
(COMPLETE ACCOMPANYING SUBSTITUTE FORM W-9)**

Dated: \_\_\_\_\_, 2003

\_\_\_\_\_  
\_\_\_\_\_ X  
\_\_\_\_\_ X

*(Date)*

Area Code and Telephone: \_\_\_\_\_

If a holder is tendering any Old Notes, this letter must be signed by the registered holder(s) or DTC participant(s) exactly as the name(s) appear(s) on the Note(s) for the Old Notes or by any person(s) authorized to become registered holder(s) by endorsements and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, officer or other person acting in a fiduciary or representative capacity, please provide the following information. See Instruction 3.

Name(s): \_\_\_\_\_

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*(Please Type or Print)*

Capacity (Full Title): \_\_\_\_\_

Address: \_\_\_\_\_  
*(Including Zip Code)*

Taxpayer Identification or Social Security Number: \_\_\_\_\_

**SIGNATURE GUARANTEE  
(IF REQUIRED BY INSTRUCTION 3)**

Signature(s) Guaranteed by  
an Eligible Institution: \_\_\_\_\_  
*(Authorized Signature)*

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*(Title)*

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*(Name and Firm)*

Dated: \_\_\_\_\_, 2003



## INSTRUCTIONS

**FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER TO EXCHANGE  
8 5/8% SENIOR SUBORDINATED NOTES DUE 2013, SERIES B, WHICH HAVE BEEN  
REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, FOR ANY AND ALL  
OUTSTANDING 8 5/8% SENIOR SUBORDINATED NOTES DUE 2013, SERIES A  
OF SONIC AUTOMOTIVE, INC.**

1. *Delivery of this Letter and Old Notes; Guaranteed Delivery Procedures.* This Letter must be completed by holders of Old Notes either if certificates are to be forwarded herewith or if tenders are to be made pursuant to the procedures for delivery by book-entry transfer set forth in “The Exchange Offer—Book-Entry Transfer” section of the Prospectus. Certificates for all physically tendered Old Notes, or Book-Entry Confirmation, as the case may be, as well as a properly completed and duly executed Letter (or manually signed facsimile thereof), with any required signature guarantees, and any other documents required by this Letter, must be received by the Exchange Agent at its address set forth herein on or prior to the Expiration Date, or the tendering holder must comply with the guaranteed delivery procedures set forth below. Old Notes tendered hereby must be in denominations of principal amount of \$1,000 or any integral multiple thereof.

Holders who tender their Old Notes by delivering an Agent’s Message do not need to submit this Letter.

Holders whose Old Notes are not immediately available or who cannot deliver their Old Notes or a Book-Entry Confirmation, as the case may be, and all other required documents to the Exchange Agent on or prior to the Expiration Date, may tender their Old Notes pursuant to the guaranteed delivery procedures set forth in “The Exchange Offer—Guaranteed Delivery Procedures” section of the Prospectus. Pursuant to such procedures, (i) such tender must be made by or through an Eligible Institution (as defined below) and a Notice of Guaranteed Delivery in the Form of Exhibit 99.2 to the Registration Statement of which the Prospectus forms a part, a copy of which may be obtained from the Exchange Agent (a “Notice of Guaranteed Delivery”), must be properly completed and duly executed by such holder, (ii) on or prior to 5:00 P.M., New York City time, on the Expiration Date, the Exchange Agent must receive from such Eligible Institution a properly completed and duly executed Letter and Notice of Guaranteed Delivery, substantially in the form provided by the Company (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Old Notes, the certificate number or numbers of the tendered Old Notes and the principal amount of Old Notes tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange (“NYSE”) trading days after the Expiration Date, the certificates for all physically tendered Old Notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, as well as all other documents required by this Letter will be deposited by the Eligible Institution with the Exchange Agent, and (iii) the certificates for all physically tendered Old Notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, as well as all other documents required by this Letter (properly completed and duly executed), must be received by the Exchange Agent within three NYSE trading days after the Expiration Date.

The method of delivery of this Letter, certificates for the Old Notes or a Book-Entry Confirmation, as the case may be, and all other required documents is at the election and risk of the tendering holders, but the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If Old Notes are sent by mail, it is recommended that the mailing be made by registered mail, properly insured, with return receipt requested, and that such mailing be made sufficiently in advance of the Expiration Date to permit delivery to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. Instead of delivery by mail, it is recommended that the holder use an overnight or hand delivery service. In all cases, sufficient time should be allowed for timely delivery.

See “The Exchange Offer” section of the Prospectus.

2. *Partial Tenders (Not Applicable to Holders of Old Notes Who Tender by Book-entry Transfer).* If less than the entire principal amount of any submitted Old Note is to be tendered, the tendering holder(s) should fill in

the aggregate principal amount to be tendered in the box above entitled “Description of Old Notes—Principal Amount Tendered.” A reissued Note representing the balance of nontendered principal of any submitted Old Notes will be sent to such tendering holder, unless otherwise provided in the appropriate box on this Letter, promptly after the Expiration Date. THE ENTIRE PRINCIPAL AMOUNT OF ANY OLD NOTES DELIVERED TO THE EXCHANGE AGENT WILL BE DEEMED TO HAVE BEEN TENDERED UNLESS OTHERWISE INDICATED.

3. *Signatures on this Letter; Bond Powers and Endorsement; Guarantee of Signatures.* If this Letter is signed by the registered holder of the Old Notes tendered hereby, the signature must correspond exactly with the name as written on the face of the Notes without any change whatsoever. If this Letter is signed by a participant in DTC, the signature must correspond with the name as it appears on the security position listing as the owner of the Old Notes.

If any tendered Old Notes are owned of record by two or more joint owners, all such owners must sign this Letter. If any tendered Old Notes are registered in different names on several Old Notes, it will be necessary to complete, sign and submit as many separate copies of this Letter as there are different registrations of Old Notes.

When this Letter is signed by the registered holder of the Old Notes specified herein and tendered hereby, no endorsements of the submitted Old Notes or separate bond powers are required. If, however, the New Notes are to be issued, or any untendered Old Notes are to be reissued, to a person other than the registered holder, then endorsements of any Old Notes transmitted hereby or separate bond powers are required. Signatures on such Old Notes or bond power must be guaranteed by an Eligible Institution.

If this Letter is signed by a person other than the registered holder of any Old Notes specified herein, such Notes must be endorsed or accompanied by appropriate bond powers, in either case signed exactly as the name of the registered holder appears on the Old Notes (or security position listing) and the signatures on such Old Notes or bond power must be guaranteed by an Eligible Institution.

If this Letter or any Old Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, must submit proper evidence satisfactory to the Company of their authority to so act.

Endorsements on Old Notes or signatures on bond powers required by this Instruction 3 must be guaranteed by a firm or other entity identified in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, as an “eligible guarantor institution,” including (as such terms are defined therein) (i) a bank, (ii) broker, dealer, municipal securities broker or dealer or government securities broker or dealer, (iii) credit union, (iv) a national securities exchange, registered securities association or clearing agency, or (v) a savings association that is a participant in a Securities Transfer Association (an “Eligible Institution”).

Signatures on this Letter need not be guaranteed by an Eligible Institution, provided the Old Notes are tendered: (i) by a registered holder of Old Notes (which term, for purposes of the Exchange Offer, includes any participant in the Book-Entry Transfer Facility system whose name appears on a security position listing as the holder of such Old Notes) tendered who has not completed the box entitled “Special Issuance Instructions” or “Special Delivery Instructions” on this Letter, or (ii) for the account of an Eligible Institution.

4. *Special Issuance and Delivery Instructions.* Tendering holders of Old Notes should indicate in the applicable box the name and address to which New Notes issued pursuant to the Exchange Offer and/or substitute Notes evidencing Old Notes not exchanged are to be issued or sent, if different from the name or address of the person signing this Letter. In the case of issuance in a different name, the employer identification or social security number of the person named must also be indicated. A holder of Old Notes tendering Old Notes by book-entry transfer may request that Old Notes not exchanged be credited to such account maintained at the

Book-Entry Transfer Facility as such holder of Old Notes may designate hereon. If no such instructions are given, such Old Notes not exchanged will be returned to the name or address of the person signing this Letter.

5. *Tax Identification Number.* Federal income tax law generally requires that a tendering holder whose Old Notes are accepted for exchange must provide the Company (as payor) with such Holder's correct Taxpayer Identification Number ("TIN") on Substitute Form W-9 below, which, in the case of a tendering holder who is an individual, is his or her social security number. If the Company is not provided with the current TIN or an adequate basis for an exemption, such tendering holder may be subject to a \$50 penalty imposed by the Internal Revenue Service. In addition, delivery of New Notes to such tendering holder may be subject to backup withholding in an amount equal to 28% of all reportable payments made after the exchange. If withholding results in an overpayment of taxes, a refund may be obtained.

Exempt holders of Old Notes (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. Exempt holders, other than foreign individuals, should furnish their TIN, write "Exempt" on the face of the Substitute Form W-9 and sign, date and return the form to the Exchange Agent. See the enclosed Guidelines of Certification of Taxpayer identification Number on Substitute Form W-9 (the "W-9 Guidelines") for additional instructions. If the tendering holder of Old Notes is a nonresident alien or foreign entity not subject to backup withholding, such holder must give the Exchange Agent a completed Form W-8 Certificate of Foreign Status, a form of which is included on page 13.

To prevent backup withholding, each tendering holder of Old Notes must provide its correct TIN by completing the Substitute Form W-9 on page 12, certifying, under penalties of perjury, that the TIN provided is correct (or that such holder is awaiting a TIN), and that (i) the holder is exempt from backup withholding, (ii) the holder has not been notified by the Internal Revenue Service that such holder is subject to a backup withholding as a result of a failure to report all interest or dividends or (iii) the Internal Revenue Service has notified the holder that such holder is no longer subject to backup withholding. If the tendering holder of Old Notes is a nonresident alien or foreign entity not subject to backup withholding, such holder must give the Exchange Agent a completed Form W-8, Certificate of Foreign Status. These forms may be obtained from the Exchange Agent. If the Old Notes are in more than one name or are not in the name of the actual owner, such holder should consult the W-9 Guidelines for information on which TIN to report. If such holder does not have a TIN, such holder should consult the W-9 Guidelines for instructions on applying for a TIN, check the box in Part 2 of the Substitute Form W-9 and write "applied for" in lieu of its TIN. Note: checking this box and writing "applied for" on the form means that such holder has already applied for a TIN or that such holder intends to apply for one in the near future. If the box in Part 2 of the Substitute Form W-9 is checked, the Exchange Agent will retain 28% of reportable payments made to a holder during the 60-day period following the date of the Substitute Form W-9. If the holder furnishes the Exchange Agent with his or her TIN within 60 days of the Substitute Form W-9, the Exchange Agent will remit such amounts retained during such 60-day to such holder and no further amounts will be retained or withheld from payments made to the holder thereafter. If, however, such holder does not provide its TIN to the Exchange Agent within such 60-day period, the Exchange Agent will remit such previously withheld amounts to the Internal Revenue Service as backup withholding and will withhold 28% of all reportable payments to the holder thereafter until such holder furnishes its TIN to the Exchange Agent.

6. *Transfer Taxes.* The Company will pay all transfer taxes, if any, applicable to the exchange of Old Notes pursuant to the Exchange Offer. If, however, New Notes and/or substitute Old Notes not exchanged are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Old Notes tendered hereby, or if tendered Old Notes are registered in the name of any person other than the person signing this Letter, or if a transfer tax is imposed for any reason other than the exchange of Old Notes pursuant to the Exchange Offer, the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted herewith, the amount of such transfer taxes will be billed directly to such tendering holder.

**EXCEPT AS PROVIDED IN THIS INSTRUCTION 6, IT IS NOT NECESSARY FOR TRANSFER TAX STAMPS TO BE AFFIXED TO THE OLD NOTES SPECIFIED IN THIS LETTER.**

7. *Waiver of Conditions.* The Company reserves the absolute right to waive satisfaction of any or all conditions enumerated in the Prospectus.

8. *No Conditional Tenders.* No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders of Old Notes, by execution of this Letter, shall waive any right to receive notice of the acceptance of their Old Notes for exchange. Neither the Company, the Exchange Agent nor any other person is obligated to give notice of any defect or irregularity with respect to any tender of Old Notes nor shall any of them incur any liability for failure to give any such notice.

9. *Mutilated, Lost, Stolen or Destroyed Old Notes.* Any holder whose Old Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions. This Letter and related documents cannot be processed until the procedures for replacing mutilated, lost, stolen or destroyed certificates have been followed.

10. *Withdrawal Rights.* Tenders of Old Notes may be withdrawn at any time prior to 5:00 P.M., New York City times, on the Expiration Date. For a withdrawal of a tender of Old Notes to be effective, a written notice of withdrawal must be received by the Exchange Agent at the address on page 1 prior to 5:00 P.M., New York City time, on the Expiration Date. Any such notice of withdrawal must (i) specify the name of the person having tendered the Old Notes to be withdrawn (the "Depositor"), (ii) identify the Old Notes to be withdrawn (including certificate number or numbers and the principal amount of such Old Notes), (iii) contain a statement that such holder is withdrawing his election to have such Old Notes exchanged, (iv) be signed by the holder in the same manner as the original signature on the Letter by which such Old Notes were tendered (including any required signature guarantees) or be accompanied by documents of transfer to have the Trustee with respect to the Old Notes register the transfer of such Old Notes in the name of the person withdrawing the tender and (v) specifying the name in which such Old Notes are registered, if different from that of the Depositor. If Old Notes have been tendered pursuant to the procedure for book-entry transfer set forth in "The Exchange Offer—Book-Entry Transfer" section of the Prospectus, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Old Notes and otherwise comply with the procedures of such facility.

All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Company, whose determination shall be final and binding on all parties. Any Old Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer and no New Notes will be issued with respect thereto unless the Old Notes so withdrawn are validly retendered. Any Old Notes that have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of Old Notes tendered by book-entry transfer into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures set forth in "The Exchange Offer—Book-Entry Transfer" section of the Prospectus, such Old Notes will be credited to an account maintained with the Book-Entry Transfer Facility for the Old Notes) as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Old Notes may be retendered by following the procedures described above at any time on or prior to 5:00 P.M., New York City time, on the Expiration Date.

11. *Requests for Assistance or Additional Copies.* Questions relating to the procedure for tendering, as well as requests for additional copies of the Prospectus, this Letter, the Notice of Guaranteed Delivery and other related documents, should be directed to the Exchange Agent, at the address and telephone number indicated on page 1. All other questions should be addressed to Sonic Automotive, Inc., 5401 East Independence Boulevard, P.O. Box 18747, Charlotte, North Carolina 28212, (704) 566-2400, Attention: Stephen K. Coss.

**TO BE COMPLETED BY ALL TENDERING HOLDERS**  
**(See Instruction 5)**

**PAYOR'S NAME: U.S. BANK NATIONAL ASSOCIATION**

**SUBSTITUTE**  
**Form W-9**

Department of the  
Treasury,  
Internal Revenue Service

**Payer's Request**  
**for Taxpayer Identification**  
**Number ("TIN")**  
**and Certification**

**PART 1**—PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW. TIN: \_\_\_\_\_  
(Social Security Number  
or Employer  
Identification Number)

**PART 2**—TIN Applied for

**CERTIFICATION:** Under penalties of perjury, I certify that:

- (1) The number shown on this form is my correct Taxpayer Identification Number (or I am writing for a number to be issued to me),
- (2) I am not subject to backup withholding either because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- (3) any other information provided on this form is true and correct.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of underreporting of interest or dividends on your tax return and you have not been notified by the IRS that you are no longer subject to backup withholding.

**YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED**  
**THE BOX IN PART 2 OF SUBSTITUTE FORM W-9**

**CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER**

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of the exchange, twenty-eight percent (28%) of all reportable payments made to me thereafter will be withheld until I provide a taxpayer identification number.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

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**Certificate of Foreign Status**

**SUBSTITUTE**

**Form W-8**  
**Department of the Treasury**  
**Internal Revenue Service**

Name of owner (If joint account, also give joint owner's name.)

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**Please  
Print  
or Type**

Permanent address (If you are an individual, provide the address of your permanent residence. If you are a partnership or corporation, provide the address of your principal office. If you are an estate or trust, provide the permanent address or principal office of any fiduciary.)

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City, province or state, postal code, and country

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Current mailing address, if different from permanent address (Include apt. or suite no., or P.O. box if mail is not delivered to street address.)

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City, town or post office, state and ZIP code (If foreign address, enter city, province or state, postal code, and country.)

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**Please  
Sign  
Here**

**Certification** — Under penalties of perjury, I certify that I am an exempt foreign person, for Backup Withholding purposes, under the U.S. Federal income tax laws, because:

1. I am a nonresident alien individual or a foreign corporation, partnership, estate or trust,
2. If an individual, I have not been, and do not plan to be, present in the United States for a total of 183 days or more during the calendar year, and
3. I am neither engaged, nor plan to be engaged during the year, in a U.S. trade or business that has effectively connected gains from transactions with a broker or barter exchange.

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Signature

Date

**NOTICE OF GUARANTEED DELIVERY  
FOR TENDER OF  
8 5/8% SENIOR SUBORDINATED NOTES DUE 2013  
OF  
SONIC AUTOMOTIVE, INC.**

This Notice of Guaranteed Delivery, or one substantially equivalent to this form, must be used to accept the Exchange Offer of Sonic Automotive, Inc. (the "Company") made pursuant to the Prospectus, dated \_\_\_\_\_, 2003 (the "Prospectus"), and the enclosed Letter of Transmittal (the "Letter of Transmittal") if Old Notes are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all documents required by the Letter of Transmittal to reach U.S. Bank National Association, as exchange agent (the "Exchange Agent") prior to 5:00 P.M., New York City time, on the Expiration Date of the Exchange Offer. This Notice of Guaranteed Delivery may be delivered or transmitted by facsimile transmission, mail, overnight or hand delivery to the Exchange Agent as set forth below. In addition, in order to utilize the guaranteed delivery procedure to tender Old Notes pursuant to the Exchange Offer, a completed, signed and dated Letter of Transmittal (or facsimile thereof) must also be received by the Exchange Agent on or prior to 5:00 P.M., New York City time, on the Expiration Date. Capitalized terms not defined herein are defined in the Prospectus.

**Delivery To:**  
**U.S. Bank National Association, Exchange Agent**  
60 Livingston Avenue  
St. Paul, Minnesota 55107  
Attention: Specialized Finance

*Facsimile Transmission:*  
(651) 495-8158 (MN)

*Confirm By Telephone:*  
(800) 934-6802 (MN)

**Delivery of this instrument to an address other than as set forth above, or transmission of instructions via facsimile other than as set forth above, will not constitute a valid delivery.**

Ladies and Gentlemen:

Upon the terms and conditions set forth in the Prospectus and the accompanying Letter of Transmittal, the undersigned hereby tenders to the Company the principal amount of Old Notes set forth below, pursuant to the guaranteed delivery procedure described in "The Exchange Offer—Guaranteed Delivery Procedures" section of the Prospectus.

Principal Amount of Old Notes Tendered* \$ _____ Note Certificate Nos. (if available): _____ _____ _____ _____ If Old Notes will be delivered by book-entry transfer to The Depository Trust Company, provide account number. Account Number: _____	Name(s) of Record Holder(s): _____ Address(es): _____ _____ _____ Area Code and Telephone Number(s): _____ Signature(s): _____ _____ Date: _____
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\*Must be in integral multiples of \$1,000.

**THE ACCOMPANYING GUARANTEE MUST BE COMPLETED.**

**GUARANTEE  
(NOT TO BE USED FOR SIGNATURE GUARANTEE)**

The undersigned, a firm that is a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office correspondent in the United States or any "eligible guarantor institution" within the meaning of Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended, hereby guarantees to deliver to the Exchange Agent, at its address set forth above, the Old Notes described above, in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, and any other documents required by the Letter of Transmittal within three New York Stock Exchange trading days after the Expiration Date.

Name of Firm: \_\_\_\_\_

\_\_\_\_\_  
*(Authorized Signature)*

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

Area Code and Telephone Number: \_\_\_\_\_