AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 29, 1997

REGISTRATION NO. 333-33295

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SONIC AUTOMOTIVE, INC.
(Exact name of registrant as specified in its charter)

<TABLE>
<S> <C> <C>

DELAWARE	5511	56-2010790
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

</TABLE>

5401 EAST INDEPENDENCE BOULEVARD
P.O. BOX 18747
CHARLOTTE, NORTH CAROLINA 28218
TELEPHONE (704) 532-3301
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

MR. O. BRUTON SMITH
CHIEF EXECUTIVE OFFICER
SONIC AUTOMOTIVE, INC.
5401 EAST INDEPENDENCE BOULEVARD
P.O. BOX 18747
CHARLOTTE, NORTH CAROLINA 28218
TELEPHONE (704) 532-3301
(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:

<TABLE>
<S> <C>

GARY C. IVEY, ESQ.	STUART H. GELFOND, ESQ.
PARKER, POE, ADAMS & BERNSTEIN L.L.P.	FRIED, FRANK, HARRIS, SHRIVER & JACOBSON
2500 CHARLOTTE PLAZA	ONE NEW YORK PLAZA
CHARLOTTE, NORTH CAROLINA 28244	NEW YORK, NEW YORK 10004
TELEPHONE (704) 372-9000	TELEPHONE (212) 859-8000

</TABLE>

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

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

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

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

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

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

SONIC AUTOMOTIVE, INC.

CROSS-REFERENCE SHEET
PURSUANT TO SECTION 501(B)(4) OF REGULATION S-K SHOWING LOCATION
IN THE PROSPECTUS OF INFORMATION REQUIRED BY
ITEMS OF PART I OF FORM S-1

<TABLE>
<CAPTION>
REGISTRATION STATEMENT ITEM AND CAPTION	PROSPECTUS HEADING OR LOCATION
1. Forepart of the Registration Statement and Outside Front Cover Page of Prospectus.....	Facing Page; Outside Front Cover Page
2. Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front and Outside Back Cover Pages; Additional Information
3. Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges.....	Prospectus Summary; Risk Factors
4. Use of Proceeds.....	Prospectus Summary; Use of Proceeds
5. Determination of Offering Price.....	Outside Front Cover Page; Underwriting
6. Dilution.....	Dilution
7. Selling Security Holders.....	Not Applicable
8. Plan of Distribution.....	Outside Front Cover Page; Underwriting
9. Description of Capital Stock to be Registered...	Outside Front Cover Page; Dividend Policy; Description of Capital Stock
10. Interests of Named Experts and Counsel.....	Not Applicable
11. Information with Respect to the Registrant.....	Outside Front Cover Page; Prospectus Summary; Risk Factors; The Reorganization; The Acquisitions; Use of Proceeds; Dividend Policy; Capitalization; Selected Combined and Consolidated Financial Data; Pro Forma Combined and Consolidated Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations; Business; Management; Certain Transactions; Principal Stockholders; Description of Capital Stock; Shares Eligible for Future Sale; Financial Statements
12. Disclosure of Commission Position on Indemnification for Securities Act Liabilities..	Not Applicable
</TABLE>

(A redherring appears on the left-hand side of this page, rotated 90 degrees. Text follows.)

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED , 1997

PROSPECTUS

SHARES

[LOGO TO COME] SONIC AUTOMOTIVE, INC.

CLASS A COMMON STOCK

All of the shares of Class A Common Stock, par value $.01 per share (the "Class A Common Stock"), offered hereby are being sold by Sonic Automotive, Inc. ("Sonic" or the "Company").

Each share of Class A Common Stock entitles its holder to one vote per

share. Each share of Class B Common Stock, par value $.01 per share (the "Class B Common Stock," and together with the Class A Common Stock, the "Common Stock"), entitles the holder to ten votes per share, except in certain limited circumstances. All of the shares of Class B Common Stock are held by the members of the Smith Group (as defined herein), who are all of the stockholders of the Company prior to the consummation of the Offering. After consummation of the Offering, the Smith Group will beneficially own shares representing approximately % of the combined voting power of the Company's Common Stock (approximately % if the underwriters' over-allotment option is exercised in full). See "Description of Capital Stock -- Common Stock."

Prior to the Offering, there has been no public market for the Class A Common Stock. It is currently estimated that the initial public offering price will be between $ and $ per share. For a discussion of factors to be considered in determining the initial public offering price, see "Underwriting."

The Company intends to apply for listing of the Class A Common Stock on the New York Stock Exchange under the symbol "DLR."

SEE "RISK FACTORS" BEGINNING ON PAGE 10 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE CLASS A COMMON STOCK OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

[CAPTION]

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT (1)	PROCEEDS TO COMPANY (2)
Per Share	$	$	$
Total (3)	$	$	$

(1) The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
(2) Before deducting expenses payable by the Company estimated at $.
(3) The Company has granted to the Underwriters an option, exercisable within 30 days of the date hereof, to purchase up to an aggregate of additional shares of Class A Common Stock solely to cover over-allotments, if any. If such option is exercised in full, the total Price to Public, Underwriting Discount and Proceeds to Company will be $, $ and $, respectively. See "Underwriting."

The shares of Class A Common Stock are being offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the shares of Class A Common Stock will be made in New York, New York on or about , 1997.

MERRILL LYNCH & CO.

MONTGOMERY SECURITIES

WHEAT FIRST BUTCHER SINGER

The date of this Prospectus is , 1997.

[Photographs of various of the Company's dealerships and a map of the United States showing locations of the Company's operations]

The Company intends to furnish its stockholders with annual reports containing financial statements audited by its independent public accountants and will make available copies of its quarterly reports for the first three quarters of each year.

CERTAIN PERSONS PARTICIPATING IN THE OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN, OR OTHERWISE AFFECT THE PRICE OF THE CLASS A COMMON STOCK. SUCH TRANSACTIONS MAY INCLUDE STABILIZING, THE PURCHASE OF COMMON STOCK TO COVER SYNDICATE SHORT POSITIONS AND THE IMPOSITION OF PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

This Prospectus includes statistical data regarding the retail automotive industry. Unless otherwise indicated herein, such data is taken or derived from information published by a division of Intertec Publishing Corp. in its "Ward's Dealer Business", Crain's Communications, Inc. in its "Automotive News" and "1997 Market Data Book" and by the Industry Analysis Division of the National

Automobile Dealers Association ("NADA") in its "Industry Analysis and Outlook" and "Automotive Executive Magazine" publications.

No Manufacturer (as defined in this Prospectus) has been involved, directly or indirectly, in the preparation of this Prospectus or in the Offering being made hereby. Although, as described in this Prospectus, Manufacturers will have granted consents for various of the Acquisitions (as defined herein) and for this Offering, no Manufacturer has made any statements or representations for the purpose of such statements or representations being included in this Prospectus, and no Manufacturer has any responsibility for the accuracy or completeness of this Prospectus.

PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY, AND SHOULD BE READ IN CONJUNCTION WITH, THE MORE DETAILED INFORMATION AND FINANCIAL STATEMENTS (INCLUDING THE NOTES THERETO) APPEARING ELSEWHERE IN THIS PROSPECTUS. REFERENCES IN THIS PROSPECTUS TO "SONIC" OR THE "COMPANY" (I) ARE TO SONIC AUTOMOTIVE, INC. AND, UNLESS THE CONTEXT INDICATES OTHERWISE, ITS CONSOLIDATED SUBSIDIARIES AND THEIR RESPECTIVE PREDECESSORS, (II) GIVE EFFECT TO A RECENTLY COMPLETED REORGANIZATION (AS DEFINED BELOW) OF THE COMPANY AND (III) ASSUME THAT THE COMPANY HAS CONSUMMATED THE ACQUISITION OF THE ASSETS OR ALL THE CAPITAL STOCK OF SIX ADDITIONAL DEALERSHIPS OR DEALERSHIP GROUPS, AS DESCRIBED HEREIN, IN NORTH CAROLINA, TENNESSEE, FLORIDA, GEORGIA AND SOUTH CAROLINA (THE "ACQUISITIONS"). SEE "THE ACQUISITIONS." REFERENCES TO THE "OFFERING" ARE TO THE OFFERING OF CLASS A COMMON STOCK MADE HEREBY. UNLESS OTHERWISE INDICATED, ALL INFORMATION IN THIS PROSPECTUS GIVES RETROACTIVE EFFECT TO A -FOR-1 STOCK SPLIT TO BE CONSUMMATED IMMEDIATELY PRIOR TO THE CONSUMMATION OF THE OFFERING (THE "STOCK SPLIT") AND ASSUMES THAT THE UNDERWRITERS'OVER-ALLOTMENT OPTION IS NOT EXERCISED. THE ACQUISITIONS WILL BE CONSUMMATED ON OR BEFORE THE CLOSING OF THE OFFERING.

THE COMPANY

Sonic Automotive, Inc. is one of the leading automotive retailers in the United States, operating 20 dealerships, four standalone used vehicle facilities and eight collision repair centers in the southeastern and southwestern United States. Sonic sells new and used cars and light trucks, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related financing and insurance ("F&I") for its automotive customers. The Company's business is geographically diverse, with dealership operations in the Charlotte, Chattanooga, Nashville, Tampa-Clearwater, Houston and Atlanta markets, each of which the Company believes are experiencing favorable demographic trends. Sonic sells 17 domestic and foreign brands, which consist of BMW, Cadillac, Chrysler, Dodge, Eagle, Ford, Honda, Infiniti, Jaguar, Jeep, KIA, Oldsmobile, Plymouth, Saturn, Toyota, Volkswagen and Volvo. In several of its markets, the Company has a significant market share for new cars and light trucks, including 13.7% in Charlotte and 12.6% in Chattanooga in 1996. Pro forma for the Acquisitions, the Company had revenues of $917.1 million and retail unit sales of 24,114 new and 13,453 used vehicles in 1996. The Company believes that in 1996, based on pro forma retail unit sales it would have been one of the ten largest dealer groups out of a total of more than 15,000 dealer groups in the United States and, based on pro forma revenues, it would have had three of the top 100 single-point dealerships in the United States.

The Company's founder and Chief Executive Officer, O. Bruton Smith, has over 30 years of automotive retailing experience. In addition, the Company's other executive officers, regional vice presidents and executive managers have on average 18 years of automotive retailing experience. The Company's dealerships have won the highest attainable awards from various manufacturers measuring quality and customer satisfaction. These awards include the Five Star Award from Chrysler, the Chairman's Award from Ford, the President's Award from BMW and the President's Circle Award from Infiniti. In addition, the Company was named to Ford's Top 100 Club, which consists of Ford's top 100 retailers based on retail volume and consumer satisfaction. Also, various members of the management team have served on several manufacturer dealer councils which act as liaisons between the manufacturers and dealer groups. As an example of the industry's recognition of the Company's executives, Nelson E. Bowers, II, the Company's Executive Vice President, participated in the development of the Saturn brand and was awarded in 1990 the first Saturn dealership in the United States.

The Company intends to pursue an acquisition growth strategy led by a management team that has experience in the consolidation of both automotive retailing as well as motor sports businesses. Bruton Smith, who is also the Chief Executive Officer of Speedway Motorsports, Inc., the owner and operator of several motor sports facilities, first entered the automotive retailing business in the mid-1960's. Mr. Smith will devote approximately 50% of his business time to the Company. Since 1990, Mr. Smith has successfully acquired three dealerships and increased revenues from his dealerships from $199.4 million in

1992 to $376.6 million in 1996, without giving effect to the Acquisitions. In the Tennessee market, Mr. Bowers has acquired or opened eight dealerships since 1992 and increased revenues of his dealerships from $36.0 million in 1992 to $127.1 million in 1996.

The Company believes the competitive advantages which differentiate it from its local competitors include the reputation of the Company's management in the automotive retailing industry, regional and national economies of scale, brand and geographic diversity, and the established customer base and local name recognition of the Company's dealerships. The Company has developed and implemented several growth strategies to capitalize on these competitive advantages. One of these is to continue to expand its operations in the Southeast and Southwest by acquiring additional dealerships both within its current markets and in new markets. The Company also is seeking additional growth from the increased sale of higher margin products and services such as wholesale parts, after-market products, collision repair services and F&I.

The Company believes that an opportunity exists for dealership groups with significant equity capital and experience in identifying, acquiring and professionally managing dealerships, to acquire additional dealerships and capitalize on changes in the automotive retailing industry. With approximately $640 billion in 1996 sales, automotive retailing is the largest consumer retail market in the United States. The industry today is highly fragmented, with the largest 100 dealer groups generating less than 10% of total sales revenues and controlling less than 5% of all new vehicle dealerships. The Company believes that these factors, together with increasing capital costs of operating automobile dealerships, the lack of alternative exit strategies (especially for larger dealerships) and the aging of many dealership owners provide attractive consolidation opportunities.

GROWTH STRATEGY

(Bullet) ACQUIRE DEALERSHIPS. The Company plans to implement a "hub and spoke" acquisition program primarily by pursuing (i) well-managed dealerships in new metropolitan and growing suburban geographic markets, and (ii) dealerships that will allow the Company to capitalize on regional economies of scale, offer a greater breadth of products and services in any of its markets or increase brand diversity.

NEW MARKETS. The Company looks to acquire well-managed dealerships in geographic markets it does not currently serve, principally in the Southeast and Southwest regions of the United States. The Company will target dealers having superior operational and financial management. Generally, the Company will seek to retain the acquired dealerships' operational and financial management, and thereby benefit from their market knowledge, name recognition and local reputation.

EXISTING MARKETS. The Company seeks growth in its operations within existing markets by acquiring dealerships that increase the brands, products and services offered in those markets. These acquisitions should produce opportunities for additional operating efficiencies, promote increased name recognition and provide the Company with better opportunities for repeat and referral business.

(Bullet) PURSUE OPPORTUNITIES IN ANCILLARY PRODUCTS AND SERVICES. The Company intends to pursue opportunities to increase its sales of higher-margin products and services by expanding its collision repair centers and its wholesale parts and after-market products businesses, which, other than after market products, are not directly related to the new vehicle cycle.

COLLISION REPAIR CENTERS. The Company's collision repair business provides favorable margins and is not significantly affected by economic cycles or consumer spending habits. The Company believes that, because of the high capital investment required for collision repair shops, and the cost of complying with environmental and worker safety regulations, large volume body shops will be more successful in the future than smaller volume shops. The Company believes that this industry will consolidate and that it will be able to expand its collision repair business. The Company believes that opportunities exist for those automotive retailers that can establish relationships with major insurance carriers. The Company currently participates in 35 direct repair programs with major insurance companies and its relationships with these carriers provide a source of collision repair customers. The Company currently has eight collision repair centers accounting for approximately $8.9 million in pro forma revenue for the year ended 1996.

WHOLESALE PARTS. Over time, the Company plans to capitalize on its growing representation of numerous manufacturers in order to increase its sales of factory authorized parts to wholesale buyers such as independent mechanical and body repair garages and rental and commercial fleet operators.

AFTER-MARKET PRODUCTS. The Company intends to expand its offerings of after-market products in many of its dealership locations. After-market products, such as custom wheels, performance parts, telephones and other accessories, enable the dealership to capture incremental revenue on new and used vehicle sales.

(Bullet) ENHANCE PROFIT OPPORTUNITIES IN FINANCE AND INSURANCE. The Company offers its customers a wide range of financing and leasing alternatives for the purchase of vehicles, as well as credit life, accident and health and disability insurance and extended service contracts. As a result of its size and scale, the Company believes it will be able to negotiate with the lending institutions that purchase its financing contracts to increase the Company's revenues. Likewise, the Company expects to negotiate to increase the commissions it earns on extended service and insurance products.

(Bullet) INCREASE USED VEHICLE SALES. The Company believes that there will be opportunities to improve the used vehicle departments at several of its dealerships. The Company currently operates four standalone used vehicle facilities. In 1998, the Company intends to convert part of an existing facility in Nashville to a used vehicle facility. It also intends to develop facilities in other markets where management believes an opportunity exists.

OPERATING STRATEGY

(Bullet) OPERATE MULTIPLE DEALERSHIPS IN GEOGRAPHICALLY DIVERSE MARKETS. The Company operates dealerships in Charlotte, Chattanooga, Nashville, Tampa-Clearwater, Houston and Atlanta. By operating in several locations throughout the United States, the Company believes it will be better able to insulate its earnings from local economic downturns. In addition, the Company believes that by establishing a significant market presence in its operating regions, it will be able to provide superior customer service through a market-specific sales, service, marketing and inventory strategy. The Company's market share in its Charlotte and Chattanooga markets was 13.7% and 12.6%, respectively in 1996.

(Bullet) ACHIEVE HIGH LEVELS OF CUSTOMER SATISFACTION. Customer satisfaction has been and will continue to be a focus of the Company. The Company's personalized sales process is intended to satisfy customers by providing high-quality vehicles in a positive, "consumer friendly" buying environment. Manufacturers generally measure customer satisfaction with an index ("CSI"), which is a result of a survey given to new vehicle buyers. Some Manufacturers offer specific performance incentives, on a per vehicle basis, if certain CSI levels (which vary by Manufacturer) are achieved by a dealer. Manufacturers can withhold approval of acquisitions if a dealer fails to maintain a minimum CSI score. Historically, the Company has not been denied Manufacturer approval of acquisitions based on CSI scores or other reasons. To keep management focused on customer satisfaction, the Company includes CSI results as a component of its incentive compensation program.

(Bullet) TRAIN AND DEVELOP QUALIFIED MANAGEMENT. Sonic requires all of its employees, from service technicians to regional vice presidents, to participate in in-house training programs. The Company leverages the experience of senior management, along with third party trainers from manufacturers, industry affiliates and vendors, to formally train all employees. This training has also become a convenient and effective way to share best practices among the Company's employees at all levels of the various dealerships. The Company is developing an off-site education center (the "Education Center") to be equipped with classrooms specifically designed on a departmental basis. The Company believes that its comprehensive training of all employees at every level of their career path offers the Company a competitive advantage over other dealership groups in the development and retention of its workforce.

(Bullet) OFFER A DIVERSE RANGE OF AUTOMOTIVE PRODUCTS AND SERVICES. Sonic offers a broad range of automotive products and services, including a wide selection of new and used vehicles, vehicle financing and insurance programs, replacement parts and maintenance and repair programs. Offering numerous new vehicle brands enables the Company to satisfy a variety of customers, reduces dependence on any one Manufacturer and reduces exposure to supply problems and product cycles.

(Bullet) CAPITALIZE ON EFFICIENCIES IN OPERATIONS. Because management compensation is based primarily on dealership performance, expense reduction and operating efficiencies are a significant management focus. As the Company pursues its acquisition strategy, the Company's size and market presence should provide it with an opportunity to

negotiate favorable contracts on such expense items as advertising, purchasing, bank financings, employee benefit plans and other vendor contracts.

(Bullet) UTILIZE PROFESSIONAL MANAGEMENT PRACTICES AND INCENTIVE BASED COMPENSATION PROGRAMS. As a result of Sonic's size and geographic dispersion, the Company's senior management has instituted a multi-tiered management structure to supervise effectively its dealership operations. In an effort to align management's interest with that of stockholders, a portion of the incentive compensation program for each officer, vice president and executive manager is provided in the form of Company stock options, with additional incentives based on the performance of individual profit centers. Sonic believes that this organizational structure, with room for advancement and the opportunity for equity participation, serves as a strong motivation for its employees.

(Bullet) APPLY TECHNOLOGY THROUGHOUT OPERATIONS. The Company believes that, with the customized technology it has introduced in certain markets, it has been able to improve its operations over time by integrating its systems into all aspects of its business. In these markets the Company uses computer-based technology to monitor its dealerships' operating performance and quickly adjust to market changes, and to integrate computer systems into its sales, F&I and parts and service operations. The Company intends to expand this computer system into more of its dealerships and markets as the existing contracts for computer systems expire.

THE REORGANIZATION

The Company was recently incorporated and capitalized with the stock of the existing automobile dealerships that have been under the control of Bruton Smith comprised of Town & Country Ford, Town & Country Toyota, Lone Star Ford, Fort

Mill Ford and Frontier Oldsmobile-Cadillac (the "Sonic Dealerships"). As of June 30, 1997, the Company effected a reorganization (the "Reorganization") pursuant to which: (i) the Company acquired all of the capital stock or limited liability company interests of the Sonic Dealerships (the "Dealership Securities"); and (ii) the Company issued Class B Common Stock in exchange for the Dealership Securities. In connection with the Reorganization and the Offering, the Company intends to convert from the last-in-first-out method (the "LIFO Method") of inventory accounting to the first-in-first-out method (the "FIFO Method") of inventory accounting (the "FIFO Conversion"), conditioned upon the closing of the Offering. The FIFO Conversion will increase retained earnings by approximately $7.5 million and will result in a tax liability of approximately $5.5 million as of June 30, 1997 in connection with a restatement of the Company's financial statements. See "The Reorganization."

THE ACQUISITIONS

In the past four months, the Company has consummated or signed definitive agreements to purchase six dealerships or dealership groups for an aggregate purchase price of approximately $100.7 million. These acquisitions consist of Ken Marks Ford located in Clearwater, Florida (the "Ken Marks Acquisition"), the Bowers Transportation Group, which consists of eight dealerships in Chattanooga, Tennessee and one dealership in Nashville, Tennessee (the "Bowers Acquisition"), Lake Norman Dodge and Lake Norman Chrysler-Plymouth-Jeep Eagle located in Cornelius, North Carolina (the "Lake Norman Acquisition"), Dyer & Dyer Volvo located in Atlanta, Georgia (the "Dyer Acquisition"), Jeff Boyd Chrysler-Plymouth-Dodge, located in Fort Mill, South Carolina (the "Fort Mill Acquisition"), and Williams Motors located in Rock Hill, South Carolina (the "Williams Acquisition") (collectively, the "Acquisitions"). The dealerships underlying the Acquisitions had aggregate total revenues of approximately $515.7 million in 1996 and enhance the Company's market presence in the Southeast. See "The Acquisitions."

The Company's principal executive office is located at 5401 East Independence Boulevard, Charlotte, North Carolina. Its mailing address is P.O. Box 18747, Charlotte, North Carolina 28218, and its telephone number is (704) 532-3301.

THE OFFERING

<TABLE>
<S> <C>
Class A Common Stock Offered by the Company..... shares (1)
Common Stock to be outstanding after the Offering:
Class A Common Stock..... shares (2)
</TABLE>

Class B Common Stock	shares
Total	shares
Voting Rights	The Class A Common Stock and Class B Common Stock vote as a single class on all matters, except as otherwise required by law, with each share of Class A Common Stock entitling its holders to one vote and each share of Class B Common Stock entitling its holder to ten votes except with respect to certain limited matters. See "Description of Capital Stock."
Use of proceeds	The net proceeds of the Offering will be used to fund the Acquisitions, including repaying indebtedness incurred by the Company in connection with the Acquisitions. See "The Acquisitions" and "Use of Proceeds."
Listing	The Company intends to apply for listing of the Class A Common Stock on the New York Stock Exchange (the "NYSE"), under the symbol "DLR."

(1) Does not include up to an aggregate of shares of Class A Common Stock that may be sold by the Company upon exercise of the over-allotment option granted to the Underwriters. See "Underwriting."

(2) Excludes shares of Class A Common Stock reserved for future issuance to Company employees under the Company's stock option plan (including up to shares of Class A Common Stock reserved for issuance upon exercise of options to be granted on or before the consummation of the Offering pursuant to the Company's Stock Option Plan (as defined herein)) and excludes shares of Class A Common Stock (shares if the Underwriters' over-allotment option is exercised) reserved for issuance under the Dyer Warrant (defined herein). See "The Acquisitions -- The Dyer Acquisition" and "Management -- Stock Option Plan."

SUMMARY HISTORICAL AND PRO FORMA COMBINED AND CONSOLIDATED FINANCIAL DATA

The following summary historical and pro forma combined and consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Combined and Consolidated Financial Statements of the Company and the related notes and "Pro Forma Combined and Consolidated Financial Data" included elsewhere in this Prospectus. The Company acquired Fort Mill Ford, Inc. and Fort Mill Chrysler-Plymouth-Dodge in February 1996 and in June 1997, respectively. Both of these acquisitions were accounted for using the purchase method of accounting. As a result the Summary Historical Combined and Consolidated Financial Data below does not include the results of operations of these dealerships prior to the date they were acquired by the Company. Accordingly, the actual historical data for the periods after the acquisition may not be comparable to data presented for periods prior to the acquisitions of Fort Mill Ford and Fort Mill Chrysler-Plymouth-Dodge. Additionally, the Summary Historical and Pro Forma Combined and Consolidated Financial Data below is not necessarily indicative of the results of operations or financial position which would have resulted had the Reorganization, the FIFO Conversion, the Acquisitions and the Offering occurred during the periods presented.

	YEAR ENDED DECEMBER 31,						SIX MONTHS ENDED JUNE 30,	
	ACTUAL					PRO FORMA	ACTUAL	
	1992	1993	1994	1995	1996(2)	1996(1)	1996(2)	1997(3)
	(IN THOUSANDS, EXCEPT PER SHARE AND VEHICLES UNIT DATA)							
COMBINED AND CONSOLIDATED STATEMENT OF OPERATIONS DATA:								
Revenues:								
Vehicle sales	$171,065	$203,630	$227,960	$267,308	$326,842	$803,495	$164,333	$185,077

Parts, service and collision repair	24,543	30,337	33,984	35,860	42,644	96,098	21,005	22,907
Finance and insurance	3,743	3,711	5,181	7,813	7,118	17,482	4,277	4,763
Total revenues	199,351	237,678	267,125	310,981	376,604	917,075	189,615	212,747
Cost of sales	174,503	210,046	234,461	272,179	332,407	800,583	167,191	188,368
Gross profit (4)	24,848	27,632	32,664	38,802	44,197	116,492	22,424	24,379
Selling, general and administrative expenses	20,251	22,738	24,632	29,343	33,677	88,086	16,590	18,413
Depreciation and amortization	682	788	838	832	1,076	3,696	360	396
Operating income	3,915	4,106	7,194	8,627	9,444	24,710	5,474	5,570
Interest expense floor plan	2,215	2,743	3,001	4,505	5,968	11,492	2,801	3,018
Interest expense, other	290	263	443	436	433	974	184	269
Other income	1,360	613	609	449	618	2,167	369	274
Income before income taxes and minority interest (4)	2,770	1,713	4,359	4,135	3,661	14,411	2,858	2,557
Provision for income taxes	108	107	1,560	1,675	1,400	5,870	1,093	937
Income before minority interest	2,662	1,606	2,799	2,460	2,261	8,541	1,765	1,620
Minority interest in earnings (loss) of subsidiary	(31)	(22)	15	22	114	--	41	47
Net income	$ 2,693	$ 1,628	$ 2,784	$ 2,438	$ 2,147	$ 8,541	$ 1,724	$ 1,573
Net income per share (5)						$ --		

<CAPTION>

	PRO FORMA 1997(1)
<S>	<C>
COMBINED AND CONSOLIDATED STATEMENT OF OPERATIONS DATA:	
Revenues:	
Vehicle sales	$427,279
Parts, service and collision repair	51,125
Finance and insurance	9,781
Total revenues	488,185
Cost of sales	427,901
Gross profit (4)	60,284
Selling, general and administrative expenses	43,718
Depreciation and amortization	1,766
Operating income	14,800
Interest expense floor plan	6,373
Interest expense, other	583
Other income	1,277
Income before income taxes and minority interest (4)	9,121
Provision for income taxes	3,571
Income before minority interest	5,550
Minority interest in earnings (loss) of subsidiary	--
Net income	$ 5,550
Net income per share (5)	$ --

</TABLE>

OTHER COMBINED AND CONSOLIDATED OPERATING DATA:

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
New vehicle units sold	8,060	9,429	9,686	10,273	11,693	24,114	6,027	6,553
Used vehicle units sold -- retail (6)	3,892	4,104	4,374	5,172	5,488	13,453	2,836	2,638
New vehicle sales revenues	$126,230	$152,525	$164,361	$186,517	$233,146	$549,867	$115,721	$137,069
Used vehicle sales revenues -- retail								

(6).....	33,636	37,742	47,537	60,766	68,054	187,213	35,200	32,666
Parts, service and collision repair sales revenues.....	24,543	30,337	33,984	35,860	42,644	96,098	21,005	22,907
Gross profit margin (FIFO) (7).....	12.4%	12.3%	12.8%	12.9%	12.1%	12.6%	11.8%	11.5%
New vehicle gross margin (FIFO) (7).....	6.7%	6.9%	7.0%	7.3%	7.4%	7.4%	6.6%	6.5%
Used vehicle gross margin (retail) (FIFO) (7)(6).....	10.7%	10.5%	10.9%	9.5%	8.4%	9.3%	8.4%	8.5%
Parts, service and collision repair gross margin (FIFO) (7)(6).....	36.3%	36.4%	35.9%	36.1%	36.5%	42.4%	35.8%	35.4%

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New vehicle units sold.....	12,816
<S>	<C>
Used vehicle units sold -- retail (6).....	7,222
New vehicle sales revenues.....	$290,178
Used vehicle sales revenues -- retail (6).....	99,182
Parts, service and collision repair sales revenues.....	51,125
Gross profit margin (FIFO) (7).....	12.3%
New vehicle gross margin (FIFO) (7).....	7.3%
Used vehicle gross margin (retail) (FIFO) (7)(6).....	9.1%
Parts, service and collision repair gross margin (FIFO) (7)(6).....	42.5%

<TABLE>
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	AS OF DECEMBER 31, 1996	AS OF JUNE 30, 1997 ACTUAL	AS OF JUNE 30, 1997 PRO FORMA
<S>	<C>	<C>	<C>
COMBINED AND CONSOLIDATED BALANCE SHEET DATA:			
Working capital.....	$ 6,201	$ 4,287	$ 51,162
Total assets.....	94,930	106,859	317,372
Long-term debt.....	5,286	5,137	10,422
Total liabilities.....	78,867	86,499	188,931
Minority interest.....	314	--	--
Stockholders' equity (4).....	15,749	20,360	128,441

</TABLE>

(FOOTNOTES ON FOLLOWING PAGE)

(1) For information regarding the pro forma adjustments made to the Company's historical financial data, which give effect to the Reorganization, the FIFO Conversion, the Acquisitions, and the Offering, see "Pro Forma Combined and Consolidated Financial Data."

(2) The actual statement of operations data for the year ended December 31, 1996 includes the results of Fort Mill Ford, Inc. from the date of acquisition, February 1, 1996.

(3) The actual statement of operations data for the six months ended June 30, 1997 include the results of Fort Mill Chrysler-Plymouth-Dodge, Inc. from the date of acquisition June 6, 1997.

(4) The Company currently utilizes the LIFO Method of inventory accounting. See Note 3 to the Company's Combined and Consolidated Financial Statements. The Company intends to file an election with the Internal Revenue Service to convert, upon the closing of the Offering, to the FIFO Method of inventory accounting and report its earnings for tax purposes and in its financial statements on the FIFO Method. If the Company had previously utilized the FIFO Method, gross profit and income before income taxes and minority interest for the periods shown in the table, and stockholders' equity as of

December 31, 1996 and June 30, 1997, would have been as follows:

<TABLE>
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	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1992	1993	1994	1995	1996	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
				(IN THOUSANDS)			
Gross profit	$24,638	$29,233	$34,114	$40,103	$45,557	$22,424	$24,379
Income before income taxes and minority interest	2,560	3,314	5,809	5,436	5,021	2,858	2,557

</TABLE>

<TABLE>
<CAPTION>

	AS OF DECEMBER 31, 1996	AS OF JUNE 30, 1997
<S>	<C>	<C>
	(IN THOUSANDS)	
Stockholders' equity	$23,829	$28,440

</TABLE>

(5) Historical net income per share is not presented, as the historical capital structure of the Company prior to the Offering is not comparable with the capital structure that will exist after the Offering.
(6) The term "retail" describes sales to consumers as compared to sales to wholesalers.
(7) Data is presented on the FIFO Method of inventory accounting. The Company has historically used the LIFO Method of inventory accounting and intends to convert to the FIFO Method conditioned and effective upon the closing of the Offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

RISK FACTORS

THIS PROSPECTUS CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS. ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE PROJECTED IN THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF CERTAIN OF THE RISK FACTORS SET FORTH BELOW AND ELSEWHERE IN THIS PROSPECTUS. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER AND EVALUATE ALL OF THE INFORMATION SET FORTH IN THIS PROSPECTUS, INCLUDING THE RISK FACTORS SET FORTH BELOW.

DEPENDENCE ON AUTOMOBILE MANUFACTURERS

Each of the Company's dealerships operates pursuant to a franchise agreement between the applicable automobile manufacturer (or authorized distributor thereof) (the "Manufacturer") and the subsidiary of the Company that operates such dealership. The Company is dependent to a significant extent on its relationship with such Manufacturers.

After giving effect to the Reorganization and the Acquisitions, vehicles manufactured by Ford Motor Company ("Ford"), Chrysler Corporation ("Chrysler"), Toyota Motor Sales (U.S.A.) ("Toyota") and Volvo Motors ("Volvo"), accounted for approximately 62.3%, 16.9%, 5.8% and 5.7%, respectively, of the Company's 1996 pro forma unit sales of new vehicles. No other Manufacturer accounted for more than 5% of the new vehicle sales of the Company during 1996. See "Business -- New Vehicle Sales," and " -- Relationships with Manufacturers." Accordingly, a significant decline in the sale of Ford, Chrysler, Toyota, or Volvo new cars could have a material adverse effect on the Company. Manufacturers exercise a great degree of control over dealerships, and the franchise agreement provides for termination or non-renewal for a variety of causes. The Company believes that it is in compliance in all material respects with all its franchise agreements except that Lake Norman Dodge (one of the dealerships whose assets are being purchased in the Lake Norman Acquisition) is in violation of its franchise agreement with Chrysler. The Company does not have any reason to believe that this will have an effect on its ability to consummate

the Lake Norman Acquisition. The Company's franchise agreements generally expire at various times between 1997 and 2000, although some franchise agreements have no specific expiration date and continue in effect unless terminated pursuant to certain limited circumstances. The Company has no reason to believe that it will not be able to renew all of its franchise agreements upon expiration, but there can be no assurance that any of such agreements will be renewed or that the terms and conditions of such renewals will be favorable to the Company. If a Manufacturer terminates or declines to renew one or more of the Company's significant franchise agreements, such action could have a material adverse effect on the Company and its business. Actions taken by Manufacturers to exploit their superior bargaining position in negotiating the terms of such renewals or otherwise could also have a material adverse effect on the Company. See "Business -- Relationships with Manufacturers."

The Company also depends on the Manufacturers to provide it with a desirable mix of popular new vehicles that produce the highest profit margins and which may be the most difficult to obtain from the Manufacturers. If the Company is unable to obtain a sufficient allocation of the most popular vehicles, its profitability may be materially adversely affected. In some instances, in order to obtain additional allocations of these vehicles, the Company purchases a larger number of less desirable models than it would otherwise purchase and its profitability may be materially adversely affected thereby. The Company's dealerships depend on the Manufacturers for certain sales incentives and other programs that are intended to promote dealership sales or support dealership profitability. Manufacturers have historically made many changes to their incentive programs during each year. A reduction or discontinuation of a Manufacturer's incentive programs may materially adversely affect the profitability of the Company.

The success of each of the Company's dealerships depends to a great extent on the financial condition, marketing, vehicle design, production capabilities and management of the Manufacturers which the Company represents. Events such as strikes and other labor actions by unions, or negative publicity concerning a particular Manufacturer or vehicle model, may materially and adversely affect the Company. Although, the Company has attempted to lessen its dependence on any one Manufacturer by establishing dealer relationships with a number of different domestic and foreign automobile Manufacturers, adverse conditions affecting Ford, Chrysler, Toyota and Volvo in particular, could have a material adverse affect on the Company. See "Business -- New Vehicle Sales" and " -- Relationship with Manufacturers."

Many Manufacturers attempt to measure customers' satisfaction with their sales and warranty service experiences through systems, which vary from Manufacturer to Manufacturer but which are generally known as CSI. These Manufacturers may use a dealership's CSI scores as a factor in evaluating applications for additional dealership acquisitions and other matters such as vehicle inventory allocations. The components of CSI have been modified from time to time in the past, and there is no assurance that such components will not be further modified or replaced by different systems in the future. To date, the Company has not been adversely affected by these standards and has not been denied approval of any acquisition. However, there can be no assurance that the Company will be able to comply with such standards in the future. Failure of the

Company's dealerships to comply with the standards imposed by Manufacturers at any given time may have a material adverse effect on the Company.

The Company must also obtain approvals by the applicable Manufacturer for any of its acquisitions. See " -- Risks Associated with Acquisitions."

COMPETITION

Automobile retailing is a highly competitive business with over 22,000 franchised automobile dealerships in the United States at the beginning of 1996. The Company's competition includes franchised automobile dealerships selling the same or similar makes of new and used vehicles offered by the Company in the same markets as the Company and sometimes at lower prices than those of the Company. These dealer competitors may be larger and have greater financial and marketing resources than the Company. Other competitors include other franchised dealers, private market buyers and sellers of used vehicles, used vehicle dealers, service center chains and independent service and repair shops. Gross profit margins on sales of new vehicles have been declining since 1986. The Company has also had margin pressure on its used vehicle sales over the last 18 months. The used car market faces increasing competition from non-traditional outlets such as used-car "superstores," which use sales techniques such as one price shopping and the Internet. Several groups have begun to establish nationwide networks of used vehicle superstores. In Charlotte and Atlanta, where the Company has significant operations, CarMax Superstores operate in competition with the Company. In addition, car superstores operate in many of the Company's other markets. "No negotiation" sales methods are also being tried for new cars by at least one of these superstores and by dealers for Saturn and

other dealerships. Some recent market entrants may be capable of operating on smaller gross margins compared to the Company. In addition, certain Manufacturers have publicly announced that they may directly enter the retail market in the future which could have a material adverse effect on the Company. The increased popularity of short-term vehicle leasing also has resulted, as these leases expire, in a large increase in the number of late model vehicles available in the market, which puts added pressure on margins. As the Company seeks to acquire dealerships in new markets, it may face increasingly significant competition (including from other large dealer groups and dealer groups that have publicly-traded equity) as it strives to gain market share through acquisitions or otherwise.

The Company's franchise agreements (other than with Saturn) do not give the Company the exclusive right to sell a Manufacturer's product within a given geographic area. The Company could be materially adversely affected if any of its Manufacturers award franchises to others in the same markets where the Company is operating. A similar adverse affect could occur if existing competing franchised dealers increase their market share in the Company's markets. The Company's gross margins may decline over time as it expands into markets where it does not have a leading position. These and other competitive pressures could materially adversely affect the Company's results of operations. See "Business -- Competition."

OPERATING CONDITION OF ACQUIRED BUSINESSES

Although the Company has conducted what it believes to be a prudent level of investigation regarding the operating condition of the assets to be purchased in the Acquisitions in light of the circumstances of each transaction, certain unavoidable levels of risk remain regarding the actual operating condition of these assets. Until the Company actually assumes operating control of such assets, it will not be able to ascertain their actual value and, therefore, will be unable to ascertain whether the price paid for the Acquisitions represented a fair valuation. The same risk regarding the actual operating condition of businesses to be acquired will also apply to future acquisitions by the Company.

RISKS OF CONSOLIDATING OPERATIONS AS A RESULT OF THE ACQUISITIONS

In connection with the Acquisitions, Sonic acquired six dealerships or dealership groups. Each of these dealerships or groups has been operated and managed as a separate independent entity to date, and the Company's future operating results will depend on its ability to integrate the operations of these businesses and manage the combined enterprise. The Company's management group has been expanded in connection with these Acquisitions. There can be no assurance that the management group will be able effectively and profitably integrate in a timely manner each of the dealerships included in the Acquisitions or any future acquisitions, or to manage the combined entity. The inability of the Company to do so could have a material adverse effect on the Company's business, financial condition and results of operations.

RISKS ASSOCIATED WITH ACQUISITIONS

The retail automobile industry is considered a mature industry in which minimal growth is expected in unit sales of new vehicles. Accordingly, the Company's future growth will depend in large part on its ability to acquire additional dealerships

as well as on its ability to manage expansion, control costs in its operations and consolidate dealership acquisitions, including the Acquisitions, into existing operations. In pursuing a strategy of acquiring other dealerships, including the Acquisitions, the Company faces risks commonly encountered with growth through acquisitions. These risks include, but are not limited to, incurring significantly higher capital expenditures and operating expenses, failing to assimilate the operations and personnel of the acquired dealerships, disrupting the Company's ongoing business, dissipating the Company's limited management resources, failing to maintain uniform standards, controls and policies, impairing relationships with employees and customers as a result of changes in management and causing increased expenses for accounting and computer systems, as well as integration difficulties. Installing new computer systems has in the past disrupted existing operations as management and salespersons adjust to new technologies. In addition, as contracts with existing suppliers of the Company's computer systems expire, the Company's strategy may be to install new systems at its existing dealerships. The Company expects that it will take one to two years to fully integrate an acquired dealership into the Company's operations and realize the full benefit of the Company's strategies and systems. There can be no assurance that the Company will be successful in overcoming these risks or any other problems encountered with such acquisitions, including in connection with the Acquisitions. Acquisitions may also result in significant goodwill and other intangible assets that are amortized in future years and reduce future stated earnings. See "The Acquisitions," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Growth Strategy."

Although there are many potential acquisition candidates that fit the

Company's acquisition criteria, there can be no assurance that the Company will be able to consummate any such transactions in the future or identify those candidates that would result in the most successful combinations or that future acquisitions will be able to be consummated at acceptable prices and terms. The magnitude, timing and nature of future acquisitions will depend upon various factors, including the availability of suitable acquisition candidates, competition with other dealer groups for suitable acquisitions, the negotiation of acceptable terms, the Company's financial capabilities, the availability of skilled employees to manage the acquired companies and general economic and business conditions.

In addition, the Company's future growth as a result of its acquisition of automobile dealerships will depend on its ability to obtain the requisite Manufacturer approvals. There can be no assurance that Manufacturers will grant such approvals. It is also possible that one or more Manufacturers might object to ownership by one company of many of its franchises. For example, it is currently the policy of Toyota to restrict any company from holding more than seven Toyota or more than three Lexus franchises and to impose restrictions based on the number of franchises held within certain geographic areas. Although the Company has been to date able to obtain Manufacturer approvals for its acquisitions on acceptable terms, there can be no assurance that it will be able to do so in the future.

In certain cases, the Company may be required to file applications and obtain clearances, under applicable federal antitrust laws before consummation of an acquisition. These regulatory requirements may restrict or delay the Company's acquisitions, and may increase the cost of completing such transactions.

FINANCIAL RESOURCES AVAILABLE FOR ACQUISITIONS

The Company intends to finance acquisitions with cash on hand, through issuances of equity or debt securities and through borrowings under credit arrangements. The Company is currently negotiating new credit arrangements, although none has been consummated and no assurance can be given that any lending or credit arrangement will be consummated or that such arrangements will adequately meet the Company's financing needs on acceptable terms. Similarly, there is no assurance that the Company will be able to obtain additional debt or equity securities financing. Using cash to complete acquisitions could substantially limit the Company's operating or financial flexibility. Using stock to consummate acquisitions may result in significant dilution of stockholders' percentage interest in the Company, which dilution may be prohibited by the Company's franchise agreements with Manufacturers. See " -- Stock Ownership/Issuance Limits." If the Company is unable to obtain financing on acceptable terms, the Company may be required to reduce significantly the scope of its presently anticipated expansion, which could materially adversely affect the Company's business. See "The Acquisitions," "Management's Discussion and Analysis of Financial Condition and Results of Operation -- Liquidity and Capital Resources" and "Business -- Growth Strategy."

In addition, the Company is dependent to a significant extent on its ability to finance the purchase of inventory, which in the automotive retail industry involves significant sums of money in the form of floor plan financing. As of June 30, 1997 on a pro forma basis for the Acquisitions, the Company had approximately $144.5 million of floor plan indebtedness. Substantially all the assets of the Company's dealerships are pledged to secure such indebtedness, which may impede the Company's ability to borrow from other sources. Many floor plan lenders are associated with Manufacturers with whom the Company

has franchise agreements. Consequently, deterioration of the Company's relationship with a Manufacturer could adversely affect its relationship with the affiliated floor plan lender and vice-versa. In addition, the Company must obtain new floor plan financing or obtain consents to assume such financing in connection with its acquisition of dealerships. See " -- Dependence on Automobile Manufacturers."

STOCK OWNERSHIP/ISSUANCE LIMITS

Standard automobile franchise agreements prohibit transfers of any ownership interests of a dealership and its parent, such as Sonic, and, therefore, often do not by their terms accommodate public trading of the capital stock of a dealership or its parent. While, prior to the Offering and as a condition thereto, all of the Manufacturers of which Company subsidiaries are franchisees will have agreed to permit the Offering and trading in the Class A Common Stock, a number of Manufacturers will continue to impose restrictions upon the transferability of the Common Stock. Any transfer of shares of the Company's Common Stock, including a transfer by members of the Smith Group, will be outside the control of the Company and, if such transfer results in a change in control of the Company, could result in the termination or non-renewal of one or more of its franchise agreements. Moreover, these issuance limitations may impede the Company's ability to raise capital through additional equity

offerings or to issue Common Stock as consideration for, and therefore, to consummate, future acquisitions. Such restrictions also may prevent or deter prospective acquirors from acquiring control of the Company and, therefore, may adversely impact the Company's equity value. See " -- Financial Resources Available for Acquisitions."

Upon consummation of the Offering, % of the Common Stock (on a fully diluted basis) will be publicly owned (assuming full exercise of the Underwriters' over-allotment option). The Company has contractual obligations to provide "piggyback" registration rights to holders of Class B Common Stock to register their shares under the Securities Act under certain circumstances. Additionally, such shares will become in the future, eligible for sale pursuant to the terms of Rule 144 under the Securities Act ("Rule 144"). See "Certain Transactions -- Registration Rights Agreement" and "Shares Eligible for Future Sale."

POTENTIAL CONFLICTS OF INTEREST

Bruton Smith, the Chairman and Chief Executive Officer of the Company, will continue to serve as the Chairman and Chief Executive Officer of Speedway Motorsports. Accordingly, the Company will compete with Speedway Motorsports for the management time of Mr. Smith. Under his employment agreement with the Company, Mr. Smith is required to devote approximately 50% of his business time to the affairs of the Company. The remainder of his business time may be devoted to other entities including Speedway Motorsports.

The Company has in the past and will likely in the future enter into transactions with entities controlled by either Mr. Smith, Nelson Bowers or Ken Marks or other affiliates of the Company. The Company believes that all of these arrangements are favorable to the Company and were entered into on terms that, taken as a whole, reflect arms'-length negotiations, although certain lease provisions included in such transactions may be at below-market rates. Since no independent appraisals evaluating these business transactions were obtained, there can be no assurance that such transactions are on terms no less favorable than could have been obtained from unaffiliated third parties. Certain of the existing arrangements will continue after the Offering. Potential conflicts of interest could also arise in the future between the Company and these affiliated parties in connection with the enforcement, amendment or termination of these arrangements. See "Certain Transactions." The Company anticipates renegotiating its leases with all related parties at lease expiration at fair market rentals, which may be higher than current rents. For further discussion of these related party leases, see "Certain Transactions -- Certain Dealership Leases."

In addition to his interest and responsibilities with the Company, Nelson Bowers has ownership interests in several non-Company entities, including a Toyota dealership in Cleveland, Tennessee, an auto body shop in Chattanooga, Tennessee and a used-car auction house. These enterprises are involved in businesses that are related to, and that compete with, the businesses of the Company. Pursuant to his employment agreement, Mr. Bowers is not permitted to participate actively in the operation of those businesses and is only permitted to maintain a passive investment in these enterprises.

Under the General Corporation Law of Delaware ("Delaware Law") generally, a corporate insider is precluded from acting on a business opportunity in his individual capacity if that opportunity is one which the corporation is financially able to undertake, is in the line of the corporation's business, is of practical advantage to the corporation and is one in which the corporation has an interest or reasonable expectancy. Accordingly, corporate insiders are generally required to engage in new business opportunities of the Company only through the Company unless a majority of the Company's disinterested directors decide under the standards discussed above that it is not in the best interest of the Company to pursue such opportunities.

The Company's Amended and Restated Certificate of Incorporation (the "Certificate") contains provisions providing that transactions between the Company and its affiliates must be no less favorable to the Company than would be available in corporate transactions in arms'-length dealing with an unrelated third party. Moreover, any such transactions involving aggregate payments in excess of $500,000 must be approved by a majority of the Company's directors and a majority of the Company's independent directors. Otherwise, the Company must obtain an opinion as to the financial fairness of the transaction to be issued by an investment banking or appraisal firm of national standing.

LACK OF INDEPENDENT DIRECTORS

As of the date hereof, all of the members of the Company's Board of Directors are employees and/or majority shareholders of the Company or affiliates thereof. Although the Company intends to appoint at least two independent directors following completion of the Offering, such directors will not constitute a majority of the Board, and the Company's Board may not have a majority of independent directors in the future. In the absence of a majority of

independent directors, the Company's executive officers, who also are principal stockholders and directors, could establish policies and enter into transactions without independent review and approval thereof, subject to certain restrictions under the Certificate. In addition, although the Company intends to establish audit and compensation committees which will consist entirely of outside directors, until those committees are established, audit and compensation policies could be approved without independent review. These and other transactions could present the potential for a conflict of interest between the Company and its stockholders generally and the controlling officers, stockholders or directors. See "Management."

DEPENDENCE ON KEY PERSONNEL AND LIMITED MANAGEMENT AND PERSONNEL RESOURCES

The Company's success depends to a significant degree upon the continued contributions of its management team (particularly its senior management) and service and sales personnel. The loss of the services of one or more of these key employees could have a material adverse effect on the Company. Although the Company has employment agreements with Bruton Smith, Bryan Scott Smith, Nelson Bowers, Theodore M. Wright, O. Ken Marks, Jr. and Jeffrey C. Rachor, the Company will not have employment agreements in place with other key personnel. In addition, as the Company expands it may need to hire additional managers. The market for qualified employees in the industry and in the regions in which the Company operates, particularly for general managers and sales and service personnel, is highly competitive and may subject the Company to increased labor costs in periods of low unemployment. The loss of the services of key employees or the inability to attract additional qualified managers could have a material adverse effect on the Company. In addition, the lack of qualified management or employees employed by the Company's potential acquisition candidates may limit the Company's ability to consummate future acquisitions. See "Business -- Growth Strategy," "Business -- Competition" and "Management."

MATURE INDUSTRY; CYCLICAL AND LOCAL NATURE OF AUTOMOBILE SALES

The United States automobile dealership industry generally is considered a mature industry in which minimal growth is expected in unit sales of new vehicles. As a consequence, growth in the Company's revenues and earnings are likely to be significantly affected by the Company's success in acquiring and integrating dealerships and the pace and size of such acquisitions. See " -- Risks Associated with Acquisitions" and "Business -- Growth Strategy."

The automobile industry is cyclical and historically has experienced periodic downturns, characterized by oversupply and weak demand. Many factors affect the industry, including general economic conditions and consumer confidence, the level of discretionary personal income, interest rates and credit availability. For the six months ended June 30, 1997, industry retail sales were down 2% as a result of retail car sales declines of 5.3% and retail truck sales gains of 2.4% from the same period in 1996. Future recessions may have a material adverse effect on the Company's business.

Local economic, competitive and other conditions also affect the performance of dealerships. The Sonic Dealerships are located in the Charlotte and Houston markets. Pursuant to the Acquisitions, the Company is acquiring dealerships in the metropolitan areas of Charlotte, Chattanooga, Nashville, Tampa-Clearwater and Atlanta. While the Company intends to pursue acquisitions outside of these markets, the Company expects that the majority of its operations will continue to be concentrated in these areas for the foreseeable future. As a result, the Company's results of operations will depend substantially on general economic conditions and consumer spending habits in the Southeast and, to a lesser extent, in the Houston market, as well as various other factors, such as tax rates and state and local regulations, specific to North Carolina, Tennessee, Florida, Texas, Georgia and South Carolina. There can be no assurance that the Company will be able to expand geographically, or that any such expansion will adequately insulate it from the adverse effects of local or regional economic conditions. See "Business -- Growth Strategy."

SEASONALITY

The Company's business is seasonal, with a disproportionate amount of revenues occurring in the second, third and fourth fiscal quarters. See "Managements's Discussion and Analysis of Financial Condition and Results of Operations."

IMPORTED PRODUCTS

Certain motor vehicles retailed by the Company, as well as certain major components of vehicles retailed by the Company, are of foreign origin. Accordingly, the Company is subject to the import and export restrictions of various jurisdictions and is dependent to some extent upon general economic conditions in and political relations with a number of foreign countries, particularly Japan. Additionally, fluctuations in currency exchange rates may adversely affect the Company's sales of vehicles produced by foreign

manufacturers. Imports into the United States may also be adversely affected by increased transportation costs.

GOVERNMENTAL REGULATIONS; ENVIRONMENTAL MATTERS

The Company is subject to a wide range of federal, state and local laws and regulations, such as local licensing requirements, consumer protection laws and regulations relating to gasoline storage, waste treatment and other environmental matters. Future acquisitions by the Company may also be subject to regulation, including antitrust reviews. The Company believes that it complies in all material respects with all laws and regulations applicable to its business, but future regulations may be more stringent and require the Company to incur significant additional costs.

The Company's facilities and operations are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety, including those governing wastewater discharges, air emissions, the operation and removal of underground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials and the remediation of contamination associated with such disposal. Certain of these laws and regulations may impose joint and several liability on certain statutory classes of persons for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal. These persons include the present or former owner or operator of a contaminated property and companies that generated, disposed of or arranged for the disposal of hazardous substances found at the property.

Past and present business operations of the Company subject to such laws and regulations include the use, storage handling and contracting for recycling or disposal of hazardous or toxic substances or wastes, including environmentally sensitive materials such as motor oil, waste motor oil and filters, transmission fluid, antifreeze, freon, waste paint and lacquer thinner, batteries, solvents, lubricants, degreasing agents, gasoline and diesel fuels. The Company is subject to other laws and regulations as a result of the past or present existence of underground storage tanks at many of the Company's properties. The Company, like many of its competitors, has incurred, and will continue to incur, capital and operating expenditures and other costs in complying with such laws and regulations. In addition, soil and groundwater contamination exist at certain of the Company's properties, and there can be no assurance that other properties have not been contaminated by any leakage from underground storage tanks or by any spillage or other releases of hazardous or toxic substances or wastes.

Certain laws and regulations, including those governing air emissions and underground storage tanks, have been amended so as to require compliance with new or more stringent standards as of future dates. The Company cannot predict what other environmental legislation or regulations will be enacted in the future, how existing or future laws or regulations will be administered or interpreted or what environmental conditions may be found to exist in the future. Compliance with new or more stringent laws or regulations, stricter interpretation of existing laws or the future discovery of environmental conditions may require additional expenditures by the Company, some of which may be material. See "Business -- Governmental Regulations and Environmental Matters."

CONCENTRATION OF VOTING POWER AND ANTI-TAKEOVER PROVISIONS

The Common Stock is divided into two classes with different voting rights, which allows for the maintenance of control of the Company by the holders of the Class B Common Stock. Holders of Class A Common Stock are entitled to one vote per share on all matters submitted to a vote of the stockholders of the Company. Holders of Class B Common Stock are entitled to ten votes per share on all matters, except that the Class B Common Stock is entitled to only one vote per share with respect to any transaction proposed or approved by the Company's Board of Directors, proposed by or on behalf of the holders of the Class B Common Stock or their affiliates or as to which any members of the Smith Group or any affiliate thereof has a material financial interest (other than as a then existing stockholder of the Company) constituting a (a) "going private" transaction (as defined herein), (b) disposition of substantially all of the Company's assets, (c) transfer resulting in a change

in the nature of the Company's business, or (d) merger or consolidation in which current holders of Common Stock would own less than 50% of the Common Stock following such transaction. The two classes vote together as a single class on all matters, except where class voting is required by Delaware Law, which exception would apply, among other situations, to a vote on any proposal to modify the voting rights of the Class B Common Stock. See "Description of Capital Stock." Upon completion of this Offering (assuming the Underwriters' over-allotment option is not exercised), the existing holders of Class B Common Stock will have approximately % of the combined voting power of the Common Stock (in those circumstances in which the Class B Common Stock has ten votes per share) and % of the outstanding Common Stock. Accordingly such holders of Class B Common Stock will effectively have the ability to elect all of the

directors of the Company and to control all other matters requiring the approval of the Company's stockholders. In addition, the Company may issue additional shares of Class B Common Stock to members of the Smith Group in the future for fair market value. See "Principal Stockholders."

The disproportionate voting rights of the Class B Common Stock under the above-mentioned circumstances could have a material adverse effect on the market price of the Class A Common Stock. Such disproportionate voting rights may make the Company a less attractive target for a takeover than it otherwise might be, or render more difficult or discourage a merger proposal, a tender offer or a proxy contest, even if such actions were favored by a majority of the holders of the Class A Common Stock.

Certain provisions of the Certificate and the Company's Bylaws make it more difficult for stockholders of the Company to effect certain corporate actions. See "Description of Capital Stock -- Delaware Law, Certain Charter and Bylaw Provisions and Certain Franchise Agreement Provisions." Under the Company's Stock Option Plan, options outstanding thereunder become immediately exercisable upon a change in control of the Company. See "Management -- Employment Agreements" and " -- Stock Option Plan." The agreements, corporate documents and laws described above, as well as provisions of the Company's franchise agreements described in " -- Dependence on Automobile Manufacturers" above permitting Manufacturers to terminate such agreements upon a change of control, may have the effect of delaying or preventing a change in control of the Company or preventing stockholders from realizing a premium on the sale of their shares of Class A Common Stock upon an acquisition of the Company.

The Certificate authorizes the Board of Directors of the Company to issue three million shares of "blank check" preferred stock with such designations, rights and preferences as may be determined from time to time by the Board of Directors. Accordingly, the Board of Directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights or preferences that could adversely affect the voting power or other rights of the holders of the Class A Common Stock. In the event of issuance, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying, or preventing a change in control of the Company. The issuance of preferred stock could also prevent stockholders from realizing a premium upon the sale of their shares of Class A Common Stock upon an acquisition of the Company. Although the Company has no present intention to issue any shares of its preferred stock, there can be no assurance that the Company will not do so in the future. See "Description of Capital Stock."

Additionally, the Company's Bylaws provide: (i) for a Board of Directors divided into three classes serving staggered terms; (ii) that special meetings of stockholders may be called only by the Chairman or by the Company's Secretary or Assistant Secretary at the request in writing of a majority of the Board of Directors; (iii) that no stockholder action may be taken by written consent; and (iv) that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual or a special meeting of stockholders must provide timely notice thereof in writing. These provisions will impair the stockholders' ability to influence or control the Company or to effect a change in control of the Company, and may prevent stockholders from realizing a premium on the sale of their shares of Class A Common Stock upon an acquisition of the Company. See "Description of Capital Stock."

NO PRIOR PUBLIC MARKET FOR CLASS A COMMON STOCK AND POSSIBLE VOLATILITY OF STOCK PRICE

Prior to the Offering, there has been no public market for the Class A Common Stock. The Company intends to apply for a listing of the Class A Common Stock on the NYSE. The initial public offering price of the Class A Common Stock will be determined by negotiations among the Company and representatives of the Underwriters. See "Underwriting." There can be no assurance that the market price of the Class A Common Stock prevailing at any time after this Offering will equal or exceed the initial public offering price. Quarterly and annual operating results of the Company, variations between such results and the results expected by investors and analysts, changes in local or general economic conditions or developments affecting the automobile industry, the Company or its competitors could cause the market price of the Class A Common Stock to fluctuate substantially. As a result of these factors, as well as other factors common to initial public offerings, the

market price could fluctuate substantially from the initial offering price. In addition, the stock market has, from time to time, experienced extreme price and volume fluctuations, which could adversely effect the market price for the Class A Common Stock without regard to the financial performance of the Company.

DILUTION

Purchasers of Class A Common Stock in the Offering will experience immediate and substantial dilution in the amount of $ per share in net tangible book value per share from the initial offering price. See "Dilution."

SHARES ELIGIBLE FOR FUTURE SALE

The shares of Class B Common Stock owned beneficially by existing stockholders of the Company and the shares of Class A Common Stock underlying options to be granted by the Company under the Stock Option Plan and underlying the Dyer Warrant (as defined herein), are "restricted securities" as defined in Rule 144 under the Securities Act, and may in the future be resold in compliance with Rule 144. See "Management -- Stock Option Plan" and "The Acquisitions -- The Dyer Acquisition." In addition, shares of Common Stock constituting restricted securities are subject to certain piggyback registration rights. See "Certain Transactions -- Registration Rights Agreements." No prediction can be made as to the effect that resale of shares of Common Stock, or the availability of shares of Common Stock for resale, will have on the market price of the Class A Common Stock prevailing from time to time. The resale of substantial amounts of Common Stock, or the perception that such resales may occur, could materially and adversely affect prevailing market prices for the Common Stock and the ability of the Company to raise equity capital in the future. The Company has agreed not to issue, and all executive officers of the Company and all owners of the Class B Common Stock have agreed not to resell, any shares of Common Stock or other equity securities of the Company for 180 days after the date of this Prospectus without the prior written consent of the representatives of the Underwriters. See "Management -- Stock Option Plan," "Shares Eligible for Future Sale" and "Underwriting."

THE REORGANIZATION

The Company was recently incorporated and capitalized with the stock of the Sonic Dealerships, which have been under the control of Bruton Smith and which are comprised of Town & Country Ford, Town & Country Toyota, Lone Star Ford, Fort Mill Ford and Frontier Oldsmobile-Cadillac. As of June 30, 1997, the Company effected the Reorganization pursuant to which: (i) the Company acquired all of the Dealership Securities; and (ii) the Company issued Class B Common Stock in exchange for the Dealership Securities. See "Certain Transactions -- Other Transactions." Subsequent to the Reorganization, the Company intends to convert from the LIFO Method of inventory accounting to the industry standard FIFO Method of inventory accounting, conditioned upon the closing of the Offering. As a result of the Reorganization and the FIFO Conversion, the historical combined financial information included in this Prospectus is not necessarily indicative of the results of operations, financial position and cash flows of the Company in the future or of those which would have resulted had the Reorganization and FIFO Conversion been in effect during the periods presented in the Company's Combined and Consolidated Financial Statements included elsewhere in this Prospectus. Upon election of the FIFO Method, the Company will be required under generally accepted accounting principles to restate its historical financial statements. The FIFO Conversion will increase retained earnings by $7.5 million and will result in a tax liability of approximately $5.5 million as of June 30, 1997. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

THE ACQUISITIONS

In the last four months, the Company consummated or signed definitive agreements to purchase six additional dealerships or dealership groups for an aggregate purchase price of approximately $100.7 million. These acquisitions consist of the Ken Marks Acquisition, the Bowers Acquisition, the Lake Norman Acquisition, the Dyer Acquisition, the Fort Mill Acquisition and the Williams Acquisition.

The closing of the Offering is contingent upon the Company consummating the Acquisitions. The Company intends to use the proceeds from the Offering to pay the purchase prices of the Acquisitions and to repay indebtedness, if any, incurred in connection with the Acquisitions. See "Use of Proceeds." In addition, the Company intends to refinance all of the floor plan indebtedness of the dealerships constituting the Acquisitions.

THE KEN MARKS ACQUISITION. Ken Marks Ford is located in Clearwater, Florida. Ken Marks, Jr., together with the other stockholders of Ken Marks Ford, and the Company entered into a definitive stock purchase agreement in July 1997, providing for the acquisition by the Company of all of the outstanding stock of Ken Marks Ford. Ken Marks Ford had retail sales of approximately 4,369 new and 1,764 used vehicles, had aggregate revenues of approximately $148.4 million in 1996, and, based on revenues, is one of the 20 largest Ford dealerships in the United States. This acquisition further implements the Company's growth strategy by adding a well-managed dealership with significant presence in a new market. Ken Marks, Jr., with over 13 years of automotive retailing experience in central Florida, will continue to serve as the Executive Manager of Ken Marks Ford and will join the senior management team of the Company as the Regional Vice President for Florida.

In the Ken Marks Acquisition, the Company has agreed to purchase all of the outstanding capital stock of Ken Marks Ford for a total of approximately $25.0 million. At closing, the Company will pay the stockholders of Ken Marks Ford the sum of approximately $25.0 million, less $0.5 million which will be deposited into escrow for certain contingencies. The $25.0 million sum will be adjusted downward to the extent that the net book value of Ken Marks Ford as of the closing is less than approximately $5.1 million. At the closing, Ken Marks Ford will lease its facilities from an affiliate of the original stockholders of Ken Marks Ford. See "Business -- Facilities" and "Certain Transactions -- Certain Dealership Leases." If the Company fails to perform its obligation to close the Ken Marks Acquisition by October 15, 1997, it has agreed to pay a termination fee.

THE BOWERS ACQUISITION. European Motors of Nashville (a BMW and Volkswagen dealership), European Motors (a BMW and Volvo dealership), Jaguar of Chattanooga (a Jaguar and Infiniti dealership), Cleveland Chrysler-Plymouth-Jeep-Eagle, Nelson Bowers Dodge, Cleveland Village Imports (a Honda dealership), Saturn of Chattanooga, Nelson Bowers Ford, L.P. and KIA of Chattanooga (a KIA and Volkswagen dealership), (collectively, the "Bowers Dealerships") and the Company, as well as the persons and entities controlling the Bowers Dealerships, have entered into a definitive asset purchase agreement dated as of June 24, 1997. The Bowers Dealerships are located in the Chattanooga, Tennessee metropolitan area, with the exception of European Motors of Nashville, which is located in Nashville, Tennessee. The Bowers Dealerships had retail sales of approximately 3,196 new and 2,388 used vehicles, and had aggregate revenues of approximately $127.1 million in 1996. The Bowers Dealerships estimate that their combined market share of total new vehicle unit sales in the Chattanooga metropolitan market was approximately 12.6% for 1996. This acquisition serves the Company's growth strategy by

adding a group of well-managed dealerships with a substantial portion of its sales in luxury vehicles. Nelson Bowers, the Bowers Dealerships' chief executive, and Jeffrey Rachor, their chief operating officer, have over 20 and 10 years of experience in the automotive industry, respectively. Mr. Bowers will join the Company's senior management team as Executive Vice President. Mr. Rachor will be the Company's Regional Vice President for Tennessee, Georgia, Kentucky and Alabama.

The Company will acquire substantially all the Bowers Dealerships' assets, excluding real property, and assume substantially all the liabilities associated with the purchased assets. For the Bowers Acquisition, the Company agreed to pay up to $33.5 million. At closing, the Company will pay $27.5 million in cash to the sellers and will deposit $1.0 million into an escrow account, all subject to certain potential downward adjustments based on the net book value of the purchased assets and assumed liabilities as of the closing. The balance (up to $5.0 million) of the purchase price will be evidenced by the Company's promissory notes that will be payable in 28 equal quarterly installments and will bear interest at NationsBank's prime rate less 0.5%. The sellers or their affiliates will retain ownership of certain real property underlying some of the dealerships and will lease such property to the Company. See "Business -- Facilities" and "Certain Transactions -- Certain Dealership Leases." In the event the Company fails to close the Bowers Acquisition by October 31, 1997, it has agreed to pay a termination fee.

THE LAKE NORMAN ACQUISITION. Lake Norman Chrysler-Plymouth-Jeep-Eagle and Lake Norman Dodge (collectively, the "Lake Norman Dealerships") are both located in Cornelius, North Carolina approximately 20 miles north of Charlotte. The Lake Norman Dealerships had retail sales of approximately 3,572 new and 2,320 used vehicles, and had aggregate revenues of approximately $137.7 million in 1996. The existing management of the Lake Norman Dealerships will continue with the Company.

The Company will acquire substantially all the Lake Norman Dealerships' assets, excluding real property, and assume substantially all of the sellers' liabilities. For the Lake Norman Acquisition, the Company agreed in May 1997 to pay up to $18.2 million. At closing, the Company will pay $17.7 million in cash to the sellers and deposit $0.5 million into an escrow account. At the sellers' option, the payment of the total purchase price may be made in two installments: one at closing and one on January 1, 1998, the second being evidenced by a Company promissory note. The purchase price will be adjusted downward based on the net book value of the purchased assets and assumed liabilities as of the closing date, to be determined after the closing. The sellers of the assets will retain ownership of the three tracts of real property underlying the dealerships and will lease such property to the Company. See "Business -- Facilities." In the event the Company fails to close the Lake Norman Acquisition by September 30, 1997, it has agreed to pay a termination fee secured by a letter of credit.

THE DYER ACQUISITION. Dyer & Dyer, Inc. ("Dyer Volvo"), which is located in Atlanta, Georgia, is the largest Volvo dealership in the United States in terms

of retail unit sales. For 1996, Dyer Volvo had retail sales of approximately 1,284 new and 1,493 used vehicles, and had aggregate revenues of approximately $72.6 million. This acquisition is a significant step in the Company's growth strategy in that it adds a large, well-managed dealership in a new geographic market and increases the Company's presence in the luxury car market. Richard Dyer, who has over 25 years in the automotive retailing industry, will continue as the Company's Executive Manager of Dyer Volvo.

The Company will acquire all of the operating assets of Dyer Volvo for $18.0 million plus assumption of substantially all of Dyer Volvo's existing recorded liabilities and obligations. The $18.0 million purchase price is subject to adjustment in the event that net book value of the purchased assets, less assumed liabilities, is more or less than $10.5 million as of the date of the closing. At the closing, the Company will pay $17.0 million in cash to the seller and deposit $1.0 million into an escrow account. In addition, the Company will issue a warrant to Richard Dyer to purchase .375% of the Company's outstanding shares of Common Stock (in the form of Class A Common Stock) after consummation of the Offering (shares if the Underwriters' over-allotment option is exercised in full) pursuant to his employment agreement with the Company at a per share exercise price equal to the initial public offering per share price (the "Dyer Warrant"). The Dyer Warrant is exercisable immediately and will expire five years after the consummation of the Dyer Acquisition. The Dyer Warrant is in addition to stock options that are to be granted to Richard Dyer pursuant to the Company's Stock Option Plan. Dyer Volvo leases its dealership premises and the Company will assume Dyer Volvo's obligations under the leases at the closing. See "Business -- Facilities." The closing of the Dyer acquisition will occur no later than November 1, 1997. If the Company fails to perform its obligation to close by that date, it has agreed to pay a termination fee.

THE FORT MILL ACQUISITION. Fort Mill Chrysler-Plymouth-Dodge is located in Fort Mill, South Carolina, which is a part of the Charlotte market. In 1996, Jeff Boyd Chrysler-Plymouth-Dodge (the predecessor to Fort Mill Chrysler-Plymouth-Dodge) had retail sales of approximately 632 new and 842 used vehicles, and had total revenues of $20.3 million.

The Company purchased in June 1997 certain dealership assets, excluding real property, of Jeff Boyd Chrysler-

Plymouth-Dodge for a total purchase price of approximately $3.7 million in cash and assumed the floor plan liabilities of the sellers. Of the $3.7 million purchase price paid, $3.5 million was advanced to the Company by Bruton Smith and is to be repaid with proceeds from the Offering. See "Certain Transactions -- The Smith Advance." An affiliate of Jeff Boyd Chrysler-Plymouth-Dodge retained ownership of the real property underlying the dealership and leased the property to the Company. See "Business -- Facilities."

THE WILLIAMS ACQUISITION. Williams Motors, Inc. (Chrysler-Plymouth-Jeep-Eagle dealerships) is located in Rock Hill, South Carolina, approximately 35 miles south of Charlotte. In 1996, Williams Motors had retail sales of approximately 248 new and 280 used vehicles, and had total revenues of $9.6 million.

The Company has entered into a definitive asset purchase agreement to acquire substantially all of the operating assets of Williams Motors (excluding primarily used car inventory and real estate) for up to $1.8 million plus assumption of floor plan indebtedness to Chrysler Credit Corporation. The exact price will depend upon the net book value of the purchased assets, less assumed liabilities, as of the closing. The Company will also lease the dealership premises from the sellers for one to five years, at the Company's option. See "Business -- Facilities."

FUTURE ACQUISITIONS. The Company intends to pursue acquisitions in the future that will be financed with cash or debt or equity financing or a combination thereof. Although the Company has identified and has held preliminary discussions with several potential acquisition candidates, at this time, the Company has no agreements to effect any such acquisitions other than the Acquisitions. There is no assurance that the Company will consummate any future acquisition, that they will be on favorable terms to the Company or that financing for such acquisitions will be available. All future acquisitions by the Company will be contingent upon the consent of the applicable manufacturer. Although no assurance can be given that any such consents will be obtained, the Company historically has not been denied manufacturer approval of acquisitions. The Company is currently negotiating with several lending institutions for credit arrangements to finance acquisitions and general corporate purposes, although there can be no assurance that the Company will obtain any such financing. See "Risk Factors -- Risks Associated with Acquisitions" and " -- Financial Resources Available for Acquisitions," "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and

Capital Resources."

USE OF PROCEEDS

The net proceeds to the Company from the sale of shares of Class A Common Stock offered hereby are estimated to be approximately $ million ($ million if the Underwriters' over-allotment option is exercised in full), assuming an initial public offering price of $ per share (the midpoint of the range of the initial public offering price set forth on the cover page of this Prospectus) and after deducting the underwriting discount and estimated expenses of the Offering. The net proceeds will be used to pay the purchase price for the Acquisitions or repay short-term borrowings incurred to finance any of the Acquisitions that close before the consummation of the Offering, including approximately $3.5 million to repay a loan advanced by Bruton Smith in connection with the Acquisitions, which bears interest at 3.83% per annum. See "The Acquisitions" and "Certain Transactions -- The Smith Advance."

DIVIDEND POLICY

The Company intends to retain all of its earnings to finance the growth and development of its business, including future acquisitions, and does not anticipate paying any cash dividends on its Common Stock for the foreseeable future. Any future change in the Company's dividend policy will be made at the discretion of the Board of Directors of the Company and will depend upon the Company's operating results, financial condition, capital requirements, general business conditions and such other factors as the Board of Directors deems relevant. In addition, any lending arrangement negotiated by the Company is expected to include limitations on the ability of the Company to pay dividends without the consent of the lender. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and "Description of Capital Stock."

CAPITALIZATION

The following table sets forth, as of June 30, 1997, the capitalization of the Company (a) on an actual basis, including the Reorganization which is effective as of June 30, 1997, (b) on a pro forma basis, as adjusted to reflect the FIFO Conversion and the Acquisitions, and (c) on a pro forma basis, additionally adjusted to reflect the Offering and the application of the estimated net proceeds to be received by the Company. See "Use of Proceeds." This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the unaudited Pro Forma Combined and Consolidated Financial Statements of the Company and the related notes thereto included elsewhere in this Prospectus.

<TABLE>
<CAPTION>

	JUNE 30, 1997		
		PRO FORMA FOR THE FIFO CONVERSION AND THE ACQUISITIONS(1)	PRO FORMA FOR THE OFFERING(2)
	ACTUAL		
<S>	<C>	<C>	<C>
		(DOLLARS IN THOUSANDS)	
Short-term debt:			
Notes payable -- floor plan	$67,856	$144,491	$ 144,491
Current maturities of long-term debt	487	1,473	1,473
Total short-term debt	68,343	145,964	145,964
Long-term debt	5,137	10,422	10,422
Stockholders' equity:			
Preferred Stock, $.10 par value, 3,000,000 shares authorized; no shares issued and outstanding	--	--	--
Class A Common Stock, $.01 par value, 50,000,000 shares authorized; no shares issued and outstanding, actual; shares issued and outstanding, as adjusted (3)(4)	--	--	
Class B Common Stock, $.01 par value, 15,000,000 shares authorized; 10,000 shares issued and outstanding, actual; shares issued and outstanding, as adjusted (5)	--	--	
Additional paid-in capital	16,604	16,604	

116,604
  Retained earnings and members' and partners' equity..... 6,486 14,567
14,567
  Due from Affiliates..... (2,633) (2,633)
(2,633)
     Unrealized loss on marketable equity securities..... (97) (97)
(97)
     Total stockholders' equity..... 20,360 28,441
128,441
       Total capitalization..... $25,497 $ 38,863
$ 138,863
</TABLE>

(1) Adjusted to give pro forma effect to the FIFO Conversion and the Acquisitions. See "Pro Forma Combined and Consolidated Financial Data."

(2) Adjusted to give pro forma effect to the FIFO Conversion, the Acquisitions and the Offering.

(3) shares if the Underwriters' overallotment option is exercised in full. Excludes shares of Class A Common Stock reserved for future issuance under the Company's Stock Option Plan (including up to shares of Class A Common Stock reserved for issuance upon exercise of options to be granted on or before the consummation of the Offering pursuant to the Stock Option Plan) and excludes shares of Class A Common Stock (shares if the Underwriters' over-allotment option is exercised in full) reserved for issuance under the Dyer Warrant. See "The Acquisitions -- The Dyer Acquisition" and "Management -- Stock Option Plan."

(4) The number of shares of Class A Common Stock offered hereby, may be reduced to the extent the Company elects to finance a portion of the purchase price of the Acquisitions through borrowings under a revolving credit facility or other form of indebtedness. In such event, pro forma debt will increase by the amount of such borrowings.

(5) Actual shares of Class B Common Stock do not include the effect of the Stock Split (which will be effected in the form of a stock dividend).

DILUTION

The pro forma net tangible book value of the Company (after giving effect to the FIFO Conversion and the Acquisitions) as of June 30, 1997 was $ per share of Common Stock. Pro forma net tangible book value per share is determined by dividing the pro forma tangible net worth of the Company (pro forma total assets less goodwill less pro forma total liabilities) by the total number of outstanding shares of Common Stock. After giving effect to the sale of the shares of Class A Common Stock offered hereby and the receipt of an assumed $ million of net proceeds from the Offering (based on an assumed initial public offering price of $ per share and net of the underwriting discounts and estimated offering expenses), pro forma net tangible book value of the Company at June 30, 1997 would have been $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to the new investors purchasing Class A Common Stock in the Offering. The following table illustrates the per share dilution:

<TABLE>
<S> <C>
Assumed initial public offering price per share..... $
  Pro forma net tangible book value per share before giving effect to the Offering.....
  Increase in pro forma net tangible book value per share attributable to the Offering.....
Pro forma net tangible book value per share after giving effect to the Offering.....
Dilution per share to new investors..... $
</TABLE>

The following table sets forth, on a pro forma basis as of June 30, 1997, the number of shares of Common Stock purchased from the Company, the total consideration paid to the Company and the average price per share paid to the Company by existing stockholders and new investors purchasing shares from the Company in the Offering (before deducting underwriting discounts and commissions and estimated offering expenses):

<TABLE>
<CAPTION>

	SHARES PURCHASED		TOTAL		AVERAGE
	NUMBER	PERCENT	AMOUNT	PERCENT	CONSIDERATION PRICE PER SHARE

Existing stockholders (1).....		%	$	
New investors (2).....				
Total.....		100.0%	$	100.0%

(1) Does not reflect the possible exercise of options to purchase shares of Class A Common Stock reserved for issuance under the Company's Stock Option Plan including options to purchase shares of Class A Common Stock that will be granted immediately before the completion of the Offering with an exercise price equal to the initial public offering price and the possible exercise of the Dyer Warrant to purchase shares of Class A Common Stock. See "Management -- Stock Option Plan" and "Certain Transactions."

(2) Assumes that the Underwriters' over-allotment option is not exercised. Sales pursuant to the exercise by the Underwriters of the over-allotment option will cause the total number of shares purchased by new investors, total consideration paid by new investors, percent of total consideration paid by new investors and average price per share for all investors to increase to , $, % and $, respectively.

SELECTED COMBINED AND CONSOLIDATED FINANCIAL DATA

The selected combined and consolidated statement of operations data for the years ended December 31, 1994, 1995 and 1996 and the selected combined balance sheet data as of December 31, 1995 and 1996 are derived from the Company's audited financial statements, which are included elsewhere in this Prospectus. The selected combined and consolidated statement of operations data for the years ended December 31, 1992 and 1993 and the selected combined and consolidated balance sheet data as of December 31, 1992, 1993 and 1994 are derived from the Company's unaudited financial statements, which are not included in this Prospectus. The selected combined and consolidated results of operations data for the six months ended June 30, 1996 and 1997, and the selected combined and consolidated balance sheet data at June 30, 1997, are derived from the unaudited financial statements of the Company, which are included elsewhere in this Prospectus. In the opinion of management, these unaudited financial statements reflect all adjustments necessary for a fair presentation of its results of operations and financial condition. All such adjustments are of a normal recurring nature. The results of operations for an interim period are not necessarily indicative of results that may be expected for a full year or any other interim period. This selected combined and consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Combined and Consolidated Financial Statements and related notes included elsewhere in this Prospectus.

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1992	1993	1994	1995	1996(1)(5)	1996(1)(5)	1997(2)(5)
				(IN THOUSANDS)			
COMBINED AND CONSOLIDATED STATEMENT OF OPERATIONS DATA:							
Revenues:							
Vehicle sales.....	$171,065	$203,630	$227,960	$267,308	$326,842	$164,333	$185,077
Parts, service and collision repair...	24,543	30,337	33,984	35,860	42,644	21,005	22,907
Finance and insurance.....	3,743	3,711	5,181	7,813	7,118	4,277	4,763
Total revenues.....	199,351	237,678	267,125	310,981	376,604	189,615	212,747
Cost of sales.....	174,503	210,046	234,461	272,179	332,407	167,191	188,368
Gross profit(3).....	24,848	27,632	32,664	38,802	44,197	22,424	24,379
Selling, general and administrative expenses.....	20,251	22,738	24,632	29,343	33,677	16,590	18,413
Depreciation and amortization.....	682	788	838	832	1,076	360	396
Operating income.....	3,915	4,106	7,194	8,627	9,444	5,474	

5,570							
Interest expense, floor plan.....	2,215	2,743	3,001	4,505	5,968	2,801	3,018
Interest expense, other.....	290	263	443	436	433	184	269
Other income.....	1,360	613	609	449	618	369	274
Income before income taxes and minority interest(3).....	2,770	1,713	4,359	4,135	3,661	2,858	2,557
Provision for income taxes.....	108	107	1,560	1,675	1,400	1,093	937
Income before minority interest.....	2,662	1,606	2,799	2,460	2,261	1,765	1,620
Minority interest in earnings (loss) of subsidiary.....	(31)	(22)	15	22	114	41	47
Net income(4).....	$ 2,693	$ 1,628	$ 2,784	$ 2,438	$ 2,147	$ 1,724	$ 1,573
COMBINED AND CONSOLIDATED BALANCE SHEET DATA:							
Working capital (deficit).....	$ (1,985)	$ 160	$ 2,327	$ 5,920	$ 6,201	$ 8,405	$ 4,287
Total assets.....	40,656	45,448	58,142	67,242	94,930	87,236	106,859
Long-term debt.....	3,904	4,142	3,773	3,561	5,286	4,825	5,137
Total liabilities.....	40,035	42,905	52,602	57,980	78,867	68,719	86,499
Minority interest.....	139	161	177	200	314	240	--
Stockholders' equity(3).....	482	2,382	5,166	9,062	15,749	18,517	20,360

(1) The statement of operations data includes the results of Fort Mill Ford, Inc. from the date of acquisition, February 1, 1996.

(2) The statement of operations data for the six months ended June 30, 1997 includes the results of Fort Mill Chrysler-Plymouth-Dodge, Inc. from the date of acquisition, June 3, 1997.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(3) The Company currently utilizes the LIFO Method of inventory accounting. See Note 3 to the Company's Combined and Consolidated Financial Statements. The Company intends to file an election with the IRS to convert, effective January 1, 1997, to the FIFO Method of inventory accounting and report its earnings for tax purposes and in its financial statements on the FIFO Method. If the Company had previously utilized the FIFO Method, gross profit and income before income taxes and minority interest for the periods shown in the table, and stockholders' equity as of December 31, 1996 and June 30, 1997, would have been as follows:

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1992	1993	1994	1995	1996	1996	1997
	(IN THOUSANDS)						
Gross profit.....	$24,638	$29,233	$34,114	$40,103	$45,557	$22,424	$24,379
Income before income taxes and minority interest.....	2,560	3,314	5,809	5,436	5,021	2,858	2,557

	AS OF DECEMBER 31, 1996	AS OF JUNE 30, 1997
	(IN THOUSANDS)	
Stockholders' equity.....	$23,829	$28,440

</TABLE>

(4) Historical net income per share is not presented, as the historical capital structure of the Company prior to the Offering is not comparable with the capital structure that will exist after the Offering.

(5) The Company acquired Fort Mill Ford, Inc. and Fort Mill Chrysler-Plymouth-Dodge in February 1996 and in June 1997, respectively. Both of these acquisitions were accounted for using the purchase method of accounting. As a result, the Selected Combined and Consolidated Financial Data below does not include the results of operations of these dealerships prior to the date they were acquired by the Company. Accordingly, the actual historical data for periods after the acquisition may not be comparable to data presented for periods prior to the acquisition of Fort Mill Ford and Fort Mill Chrysler-Plymouth-Dodge.

PRO FORMA COMBINED AND CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma combined and consolidated statements of operations for the year ended December 31, 1996 and for the six months ended June 30, 1997 reflect the historical accounts of the Company for those periods, adjusted to give pro forma effect to the Reorganization, the FIFO Conversion, the Acquisitions and the Offering, as if these events had occurred at January 1, 1996. The following unaudited pro forma consolidated balance sheet as of June 30, 1997 reflects the historical accounts of the Company as of that date adjusted to give pro forma effect to the FIFO Conversion, the Acquisitions and the Offering as if these events had occurred on June 30, 1997. The Acquisitions will be consummated on or before the closing of the Offering and are conditions precedent to the closing of the Offering. The Company intends to convert to the FIFO Method of inventory accounting conditioned and effective upon the closing of the Offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

The pro forma combined and consolidated financial data and accompanying notes should be read in conjunction with the Combined and Consolidated Financial Statements and related notes of the Company as well as the financial statements and related notes of the Bowers Dealerships, the Lake Norman Dealerships, Ken Marks Ford and Dyer Volvo, all of which are included elsewhere in this Prospectus. The Company believes that the assumptions used in the following statements provide a reasonable basis on which to present the pro forma financial data. The pro forma combined financial data is provided for informational purposes only and should not be construed to be indicative of the Company's financial condition or results of operations had the transactions and events described above been consummated on the dates assumed, and are not intended to project the Company's financial condition on any future date or its results of operation for any future period.

PRO FORMA COMBINED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1996

<TABLE>
<CAPTION>

	COMPANY ACTUAL (1)	PRO FORMA ADJUSTMENTS FOR THE REORGANI-ZATION AND THE FIFO CONVERSION	BOWERS DEALERSHIPS PRO FORMA (2)	THE ACQUISITIONS LAKE NORMAN DEALERSHIPS	KEN MARKS FORD (3)	DYER VOLVO (4)(5)	PRO FORMA ADJUSTMENTS FOR THE ACQUISITIONS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
				(IN THOUSANDS, EXCEPT PER SHARE DATA)			
Revenues:							
Vehicle sales	$ 326,842	$	$ 159,417	$ 124,539	$ 131,826	$60,871	$
Parts, service and collision repair	42,644		18,579	9,543	14,224	11,163	(55)(11)
Finance and insurance	7,118		3,888	3,617	2,317	542	
Total revenues	376,604		181,884	137,699	148,367	72,576	(55)
Cost of sales	332,407	(1,360)(8)	156,910	121,806	128,850	62,547	(545)(12)

(32)(11)							
Gross profit.....	44,197	1,360	24,974	15,893	19,517	10,029	
522							
Selling, general and administrative expenses.....	33,677		20,931	14,215	16,190	6,997	
(1,349)(13)							
(3,355)(14)							
(127)(11)							
527(15)							
Depreciation and amortization.....	1,076	75(9)	846	89	94	126	
(8)(11)							
(193)(16)							
1,654(17)							
(63)(15)							
Operating income.....	9,444	1,285	3,197	1,589	3,233	2,906	
3,436							
Interest expense, floor plan(6).....	5,968		1,545	1,552	2,054	373	
Interest expense, other.....	433		383	50			
400(18)							
(292)(15)							
Other income.....	618		742	258	97	452	
Income before income taxes and minority interest.....	3,661	1,285	2,011	245	1,276	2,985	
3,328							
Provision for income taxes....	1,400	513(10)	61		546	955	
1,408(19)							
2,033(20)							
61(21)							
(955)(22)							
Income before minority interest.....	2,261	772	1,950	245	730	2,030	
781							
Minority interest in earnings of subsidiary.....	114	(114)(9)					
Net income.....	$ 2,147	$ 886	$ 1,950	$ 245	$ 730	$ 2,030	$
781							
Net income per share (7).....							
Weighted average shares outstanding.....							

<CAPTION>

	PRO FORMA ADJUSTMENTS FOR THE OFFERING	PRO FORMA FOR THE REORGANI-ZATION, FIFO CONVERSION, THE ACQUISITIONS AND THE OFFERING
<S>	<C>	<C>
Revenues:		
Vehicle sales.....	$	$803,495
Parts, service and collision repair.....		96,098
Finance and insurance.....		17,482
Total revenues.....		917,075
Cost of sales.....		800,583
Gross profit.....		116,492
Selling, general and administrative expenses.....	380(23)	88,086
Depreciation and amortization.....		3,696
Operating income.....	(380)	24,710
Interest expense, floor plan(6).....		11,492
Interest expense, other.....		974
Other income.....		2,167
Income before income taxes and minority interest.....	(380)	14,411
Provision for income taxes....	(152)(24)	5,870
Income before minority interest.....	(228)	8,541

Minority interest in earnings of subsidiary.....		
Net income.....	$ (228)	$ 8,541
Net income per share (7).....		$
Weighted average shares outstanding.....		

</TABLE>

PRO FORMA COMBINED AND CONSOLIDATED STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 1997

<TABLE>
<CAPTION>

	COMPANY	PRO FORMA ADJUSTMENTS FOR THE REORGANI-ZATION AND THE FIFO CONVERSION	BOWERS DEALERSHIPS PRO FORMA (2)	LAKE NORMAN DEALERSHIPS	KEN MARKS FORD (3)	THE ACQUISITIONS DYER VOLVO	PRO FORMA ADJUSTMENTS FOR THE ACQUISITIONS
	ACTUAL(1)						(4)(5)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
			(IN THOUSANDS, EXCEPT PER SHARE DATA)				
Revenues:							
Vehicle sales.....	$ 185,077	$	$75,874	$69,798	$ 65,157	$31,373	$ (1,246)(11)
Parts, service and collision repair.....	22,907		12,184	5,321	5,999	5,960	(743)(11)
Finance and insurance.....	4,763		1,910	1,950	1,029	129	(324)(11)
Total revenues.....	212,747		89,968	77,069	72,185	37,462	(1,743)(14)
Cost of sales.....	188,368	55(8)	76,541	68,272	63,402	32,377	827(17)
Gross profit.....	24,379	(55)	13,427	8,797	8,783	5,085	(38)(15)
Selling, general and administrative expenses....	18,413		10,358	6,937	7,547	3,498	(100)(16)
Depreciation and amortization.....	396	36(9)	445	47	47	151	263(15)
Operating income.....	5,570	(91)	2,624	1,813	1,189	1,436	(45)(11)
Interest expense, floor plan (6).....	3,018		969	1,185	925	276	2,449
Interest expense, other.....	269		211	68			200(18)
Other income.....	274		489	176	91	247	(165)(15)
Income before income taxes and minority interest.....	2,557	(91)	1,933	736	355	1,407	2,414
Provision for income taxes...	937	(36)(10)	31		147		894(19)
							1,591(20)
							83(21)
Income before minority interest.....	1,620	(55)	1,902	736	208	1,407	(154)

Minority interest in earnings of subsidiary.....	47	(47)(9)							
Net income.....	$ 1,573	$ (8)	$1,902	$ 736	$ 208	$1,407	$ (154)		
Net income per share (7).....									
Weighted average shares outstanding.....									

<CAPTION>

	PRO FORMA ADJUSTMENTS FOR THE OFFERING		PRO FORMA FOR THE REORGANI-ZATION, FIFO CONVERSION, THE ACQUISITIONS AND THE OFFERING
<S>	<C>		<C>
Revenues:			
Vehicle sales.....	$		$427,279
Parts, service and collision repair.....			51,125
Finance and insurance.....			9,781
Total revenues.....			488,185
Cost of sales.....			427,901
Gross profit.....			60,284
Selling, general and administrative expenses....	190	(23)	43,718
Depreciation and amortization.....			1,766
Operating income.....	(190)		14,800
Interest expense, floor plan (6).....			6,373
Interest expense, other.....			583
Other income.....			1,277
Income before income taxes and minority interest.....	(190)		9,121
Provision for income taxes...	(76)	(24)	3,571
Income before minority interest.....	(114)		5,550
Minority interest in earnings of subsidiary.....			
Net income.....	$ (114)		$ 5,550
Net income per share (7).....			$
Weighted average shares outstanding.....			

</TABLE>

(1) The actual combined statement of operations data for the Company includes the results of Fort Mill Ford from February 1, 1996, the effective date of its acquisition. Pro forma adjustments have not been presented to include the results of operations for Fort Mill Ford for the one month period ended February 1, 1996 because management believes such results are not material. The actual consolidated statement of operations data for the six months ended June 30, 1997 include the results of Fort Mill Chrysler-Plymouth-Dodge from June 3, 1997, the date of its acquisition.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(2) During 1996 and 1997, Nelson Bowers acquired three automobile dealerships whose operating results, from their respective dates of acquistion, are included in the historical combined and consolidated statement of operations in the table below. The results of operations of one of the acquisitions, European Motors of Chattanooga, for the period from January 1, 1996 to May 1, 1996 (the date of its acquisition), have been excluded because the former owner of this dealership would not provide the Company with this information. The Company believes the exclusion of such results is not material to the Bowers Dealerships pro forma combined statements of operations. The following table adjusts the historical combined and consolidated statements of operations to include two of the acquirees as if two of the acquisitions, European Motors of Nashville and Nelson Bowers Dodge, had occurred on January 1, 1996.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1996			
	BOWERS DEALERSHIPS(A)	EUROPEAN MOTORS OF	NELSON BOWERS	BOWERS PRO FORMA

	(HISTORICAL)	NASHVILLE(B)	DODGE(B)	ADJUSTMENTS	(PRO FORMA)
			(IN THOUSANDS)		
Revenues:					
Vehicle sales	$113,363	$ 21,827	$24,227	$	$159,417
Parts, service and collision repair	10,405	4,740	3,434		18,579
Finance and insurance	3,348	199	341		3,888
Total revenues	127,116	26,766	28,002		181,884
Cost of sales	109,373	23,054	24,483		156,910
Gross profit	17,743	3,712	3,519		24,974
Selling, general and administrative expenses	14,687	3,401	2,843		20,931
Depreciation and amortization	515	86	106	139(d)	846
Operating income	2,541	225	570	(139)	3,197
Interest expense, floor plan	1,288	208	49		1,545
Interest expense, other	380		3		383
Other income	158	166	418		742
Income before income taxes	1,031	183	936	(139)	2,011
Provision for income taxes	61				61
Net Income	$ 970	$ 183	$ 936	$ (139)	$ 1,950

</TABLE>

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30, 1997			
	BOWERS DEALERSHIPS(A) (HISTORICAL)	NELSON BOWERS DODGE(C)	PRO FORMA ADJUSTMENTS	BOWERS DEALERSHIPS (PRO FORMA)
		(IN THOUSANDS)		
Revenues:				
Vehicle sales	$ 72,605	$ 3,269	$	$ 75,874
Parts, service and collision repair	11,597	587		12,184
Finance and insurance	1,868	42		1,910
Total revenues	86,070	3,898		89,968
Cost of sales	73,096	3,445		76,541
Gross profit	12,974	453		13,427
Selling, general and administrative expenses	9,908	450		10,358
Depreciation and amortization	416	14	15(d)	445
Operating income	2,650	(11)	(15)	2,624
Interest expense, floor plan	965	4		969
Interest expense, other	211			211
Other income	452	37		489
Income before income taxes	1,926	22	(15)	1,933
Provision for income taxes	31			31
Net Income	$ 1,895	$ 22	$ (15)	$ 1,902

</TABLE>

(a) The historical statement of operations data for the Bowers Dealerships includes the results of Nelson Bowers Dodge from March 1, 1997, the date of its acquisition by the owners of the Bowers Dealerships. Such statement also includes the results of European Motors of Nashville and European Motors of Chattanooga from October 1, 1996 and May 1, 1996, respectively, which were acquired by the owners of the Bowers Dealerships on those dates.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(b) Reflects the results of operations of (i) Nelson Bowers Dodge for the year ended December 31, 1996; and (ii) European Motors of Nashville for the period from January 1, 1996 to October 1, 1996, the date of its acquisition by the owners of the Bowers Dealerships. Such data was obtained from monthly financial statements prepared by the dealership as required by the manufacturers.

(c) Reflects the results of operations of (i) Nelson Bowers Dodge for the period from January 1, 1997 to March 1, 1997, the date of its acquisition by the owners of the Bowers Dealerships. Such data was obtained from monthly financial statements prepared by the dealership as required by the manufacturers.

(d) Reflects the amortization of goodwill resulting from the acquisition of Nelson Bowers Dodge, European Motors of Nashville and European Motors of Chattanooga over an assumed amortization period of 40 years for the period not included in the historical financial statements, assuming that such acquisitions were consummated on January 1, 1996.

(3) Ken Marks Ford's fiscal year ends on April 30 of each year. Accordingly, the Statement of Operations data for Ken Marks Ford for the year ended December 31, 1996 was derived by adjusting the data for the year ended April 30, 1997 to include results from January 1, 1996 through April 30, 1996, and exclude results from January 1, 1997 through April 30, 1997. The Statement of Operations data for the six months ended June 30, 1997 was similarly derived by adjusting the historical financial statements for the year ended April 30, 1997 to include results from May 1, 1997 through June 30, 1997, and excludes results from May 1, 1996 through December 31, 1996.

(4) The Company has excluded (i) the results of operations of Fort Mill Chrysler-Plymouth-Dodge for the year ended December 31, 1996 and the period ended June 3, 1997 and (ii) the historical results of operations and related pro forma adjustments related to the Williams Acquisition because management believes such results and adjustments are not material to the Pro Forma Combined and Consolidated Statement of Operations.

(5) Prior to the Company's acquisition of the Lake Norman Dealerships, its former owners directed $550,000 and $150,000 in contributions to charitable organizations during the year ended December 31, 1996 and the six months ended June 30, 1997, respectively. It is the Company's intention not to maintain the level of charitable contributions already reflected in the Company's historical combined financial statements. Although no pro forma adjustment to eliminate this expense has been included in the accompanying Pro Forma Combined and Consolidated Statements of Operations, the Company believes disclosure and consideration of the Lake Norman Dealerships contributions is appropriate to understand the continuing impact on the Company's results of operations of the acquisition of the Lake Norman Dealerships.

(6) The Company intends to raise sufficient funds in the Offering to fund the Acquisitions. In the event that the Company determines not to raise sufficient funds in the Offering to acquire the dealerships being acquired in the Acquisitions, the Company would incur additional indebtedness and the related interest expense. The Pro Forma Combined and Consolidated Statements of Operations do not give effect to any additional interest expense that would be incurred.

(7) Pro forma net income per share is based upon the assumption that shares of Class A Common Stock are outstanding after the Offering. This amount represents shares of Class A Common Stock to be issued in the Offering, and shares of Common

Stock owned by the Company's stockholders immediately following the Reorganization and the Acquisitions. See "Principal Stockholders" and Note 1 to the Company's Combined and Consolidated Financial Statements included elsewhere in this Prospectus.

(8) Reflects the conversion from the LIFO Method of inventory accounting to the FIFO Method of inventory accounting. The Company intends to convert to the FIFO Method conditioned and effective upon the closing of the Offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

(9) Reflects the elimination of minority interest in earnings as a result of the acquisition of the 31% minority ownership interest in Town & Country Toyota, Inc. for $3.2 million of Class B Common Stock in connection with the Reorganization, and the amortization of approximately $2.8 million in related goodwill over 40 years arising from such acquisition.

(10) Reflects the net increase in the provision for income taxes due to the conversion to the FIFO Method and the amortization of goodwill related to the acquisition of the minority interest pursuant to the Reorganization, calculated at the effective rate of 39.9%.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(11) Reflects the elimination of the operations of one of the Bowers Dealerships' collision repair businesses that will not be acquired by the Company.

(12) Adjustment reflects the conversion from the LIFO Method of inventory accounting to the FIFO Method of inventory accounting at the Lake Norman Dealerships, Ken Marks Ford and Dyer Volvo in the amount of $169,000, $260,000 and $116,000, respectively for the year ended December 31, 1996 and $324,000 at the Lake Norman Dealerships and $47,000 at Ken Marks Ford for period ended June 30, 1997 (no significant amount for Dyer Volvo during this period). The Company intends to convert to the FIFO Method conditioned upon the closing of the Offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

(13) Reflects the net decrease in selling, general and administrative expenses related to the net reduction in salaries and fringe benefits of owners and officers of the acquired dealerships who will become employees of the Company after the Offering, consistent with reduced salaries pursuant to employment agreements with the Company, effective upon consummation of the Offering.

(14) The decrease in selling, general and administrative expenses reflects the elimination of salaries paid to owners of certain dealerships acquired in the Acquisitions whose positions and salaries will be eliminated in conjunction with the Offering.

(15) Reflects the Company's estimate of the increase in rent expense related to lease agreements entered into with the sellers of the Bowers Dealerships for the dealerships' real property that will not be acquired by the Company, and decreases in depreciation expense and interest expense related to mortgage indebtedness encumbering such property.

(16) Reflects the elimination of amortization expense related to goodwill that arose in previous acquisitions in the Bowers Dealerships, assuming that each of the acquisitions giving rise to goodwill was consummated on January 1, 1996. See Note 2.

(17) Reflects the amortization over an assumed amortization period of 40 years of approximately $66.2 million in intangible assets, which consist primarily of goodwill, resulting from the Acquisitions which were assumed to occur on January 1, 1996. See "Acquisitions" and "Pro Forma Combined and Consolidated Balance Sheet."

(18) In connection with the Bowers Acquisition, the Company will issue a promissory note of up to $5.0 million that will bear interest at NationsBank's prime rate less 0.5%. This adjustment reflects an increase in interest expense related to the promissory note assuming a prime rate of 8.5%.

(19) Reflects the net increase in provision for income taxes resulting from adjustments 11 through 18 above, computed using effective income tax rates ranging from 38.5% to 42.8%.

(20) Certain of the Bowers Dealerships, the Lake Norman Dealerships, and Dyer Volvo were not subject to federal and state income taxes because they were either S corporations, partnerships, or limited liability companies during the period indicated. This adjustment reflects an increase in the federal and state income tax provision as if these entities had been taxable at the combined statutory income tax rate of 39%. Upon completion of the Acquisitions, these businesses that have historically not been subject to corporate income tax will thereafter be subject to federal and state income tax as C corporations.

(21) Reflects an increase from the Company's historical effective tax rate resulting from a higher statutory tax rate used due to an increase in taxable income to above $10.0 million for the pro forma combined entity and from an additional pro forma permanent difference for non-taxable goodwill amortization.

(22) Reflects the elimination of federal and state tax expense which were assessed on the recapture of the LIFO inventory reserve which was required by tax law pursuant to the conversion of Dyer Volvo from a C corporation to an S corporation during 1997.

(23) Reflects the increase in salaries of existing and new officers who have entered into employment agreements with the Company, effective upon consummation of the Offering.

(24) Reflects the net increase in provision for income taxes resulting from adjustment 23 above, computed using an effective income tax rate of 40.6%.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

PRO FORMA COMBINED AND CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 1997

<TABLE>
<CAPTION>

		PRO-FORMA ADJUSTMENTS FOR	THE ACQUISITIONS				PRO-FORMA ADJUSTMENTS FOR
	ACTUAL	FIFO	BOWERS	LAKE NORMAN	KEN MARKS		
ASSETS	(1)	CONVERSION	DEALERSHIPS	DEALERSHIPS	FORD	DYER VOLVO	THE ACQUISITIONS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
				(IN THOUSANDS)			
Current Assets:							
Cash and cash equivalents...	$ 9,238	$	$ 5,797	$ 3,467	$ 2,491	$ 173	$ (90,828)(3)
Marketable equity securities.....	769						
Receivables.....	12,897		3,398	2,535	2,347	2,535	(76)(4)
Inventories.....	59,885	13,580(2)	34,071	22,778	14,802	11,129	6,719(5)
							(88)(4)
Deferred income taxes.....	256				96		
Other current assets.....	818		2,453	244	679	32	
Total current assets....	83,863	13,580	45,719	29,024	20,415	13,869	(84,273)
Property and equipment, net...	13,270		8,746	567	489	1,156	(4,052)(6)
							(1,887)(4)
Goodwill, net.....	9,463		8,285				66,150(3)
							(8,285)(7)
Other assets.....	263		257	462	14	297	(20)(4)
Total assets.....	$106,859	$13,580	$63,007	$30,053	$20,918	$ 15,322	$ (32,367)
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current Liabilities:							

Notes payable-floor plan....	$ 67,856	$	$29,071	$25,865	$16,165	$ 5,534	$
Notes payable-other.....			4,590	28			
Trade accounts payable.....	3,848		1,425	1,352	622		
(89)(4)							
Accrued interest.....	491		178				
Other accrued liabilities...	3,394		1,739	472	1,648	512	
(32)(4)							
Taxes payable.....		917(2)			67	239	
170(8)							
Payable to Company's Chairman.....	3,500						
Current maturities of long-term debt.....	487		558	71			
357(3)							
Total current liabilities.....	79,576	917	37,561	27,788	18,502	6,285	
406							
Long-term debt.....	5,137		4,365	786			
(3,158)(6)							
4,643(3)							
(1,351)(4)							
Payable to affiliated companies.....	855						
Deferred income taxes.....	931	4,583(2)			17		
850(8)							
Other long-term liabilities...						238	
Stockholders' Equity:							
Common Stock of combined companies.....			1,000	75	1	153	
(1,229)(3)							
Class A Common Stock.....							
Class B Common Stock.....							
Warrant (3)							
Paid-in capital.....	16,604			600	424	28	
(1,052)(3)							
Treasury stock.....						(4,976)	
4,976(3)							
Retained earnings and members' and partners' equity.....	6,486	8,080(2)	20,941	804	1,974	13,594	
6,719(5)							
(1,020)(8)							
(894)(6)							
(33,233)(3)							
(599)(4)							
(8,285)(7)							
Due from affiliates.....	(2,633)		(860)				
860(3)							
Unrealized loss on marketable equity securities.....	(97)						
Total stockholders' equity.....	20,360	8,080	21,081	1,479	2,399	8,799	
(33,757)							
Total liabilities and stockholders' equity.....	$106,859	$13,580	$63,007	$30,053	$20,918	$ 15,322	$
(32,367)							

<CAPTION>

ASSETS	PRO-FORMA ADJUSTMENTS FOR THE OFFERING	TOTAL
<S>	<C>	<C>
Current Assets:		
Cash and cash equivalents...	$ 100,000(9)	$ 30,338
Marketable equity securities.....		769
Receivables.....		23,636
Inventories.....		162,876
Deferred income taxes.....		352
Other current assets.....		4,226
Total current assets....	100,000	222,197
Property and equipment, net...		18,289
Goodwill, net.....		75,613
Other assets.....		1,273
Total assets.....	$ 100,000	$317,372
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current Liabilities:			
Notes payable-floor plan....	$	$144,491	
Notes payable-other.....		4,618	
Trade accounts payable.....		7,158	
Accrued interest.....		669	
Other accrued liabilities...		7,733	
Taxes payable.....		1,393	
Payable to Company's Chairman.....		3,500	
Current maturities of long-term debt.....		1,473	
Total current liabilities.....		171,035	
Long-term debt.....		10,422	
Payable to affiliated companies.....		855	
Deferred income taxes.....		6,381	
Other long-term liabilities...		238	
Stockholders' Equity:			
Common Stock of combined companies.....			
Class A Common Stock.....			
Class B Common Stock.....			
Warrant (3)			
Paid-in capital.....	100,000(9)	116,604	
Treasury stock.....			
Retained earnings and members' and partners' equity.....		14,567	
Due from affiliates.....		(2,633)	
Unrealized loss on marketable equity securities.....		(97)	
Total stockholders' equity.....	100,000	128,441	
Total liabilities and stockholders' equity.....	$ 100,000	$317,372	

</TABLE>

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(1) The Reorganization, including the acquisition of the 31% minority interest in Town & Country Toyota for $3.2 million in Class B Common Stock in exchange therefor, was effective as of June 30, 1997 and is therefore reflected in the actual balance sheet as of that date. The acquisition of the minority interest resulted in the recognition of $2.8 million of additional goodwill.

(2) Reflects the conversion from the LIFO Method of inventory accounting to the FIFO Method of inventory accounting and the amount of taxes payable that will result from this conversion. The Company intends to convert to the FIFO Method conditioned upon the closing of the Offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

(3) Reflects the preliminary allocation of the aggregate purchase price of the Acquisitions based on the estimated fair value of the net assets acquired. Because the carrying amount of the net assets acquired, which primarily consist of accounts receivable, inventory, equipment, and floor plan indebtedness, approximates their fair value, management believes the application of purchase accounting will not result in an adjustment to the carrying amount of those net assets. Under the acquisition agreement, the negotiated purchase prices for the Acquisitions will be adjusted downward to the extent that the fair value of the tangible net assets as of the closing is less than an agreed upon amount. The Company expects that the sellers of these dealerships will withdraw cash or other assets from these dealerships to the extent that the carrying amount of the tangible net assets sold exceeds the negotiated minimum value. Under the provisions of purchase accounting, the Company has one year from the date of acquisition to finalize the allocation of the purchase price to the assets and liabilities acquired. Thus, the amount of goodwill and the corresponding amortization may ultimately be different from the amounts estimated here. The estimated purchase price allocation consists of the following:

<TABLE>
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	BOWERS DEALERSHIPS	KEN MARKS FORD	LAKE NORMAN DEALERSHIPS	DYER VOLVO	TOTAL

Estimated total consideration:					
Cash	$ 28,500	$ 25,500	$18,200	$ 18,000	$90,200
Promissory note issued	5,000				5,000
Warrant issued					
Total	33,500	25,500	18,200	18,000	95,200
Less negotiated minimum fair value of tangible net assets acquired	10,500	5,050	3,000	10,500	29,050
Excess of purchase price over fair value of net tangible assets acquired	$ 23,000	$ 20,450	$15,200	$ 7,500	$66,150

In connection with the acquisition of Dyer Volvo, the Company will issue a warrant that will entitle the holder to acquire Class A shares representing a 0.375% ownership interest in the Company at an exercise price per share equal to the price offered in the Offering. Because the number of underlying shares and the exercise price of the underlying shares is not determinable at this time, the Company is currently not able to value this warrant. Accordingly, the Pro Forma Combined and Consolidated Balance Sheet does not give effect to the issuance of this warrant, however, management believes the effect on the Company's financial position and results of operations would not be materially different from that which is presented. The difference between the purchase price and the fair market value of the net tangible assets acquired will be allocated to intangible assets, primarily goodwill and amortized over 40 years.

(4) Reflects the elimination of the assets and liabilities of one of the Bowers Dealerships' collision repair businesses that will not be acquired by the Company.

(5) Reflects the conversion from the LIFO Method of inventory accounting to the FIFO Method of inventory accounting at the Lake Norman Dealerships, Ken Marks Ford and Dyer Volvo in the amounts of $1,564,000, $2,652,000 and $2,503,000, respectively. The Company intends to convert to the FIFO Method conditioned upon the closing of the Offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

(6) Reflects the distribution of real property of the Bowers Dealerships with a net depreciated cost of approximately $4.1 million, which are not being acquired in the Acquisitions, and the related mortgage indebtedness in the amount of approximately $3.2 million. See "Certain Transactions."

(7) Reflects the elimination of goodwill that arose in previous acquisitions of the Bowers Dealerships.

(8) Reflects the amount of taxes payable that will result from the FIFO conversion at Ken Marks Ford in the amount of $1,020,000.

(9) Reflects the issuance of Class A Common Stock in the Offering. See "Use of Proceeds."

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

The following discussion of the results of operations and financial condition should be read in conjunction with the Sonic Automotive, Inc. and Affiliated Companies Combined and Consolidated Financial Statements and the related notes thereto included elsewhere in this Prospectus.

OVERVIEW

Sonic Automotive, Inc. is one of the leading automotive retailers in the United States, operating 20 dealerships, four standalone used vehicle facilities and eight collision repair centers in the southeastern and southwestern United States. Sonic sells new and used cars and light trucks, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related F&I for its automotive customers. The Company's business is geographically diverse, with dealership operations in the Charlotte, Chattanooga, Nashville, Tampa-Clearwater, Houston and Atlanta markets, each of which the Company believes are experiencing favorable demographic trends. Sonic sells 17 domestic and foreign brands, which consist of BMW, Cadillac, Chrysler,

Dodge, Eagle, Ford, Honda, Infiniti, Jaguar, Jeep, KIA, Oldsmobile, Plymouth, Saturn, Toyota, Volkswagen and Volvo. In several of its markets, the Company has a significant market share for new cars and light trucks, including 13.7% in Charlotte and 12.6% in Chattanooga in 1996. Pro forma for the Acquisitions, the Company had revenues of $917.1 million and retail unit sales of 24,114 new and 13,453 used vehicles in 1996. The Company believes that in 1996, based on pro forma retail unit sales it would have been one of the ten largest dealer groups out of a total of more than 15,000 dealer groups in the United States and, based on pro forma revenues, it would have had three of the top 100 single-point dealerships in the United States.

The Company intends to pursue an acquisition growth strategy led by a management team that has experience in the consolidation of both automotive retailing as well as motor sports businesses. Bruton Smith, who is also the Chief Executive Officer of Speedway Motorsports, Inc., the owner and operator of several motor sports facilities, first entered the automotive retailing business in the mid-1960's. Mr. Smith will devote approximately 50% of his business time to the Company. Since 1990, Mr. Smith has successfully acquired three dealerships and increased revenues from his dealerships from $199.4 million in 1992 to $376.6 million in 1996, without giving effect to the Acquisitions. In the Tennessee market, Mr. Bowers has acquired or opened eight dealerships since 1992 and increased revenues of the Bowers Dealerships from $36.0 million in 1992 to $127.1 million in 1996.

New vehicle revenues include the sale and lease of new vehicles. Used vehicle revenues include amounts received for used vehicles sold to retail customers, other dealers and wholesalers. Other operating revenues include parts and services revenues, fees and commissions for arranging F&I and sales of third party extended warranties for vehicles (collectively, "F&I transactions"). In connection with vehicle financing contracts, the Company receives a fee (a "finance fee") from the lender for originating the loan. If within 90 days of origination the customer pays off the loans through refinancing or selling/trading in the vehicle, or defaults on the loan the finance company will assess a charge (a "chargeback") for a portion of the original commission. The amount of the chargeback depends on how long the related loan was outstanding. As a result, the Company has established reserves based on its historical chargeback experience. The Company also sells warranties provided by third party vendors, and recognizes a commission at the time of sale.

While the automotive retailing business is cyclical, Sonic sells several products and services that are not closely tied to the sale of new and used vehicles. Such products and services include the Company's parts and service and collision repair businesses, both of which are not dependent upon near-term new vehicle sales volume. One measure of cyclical exposure in the automotive retailing business is based on the dealerships' ability to cover fixed costs with gross profit from revenues independent of vehicle sales. According to this measurement of "fixed coverage," a higher percentage of non-vehicle sales revenue to fixed costs indicates a lower exposure to economic cycles. Each manufacturer requires its dealerships to report fixed coverage according to a specific method, and the methods used vary widely among the manufacturers and are not comparable. However, on an aggregate basis, the Company believes its exposure to cyclicality may be measured by dividing the sum of the gross profit for parts, service and collision repair by the sum of all operating expenses with the exception of advertising expenses and variable payroll ("Fixed Coverage"). Under this definition, the Company's Fixed Coverage was 89.3% in 1996. For the first half of 1997, the Sonic Dealership's Fixed Coverage was 84.2% compared to 89.7% in the first half of 1996.

The Company's cost of sales and profitability are also affected by the allocations of new vehicles which its dealerships receive from Manufacturers. When the Company does not receive allocations of new vehicle models adequate to meet customer demand, it purchases additional vehicles from other dealers at a premium to the manufacturer's invoice, reducing the

gross margin realized on the sales of such vehicles. In addition, the Company follows a disciplined approach in selling vehicles to other dealers and wholesalers when the vehicles have been in the Company's inventory longer than the guidelines set by the Company. Such sales are frequently at or below cost and, therefore, affect the Company's overall gross margin on vehicle sales. The Company's salary expense, employee benefits costs and advertising expenses comprise the majority of its selling, general and administrative ("SG&A") expenses. The Company's interest expense fluctuates based primarily on the level of the inventory of new vehicles held at its dealerships, substantially all of which is financed (such financing being called "floor plan financing").

The Company has historically accounted for all of its dealership acquisitions using the purchase method of accounting and, as a result, does not

include in its financial statements the results of operations of these dealerships prior to the date they were acquired by the Company. The combined and consolidated financial statements of the Company discussed below reflect the results of operations, financial position and cash flows of each of the Company's dealerships acquired prior to June 30, 1997. As a result of the foregoing effects of the Reorganization, as well as the effects of the Acquisitions and the Offering, the historical combined and consolidated financial information described in the Management's Discussion and Analysis of Financial Condition and Results of Operations is not necessarily indicative of the results of operations, financial position and cash flows of the Company in the future or the results of operations, financial position and cash flows which would have resulted had the Reorganization and Acquisitions occurred at the beginning of the periods presented in the Combined and Consolidated Financial Statements.

The Company's total revenues have increased from $199.4 million in 1992 to $376.6 million in 1996, for a compound annual growth rate of 17.2%. Operating income during this period experienced faster growth, with operating income increasing from $3.9 million in 1992 to $9.4 million in 1996, for a 24.6% compound annual growth rate. Income before income taxes and minority interest, however, has only increased at a compound annual growth rate of 7.2% primarily because interest expense on floor plan obligations has increased from 1.1% of total revenues in 1992 to 1.6% of total revenues in 1996. Inventory and floor plan balances increased during 1995 and 1996 to support the Company's strategy of increasing market share. In early 1997, the Company instituted additional inventory controls in order to reduce interest costs to levels typical of the industry. Interest expense on floor plan obligations as a percentage of total revenues has improved from 1.5% for the six months ended June 30, 1996 to 1.4% for the six months ended June 30, 1997.

As of June 30, 1997, the Company effected the Reorganization pursuant to which the Company (i) acquired all of the capital stock of the Sonic Dealerships and (ii) issued Class B Common Stock in exchange for the Dealer Securities. The Company will acquire these minority interests in purchase transactions at a price in excess of their book value by approximately $2.5 million. This excess will be capitalized as goodwill and amortized over forty years. In May, June and July 1997, the Company consummated or signed definitive agreements to purchase six additional dealerships or dealership groups for an aggregate purchase price of $100.7 million. The Company intends to use the proceeds from the Offering to pay the purchase price of the Acquisitions. In connection with the Acquisitions, the Company will book approximately $66.2 million of goodwill which will be amortized over forty years.

The Company currently utilizes the LIFO Method of accounting for inventory but intends to convert to the FIFO Method of accounting, upon the closing of the Offering, effective January 1, 1997. If the FIFO Method of inventory accounting had been used by the Company in prior periods, income before taxes and minority interest would have been higher by $1.5 million, $1.3 million and $1.4 million for the years ended December 31, 1994, 1995 and 1996, respectively, and immaterially changed for the six months ended June 30, 1996 and 1997, respectively, from the reported results under the LIFO Method. Upon election of the FIFO Method, the Company will be required under generally accepted accounting principles to restate its historical financial statements. The Company estimates that it will incur a tax liability of approximately $5.5 million in connection with this conversion to the FIFO Method.

The automobile industry is cyclical and historically has experienced periodic downturns, characterized by oversupply and weak demand. Many factors affect the industry including general economic conditions and consumer confidence, the level of discretionary personal income, interest rates and available credit. During the five years ended December 31, 1996, the automobile industry was generally in a growth period with new vehicles sales growing at a compound rate of 10.5% as a result of price increases of 6.2% and unit sales increases of 4.0%. During the first six months of 1997, however, industry sales of new cars declined by 2.0%, although the Company's new car and light truck unit sales increased by 7.0% during the period. During these periods, interest rates were relatively stable.

RESULTS OF OPERATIONS

The following table summarizes, for the periods presented, the percentages of total revenues represented by certain items reflected in the Company's statement of operations.

<TABLE>
<CAPTION>

	PERCENTAGE OF TOTAL REVENUES FOR SIX MONTHS ENDED

	YEAR ENDED DECEMBER 31,				JUNE 30,	
	1994		1995		1996		1996		1997	
<S>	<C>		<C>		<C>		<C>		<C>	
Revenues:										
New vehicle sales	61.5	%	60.0	%	61.9	%	61.0	%	64.4	%
Used vehicle sales	23.9	%	26.0	%	24.9	%	25.6	%	22.6	%
Parts, service and collision repair	12.7	%	11.5	%	11.3	%	11.1	%	10.8	%
Finance and insurance	1.9	%	2.5	%	1.9	%	2.3	%	2.2	%
Total revenues	100.0	%	100.0	%	100.0	%	100.0	%	100.0	%
Cost of sales	87.8	%	87.5	%	88.3	%	88.2	%	88.5	%
Gross profit	12.2	%	12.5	%	11.7	%	11.8	%	11.5	%
Selling, general and administrative	9.2	%	9.4	%	8.9	%	8.8	%	8.7	%
Operating income	2.7	%	2.8	%	2.5	%	2.9	%	2.6	%
Interest expense	1.3	%	1.6	%	1.7	%	1.6	%	1.6	%
Income before income taxes	1.6	%	1.3	%	1.0	%	1.5	%	1.2	%

</TABLE>

SIX MONTHS ENDED JUNE 30, 1997 COMPARED TO SIX MONTHS ENDED JUNE 30, 1996

REVENUES. Revenues grew in each of the Company's primary revenue areas, except for used vehicles, for the first half of 1997 as compared with the first half of 1996, causing total revenues to increase 12.2% to $212.7 million. New vehicle sales revenue increased 16.3% to $136.8 million, compared with $117.6 million. New vehicle unit sales increased from 6,027 to 6,553, accounting for 51.5% of the increase in vehicle sales revenues. The remainder of the increase was primarily due to a 8.9% increase in the average selling price resulting from changes in vehicle prices, particularly a shift in customer preference to higher cost light trucks and sport utility vehicles.

Used vehicle revenues from retail sales declined 7.2% from $35.2 million in the first half of 1996 to $32.7 million in the first half of 1997. The decline in used vehicle revenues was due principally to declines in used vehicle unit sales at the Company's Town & Country Ford and Lone Star Ford locations, which related to weak consumer demand.

The Company's parts, service and collision repair revenue increased 9.0% to $22.9 million from $21.0 million, and declined as a percentage of revenue to 10.8% from 11.1%. The increase in service and parts revenue was due principally to increased parts revenue, including wholesale parts, from the Company's Lone Star Ford and Fort Mill Ford locations. F&I revenue increased $0.5 million, due principally to increased new vehicle sales and related financings.

GROSS PROFIT. Gross profit increased 8.7% in the 1997 period to $24.4 million from $22.4 million in the 1996 period due to increases in revenues of new vehicles principally at the Company's Lone Star Ford and Fort Mill Ford locations. Parts and service revenue increases also contributed to the increase in gross profit. Gross profit as a percentage of sales declined from 11.8% to 11.5% due principally to reductions in higher margin used vehicle sales from the prior period.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses increased 10.8% from $16.6 million to $18.4 million. These expenses increased due to increases in sales volume as well as expenses associated with the Acquisitions and the Offering.

INTEREST EXPENSE. The Company's interest expense increased 10.1% from $3.0 million to $3.3 million. The increase in interest expense was due to the acquisition of Fort Mill Chrysler Plymouth Dodge dealership in June of 1997, increases in interest rates on floor plan debt and increased new vehicle inventory levels at existing dealerships.

NET INCOME. As a result of the factors noted above, the Company's net income decreased by $0.2 million in the first half of 1997 compared to the first half of 1996.

YEAR ENDED DECEMBER 31, 1996 COMPARED TO YEAR ENDED DECEMBER 31, 1995

REVENUES. The Company's total revenue increased 21.1% to $376.6 million in 1996 from $311.0 million in 1995. New vehicle sales increased 25.0% to $233.1 million in 1996 from $186.5 million in 1995, primarily because of the acquisition in

February 1996 of the Company's Fort Mill Ford dealership. The inclusion of the results of the Fort Mill Ford dealership accounted for 65.3% of the Company's overall increase in new vehicle sales in 1996. Of the increase in sales, 60.7% was attributable to increases in unit sales from 1995 to 1996. The remainder of the increase in new vehicle sales in 1996 was largely attributable to an increase in average unit selling costs of 9.8% which the Company believes was primarily due to changes in inventory mix (particularly shifting customer preferences to light trucks and sport utility vehicles) and general increases in new vehicle sales prices.

Used vehicle revenues from retail sales increased 12.0% to $68.0 million in 1996 from $60.8 million in 1995. The inclusion of the results of the Company's Fort Mill Ford dealership accounted for substantially all of this increase in used vehicle sales. The Company attributes the remainder of the increase in its used vehicle sales in 1996 to increases of approximately 5.6% in the average retail selling price per vehicle sold. Increases in average retail selling prices were due to changes in product mix and general price increases.

The Company's parts, service and collision repair revenue increased 19.0% to $42.6 million for 1996, compared to $35.9 million in 1995. Of this increase, $4.4 million or 64.5% was due to the inclusion of the Company's Fort Mill Ford dealership in the 1996 results of operations. The remainder of the increase was principally the result of improved service operations and wholesale parts distribution at the Company's Town and Country Ford dealership. F&I revenues declined $0.7 million, or 8.9%, due principally to reductions in sales of finance and insurance products at Town and Country Ford.

GROSS PROFIT. Gross profit increased 13.9% in 1996 to $44.2 million from $38.8 million in 1995 primarily due to the addition of the Fort Mill Ford dealership. Gross profit decreased from 12.5% to 11.7% as a percentage of sales due principally to declines in F&I income and declines in gross profit margins on the sale of used vehicles. Gross margins on new vehicles increased primarily due to increases in the average selling price per unit due to a change in mix of new vehicles sold, particularly higher margin light trucks and sport utility vehicles.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. The Company's SG&A expenses increased $4.3 million, or 14.8%, from $29.3 million in 1995 to $33.7 million in 1996. However, as a percentage of revenue, SG&A expenses decreased from 9.4% to 8.9%. Expenses associated with the Fort Mill Ford dealership acquired by the Company in 1996 accounted for approximately 91.4% of this increase. The Company attributes the remainder of the increase in selling, general and administrative expenses primarily to higher compensation levels in 1996 and to an increase in advertising expenses.

INTEREST EXPENSE. The Company's interest expense in 1996 increased 29.6% to $6.4 million from $4.9 million in 1995. Of this increase $1.0 million or 70.4% was attributable to floor plan financing at the Company's Fort Mill Ford dealership acquired in February 1996. The remainder of the increase primarily reflects interest expense on the debt assumed in the acquisition of Fort Mill Ford and an increase in floor plan interest rates during 1996.

NET INCOME. The Company's net income in 1996 decreased 11.9% to $2.1 million from $2.4 million in 1995. This decrease was principally caused by increased interest costs related to floor plan financing and debt assumed in the acquisition of Fort Mill Ford.

YEAR ENDED DECEMBER 31, 1995 COMPARED TO YEAR ENDED DECEMBER 31, 1994

REVENUES. The Company's total revenue increased 16.4% to $311.0 million in 1995 from $267.1 million in 1994. New vehicle sales increased 13.5% to $186.5 million in 1995 from $164.4 million in 1994. The Company attributes the increase in new vehicle sales to unit sales increases of 6.1% primarily from the Town & Country Ford and Lone Star Ford dealerships which increased 9.3% and 7.1%, respectively. The remainder of the increase was due to increased sales of higher priced light trucks and sport utility vehicles and general price increases.

Used vehicle revenues from retail sales increased by 27.9% to $60.8 million in 1995, compared with $47.5 million in 1994. The increase in used vehicle unit sales was due principally to increases at the Company's Lone Star Ford, Town & Country Ford and Frontier Cadillac-Oldsmobile locations. Unit sales volume increased 18.2%, or 798 units, accounting for 70.9% of the increase in used vehicle revenues. The remainder of the increase was due to improvements in product mix and general increases in used vehicle selling prices.

The Company's parts, service and collision repair revenue increased 5.5% or $1.9 million, from $34.0 million in 1994 to $35.9 million in 1995. Wholesale parts sale increases at the Company's Lone Star Ford dealership and improved service operations at the Company's Town and Country Toyota dealership account for the majority of the increase. F&I revenue increased $2.6 million due principally to additional sales of F&I products at the Company's Town and Country Ford and Lone Star Ford dealerships.

GROSS PROFIT. Gross profit increased 18.8% in 1995 to $38.8 million from $32.6 million in 1994. Gross profit as a percentage of sales increased from 12.2% to 12.5% due principally to a 50.8% increase in high margin finance and insurance product sales. Gross margins on used vehicles improved due to the Company's strategy of improved inventory management and the purchase of quality used vehicles.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. The Company's SG&A expenses increased $4.7 million to $29.3 million or 19.1% and represented 9.4% in total revenues in 1995 from $24.6 million or 9.2% of total revenues in 1994.

INTEREST EXPENSE. The Company's interest expense in 1995 increased 43.5% to $4.9 million from $3.4 million in 1994. Increased interest expense was due to increases in inventory levels and related floor plan borrowings.

NET INCOME. The Company's net income in 1995 decreased 12.4% to $2.4 million from $2.8 million in 1994. This decrease was caused by the increase in floor plan financing due to an increase in vehicle inventory levels.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal needs for capital resources are to finance acquisitions, debt service and working capital requirements. Historically, the Company has relied primarily upon internally generated cash flows from operations, borrowing under its various credit facilities and borrowings and capital contributions from its stockholders to finance its operations and expansion. After the Offering, the Company does not expect to receive any additional financing from its existing stockholders.

The Company has historically maintained a separate revolving floor plan credit facility for each dealership which has been used to finance vehicle inventory. The Company currently has floor plan credit facilities with Ford Motor Credit, Chrysler Financial Corporation and World Omni Financial Corporation. As of June 30, 1997 there was an aggregate of $67.9 million outstanding under the floor plan credit facilities. These floor plan facilities bear interest at variable rates ranging from LIBOR plus 2.75% to prime plus 1.0%. The Company makes monthly interest payments on the amount financed under the floor plan lines but is not required to make loan principal repayments prior to the sale of the vehicles. The underlying notes are due when the related vehicles are sold and are collateralized by vehicle inventories and other assets of the Company. The floor plan financing agreements contain a number of covenants, including among others, covenants restricting the Company with respect to limitations on liens and changes in ownership, officers and key management personnel.

Prior to consummation of the Offering, the Company intends to consolidate its new vehicle floor plan lines and obtain an additional revolving line of credit. The Company is currently negotiating with credit sources for more favorable terms. Based on current discussions with these lenders, the Company expects the interest rate on its floor plan debt to decrease compared to the interest rates currently being charged. The additional credit facility will be used principally for acquisitions.

The Company leases various facilities and equipment under operating lease agreements including leases with related parties. See "Certain Transaction -- Leases."

During the first six months of 1997, the Company generated net cash of $4.0 million from operating activities. Net cash provided by operating activities was $2.1 million in 1996 and was primarily attributable to net income of $2.1

million. Increased inventory levels and accounts receivable were primarily offset by increased floor plan indebtedness and accounts payable. The increase in inventory levels in 1996 reflects an increase in the volume of sales and the timing of shipments from the Manufacturers. Increased receivables reflect increased sales primarily attributable to Fort Mill Ford and Fort Mill Chrysler-Plymouth-Dodge acquired in 1996 and 1997, respectively. The Company generated net cash from operations of $3.0 million in 1995 and 1994.

Cash used for investing activities was approximately $1.2 million for the first six months of 1997 and related primarily to acquisitions of property and equipment. Cash provided by (used in) investing activities was ($11.5) million, $0.3 million and ($1.7) million in 1996, 1995 and 1994, respectively, including $1.9 million, $1.5 million and $1.4 million of capital expenditures during such periods.

In 1996, cash provided by financing activities of $7.1 million reflected the purchase of capital stock by a stockholder of the Company, the proceeds of which were used to fund the acquisition of Fort Mill Ford and the purchase of stock by a stockholder of Town & Country Ford. Cash used in financing activities for the six months ended June 30, 1997 was $0.2 million principally due to scheduled payments on long-term debt.

Capital expenditures, excluding amounts paid in acquisitions, were $0.9 million, $1.9 million, $1.5 million and $1.4 million in the first six months of 1997 and in 1996, 1995 and 1994, respectively. The Company's principal capital expenditures typically include building improvements and equipment for use in the Company's dealerships. Capital expenditures in 1996 and 1995 were primarily attributable to expenditures for the addition of a used car lot in 1996 and other capital improvements at the Lone Star Ford dealership. Excluding the purchase price for the Acquisitions and future acquisitions, the Company is anticipating total capital expenditures in the second half of 1997 to be approximately $1.0 million. The Company expects to increase its capital expenditures over the next few years as part of its acquisition and growth strategy.

The Company believes that funds generated through future operations and availability of borrowings under its floor plan financing (or any replacements thereof) and its other credit arrangements will be sufficient to fund its debt service and working capital requirements and any seasonal operating requirements, including its currently anticipated internal growth for the foreseeable future. The Company estimates that it will incur a tax liability of approximately $5.5 million in connection with the change in its tax basis of accounting for inventory from LIFO to FIFO. The Company believes that it will be required to pay this liability in three to six equal annual installments, beginning in March 1998, and believes that it will be able to pay such obligation with cash provided by operations. The Company expects to fund any future acquisitions from its future cash flow from operations, additional debt financing, or Class A Common Stock issuances. The Company does not currently have in place any credit facilities for acquisitions. There can be no assurance that additional financing can be obtained on terms favorable to the Company, or that the Company will be able to use its common stock to fund any future acquisitions. See "Risk Factors -- Financial Resources Available for Acquisitions."

SEASONALITY

The Company's operations are subject to seasonal variations. The first quarter generally contributes less revenue and operating profits than the second, third and fourth quarters. Seasonality is principally caused by weather conditions and timing of manufacturer incentive programs and model changeovers.

Set forth below is revenue information with respect to the Company's operations for the most recent six quarters.

<TABLE>
<CAPTION>

	1996				1997
	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	1ST QUARTER	2ND QUARTER
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	$85,669	$103,946	$93,222	$93,767	$98,739	

$114,008
</TABLE>

EFFECTS OF INFLATION

Due to the relatively low levels of inflation in 1994, 1995 and 1996 and the first half of 1997, inflation did not have a significant effect on the Company's results of operations for those periods.

NEW ACCOUNTING STANDARDS

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share." This Statement specifies the computation, presentation and disclosure requirements for earnings per share. The Company believes that the adoption of such Statement would not result in earnings per share materially different than pro forma earnings per share presented in the accompanying statements of income.

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." This standard establishes standards of reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. This Statement will be effective for the Company's fiscal year ending December 31, 1998, and the Company does not intend to adopt this statement prior to the effective date. Had the Company adopted this Statement as of January 1, 1994, it would have reported comprehensive income of $2.8 million, $2.4 million and $2.1 million for the years ended December 31, 1994, 1995 and 1996, respectively.

BUSINESS

OVERVIEW

Sonic Automotive, Inc. is one of the leading automotive retailers in the United States, operating 20 dealerships, four standalone used vehicle facilities and eight collision repair centers in the southeastern and southwestern United States. Sonic sells new and used cars and light trucks, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related F&I for its automotive customers. The Company's business is geographically diverse, with dealership operations in the Charlotte, Chattanooga, Nashville, Tampa-Clearwater, Houston and Atlanta markets, each of which the Company believes are experiencing favorable demographic trends. Sonic sells 17 domestic and foreign brands, which consist of BMW, Cadillac, Chrysler, Dodge, Eagle, Ford, Honda, Infiniti, Jaguar, Jeep, KIA, Oldsmobile, Plymouth, Saturn, Toyota, Volkswagen and Volvo. In several of its markets, the Company has a significant market share for new cars and light trucks, including 13.7% in Charlotte and 12.6% in Chattanooga in 1996. Pro forma for the Acquisitions, the Company had revenues of $917.1 million and retail unit sales of 24,114 new and 13,453 used vehicles in 1996. The Company believes that in 1996, based on pro forma retail unit sales it would have been one of the ten largest dealer groups out of a total of more than 15,000 dealer groups in the United States and, based on pro forma revenues, it would have had three of the top 100 single-point dealerships in the United States.

The Company's founder and Chief Executive Officer, O. Bruton Smith, has over 30 years of automotive retailing experience. In addition, the Company's other executive officers, regional vice presidents and executive managers have on average 18 years of automotive retailing experience. The Company's dealerships have won the highest attainable awards from various manufacturers measuring quality and customer satisfaction. These awards include the Five Star Award from Chrysler, the Chairman's Award from Ford, the President's Award from BMW and the President's Circle Award from Infiniti. In addition, the Company was named to Ford's Top 100 Club, which consists of Ford's top 100 retailers based on retail volume and consumer satisfaction. Also, various members of the management team have served on several manufacturer dealer councils which act as liaisons between the manufacturers and dealer groups. As an example of the industry's recognition of the Company's executives, Nelson Bowers, the Company's Executive Vice President, participated in the development of the Saturn brand and was awarded in 1990 the first Saturn dealership in the United States.

The Company intends to pursue an acquisition growth strategy led by a management team that has experience in the consolidation of both automotive retailing as well as motor sports businesses. Bruton Smith, who is also the Chief Executive Officer of Speedway Motorsports, Inc., the owner and operator of several motor sports facilities, first entered the automotive retailing business in the mid-1960's. Mr. Smith will devote approximately 50% of his business time to the Company. Since 1990, Mr. Smith has successfully acquired three dealerships and increased revenues from his dealerships from $199.4 million in 1992 to $376.6 million in 1996, without giving effect to the Acquisitions. In the Tennessee market, Mr. Bowers has acquired or opened 8 dealerships since 1992

and increased revenues of the Bowers Dealerships from $36.0 million in 1992 to $127.1 million in 1996.

The Company believes the competitive advantages which differentiate it from its local competitors include the reputation of the Company's management in the automotive retailing industry, regional and national economies of scale, brand and geographic diversity, and the established customer base and local name recognition of the Company's dealerships. The Company has developed and implemented several growth strategies to capitalize on these competitive advantages. One of these is to continue to expand its operations in the Southeast and Southwest by acquiring additional dealerships both within its current markets and in new markets. The Company also is seeking additional growth from the increased sale of higher margin products and services such as wholesale parts, after-market products, collision repair services and F&I.

GROWTH STRATEGY

The Company's objective is to capitalize on the consolidation of the automotive retailing industry. Key elements of the Company's strategy to achieve this objective include the acquisition of additional dealerships and the leveraging of the Company's new vehicle franchises to increase sales of higher margin products and services.

(Bullet) ACQUIRE DEALERSHIPS. The Company plans to implement a "hub and spoke" acquisition program primarily by pursuing (i) well-managed dealerships in new metropolitan and growing suburban geographic markets, and (ii) dealerships that will allow the Company to capitalize on regional economies of scale, offer a greater breadth of products and services in any of its markets or increase brand diversity. The growth generated through acquisitions creates opportunities for economies of scale, including more favorable financing terms from lenders and cost savings from the consolidation of administrative functions such as employee benefits, risk management and employee training.

NEW MARKETS. The Company looks to acquire well-managed dealerships in geographic markets it does not currently serve, principally in the Southeast and Southwest regions of the United States. The Company will target dealers having superior operational and financial management. Generally, the Company will seek to retain the acquired dealerships' operational and financial management, and thereby benefit from their market knowledge, name recognition and local reputation. The Company also anticipates that management teams at the acquired dealerships will enable the Company to identify more effectively additional acquisition opportunities in these markets.

EXISTING MARKETS. The Company seeks growth in its operations within existing markets by acquiring dealerships that increase the brands, products and services offered in those markets. These acquisitions should produce opportunities for additional operating efficiencies, promote increased name recognition and provide the Company with better opportunities for repeat and referral business. Such acquisitions should also create opportunities for regional economies of scale in areas such as vendor consolidation, facility and personnel utilization and advertising spending. Additionally, cost savings may be achieved by consolidating certain administrative functions on a regional basis that would not be efficient on a national basis, such as accounting, information systems, title work, credit and collection.

(Bullet) PURSUE OPPORTUNITIES IN ANCILLARY PRODUCTS AND SERVICES. The Company intends to pursue opportunities to increase its sales of higher-margin products and services by expanding its collision repair centers and its wholesale parts and after-market products businesses, which, other than after market products, are not directly related to the new vehicle cycle.

COLLISION REPAIR CENTERS. The Company's collision repair business provides favorable margins and is not significantly affected by economic cycles or consumer spending habits. The Company believes that, because of the high capital investment required for collision repair shops, and the cost of complying with environmental and worker safety regulations, large volume body shops will be more successful in the future than smaller volume shops. The Company believes that this industry will consolidate and that it will be able to capitalize on this trend by expanding its collision repair business. The Company also believes that opportunities exist for those automotive retailers that can establish relationships with major insurance carriers. The Company currently participates in 35 direct repair programs with major insurance companies and its relationships with these carriers provide a source of collision repair customers. The Company currently has eight collision repair centers accounting for approximately $8.9 million in pro forma revenue for the year ended 1996. Sonic intends over the next several years to establish collision repair centers at various of its other facilities as market conditions warrant.

WHOLESALE PARTS. Over time, the Company plans to capitalize on its growing representation of numerous manufacturers in order to increase its sales of factory authorized parts to wholesale buyers such as independent mechanical and body repair garages and rental and commercial fleet operators.

AFTER-MARKET PRODUCTS. The Company intends to expand its offerings of after-market products in many of its dealership locations. After-market products, such as custom wheels, performance parts, telephones and other accessories, enable the dealership to capture incremental revenue on new and used vehicle sales.

(Bullet) ENHANCE PROFIT OPPORTUNITIES IN FINANCE AND INSURANCE. The Company offers its customers a wide range of financing and leasing alternatives for the purchase of vehicles, as well as credit life, accident and health and disability insurance and extended service contracts. As a result of its size and scale, the Company believes it will be able to negotiate with the lending institutions that purchase its financing contracts to increase the Company's revenues. Likewise, the Company expects to negotiate to increase the commissions it earns on extended service and insurance products. It also expects that the integration of innovative computer technologies and in-depth sales training will serve as an important tool in enhancing F&I profitability.

(Bullet) INCREASE USED VEHICLE SALES. The Company believes that there will be opportunities to improve the used vehicle departments at several of its dealerships. The Company currently operates four standalone used vehicle facilities. In 1998, the Company intends to convert part of an existing facility in Nashville to a used vehicle facility. It also intends to develop facilities in other markets where management believes an opportunity exists.

OPERATING STRATEGY

Sonic's operating objectives are to focus on customer satisfaction throughout the organization in order to build long-term customer relationships and to capitalize on operating efficiencies which will enhance its financial performance. The Company seeks to achieve these objectives by implementing the following operating strategies.

(Bullet) OPERATE MULTIPLE DEALERSHIPS IN GEOGRAPHICALLY DIVERSE MARKETS. The Company operates dealerships in Charlotte, Chattanooga, Nashville, Tampa-Clearwater, Houston and Atlanta. By operating in several locations throughout the United States, the Company believes it will be better able to insulate its earnings from local economic downturns. In addition, the Company believes that by establishing a significant market presence in its operating regions, it will be able to provide superior customer service through a market-specific sales, service, marketing and inventory strategy. It is the Company's strategy, for instance, that the savings in a market on reduced advertising costs will be re-deployed into customer service and customer retention programs. The Company's market share in its Charlotte and Chattanooga markets was 13.7% and 12.6%, respectively in 1996.

(Bullet) ACHIEVE HIGH LEVELS OF CUSTOMER SATISFACTION. Customer satisfaction has been and will continue to be a focus of the Company. The Company's personalized sales process is intended to satisfy customers by providing high-quality, affordable vehicles in a positive, "consumer friendly" buying environment. The Company's service department also seeks to provide its customers with a professional and reliable service experience of a consistently high standard. Beyond establishing strong consumer loyalty, this focus on customer satisfaction engenders good relations with Manufacturers. Manufacturers generally measure CSI, which is a result of a survey given to new vehicle buyers. Some Manufacturers offer specific performance incentives, on a per vehicle basis, if certain CSI levels (which vary by Manufacturer) are achieved by a dealer. Manufacturers can withhold approval of acquisitions if a dealer fails to maintain a minimum CSI score. Historically, the Company has not been denied Manufacturer approval of acquisitions based on CSI scores or other reasons. To keep management focused on customer satisfaction, the Company includes CSI results as a component of its incentive compensation program.

(Bullet) TRAIN AND DEVELOP QUALIFIED MANAGEMENT. Sonic requires all of its employees, from service technicians to regional vice presidents, to participate in in-house training programs. The Company leverages the experience of senior management, along with third party trainers from manufacturers, industry affiliates and vendors, to formally train all employees. This training regimen has resulted in many of the Company's regional vice presidents, executive managers and salespeople being certified by NADA, and has become a convenient and effective way to share best practices among the Company's employees at all levels of the

various dealerships. The Company is developing the Education Center to be equipped with classrooms specifically designed on a departmental basis. The F&I classroom in the Education Center, for example, is to be equipped with simulation software that replicates the dealers' systems and allows the employee to handle all facets of an F&I transaction. The Company believes that its comprehensive training of all employees at every level of their career path offers the Company a competitive advantage over other dealership groups in the development and retention of its workforce.

(Bullet) OFFER A DIVERSE RANGE OF AUTOMOTIVE PRODUCTS AND SERVICES. Sonic offers a broad range of automotive products and services, including a wide selection of new and used vehicles, vehicle financing and insurance programs, replacement parts and maintenance and repair programs. The Company offers 17 product lines ranging from economy to luxury brands consisting of BMW, Cadillac, Chrysler, Dodge, Eagle, Ford, Honda, Infiniti, Jaguar, Jeep, KIA, Oldsmobile, Plymouth, Saturn, Toyota, Volkswagen and Volvo. The Company also offers a variety of used vehicles at a broad range of prices. Offering numerous new vehicle brands enables the Company to satisfy a variety of customers, reduces dependence on any one Manufacturer and reduces exposure to supply problems and product cycles.

(Bullet) CAPITALIZE ON EFFICIENCIES IN OPERATIONS. Because management compensation is based primarily on dealership performance, expense reduction and operating efficiencies are a significant management focus. As the Company pursues its acquisition strategy, the Company's size and market presence should provide it with an opportunity to negotiate favorable contracts on such expense items as advertising, purchasing, bank financings, employee benefit plans and other vendor contracts. In addition, the Company has instituted both regional and national operations committees that meet on a regular basis to share best practices to improve dealership performance.

(Bullet) UTILIZE PROFESSIONAL MANAGEMENT PRACTICES AND INCENTIVE BASED COMPENSATION PROGRAMS. As a result of Sonic's size and geographic dispersion, the Company's senior management has instituted a multi-tiered management structure to supervise effectively its dealership operations. In addition to the officers of the Company, this structure includes executive managers who are responsible for individual dealership operations, as well as regional vice presidents responsible for various regions throughout the country. In an effort to align management's interest with that of stockholders, a portion of the incentive compensation program for each officer, vice president and executive manager is provided in the form of Company stock options, with additional incentives based on the performance of individual profit centers. Sonic believes that this organizational structure, with room for advancement and the opportunity for equity participation, serves as a strong motivation for its employees.

(Bullet) APPLY TECHNOLOGY THROUGHOUT OPERATIONS. The Company believes that, with the customized technology it has introduced in certain markets, it has been able to improve its operations over time by integrating its systems into all aspects of its business. In these markets the Company uses computer-based technology to monitor its dealerships' operating performance and quickly adjust to market changes, and to integrate computer systems into its sales, F&I and parts and service operations. For example, sales managers use a database to identify and solicit prospective customers, and to design appropriate financing packages for prospective buyers. Service and parts managers utilize computer technology to coordinate between the two departments and to service customers more efficiently. In addition to these uses, the Company's technology also plays a role in its inventory management. The Company intends to expand this computer system into more of its dealerships and markets as the existing contracts for computer systems expire.

INDUSTRY OVERVIEW

Automotive retailing, with approximately $640 billion in 1996 retail sales, is the largest consumer retail market in the United States, representing approximately 8% of the domestic gross product based on data collected by NADA and the U.S. Department of Commerce. Retail sales of new vehicles, which are sold exclusively through new vehicle dealers, were approximately $328 billion. In addition, used vehicle retail sales in 1996 were estimated at $311 billion, with approximately $260 billion in sales by franchised and independent dealers and the balance in privately negotiated transactions. From 1992 to 1996, new vehicles sales have grown at an annual compound rate of 10.5%, while used vehicle sales have grown at a rate of 15.8% for retail used vehicle sales and 6.7% for wholesale used vehicle sales. This significant increase in sales

revenue is primarily because the average price of a new vehicle has risen at a compound average rate of 6.2% from 1992 to 1996 and newer, high-quality used vehicles now comprise a larger part of the used vehicle market. During this period, unit sales grew at rates of only 4.0% for new vehicles, 6.4% for retail used vehicles and 1.4% for wholesale used vehicles. For the six months ended June 30, 1997, industry retail sales were down 2% as a result of retail car sales declines of 5.3% and retail truck sales gains of 2.4% from the same period in 1996.

The following table sets forth information regarding vehicle sales by new vehicle dealerships for the periods indicated.

<TABLE>
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UNITED STATES NEW VEHICLE DEALERS' VEHICLE SALES

	1992	1993	1994 (1)	1995	1996
<S>	<C>	<C>	<C>	<C>	<C>
	(UNITS IN MILLIONS; DOLLARS IN BILLIONS)				
New vehicle unit sales	12.9	13.9	15.1	14.7	15.1
New vehicle sales (2)	$220.3	$253.3	$289.1	$301.2	$328.4
Used vehicle unit sales-retail	9.3	9.9	10.9	11.5	11.9
Used vehicle sales-retail (2)	$ 77.1	$ 90.7	$110.6	$126.9	$137.9
Used vehicle unit sales-wholesale	6.9	6.4	6.9	7.0	7.3
Used vehicle sales -- wholesale (2)	$ 26.2(3)	$ 24.3	$ 27.9	$ 30.4	$ 33.9
Total vehicle sales	$323.6	$368.3	$427.6	$458.5	$500.2
Annual growth in total vehicle sales	--	13.8%	16.1%	7.2%	9.1%

</TABLE>

(1) Reflects new vehicle dealership sales at retail and wholesale. In addition, sales by independent retail used vehicle dealers were approximately $81, $100, $134, $130 and $122 billion, respectively, and casual used car sales were estimated at approximately $36, $33, $40, $52 and $51 billion, respectively, for each of the five years ended December 31, 1996.

(2) Sales figures are calculated by multiplying unit sales by the average sales price for the year.

(3) The NADA did not report the averages sales price for wholesale transactions prior to 1993. As a result, the 1992 wholesale used vehicle sales were calculated using the 1993 average wholesale price for used vehicles.

In addition to new and used vehicles, dealerships offer a wide range of other products and services, including repair and warranty work, replacement parts, extended warranty coverage, financing and credit insurance. In 1996, the average dealership's revenue consisted of 57.7% new vehicles sales, 30.4% used vehicle sales, and 11.9% other products and services. As a result of intense competition for new vehicle sales, the average dealership generates the majority of its profits from the sale of used vehicles and other products and services, including finance and insurance, mechanical and collision repair, and parts and service. In 1996, for example, a used vehicle earned an average gross margin of 11.0% as compared to a new vehicle's average gross margin of 6.4%, in each case for sales by new vehicle dealerships. As is typical in the retailing industry, dealership profitability varies widely across different stores and, ultimately, profitability depends on effective management of inventory, competition, marketing, quality control and, most importantly, responsiveness to the customer.

NEW VEHICLE SALES. Franchised dealerships were originally established by automobile manufacturers for the distribution of their new vehicles. In return for exclusive distribution rights within specified territories, manufacturers exerted significant influence over their dealers by limiting the transferability of ownership in dealerships, designating the dealerships location, and managing the supply and composition of the dealership's inventory. These arrangements resulted in the proliferation of small, single-owner operations that, at their peak in the late 1940's, totaled almost 50,000. As a result of competitive, economic and political pressures during the 1970's and 1980's, significant changes and consolidation occurred in the automotive retail industry. One of the most significant changes was the increased penetration by foreign manufacturers and the resulting loss of market share by domestic car makers, which forced many dealerships to close or sell to better-capitalized dealership groups. According

to industry data, the number of franchised dealerships has declined from approximately 25,000 dealerships in 1990 to approximately 22,000 in 1996. Although significant consolidation has taken place since the automotive retailing industry's inception, the industry today remains highly fragmented, with the largest 100 dealer groups generating less than 10% of total sales revenues and controlling less than 5% of all franchised dealerships.

USED VEHICLE SALES. Sales of used vehicles have increased over the past five years, primarily as a result of the substantial increase in new vehicle prices and the greater availability of newer used vehicles due to the increased popularity of short-term leases. Like the new vehicle market, the used vehicle market is highly fragmented, with approximately 22,000 new vehicle dealers accounting for approximately $172 billion in 1996 sales. In addition, an even greater number of independent used car dealers accounted for approximately $122 billion in 1996 sales. Privately negotiated transactions accounted for the remaining 1996 sales, estimated at $51 billion. In addition, an increasing number of used vehicles are being sold by "superstore" outlets, which market only used vehicles and offer a wide selection of low mileage, popular models. In 1996, the top 100 new vehicle dealer groups accounted for less than 2% of used vehicle sales.

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

DEALERSHIP OPERATIONS

Upon completion of the Reorganization and the Acquisitions, the Company will own eight dealerships in the Charlotte market, eight dealerships in the Chattanooga market, one dealership in the Nashville market, one dealership in the Houston market, one dealership in the Clearwater market and one dealership in the Atlanta market.

The following table sets forth, for each of those areas, information relating to the Company's pro forma performance for the year ended December 31, 1996 and the six months ended June 30, 1997:

<TABLE>
<CAPTION>

	CHARLOTTE MARKET	NASHVILLE/ CHATTANOOGA MARKET	HOUSTON MARKET	TAMPA/ CLEARWATER MARKET	ATLANTA MARKET	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
			(IN THOUSANDS)			
YEAR ENDED DECEMBER 31, 1996 SALES:						
New vehicles	$ 229,179	$ 108,141	$ 83,763	$ 88,844	$39,940	$549,867
Used vehicles	105,034	51,279	33,402	42,982	20,931	253,628
Parts, service and collision repair	33,260	18,524	18,927	14,224	11,163	96,098
Finance and insurance	7,396	3,888	3,338	2,317	543	17,482
Total	$ 374,869	$ 181,832	$139,430	$148,367	$72,577	$917,075
SIX MONTHS ENDED JUNE 30, 1997 SALES:						
New vehicles	$ 123,130	$ 45,972	$ 55,902	$ 45,577	$19,597	$290,178
Used vehicles	57,979	29,899	17,865	19,580	11,778	137,101
Parts, service and collision repair	17,865	10,938	10,363	5,999	5,960	51,125
Finance and insurance	4,464	1,910	2,249	1,029	129	9,781
Total	$ 203,438	$ 88,719	$ 86,379	$ 72,185	$37,464	$488,185

</TABLE>

Since 1990 the Company has grown significantly, as a result of the acquisition and integration of new vehicle dealerships and an increase in revenues at its existing dealerships. The following table sets forth the name,

brands, year of acquisition and location of the dealerships acquired by or awarded to the Company or one of the Bowers Dealerships since 1990:

<TABLE>
<CAPTION>

DEALERSHIP AND BRANDS CURRENTLY REPRESENTED	YEAR ACQUIRED	LOCATION
<S>	<C>	<C>
SONIC AUTOMOTIVE		
Town & Country Toyota	1990	Charlotte
Fort Mill Ford	1996	Charlotte
Fort Mill Chrysler-Plymouth-Dodge	1997	Charlotte
BOWERS DEALERSHIPS		
Nelson Bowers Ford	1993	Chattanooga
Cleveland Village Honda/Infiniti	1994	Chattanooga
Cleveland Chrysler-Plymouth-Jeep-Eagle	1995	Chattanooga
Jaguar of Chattanooga (awarded franchise)	1995	Chattanooga
European Motors of Nashville "BMW, Volkswagen"	1996	Nashville
European Motors "BMW, Volvo"	1996	Chattanooga
Nelson Bowers Dodge	1997	Chattanooga
KIA -- VW of Chattanooga (awarded franchise)	1997	Chattanooga

</TABLE>

DEALERSHIP MANAGEMENT

Operations of the dealerships are overseen by Regional Vice Presidents, who report to the Company's Chief Operating Officer. Each of the Company's dealerships is managed by an Executive Manager who is responsible for the operations of the dealership and the dealership's financial and customer satisfaction performance. The Executive Manager is responsible for selecting, training and retaining dealership personnel. All Executive Managers report to the Company's senior management on a regular basis and prepare a comprehensive monthly financial and operating statement of their dealership. In addition, the Company's senior management meets on a monthly basis with its Executive Managers to address changing customer preferences, operational concerns and to share best practices, such as maintaining a customer-friendly buying environment, maximizing potential revenues per new vehicle sale through increased F&I penetration, using customer calling and coupon programs to attract and retain service customers, and continued training of dealership personnel.

Each Executive Manager is complemented by a team which includes two senior managers that aid in the operation of the dealership. The General Sales Manager is primarily responsible for the operations, personnel, financial performance and customer satisfaction performance of the new vehicle sales, used vehicle sales, and finance and insurance departments. The Parts and Service Director is primarily responsible for the operations, personnel, financial and customer satisfaction performance of the service, parts and collision repair departments (if applicable). Each of the departments of the dealership typically has a manager who reports to the General Sales Manager or Parts and Service Director.

Each Executive Manager is complemented by a team which includes two senior managers that aid in the operation of the dealership. The General Sales Manager is primarily responsible for the operations, personnel, financial performance and customer satisfaction performance of the new vehicle sales, used vehicle sales, and finance and insurance departments. The Parts and Service Director is primarily responsible for the operations, personnel and financial and customer satisfaction performance of the service, parts and collision repair departments (if applicable). Each of the departments of the dealership typically has a manager who reports to the General Sales Manager or Parts and Service Director.

After the Acquisitions, the Company's Regional Vice Presidents will be as listed, with their region of responsibility and age, on the following table:

<TABLE>
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NAME	AGE	REGION OF RESPONSIBILITY

Ken Marks, Jr.	35	Florida
Jeffrey C. Rachor	35	Tennessee, Georgia, Kentucky and Alabama
Ivan A. Tufty	57	Texas
William Sullivan	65	North Carolina and South Carolina

NEW VEHICLE SALES

The Company sells 17 brands of cars, light trucks and sport utility vehicles. The products have a broad range of prices from lower priced, or economy vehicles, to luxury vehicles. The Company believes that its brand, product and price diversity

reduces the risk of changes in customer preferences, product supply shortages and aging products. Sales of new vehicles in 1996 were approximately 43% cars and 57% trucks. Approximately 14% of sales in 1996 were luxury brands (BMW, Cadillac, Infiniti, Jaguar and Volvo). See "Risk Factors -- Dependence on Automobile Manufacturers."

The following table sets forth, by vehicle brand, information relating to the Company's and the Acquisitions' new vehicle sales for 1996 and the first six months of 1997:

	NEW VEHICLE SALES		
	YEAR ENDED DECEMBER 31, 1996 (1)		SIX MONTHS ENDED JUNE 30, 1997 (1)
VEHICLE BRAND/MANUFACTURER	NEW VEHICLE REVENUES	PERCENTAGE OF NEW VEHICLE REVENUES	NEW VEHICLE REVENUES
	(REVENUE AMOUNTS IN THOUSANDS)		
BMW	$ 10,838	2.1%	$ 13,993
Cadillac	2,029	0.4%	770
Chrysler/Dodge/Plymouth/Jeep/Eagle	88,951	17.4%	50,935
Ford	297,751	58.4%	165,037
Honda	11,599	2.3%	4,992
Infiniti	6,618	1.3%	3,247
Jaguar	2,296	0.5%	1,405
KIA	--	--	685
Oldsmobile	2,212	0.4%	1,055
Saturn	13,488	2.6%	4,984
Toyota	30,520	6.0%	19,246
Volvo	43,060	8.5%	21,478
Volkswagen	732	0.1%	257
Total	$ 510,094	100.0%	$ 288,084

VEHICLE BRAND/MANUFACTURER	PERCENTAGE OF NEW VEHICLE REVENUES
BMW	4.9%
Cadillac	0.3%
Chrysler/Dodge/Plymouth/Jeep/Eagle	17.7%
Ford	57.2%
Honda	1.7%
Infiniti	1.1%
Jaguar	0.5%
KIA	0.2%
Oldsmobile	0.4%
Saturn	1.7%
Toyota	6.7%
Volvo	7.5%
Volkswagen	0.1%
Total	100.0%

(1) Does not include Nelson Bowers Dodge as it was purchased on March 1, 1997 and KIA-VW of Chattanooga which was purchased April 1997. European Motors of Nashville and European Motors were purchased in October 1996 and May 1996, respectively, and information for such dealerships is included from their purchase dates through December 1996.

The Company seeks to provide customer oriented service and build lasting customer relationships that will result in repeat and referral business. Sales techniques and processes vary depending on the product line and local market conditions. All of the Company's dealerships use computer technology for prospecting and customer follow-up and extensively train sales staff to meet the needs of customers. Certain of the dealerships use computer kiosks to allow customers to browse vehicle inventories at their leisure. Depending on brand and local market, dealerships may use "greeters" rather than sales people to initially assist customers entering a dealership.

Substantially all of the Company's new vehicles are acquired from Manufacturers. Allocation of vehicle inventory from Manufacturers is based primarily on sales volume and input from dealers. Vehicle purchases are financed through revolving credit facilities known in the industry as floor plan lending.

The following table presents information with respect to the Company's new vehicle sales:

<TABLE>
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	SONIC DEALERSHIPS						SONIC DEALERSHIPS SIX MONTHS ENDED	
	YEAR ENDED DECEMBER 31,						JUNE 30,	
			ACTUAL			PRO FORMA FOR THE ACQUISITIONS	ACTUAL	
	1992	1993	1994	1995	1996	1996	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
				(IN THOUSANDS, EXCEPT VEHICLE UNIT DATA)				
Unit sales.....	8,060	9,429	9,686	10,273	11,693	24,114	6,027	6,553
Sales revenue.....	$126,230	$152,525	$164,361	$186,517	$233,146	$549,867	$115,721	$137,069
Gross profit.....	$ 8,723	$ 8,872	$ 10,043	$ 12,283	$ 15,809	$ 40,959	$ 7,672	$ 8,892
Gross profit margin...	6.9%	5.8%	6.1%	6.6%	6.8%	7.4%	6.6%	6.5%

<CAPTION>

	PRO FORMA FOR THE ACQUISITIONS 1997
<S>	<C>
Unit sales.....	12,816
Sales revenue.....	$290,178
Gross profit.....	$ 21,173
Gross profit margin...	7.3%

</TABLE>

New vehicle sales include retail lease transactions and lease-type transactions, both of which are arranged by the Company. New vehicle leases generally have short terms. Lease customers, therefore, return to the new vehicle market more

frequently. Leases also provide a source of late-model, generally low mileage, vehicles for its used vehicle inventory. Generally, leased vehicles are under warranty for the entire lease term, which allows the Company to provide repair service to the lessee throughout the term of the lease.

USED VEHICLE SALES

The Company sells a broad variety of makes and models of used cars, vans, trucks and sport utility vehicles. On a pro forma basis in 1996, the Company sold 9,598 used car and 3,855 used truck (including sport utility vehicles) units. Used vehicle retail sales for 1996 represented 35.8% of pro forma total retail unit sales.

Used vehicles are obtained by the Company through customer trade-ins, at "closed" auctions which may be attended only by new vehicle dealers and which offer off-lease, rental and fleet vehicles, and at "open" auctions which offer repossessed vehicles and vehicles sold by other dealers. The Company sells its used vehicles to retail customers and, in the case of vehicles in poor condition or vehicles which remain unsold for a specified period of time, to other dealers

or wholesalers. Sales to other dealers or wholesalers are frequently close to or below cost and therefore negatively affect the Company's gross margin on used vehicle sales.

The Company emphasizes retail sales of used vehicles in order to offer a wider variety of vehicles and to benefit from the higher gross margins from used vehicle sales. To improve the marketability of used vehicles the Company employs both manufacturer supported and in-house used car certification programs and sale of extended warranties on used vehicles. At certain locations, the Company provides a five day money back guarantee on the sale of all used vehicles. The Company intends to expand this guarantee program to all locations.

After the Acquisitions, the Company will operate four standalone used car facilities. As the Company enters new markets and gains market share in existing markets, the Company intends to expand its standalone used car facilities to take advantage of the high quality sources of vehicles available to new vehicle retailers.

The following table sets forth information on the Company's used vehicle sales:

<TABLE>
<CAPTION>

	SONIC DEALERSHIPS						SONIC DEALERSHIPS	SONIC SIX MONTHS ENDED
	YEAR ENDED DECEMBER 31,							JUNE 30,
			ACTUAL			PRO FORMA FOR THE ACQUISITIONS	ACTUAL	
	1992	1993	1994	1995	1996	1996	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	(IN THOUSANDS, EXCEPT VEHICLE UNIT DATA)							
Retail unit sales.....	3,892	4,104	4,374	5,172	5,488	13,453	2,836	2,638
Retail sales revenue.....	$33,636	$37,742	$47,537	$60,766	$68,054	$187,213	$35,200	$32,666
Retail gross profit.....	3,610	3,964	5,182	5,792	5,748	17,415	2,968	2,772
Retail gross margin.....	10.7%	10.5%	10.9%	9.5%	8.4%	9.3%	8.4%	8.5%
Wholesale unit sales.....	3,756	4,189	4,656	5,009	5,344	12,469	2,751	2,750
Wholesale sales revenue....	$11,199	$13,363	$16,062	$20,025	$25,642	$ 66,415	$13,412	$15,342
Wholesale gross profit.....	16	27	43	(45)	(23)	(22)	(12)	(145)
Wholesale gross margin.....	0.1%	0.2%	0.3%	(0.2)%	(0.1)%	(.03)%	(0.1)%	(0.9)%
Total unit sales.....	7,648	8,293	9,030	10,181	10,832	25,922	5,587	5,388
Total revenue.....	$44,835	$51,105	$63,599	$80,791	$93,696	$253,628	$48,612	$48,008
Total gross profit.....	3,626	3,991	5,225	5,747	5,725	17,393	2,956	2,627
Total gross margin.....	8.1%	7.8%	8.2%	7.1%	6.1%	6.8%	6.1%	5.5%

<CAPTION>

	PRO FORMA FOR THE ACQUISITIONS 1997
<S>	<C>
Retail unit sales.....	7,222
Retail sales revenue.....	$ 99,181
Retail gross profit.....	8,986
Retail gross margin.....	9.1%
Wholesale unit sales.....	6,639
Wholesale sales revenue....	$ 37,920
Wholesale gross profit.....	(17)
Wholesale gross margin.....	.04%
Total unit sales.....	13,861
Total revenue.....	$ 137,101
Total gross profit.....	8,969
Total gross margin.....	6.5%

</TABLE>

SERVICE AND PART SALES

The Company provides service and parts at each of its franchised dealerships. The Company provides maintenance and repair services at its 20 new vehicle dealerships and three used vehicle facilities. The Company utilizes approximately 400 service bays in providing both warranty and non-warranty services. Service and parts sales provide higher gross margins than vehicle sales. On a pro forma basis in 1996, the Company's service and parts operations generated $87.2 million in revenues and $35.8 million in gross profit, representing 9.5% and 30.7% of total revenues and gross profit, respectively.

Historically, the automotive repair industry has been highly fragmented. However, the Company believes the increased use of advanced technology in vehicles has made it difficult for independent repair shops to perform major or technical repairs. Additionally, manufacturers permit warranty work to be performed only at franchised dealerships. Given the increasing technological complexity of motor vehicles and the trend to long term warranties, the Company believes an increasing percentage of repair work will be performed at franchised dealerships.

The Company regards its service operations as an integral part of its overall approach to customer service. Vehicle service provides additional opportunities to build long-term customer relationships. The Company uses customer calling,

coupon programs and other techniques to attract and retain service customers. Although individual dealerships vary based on markets and brands, many Company dealerships use service "teams" and variable rate or "menu" pricing structures to improve customer satisfaction with repair service.

Sales of factory authorized equipment and parts to wholesale customers are an integral component of parts operations at certain of the Company's dealerships. For example, the Company's Lone Star Ford dealership sold approximately $9.3 million in wholesale parts in 1996. The Company plans to capitalize on its representation of numerous manufacturers and its experience as a wholesale parts distributor in order to increase sales of factory authorized equipment and parts to wholesale customers.

The following table sets forth information regarding the Company's service and parts sales:

<TABLE>
<CAPTION>

	SONIC DEALERSHIPS						SONIC DEALERSHIPS	
	YEAR ENDED DECEMBER 31,						SIX MONTHS ENDED JUNE 30,	
	ACTUAL					PRO FORMA FOR THE ACQUISITIONS	ACTUAL	
	1992	1993	1994	1995	1996	1996	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
				(IN THOUSANDS)				
Sales revenue.....	$21,778	$27,243	$30,298	$31,957	$37,702	$ 87,168	$18,607	$20,220
Gross profit.....	7,540	9,540	10,344	11,003	13,106	35,773	6,317	6,822
Gross profit margin.....	34.6%	35.0%	34.1%	34.4%	34.8%	41.0%	33.9%	33.7%

<CAPTION>

	PRO FORMA FOR THE ACQUISITIONS 1997
<S>	<C>
Sales revenue.....	$ 45,893
Gross profit.....	19,100
Gross profit margin.....	41.6%

</TABLE>

COLLISION REPAIR

The Company operates collision repair centers, or body shops, at eight of its dealership locations. In 1996, collision repair accounted for $8.9 million,

or 1.0%, of the Company's pro forma revenues and 4.3% of the Company's gross profit. The Company's collision repair business provides favorable margins and, similar to service and parts, is not significantly affected by business cycles or consumer preferences. In addition, because of the higher cost of used vehicles, insurance adjusters are more hesitant to declare a vehicle a total loss, resulting in more significant, and higher cost, repair jobs. The Company believes that, because of the high capital investment required for collision repair shops and the cost of complying with governmental regulations, large volume body shops will be more successful in the future than smaller volume shops. The Company believes the collision repair business will consolidate and that it will be able to capitalize on this consolidation.

The following table sets forth information regarding the Company's collision repair operations:

<TABLE>
<CAPTION>

	SONIC DEALERSHIPS						SONIC DEALERSHIPS SIX MONTHS ENDED
	YEAR ENDED DECEMBER 31,						JUNE 30,
	ACTUAL					PRO FORMA FOR THE ACQUISITIONS	ACTUAL
	1992	1993	1994	1995	1996	1996	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
				(IN THOUSANDS)				
Sales revenue	$2,765	$3,094	$3,686	$3,903	$4,942	$8,930	$2,398	$2,686
Gross profit	1,378	1,516	1,870	1,956	2,452	4,975	1,201	1,284
Gross profit margin	49.8%	49.0%	50.7%	50.1%	49.6%	55.7%	50.1%	47.8%

<CAPTION>

	PRO FORMA FOR THE ACQUISITIONS 1997
<S>	<C>
Sales revenue	$5,232
Gross profit	2,628
Gross profit margin	50.2%

</TABLE>

FINANCE AND INSURANCE

The Company offers its customers a wide range of financing and leasing alternatives for the purchase of vehicles. In addition, as part of each sale, the Company offers customers credit life, accident and health and disability insurance to cover the financing cost of their vehicle, as well as warranty or extended service contracts. The Sonic Dealerships' pro forma revenue from financing, insurance and extended warranty transactions was $17.5 million in 1996 and $9.8 million for the six months ended June 30, 1997.

The Company believes that its customers' ability to obtain financing at its dealerships significantly enhances the Company's ability to sell new and used vehicles. The Company provides a variety of financing and leasing alternatives in order to meet the specific needs of each potential customer. The Company believes its ability to obtain customer-tailored financing on a "same day" basis provides it with an advantage over many of its competitors, particularly smaller competitors which do not generate sufficient volume to attract the diversity of financing sources that are available to the Company. The dealership will then be able to provide a customer with a broader array of lease payment alternatives and, consequently, appeal to a term buyer who is trying to purchase a vehicle of choice at or below a specific monthly payment. During 1996, the Company arranged for financing for approximately 44.7% of its new vehicle sales and 53.6% of its used vehicle sales.

The Company assigns its vehicle financing contracts and leases to other parties, instead of directly financing sales, which reduces the Company's exposure to loss from financing activities. The Company receives a commission

from the lender for originating and assigning the loan or lease but is assessed a chargeback fee by the lender if a loan is canceled, in most cases, within 120 days of making the loan. Early cancellation can result from early repayment because of refinancing of the loan, the sale or trade-in of the vehicle, or default on the loan. The Company establishes an allowance to absorb estimated chargebacks and refunds. The Company believes that its high volume of business makes the Company's retail contracts more attractive to lenders, which may enable the Company to negotiate higher commission rates in contrast to lower volume dealerships.

In addition to its financing activities, the Company offers extended service contracts in connection with the sale of new and used vehicles. Extended service contracts on new vehicles supplement the warranties offered by the vehicle manufacturer, and on used vehicles, such contracts supplement any remaining manufacturer warranty or serve as the primary service contract on the vehicle. The extended service contracts sold by the Company are issued by third-party insurers that pay the Company a commission upon sale of the contract. In 1996, the Company sold extended service contracts on 24.0% and 36.1% respectively, of its new and used retail vehicle sales. The Company also offers its customers credit life, health and accident insurance when they finance an automobile purchase, and receives a commission on each policy sold.

SALES AND MARKETING

The Company's marketing and advertising activities vary among its dealerships and among its markets. The Company advertises primarily through television, newspapers, radio and direct mail and regularly conducts special promotions designed to focus vehicle buyers on its product offerings. The Company intends to continue tailoring its marketing efforts to the relevant marketplace in order to reach the Company's targeted customer base. The Company also has computer technology to aid sales people in prospecting for customers. Under arrangements with manufacturers, the Company receives a subsidy for a portion of its advertising expenses incurred in connection with a manufacturer's vehicles. Because of the Company's leading market presence in certain markets, the Company believes it has been able to realize cost savings on its advertising expenses due to volume discounts and other concessions from media. The Company also believes its consolidated marketing campaigns within particular markets result in enhanced name recognition and sales volume when compared with smaller competitors in the same market.

RELATIONSHIPS WITH MANUFACTURERS

Each of the Company's dealerships operates under a separate franchise or dealer agreement (a "Dealer Agreement") which governs the relationship between the dealership and the Manufacturer. In general, each Dealer Agreement specifies the location of the dealership for the sale of vehicles and for the performance of certain approved services in a specified market area. The designation of such areas generally does not guarantee exclusivity within a specified territory. In addition, most Manufacturers allocate vehicles on a "turn and earn" basis which rewards high volume. A Dealer Agreement requires the dealer to meet specified standards regarding showrooms, the facilities and equipment for servicing vehicles, inventories, minimum net working capital, personnel training, and other aspects of the business. The Dealer Agreement with each dealership also gives each Manufacturer the right to approve the dealership's general manager and any material change in management or ownership of the dealership. Each Manufacturer may terminate a Dealer Agreement under certain circumstances, such as a change in control of the dealership without Manufacturer approval, the impairment of the reputation or financial condition of the dealership, the death, removal or withdrawal of the dealership's general manager, the conviction of the dealership or the dealership's owner or general manager of certain crimes, a failure to adequately operate the dealership or maintain wholesale financing arrangements, insolvency or bankruptcy of the dealership or a material breach of other provisions of the Dealer Agreement. In connection with the Offering, the Company is amending its Dealer Agreements to revise those provisions which would have prohibited the Company from selling its Common Stock to the public. See "Description of Capital Stock -- Delaware Law, Certain Charter and Bylaw Provisions and Certain Franchise Agreement Provisions."

Many automobile manufacturers are still developing their policies regarding public ownership of dealerships. The Company believes that these policies will continue to change as more dealership groups sell their stock to the public, and as the established, publicly-owned dealership groups acquire more franchises. To the extent that new or amended manufacturer policies restrict the number of dealerships which may be owned by a dealership group, or the transferability of the Company's Common Stock, such policies could have a material adverse effect on the Company. See "Risk Factors -- Dependence on Automobile Manufacturers" and " -- Concentration of Voting Power and Anti-Takeover Provisions."

Certain state statutes in Florida and other states limit manufacturers' control over dealerships. Under Florida law, notwithstanding any contrary terms in a dealer agreement, manufacturers may not unreasonably withhold approval for the sale of

a dealership. Acceptable grounds for disapproval include material shortcomings in the character, financial condition or business experience of the proposed transferee. In addition, dealerships may challenge manufacturers' attempts to establish new dealerships in the dealer's markets, and state regulators may deny applications to establish new dealerships for a number of reasons, including a determination that the manufacturer is adequately represented in the area. Manufacturers must have "good cause" for any termination or failure to renew a dealer agreement, and an automaker's license to distribute vehicles in Florida may be revoked if, among other things, the automaker has forced or attempted to force an automobile dealer to accept delivery of motor vehicles not ordered by that dealer.

Under Texas law, despite the terms of contracts between manufacturers and dealers, manufacturers may not unreasonably withhold approval of a transfer of a dealership. It is unreasonable under Texas law for a manufacturer to reject a prospective transferee of a dealership who is of good moral character and who otherwise meets the manufacturer's written, reasonable and uniformly applied standards or qualifications relating to the prospective transferee's business experience and financial qualifications. In addition, under Texas law and the laws of other states, franchised dealerships may challenge manufacturers' attempts to establish new franchises in the franchised dealers' markets, and state regulators may deny applications to establish new dealerships for a number of reasons, including a determination that the manufacturer is adequately represented in the region. Texas law limits the ability of manufacturers to terminate or fail to renew franchises. In addition, other laws in Texas and elsewhere limit the ability of manufacturers to withhold their approval for the relocation of a franchise or require that disputes be arbitrated. In addition, a manufacturer's license to distribute vehicles in Texas may be revoked if, among other things, the manufacturer has forced or attempted to force an automobile dealer to accept delivery of motor vehicles not ordered by that dealer.

Georgia law provides that no manufacturer may arbitrarily reject a proposed change of control or sale of an automobile dealership, and any manufacturer challenging such a transfer of a dealership must provide written reasons for its rejection to the dealer. Manufacturers bear the burden of proof to show that any disapproval of a proposed transfer of a dealership is not arbitrary. If a manufacturer terminates a franchise agreement due to a proposed transfer of the dealership or for any other reason not considered to constitute good cause under Georgia law, such termination will be ineffective. As an alternative to rejecting or accepting a proposed transfer of a dealership or terminating the franchise agreement, Georgia law provides that a manufacturer may offer to purchase the dealership on the same terms and conditions offered to the prospective transferee.

Under Tennessee law, a manufacturer may not modify, terminate or refuse to renew a franchise agreement with a dealer except for good cause, as defined in the governing Tennessee statutes. Further, a manufacturer may be denied a Tennessee license, or have an existing license revoked or suspended if the manufacturer modifies, terminates, or suspends a franchise agreement due to an event not constituting good cause. Good cause includes material shortcomings in the character, financial condition or business experience of the dealer. A manufacturer's Tennessee license may also be revoked if the manufacturer prevents or attempts to prevent the sale or transfer of the dealership by unreasonably withholding consent to the transfer.

COMPETITION

The retail automotive industry is highly competitive. Depending on the geographic market, the Company competes with both dealers offering the same brands and product line as the Company and dealers offering other automakers' vehicles. The Company also competes for vehicle sales with auto brokers and leasing companies. The Company competes with small, local dealerships and with large multi-franchise auto dealerships. Many of the Company's larger competitors are larger and have greater financial and marketing resources and are more widely known than the Company. Some of the Company's competitors also may utilize marketing techniques, such as Internet visibility or "no negotiation" sales methods, not currently used by the Company.

The Company also competes with regional and national car rental companies, which sell their used rental cars, and used automobile "superstores," such as AutoNation and CarMax. In the future, new competitors may enter the automotive retailing market, including automobile manufacturers that may decide to open additional retail outlets or acquire other dealerships. In addition, the used vehicle superstores generally offer a greater and more varied selection of vehicles than the Company's dealerships. As the Company seeks to acquire dealerships in new markets, it may face significant competition (including competition from other publicly-owned dealer groups) as it strives to gain market share. See "Risk Factors -- Competition"

The Company believes that the principal competitive factors in vehicle sales are the marketing campaigns conducted by automakers, the ability of dealerships to offer a wide selection of the most popular vehicles, the location of dealerships and the quality of customer service. Other competitive factors include customer preference for makes of automobiles, pricing (including manufacturer rebates and other special offers) and warranties.

In addition to competition for vehicle sales, the Company also competes with other auto dealers, service stores, auto parts retailers and independent mechanics in providing parts and service. The Company believes that the principal competitive factors in parts and service sales are price, the use of factory-approved replacement parts, the familiarity with a dealer's makes and models and the quality of customer service. A number of regional and national chains offer selected parts and service at prices that may be lower than the Company's prices.

In arranging or providing financing for its customers' vehicle purchases, the Company competes with a broad range of financial institutions. The Company believes that the principal competitive factors in providing financing are convenience, interest rates and contract terms.

The Company's success depends, in part, on national and regional automobile-buying trends, local and regional economic factors and other regional competitive pressures. The Company sells its vehicles in the Charlotte, Chattanooga, Nashville, Tampa-Clearwater, Houston and Atlanta markets. Conditions and competitive pressures affecting these markets, such as price-cutting by dealers in these areas, or in any new markets the Company enters, could adversely affect the Company, although the retail automobile industry as a whole might not be affected. See "Risk Factors -- Competition."

GOVERNMENTAL REGULATIONS AND ENVIRONMENTAL MATTERS

A number of regulations affect the Company's business of marketing, selling, financing and servicing automobiles. The Company also is subject to laws and regulations relating to business corporations generally.

Under North Carolina, South Carolina, Tennessee, Florida, Georgia and Texas law as well as the laws of other states into which the Company may expand, the Company must obtain a license in order to establish, operate or relocate a dealership or operate an automotive repair service. These laws also regulate the Company's conduct of business, including its advertising and sales practices. Other states may have similar requirements.

The Company's operations are also subject to laws governing consumer protection. Automobile dealers and manufacturers are subject to so-called "Lemon Laws" that require a manufacturer or the dealer to replace a new vehicle or accept it for a full refund within one year after initial purchase if the vehicle does not conform to the manufacturer's express warranties and the dealer or manufacturer, after a reasonable number of attempts, is unable to correct or repair the defect. Federal laws require certain written disclosures to be provided on new vehicles, including mileage and pricing information.

The imported automobiles purchased by the Company are subject to United States customs duties and, in the ordinary course of its business, the Company may, from time to time, be subject to claims for duties, penalties, liquidated damages, or other charges. Currently, United States customs duties are generally assessed at 2.5% of the customs value of the automobiles imported, as classified pursuant to the Harmonized Tariff Schedule of the United States. See "Risk Factors -- Imported Products."

The Company's financing activities with its customers are subject to federal truth-in-lending, consumer leasing and equal credit opportunity regulations as well as state and local motor vehicle finance laws, installment finance laws, usury laws and other installment sales laws. Some states regulate finance fees that may be paid as a result of vehicle sales. State and federal environmental regulations, including regulations governing air and water quality and the storage and disposal of gasoline, oil and other materials, also apply to the Company.

The Company believes that it complies in all material respects with the laws affecting its business. Possible penalties for violation of any of these laws include revocation of the Company's licenses and fines. In addition, many laws may give customers a private cause of action.

As with automobile dealerships generally, and service parts and body shop operations in particular, the Company's business involves the use, storage, handling and contracting for recycling or disposal of hazardous or toxic substances or wastes, including environmentally sensitive materials such as motor oil, waste motor oil and filters, transmission fluid, antifreeze, freon, waste paint and lacquer thinner, batteries, solvents, lubricants, degreasing agents, gasoline and diesel fuels. The Company's business also involves the past

and current operation and/or removal of aboveground and underground storage tanks containing such substances or wastes. Accordingly, the Company is subject to regulation by federal, state and local authorities establishing health and environmental quality standards, and liability related thereto, and providing penalties for violations of those standards. The Company is also subject to laws, ordinances and regulations governing remediation of contamination at facilities it operates or to which it sends hazardous or toxic substances or wastes for treatment, recycling or disposal.

The Company believes that it does not have any material environmental liabilities and that compliance with environmental laws and regulations will not, individually or in the aggregate, have a material adverse effect on the Company's

results of operations or financial condition. However, soil and groundwater contamination is known to exist at certain properties used by the Company. Furthermore, environmental laws and regulations are complex and subject to frequent change. There can be no assurance that compliance with amended, new or more stringent laws or regulations, stricter interpretations of existing laws or the future discovery of environmental conditions will not require additional expenditures by the Company, or that such expenditures will not be material. See "Risk Factors -- Government Regulation; Environmental Matters."

FACILITIES

The Company's principal executive offices are located at 5401 East Independence Boulevard, Charlotte, North Carolina 28218, and its telephone number is (704) 532-3301. These executive offices are located on the premises owned by Town & Country Ford. The following table identifies, for each of the properties to be utilized by the Company's dealership operations the location, the owner/lessor, and the term and rental rate of the Company's lease for such property, if applicable:

<TABLE>
<CAPTION>

DEALERSHIP	OWNERSHIP STATUS	OWNER/LESSOR	1997 MONTHLY RENT (2)	EXPIRATION DATE	FACILITY
<S>	<C>	<C>	<C>	<C>	<C>
Town & Country Ford..... 5401 East Independence Blvd., Charlotte	Lease	STC Properties (1)	$ 34,083	2000	Main Bldg. Body Shop
Lone Star Ford..... 8477 North Freeway, Houston	Lease	Viking Investments (1)	$ 30,000	2005	Main Bldg. Used Car Bldg. Body Shop Fleet Bldg.
Fort Mill Ford..... 788 Gold Hill Rd., Fort Mill, SC	Own	--	--	--	Main Bldg. Body Shop
Fort Mill Chrysler-Plymouth-Dodge.... 3310 Hwy. 51, Fort Mill, SC	Lease	Jeffrey Boyd	$ 16,667	2002	Main Bldg. Used Car Bldg.
Town & Country Toyota..... 9101 South Blvd., Charlotte	Own	--	--	--	Main Bldg. Body Shop
Frontier Olsmobile-Cadillac..... 2501 Roosevelt Blvd., Monroe, NC	Lease	Landers Oldsmobile-Cadillac	$ 17,000	1998(3)	Main Bldg. Body Shop Used Car Bldg.
Ken Marks Ford..... 24825 US Hwy. 19 North, Clearwater & 3925 Tampa Rd., Oldsmar, FL	Lease	Marks Holding Company (1)	$ 95,000	2007(3)	Main Bldg.
Dyer Volvo.....	Lease	D&R Investments (1)	$ 50,000 (4)	2009(3)	Main

Bldg. 5260 Peachtree Industrial Blvd., Atlanta						
Lake Norman Chrysler-Plymouth-Jeep-Eagle..... Chartwell Center Dr., Cornelius, NC	Lease	Phil M. and Quinton M. Gandy and affiliates	$ 40,000	(4)	2007(3)	Main Bldg.
Lake Norman Dodge.....	Lease	Phil M. and Quinton M. Gandy and affiliates	$ 40,000	(4)	2007(3)	Main Bldg. Truck Center
I-77 & Torrence Chapel Rd., Cornelius, NC						
KIA/VW of Chattanooga.....	Lease	KIA Land Development (1)	$	(5)	2007(3)	Main Bldg.
6015 International Dr., Chattanooga						
European Motors of Nashville.....	Lease	Third National Bank, David P'Pool, Stella P'Pool	$ 21,070		1998(3)	Main Bldg.(7)
630 Murfreeboro Pike, Nashville						
European Motors.....	Lease	Nelson Bowers (1)	$ 16,846	(4)	2007(3)	Main Bldg.
5949 Brainerd Rd., Chattanooga						
Jaguar of Chattanooga.....	Lease	JAG Properties LLC, Thomas Green, Jr. and Nelson Bowers (1)	$ 22,010		2017(3)	Main Bldg.
5915 Brainerd Rd., Chattanooga						
Cleveland Chrysler-Plymouth-Jeep-Eagle..... 2496 South Lee Hwy., Cleveland, TN	Lease	Cleveland Properties LLC (1)	$ 14,000		2011(3)	Main Bldg.
Nelson Bowers Dodge.....	Lease	Edward & Barbara Wright	$ 16,800		2001(3)	Main Bldg.
402 West Martin Luther King Blvd., Chattanooga						
Cleveland Village Imports.....	Lease	Thomas Green, Jr. and Nelson Bowers (1)	$ 11,000		1997(3)	Main Bldg.(8)
2490 & 2492 South Lee Hwy., Cleveland, TN						
Saturn of Chattanooga.....	Lease	Nelson Bowers (1)	$ 27,054	(4)	2007(3)	Main Bldg.
6025 International Dr., Chattanooga						
Nelson Bowers Ford.....	Lease	Robert G. Card, Jr.	$ 8,900		Month to Month(3	Main Bldg.
717 South Lee Hwy., Cleveland, TN						
Williams Motors.....	Lease	J.T. Williams	$ 15,000		1998(6)	Main Bldg.
803 North Anderson Rd., Rock Hill, SC						

<CAPTION>

DEALERSHIP	SQ. FT.	ACRES
<S>	<C>	<C>
Town & Country Ford.....	85,013 24,768	12.48
5401 East Independence Blvd., Charlotte		
Lone Star Ford.....	79,725 2,125	24.76
8477 North Freeway, Houston	26,450 1,500	
Fort Mill Ford.....	34,162 11,275	10.00
788 Gold Hill Rd., Fort Mill, SC		
Fort Mill Chrysler-Plymouth-Dodge....	9,809 1,470	5.50
3310 Hwy. 51, Fort Mill, SC		
Town & Country Toyota.....	50,800 17,840	5.70
9101 South Blvd., Charlotte		
Frontier Olsmobile-Cadillac.....	14,825 11,250	7.08
2501 Roosevelt Blvd., Monroe, NC	2,200	
Ken Marks Ford.....	79,100	22.00
24825 US Hwy. 19 North, Clearwater & 3925 Tampa Rd., Oldsmar, FL		
Dyer Volvo.....	60,000	6.00
5260 Peachtree Industrial Blvd., Atlanta		
Lake Norman Chrysler-Plymouth-Jeep-Eagle..... Chartwell Center Dr., Cornelius, NC	26,000	6.00

Lake Norman Dodge.....	25,000 5,000	6.00
I-77 & Torrence Chapel Rd., Cornelius, NC		
KIA/VW of Chattanooga.....	8,445	3.75
6015 International Dr., Chattanooga		
European Motors of Nashville.....	49,385	4.00
630 Murfreeboro Pike, Nashville		
European Motors.....	40,295	12.24
5949 Brainerd Rd., Chattanooga		
Jaguar of Chattanooga.....	34,850	3.57
5915 Brainerd Rd., Chattanooga		
Cleveland Chrysler-Plymouth-Jeep-Eagle.....	17,750	5.60
2496 South Lee Hwy., Cleveland, TN		
Nelson Bowers Dodge.....	30,000	4.88
402 West Martin Luther King Blvd., Chattanooga		
Cleveland Village Imports.....	15,760	2.05
2490 & 2492 South Lee Hwy., Cleveland, TN		
Saturn of Chattanooga.....	20,100	6.22
6025 International Dr., Chattanooga		
Nelson Bowers Ford.....	19,725	1.40
717 South Lee Hwy., Cleveland, TN		
Williams Motors.....	15,000(9)	3.0(9)
803 North Anderson Rd., Rock Hill, SC		

</TABLE>

(FOOTNOTES ON FOLLOWING PAGE)

(1) These lessors are affiliates of the Company's stockholders and/or executive officers. See "Risk Factors -- Potential Conflicts of Interest," "Certain Transactions -- Certain Dealership Leases" and "Principal Stockholders."

(2) All of the Company's leases are "triple net" leases and require the Company to pay all real estate taxes, maintenance and insurance costs for the property.

(3) Each of these leases provides for two renewal terms of five years each, at the option of the Company.

(4) Monthly rent expense based on estimate from the purchase agreement relating to the Acquisition.

(5) Lease rent currently under negotiation.

(6) This lease provides for four renewal terms of one year each, at the option of the Company.

(7) European Motors of Nashville has entered into a 20-year lease with H.G. Hill Realty Company, an entity unaffiliated with the Company, regarding a new BMW facility to be constructed at a site separate from its existing facility. The monthly rent payments under this lease are not presently fixed and will depend upon the final construction costs of the new facility. The lease term will begin when the Company occupies these premises.

(8) Cleveland Village Imports also leases a used-car lot across the street from its main facility from individuals not affiliated with the Company for a term expiring in 2002 and providing for $3,000 in monthly rent.

(9) Estimated size.

All of the Company's dealerships are located along major U.S. or interstate highways. One of the principal factors considered by the Company in evaluating an acquisition candidate is its location. The Company prefers to acquire dealerships located along major thoroughfares, primarily interstate highways with ease of access, which can be easily visited by prospective customers.

The Company owns certain of the real estate associated with Town & Country Toyota and Frontier Oldsmobile-Cadillac. The remainder of the properties utilized by the Company's dealership operations are leased as set forth in the foregoing table. The Company believes that its facilities are adequate for its current needs. In connection with its acquisition strategy, the Company intends to lease the real estate associated with a particular dealership whenever practicable.

Under the terms of its franchise agreements, the Company must maintain an appropriate appearance and design of its facilities and is restricted in its ability to relocate its dealerships. See " -- Relationships with Manufacturers."

EMPLOYEES

As of June 30, 1997 the Company employed 1,574 people, of whom approximately 210 were employed in managerial positions, 594 were employed in non-managerial sales positions, 346 were employed in non-managerial parts and service positions and 424 were employed in administrative support positions.

The Company believes that many dealerships in the retail automobile industry have difficulty in attracting and retaining qualified personnel for a number of reasons, including the historical inability of dealerships to provide employees with an equity interest in the profitability of the dealerships. The Company intends, upon completion of the Offering, to provide certain executive officers, managers and other employees with stock options and all employees with a stock purchase plan and believes this type of equity incentive will be attractive to existing and prospective employees of the Company. See "Management -- Stock Option Plan" and " -- Employee Stock Purchase Plan" and "Risk Factors -- Dependence on Key Personal and Limited Management and Personnel Resources."

The Company believes that its relationship with its employees is good. None of the Company's employees is represented by a labor union. Because of its dependence on the Manufacturers, however, the Company may be affected by labor strikes, work slowdowns and walkouts at the Manufacturer's manufacturing facilities. See "Risk Factors -- Dependence on Automobile Manufacturers."

LEGAL PROCEEDINGS AND INSURANCE

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

Because of their vehicle inventory and nature of business, automobile retail dealerships generally require significant levels of insurance covering a broad variety of risks. The Company's insurance includes an umbrella policy as well as insurance on its real property, comprehensive coverage for its vehicle inventory, general liability insurance, employee dishonesty coverage and errors and omissions insurance in connection with its vehicle sales and financing activities.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS; KEY PERSONNEL

The executive officers, directors and key personnel of the Company, and their ages as of the date of this Prospectus, are as follows:

<TABLE>
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NAME	AGE	POSITION(S) WITH THE COMPANY
<S>	<C>	<C>
O. Bruton Smith	70	Chairman, Chief Executive Officer and Director*
Bryan Scott Smith	29	President, Chief Operating Officer and Director*
Nelson E. Bowers, II	53	Executive Vice President and Director Nominee*
Theodore M. Wright	35	Chief Financial Officer, Vice President-Finance, Secretary and Director*
William R. Brooks	47	Director
Jeffrey C. Rachor	35	Regional Vice President-Mid South Region
O. Ken Marks, Jr	35	Regional Vice President-Florida
Ivan A. Tufty	57	Regional Vice President-Texas
William M. Sullivan	65	Regional Vice President-North and South Carolina

</TABLE>

* Executive Officer

O. BRUTON SMITH has been the Chairman, Chief Executive Officer and a director of the Company since its organization in 1997 and presently is the controlling shareholder of the Company through his direct and indirect ownership of Class B Common Stock. Mr. Smith has been the president and controlling shareholder of Sonic Financial since its formation, which prior to the Reorganization owned a controlling interest in all of the Company's dealerships except Town & Country Toyota and presently owns a controlling interest in the Company's Common Stock. Mr. Smith, prior to the Reorganization, owned a controlling interest in Town & Country Toyota. Mr. Smith currently is, and since their acquisition by Sonic Financial has been, a director and the president of each of the Company's dealerships. Mr. Smith has worked in the retail automobile industry since 1966. Mr. Smith's initial term as a director of the Company will expire at the annual meeting of stockholders of the Company to be held in 2000. Mr. Smith is also the chairman and chief executive officer, a director and

controlling shareholder, either directly or through Sonic Financial, of Speedway Motorsports, Inc. ("SMI"). SMI is a public company traded on the NYSE. Among other things, it owns and operates the following NASCAR racetracks: Atlanta Motor Speedway, Bristol Motor Speedway, Charlotte Motor Speedway, Sears Point Raceway and Texas Motor Speedway. He is also the executive officer and a director of each of SMI's operating subsidiaries. Under his employment agreement with the Company, Mr. Smith is required to devote approximately 50% of his business time to the Company's business.

BRYAN SCOTT SMITH has been the President and Chief Operating Officer of the Company since April 1997, and a director of the Company since its organization in 1997. Mr. Smith, who is the son of Bruton Smith, has been the Vice President since 1993 and, prior to the Reorganization, the minority owner of Town & Country Ford. Mr. Smith joined the Company's predecessor in January 1991 on a full-time basis as an assistant used car manager. In August of 1991, Mr. Smith became the used car manager at Town & Country Ford. Mr. Smith was promoted to General Manager of Town & Country Ford in November 1992 where he remained until his appointment to President and Chief Operating Officer of the Company in April of 1997. Mr. Smith's initial term as a director of the Company will expire at the annual meeting of stockholders of the Company to be held in 1998.

NELSON E. BOWERS, II will be appointed the Executive Vice President and a director of the Company upon consummation of the Bowers Acquisition. Mr. Bowers owns a controlling interest in the dealerships that are the subject of the Bowers Acquisition and has worked in the retail automobile industry since 1974. Mr. Bowers has served on national dealer councils for BMW and Volvo and has owned and operated dealerships since 1979, including the first Saturn dealership. Several of the dealerships owned by Mr. Bowers have been awarded the highest awards available from manufacturers for customer satisfaction. Mr. Bowers' initial term as a director of the Company will expire at the annual meeting of stockholders to be held in 1999.

THEODORE M. WRIGHT has been the Chief Financial Officer, Vice President-Finance, Treasurer and Secretary of the Company since April 1997, and a director of the Company since June 1997. Before joining the Company, Mr. Wright was a Senior Manager and in charge of the Columbia, South Carolina office of Deloitte & Touche LLP. Prior to joining the Columbia office, Mr. Wright was a Senior Manager in Deloitte & Touche LLP's National Office Accounting Research and SEC Services Departments from 1994 to 1995. From 1992 to 1994 Mr. Wright was an audit manager with Deloitte & Touche LLP. Mr. Wright's initial term as a director of the Company will expire at the annual meeting of stockholders to be held in 1999.

WILLIAM R. BROOKS has been a director of the Company since its formation. Mr. Brooks also served as the Company's Treasurer, Vice President and Secretary from its organization in February 1997 to April 1997 when Mr. Wright was appointed to those positions. Since December 1994, Mr. Brooks has been the Vice President, Treasurer, Chief Financial Officer and a director of SMI. Mr. Brooks also serves as an executive officer and a director for various operating subsidiaries of SMI. Before the formation of SMI in December 1994, Mr. Brooks was the Vice President of the Charlotte Motor Speedway and a Vice President and a director of Atlanta Motor Speedway. Mr. Brooks joined Sonic Financial from Price Waterhouse in 1983. At Sonic Financial, he was promoted from Manager to Controller in 1985 and again to Chief Financial Officer in 1989. Mr. Brooks' initial term as a director of the Company will expire at the annual meeting of stockholders to be held in 2000.

JEFFREY C. RACHOR will be appointed Regional Vice President upon consummation of the Bowers Acquisition. Mr. Rachor has over 13 years experience in automobile retailing and has been the chief operating officer at the Bowers Dealerships since 1989. During this period, Mr. Rachor has also served at various times as the general manager of Toyota, Saturn and Chrysler-Plymouth-Jeep-Eagle dealerships. Prior to joining the Bowers organization, Mr. Rachor was an assistant regional manager with American Suzuki Motor Corporation from 1987 to 1989 and a Metro Sales Manager and a District Sales Manager with GM's Buick Motor Division from 1983 to 1987.

O. KEN MARKS, JR. owns a controlling interest in Ken Marks Ford and has operated that dealership as its chief executive since prior to 1992. Mr. Marks is a Chairman's award winner from Ford and has over 13 years experience in auto retailing. Ken Marks Ford is one of the top 100 automobile dealerships in the United States and one of the 30 largest Ford dealerships. Mr. Marks will be appointed a Regional Vice President upon consummation of the Offering.

IVAN A. TUFTY has been Executive Manager of Lone Star Ford since 1990 and will be appointed a Regional Vice President upon consummation of the Offering. Under Mr. Tufty's leadership, Lone Star Ford has been recognized as one of the 30 largest Ford dealerships and one of the 100 largest dealerships in the United States. Mr. Tufty has over 40 years of experience in auto retailing and was a dealer principal and equity owner for 12 years.

WILLIAM M. SULLIVAN has been Vice-President of Town & Country Ford since prior to 1992 and will be appointed a Regional Vice President upon consummation of the Offering. Mr. Sullivan has over 25 years experience in auto retailing as an Executive Manager, head of F&I and in other roles.

As soon as practicable after the Offering, the Company intends to name two or three individuals not employed by or affiliated with the Company to the Company's Board of Directors.

The Board of Directors of the Company is divided into three classes, each of which, after a transitional period, will serve for three years, with one class being elected each year. The executive officers are elected annually by, and serve at the discretion of, the Company's Board of Directors.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Since the Company's organization in February 1997, all matters concerning executive officer compensation have been addressed by the entire Board of Directors. Bruton Smith, Scott Smith and Theodore Wright were executive officers of the Company and, together with William R. Brooks, will constitute the entire Board until the consummation of the Offering when Nelson Bowers, an executive officer of the Company, is to be appointed. Bruton Smith serves as Chairman of the Board of SMI. William R. Brooks, an executive officer of SMI, serves on the Board of the Company. As soon as practicable after the Offering, the Company intends to name at least two independent directors who will comprise the Company's compensation committee. See "Management."

LIMITATIONS OF DIRECTORS LIABILITY

The Certificate includes a provision that effectively eliminates the liability of directors to the Company or to the Company's stockholders for monetary damages for breach of the fiduciary duties of a director, except for breaches of the duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, certain actions with respect to unlawful dividends, stock repurchases or redemptions and any transaction from which the director derived an improper personal benefit. This provision does not prevent stockholders from seeking nonmonetary remedies covering any such action, nor does it affect liabilities under the federal securities laws. The Company's Bylaws further provide that the Company shall indemnify each of its directors and officers, to the fullest extent authorized by Delaware Law, with respect to any threatened, pending or completed action, suit or proceeding to which such person may be a party by reason of serving as a director or officer. Delaware Law currently authorizes 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 officers or directors 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. Indemnification is permitted in more limited circumstances with respect to derivative actions. The Company believes that these provisions of the Certificate and the Bylaws are necessary to attract and retain qualified persons to serve as directors and officers.

COMMITTEES OF THE BOARD

The Board of Directors will establish a Compensation Committee and an Audit Committee consisting of independent directors upon the election of at least two independent directors. The Compensation Committee will review and approve compensation for the executive officers, and administer, and determine awards under, the Stock Option Plan and any other incentive compensation plans for employees of the Company. See " -- Stock Option Plan" and " -- Employee Stock Purchase Plan." The Audit Committee will recommend the selection of auditors for the Company and will review the results of the audit and other reports and services provided by the Company's independent auditors. The Company has not previously had either of these committees.

DIRECTOR COMPENSATION

Members of the Board of Directors who are not employees of the Company will be compensated for their services in amounts to be determined. The Company will also reimburse all directors for their expenses incurred in connection with their activities as directors of the Company. Directors who are also employees of the Company receive no compensation for serving on the Board of Directors.

EXECUTIVE COMPENSATION

Sonic was incorporated on January 31, 1997 and did not conduct any operations prior to that time. The Company anticipates that during 1997 its most highly compensated executive officers with annual salaries exceeding $100,000, and their annual base salaries for 1997, will be: Bruton Smith -- $350,000, Scott Smith -- $300,000, Nelson Bowers, -- $400,000, and Theodore Wright -- $180,000.

EMPLOYMENT AGREEMENTS

The Company has entered into employment agreements with Messrs. Bruton Smith, Scott Smith, Bowers, Wright, Marks and Rachor (the "Employment Agreements"), effective upon consummation of the Offering, which provide for an annual base salary and certain other benefits. Pursuant to the Employment Agreements, the 1997 base salaries of Messrs. Bruton Smith, Scott Smith, Bowers, Wright, Marks and Rachor will be $350,000, $300,000, $400,000, $180,000, $48,000, and $150,000, respectively. The executives will also receive such additional increases as may be determined by the Compensation Committee. The Employment Agreements, except those of Messrs. Rachor and Marks, provide for the payment of annual performance-based bonuses equal to a percentage of the executive's base salary, upon achievement by the Company (or relevant region) of certain performance objectives, based on the Company's pre-tax income, to be established by the Compensation Committee. The Employment Agreements of Messrs. Rachor and Marks provide for the payment of annual performance-based bonuses, paid in equal installments on a monthly basis, equal to a percentage of the pre-tax earnings, of subsidiaries of the Company located within his regions of responsibility, in the case of Mr. Rachor, and of Ken Marks Ford in the case of Mr. Marks. See " -- Incentive Compensation Plan." Under the terms of the Employment Agreements, the Company will employ Mr. Bruton Smith through September 2000. Under the terms of their respective Employment Agreements, the Company will employ Messrs. Scott, Smith, Bowers, Wright, Marks and Rachor for five years or until their respective Employment Agreements are terminated by the Company or the executive. Messrs. Scott Smith, Bowers, Wright, Marks and Rachor also receive under their Employment Agreements, options pursuant to the Company's Stock Option Plan, for shares, shares, shares, shares and shares, of the Class A Common Stock, respectively, exercisable at the initial public offering price, vesting in three equal annual installments beginning October 1998 and expiring in October 2007.

Each of the Employment Agreements contain similar noncompetition provisions. These provisions (i) prohibit the disclosure or use of confidential Company information, and (ii) for a period of two years following the expiration or termination of an Employment Agreement, prohibit competition with the Company for the Company's employees and its customers, interference with the Company's relationships with its vendors, and employment with any competitor of the Company in specified territories. With respect to Messrs. Bruton Smith, Scott Smith and Wright, the geographic restrictions apply in any Standard Metropolitan Statistical Area ("SMSA") or county in which the Company has a place of business at the time their

employment ends. With respect to Messrs. Bowers and Rachor, the restrictions apply only in the SMSA's for Houston, Charlotte, Chattanooga, and Nashville. With respect to Mr. Marks, the territorial restrictions apply only in the SMSA's or counties in which the Company has a place of business and about which Marks had access to confidential information or for which he had operational or managerial involvement.

Set forth below is information for the years ended December 31, 1996, 1995 and 1994 with respect to compensation for services to the Company's predecessors of the Company's executive officers.

SUMMARY COMPENSATION TABLE

<TABLE>
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		ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS	
NAME AND PRINCIPAL POSITION(S)	YEAR	SALARY (1)	BONUS (2)	OTHER ANNUAL COMPENSATION	NUMBER OF SHARES UNDERLYING OPTIONS (4)	ALL OTHER COMPENSATION (5)

<S>	<C>	<C>	<C>	<C>	<C>	<C>
O. Bruton Smith	1996	$ 164,750		$ 33,350(3)		--
Chairman, Chief Executive Officer	1995	142,200		41,350(3)		--
and Director	1994	142,200		41,000(3)		--
Bryan Scott Smith	1996	$ 48,000	$ 230,714	(5)		--
President, Chief	1995	48,000	168,670	(5)		--
Operating Officer	1994	48,000	134,537	(5)		--
and Director						

(1) Does not include the dollar value of perquisites and other personal benefits.

(2) The amounts shown are cash bonuses earned in the specified year and paid in the first quarter of the following year.

(3) The Company provides Mr. Smith with the use of automobiles for personal use, the annual cost of which is reflected as Other Annual Compensation.

(4) The Company's Stock Option Plan was adopted in August 1997. Therefore, no options were granted to any of the Company's executive officers in 1996, 1995 or 1994.

(5) The aggregate amount of perquisites and other personal benefits received did not exceed the lesser of $50,000 or 10% of the total annual salary and bonus reported for such executive officer.

The Compensation Committee is expected to deliberate upon matters concerning executive compensation, including possible changes in the components and amounts of such compensation.

STOCK OPTION PLAN

In August 1997, the Board of Directors and stockholders of the Company adopted the Company's 1997 Stock Option Plan (the "Stock Option Plan") in order to attract and retain key personnel. The following discussion of the material features of the Stock Option Plan is qualified by reference to the text of such Plan filed as an exhibit to the Registration Statement of which this Prospectus is a part.

Under the Stock Option Plan, options to purchase up to an aggregate of shares of Class A Common Stock may be granted to key employees of the Company and its subsidiaries and to officers, directors, consultants and other individuals providing services to the Company. Members of the Board of Directors who serve on the Compensation Committee must qualify as "non-employee directors," as that term is defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and may not participate in the Stock Option Plan.

The Compensation Committee of the Board of Directors of the Company will administer the Stock Option Plan and will determine, among other things, the persons who are to receive options, the number of shares to be subject to each option and the vesting schedule of options. The Board of Directors of the Company will determine the terms and conditions upon which the Company may make loans to enable an optionee to pay the exercise price of an option. In selecting individuals for options and determining the terms thereof, the Compensation Committee may consider any factors it considers relevant, including present and potential contributions to the success of the Company. Options granted under the Stock Option Plan must be exercised within a period fixed by the Compensation Committee, which period may not exceed ten years from the date of grant of the option or, in the case of incentive stock options ("ISOs") granted to any holder on the date of grant of more than ten percent of the total combined voting power of all classes of stock of the Company, five years from the date of grant of the option. Options may be made exercisable in whole or in installments, as determined by the Compensation Committee.

Options may not be transferred other than by will or the laws of descent and distribution. During the lifetime of an optionee, options may be exercised only by the optionee. The exercise price of options that are not ISOs will be determined at the discretion of the Compensation Committee. The exercise price of ISOs may not be less than the market value of the Class A Common Stock on the date of grant of the option. In the case of ISOs granted to any holder on the date of grant of more than ten percent of the total combined voting power of all classes of stock of the Company and its subsidiaries, the exercise price may not

be less than 110% of the market value per share of the Class A Common Stock on the date of grant. Unless designated as "incentive stock options" intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), options granted under the Stock Option Plan are intended to be "nonstatutory stock options" ("NSOs"). The exercise price may be paid in cash, in shares of Class A Common Stock owned by the optionee, in NSOs granted under the Stock Option Plan (except that the exercise price of an ISO may not be paid in NSOs) or in any combination of cash, shares and NSOs.

Options granted under the Stock Option Plan may include the right to acquire a "reload" option. In such a case, if a participant pays all or part of the exercise price of an option with shares of Class A Common Stock held by the participant for at least six months, then, upon exercise of the option, the participant is granted a second option to purchase, at the fair market value as of the date of grant of the second option, the number of shares of Class A Common Stock transferred to the Company by the participant in payment of the exercise price of the original option. A reload option is not exercisable until one year after the grant date of such reload option or the expiration date of the original option. If the exercise price of a reload option is paid for with shares of Class A Common Stock that have been held by the optionee for more than six months, then another reload option will be issued. Shares of Class A Common Stock covered by a reload option will not reduce the number of shares of Class A Common Stock available under the Stock Option Plan.

The Stock Option Plan provides that, in the event of changes in the corporate structure of the Company or certain events affecting the shares of the Company, adjustments will automatically be made in the number and kind of shares available for issuance and in the number and kind of shares covered by outstanding options. It further provides that, in connection with any merger or consolidation in which the Company is not the surviving corporation and which results in the holders of the outstanding voting securities of the Company owning less than a majority of the surviving corporation or any sale or transfer by the Company of all or substantially all its assets or any tender offer or exchange offer for or the acquisition, directly or indirectly, by any person or group of all or a majority of the then-outstanding voting securities of the Company, all outstanding options under the Stock Option Plan will become exercisable in full on and after (i) the 15th day prior to the effective date of such merger, consolidation, sale, transfer or acquisition or (ii) the date of commencement of such tender offer or exchange offer, as the case may be.

The Board of Directors of the Company, on or before the consummation of the Offering, intends to grant NSOs and ISOs to purchase an aggregate of shares of Class A Common Stock under the Stock Option Plan to three executive officers, five regional vice presidents and one dealer manager of the Company. Messrs. Scott Smith, Bowers, and Wright are to be granted NSOs to purchase shares, shares, and shares, respectively at an exercise equal to the public offering price of the Class A Common Stock sold in the Offering. Messrs. Scott Smith, Bowers and Wright are also to be granted ISOs to purchase shares, shares and shares, respectively, at an exercise price equal to the public offering price of the Class A Common Stock sold in the Offering. All these options will become exerciseable in three equal annual installments beginning in October 1998 with the last installment vesting in October 2000, and all these options will expire in October 2007. Consequently, all executive officers as a group are to be granted NSOs to purchase an aggregate of shares and ISOs to purchase an aggregate of shares. Non-executive officer employees are to be granted NSOs and ISOs to purchase an aggregate of shares and shares, respectively. See " -- Employment Agreements."

The issuance of the aforementioned NSO's under the Stock Option Plan will be treated by the Company as a deferred tax asset, valued at $ as of .

While the issuance and exercise of ISOs generally have no ordinary income tax consequences to the holder, upon the exercise of an ISO, the holder will treat the excess of the fair market value on the date of exercise over the exercise price as an item of tax adjustment for alternative minimum tax purposes. The issuance and exercise of ISOs have no federal income tax consequences to the Company. The disposition of Class A Common Stock acquired from the exercise of an ISO will ordinarily result in capital gains or loss to the holder for federal income tax purposes equal to the difference between the amount realized on disposition of the Class A Common Stock and the option exercise price. If the holder of Class A Common Stock acquired upon the exercise of an ISO disposes of such stock before the later of (i) two years following the grant of the ISO and (ii) one year following the exercise of the ISO (a "Disqualifying Disposition"), the holder will recognize ordinary income for federal income tax purposes in an amount equal to the lesser of (i) the excess of the Class A Common Stock's fair

market value on the date of exercise over the option exercise price, and (ii) the excess of the amount realized on disposition of the Class A Common Stock over the option exercise price. Any additional gain upon the disposition will be taxed as capital gains. The Company will be entitled to a compensation expense deduction for the Company's taxable year in which the disposition occurs equal to the amount of ordinary income recognized by the holder.

The issuance of NSOs has no federal income tax consequences to the Company or the holder. Upon the exercise of an NSO, the Company generally will be allowed a federal income tax deduction equal to the amount by which the fair market value of the underlying shares on the date of exercise exceeds the exercise price. NSO holders will recognize ordinary income for federal income tax purposes at the time of option exercise in the same amount. Any gains or losses upon the disposition of shares acquired by exercise of a NSO will be taxed to the holder as capital gains or losses.

Registration of the shares underlying the Stock Option Plan is presently not contemplated. Such shares may be issued upon option exercise in reliance upon the private offering exemption codified in Section 4(2) of the Securities Act. Resale of such shares may be permitted subject to the limitations of Rule 144.

EMPLOYEE STOCK PURCHASE PLAN

In August 1997, the Board of Directors and stockholders of the Company adopted the Sonic Employee Stock Purchase Plan (the "ESPP"). The ESPP is intended to promote the interests of the Company by providing employees of the Company the opportunity to acquire a proprietary interest in the Company through the purchase of Class A Common Stock. The following discussion of the material features of the ESPP is qualified by reference to the text of such Plan filed in an exhibit to the Registration Statement of which this Prospectus is a part.

The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. The ESPP is administered by the Compensation Committee, which, subject to the terms of the ESPP, has plenary authority in its discretion to interpret and construe the ESPP. The Compensation Committee will construe the provisions of the ESPP so as to extend and limit participation in a manner consistent with the requirements of that Code section. A total of shares of Class A Common Stock have been reserved for purchase under the ESPP.

On January 1 of each year during the term of the ESPP (the "Grant Date"), all eligible employees electing to participate in the ESPP ("Participating Employees") will be granted an option to purchase shares of Class A Common Stock. Prior to each Grant Date, the Compensation Committee will determine the number of shares of Class A Common Stock available for purchase under each option, with the same number of shares to be available under each option granted on the same Grant Date. No Participating Employee may be granted an option which would permit such employee to purchase stock under the ESPP and all other employee stock purchase plans of the Company at a rate which exceeds $25,000 of the fair market value of such stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time.

A Participating Employee may elect to designate a limited percentage of such employee's compensation (as defined in the ESPP) to be deferred by payroll deduction as a contribution to the ESPP. A Participating Employee instead may elect to make contributions by direct cash payment to the ESPP rather than by payroll deduction. To the extent a Participating Employee has accumulated enough funds, his or her contributions to the ESPP will be used to exercise the option granted under the ESPP through purchases of Class A Common Stock on the last business day of March, June, September and December on which the principal trading market for the Class A Common Stock is open for trading and on any other interim dates during the year which the Compensation Committee designates for such purpose (the "Exercise Date"). Contributions which are not enough to purchase a whole share of Class A Common Stock will be carried forward and applied on the next Exercise Date in that calendar year; provided that contributions remaining after the last Exercise Date of the calendar year may be distributed to the Participating Employee at his election.

The purchase price at which Class A Common Stock will be purchased through the ESPP shall be 85% of the lesser of (i) the fair market value of the Class A Common Stock on the applicable Grant Date, and (ii) the fair market value of the Class A Common Stock on the applicable Exercise Date. Any option granted to a Participating Employee will be exercised automatically on each Exercise Date during the calendar year of the option's Grant Date in whole or in part such that the Participating Employee's accumulated contributions as of such Exercise Date, either through direct cash payment or payroll deduction, will be applied to the purchase of the maximum number of whole shares of Class A Common Stock that such contribution will permit at the applicable option price, limited to the number of shares available for purchase under the option.

Any option granted to a Participating Employee will expire on the last

Exercise Date of the calendar year in which granted. However, if a Participating Employee withdraws from the ESPP or terminates employment prior to such Exercise Date, the option may expire earlier.

Upon termination of a Participating Employee's employment for any reason other than cause, death or leave of absence in excess of ninety days, such employee may, at his election, request the return of contributions not yet used to purchase Class A Common Stock or continue participation in the ESPP until the Exercise Date next following the date of termination of employment such that any unexpired option held will be exercised automatically on such Exercise Date. If a Participating Employee dies while employed by the Company or prior to the Exercise Date next following termination of employment, such employee's estate will have the right to elect to withdraw all contributions not yet used to purchase Class A Common Stock or to exercise the Participating Employee's option for the purchase of Class A Common Stock on the Exercise Date next following the date of such employee's death.

The Board of Directors of the Company may at any time amend, suspend or terminate the ESPP; provided, however, that the ESPP may not be amended to (i) increase the maximum number of shares of Class A Common Stock for which options may be granted under the ESPP, other than in connection with a change in capitalization, (ii) materially modify the requirements as to the class of employees eligible to receive options and purchase Class A Common Stock under the ESPP, or (iii) materially increase the benefits accruing to Participating Employees under the ESPP without in any such case obtaining approval of Sonic stockholders.

The ESPP is intended to meet the requirements of an "employee stock purchase plan" under Section 423 of the Code. No federal taxable income will be recognized by Participating Employees upon the grant of an option to purchase Class A Common Stock under the ESPP. In addition, a Participating Employee will not recognize federal taxable income on the exercise of an option granted under the ESPP.

If the Participating Employee holds shares of Class A Common Stock acquired upon the exercise of an option granted under the ESPP until a date that is more than two years from the grant date of the relevant option and one year from the date of option exercise (or dies while owning such shares), the employee must report as ordinary income in the year of disposition of the shares (or at death) the lesser of (a) the excess of the fair market value of the shares at the time of disposition (or death) over the option exercise price and (b) the excess of the fair market value of the shares on the date the relevant option was granted over the option exercise price. For this purpose the option exercise price is 85% of the fair market value of the shares on the date the relevant option was granted (assuming the shares are offered at a 15% discount). Any additional income is treated as long-term capital gain. If these holding period requirements are met, the Company is not entitled to any deduction for tax purposes. If the Participating Employee does not meet the holding period requirements, the employee recognizes at the time of disposition of the shares ordinary income equal to the difference between the price paid for the shares and the fair market value on the date of exercise, irrespective of the price at which the employee disposes of the shares, and an amount equal to such ordinary income is generally deductible by the Company. Any gain or loss realized on the disposition of the shares will be capital gain or loss, and will be long-term gain or loss if the shares were held for more than one year.

Because the ESPP is based on voluntary participation, benefits thereunder are not determinable.

Registration of the shares underlying the ESPP is presently not contemplated. Such shares may be issued upon option exercise in reliance upon the private offering exemption codified in Section 4(2) of the Securities Act. Resale of such shares may be permitted subject to the limitations of Rule 144.

CERTAIN TRANSACTIONS

REGISTRATION RIGHTS AGREEMENT

As part of the Reorganization, the Company entered into a Registration Rights Agreement dated as of June 30, 1997 (the "Registration Rights Agreements") with Sonic Financial, Bruton Smith, Scott Smith and William S. Egan. Sonic Financial, Bruton Smith, Scott Smith and Egan Group, LLC, an assignee of Mr. Egan (the "Egan Group") currently are the owners of record of , , and shares of Class B Common Stock, respectively. Upon the registration of any of their shares or as otherwise provided in the Certificate, such shares will automatically be converted into a like number of shares of Class A Common Stock. Subject to certain limitations, the Registration Rights Agreements provide Sonic Financial, Bruton Smith, Scott Smith and the Egan Group with certain piggyback registration rights that permit them to have their shares of Common Stock, as selling security holders, included

in any registration statement pertaining to the registration of Class A Common Stock for issuance by the Company or for resale by other selling security holders, with the exception of registration statements on Forms S-4 and S-8 relating to exchange offers (and certain other transactions) and employee stock compensation plans, respectively. These registration rights will be limited or restricted to the extent an underwriter of an

offering, if an underwritten offering, or the Company's Board of Directors, if not an underwritten offering, determines that the amount to be registered by Sonic Financial, Bruton Smith, Scott Smith or the Egan Group would not permit the sale of Class A Common Stock in the quantity and at the price originally sought by the Company or the original selling security holders, as the case may be. The Registration Rights Agreement expires on the tenth anniversary of the closing of the Offering. Sonic Financial is controlled by the Company's Chairman and Chief Executive Officer, Bruton Smith.

THE SMITH ADVANCE

In connection with the Fort Mill Acquisition, Mr. Smith advanced approximately $3.5 million to the Company (the "Smith Advance"). The Smith Advance was used by the Company to pay a portion of the cash consideration for the Fort Mill Acquisition at closing. The Smith Advance is evidenced by a demand note bearing interest at the minimum statutory rate of 3.83% per annum. The Company anticipates seeking additional cash advances or credit support in the form of guarantees or collateral from Mr. Smith in order to meet cash payment obligations in the remaining Acquisitions, which close prior to the consummation of the Offering. The Company intends to repay the principal and interest on the Smith Advance and any similar future advances from Mr. Smith used to fund the Acquisitions from the proceeds of this Offering.

CERTAIN DEALERSHIP LEASES

Certain of the properties leased by the Company's dealership subsidiaries are owned by officers, directors or holders of 5% or more of the Common Stock of the Company or their affiliates. Town & Country Ford operates at facilities leased from STC Properties, a North Carolina joint venture ("STC"). Town & Country Ford maintains a 5% undivided interest in STC and Sonic Financial owns the remaining 95% of STC. The STC lease on the Town & Country Ford facilities will expire in October 2000. Annual payments under the STC lease were $510,085 for each of 1994, 1995 and 1996. Current minimum rent payments are $409,000 annually ($34,083 monthly) through 1999, and will be decreased to $340,833 in 2000, such rents being below market. When this lease expires, the Company anticipates obtaining a long-term lease on the Town & Country Ford facility at fair market rent.

Lone Star Ford operates, in part, at facilities leased from Viking Investments Associates, a Texas association ("Viking"), which is controlled by Mr. Bruton Smith. The Viking lease on the Lone Star Ford property expires in 2005. Annual payments under the Viking lease were $351,420, $302,559 and $360,000 for 1994, 1995 and 1996, respectively. Minimum annual rents under this lease are $360,000 ($30,000 monthly), such amount being below market. When this lease expires, the Company anticipates obtaining a long-term lease on the Lone Star Ford facility at fair market rent.

The dealership leases discussed below will be executed and effective as of the consummation of the Acquisitions.

KIA of Chattanooga operates at facilities leased from KIA Land Development, a company in which Nelson Bowers, the Company's Executive Vice President, maintains an ownership interest. The Company negotiated this lease in connection with the Bowers Acquisition. This triple net lease expires in 2007 and monthly rent is currently under negotiation. The Company may renew this lease at its option for two additional five year terms. At each renewal, the lessor may adjust lease rents to reflect fair market rents for the property.

European Motors operates at its Chattanooga facilities under a triple net lease from Mr. Bowers. The Company negotiated this lease in connection with the Bowers Acquisition. The European Motors lease expires in 2007 and provides for monthly rent of $16,846. This lease also provides for renewals on terms identical to the KIA of Chattanooga lease.

Jaguar of Chattanooga operates at facilities leased from JAG Properties, a company in which Mr. Bowers maintains an ownership interest. The Company negotiated this lease in connection with the Bowers Acquisition. This triple net lease expires in 2017 and provides for monthly rent of $22,010. The Company may renew this lease on terms identical to the KIA of Chattanooga renewal options.

Cleveland Chrysler-Plymouth-Jeep-Eagle leases its facilities from Cleveland Properties LLC, a limited liability company in which Mr. Bowers maintains an ownership interest. The Company negotiated this lease in connection with the Bowers Acquisition. This triple net lease expires in 2011, provides for monthly rent of $14,000 and may be renewed on terms identical to the KIA of Chattanooga

lease.

Cleveland Village Imports operates at facilities leased from Nelson Bowers and another individual. Nelson Bowers, the Company's President and a director, owns a 75% undivided interest in the land and buildings leased by Cleveland Village Imports, with the remaining interests owned by an unrelated party. Such land and buildings are leased under two leases: one is a triple net fixed lease expiring on December 31, 1997 with rent of $8,000 per month and the other, pertaining to a used car lot, is a month-to-month lease with rent of $3,000 per month. In connection with the Bowers Acquisition, the lessors have

agreed to allow the expiration of these leases in October 1997, and to replace them with a triple net lease at a negotiated rental rate for a 15-year initial term and two five-year renewals at the option of the Company.

Saturn of Chattanooga leases its facilities from Mr. Bowers pursuant to a triple net lease. This lease, negotiated by the Company in connection with the Bowers Acquisition, expires in 2007 and provides for monthly rent of $27,054. The lease may be renewed by the Company for two additional five year terms at the Company's option, with the rent at each renewal being adjusted to fair market rent.

Dyer Volvo operates at facilities leased from D&R Investments, an entity in which Richard Dyer, the Company's Executive Manager for Dyer Volvo, maintains an ownership interest. This triple net lease, negotiated by the Company in connection with the Dyer Acquisition, expires in 2009 and provides for monthly rent of $50,000. The Dyer Volvo lease also provides the Company with two optional renewals of five years each with rent at each renewal being adjusted to fair market rent.

Ken Marks Ford ("KMF") operates at facilities leased from Marks Holding Company, a corporation that is owned by Ken Marks, the Company's Regional Vice President-Florida. In connection with the Ken Marks Acquisition, the lessor has agreed to enter into a triple net lease with the Company as lessee at a negotiated rental rate of $95,000 per month for an initial term expiring 2007 with two five-year renewals at the option of the Company.

CHARTOWN TRANSACTIONS

Chartown is a general partnership engaged in real estate development and management. Before the Reorganization, Town & Country Ford maintained a 49% partnership interest in Chartown with the remaining 51% held by SMDA, LLC, a North Carolina limited liability company ("SMDA"). Mr. Smith owns a 80% direct membership interest in SMDA with the remaining 20% owned indirectly through Sonic Financial. In addition, Sonic Financial also held a demand promissory note for $1.2 million issued by Chartown (the "Chartown Note"), which was uncollectible due to insufficient funds. As part of the Reorganization, the Chartown Note was canceled and Town & Country Ford transferred its partnership interest in Chartown to Sonic Financial for nominal consideration. In connection with that transfer, Sonic Financial agreed to indemnify Town & Country Ford for any and all obligations and liabilities, whether known or unknown, relating to Chartown and Town & Country Ford's ownership thereof.

OTHER TRANSACTIONS

During each of the three years ended December 31, 1996, Town & Country Ford paid $48,000 to Sonic Financial as a management fee. Sonic Financial's services to Town & Country Ford have included performance of the following functions, among others: maintenance of lender and creditor relationships; tax planning; preparation of tax returns and representation in tax examinations; record maintenance; internal audits and special audits; assistance to independent public accountants; and litigation support to company counsel. Payments of fees to and receipt of services from Sonic Financial ceased before the Reorganization. Since that time, the Company has been providing these services for itself.

Beginning in early 1997, certain of the Sonic Dealerships have entered into arrangements to sell to their customers credit life insurance policies underwritten by American Heritage Life Insurance Company, an insurer unaffiliated with Sonic ("American Heritage"). American Heritage in turn reinsures all of these policies with Provident American Insurance Company, a Texas insurance company ("Provident American"). Under these arrangements, the Sonic Dealerships paid an aggregate of $140,000 to American Heritage in premiums for these policies since January 1, 1997. The Company anticipates terminating this arrangement with American Heritage by 1998. Provident American is a wholly-owned subsidiary of Sonic Financial.

Town & Country Ford and Lone Star Ford have each made several non-interest bearing advances to Sonic Financial. As of June 30, 1997, Town & Country Ford had made approximately $2.1 million of such advances. In preparation for the Reorganization, a demand promissory note by Sonic Financial evidencing certain of Town & Country Ford's advances was canceled in exchange for the redemption of certain shares of the capital stock of Town & Country Ford held by Sonic Financial. As of June 30, 1997, Lone Star Ford had made approximately $0.5 million of advances to Sonic Financial. In preparation for the Reorganization, a demand promissory note by Sonic Financial evidencing certain of Lone Star Ford's advances was canceled pursuant to a dividend. At years ended December 31, 1996, 1995 and 1994, the aggregate balances of such advances due from Sonic Financial were approximately $2.5 million, $2.6 million and $0, respectively.

Certain subsidiaries of Sonic (such subsidiaries together with Sonic and Sonic Financial being hereinafter referred to as the "Sonic Group") have joined with Sonic Financial in filing consolidated federal income tax returns for several years. Such subsidiaries will join with Sonic Financial in filing for 1996 and for the period ending on June 30, 1997. Under applicable federal tax law, each corporation included in Sonic Financial's consolidated return is jointly and severally liable for any resultant tax. Under a tax allocation agreement dated as of June 30, 1997, however, Sonic agreed to pay to Sonic Financial, in

the event that additional federal income tax is determined to be due, an amount equal to Sonic's separate federal income tax liability computed for all periods in which any member of the Sonic Group has been a member of Sonic Financial's consolidated group. Also pursuant to such agreement, Sonic Financial agreed to indemnify Sonic for any additional amount determined to be due from Sonic Financial's consolidated group in excess of the federal income tax liability of the Sonic Group for such periods. The tax allocation agreement establishes procedures with respect to tax adjustments, tax claims, tax refunds, tax credits and other tax attributes relating to periods ending prior to the time that the Sonic Group shall leave Sonic Financial's consolidated group.

The Company acquired the Sonic Dealerships in the Reorganization pursuant to four separate stock subscription agreements (the "Subscription Agreements"). The Subscription Agreements provide for the acquisition of 100% of the capital stock or membership interests, as the case may be, of each of the Sonic Dealerships from Sonic Financial, Mr. Smith, the Egan Group (an assignee of Mr. Egan) and Bryan Scott Smith in exchange for certain amounts of the Company's issued and outstanding Class B Common Stock. See "Principal Stockholders."

For additional information concerning related party transaction of the businesses being acquired in the Acquisitions, see the notes to the historical financial statements for each respective business acquired included in this Prospectus.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of August 1, 1997 by (i) each stockholder who is known by the Company to own beneficially more than five percent of the outstanding Common Stock, (ii) each director of the Company, (iii) each executive officer of the Company, and (iv) all directors and executive officers of the Company as a group, and as adjusted to reflect the sale by the Company of the shares of Class A Common Stock in this Offering. Prior to this Offering, no shares of Class A Common Stock were issued and outstanding. However, options to acquire shares of Class A Common Stock will be issued on or before the closing of the Offering to certain of the Company's officers and employees, and the Dyer Warrant will be issued upon the closing of the Dyer Acquisition. Holders of Class A Common Stock are entitled to one vote per share on all matters submitted to a vote of the stockholders of the Company. Holders of Class B Common Stock are entitled to ten votes per share on all matters submitted to a vote of the stockholders, except that the Class B Common Stock is entitled to only one vote per share with respect to any transaction proposed or approved by the Board of Directors of the Company or proposed by all the holders of the Class B Common Stock or as to which any member of the Smith Group or any affiliate thereof has a material financial interest other than as a then existing stockholder of the Company constituting a (a) "going private" transaction (as defined herein), (b) disposition of substantially all of the Company's assets, (c) transfer resulting in a change in the nature of the Company's business or (d) merger or consolidation in which current holders of Common Stock would own less than 50% of the Common Stock following such transaction. In the event of any transfer outside of the Smith Group or the Smith Group holds less than 15% of the total number of shares of Common Stock outstanding, such transferred shares or all shares, respectively, of Class B Common Stock will automatically convert into an equal number of shares of Class A Common Stock. See "Description of Capital Stock."

<TABLE>
<CAPTION>

NAME (1)	NUMBER OF SHARES OF CLASS A COMMON STOCK OWNED	NUMBER OF SHARES OF CLASS B COMMON STOCK OWNED	PERCENTAGE OF ALL COMMON STOCK OUTSTANDING BEFORE OFFERING	AFTER OFFERING(2)
<S>	<C>	<C>	<C>	
O. Bruton Smith (3)(4)			87.62%	%
Sonic Financial Corporation (3)			71.05%	%
Bryan Scott Smith (3)(5)			7.65%	%
William R. Brooks (3)			-	%
Theodore M. Wright (3)(5)			-	%
Nelson E. Bowers, II (3)(5)			-	%
All directors and executive officers as a group (10 persons)			95.27%	

</TABLE>

* Less than one percent.

(1) Unless otherwise noted, each person has sole voting and investment power over the shares listed opposite his name subject to community property laws where applicable.

(2) The percentages of total voting power would be as follows: Bruton Smith, %; Sonic Financial, %; Scott Smith, %; William Brooks, less than 1%; Theodore Wright, less than 1%; Nelson E. Bowers, II, less than 1%; and all directors and executive officers as a group, %. Assumes the Underwriters' over-allotment option is not exercised.

(3) The address of such person is care of the Company at 5401 East Independence Boulevard, Charlotte, North Carolina 28218.

(4) The shares of Common Stock shown as owned by such person or group include all of the shares owned by Sonic Financial as indicated elsewhere in the table. Mr. Smith owns the substantial majority of Sonic's outstanding capital stock.

(5) All shares of Class A Common Stock beneficially owned by such person underlie options granted (or, in the case of Mr. Bowers, to be granted upon the closing of the Bowers Acquisition) by the Company at the public offering price. One-third of such options become exercisable on October , 1998, one-third on October , 1999 and one-third on October , 2000. See "Management -- Stock Option Plan."

DESCRIPTION OF CAPITAL STOCK

The Company's authorized capital stock consists of (i) 50,000,000 shares of Class A Common Stock, $.01 par value, (ii) 15,000,000 shares of Class B Common Stock, $.01 par value, and (iii) 3,000,000 shares of preferred stock, $.10 par value. Upon completion of this Offering, the Company will have outstanding shares of Class A Common Stock and outstanding shares of Class B Common Stock and no outstanding shares of preferred stock.

The following summary description of the Company's capital stock does not purport to be complete and is qualified in its entirety by reference to the Company's Certificate, which is filed as an exhibit to the Registration Statement of which this Prospectus forms a part, and Delaware Law. Reference is made to such exhibit and Delaware Law for a detailed description of the provisions thereof summarized below.

COMMON STOCK

The Company's Class A Common Stock and Class B Common Stock are equal in all respects except for voting rights, conversion rights of the Class B Common Stock and as required by law, as discussed more fully below.

VOTING RIGHTS; CONVERSION OF CLASS B COMMON STOCK TO CLASS A COMMON STOCK

The voting powers, preferences and relative rights of the Class A Common Stock and the Class B Common Stock are subject to the following provisions.

Holders of Class A Common Stock have one vote per share on all matters submitted to a vote of the stockholders of the Company. Holders of Class B Common Stock are entitled to ten votes per share except as described below. Holders of all classes of Common Stock entitled to vote will vote together as a single class on all matters presented to the stockholders for their vote or approval except as otherwise required by Delaware Law. There is no cumulative voting with respect to the election of directors. In the event any shares of Class B Common Stock held by a member of the Smith Group (as defined below) are transferred outside of the Smith Group, such shares will automatically be converted into shares of Class A Common Stock. In addition, if the total number of shares of Common Stock held by members of the Smith Group is less than 15% of the total number of shares of Common Stock outstanding, all of the outstanding shares of Class B Common Stock automatically will be reclassified as Class A Common Stock. In any merger, consolidation or business combination, the consideration to be received per share by holders of Class A Common Stock must be identical to that received by holders of Class B Common Stock, except that in any such transaction in which shares of common stock are distributed, such shares may differ as to voting rights to the extent that voting rights now differ between the classes of Common Stock.

Notwithstanding the foregoing, the holders of Class A Common Stock and Class B Common Stock vote as a single class, with each share of each class entitled to one vote per share, with respect to any transaction proposed or approved by the Board of Directors of the Company or proposed by or on behalf of holders of the Class B Common Stock or as to which any member of the Smith Group or any affiliate thereof has a material financial interest other than as a then existing stockholder of the Company constituting a (a) "going private" transaction, (b) sale or other disposition of all or substantially all of the Company's assets, (c) sale or transfer which would cause the nature of the Company's business to be no longer primarily oriented toward automobile dealership operations and related activities or (d) merger or consolidation of the Company in which the holders of the Common Stock will own less than 50% of the Common Stock following such transaction. A "going private" transaction is defined as any "Rule 13e-3 Transaction," as such term is defined in Rule 13e-3 promulgated under the Securities Exchange Act of 1934. An "affiliate" is defined as (i) any individual or entity who or that, directly or indirectly, controls, is controlled by, or is under common control with any member of the Smith Group, (ii) any corporation or organization (other than the Company or a majority-owned subsidiary of the Company) of which any member of the Smith Group is an officer partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of voting securities, or in which any member of the Smith Group has a substantial beneficial interest, (iii) a voting trust or similar arrangement pursuant to which any member of the Smith Group generally controls the vote of the shares of Common Stock held by or subject to such trust or arrangement, (iv) any other trust or estate in which any member of the Smith Group has a substantial beneficial interest or as to which any member of the Smith Group serves as trustee or in a similar fiduciary capacity, or (v) any relative or spouse of any member of the Smith Group or any relative of such spouse, who has the same residence as any member of the Smith Group.

As used in this Prospectus, the term the "Smith Group" consists of the following persons: (i) Mr. Smith and his guardian, conservator, committee, or attorney-in-fact; (ii) William S. Egan and his guardian, conservator, committee, or attorney-in-fact; (iii) each lineal descendant of Messrs. Smith and Egan (a "Descendant") and their respective guardians, conservators, committees or attorneys-in-fact; and (iv) each "Family Controlled Entity" (as defined below). The term "Family Controlled Entity" means (i) any not-for-profit corporation if at least 80% of its board of directors is composed of Mr. Smith, Mr. Egan and/or Descendants; (ii) any other corporation if at least 80% of the value of its outstanding equity is owned by members of the Smith Group; (iii) any partnership if at least 80% of the value of the partnership interests are owned by members of the Smith Group; and (iv) any limited liability or similar company if at least 80% of the value of the company is owned by members of the Smith Group. For a discussion of the effects of the disproportionate voting rights of the Common Stock, see "Risk Factors -- Concentration of Voting Power and Antitakeover Provisions."

Under the Company's Certificate and Delaware Law, the holders of Class A Common Stock and/or Class B Common Stock are each entitled to vote as a separate class, as applicable, with respect to any amendment to the Company's Certificate that would increase or decrease the aggregate number of authorized shares of such class, increase or decrease the par value of the shares of such class, or modify or change the powers, preferences or special rights of the shares of such class so as to affect such class adversely.

DIVIDENDS

Holders of the Class A Common Stock and the Class B Common Stock are entitled to receive ratably such dividends, if any, as are declared by the

Company's Board of Directors out of funds legally available for that purpose, provided, that dividends paid in shares of Class A Common Stock or Class B Common Stock shall be paid only as follows: shares of Class A Common Stock shall be paid only to holders of Class A Common Stock and shares of Class B Common Stock shall be paid only to holders of Class B Common Stock. The Company's Certificate provides that if there is any dividend, subdivision, combination or reclassification of either class of Common Stock, a proportionate dividend, subdivision, combination or reclassification of the other class of Common Stock shall simultaneously be made.

OTHER RIGHTS

Stockholders of the Company have no preemptive or other rights to subscribe for additional shares. In the event of the liquidation, dissolution or winding up of the Company, holders of Class A Common Stock and Class B Common Stock are entitled to share ratably in all assets available for distribution to holders of Common Stock after payment in full of creditors. No shares of any class of Common Stock are subject to a redemption or a sinking fund. All outstanding shares of Common Stock are, and all shares offered by this Prospectus will be, when sold, validly issued, fully paid and nonassessable.

TRANSFER AGENT AND REGISTRAR

The Company has appointed First Union National Bank as the transfer agent and registrar for the Class A Common Stock. The Company has not appointed a transfer agent for the Class B Common Stock.

PREFERRED STOCK

No shares of preferred stock are outstanding. The Company's Certificate authorizes the Board of Directors to issue up to 3,000,000 shares of preferred stock in one or more series and to establish such designations and such relative voting, dividend, liquidation, conversion and other rights, preferences and limitations as the Board of Directors may determine without further approval of the stockholders of the Company. The issuance of preferred stock by the Board of Directors could, among other things, adversely affect the voting power of the holders of Class A Common Stock and, under certain circumstances, make it more difficult for a person or group to gain control of the Company. See "Risk Factors -- Concentration of Voting Power and Anti-takeover Provisions."

The issuance of any series of preferred stock, and the relative designations, rights, preferences and limitations of such series, if and when established, will depend upon, among other things, the future capital needs of the Company, the then-existing market conditions and other factors that, in the judgment of the Board of Directors, might warrant the issuance of preferred stock. At the date of this Prospectus, there are no plans, agreements or understandings for the issuance of any shares of preferred stock.

DELAWARE LAW, CERTAIN CHARTER AND BYLAW PROVISIONS AND CERTAIN FRANCHISE AGREEMENT PROVISIONS

Certain provisions of Delaware Law and of the Company's Certificate and Bylaws, summarized in the following paragraphs, may be considered to have an antitakeover effect and may delay, deter or prevent a tender offer, proxy contest or other takeover attempt that a stockholder might consider to be in such stockholder's best interest, including such an attempt as might result in payment of a premium over the market price for shares held by stockholders.

DELAWARE ANTITAKEOVER LAW. The Company, a Delaware corporation, is subject to the provisions of Delaware Law, including Section 203. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which such person became an interested stockholder unless: (i) prior to such date, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; or (ii) upon becoming an interested stockholder, the stockholder then owned at least 85% of the voting stock, as defined in Section 203; or (iii) subsequent to such date, the business combination is approved by both the Board of Directors and by holders of at least 66 2/3% of the

corporation's outstanding voting stock, excluding shares owned by the interested stockholder. For these purposes, the term "business combination" includes mergers, asset sales and other similar transactions with an "interested stockholder." An "interested stockholder" is a person who, together with affiliates and associates, owns (or, within the prior three years, did own) 15% or more of the corporation's voting stock. Although Section 203 permits a corporation to elect not to be governed by its provisions, the Company to date has not made this election.

CLASSIFIED BOARD OF DIRECTORS. The Company's Bylaws provide for the Board of Directors to be divided into three classes of directors serving staggered three-year terms. As a result, approximately one-third of the Board of Directors will be elected each year. Classification of the Board of Directors expands the time required to change the composition of a majority of directors and may tend to discourage a takeover bid for the Company. Moreover, under Delaware Law, in the case of a corporation having a classified board of directors, the stockholders may remove a director only for cause. This provision, when coupled with the provision of the Bylaws authorizing only the board of directors to fill vacant directorships, will preclude stockholders of the Company from removing incumbent directors without cause, simultaneously gaining control of the Board of Directors by filing the vacancies with their own nominees.

SPECIAL MEETINGS OF STOCKHOLDERS. The Company's Bylaws provide that special meetings of stockholders may be called only by the Chairman or by the Secretary or any Assistant Secretary at the request in writing of a majority of the Board of Directors of the Company. The Company's Bylaws also provide that no action required to be taken or that may be taken at any annual or special meeting of stockholders may be taken without a meeting; the powers of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied. These provisions may make it more difficult for stockholders to take action opposed by the Board of Directors.

ADVANCE NOTICE REQUIREMENTS FOR STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS. The Company's Bylaws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual or a special meeting of stockholders, must provide timely notice thereof in writing. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive office of the Company, (i) in the case of an annual meeting that is called for a date that is within 30 days before or after the anniversary date of the immediately preceding annual meeting of stockholders, not less than 60 days nor more than 90 days prior to such anniversary date, and, (ii) in the case of an annual meeting that is called for a date that is not within 30 days before or after the anniversary date of the immediately preceding annual meeting, or in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth day following the day on which notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever occurs first. The Bylaws also specify certain requirements for a stockholder's notice to be in proper written form. These provisions may preclude some stockholders from bringing matters before the stockholders at an annual or special meeting or from making nominations for directors at an annual or special meeting.

CONFLICT OF INTEREST PROCEDURES. The Company's Certificate contains provisions providing that transactions between the Company and its affiliates must be no less favorable to the Company than would be available in transactions involving arms'-length dealing with unrelated third parties. Moreover, any such transaction involving aggregate payments in excess of $500,000 must be approved by a majority of the Company's directors and a majority of the Company's independent directors. Otherwise, the Company must obtain an opinion as to the financial fairness of the transactions to be issued by an investment banking or appraisal firm of national standing.

RESTRICTIONS UNDER FRANCHISE AGREEMENTS. The Company's franchise agreements impose restrictions on the transfer of the Common Stock. A number of Manufacturers prohibit transactions which affect changes in management control of the Company. Such restrictions may prevent or deter prospective acquirers from obtaining control of the Company. See "Risk Factors -- Stock Ownership/Issuance Limits" and "Business -- Relationships with Manufacturers."

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this Offering, the Company will have outstanding shares of Class A Common Stock (assuming no exercise of the Underwriters' over-allotment option). All of such shares will be freely transferable and may be resold without further registration under the Securities Act, except for any shares purchased by an "affiliate" of the Company (as defined by Rule 144), which shares will be subject to the resale limitations of Rule 144. The shares (the "Restricted Shares") of Class B Common Stock outstanding, which are convertible into Class A Common Stock, are "restricted" securities within the meaning of Rule 144 irrespective of whether the conversion right is exercised. The shares of Class A Common Stock, which underlie options to be granted on or before the closing of the Offering under the Company's Stock Option Plan and the Dyer Warrant, may be resold only pursuant to a registration statement under the Securities Act or an applicable exemption from registration thereunder such as an exemption provided by Rule 144.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned "restricted securities"

for at least one year may, under certain circumstances, resell within any three-month period, such number of shares as does not exceed the greater of one percent of the then-outstanding shares of Class A Common Stock or the average weekly trading volume of Class A Common Stock during the four calendar weeks prior to such resale. Rule 144 also permits, under certain circumstances, the resale of shares without any quantity limitation by a person who has satisfied a two-year holding period and who is not, and has not been for the preceding three months, an affiliate of the Company. In addition, holding periods of successive non-affiliate owners are aggregated for purposes of determining compliance with these one- and two-year holding period requirements.

Upon completion of this Offering, none of the shares of Class B Common Stock outstanding on the date of this Prospectus and not sold in the Offering will have been held for at least one year. Since all such shares are restricted securities, none of them may be resold pursuant to Rule 144 upon completion of this Offering. Any transfer of shares of the Class B Common Stock to any person other than a member of the Smith Group will result in a conversion of such shares to Class A Common Stock.

The Restricted Shares will not be eligible for sale under Rule 144 until the expiration of the one-year holding period from the date such Restricted Shares were acquired.

The availability of shares for sale or actual sales under Rule 144 and the perception that such shares may be sold may have a material adverse effect on the market price of the Class A Common Stock. Sales under Rule 144 also could impair the Company's ability to market additional equity securities.

Additionally, the Company has entered into the Registration Rights Agreement with Sonic Financial, Bruton Smith, Scott Smith and William Egan. The Registration Rights Agreement provides piggyback registration rights with respect to shares of Common Stock in the aggregate. For further information regarding the Registration Rights Agreement, see "Certain Transactions -- Registration Rights Agreements."

The Company, all of the executive officers of the Company and the holders of Class B Common Stock have agreed, subject to certain exceptions, not, directly or indirectly, to (i) sell, grant an option or otherwise transfer or dispose of any Class A Common Stock or securities convertible into or exchangeable or exercisable for Class A Common Stock, including shares of Class B Common Stock, or file a registration statement under the Securities Act with respect to the foregoing or (ii) enter into any swap or other agreement or transaction that transfers, in whole or part, the economic consequences of ownership of the Class A Common Stock for 180 days from the date of this Prospectus without the prior written consent of Merrill Lynch.

UNDERWRITING

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement"), the Company has agreed to sell to each of the Underwriters named below, and each of the Underwriters, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Montgomery Securities and Wheat, First Securities, Inc. are acting as representatives (the "Representatives"), has severally agreed to purchase from the Company, the number of shares of Class A Common Stock set forth opposite its name below. In the Purchase Agreement, the several Underwriters have agreed, subject to the terms and conditions set forth therein, to purchase all the shares of Class A Common Stock offered hereby, if any are purchased. In the event of a default by an Underwriter, the Purchase Agreement provides that, in certain circumstances, purchase commitments of the nondefaulting Underwriters may be increased or the Purchase Agreement may be terminated.

<TABLE>
<CAPTION>

UNDERWRITERS	NUMBER OF SHARES
<S>	<C>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Montgomery Securities	
Wheat, First Securities, Inc.	
Total	

</TABLE>

The Underwriters have advised the Company that they propose initially to

offer the shares of Class A Common Stock to the public at the initial public offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of $ per share of Class A Common Stock. The Underwriters may allow, and such dealers may reallow, a discount not in excess of $ per share of Class A Common Stock to certain other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

At the request of the Company, the Underwriters have reserved up to shares of Class A Common Stock for sale at the initial public offering price to directors, officers, employees, business associates and related persons of the Company. The number of shares of Class A Common Stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares which are not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares offered hereby.

The Company, all of the executive officers of the Company and all the holders of Class B Common Stock have agreed, subject to certain exceptions, not to, directly or indirectly, (i) sell, grant any option to purchase or otherwise transfer or dispose of any Class A Common Stock or securities convertible into or exchangeable or exercisable for Class A Common Stock, including shares of Class B Common Stock, or file a registration statement under the Securities Act with respect to the foregoing or (ii) enter into any swap or other agreement or transaction that transfers, in whole or part, the economic consequence of ownership of the Class A Common Stock, without the prior written consent of Merrill Lynch, for a period of 180 days after the date of this Prospectus.

The Company has granted an option to the Underwriters, exercisable within 30 days after the date of this Prospectus, to purchase up to an aggregate of additional shares of Class A Common Stock at the initial public offering price set forth on the cover page of this Prospectus, less the underwriting discount. The Underwriters may exercise this option only to cover over-allotments, if any, made on the sale of the Class A Common Stock offered hereby. To the extent that the Underwriters exercise this option, each Underwriter will be obligated, subject to certain conditions, to purchase a number of additional shares of Class A Common Stock proportionate to such Underwriter's initial amount reflected in the foregoing table.

Prior to the Offering, there has been no public market for the Class A Common Stock. The initial public offering price for the Class A Common Stock will be determined by negotiation between the Company and the Representatives. The factors considered in determining the initial public offering price, in addition to prevailing market conditions, are price-earnings ratios of publicly traded companies that the Representatives believe to be comparable to the Company, certain financial information of the Company, the history of, and the prospects for, the Company and the industry in which it competes, and an assessment of the Company's management, its past and present operations, the prospects for and the timing of future revenues of the Company, the present state of the Company's development, and the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to the Company. There can be no assurance that an active trading market will develop for the Class A Common Stock or that the Class A Common Stock will trade in the public market subsequent to the Offering made hereby at or above the initial public offering price.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the Underwriters may be required to make in respect thereof.

The Company intends to apply for listing of the Class A Common Stock on the NYSE under the symbol "DLR." In order to meet the requirements for listing of the Class A Common Stock on that exchange, the Underwriters have undertaken to sell lots of 100 or more shares to a minimum of 2,000 beneficial holders.

The Representatives have advised the Company that the Underwriters do not intend to confirm sales of Class A Common Stock offered hereby to any accounts over which they exercise discretionary authority.

Until the distribution of the Class A Common Stock is completed, rules of the Securities and Exchange Commission may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Class A Common Stock. As an exception to these rules, the Representatives are permitted to engage in certain transactions that stabilize the price of Class A Common Stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Class A Common Stock.

If the Underwriters create a short position in the Class A Common Stock in connection with the Offering, I.E., if they sell more shares of Class A Common Stock than are set forth on the cover page of this Prospectus, the Representatives may reduce that short position by purchasing Class A Common Stock in the open market. The Representatives may also elect to reduce any short

position by exercising all or part of the over-allotment option described above.

The Representatives may also impose a penalty bid on certain Underwriters and selling group members. This means that if the Representatives purchase shares of Class A Common Stock in the open market to reduce the Underwriters' short position or to stabilize the price of the Class A Common Stock, they may reclaim the amount of the selling concession from the Underwriters and selling group members who sold those shares as part of the Offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security.

Neither the Company nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Class A Common Stock. In addition, neither the Company nor any of the Underwriters makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

LEGAL MATTERS

Parker, Poe, Adams & Bernstein L.L.P., Charlotte, North Carolina, counsel to the Company, will render an opinion that the shares of Class A Common Stock offered hereby, when issued and paid for in accordance with the terms of the Underwriting Agreement, will be duly authorized, validly issued, fully paid and nonassessable. Fried, Frank, Harris, Shriver & Jacobson (a partnership including professional corporations), New York, New York, has served as counsel to the Underwriters in connection with this Offering. Fried, Frank, Harris, Shriver & Jacobson will rely on Parker, Poe, Adams & Bernstein L.L.P. with respect to matters of North Carolina law.

EXPERTS

The combined and consolidated financial statements of Sonic Automotive, Inc. and Affiliated Companies as of and for the year ended December 31, 1996, the financial statements of Dyer & Dyer, Inc., the combined financial statements of Bowers Automotive Group, the combined financial statements of Lake Norman Dodge, Inc. and Affiliated Companies, and the financial statements of Ken Marks Ford, Inc. included in this Prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports appearing herein, and are included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The combined financial statements of Sonic Automotive, Inc. and Affiliated Companies as of December 31, 1995 and for the years ended December 31, 1994 and 1995 have been audited by Dixon, Odom & Co., L.L.P., independent auditors, as stated in their report appearing herein, and is included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "SEC") a Registration Statement on Form S-1 under the Securities Act with respect to the shares of Class A Common Stock offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company and the shares of Class A Common Stock offered hereby, reference is made to the Registration Statement, including the exhibits and schedules filed as part thereof. Statements contained in this Prospectus as to the contents of any contract or any other documents are not necessarily complete, and, in each such instance, reference is made to the copy of the contract or document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference thereto. The Registration Statement, together with its exhibits and schedules, may be inspected at the Public Reference Section of the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the regional offices of the SEC located at 7 World Trade Center, Suite 1300, New York, New York 10048 and at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of all or any part of such materials may be obtained from any such office upon payment of the fees prescribed by the SEC. Such information may also be inspected and copied at the office of the NYSE at 20 Broad Street, New York, New York 10005. The Commission also maintains a Website (http://www.sec.gov.) that contains reports, proxy and

information statements and other information regarding registrants that file electronically with the SEC.

INDEX TO FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF
SONIC AUTOMOTIVE, INC.
Charlotte, North Carolina

We have audited the accompanying combined balance sheet of Sonic Automotive, Inc. and Affiliated Companies (the "Company"), which are under common ownership and management, as of December 31, 1996, and the related combined statements of income, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Sonic Automotive, Inc. and Affiliated Companies as of December 31, 1996, and the combined results of their operations and their combined cash flows for the year then ended in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Charlotte, North Carolina

August 7, 1997

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS
SONIC AUTOMOTIVE, INC.
Charlotte, North Carolina

We have audited the accompanying combined balance sheets of Sonic Automotive, Inc. and Affiliated Companies (the "Company") as of December 31, 1995, and the related combined statements of income, stockholders' equity, and cash flows for the years ended December 31, 1994 and 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Sonic Automotive, Inc. and Affiliated Companies as of December 31, 1995, and the combined results of their operations and their combined cash flows for the years ended December 31, 1994 and 1995 in conformity with generally accepted accounting principles.

DIXON, ODOM & CO., L.L.P.
Winston-Salem, North Carolina

April 30, 1997

SONIC AUTOMOTIVE, INC.
AND AFFILIATED COMPANIES

COMBINED AND CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1995 AND 1996 AND JUNE 30, 1997

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>
(UNAUDITED)			
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 8,993,887	$ 6,679,490	$ 9,237,585
Marketable equity securities	706,126	638,500	769,123
Receivables (Note 5) (net of allowance for doubtful accounts of $160,031 and $224,789 at December 31, 1995 and 1996, respectively)	9,085,376	11,907,786	12,897,264
Inventories (Notes 3 and 5)	39,128,041	57,970,020	59,884,909
Deferred income taxes (Note 6)	117,500	279,896	256,032
Other current assets	311,019	332,561	818,171
Total current assets	58,341,949	77,808,253	83,863,084
PROPERTY AND EQUIPMENT, NET (Notes 4 and 5)	8,527,338	12,466,713	13,269,789
GOODWILL, NET (Note 1)	--	4,266,084	9,463,179
OTHER ASSETS	372,610	389,277	263,374
TOTAL ASSETS	$67,241,897	$94,930,327	$106,859,426
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Notes payable -- floor plan (Note 3)	$45,151,111	$63,893,356	$ 67,855,408
Trade accounts payable	3,043,180	3,642,572	3,847,922
Accrued interest	503,391	521,190	491,341
Other accrued liabilities	1,554,713	3,031,473	3,394,178
Payable to affiliated companies (Note 7)	2,000,000	--	--
Payable to Company's Chairman (Note 2)	--	--	3,500,000
Current maturities of long-term debt	169,932	518,979	487,242
Total current liabilities	52,422,327	71,607,570	79,576,091
LONG-TERM DEBT (Note 5)	3,560,766	5,285,862	5,137,210
PAYABLE TO AFFILIATED COMPANIES (Note 7)	1,219,204	914,339	854,984
DEFERRED INCOME TAXES (Note 6)	777,600	1,059,380	930,923
MINORITY INTEREST (Note 1)	199,522	313,912	--
COMMITMENTS AND CONTINGENCIES (Notes 7 and 10)			
STOCKHOLDERS' EQUITY (Notes 8 and 9):			
Preferred stock, $.10 par, 3,000,000 shares authorized and unissued	--	--	

Class A Common Stock, $.01 par, 50,000,000 shares authorized and unissued....	--	--	--	--	--
Class B Common Stock, $.01 par, 50,000,000 shares authorized, 10,000 shares issued and outstanding.....	100	100	100	100	100
Paid-in capital.....	6,331,446	13,395,560	16,604,070	15,749,264	20,360,218
Retained earnings.....	2,766,420	4,913,095	6,486,412	4,913,095	6,486,412
Unrealized loss on marketable equity securities.....	(35,488)	(93,562)	(97,433)	(93,562)	(97,433)
Due from affiliates (Note 7).....	--	(2,465,929)	(2,632,931)	(2,465,929)	(2,632,931)
Total stockholders' equity.....	9,062,478	15,749,264	20,360,218	15,749,264	20,360,218
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY.....	$67,241,897	$94,930,327	$106,859,426	$94,930,327	$106,859,426

See notes to combined and consolidated financial statements.

SONIC AUTOMOTIVE, INC.
AND AFFILIATED COMPANIES

COMBINED AND CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996
AND THE SIX MONTHS ENDED JUNE 30, 1996 AND 1997

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
					(UNAUDITED)
REVENUES:					
Vehicle sales.....	$227,959,827	$267,307,949	$326,841,772	$164,332,724	$185,077,493
Parts, service and collision repair.....	33,984,096	35,859,960	42,643,812	21,005,202	22,906,377
Finance and insurance.....	5,180,998	7,813,408	7,118,217	4,277,094	4,763,248
Total revenues.....	267,124,921	310,981,317	376,603,801	189,615,020	212,747,118
COST OF SALES.....	234,461,089	272,178,737	332,406,803	167,191,296	188,367,591
GROSS PROFIT.....	32,663,832	38,802,580	44,196,998	22,423,724	24,379,527
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.....	24,631,532	29,343,430	33,677,529	16,590,478	18,413,226
DEPRECIATION AND AMORTIZATION.....	838,011	832,261	1,075,618	359,630	395,573
OPERATING INCOME.....	7,194,289	8,626,889	9,443,851	5,473,616	5,570,728
OTHER INCOME AND EXPENSE:					
Interest expense, floor plan.....	3,000,622	4,504,526	5,968,430	2,800,778	3,017,903
Interest expense, other.....	443,409	436,435	433,250	183,898	269,145
Gain on sale of marketable equity securities.....	--	107,007	354,922	--	--
Other income.....	609,088	342,047	263,676	369,412	273,842
Total other expense.....	2,834,943	4,491,907	5,783,082	2,615,264	3,013,206
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST.....	4,359,346	4,134,982	3,660,769	2,858,352	2,557,522
PROVISION FOR INCOME TAXES (Note 6).....	1,559,750	1,674,900	1,399,704	1,093,034	937,212
INCOME BEFORE MINORITY INTEREST.....	2,799,596	2,460,082	2,261,065	1,765,318	1,620,310
MINORITY INTEREST IN EARNINGS OF SUBSIDIARY.....	15,564	22,167	114,390	40,612	

46,993
NET INCOME..... $ 2,784,032 $ 2,437,915 $ 2,146,675 $ 1,724,706 $
1,573,317
PRO FORMA NET INCOME PER SHARE
(Note 1) (unaudited)..... $ 215 $
157
PRO FORMA NUMBER OF SHARES
USED TO COMPUTE PER SHARE
DATA (Note 1) (unaudited)..... 10,000
10,000
</TABLE>

See notes to combined and consolidated financial statements.

SONIC AUTOMOTIVE, INC.
AND AFFILIATED COMPANIES

COMBINED AND CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996 AND
THE SIX MONTHS ENDED JUNE 30, 1997

<TABLE>
<CAPTION>

	CLASS B COMMON STOCK SHARES	AMOUNT	PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)	UNREALIZED LOSS ON MARKETABLE EQUITY SECURITIES	DUE FROM AFFILIATES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE AT DECEMBER 31, 1993.....	10,000	$ 100	$ 4,837,100	$ (2,455,527)	$ --	$ --
Net income.....	--	--	--	2,784,032	--	--
BALANCE AT DECEMBER 31, 1994.....	10,000	$ 100	4,837,100	328,505	--	--
Capital contribution.....	--	--	1,494,346	--	--	--
Change in net unrealized loss on marketable equity securities.....	--	--	--	--	(35,488)	--
Net income.....	--	--	--	2,437,915	--	--
BALANCE AT DECEMBER 31, 1995.....	10,000	100	6,331,446	2,766,420	(35,488)	--
Capital contribution	--	--	7,064,114	--	--	--
Advance to affiliates.....	--	--	--	--	--	(2,465,929)
Change in net unrealized loss on marketable equity securities.....	--	--	--	--	(58,074)	--
Net income.....	--	--	--	2,146,675	--	--
BALANCE AT DECEMBER 31, 1996.....	10,000	100	13,395,560	4,913,095	(93,562)	(2,465,929)
Capital contribution (unaudited).....	--	--	3,208,510	--	--	--
Advance to affiliates (unaudited)....	--	--	--	--	--	(167,002)
Change in net unrealized loss on marketable equity securities (unaudited).....	--	--	--	--	(3,871)	--
Net income (unaudited).....	--	--	--	1,573,317	--	--
BALANCE AT JUNE 30, 1997 (UNAUDITED)...	10,000	$ 100	$ 16,604,070	$ 6,486,412	$ (97,433)	$(2,632,931)

<CAPTION>

	TOTAL STOCKHOLDERS' EQUITY
<S>	<C>
BALANCE AT DECEMBER 31, 1993.....	$ 2,381,673
Net income.....	2,784,032
BALANCE AT DECEMBER 31, 1994.....	5,165,705
Capital contribution.....	1,494,346

Change in net unrealized loss on marketable equity securities	(35,488)
Net income	2,437,915
BALANCE AT DECEMBER 31, 1995	9,062,478
Capital contribution	7,064,114
Advance to affiliates	(2,465,929)
Change in net unrealized loss on marketable equity securities	(58,074)
Net income	2,146,675
BALANCE AT DECEMBER 31, 1996	15,749,264
Capital contribution (unaudited)	3,208,510
Advance to affiliates (unaudited)	(167,002)
Change in net unrealized loss on marketable equity securities (unaudited)	(3,871)
Net income (unaudited)	1,573,317
BALANCE AT JUNE 30, 1997 (UNAUDITED)	$ 20,360,218

</TABLE>

See notes to combined and consolidated financial statements.

SONIC AUTOMOTIVE, INC.
AND AFFILIATED COMPANIES

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996 AND
THE SIX MONTHS ENDED JUNE 30, 1996 AND 1997

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>
(UNAUDITED)					
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income	$ 2,784,032	$ 2,437,915	$ 2,146,675	$ 1,724,706	$ 1,573,317
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	838,011	832,261	1,075,618	359,630	395,573
Minority interest	15,564	22,167	114,390	40,612	46,993
Loss (gain) on disposal of property and equipment	--	(38,721)	79,660		
Gain on sale of marketable equity securities	--	(107,007)	(354,922)	(278,917)	(134,496)
Deferred income taxes	258,400	450,400	(240,548)	(62,002)	23,864
Changes in assets and liabilities that relate to operations:					
(Increase) decrease in receivables	(2,091,063)	(228,084)	(2,420,651)	287,459	(989,478)
(Increase) decrease in inventories	(8,942,669)	(3,724,725)	(12,653,222)	(3,511,263)	2,745,061
(Increase) decrease in other current assets	(66,945)	21,173	(10,455)	(189,391)	(483,564)
Increase (decrease) in other non-current assets	(679)	(14,104)	(69,883)	2,851	113,403
Increase in notes payable-floor plan	9,489,146	3,431,241	12,984,772	4,117,088	290,190
Increase (decrease) in accounts payable and accrued expenses	676,526	(42,224)	1,439,486	1,285,875	396,972
Total adjustments	176,291	602,377	(55,755)	2,051,942	2,404,579
Net cash provided by operating activities	2,960,323	3,040,292	2,090,920	3,776,648	3,977,835
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of business, net of cash received	--	--	(5,126,595)	(692,883)	(3,627,347)
Purchases of property and equipment	(1,386,877)	(1,508,848)	(1,906,739)	--	(886,149)
Proceeds from sale of property and equipment	32,162	556,789	4,036	--	--

Purchase of marketable equity securities.....	(82,801)	(1,622,845)	(207,400)	--
--				
Proceeds from sales of marketable equity securities...	--	1,073,539	514,700	88,900
--				
Net (advances to) receipts from affiliate companies...	(295,578)	1,772,022	(4,770,794)	(3,251,199)
3,273,643				
Net cash provided by (used in) investing activities.....	(1,733,094)	270,657	(11,492,792)	(3,855,182)
(1,239,853)				
CASH FLOWS FROM FINANCING ACTIVITIES:				
Capital contributions.....	--	1,494,346	7,064,114	1,000,000
500				
Proceeds from long-term debt.....	107,284	2,899	599,206	--
--				
Payments of long-term debt.....	(441,500)	(269,254)	(575,845)	(468,970)
(180,387)				
Net cash provided by (used in) financing activities.....	(334,216)	1,227,991	7,087,475	531,030
(179,887)				
NET INCREASE (DECREASE) IN CASH.....	893,013	4,538,940	(2,314,397)	452,496
2,558,095				
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD.....	3,561,934	4,454,947	8,993,887	8,993,887
6,679,490				
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	$ 4,454,947	$ 8,993,887	$ 6,679,490	$ 9,446,383
$ 9,237,585				
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION -- Cash paid during the period for:				
Interest.....	$ 3,324,678	$ 4,776,504	$ 6,488,657	$ 2,839,031
$ 3,320,996				
Income taxes.....	$ 998,850	$ 1,522,100	$ 2,042,268	$ 834,000
$ 930,000				

See notes to combined and consolidated financial statements.

SONIC AUTOMOTIVE, INC.
AND AFFILIATED COMPANIES

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS -- Sonic Automotive, Inc ("Sonic") was incorporated in the State of Delaware in February, 1997 in order to effect a reorganization of certain affiliated companies (the "Reorganization") and to undertake an initial public offering of Sonic's common stock (the "Offering"). Sonic and affiliated companies (collectively, the "Company") operate automobile dealerships in the Houston, Texas and Charlotte, North Carolina metropolitan areas. The Company sells new and used cars and light trucks, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related financing and insurance. The financial statements for the periods through June 30, 1997 represent the combined data for the entities under common ownership and control which became subsidiaries of Sonic pursuant to the Reorganization on June 30, 1997, including the following entities:

Town and Country Ford, Inc.	Charlotte
Lone Star Ford, Inc.	Houston
FMF Management, Inc. (d/b/a Fort Mill Ford)	Charlotte
Town and Country Toyota, Inc.	Charlotte
Frontier Oldsmobile-Cadillac, Inc.	Charlotte

All material intercompany transactions have been eliminated in the combined financial statements. Effective June 30, 1997, these five entities became wholly-owned subsidiaries of Sonic through the exchange of their common stock or membership interests for 10,000 shares of Sonic's Class B common stock having a $.01 par value per share. On June 2, 1997 Sonic, through its wholly-owned subsidiary, Fort Mill Chrysler-Plymouth-Dodge, acquired certain dealership assets and liabilities of Jeff Boyd Chrysler-Plymouth-Dodge, Inc. (a previously unrelated entity) for a total purchase price of approximately $3.7 million. The unaudited consolidated financial statements as of and for the six months ended June 30, 1997, which give effect to the Reorganization, include the accounts of the above five entities and also include the accounts and results of operations of Fort Mill Chrysler-Plymouth-Dodge from the date of its acquisition.

The Reorganization was accounted for at historical cost in a manner similar to a pooling-of-interests as the entities were under the common management and

control of Mr. O. Bruton Smith. The acquisition of Jeff Boyd Chrysler-Plymouth-Dodge was accounted for as a purchase.

Prior to the Reorganization, Town and Country Toyota, Inc. was 69% owned by Mr. O. Bruton Smith, the Company's Chairman and Chief Executive Officer, Lone Star Ford, Inc. and Frontier Oldsmobile -- Cadillac, Inc. were 100% owned by Sonic Financial Corporation ("SFC"), which in turn is 100% owned by Mr. Smith and related family trusts. Town and Country Ford, Inc. was owned 80% by SFC and 20% by Mr. Scott Smith (O. Bruton Smith's son). FMF Management, Inc. was owned 50% by SFC and 50% by Mr. O. Bruton Smith.

In connection with the Reorganization, the Company purchased the 31% minority interest in Town and Country Toyota, Inc. for $3.2 million in a transaction accounted for using purchase accounting.

In connection with the anticipated Offering, Sonic expects to issue shares of its Class A common stock. The Class B common stock entitles the holder to ten votes per share, except in certain circumstances, while the Class A common stock entitles its holder to one vote per share.

PRO FORMA NET INCOME PER SHARE -- Pro forma net income per share in the accompanying financial statements has been prepared based upon the shares outstanding after the Reorganization and without giving effect to the issuance of common stock related to the Offering.

REVENUE RECOGNITION -- The Company records revenue when vehicles are delivered to customers, and when vehicle service work is performed. Finance and insurance commission revenue is recognized principally at the time the contract is placed with the financial institution.

DEALER AGREEMENTS -- The Company purchases substantially all of its new vehicles from manufacturers at the prevailing prices charged by the manufacturer to its franchised dealers. The Company's sales could be unfavorably impacted by the manufacturer's unwillingness or inability to supply the dealership with an adequate supply of new car inventory.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Each dealership operates under a dealer agreement with the manufacturer which generally restricts the location, management and ownership of the respective dealership. The ability of the Company to acquire additional franchises from a particular manufacturer may be limited due to certain restrictions imposed by manufacturers. Additionally, the Company's ability to enter into other significant acquisitions may be restricted and the acquisition of the Company's stock by third parties may be limited by the terms of the franchise agreement.

CASH AND CASH EQUIVALENTS -- The Company considers contracts in transit and all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Contracts in transit represent cash in transit to the Company from finance companies related to vehicle purchases, and was $2,644,804 and $5,222,589 at December 31, 1995 and 1996, respectively.

INVENTORIES -- Inventories of new vehicles, including demonstrators, are valued at the lower of last-in, first-out ("LIFO") cost or market. Inventories of used vehicles are stated at the lower of specific cost or market, and parts and accessories are stated at the lower first-in, first-out ("FIFO") cost or market.

PROPERTY AND EQUIPMENT -- Property and equipment are stated at cost. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets. The range of estimated useful lives is as follows:

<TABLE>
<CAPTION>

	USEFUL LIVES
<S>	<C>
Building	40
Office equipment and fixtures	5-7
Parts and service equipment	5
Company vehicles	5

</TABLE>

Leasehold improvements are amortized over the lesser of the terms of their respective leases or the estimated useful lives of the related assets.

Expenditures for maintenance and repairs are expensed as incurred.

Significant betterments are capitalized.

GOODWILL -- Goodwill represents the excess of purchase price over the estimated fair value of the net assets acquired and is being amortized over a 40 year period. The cumulative amount of goodwill amortization at December 31, 1996 was approximately $98,000.

The Company periodically reviews goodwill to assess recoverability. The Company's policy is to compare the carrying value of goodwill with the expected undiscounted cash flows from operations of the acquired business.

MARKETABLE EQUITY SECURITIES -- The Company's marketable equity securities are classified as "available for sale" and are not bought and held principally for the purpose of selling them in the near term. As such, these securities are reported at fair value, with unrealized gains and losses, net of tax, excluded from earnings and reported as a separate component of stockholders' equity. Realized gains and losses on sales of marketable equity securities are determined using the specific identification method.

INCOME TAXES -- Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to the capitalization of additional inventory costs for income tax purposes, the recording of chargebacks and repossession losses on the direct write-off method for income tax purposes, the direct write-off of uncollectible accounts for income tax purposes, and the accelerated depreciation method used for income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. In addition, deferred tax assets are recognized for state operating losses that are available to offset future taxable income.

CONCENTRATIONS OF CREDIT RISK -- Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash on deposit with financial institutions. At times, amounts invested with financial institutions may exceed FDIC insurance limits.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Concentrations of credit risk with respect to receivables are limited primarily to automobile manufacturers and financial institutions. Credit risk arising from trade receivables from commercial customers is reduced by the large number of customers comprising the trade receivables balances. Trade receivables are concentrated in the Company's two market areas of Houston, Texas and Charlotte, North Carolina metropolitan areas.

FAIR VALUE OF FINANCIAL INSTRUMENTS -- As of December 31, 1995 and 1996 the fair values of the Company's financial instruments including receivables, due from affiliates, notes payable-floor plan, trade accounts payable, payables to affiliated companies and Company Chairman and long-term debt approximate their carrying values.

USE OF ESTIMATES -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING -- The Company expenses advertising costs in the period incurred. Advertising expense amounted to $3,765,363, $4,525,670 and $4,989,283 for 1994, 1995 and 1996, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS -- Effective January 1, 1996, the Company adopted the provisions of SFAS No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF. This statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Adoption of SFAS No. 121 did not have a material impact on the Company's results of operations, financial position, and cash flows.

NEW ACCOUNTING STANDARDS -- In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share." This Statement specifies the computation, presentation and disclosure requirements for earnings per share. The Company believes that the adoption of such statement would not result in earnings per share materially

different than pro forma earnings per share presented in the accompanying statements of income.

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." This standard establishes standards of reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. This Statement will be effective for the Company's fiscal year ending December 31, 1998, and the Company does not intend to adopt this statement prior to the effective date. Had the Company early adopted this Statement, it would have reported comprehensive income of $2,784,032, $2,402,427 and $2,088,601 for the years ended December 31, 1994, 1995 and 1996, respectively.

INTERIM FINANCIAL INFORMATION -- The accompanying unaudited financial information for the six months ended June 30, 1996 and 1997 has been prepared on substantially the same basis as the audited financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information set forth therein. The results for interim periods are not necessarily indicative of the results to be expected for the entire fiscal year.

2. BUSINESS ACQUISITIONS

In June 1997, the Company through its wholly-owned subsidiary, Fort Mill Chrysler-Plymouth-Dodge, acquired certain dealership assets and liabilities of Jeff Boyd Chrysler-Plymouth-Dodge for a total purchase price of $3.7 million. Of the total purchase price of $3.7 million, $3.5 million was advanced to the Company by Mr. O. Bruton Smith, with interest charged at 3.83%. It is anticipated that this advance will be repaid in full with proceeds from the Offering. This transaction was accounted for using purchase accounting and the results of the operations of this dealership have been included from the date of acquisition through June 30, 1997 in the accompanying Unaudited Combined and Consolidated Statement of Income. The purchase price has been allocated to the assets and liabilities acquired at their estimated fair market value at the acquisition date as follows:

Working capital	$ 977,000
Property and equipment	250,000
Goodwill	2,473,000
Totals	$3,700,000

In June, July and August the Company entered into definitive agreements to purchase six additional dealership groups for an aggregate purchase price of $100.7 million as follows:

Bowers Dealerships	Chattanooga, Tennessee
Lake Norman Dodge and Affiliates	Cornelius, North Carolina
Ken Marks Ford	Clearwater, Florida
Dyer Volvo	Atlanta, Georgia
Jeff Boyd Chrysler-Plymouth-Dodge	Fort Mill, South Carolina
Williams Motors, Inc.	Rock Hill, South Carolina

The Jeff Boyd Chrysler-Plymouth-Dodge acquisition has been consummated. The completion of the remaining acquisitions may be dependent upon the successful completion of the Offering.

On February 1, 1996, the Company acquired Fort Mill Ford for a total purchase price of $5,741,114. The acquisition has been accounted for as a purchase and the results of operations of Fort Mill Ford have been included in the accompanying combined financial statements from the date of acquisition. The purchase price has been allocated to the assets and liabilities acquired at their estimated fair market value at the acquisition date as follows:

Working capital	$ 822,000
Property and equipment	3,022,000
Goodwill	4,364,000
Non-current liabilities assumed	(2,467,000)
Total	$5,741,000

The following unaudited pro forma financial data is presented as if Fort Mill Ford had been acquired at January 1, 1994. Fort Mill Ford results of operations for 1994 and 1995 are based on application of the first-in, first-out method of accounting for inventories for all classes of inventory. Pro forma results of operations for 1996 are not presented because the acquisition occurred in February 1996, and the pro forma results would not be materially different from the historical results presented.

<TABLE>
<CAPTION>

	1994	1995
<S>	<C>	<C>
Revenues	$300,558,662	$345,198,523
Net income	$ 2,939,561	$ 2,874,909
Earnings per share	$ 294	$ 287

</TABLE>

The pro forma information presented above is not necessarily indicative of the operating results that would have occurred had Fort Mill Ford been acquired on January 1, 1994. These results are also not necessarily indicative of the results of future operations.

3. INVENTORIES AND RELATED NOTES PAYABLE -- FLOOR PLAN

Inventories at December 31, 1995 and 1996 and June 30, 1997 consist of the following:

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>
(UNAUDITED)			
New vehicles	$25,675,122	$38,218,187	$42,601,014
Used vehicles	8,913,145	14,372,285	11,826,874
Parts and accessories	4,185,547	4,939,724	4,997,869
Other	354,227	439,824	459,152
Total	$39,128,041	$57,970,020	$59,884,909

</TABLE>

At December 31, 1995 and 1996 and at June 30, 1997, the excess of current replacement cost over the stated LIFO valuation of new vehicles amounted to $12,219,953, $13,579,696 and $13,525,047 (unaudited), respectively.

Had the Company used the FIFO method of valuing new vehicle inventory, pretax earnings would have been $5,809,357, $5,435,709 and $5,020,512 in 1994, 1995 and 1996, respectively.

All new and certain used vehicles are pledged to collateralize floor plan notes payable to financial institutions in the amount of $45,151,111 and $63,893,356 at December 31, 1996. The floor plan notes bear interest, payable monthly on the outstanding balance, at the prime rate plus 1% (9 1/4% at December 31, 1995 and 1996). Total floor plan interest expense amounted to $3,000,622, $4,504,526 and $5,968,430 in 1994, 1995 and 1996, respectively. The notes payable are due when the related vehicle is sold. As such, these floor plan notes payable are shown as a current liability in the accompanying combined and consolidated balance sheets.

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 1995 and 1996 and June 30, 1997 is comprised of the following:

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>
(UNAUDITED)			
Land	$ 1,477,795	$ 2,677,795	$ 2,677,795
Buildings and improvements	7,085,878	10,080,659	10,381,145
Office equipment and fixtures	2,442,965	2,036,980	2,360,424
Parts and service equipment	2,955,729	2,866,291	2,941,456
Company vehicles	373,683	437,261	512,113
Construction in progress	265,677	--	--
Total, at cost	14,601,727	18,098,986	18,872,933
Less accumulated depreciation	(6,074,389)	(5,632,273)	(5,603,144)
Property and equipment, net	$ 8,527,338	$12,466,713	$13,269,789

5. LONG-TERM DEBT

Long-term debt at December 31, 1995 and 1996 and June 30, 1997 consists of the following:

	DECEMBER 31,	
	1995	1996
<S>	<C>	<C>
Note payable in monthly installments of $8,333 plus interest at the prime rate plus 1 1/2%, through July 2001, collateralized by accounts receivable, inventory and equipment	$ --	$ 458,335
Mortgage payable in monthly installments of $12,222 plus interest at prime plus 3/4%, through May 2004, collateralized by building	--	1,087,778
Unsecured note payable in monthly installments of $9,100, including interest at 8%, through March 2004	--	599,238
Mortgage note payable in monthly installments of $4,203, including interest at 7%, through November 2008, collateralized by land and building	425,751	405,700
Mortgage note payable in monthly installments of $27,415 including interest at prime plus 1/2%, through April 2001, at which time remaining outstanding principal balance is due, collateralized by building	3,135,379	3,062,926
Other notes payable	169,568	190,864
	3,730,698	5,804,841
Less current maturities	(169,932)	(518,979)
Long-term debt	$3,560,766	$5,285,862

Future maturities of debt at December 31, 1996 are as follows:

<S>	<C>
Year ending December 31:	
1997	$ 518,979
1998	455,505
1999	434,609
2000	446,374
2001	3,096,525
Thereafter	852,849

Total..... $5,804,841
</TABLE>

6. INCOME TAXES

The provision (benefit) for income taxes consists of the following components:

<TABLE>
<CAPTION>

	1994	1995	1996
<S>	<C>	<C>	<C>
Current:			
Federal	$1,301,350	$1,147,700	$1,374,280
State	--	76,800	265,972
	1,301,350	1,224,500	1,640,252
Deferred	244,900	427,200	(189,179)
Change in valuation allowance	13,500	23,200	(51,369)
Total	$1,559,750	$1,674,900	$1,399,704

</TABLE>

6. INCOME TAXES -- Continued

The reconciliation of the statutory federal income tax rate with the Company's federal and state overall effective income tax rate is as follows:

<TABLE>
<CAPTION>

	1994	1995	1996
<S>	<C>	<C>	<C>
Statutory federal rate	34.00%	34.00%	34.00%
State income taxes	--	3.84	3.60
Miscellaneous	1.78	2.67	.64
Effective tax rates	35.78%	40.51%	38.24%

</TABLE>

Deferred income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31 are as follows:

<TABLE>
<CAPTION>

	1995	1996
<S>	<C>	<C>
Deferred tax assets:		
Allowance for bad debts	$ 62,300	$ 85,992
Inventory reserves	126,400	160,820
Net operating loss carryforwards	183,800	74,931
Other	1,300	75,656
Total deferred tax assets	373,800	397,399
Valuation allowance	(126,300)	(75,000)
Deferred tax assets, net	247,500	322,399

Deferred tax liabilities:		
Basis difference in fixed assets	(155,200)	(556,384)
Basis difference in equity investment	(644,400)	(478,876)
Other	(108,000)	(66,623)
Total deferred tax liability	(907,600)	(1,101,883)
Net deferred tax liability	$(660,100)	$(779,484)

The net changes in the valuation allowance against deferred tax assets were an increase of $23,200 for the year ended December 31, 1995 and a decrease of ($51,300) for the year ended December 31, 1996. The increase (decrease) was related primarily to the generation (expiration) of state net operating loss carryforwards. At December 31, 1996, the Company had state net operating loss carryforwards of $1,259,000 which will expire between 1998 and 2002.

The Company expects to convert its method of valuing inventories from the LIFO method to the FIFO method in 1997 for financial reporting and income tax reporting purposes. The Company estimates that it will incur a tax liability of approximately $5.5 million in connection with this conversion.

7. RELATED PARTIES

Due from affiliates represents non-interest bearing advances to SFC. Since there are no specified repayment terms, the entire amount has been reflected as a reduction in stockholders' equity at December 31, 1996 and June 30, 1997.

The Company had amounts payable to affiliated companies of $3,219,204 and $914,339, at December 31, 1995 and 1996, respectively. The balance, consisting of non-interest bearing loans from affiliates, is classified as noncurrent based upon its expected repayment date.

The Company operates certain dealerships at facilities leased from affiliated companies. As of December 31, 1996, future commitments under these operating leases are $769,200 annually through 1999, $701,000 in 2000, and $360,000 from 2001 through 2005. Rent expense in 1994, 1995 and 1996 for these leases amounted to $756,668, $737,076 and $767,200, respectively.

8. PREFERRED STOCK

In 1997, the Company authorized 3,000,000 shares of "blank check" preferred stock with such designations, rights and preferences as may be determined from time to time by the Board of Directors. No preferred shares were issued and outstanding at June 30, 1997

9. EMPLOYEE BENEFIT PLANS

Substantially all of the employees of the company are eligible to participate in a 401(k) plan maintained by SFC. Contributions by the Company to the plan were not significant in any period presented.

The Company intends to adopt the 1997 Stock Option Plan (the "Plan"). Under the provisions of the Plan, options to purchase shares of Class A Common Stock may be granted to key employees of the Company and its subsidiaries and to officers, directors, consultants and other individuals providing services to the Company. The exercise price of the options may not be less than the market value of the Class A Common Stock on the date of grant. Vesting periods will range from 5 to 10 years.

The Company intends to adopt the Sonic Employee Stock Purchase Plan (the "ESPP"). The ESPP provides employees of the Company the opportunity to purchase Class A Common Stock after completion of the Offering. Under the terms of the ESPP, on January 1 of each year all eligible employees electing to participate will be granted an option to purchase shares of Class A Common Stock. The Company's Compensation Committee will annually determine the number of shares of Class A Common Stock available for purchase under each option. The purchase price at which Class A Common Stock will be purchased through the ESPP will be 90% of the lesser of (i) the fair market value of the Class A Common Stock on the applicable Grant Date and (ii) the fair market value of the Class A Common Stock on the applicable Exercise Date. Options will expire on the last exercise date of the calendar year in which granted.

10. CONTINGENCIES

The Company is contingently liable for customer contracts placed with financial institutions of approximately $741,000 at December 31, 1996. However, the Company's potential loss is limited to the difference between the present value of the installment contract at the date of the repossession and the market value of the vehicle at the date of sale. Other accrued liabilities include a provision for repossession losses. The Company provides a reserve for repossession losses based on the ratio that historical loss experience bears to the amount of outstanding customer contracts.

The Company has available $1,500,000 under draft-clearing credit lines with a bank in order to immediately fund the Company's checking account for sold vehicle contracts from other financial institutions. The Company is contingently liable to the bank until the contracts are approved by the financial institutions. At December 31, 1996, $151,227 was outstanding under these lines.

In the event that the Company fails to close the acquisitions of Lake Norman Dodge and Affiliates, Dyer Volvo, Ken Marks Ford, and the Bowers Dealerships by certain dates, the Company will be required to pay termination fees which total approximately $5.5 million.

The Company is involved in various legal proceedings. Management believes that the outcome of such proceedings will not have a materially adverse effect on the Company's financial position or future results of operations and cash flows.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDER OF
DYER & DYER, INC.
Atlanta, Georgia

We have audited the accompanying balance sheets of Dyer & Dyer, Inc. (the "Company") as of December 31, 1995 and 1996, and the related statements of income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dyer & Dyer, Inc. as of December 31, 1995 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Charlotte, North Carolina

August 7, 1997

DYER & DYER, INC.

BALANCE SHEETS

DECEMBER 31, 1995 AND 1996 AND JUNE 30, 1997

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>
(UNAUDITED)			
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 1,522,546	$ 941,280	$

172,937					
Receivables	432,779	1,213,846	2,535,230		
Inventories (Notes 1 and 2)	9,043,156	15,071,313	11,128,333		
Prepaid expenses	274,998	103,958	32,267		
Total current assets	11,273,479	17,330,397	13,868,767		
PROPERTY AND EQUIPMENT, NET (Notes 1 and 3)	774,909	1,279,774	1,156,207		
OTHER ASSETS	287,628	292,250	297,424		
TOTAL ASSETS	$12,336,016	$18,902,421	$15,322,398		
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Notes payable, floor plan (Note 2)	$ 2,610,935	$ 7,146,245	$ 5,533,925		
Trade accounts payable	511,292	1,131,472	--		
Income taxes payable (Notes 1 and 5)	--	238,712	238,712		
Accrued payroll and bonuses	82,183	229,297	277,377		
Other accrued liabilities	196,537	261,932	235,360		
Total current liabilities	3,400,947	9,007,658	6,285,374		
INCOME TAXES PAYABLE (Note 5)	21,012	477,423	238,711		
COMMITMENTS (Note 4)					
STOCKHOLDER'S EQUITY:					
Common stock, $100 par value -- 3,000 shares authorized; 1,531 shares issued; 781 shares outstanding	153,100	153,100	153,100		
Paid-in capital	27,623	27,623	27,623		
Retained earnings	13,709,477	14,212,760	13,593,733		
Total	13,890,200	14,393,483	13,774,456		
Less treasury stock (750 shares at cost)	(4,976,143)	(4,976,143)	(4,976,143)		
Total stockholder's equity	8,914,057	9,417,340	8,798,313		
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$12,336,016	$18,902,421	$15,322,398		

See notes to financial statements.

DYER & DYER, INC.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996
AND THE SIX MONTHS ENDED JUNE 30, 1996 AND 1997

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
					(UNAUDITED)
REVENUES:					
Vehicle sales	$52,245,947	$52,613,480	$60,870,919	$30,767,026	$31,373,513
Parts, service and collision repair	8,680,440	9,097,763	11,163,230	5,481,708	5,960,212
Finance and insurance	203,198	404,505	542,474	213,711	128,911
Total	61,129,585	62,115,748	72,576,623	36,462,445	37,462,636
COST OF SALES	54,121,066	55,776,668	62,547,497	31,969,022	32,377,247
GROSS PROFIT	7,008,519	6,339,080	10,029,126	4,493,423	5,085,389
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,160,564	5,621,343	6,997,283	3,353,559	3,498,432

DEPRECIATION AND AMORTIZATION.....	123,228	90,538	126,359	45,451	150,621
OPERATING INCOME.....	724,727	627,199	2,905,484	1,094,413	1,436,336
OTHER INCOME AND EXPENSE:					
Interest expense, floor plan.....	56,944	171,690	372,590	178,970	276,393
Other income.....	609,684	314,788	452,063	234,834	247,213
Total other income (expense).....	552,740	143,098	79,473	55,864	(29,180)
INCOME BEFORE INCOME TAXES.....	1,277,467	770,297	2,984,957	1,150,277	1,407,156
PROVISION FOR INCOME TAXES (Notes 1 and 5).....	491,365	295,850	954,846	954,846	--
NET INCOME.....	$ 786,102	$ 474,447	$ 2,030,111	$ 195,431	$ 1,407,156

See notes to financial statements

DYER & DYER, INC.

STATEMENTS OF STOCKHOLDER'S EQUITY

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996
AND THE SIX MONTHS ENDED JUNE 30, 1997

	COMMON STOCK	PAID-IN CAPITAL	TREASURY STOCK	RETAINED EARNINGS	TOTAL STOCKHOLDER'S EQUITY
BALANCE DECEMBER 31, 1993.....	$153,100	$27,623	$(4,976,143)	$12,448,928	$ 7,653,508
Net income.....	--	--	--	786,102	786,102
BALANCE DECEMBER 31, 1994.....	153,100	27,623	(4,976,143)	13,235,030	8,439,610
Net income.....	--	--	--	474,447	474,447
BALANCE DECEMBER 31, 1995.....	153,100	27,623	(4,976,143)	13,709,477	8,914,057
Dividends.....	--	--	--	(1,526,828)	(1,526,828)
Net income.....	--	--	--	2,030,111	2,030,111
BALANCE DECEMBER 31, 1996.....	153,100	27,623	(4,976,143)	14,212,760	9,417,340
Dividends (unaudited).....	--	--	--	(2,026,183)	(2,026,183)
Net income (unaudited).....	--	--	--	1,407,156	1,407,156
BALANCE JUNE 30, 1997 (unaudited).....	$153,100	$27,623	$(4,976,143)	$13,593,733	$ 8,798,313

See notes to financial statements.

DYER & DYER, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996
AND THE SIX MONTHS ENDED JUNE 30, 1996 AND 1997

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>
(UNAUDITED)					
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income	$ 786,102	$ 474,447	$2,030,111	$ 195,431	$1,407,156
Adjustments to reconcile net income to net cash provided by operating activities:					
(Gain) Loss on disposal of fixed assets	8,011	11,757	86,745	--	(116)
Depreciation and amortization	123,228	90,538	126,359	45,451	150,621
Changes in assets and liabilities that relate to operations:					
(Increase) decrease in accounts receivable	(390,834)	191,714	(768,730)	(39,751)	(1,355,959)
(Increase) decrease in inventories	11,184	(4,213,189)	(6,028,157)	(1,566,226)	3,942,980
(Increase) decrease in prepaid expenses	79,966	(177,992)	171,040	218,576	71,691
Increase (decrease) in notes payable, floor plan	(127,470)	2,581,585	4,535,310	290,990	1,612,320
Increase (decrease) in accounts payable	7,048	498,092	620,180	(376,134)	(1,131,472)
Increase (decrease) in other accrued liabilities	105,201	(187,726)	147,106	170,944	25,008
Increase (decrease) in income taxes payable	(20,682)	8,484	760,526	760,526	(242,212)
Total adjustments	(204,348)	(1,196,737)	(349,621)	(495,624)	(151,779)
Net cash provided by (used) in operating activities	581,754	(722,290)	1,680,490	(300,193)	1,255,377
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property and equipment	(18,485)	(181,259)	(717,969)	(14,013)	(26,938)
Increase in cash value of life insurance	(15,398)	(26,316)	(4,622)	(2,311)	(5,174)
Deposits held by financial institutions	13,001	10,849	(12,337)	22,238	34,575
Net cash provided by (used) in investing activities	(20,882)	(196,726)	(734,928)	5,914	2,463
CASH FLOWS FROM FINANCING ACTIVITIES:					
Dividends paid	--	--	(1,526,828)	(759,810)	(2,026,183)
INCREASE (DECREASE) IN CASH	560,872	(919,016)	(581,266)	(1,054,089)	(768,343)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,880,690	2,441,562	1,522,546	1,522,546	941,280
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$2,441,562	$1,522,546	$ 941,280	$ 468,457	$ 172,937
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid during the period for:					
Interest	$ 57,766	$ 176,464	$ 509,621	$ 247,970	$ 279,460
Income taxes	$ 399,605	$ 438,810	$ 31,826	$ 31,826	$ 242,237

</TABLE>

See notes to financial statements.

DYER & DYER, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS -- Dyer & Dyer, Inc. (the "Company") was incorporated in South Carolina in 1978, and operates a Volvo automobile dealership in Atlanta, Georgia. The Company sells new and used cars, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related financing and insurance.

In August 1997, the Company signed a definitive purchase agreement whereby its net assets would be acquired by Sonic Automotive, Inc. for $18 million. This acquisition is to be effective prior to the completion of an anticipated public offering of common stock by Sonic Automotive in 1997.

REVENUE RECOGNITION -- The Company records revenue when vehicles are delivered to customers, and when vehicle service work is performed. Finance and insurance commission revenue is recognized principally at the time the contract is placed with the financial institution.

DEALER AGREEMENTS -- The Company purchases substantially all of its new vehicles from the manufacturer at the prevailing prices charged by the manufacturer to its franchised dealers. The Company's sales could be unfavorably impacted by the manufacturer's unwillingness or inability to supply the dealership with an adequate supply of new car inventory.

The dealership operates under a dealer agreement with the manufacturer which generally restricts the location, management and ownership of the dealership. The ability of the Company to acquire additional franchises may be limited due to certain restrictions imposed by the manufacturer. Additionally, the Company's ability to enter into significant acquisitions may be restricted and the acquisition of the Company's stock by third parties may be limited by the terms of the franchise agreement.

The manufacturer has implemented various incentive programs for its dealers that provide for specified payments to the dealers based on the results of customer satisfaction surveys and the implementation of certain standardized policies and procedures. These programs are for a limited duration and remain subject to cancellation by the manufacturer at any time. Incentive payments credited to cost of sales amounted to approximately $210,000, $267,000 and $1,326,000 during 1994, 1995 and 1996, respectively, and $290,000 and $912,000 for the six months ended June 30, 1996 and 1997, respectively.

CASH AND CASH EQUIVALENTS -- The Company considers contracts in transit and all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Contracts in transit represent cash in transit to the Company from finance companies related to vehicle purchases, and was approximately $1,522,000 and $934,000 at December 31, 1995 and 1996, respectively, and $167,000 at June 30, 1997.

INVENTORIES -- Inventories of new vehicles, including demonstators, are valued at the lower of last-in, first-out ("LIFO") cost or market. Inventories of used vehicles are stated at the lower of first-in, first-out ("FIFO") cost or market, and parts and accessories are stated at the lower of specific cost or market.

PROPERTY AND EQUIPMENT -- Property and equipment are stated at cost. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets. The range of estimated useful lives are as follows:

<TABLE>
<CAPTION>

	USEFUL LIVES
<S>	<C>
Office equipment and fixtures	5-7
Parts and service equipment	5
Company vehicles	5

</TABLE>

Leasehold improvements are amortized over the lesser of the terms of their respective leases or the estimated useful lives of the related assets. Expenditures for maintenance and repairs are expensed as incurred. Significant betterments are capitalized.

INCOME TAXES -- For the years ended December 31, 1994 and 1995, the Company was a C Corporation and, therefore, provided for income taxes using the balance sheet method. There were no significant deferred tax assets and liabilities as of December 31, 1995. Effective January 1, 1996, the Company elected to be treated as an S Corporation for federal and state income tax purposes. As such the Company's taxable income is included in the stockholder's annual income tax return. Accordingly, no provision for federal or state income taxes has been included in the Company's statements of income for the

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

periods beginning after December 31, 1995, except for the amounts associated with the Company's change to an S corporation (See Note 5).

CONCENTRATIONS OF CREDIT RISK -- Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash on deposit with financial institutions. At times, amounts invested with financial institutions may exceed FDIC insurance limits.

Concentrations of credit risk with respect to receivables are limited primarily to automobile manufacturers and financial institutions. Credit risk arising from trade receivables from commercial customers is reduced by the large number of customers comprising the trade receivables balances. Trade receivables are concentrated in the Atlanta, Georgia area.

USE OF ESTIMATES -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING -- The Company expenses advertising costs in the period incurred. Advertising expense approximated $709,000, $525,000 and $765,000 during 1994, 1995 and 1996, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS -- Effective January 1, 1996, the Company adopted the provisions of SFAS No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF. This statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Adoption of SFAS No. 121 did not have a material impact on the Company's results of operations or financial position.

INTERIM FINANCIAL INFORMATION -- The accompanying unaudited financial information for the six months ended June 30, 1996 and 1997 has been prepared on substantially the same basis as the audited financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information set forth therein. The results of interim periods are not necessarily indicative of results to be expected for the entire fiscal year.

2. INVENTORIES AND RELATED NOTES PAYABLE -- FLOOR PLAN

Inventories consist of the following:

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>
(UNAUDITED)			
New vehicles	$ 5,692,043	$ 7,980,256	$ 5,017,765
Used vehicles	2,768,230	6,362,410	5,542,979
Parts and accessories	503,490	586,129	420,959
Other	79,393	142,518	146,630
Total	$ 9,043,156	$15,071,313	$11,128,333

</TABLE>

At December 31, 1995 and 1996 and at June 30, 1997, the excess of current replacement cost over the stated LIFO valuation of new vehicles, parts and accessories amount to $2,387,114, $2,503,330 and $2,503,330 (unaudited), respectively.

Had the Company used the FIFO method of valuing new vehicle, parts and accessories inventory, pretax earnings would have been $1,335,380, $1,200,776 and $3,101,173 in 1994, 1995 and 1996, respectively.

All new and certain used vehicles are pledged to collateralize floor plan notes payable to financial institutions in the amount of $2,610,935 and $7,146,245 at December 31, 1995 and 1996, respectively. The floor plan notes bear interest, payable monthly on the outstanding balance, at the prime rate plus 1/2% to 1 1/2% (prime rate was 8.25% at December 31, 1996). Total floor plan interest expense amounted to $56,944, $171,690 and $372,590 in 1994, 1995 and 1996, respectively.

2. INVENTORIES AND RELATED NOTES PAYABLE -- FLOOR PLAN -- Continued
The notes payable are due when the related vehicle is sold. As such, these floor plan notes payable are shown as a current liability in the accompanying balance sheets.

3. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
	<C>	<C>	<C>
			(UNAUDITED)
Leasehold improvements	$1,479,385	$1,885,415	$1,885,415
Furniture and fixtures	1,372,801	1,546,987	1,550,022
Other equipment	565,398	571,778	571,778
Computer equipment	188,851	195,598	198,428
Service vehicles	117,535	122,916	143,989
	3,723,970	4,322,694	4,349,632
Less accumulated depreciation and amortization	(2,949,061)	(3,042,920)	(3,193,425)
Property and equipment, net	$ 774,909	$1,279,774	$1,156,207

4. LEASES

The Company leases its business premises under noncancelable operating leases for five to twenty-five year terms from a partnership partially owned by the sole stockholder of the Company. Future minimum rental payments required under noncancelable leases at December 31, 1996 are as follows:

YEAR ENDING:	
<S>	<C>
1997	$ 754,162
1998	756,956
1999	759,832
2000	762,800
2001	765,856
Thereafter	5,551,504
Total	$9,351,110

Rent expense approximated $711,000, $708,000 and $715,000 during 1994, 1995 and 1996, respectively.

5. INCOME TAXES

The provision for income taxes consists of the following:

	DECEMBER 31,		
	1994	1995	1996
<S>	<C>	<C>	<C>
Current:			
Federal	$439,714	$231,720	$811,620
State	47,463	40,864	143,226
	487,177	272,584	954,846
Deferred	4,188	23,266	--
Total	$491,365	$295,850	

$954,846
</TABLE>

Effective with the Company's S Corporation election, it was required to recapture its December 31, 1995 LIFO reserve of approximately $2,400,000 and pay tax on that amount for both Federal and State income tax purposes. The taxes are

5. INCOME TAXES -- Continued
payable in four equal annual installments beginning March 15, 1996. This conversion to S Corporation status resulted in the recognition of approximately $955,000 in income tax expense.

As a result of the Company's change to S Corporation status on January 1, 1996 (see Note 1), it is exposed to potential future taxes on built-in gains which were present on the date of the conversion. If the planned acquisition of the net assets of the Company described in Note 1 is consummated, the disposal of tangible and intangible property which appreciated prior to the election of S Corporation status will result in the assessment of the built-in gains tax.

6. RETIREMENT PLAN

The Company has a contributory 401(k) plan covering substantially all employees. Company contributions to the Plan are equal to 25% of the first 4% of participant contributions. Company contributions amounted to $1,000, $18,000 and $18,000 in 1994, 1995 and 1996, respectively.

INDEPENDENT AUDITORS' REPORT

TO THE BOARDS OF DIRECTORS AND STOCKHOLDERS OF
BOWERS DEALERSHIPS AND AFFILIATED COMPANIES
Chattanooga, Tennessee

We have audited the accompanying combined balance sheets of Bowers Dealerships and Affiliated Companies (the "Company"), which are under common ownership and management, as of December 31, 1995 and 1996, and the related combined statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Bowers Dealerships and Affiliated Companies as of December 31, 1995 and 1996, and the combined results of their operations and their combined cash flows for the years then ended in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Charlotte, North Carolina
August 7, 1997

BOWERS DEALERSHIPS AND AFFILIATED COMPANIES

COMBINED BALANCE SHEETS

DECEMBER 31, 1995 AND 1996 AND JUNE 30, 1997

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>

(UNAUDITED)				
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 2,331,136	$ 3,422,140	$ 5,797,307	
Receivables	2,972,607	3,840,311	3,398,335	
Inventories (Note 3)	13,003,266	23,147,852	34,070,935	
Other current assets (Note 6)	1,182,860	2,119,974	2,452,831	
Total current assets	19,489,869	32,530,277	45,719,408	
PROPERTY AND EQUIPMENT, NET (Note 4)	2,889,753	7,254,793	8,744,225	
GOODWILL, NET (Note 1)	978,735	4,374,573	8,285,460	
OTHER ASSETS	183,822	161,845	257,464	
TOTAL ASSETS	$23,542,179	$44,321,488	$63,006,557	
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Notes payable -- floor plan (Note 3)	$11,620,942	$19,731,323	$29,070,838	
Notes payable -- other (Note 6)	2,015,025	3,792,610	4,589,869	
Trade accounts payable	278,001	1,196,660	1,424,997	
Accrued interest	69,164	105,505	178,143	
Other accrued liabilities	897,893	1,742,119	1,738,928	
Current maturities of long-term debt (including amounts due to related parties of $104,189, $104,189 and $172,072 at December 31, 1995 and 1996 and June 30, 1997, respectively)	468,040	389,658	558,332	
Total current liabilities	15,349,065	26,957,875	37,561,107	
LONG-TERM DEBT (Note 6) (including amounts due to related parties of $2,109,815, $2,005,626 and $1,953,531 at December 31, 1995 and 1996 and June 30, 1997, respectively)	2,110,016	3,562,249	4,364,746	
COMMITMENTS AND CONTINGENCIES (Notes 5 and 10)				
EQUITY				
Common stock of combined companies (Note 8):	1,000,000	1,000,000	1,000,000	
Retained earnings and members' and partners' equity	5,543,728	13,661,994	20,941,334	
Due from affiliates (Note 7)	(460,630)	(860,630)	(860,630)	
Total equity	6,083,098	13,801,364	21,080,704	
TOTAL LIABILITIES AND EQUITY	$23,542,179	$44,321,488	$63,006,557	

</TABLE>

See notes to combined financial statements

BOWERS DEALERSHIPS
AND AFFILIATED COMPANIES

COMBINED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 1995 AND 1996
AND THE SIX MONTHS ENDED JUNE 30, 1996 AND 1997

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30,		
	1995	1996	1996	1997	
<S>	<C>	<C>	<C>	<C>	<C>
				(UNAUDITED)	
REVENUES:					
Vehicle sales	$ 91,774,886	$113,362,495	$48,251,281	$72,605,727	
Parts, service and collision repair	5,813,582	10,405,031	4,472,267	11,596,873	
Finance and insurance	2,768,358	3,348,273	1,639,878	1,867,781	
Total revenues	100,356,826	127,115,799	54,363,426	86,070,381	
COST OF SALES	86,772,544	109,372,977	46,129,292	73,095,919	
GROSS PROFIT	13,584,282	17,742,822	8,234,134	12,974,462	
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	10,748,891	14,886,611	6,486,017	9,908,039	
DEPRECIATION AND AMORTIZATION	321,170	514,915	193,486	415,899	

OPERATING INCOME	2,514,221	2,341,296	1,554,631	2,650,524
OTHER INCOME AND EXPENSE:				
Interest expense, floor plan	1,098,757	1,288,021	610,784	965,350
Interest expense, other	270,771	380,060	157,388	211,250
Other income	19,174	157,443	63,539	451,796
Total other expense	1,350,354	1,510,638	704,633	724,804
INCOME BEFORE INCOME TAXES (Note 1)	1,163,867	830,658	849,998	1,925,720
PROVISION FOR INCOME TAXES	41,879	60,850	60,215	30,927
NET INCOME	$ 1,121,988	$ 769,808	$ 789,783	$ 1,894,793

See notes to combined financial statements

BOWERS DEALERSHIPS
AND AFFILIATED COMPANIES

COMBINED STATEMENTS OF EQUITY

YEARS ENDED DECEMBER 31, 1995 AND 1996
AND THE SIX MONTHS ENDED JUNE 30, 1997

	COMMON STOCK OF COMBINED COMPANIES	RETAINED EARNINGS AND MEMBERS' AND PARTNERS' EQUITY	DUE FROM AFFILIATE	TOTAL EQUITY
BALANCE AT DECEMBER 31, 1994	$1,000,000	$ 3,089,208	$ --	$ 4,089,208
Capital contribution	--	1,753,736	--	1,753,736
Distributions	--	(421,204)	--	(421,204)
Net income	--	1,121,988	--	1,121,988
Advances to affiliates	--	--	(460,630)	(460,630)
BALANCE AT DECEMBER 31, 1995	1,000,000	5,543,728	(460,630)	6,083,098
Capital contribution	--	7,700,000	--	7,700,000
Distributions	--	(351,542)	--	(351,542)
Net income	--	769,808	--	769,808
Advances to affiliates	--	--	(400,000)	(400,000)
BALANCE AT DECEMBER 31, 1996	1,000,000	13,661,994	(860,630)	13,801,364
Capital contribution (unaudited)	--	5,500,000	--	5,500,000
Distributions (unaudited)	--	(115,453)	--	(115,453)
Net income (unaudited)	--	1,894,793	--	1,894,793
BALANCE AT JUNE 30, 1997 (unaudited)	$1,000,000	$20,941,334	$ (860,630)	$21,080,704

See notes to combined financial statements.

BOWERS DEALERSHIPS
AND AFFILIATED COMPANIES

COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1995 AND 1996 AND
THE SIX MONTHS ENDED JUNE 30, 1997

			SIX MONTHS ENDED JUNE

	YEAR ENDED DECEMBER 31,			30,
	1995	1996	1996	1997
<S>	<C>	<C>	<C>	<C>
(UNAUDITED)				
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$1,121,988	$ 769,808	$ 789,783	$1,894,793
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	321,170	514,915	193,486	415,899
Changes in assets and liabilities that relate to operations:				
(Increase) decrease in receivables	909,934	(867,704)	639,758	441,976
Increase in inventories	(602,704)	(4,300,530)	(258,272)	(8,205,796)
Increase in other current assets	(324,499)	(937,114)	(966,156)	(332,857)
(Increase) decrease in other non-current assets	(67,652)	37,947	(110,984)	(94,441)
Increase in notes payable -- floor plan	274,484	8,110,381	2,140,955	9,339,515
Increase (decrease) in accounts payable and accrued expenses	(1,427,260)	1,799,226	1,146,612	297,784
Total adjustments	(916,527)	4,357,121	2,785,399	1,862,080
Net cash provided by operating activities	205,461	5,126,929	3,575,182	3,756,873
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of business, net of cash received	--	(9,840,438)	(4,790,970)	(6,718,465)
Additions to property and equipment	(333,741)	(4,295,381)	(2,570,979)	(1,816,218)
Net cash used in investing activities	(333,741)	(14,135,819)	(7,361,949)	(8,534,683)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Capital contributions	1,378,208	7,700,000	2,700,000	5,500,000
Due from affiliate	(460,630)	(400,000)	--	--
Distributions to stockholders	(421,204)	(351,542)	(351,542)	(115,453)
Proceeds from long-term debt	272,084	1,872,169	1,872,169	1,280,000
Payments of long-term debt	(764,933)	(498,318)	(192,370)	(308,829)
Proceeds from notes payable -- other	1,410,025	2,582,197	1,600,994	1,059,797
Payments of notes payable -- other	(220,000)	(804,612)	(260,000)	(262,538)
Net cash provided by financing activities	1,193,550	10,099,894	5,369,251	7,152,977
NET INCREASE IN CASH	1,065,270	1,091,004	1,582,484	2,375,167
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,265,866	2,331,136	2,331,136	3,422,140
CASH AND CASH EQUIVALENTS, END OF PERIOD	$2,331,136	$ 3,422,140	$3,913,620	$5,797,307
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION --				
Cash paid during the period for:				
Interest	$1,366,071	$ 1,631,740	$ 737,955	$1,103,962
Income taxes	$ 96,391	$ 76,081	$ 35,636	$ 27,620
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:				
Net liabilities recorded from combining affiliated companies	$ 372,533	$ --	$ --	$ --

</TABLE>

See notes to combined financial statements.

BOWERS DEALERSHIPS
AND AFFILIATED COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS -- Bowers Dealerships and Affiliated Companies (the "Company") operates automobile dealerships in the Chattanooga and Nashville, Tennessee areas. The Company sells new and used cars and light trucks, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges financing and insurance. As of December 31, 1996, the Company had nine dealership locations selling new vehicles manufactured by BMW, Chrysler, Ford, Honda, Infiniti, Jaguar, Saturn and Volkswagen. Subsequent to December 31, 1996 the Company acquired a Dodge dealership. (see Note 2).

The accompanying combined financial statements include the accounts of the following entities:

<TABLE>
<CAPTION>

NAME	LOCATION	STRUCTURE
<S>	<C>	<C>
Cleveland Village Imports, Inc.	Chattanooga	C Corporation
Saturn of Chattanooga, Inc.	Chattanooga	S Corporation
Nelson Bowers Ford, L.P.	Chattanooga	Limited Partnership
Infiniti of Chattanooga, Inc.	Chattanooga	C Corporation
Cleveland Chrysler Plymouth Jeep Eagle, LLC.	Chattanooga	Limited Liability Company
Jaguar of Chattanooga, LLC.	Chattanooga	Limited Liability Company
KIA of Chattanooga.	Chattanooga	Limited Liability Company
European Motors of Nashville LLC.	Nashville	Limited Liability Company
European Motors LLC.	Chattanooga	Limited Liability Company

</TABLE>

The combined financial statements have been prepared in connection with a planned acquisition of the net assets of these entities and the aforementioned Dodge dealership by Sonic Automotive ("Sonic"). In June 1997, the Company signed a definitive purchase agreement whereby substantially all of its net assets would be acquired by Sonic for $33,500,000, including $28,500,000 in cash and a $5,000,000 note payable. Net assets not being acquired are primarily land, building and the net assets related to a body shop operation. This acquisition is to be effective prior to the completion of an anticipated public offering of common stock by Sonic in 1997. The accompanying combined financial statements reflect the financial position, results of operations, and cash flows of each of the above listed dealerships. The combination of these entities has been accounted for at historical cost in a manner similar to a pooling-of-interest because the entities are under common management and control. All material intercompany transactions have been eliminated.

REVENUE RECOGNITION -- The Company records revenue when vehicles are delivered to customers, and when vehicle service work is performed. Finance and insurance commission revenue is recognized principally at the time the contract is placed with the financial institution.

DEALER AGREEMENTS -- The Company purchases substantially all of its new vehicles from manufacturers at the prevailing prices charged by the manufacturer to its franchised dealers. The Company's sales could be unfavorably impacted by the manufacturer's unwillingness or inability to supply the dealership with an adequate supply of new car inventory.

Each dealership operates under a dealer agreement with the manufacturer except Volkswagen of Nashville which operates under a management agreement which generally restricts the location, management and ownership of the respective dealership. The ability of the Company to acquire additional franchises from a particular manufacturer may be limited due to certain restrictions imposed by manufacturers. Additionally, the Company's ability to enter into significant acquisitions may be restricted and the acquisition of the Company's stock by third parties may be limited by the terms of the franchise agreement.

CASH AND CASH EQUIVALENTS -- The Company considers contracts in transit and all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Contracts in transit represent cash in transit to the Company from finance companies related to a vehicle purchase, and was $1,019,950 and $2,029,314 at December 31, 1995 and 1996, respectively.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

INVENTORIES -- Inventories of new and used vehicles, including demonstrators, are valued at the lower of first-in, first-out ("FIFO") cost or market, and parts and accessories are stated at the lower of specific cost or market.

PROPERTY AND EQUIPMENT -- Property and equipment are stated at cost. Depreciation is computed using straight-line and accelerated methods over the

estimated useful lives of the assets. The range of estimated useful lives is as follows:

<TABLE>
<CAPTION>

	USEFUL LIVES
<S>	<C>
Building	31.5-39
Office equipment and fixtures	5-7
Parts, service equipment and vehicles	7

</TABLE>

Leasehold improvements are amortized over the lesser of the terms of their respective leases or the estimated useful lives of the related assets.

Expenditures for maintenance and repairs are expensed as incurred. Significant betterments are capitalized.

GOODWILL -- Goodwill represents the excess of purchase price over the estimated fair value of the net assets acquired and is being amortized over a 40 year period. The cumulative amount of goodwill amortization at December 31, 1995 and 1996 was $33,561 and $87,723, respectively.

The Company periodically reviews goodwill for impairment by comparing the carrying amount of goodwill with the estimated undiscounted future cash flows from operations of the acquired business.

INCOME TAXES -- With the exception of Infiniti of Chattanooga, Inc. and Cleveland Village Imports, Inc., all entities included in the accompanying combined financial statements are either S Corporations, Limited Partnerships or Limited Liability Companies (LLC). As such, these entities do not pay Federal corporate income taxes on their taxable income. In addition, the Limited Partnerships and LLC's are not subject to state income taxes. The stockholders or partners are liable for individual income taxes on their respective shares of the Company's taxable income.

Because Infiniti of Chattanooga, Inc. and Cleveland Village Imports, Inc. is a C Corporation, federal and state income taxes are provided for in the financial statements and consist of taxes currently due plus deferred taxes. In addition, the S Corporations are subject to Tennessee income taxes which are provided for in the financial statements. Income taxes are provided for income taxes using the balance sheet method. Deferred taxes result primarily from warranty accruals and the accelerated depreciation method used for income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. In addition, deferred tax assets are recognized for state operating losses that are available to offset future taxable income.

CONCENTRATIONS OF CREDIT RISK -- Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash deposits. At times, amounts invested with financial institutions may exceed FDIC insurance limits.

Concentrations of credit risk with respect to receivables are limited primarily to automobile manufacturers and financial institutions. Credit risk arising from trade receivables from commercial customers is reduced by the large number of customers comprising the trade receivables balances. Trade receivables are concentrated in the Company's two market areas of Chattanooga and Nashville, Tennessee.

USE OF ESTIMATES -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING -- The Company expenses advertising costs in the period incurred. Advertising expense amounted to $992,839 and $1,372,775 for 1995 and 1996, respectively.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

IMPAIRMENT OF LONG-LIVED ASSETS -- Effective January 1, 1996, the Company adopted the provisions of SFAS No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF. This statement requires that long-lived assets be reviewed for impairment whenever events or

changes in circumstances indicate that the carrying amount of an asset may be impaired. Adoption of SFAS No. 121 did not have a material impact on the Company's results of operations or financial position.

INTERIM FINANCIAL INFORMATION -- The accompanying unaudited financial information for the six months ended June 30, 1997 has been prepared on substantially the same basis as the audited financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information set forth therein. The results of interim periods are not necessarily indicative of results to be expected for the entire fiscal year.

2. BUSINESS ACQUISITIONS

EUROPEAN MOTORS OF NASHVILLE, INC. AND EUROPEAN MOTORS LLC -- In October 1996, the Company acquired European Motors of Nashville, Inc. and European Motors LLC. The total purchase price was $9,840,438. These acquisitions have been accounted for using purchase accounting and the results of operations of these dealerships have been included in the accompanying combined financial statements from the date of acquisition. The total purchase price has been allocated to the assets and liabilities acquired at their estimated fair market value at acquisition date as follows:

<TABLE>
<S> <C>
Inventory..... $5,862,555
Property and equipment..... 527,883
Goodwill..... 3,450,000
Total..... $9,840,438
</TABLE>

DODGE OF CHATTANOOGA -- On March 1, 1997, the Company acquired Dodge of Chattanooga for a total purchase price of $6,718,465. The acquisition has been accounted for as a purchase and the results of operations of Dodge of Chattanooga have been included in the accompanying unaudited combined financial statements from the date of acquisition through June 30, 1997. The purchase price has been allocated to the assets and liabilities acquired at their estimated fair market value at acquisition date as follows:

<TABLE>
<S> <C>
Inventory..... $2,718,465
Goodwill..... 4,000,000
Total..... $6,718,465
</TABLE>

3. INVENTORIES AND RELATED NOTES PAYABLE -- FLOOR PLAN

Inventories at December 31, 1995 and 1996 and June 30, 1997 consist of the following:

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>
(UNAUDITED)			
New vehicles	$ 9,929,971	$16,319,295	$21,837,310
Used vehicles	2,369,023	4,821,689	9,870,280
Parts and accessories	685,012	1,900,962	2,040,757
Other	19,260	105,906	322,588
Total	$13,003,266	$23,147,852	$34,070,935

</TABLE>

All new and certain used vehicles are pledged to collateralize floor plan notes payable to financial institutions in the amount of $11,620,942 and $19,731,323 at December 31, 1995 and 1996, respectively. The floor plan notes bear interest, that fluctuates with prime and are payable monthly on the outstanding balance, ranging from 6.25% to 9.75% at December 31,

3. INVENTORIES AND RELATED NOTES PAYABLE -- FLOOR PLAN -- Continued
1996. Total floor plan interest expense amounted to $1,098,757 and $1,288,021 in 1995 and 1996, respectively. The notes payable are due when the related vehicle is sold. As such, these floor plan notes payable are shown as a current liability in the accompanying combined balance sheets.

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 1995 and 1996 and June 30, 1997 is comprised of the following:

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>
			(UNAUDITED)
Land	$ 846,265	$ 1,455,297	$ 1,831,514
Buildings and improvements	1,114,984	3,962,427	4,868,637
Office equipment and fixtures	1,228,579	1,697,617	1,938,612
Parts and service equipment	900,005	1,775,271	2,102,199
Leasehold improvements	254,694	262,261	262,261
Total, at cost	4,344,527	9,152,873	11,003,223
Less accumulated depreciation	(1,454,774)	(1,898,080)	(2,258,998)
Property and equipment, net	$ 2,889,753	$ 7,254,793	$ 8,744,225

</TABLE>

5. OPERATING LEASES

The Company leases its business premises under nonconcealable operating leases for one to twenty-six year terms. Future minimum rental payments required under nonconcealable leases at December 31, 1996 are as follows:

<TABLE>

<S>	<C>
Year ending	
1997	$ 656,237
1998	413,903
1999	387,120
2000	387,120
2001	387,120
Thereafter	4,994,184
Total	$7,225,684

</TABLE>

Rent expense amounted to $458,999 and $762,725 during 1995 and 1996, respectively.

6. FINANCING ARRANGEMENTS

Notes payable-other consists of a demand note to a bank and advances principally from a stockholder. The stockholder advances are restricted to investment in a cash management fund sponsored by finance companies. Other current assets at December 31, 1995 and 1996 include $797,000 and $1,326,000, respectively, of restricted cash in the cash management fund.

Notes payable-other consist of the following:

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>
			(UNAUDITED)

Unsecured demand note payable to bank, interest at 8.25% at December 31, 1996	$ --	$ 251,203	$ 600,000
Unsecured stockholder advances restricted for investment -- due on demand	797,000	1,326,000	1,885,000
Other unsecured stockholder advances due on demand	1,218,025	2,215,407	2,104,869
Notes payable -- other	$2,015,025	$3,792,610	$ 4,589,869

Long-term debt at December 31, 1995 and 1996 and June 30, 1997 consists of the following:

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
			(UNAUDITED)
Mortgage note payable on land and building with a carrying value of $2,302,487, interest payable at 8.9%, due June 1, 2001	$ --	$1,799,152	$ 1,767,753
Mortgage note payable to stockholder on land and building with a carrying value of $1,535,585, interest payable at 12%, due December 1, 2010	1,545,815	1,441,626	1,389,531
Note payable due to stockholder, interest payable at 9.5%, due December 31, 2001	564,000	564,000	564,000
Note payable related to purchase of dealership, due February 28, 1999	--	--	333,333
Note payable on land and building with a carrying value of $1,813,502, interest payable at 8.9%, due March 31, 2002	--	--	773,714
Notes payable for equipment with a carrying value of $76,608, interest payable ranging from 9.6% to 11.18%, payable in full November 15, 1997	109,380	76,199	45,332
Note payable on company owned vehicles, with a carrying value of approximately $20,253, bearing interest at 9.5%	298,861	20,253	--
Note payable to an unrelated car dealership, due December 3, 1999	60,000	45,000	45,000
Note payable -- other	--	5,677	4,415
	2,578,056	3,951,907	4,923,078
Less current maturities	(468,040)	(389,658)	(558,332)
Long-term debt	$2,110,016	$3,562,249	$ 4,364,476

6. FINANCING ARRANGEMENTS -- Continued

Future maturities of the above debt at December 31, 1996 are as follows:

Year ending December 31:	
1997	$ 389,658
1998	363,839
1999	477,119
2000	194,018
2001	1,606,592
Thereafter	920,681
Total	$3,951,907

7. RELATED PARTIES

The Company operates certain dealerships at facilities leased from affiliated companies. The leases are classified as operating leases. Future minimum rent payments are $387,120 annually through 2001. Rent expense in 1995 and 1996 for these leases amounted to $315,120 and $441,120, respectively.

The Company has accounts receivable from stockholders arising from various costs paid by the Company for the stockholders totaling $460,630, $860,630 and $860,630 as of December 31, 1995 and 1996 and June 30, 1997, respectively. Since there are no specific repayment terms, these amounts are reflected as a deduction from equity in the combined balance sheets.

The Company's related party transactions are summarized as follows:

	YEAR ENDED

DECEMBER 31	1995	1996
<S>	<C>	<C>
Extended warranty premiums	$477,327	$602,270
Advertising	600,161	530,057
Auction Fees	--	39,000
Auto etching	28,200	32,861
Automobile packs	91,830	107,246

8. EQUITY

During 1997, an affiliated company began paying the salaries of certain executive officers and other selling, general and administrative expenses. The affiliated company charged the Company management fees during the six months ended June 30, 1997 totaling $864,000 for the services performed by the executive officers.

The capital structure of the entities included in the combined financial statements of the Company at December 31, 1995 is as follows:

<TABLE>
<CAPTION>

	COMMON STOCK SHARES				
	PAR VALUE	SHARES AUTHORIZED	ISSUED AND OUTSTANDING	AMOUNT	RETAINED EARNINGS AND MEMBERS' AND PARTNERS' EQUITY
<S>	<C>	<C>	<C>	<C>	<C>
Cleveland Village Imports, Inc.	No par	2,000	2,000	$ 300,000	$ 552,817
Saturn of Chattanooga, Inc.	$ 700	2,000	1,000	700,000	2,470,654
Nelson Bowers Ford, L.P.					759,039
Cleveland Chrysler Plymouth Jeep Eagle, LLC					596,434
Jaguar of Chattanooga, LLC					1,164,784
				$1,000,000	$ 5,543,728

</TABLE>

8. EQUITY -- Continued

The capital structure of the entities included in the combined financial statements of the Company at December 31, 1996 is as follows:

<TABLE>
<CAPTION>

	COMMON STOCK SHARES				
	PAR VALUE	SHARES AUTHORIZED	ISSUED AND OUTSTANDING	AMOUNT	RETAINED EARNINGS AND PARTNERS' AND MEMBERS' EQUITY
<S>	<C>	<C>	<C>	<C>	<C>
Cleveland Village Imports, Inc.	No par	2,000	2,000	$ 300,000	$ 563,672
Saturn of Chattanooga, Inc.	$ 700	2,000	1,000	700,000	2,675,993
Nelson Bowers Ford, L.P.				--	699,958
Cleveland Chrysler Plymouth Jeep Eagle, LLC				--	417,300
Jaguar of Chattanooga, LLC				--	

1,141,782
European Motors of Nashville, LLC..... --
5,014,936
European Motors LLC..... --
3,148,353
$1,000,000
$13,661,994
</TABLE>

9. EMPLOYEE BENEFIT PLANS

In April 1997, the Company established a 401(k) plan, whereby substantially all of the employees of the company meeting certain service requirements are eligible to participate. Contributions by the Company to the plan were not significant in any period presented.

10. CONTINGENCIES

The Company is involved in various legal proceedings. Management believes that the outcome of such proceedings will not have a materially adverse effect on the Company's financial position or future results of operations and cash flows.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF
LAKE NORMAN DODGE, INC.
Cornelius, North Carolina

We have audited the accompanying combined balance sheet of Lake Norman Dodge, Inc. and Affiliated Companies (the "Company"), which are under common ownership and management, as of December 31, 1996, and the related combined statements of income, stockholders' equity, and cash flows for the year then ended. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Lake Norman Dodge, Inc. and Affiliated Companies as of December 31, 1996, and the combined results of their operations and their combined cash flows for the year then ended in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Charlotte, North Carolina

August 7, 1997

LAKE NORMAN DODGE, INC. AND AFFILIATED COMPANIES

COMBINED BALANCE SHEETS

DECEMBER 31, 1996 AND JUNE 30, 1997

<TABLE>
<CAPTION>

	DECEMBER 31, 1996	JUNE 30, 1997
<S>	<C>	<C>
(UNAUDITED)		
ASSETS (NOTE 4)		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,491,358	$ 3,466,789
Receivables	1,998,315	2,535,247

Inventories (Note 2)	23,603,843	22,778,488
Prepaid expenses	--	243,870
Total current assets	29,093,516	29,024,394
PROPERTY AND EQUIPMENT, NET (Note 3)	485,880	566,875
OTHER ASSETS (NOTE 6):		
Due from employees	281,497	302,628
Due from related partnership	159,554	159,554
Total other assets	441,051	462,182
TOTAL ASSETS	$30,020,447	$30,053,451
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable-floor plan (Note 2)	$25,957,314	$25,865,010
Trade accounts payable	1,364,121	1,351,664
Note payable to bank (Note 4)	68,168	27,644
Other accrued liabilities	765,620	472,485
Current maturities of long-term debt	142,857	71,429
Total current liabilities	28,298,080	27,788,232
LONG-TERM DEBT (Note 4)	785,715	785,714
COMMITMENTS (Note 5)		
STOCKHOLDERS' EQUITY:		
Common stock of combined companies	75,000	75,000
Paid-in capital	600,009	600,009
Retained earnings	261,643	804,496
Total stockholders' equity	936,652	1,479,505
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$30,020,447	$30,053,451

</TABLE>

See notes to combined financial statements.

LAKE NORMAN DODGE, INC. AND AFFILIATED COMPANIES

COMBINED STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31, 1996 AND SIX MONTHS ENDED JUNE 30, 1996 AND 1997

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1996	JUNE 30, 1996	1997
<S>	<C>	<C>	<C>
(UNAUDITED)			
REVENUES:			
Vehicle sales	$124,538,878	$55,071,168	$69,798,274
Finance and insurance	3,617,296	1,773,355	1,949,987
Parts and service	9,543,187	4,371,529	5,321,329
Total revenues	137,699,361	61,216,052	77,069,590
COST OF SALES	121,806,212	53,845,015	68,272,355
GROSS PROFIT	15,893,149	7,371,037	8,797,235
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	14,215,002	6,736,729	6,937,071
DEPRECIATION AND AMORTIZATION	88,987	37,414	46,900
OPERATING INCOME	1,589,160	596,894	

1,813,264
OTHER INCOME AND EXPENSE:
  Interest expense, floor plan..... 1,552,250 588,951
1,185,518
  Interest expense, other..... 49,540 2,880
67,647
  Other income..... 257,747 113,277
176,322
    Total other expense..... 1,344,043 478,554
1,076,843
NET INCOME..... $ 245,117 $ 118,340 $
736,421
</TABLE>

See notes to combined financial statements.

LAKE NORMAN DODGE, INC. AND AFFILIATED COMPANIES

COMBINED STATEMENTS OF STOCKHOLDERS' EQUITY

YEAR ENDED DECEMBER 31, 1996 AND SIX MONTHS ENDED JUNE 30, 1997

<TABLE>
<CAPTION>

TOTAL
	COMMON STOCK		PAID-IN	RETAINED	STOCKHOLDERS'
	SHARES	AMOUNT	CAPITAL	EARNINGS	EQUITY
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE AT DECEMBER 31, 1995.....	75	$75,000	$475,009	$728,963	$1,278,972
Capital contribution.....	--	--	125,000	--	125,000
Net income.....	--	--	--	245,117	245,117
Distributions to owners.....	--	--	--	(712,437)	(712,437)
BALANCE AT DECEMBER 31, 1996.....	75	75,000	600,009	261,643	936,652
Net income (unaudited).....	--	--	--	736,421	736,421
Distributions to owners (unaudited).....	--	--	--	(193,568)	(193,568)
BALANCE AT JUNE 30, 1997 (unaudited).....	75	$75,000	$600,009	$804,496	$1,479,505
</TABLE>

See notes to combined financial statements.

LAKE NORMAN DODGE, INC. AND AFFILIATED COMPANIES

COMBINED STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1996 AND THE SIX MONTHS ENDED JUNE 30, 1997

<TABLE>
<CAPTION>
	YEAR ENDED DECEMBER 31, 1996	SIX MONTHS ENDED JUNE 30, 1996	1997
<S>	<C>	<C>	<C>
(UNAUDITED)			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income.....	$ 245,117	$ 118,340	$ 736,421
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Bad debts and repossessions.....	44,523	--	9,910
Depreciation and amortization expense.....	88,987	37,414	46,900
Increase in LIFO reserve.....	169,316	177,898	324,486
Changes in assets and liabilities that relate to operations:			

Increase in receivable	(533,128)	(417,366)	(546,842)
Increase (decrease) in inventories	(10,887,995)	1,039,475	500,867
Increase (decrease) in prepaid expenses	15,895	(271,689)	(243,870)
(Increase) decrease in accounts payable	109,802	(240,517)	(12,456)
(Increase) decrease in notes payable floor plan	13,226,616	547,291	(92,304)
(Increase) decrease in other accrued liabilities	488,012	1,281,747	(293,135)
Total adjustments	2,722,028	2,154,253	(306,444)
Net cash provided by operating activities	2,967,145	2,272,593	429,977
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(282,711)	(141,084)	(127,895)
Advances to employees -- net	(86,179)	(87,558)	(21,131)
Advances to related partnership -- net	(159,553)	--	--
Net cash used in investing activities	(528,443)	(228,642)	(149,026)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from bank note	100,000	100,000	--
Payments on bank note	(69,331)	(30,214)	(40,524)
Proceeds from long-term debt	1,000,000	1,000,000	--
Payments on long-term debt	(71,429)	--	(71,428)
Capital contribution	125,000	--	--
Distributions to owners	(712,437)	(540,205)	(193,568)
Net cash provided by (used in) financing activities	371,803	529,581	(305,520)
NET INCREASE (DECREASE) IN CASH	2,810,505	2,573,532	(24,569)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	680,853	680,853	3,491,358
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 3,491,358	$ 3,254,385	$ 3,466,789
SUPPLEMENTAL DISCLOSURES OF CASH FLOW:			
Cash paid during the period for interest	$ 1,601,790	$ 591,831	$ 1,253,165

See notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS -- Lake Norman Dodge, Inc. and Affiliated Companies' (the "Company") operates two automobile dealerships in the Charlotte, North Carolina area. The Company sells new and used cars and light trucks, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related financing and insurance.

The combined financial statements include the accounts of Lake Norman Dodge, Inc. ("LND") and its subsidiary, Lake Norman Chrysler-Plymouth-Jeep-Eagle, LLC ("LNCPJE") and certain proprietorships of Phil Gandy and Quinton Gandy. LND is 100% owned by Phil Gandy and Quinton Gandy. All significant intercompany balances and planned transactions have been eliminated in combination.

The combined financial statements have been prepared in connection with a planned acquisition of the net assets of these entities by Sonic Automotive, Inc. ("Sonic"). In May 1997, the Company signed a definitive purchase agreement whereby its outstanding capital stock would be acquired by Sonic for $18,200,000. This acquisition is to be effective prior to the completion of an anticipated public offering of common stock by Sonic in 1997.

The accompanying combined financial statements reflect the financial position, results of operations, and cash flows of each of the above listed entities. The combination of these entities has been accounted for at historical

cost in a manner similar to a pooling-of-interest because the entities are under common management and control. All material intercompany transactions have been eliminated.

LNCPJE was organized on March 18, 1996, as a North Carolina limited liability company and commenced operations on July 1, 1996. The certain proprietorships of Phil Gandy and Quinton Gandy include commissions earned related to sales of extended warranty contracts through LND and LNCPJE, which were paid directly to Phil Gandy and Quinton Gandy at the option of LND and LNCPJE. Earned commissions relating to the sales of these contracts reflect a recurring transaction relating to the dealerships and therefore these proprietorships have been included in the accompanying combined financial statements.

REVENUE RECOGNITION -- The Company records revenue when vehicles are delivered to customers, and when vehicle service work is performed. Finance and insurance commission revenue is recognized principally at the time the contract is placed with the financial institutions.

DEALER AGREEMENTS -- The Company purchases substantially all of its new vehicles from manufacturers at the prevailing prices charged by the manufacturer to its franchised dealers. The Company's sales could be unfavorably impacted by the manufacturers' unwillingness or inability to supply the dealership with an adequate supply of new car inventory.

Each dealership operates under a dealer agreement with the manufacturer which generally restricts the location, management and ownership of the respective dealership. The ability of the Company to acquire additional franchises from a particular manufacturer may be limited due to certain restrictions imposed by manufacturers. Additionally, the Company's ability to enter into significant acquisitions may be restricted and the acquisition of the Company's stock by third parties may be limited by the terms of the franchise agreement.

CASH AND CASH EQUIVALENTS -- The Company considers contracts in transit and all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Contracts in transit represent cash in transit to the Company from finance companies related to vehicle purchases, and was $2,110,467 at December 31, 1996.

INVENTORIES -- Inventories of new vehicles, including demonstrators, are valued at the lower of last-in, first-out ("LIFO") cost or market. Inventories of used vehicles are stated at the lower of first-in, first-out ("FIFO") cost or market, and parts and accessories are stated at the lower of specific cost or market.

PROPERTY AND EQUIPMENT -- Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets using primarily accelerated methods. The range of estimated useful lives is as follows:

<TABLE>
<CAPTION>

<S>	USEFUL LIVES <C>
Parts and service equipment	5 years
Office equipment and fixtures	5-7 years
Company vehicles	5 years

</TABLE>

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Leasehold improvements are amortized over the lesser of the terms of their respective leases or the estimated useful lives of the related assets.

Expenditures for maintenance and repairs are expensed as incurred. Significant betterments are capitalized.

INCOME TAXES -- LND has elected to be treated as an S Corporation for federal and state income tax purposes, and LNCPJE is a limited liability company (LLC). As such the stockholders and members, respectively, include their pro rata share of the Company's taxable income for the year in their individual income tax returns. The proprietorship income of Phil and Quinton Gandy combined herein is also included in their personal income tax returns. Accordingly, no provision for federal or state income taxes has been included in the accompanying combined statement of income.

CONCENTRATIONS OF CREDIT RISK -- Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash

deposits. At times, amounts invested with financial institutions may exceed FDIC insurance limits.

Concentrations of credit risk with respect to receivables are limited primarily to automobile manufacturers and financial institutions. Credit risk arising from trade receivables from commercial customers is reduced by the large number of customers comprising the trade receivables balances. Trade receivables are concentrated in the Charlotte, North Carolina metropolitan area.

USE OF ESTIMATES -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING COSTS -- The Company expenses all costs of advertising when incurred. Advertising costs of $1,828,534 are included in operating expenses for 1996.

INTERIM FINANCIAL INFORMATION -- The accompanying unaudited financial information for the six months ended June 30, 1997 has been prepared on substantially the same basis as the audited financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information set forth therein. The results for interim periods are not necessarily indicative of the results to be expected for the entire fiscal year.

The combined statement of income for the year ended December 31, 1996 includes expenses approximating $1,200,000 for discretionary bonuses to stockholders determined at year end. Of this amount approximately $565,000 was incurred through June 30, 1996. Given the planned acquisition by Sonic, it is uncertain if a similar discretionary bonus will be awarded in 1997. As such, no bonus has been accrued through June 30, 1997.

2. INVENTORIES AND RELATED NOTES PAYABLE -- FLOORPLAN

Inventories at December 31, 1996 and June 30, 1997 consist of the following:

<TABLE>
<CAPTION>

	DECEMBER 31, 1996	JUNE 30, 1997
<S>	<C>	<C>
	(UNAUDITED)	
New vehicles	$ 16,617,268	$18,626,219
Used vehicles	6,437,598	3,720,437
Parts and accessories	548,977	431,832
Total	$ 23,603,843	$22,778,488

</TABLE>

Had the Company used the FIFO method of valuing new vehicle inventory, inventories would have been $1,564,142 higher and net income would have been $414,432 as of and for the year ended December 31, 1996.

All new and certain used vehicles are pledged to collateralize floor plan notes payable to financial institutions in the amount of $25,957,314 at December 31, 1996. The floor plan notes bear interest, payable monthly on the outstanding balance, at the prime rate plus 0.5% (8.75% at December 31, 1996). Total floor plan interest expense amounted to $1,552,250 in

2. INVENTORIES AND RELATED NOTES PAYABLE -- FLOORPLAN -- Continued
1996. The notes payable are due when the related vehicle is sold. As such, these floor plan notes payable are shown as a current liability in the accompanying balance sheet.

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 1996 and June 30, 1997 is comprised of the following:

	DECEMBER 31, 1996	JUNE 30, 1997
<S>	<C>	<C>
		(UNAUDITED)
Service equipment	$ 309,944	$ 373,652
Parts and accessory equipment	35,480	38,876
Vehicles	11,809	53,898
Furniture and fixtures	212,155	278,479
Leasehold improvements	460,097	497,345
Total at cost	1,029,485	1,242,250
Less accumulated depreciation	(543,605)	(675,375)
Property and equipment, net	$ 485,880	$ 566,875

4. NOTE PAYABLE TO BANK AND LONG-TERM DEBT

The note payable with a balance of $68,168 at December 31, 1996 is due in monthly installments of $7,172, including interest at 8.25%, through October, 1997. The note is collateralized by modular buildings used in Company operations.

In July, 1996, the Company borrowed $1,000,000 from Chrysler Financial Corporation. Payments of $11,905 plus interest at prime plus .5% (8.75% at December 31, 1996) are due monthly, through July, 2003. The loan is collateralized by a security interest in all assets of LNCPJE. Principal is due as follows:

<S>	<C>
1998	$142,857
1999	142,857
2000	142,857
2001	142,857
2002	142,857
Thereafter	71,430
Total	785,715
Current maturities	142,857
Long-term debt	$928,572

5. OPERATING LEASES

The Company leases its operating facilities from its shareholders under three separate leases expiring March, 2000 and June, 2001. Monthly payments under these leases at December 31, 1996, total $83,000. One of these leases has an option for renewal for two additional five year terms. The Company pays all operating costs such as utilities, repairs, maintenance and insurance relating to these facilities. Total payments made to related parties under these leases in 1996 were $786,000 exclusive of operating costs.

5. OPERATING LEASES -- Continued

At December 31, 1996 future minimum rental payments under these operating leases are as follows:

YEAR <S>	<C>
1997	$ 996,000
1998	996,000
1999	996,000
2000	564,000
2001	210,000
Total	$3,762,000

The Company leases automobiles through Chrysler Finance under twenty-four and thirty-six month agreements expiring at various dates. The Company pays monthly rental of varying amounts. In addition, the Company pays all operating costs, including insurance, repairs, and maintenance. Payments under automobile leases were $170,800 in 1996.

At December 31, 1996, minimum future lease payments under these leases are as follows:

<TABLE>
<S> <C>
1997..... $216,000
1998..... 81,000
Total..... $297,000
</TABLE>

6. RELATED PARTIES

DUE FROM RELATED PARTIES -- Due from employees includes $219,878 due from shareholders. These amounts bear interest at the prevailing U. S. Treasury rates for short-term debt, are noncollateralized and have no specific repayment terms.

Amounts due from related partnership are noninterest bearing, noncollateralized and have no specific repayment terms.

7. EMPLOYEE SAVINGS PLAN

The Company operates a savings plan under Section 401(k) of the Internal Revenue Code. This plan allows employees to defer a portion of their income on a pre-tax basis through plan contributions. The Company makes matching contributions up to 2% of employee salary. Company contributions to the plan in 1996 totaled $56,800. The Company also paid plan expenses of $1,312.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF
KEN MARKS FORD, INC.
Clearwater, Florida

We have audited the accompanying balance sheet of Ken Marks Ford, Inc. (the "Company") as of April 30, 1997, and the related statements of income, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ken Marks Ford, Inc. as of April 30, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Charlotte, North Carolina

August 26, 1997

KEN MARKS FORD, INC.

BALANCE SHEET

APRIL 30, 1997

<TABLE>
<S>
<C>

ASSETS (NOTE 4)	
CURRENT ASSETS:	
Cash and cash equivalents	$ 2,504,102
Receivables	2,374,483
Inventories (Note 2)	11,216,499
Prepaid expenses and other current assets	529,633
Deferred income taxes (Note 5)	91,742
TOTAL CURRENT ASSETS	16,716,459
PROPERTY AND EQUIPMENT (Note 3)	470,738
OTHER ASSETS	14,000
TOTAL ASSETS	$17,201,197
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Notes payable -- floor plan (Note 2)	$12,557,574
Trade accounts payable	678,252
Accrued payroll and bonuses	836,425
Other accrued liabilities (Note 7)	777,388
Allowance for insurance, service contract and finance income chargebacks	224,544
Income tax payable (Note 5)	15,161
TOTAL CURRENT LIABILITIES	15,089,344
DEFERRED INCOME TAXES (Note 5)	17,705
COMMITMENTS AND CONTINGENCIES (Notes 6 and 7)	
STOCKHOLDERS' EQUITY:	
Common stock, $1.00 par value, 500 shares authorized and issued	500
Paid-in capital	423,800
Retained earnings	1,669,848
Total stockholders' equity	2,094,148
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$17,201,197

</TABLE>

See notes to financial statements.

KEN MARKS FORD, INC.

STATEMENT OF INCOME

YEAR ENDED APRIL 30, 1997

<TABLE>
<S>
<C>

REVENUES:	
Vehicle sales	$130,045,246
Parts, service and collision repairs	13,116,124
Finance and insurance	2,188,071
Total revenues	145,349,441
COST OF SALES	126,870,910
GROSS PROFIT	

18,478,531
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 7).....
15,743,940
DEPRECIATION AND AMORTIZATION.....
100,771
OPERATING INCOME.....
2,633,820
OTHER INCOME AND EXPENSE:
  Interest expense, floor plan (Note 2).....
2,008,468
  Other income.....
140,916
     Total other income and expense.....
1,867,552
INCOME BEFORE INCOME TAXES.....
766,268
PROVISION FOR INCOME TAXES (Note 5).....
295,988
NET INCOME..... $
470,280
</TABLE>

See notes to financial statements.

KEN MARKS FORD, INC.

STATEMENT OF STOCKHOLDERS' EQUITY

YEAR ENDED APRIL 30, 1997

<TABLE>
<CAPTION>

	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
<S>	<C>	<C>	<C>	<C>
BALANCE APRIL 30, 1996	$ 500	$423,800	$1,219,568	$ 1,643,868
Dividends	--	--	(20,000)	(20,000)
Net income	--	--	470,280	470,280
BALANCE APRIL 30, 1997	$ 500	$423,800	$1,669,848	$ 2,094,148

</TABLE>

See notes to financial statements.

KEN MARKS FORD, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 1997

<TABLE>
<S>
<C>
CASH FLOWS FROM OPERATING ACTIVITIES:
  Net income..... $

470,280	
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	100,771
Deferred income taxes	13,763
Loss on disposal of property and equipment	45,192
Change in operating assets and liabilities:	
Increase in accounts receivable	(1,033,143)
Decrease in inventories	5,197,288
Decrease in prepaid expenses	429,467
Decrease in due from related parties	134,141
Decrease in notes payable, floor plan	(3,401,971)
Increase in trade accounts payable	322,319
Decrease in accrued payroll and bonuses	(284,875)
Decrease in accrued expenses and other payables	(848,544)
Decrease in allowance for insurance, service contract and finance income chargebacks	(85,107)
Decrease in income tax payable	(39,839)
Total adjustments	549,462
Net cash provided by operating activities	1,019,742
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(183,674)
Net cash used in investing activities	(183,674)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Dividends paid to stockholders	(20,000)
Net cash used in financing activities	(20,000)
NET INCREASE IN CASH	816,068
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,688,034
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,504,102
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	$ 2,008,468
Income taxes	$ 322,064

See notes to financial statements.

KEN MARKS FORD, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 1997

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS -- Ken Marks Ford, Inc. (the "Company") operates an automobile dealership in the Tampa-Clearwater areas in Florida. The Company sells new and used cars, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related financing and insurance.

In July 1997, the Company signed a definitive purchase agreement whereby its outstanding capital stock would be acquired by Sonic Automotive, Inc. for $24,982,500. This acquisition is to be effective prior to the completion of an

anticipated public offering of common stock by Sonic Automotive, Inc. in 1997.

REVENUE RECOGNITION -- The Company records revenue when vehicles are delivered to customers, and when vehicle service work is performed. Finance and insurance commission revenue is recognized principally at the time the contract is placed with the financial institution.

DEALER AGREEMENTS -- The Company purchases substantially all of its new vehicles from manufacturers at the prevailing prices charged by the manufacturer to its franchised dealers. The Company's sales could be unfavorably impacted by the manufacturer's unwillingness or inability to supply the dealership with an adequate supply of new car inventory. Each dealership operates under a dealer agreement with the manufacturer. These agreements generally restrict the location, management and ownership of the respective dealership.

CASH AND CASH EQUIVALENTS -- The Company considers contracts in transit and all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Contracts in transit represent cash in transit to the Company from finance companies related to vehicle purchases, and was approximately $1,753,000 at April 30, 1997.

INVENTORIES -- Inventories of new vehicles, including demonstrators, are valued at the lower of last-in, first-out ("LIFO") cost or market. Inventories of parts and accessories are valued on a LIFO basis using the Current Year Parts Price Index. Inventories of used vehicles are valued on a specific identification basis.

PROPERTY AND EQUIPMENT -- Property and equipment are stated at cost.

Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets. The range of estimated useful lives is as follows:

<TABLE>
<CAPTION>

<S>	USEFUL LIVES <C>
Leasehold improvements	18-31 years
Machinery and equipment	5-7 years
Furniture and fixtures	5-7 years

</TABLE>

INCOME TAXES -- Deferred income tax assets and liabilities are determined based on the difference between financial reporting and tax basis of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

CONCENTRATIONS OF CREDIT RISK -- Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash deposits. At times, amounts invested with financial institutions may exceed FDIC insurance limits.

Concentrations of credit risk with respect to receivables are limited primarily to automobile manufacturers and financial institutions. Credit risk arising from trade receivables from commercial customers is reduced by the large number of customers comprising the trade receivables balance. Trade receivables are concentrated in the Tampa-Clearwater metropolitan area.

USE OF ESTIMATES -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Advertising -- The Company expenses advertising costs in the period incurred. Advertising expenses approximated $1,151,000 for the year ended April 30, 1997.

2. INVENTORIES AND RELATED NOTES PAYABLE -- FLOOR PLAN

Inventories consist of the following:

	APRIL 30, 1997
New vehicles	$ 8,431,786
Used vehicles	2,341,929
Parts and accessories	442,784
Total	$11,216,499

At April 30, 1997, the excess of current replacement cost over the stated LIFO valuation of new vehicles, parts and accessories amounts to $2,749,237.

Had the Company used the FIFO method of valuing new vehicle, parts and accessories inventory, pretax earnings would have been $949,454 for the year ended April 30, 1997.

All new vehicles are pledged to collateralize floor plan notes payable to financial institutions in the amount of $12,557,574 at April 30, 1997. The floor plan notes bear interest, payable monthly on the outstanding balance, at the prime rate plus 1% (9.5% at April 30, 1997). Total floor plan interest expense amounted to $2,008,468 during the year ended April 30, 1997. The notes payable become due when the related vehicle is sold. As such, these floor plan notes payable are shown as a current liability in the accompanying balance sheet.

Certain inventory items collateralize the revolving line of credit described in Note 4. All new vehicles and demonstrators and substantially all parts and accessories are purchased from Ford Motor Company.

3. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	APRIL 30, 1997
Parts and service equipment	$ 333,063
Furniture and fixtures	400,152
Leasehold improvements	481,815
	1,215,030
Less accumulated depreciation	(744,292)
Property and equipment, net	$ 470,738

4. FINANCING ARRANGEMENT

The Company has a revolving line of credit with Ford Motor Credit Corporation in the amount of $2,500,000. At April 30, 1997, no amount was outstanding relating to this line of credit, which is collateralized by personal guarantees from the stockholders and the net assets of the Company.

5. INCOME TAXES

The provision for income taxes consists of the following:

<TABLE>
<CAPTION>

	APRIL 30, 1997
<S>	<C>
Current taxes	$ 282,225
Deferred taxes	13,763
Provision for income taxes	$ 295,988

</TABLE>

Deferred income tax assets and liabilities consist of the following:

<TABLE>
<CAPTION>

	APRIL 30, 1997
<S>	<C>
Deferred tax asset -- current, primarily from differences relating to finance and insurance reserves and allowance for bad debts	$ 91,742
Deferred tax liability -- long-term, primarily from differences relating to depreciation	(17,705)
Net deferred tax asset	$ 74,037

</TABLE>

6. COMMITMENTS AND CONTINGENCIES

Ford Motor Company (FMC) owns vehicles which are used as short-term rentals for which the Company pays FMC monthly fees. A portion of the fees are applied against the purchase price the Company must pay for the vehicles when they are no longer used for rental. The contingent liability to FMC to purchase the vehicles under this program was approximately $1,771,000 at April 30, 1997.

The Company is a defendant in various legal proceedings incurred in the normal course of business. Management believes that the outcome of such proceedings will not have a materially adverse effect on the Company's financial position or future operations and cashflows.

7. RELATED PARTY TRANSACTIONS

The Company leases its operating facility from a corporation which is owned by the Company's stockholders. The lease is currently on a month-to-month basis. Rent charged to expense under this lease was $359,630 for the year ended April 30, 1997. In addition, management fees of $675,000 for the year ended April 30, 1997 were paid by the Company to the above corporation and are included in selling, general and administrative expenses. In addition, related party payables of $270,000 were included in other accrued liabilities at April 30, 1997.

ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS OR IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

TABLE OF CONTENTS

<TABLE>
<CAPTION>

</TABLE>

UNTIL , 1997 (25 DAYS AFTER THE DATE OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE CLASS A COMMON STOCK, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS DELIVERY REQUIREMENT IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

SHARES
SONIC AUTOMOTIVE, INC.
CLASS A COMMON STOCK

PROSPECTUS

MERRILL LYNCH & CO.

MONTGOMERY SECURITIES

WHEAT FIRST BUTCHER SINGER

, 1997

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the expenses to be borne by the Registrant in connection with the issuance and distribution of the securities being registered hereby other than underwriting discounts and commissions. All the amounts shown are estimates, except for the registration fee with the Securities and Exchange Commission, the NASD filing fee and the NYSE fees.

<TABLE>

<S>	<C>
SEC Registration fee	$ 31,516
NASD filing fee	10,900
NYSE fees	
Transfer agent and registrar fees	
Accounting fees and expenses	
Legal fees and expenses	
"Blue Sky" fees and expenses (including legal fees)	
Costs of printing and engraving	
Miscellaneous	
Total	$

</TABLE>

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Registrant's Bylaws effectively provide that the Registrant 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 Registrant's Amended and Restated 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 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 interest 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 indemnify for such expenses despite such adjudication of liability.

Section 102(b)(7) provides that a corporation may eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for reach 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 or 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 provisions 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 intends to obtain, prior to the effective date of the Registration Statement, insurance against liabilities under the Securities Act of 1933 for the benefit of its officers and directors.

Section 7 of the Underwriting Agreement (to be filed as Exhibit 1.1 to this Registration Statement) provides that the Underwriters severally and not jointly will indemnify and hold harmless the Registrant and each director, officer or controlling person of the Registrant from and against any liability caused by any statement or omission in the Registration Statement or Prospectus based upon information furnished to the Registrant by the Underwriters for use therein.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Except as hereinafter set forth, there have been no sales of unregistered securities by the Registrant within the past there years.

As of January 30, 1997, as part of the original organization of the Company, the Registrant issued to Sonic Financial Corporation 100 shares of Common Stock of the Company (the "Original Shares") in exchange for $500 in cash.

As of June 30, 1997, as part of the Reorganization, the Registrant issued to (i) its Chief Executive Officer, Bruton Smith, 1,657 shares of the Registrant's Class B Common Stock in exchange for all his interests in Town & Country Toyota and Fort Mill Ford, (ii) Sonic Financial Corporation 7,105 shares of its Class B Common Stock in exchange for all its interests in the Original Shares, Town & Country Ford, Fort Mill Ford, Lone Star Ford and Frontier Plymouth-Oldsmobile-Cadillac, (iii) William S. Egan 473 shares of its Class B Common Stock in exchange for all his interest in Town & Country Toyota, and (iv) Bryan Scott Smith 765 shares of its Class B Common Stock in exchange for all his interests in Town & Country Ford and Fort Mill Ford. Also, in connection with the Dyer Acquisition, the Company will issue the Dyer Warrant. In each such transaction, the securities were not or will not be registered under the Securities Act, in reliance upon the exemption from registration provided by Section 4(2) of said Act in view of the sophistication of the foregoing purchasers, their access to material information, the disclosures actually made to them by the Registrant and the absence of any general solicitation or advertising.

On or before the consummation of the Offering, the Registrant will issue to nine of its officers and employees, pursuant to the Registrant's Stock Option Plan, options to purchase shares of Class A Common Stock in the aggregate. Such securities will not be registered under the Securities Act because such grants will be made without consideration to the Registrant and, consequently, do not constitute offers or sales within the meaning of Section 5 of the Securities Act.

ITEM 16. EXHIBITS.

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
<C>	<S>
1.1**	Form of Purchase Agreement
3.1*	Amended and Restated Certificate of Incorporation of the Company
3.2*	Bylaws of the Company
4.1**	Form of Class A Common Stock Certificate
4.2*	Registration Rights Agreement dated as of June 30, 1997 among the Company, O. Bruton Smith, Bryan Scott Smith, William S. Egan and Sonic Financial Corporation
5.1**	Opinion letter of Parker, Poe, Adams & Bernstein, L.L.P. regarding the legality of the securities to be registered
10.1*	Form of Lease Agreement to be entered into between the Company (or its subsidiaries) and Nelson E. Bowers, II or his affiliates
10.2	Form of Lease Agreement to be entered into between the Company (or its subsidiaries) and Marks Holding Company, Inc.
10.3	Lease Agreement dated as of January 1, 1995 between Lone Star Ford, Inc. and Viking Investment Associates
10.4	Lease Agreement dated as of October 23, 1979 between O. Bruton Smith, Bonnie Smith and Town and Country Ford, Inc.
10.5	North Carolina Warranty Deed dated as of April 24, 1987 between O. Bruton Smith and Bonnie Smith, as Grantors and STC Properties, as Grantee
10.6	Lease dated January 13, 1995 between JAG Properties LLC and Jaguar of Chattanooga LLC
10.7	Lease dated October 18, 1991 by and between Nelson E. Bowers II, Thomas M. Green, Jr., and Infiniti of Chattanooga, Inc.
10.8	Amendment to Lease Agreement dated as of January 13, 1995 among Nelson E. Bowers II, Thomas M. Green, Jr., JAG Properties LLC and Infiniti of Chattanooga, Inc.
10.9	Lease dated March 15, 1996 between Cleveland Properties LLC and Cleveland Chrysler-Plymouth-Jeep-Eagle LLC
10.10	Lease Agreement dated January 2, 1993 among Nelson E. Bowers II, Thomas M. Green, Jr. and Cleveland Village Imports, Inc.
10.11	Ford Motor Credit Company Automotive Wholesale Plan Application for Wholesale Financing dated August 10, 1972 by Lone Star Ford, Inc.
10.12	Ford Motor Credit Company Automotive Wholesale Plan Application for Wholesale Financing and Security Agreement dated August 22, 1984 by Town and Country Ford, Inc.
10.13**	Wholesale Floor Plan Security Agreement dated October 5, 1990 between Marcus David Corporation (d/b/a Town & Country Toyota) and World Omni Financial Corp.
10.14	Demand Promissory Note dated October 5, 1990 of Marcus David Corporation (d/b/a Town & Country Toyota) in favor of World Omni Financial Corp.
10.15	Security Agreement & Master Credit Agreement (Non-Chrysler Corporation Dealer) dated April 21, 1995 between Cleveland Chrysler-Plymouth-Jeep-Eagle LLC and Chrysler Credit Corporation
10.15a	Promissory Note dated April 21, 1995 in favor of Chrysler Credit Corporation by Cleveland Chrysler Plymouth Jeep Eagle, LLC

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
<C>	<S>
10.16	Security Agreement & Master Credit Agreement dated April 21, 1995 between Saturn of Chattanooga, Inc. and Chrysler Credit Corporation
10.16a	Promissory Note dated April 21, 1995 in favor of Chrysler Credit Corporation by Saturn of Chattanooga, Inc.
10.17	Security Agreement & Master Credit Agreement (Non-Chrysler Corporation Dealer) dated April 24, 1995 between Nelson Bowers Ford, L.P. and Chrysler Credit Corporation
10.17a	Promissory Note dated April 21, 1995 in favor of Chrysler Credit Corporation by Nelson Bowers Ford L.P.
10.18	Floor Plan Agreement dated May 6, 1996 between European Motors, LLC and NationsBank, N.A.
10.19	Floor Plan Agreement dated April 11, 1996 between KIA of Chattanooga, LLC and NationsBank, N.A.
10.19a	Security Agreement dated April 11, 1996 between KIA of Chattanooga, LLC and NationsBank, N.A.
10.20	Floor Plan Agreement dated October 17, 1996 between European Motors of Nashville, LLC and NationsBank, N.A.
10.20a	Security Agreement dated October 17, 1996 between European Motors of Nashville, LLC and NationsBank, N.A.

10.21	Floor Plan Agreement dated March 5, 1997 between Nelson Bowers Dodge, LLC (d/b/a Dodge of Chattanooga) and NationsBank, N.A.
10.22	Security Agreement and Master Credit Agreement dated May 15, 1996 between Lake Norman Chrysler Plymouth Jeep Eagle, LLC and Chrysler Financial Corporation
10.22a	Promissory Note dated May 15, 1996 in favor of Chrysler Financial Corporation by Lake Norman Chrysler Plymouth Jeep Eagle, LLC
10.23	Security Agreement & Capital Loan Agreement dated May 15, 1996 between Lake Norman Dodge, Inc and Chrysler Financial Corp.
10.23a	Promissory Note dated May 15, 1996 in favor of Chrysler Financial Corporation by Lake Norman Dodge, Inc.
10.23b	Promissory Note dated May 15, 1996 in favor of Chrysler Financial Corporation by Lake Norman Dodge, Inc.
10.24	Security Agreement and Master Credit Agreement (Non-Chrysler Corporation Dealer) dated May 15, 1996 between Lake Norman Chrysler Plymouth Jeep Eagle, LLC and Chrysler Financial Corporation
10.24a	Promissory Note dated May 15, 1996 in favor of Chrysler Financial Corporation by Lake Norman Chrysler Plymouth Jeep Eagle, LLC
10.25	Floor Plan Agreement dated September 1, 1996 between NationsBank, N.A. and Dyer & Dyer, Inc.
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10.28	Assignment of Joint Venturer Interest in Chartown dated as of June 30, 1997 among Town and Country Ford, Inc., SMDA LLC and Sonic Financial Corporation
10.29	Form of Employment Agreement between the Company and O. Bruton Smith
10.30*	Form of Employment Agreement between the Company and Bryan Scott Smith
10.31*	Form of Employment Agreement between the Company and Theodore M. Wright
10.32*	Form of Employment Agreement between the Company and Nelson E. Bowers, II
10.33*	Tax Allocation Agreement dated as of June 30, 1997 between the Company and Sonic Financial Corporation
10.34*	Form of Sonic Automotive, Inc. Stock Option Plan
10.35*	Form of Sonic Automotive, Inc. Employee Stock Purchase Plan
10.36*	Subscription Agreement dated as of June 30, 1997 between O. Bruton Smith and the Company
10.37*	Subscription Agreement dated as of June 30, 1997 between Sonic Financial Corporation and the Company
10.38*	Subscription Agreement dated as of June 30, 1997 between Bryan Scott Smith and the Company
10.39*	Subscription Agreement dated as of June 30, 1997 between William S. Egan and the Company
10.40	Asset Purchase Agreement dated as of May 27, 1997 by and among Sonic Auto World, Inc., Lake Norman Dodge, Inc., Lake Norman Chrysler-Plymouth-Jeep-Eagle LLC, Quinton M. Gandy and Phil M. Gandy, Jr. (confidential portions omitted and filed separately with the SEC)

EXHIBIT NO.	DESCRIPTION
10.41	Asset Purchase Agreement dated as of June 24, 1997 by and among Sonic Auto World, Inc., Kia of Chattanooga, LLC, European Motors of Nashville, LLC, European Motors, LLC, Jaguar of Chattanooga LLC, Cleveland Chrysler-Plymouth-Jeep-Eagle LLC, Nelson Bowers Dodge, LLC, Cleveland Village Imports, Inc., Saturn of Chattanooga, Inc., Nelson Bowers Ford, L.P., Nelson E. Bowers II, Jeffrey C. Rachor, and the other shareholders named herein (confidential portions omitted and filed separately with the SEC)
10.42	Stock Purchase Agreement dated as of July 29, 1997 between Sonic Auto World, Inc. and Ken Marks, Jr., O.K. Marks, Sr. and Michael J. Marks (confidential portions omitted and filed separately with the SEC)
10.43	Asset Purchase Agreement dated as of August 1997 by and among Sonic Automotive, Inc., Dyer & Dyer, Inc. and Richard Dyer (confidential portions omitted and filed separately with the SEC)
10.44	Security Agreement and Master Credit Agreement dated April 21, 1995 between Cleveland Chrysler Plymouth Jeep Eagle and Chrysler Credit Corporation
21.1*	Subsidiaries of the Company
23.1	Consent of Deloitte & Touche LLP
23.2	Consent of Dixon Odom & Co.
23.3**	Consent of Parker, Poe, Adams & Bernstein L.L.P. (included in Exhibit 5.1 to this Registration Statement)
24*	Power of Attorney (included on the signature page to this Registration Statement)
27*	Financial Data Schedule
99.1*	Consent of Nelson E. Bowers, II

* Filed previously.

** To be furnished by Amendment.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the Underwriters, at the closing or closings specified in the Purchase Agreement, certificates in such denominations and registered in such names as may be required by the Underwriters in order to permit prompt delivery to each purchaser.

The undersigned Registrant hereby further undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed part of this Registration Statement as of the time it was declared effective.

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Charlotte, North Carolina on August 29, 1997.

SONIC AUTOMOTIVE, INC.

By: /s/ THEODORE M. WRIGHT

THEODORE M. WRIGHT
VICE PRESIDENT, TREASURER AND
CHIEF FINANCIAL OFFICER

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:

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
/s/ * O. BRUTON SMITH	Chairman and Chief Executive Officer (principal executive officer)	August 29, 1997
/s/ * BRYAN SCOTT SMITH	President, Chief Operating Officer and Director	August 29, 1997
/s/ THEODORE M. WRIGHT	Vice President, Treasurer,	August 29, 1997

	THEODORE M. WRIGHT	Chief Financial Officer (principal financial and accounting officer) and Director	
/s/	*	Director	August 29, 1997
	WILLIAM R. BROOKS		

*By: /s/ THEODORE M. WRIGHT
THEODORE M. WRIGHT
(ATTORNEY-IN-FACT FOR EACH OF THE PERSONS INDICATED)

</TABLE>

EXHIBIT INDEX

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SEQUENTIAL EXHIBIT NO. PAGE NO.	DESCRIPTION
1.1**	Form of Purchase Agreement
3.1*	Amended and Restated Certificate of Incorporation of the Company
3.2*	Bylaws of the Company
4.1**	Form of Class A Common Stock Certificate
4.2*	Registration Rights Agreement dated as of June 30, 1997 among the Company, O. Bruton Smith, Bryan Scott Smith, William S. Egan and Sonic Financial Corporation
5.1**	Opinion letter of Parker, Poe, Adams & Bernstein, L.L.P. regarding the legality of the securities to be registered
10.1*	Form of Lease Agreement to be entered into between the Company (or its subsidiaries) and Nelson E. Bowers, II or his affiliates
10.2	Form of Lease Agreement to be entered into between the Company (or its subsidiaries) and Marks Holding Company, Inc.
10.3	Lease Agreement dated as of January 1, 1995 between Lone Star Ford, Inc. and Viking Investment Associates
10.4	Lease Agreement dated as of October 23, 1979 between O. Bruton Smith, Bonnie Smith and Town and Country Ford, Inc.
10.5	North Carolina Warranty Deed dated as of April 24, 1987 between O. Bruton Smith and Bonnie Smith, as Grantors and STC Properties, as Grantee
10.6	Lease dated January 13, 1995 between JAG Properties LLC and Jaguar of Chattanooga LLC
10.7	Lease dated October 18, 1991 by and between Nelson E. Bowers II, Thomas M. Green, Jr., and Infiniti of Chattanooga, Inc.
10.8	Amendment to Lease Agreement dated as of January 13, 1995 among Nelson E. Bowers II, Thomas M. Green, Jr., JAG Properties LLC and Infiniti of Chattanooga, Inc.
10.9	Lease dated March 15, 1996 between Cleveland Properties LLC and Cleveland Chrysler-Plymouth-Jeep-Eagle LLC
10.10	Lease Agreement dated January 2, 1993 among Nelson E. Bowers II, Thomas M. Green, Jr. and Cleveland Village Imports, Inc.
10.11	Ford Motor Credit Company Automotive Wholesale Plan Application for Wholesale Financing dated August 10, 1972 by Lone Star Ford, Inc.
10.12	Ford Motor Credit Company Automotive Wholesale Plan Application for Wholesale Financing and Security Agreement dated August 22, 1984 by Town and Country Ford, Inc.
10.13**	Wholesale Floor Plan Security Agreement dated October 5, 1990 between Marcus David Corporation (d/b/a Town & Country Toyota) and World Omni Financial Corp.
10.14	Demand Promissory Note dated October 5, 1990 of Marcus David Corporation (d/b/a Town & Country Toyota) in favor of World Omni Financial Corp.
10.15	Security Agreement & Master Credit Agreement (Non-Chrysler Corporation Dealer) dated April 21, 1995 between Cleveland Chrysler-Plymouth-Jeep-Eagle LLC and Chrysler Credit Corporation
10.15a	Promissory Note dated April 21, 1995 in favor of Chrysler Credit Corporation by Cleveland Chrysler Plymouth Jeep Eagle, LLC
10.16	Security Agreement & Master Credit Agreement dated April 21, 1995 between Saturn of Chattanooga, Inc. and Chrysler Credit Corporation
10.16a	Promissory Note dated April 21, 1995 in favor of Chrysler Credit Corporation by Saturn of Chattanooga, Inc.
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10.44	Security Agreement and Master Credit Agreement dated April 21, 1995 between Cleveland Chrysler Plymouth Jeep Eagle and Chrysler Credit Corporation	
21.1*	Subsidiaries of the Company	
23.1	Consent of Deloitte & Touche LLP	
23.2	Consent of Dixon Odom & Co.	
23.3**	Consent of Parker, Poe, Adams & Bernstein L.L.P. (included in Exhibit 5.1 to this Registration Statement)	
24*	Power of Attorney (included on the signature page to this Registration Statement)	
27*	Financial Data Schedule	
99.1*	Consent of Nelson E. Bowers, II	

</TABLE>

* Filed Previously

** To be furnished by Amendment.

COMMERCIAL LEASE

1. PARTIES. This Lease is made this _____ day of _____, 1997, by and between Marks Holding Company, Inc., a Florida corporation, (herein called "Landlord") and Ken Marks Ford, Inc. (herein called "Tenant").

2. PREMISES. Landlord hereby leases to Tenant and Tenant leases from Landlord, upon all of the conditions set forth herein, that certain real property situated in Pinellas County, Florida, commonly known as _____ and described as _____ in Exhibit "A" attached hereto and made a part hereof. Said real property, including the land and all improvements thereon, is herein called the "Property."

3. TERM AND POSSESSION.

3.1 Initial Term. The initial term hereof shall be for ten (10) years commencing on [insert closing date] ("Commencement Date") and ending on _____, unless sooner terminated pursuant to any provision hereof.

3.2 Extended Term(s). The Tenant shall have the option, to be exercised as hereinafter provided, to extend the term of this Lease for two (2) successive period(s) of five (5) years(s) each (each such period herein referred to as the "Extended Term"), upon the condition that the Lease is in full force and effect and there is no default in the performance of any condition hereof at the time of exercise of the option and at the commencement of the Extended Term. Each Extended Term shall be upon the same conditions and terms, and the rent determined and payable, as provided in this Lease, except that there shall be no privilege to extend the term beyond the expiration of the second Extended Term. The Tenant shall exercise the option for an Extended Term by notifying the Landlord in writing at least twelve (12) months prior to the expiration of the then current term. Upon such exercise, this Lease shall be deemed extended without the execution of any further lease or other instrument. Any reference herein to the lease term shall include, in addition to the Initial Term, the Extended Term(s) as to which Tenant exercises its option.

4. RENT.

4.1 Rent Payment, Proration and Sales Taxes. All rental payments due hereunder shall be paid without notice or demand, and without abatement, deduction or setoff for any reason unless specifically provided herein. Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly rent installment based on the number of days in such period and the number of days in the month in question. Rent shall be payable in lawful money of the United States to Landlord at the address stated herein or to such other persons or at such other places as Landlord may designate in writing. In addition,

Tenant shall pay to Landlord all sales and use taxes imposed by the State of Florida or any other governmental authority from time to time, upon said rent and any other charges hereunder upon which sales and use taxes are imposed.

4.2 No Waiver. The acceptance by the Landlord of monies from the Tenant as rent or other sums due shall not be an admission of the accuracy or the sufficiency of the amount of such rent or other sums due nor shall it be deemed a waiver by Landlord of any right or claim to additional or further rent or other sums due.

4.3 Initial Rent. Tenant shall pay to Landlord as rent for the Property for the first five (5) lease years, monthly payments of minimum rent in the amount of Ninety-Five Thousand Dollars ($95,000.00), in advance, on or before the first day of each month throughout the first lease year.

4.4 Rent Adjustments. Commencing at the beginning of the sixth, eleventh, thirteenth, fifteenth, seventeenth and nineteenth lease years (if applicable), the monthly minimum rent payable under Section 4.1 above shall be adjusted annually by the increase, if any, from the Commencement Date, in the Consumer Price Index published by the Bureau of Labor Statistics of the U.S. Department of Labor Statistics for All Urban Consumers, U.S. City Average (1982-84 = 100), All Items, herein referred to as "C.P.I." The adjusted monthly minimum rent shall be calculated as follows: the minimum rent payable for the first month of the term hereof, as set forth in Section 4.1 above, shall be multiplied by a fraction, the numerator of which shall be the C.P.I. for the month immediately preceding the effective date of the subject rent adjustment, and the denominator of which shall be the C.P.I. for the first month of the lease term. The sum so calculated shall constitute the new monthly minimum rent hereunder until the subsequent adjustment, but in no event shall any adjustment reduce the minimum rent to an amount lower than the minimum rent payable for the month immediately preceding the date of adjustment. No delay in establishing the rent adjustment

shall be a waiver of Landlord's right to later collect the difference between the rental at the rate prior to adjustment, which shall continue to be paid until the adjustment is established, and the rental rate after adjustment. In the event the compilation and/or publication of the C.P.I. shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculation. In the event that Landlord and Tenant cannot agree on an alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said association and the decision of the arbitrators shall be binding upon the parties. The cost of said arbitration shall be paid equally by Landlord and Tenant.

5. USE.

5.1 Use. The Property shall be used and occupied only for an automobile dealership and ancillary uses and for no other purpose. Without limiting the foregoing, Tenant shall not use nor permit the use of the Property in any manner that

will tend to create waste or a nuisance or, if there shall be more than one tenant in the building containing the Property, shall tend to disturb or interfere with the rights of such other tenants.

5.2 Compliance with Law and Restrictions. Tenant shall, at Tenant's expense, execute and comply with all statutes, ordinances, rules, orders, regulations and requirements of the federal, state, county and city government, and of any and all of their departments and bureaus, applicable to the Property, as well as all covenants and restrictions of record, and other requirements in effect during the term or any part thereof, which regulate the use by Tenant of the Property. To the best of Landlord's knowledge, the Property is in good operating condition, reasonable wear and tear excepted, and is in compliance with all applicable law as of the date hereof.

6. MAINTENANCE, REPAIRS AND ALTERATIONS.

6.1 Casualty and Condemnation. The specific provisions hereof relating to repairs after casualty or condemnation shall take precedence over the terms of this Section 7, but only to the extent in conflict herewith.

6.2 Maintenance. Tenant shall, at Tenant's sole cost and expense, maintain the Property and all components thereof throughout the lease term, (including painters and maintenance of lighting fixtures) in good, safe and clean order, condition and repair, including without limitation all plumbing, heating, air conditioning, ventilating, and electrical facilities and all components thereof, serving the Property***, excepting (a) reasonable wear and tear, (b) loss or damage resulting from a casualty loss and (c) loss or damage resulting from a condemnation. Upon the occurrence and continuance of an Event of Default, and, If Tenant fails to perform Tenant's obligations under this Section 7 or under any other section hereof, Landlord may at Landlord's option enter upon the Property after ten (10) days' prior written notice to Tenant (except in the case of emergency, in which case no notice shall be required), perform such obligations on Tenant's behalf, and put the Property in good, safe and clean order, condition and repair, and the cost thereof together with interest thereon at the Default Rate, shall be due and payable as additional rent to Landlord together with Tenant's next rental installment. Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Property in good order, condition and repair.

6.3 Plate Glass. Tenant shall maintain all plate glass, if any, within or on the perimeter of the Property.

6.4 Termination of Lease. On the last day of the term hereof, or on any sooner termination, Tenant shall surrender the Property to Landlord in the same condition as received, ordinary wear and tear casualty loss in the process of repair and condemnation loss excepted, clean and free of debris. Tenant's moveable machinery,

furniture, fixtures and equipment, other than that which is affixed to the Property, may be removed by Tenant upon expiration of the lease term. Tenant shall repair all damage caused by this removal. Tenant shall repair any damage to the Property occasioned by the installation or removal of its trade fixtures,

furnishings and equipment. Upon termination of this Lease for any cause whatsoever, if Tenant fails to remove its effects, they shall be deemed abandoned, and Landlord may, at its option, remove the same in any manner that the Landlord shall choose, store them without liability to the Tenant for loss thereof, and the Tenant agrees to pay the Landlord on demand any and all expenses incurred in such removal, including court costs, attorney's fees and storage charges for any length of time the same shall be in the Landlord's possession. Tenant shall deliver all keys and combinations to locks within the Property to Landlord upon termination of this Lease for any reason. Tenant's obligations to perform under this provision shall survive the end of the lease term.

7. Alterations and Additions.

(a) Tenant shall not, without Landlord's prior written consent, make any material alterations, improvements, additions, or Utility Installations (as defined below) in, on, or to the Property. Landlord may require Tenant to provide Landlord, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to the estimated cost of such improvements, to insure Landlord against any liability for construction liens and to insure completion of the work. Landlord may require that Tenant remove any or all of said alterations, improvements, additions or Utility Installations at the expiration of the term, and restore the Property to its prior condition. Should Tenant make any alterations, improvements, additions or Utility Installations without the prior approval of Landlord, in addition to all other remedies of Landlord for Tenant's breach, Landlord may require that Tenant remove any or all of the same. As used in this Section, the term "Utility Installation" shall mean, air lines, power panels, electrical distribution systems, air conditioning and plumbing, if any.

(b) Any material alteration, improvement, addition or Utility Installation in or to the Property that Tenant shall desire to make shall be presented to Landlord for approval in written form, with proposed detailed description or plans. If Landlord shall give its consent, the consent shall be deemed conditioned upon Tenant acquiring all necessary permits to do the work from appropriate governmental agencies, the furnishing of a copy thereof to Landlord prior to the commencement of the work, the compliance by Tenant with all conditions of said permits.

(c) Tenant shall pay, when due, and hereby agrees to indemnify and hold harmless Landlord for and from, all claims for labor or materials furnished or alleged to have been furnished to or for Tenant, at or for use in the Property, which claims are or may be secured by any construction lien against the Property or any interest therein. Tenant shall give Landlord not less than ten (10) days' notice prior to the commencement of any work on the Property which might give rise to any such lien or claim of lien, and Landlord shall have the right to post notices of non-

responsibility in or on the Property as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense, defend itself and Landlord against the same and shall pay and satisfy any adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Property, upon the condition that if Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to such contested lien, claim or demand indemnifying Landlord against liability for the same and holding the Property free from the effect of such lien, claim or demand. In addition, Landlord may require Tenant to pay Landlord's attorney's fees and costs in participating in such action if Landlord shall decide it is in its best interests to do so.

(d) Unless Landlord requires their removal, all alterations, improvements, additions and Utility Installations made on the Property shall become the property of Landlord and remain upon and be surrendered with the Property at the expiration of the lease term without compensation to Tenant.

7.1 Landlord's Interest Not Subject to Liens. As provided in ss.713.10, Florida Statutes, the interest of Landlord shall not be subject to liens for improvements made by Tenant, and Tenant shall notify any contractor making such improvements of this provision. An appropriate notice of this provision may be recorded by Landlord in the Public Records of Pinellas County, Florida, in accordance with said statute, without Tenant's joinder or consent.

8. INSURANCE; INDEMNITY.

8.1 Property Insurance - Tenant. Tenant shall at all times during the term hereof, at its expense, maintain a policy or policies insuring the Property against loss or damage by fire, explosion, and other hazards and contingencies

("all risk," as such term is used in the insurance industry), and plate glass insurance as required in the reasonable discretion of Landlord, in an amount of not less than full replacement value, as same may change from time to time.

8.2 Liability Insurance - Tenant. Tenant shall, at Tenant's sole expense, obtain and keep in force during the term hereof a policy of bodily injury and property damage insurance, insuring Tenant and Landlord against any liability arising out of the use, occupancy or maintenance of the Property and the parking areas, walkways, driveways, landscaped areas and other areas exterior to the Property and appurtenant thereto. Such insurance shall be in an amount not less than Five Million Dollars ($5,000,000.00) combined single limit, and umbrella liability coverage for an additional Two Million Dollars ($2,000,000.00) Two Hundred Fifty Thousand Dollars ($250,000) property damage]. The policy shall insure performance by Tenant of the indemnity provisions of this Section 8. The limits of said insurance shall not, however, limit the liability of Tenant hereunder. Upon demand, Tenant shall provide Landlord, at Landlord's expense, with such increased amounts of insurance as Landlord may reasonably require to afford Landlord adequate protection for risks insured under this

Section. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Property arising from any cause and Tenant hereby waives all claims in respect thereof against Landlord.

8.3 Employees Compensation - Tenant. Tenant shall maintain and keep in force all employees' compensation insurance required with respect to Tenant's operations of the Property under the laws of the State of Florida, and such other insurance as may be necessary to protect Landlord against any other liability to person or property arising hereunder by operation of law, whether such law is now in force or is adopted subsequent to the execution hereof.

8.4 Tenant's Default. Should Tenant fail to keep in effect and pay for such insurance as it is in this section required to maintain, Landlord may do so, in which event, the insurance premiums paid by Landlord, together with interest thereon at the Default Rate from the date paid by Landlord, shall become due and payable forthwith and failure of Tenant to pay same on demand shall constitute a breach hereof.

8.5 Tenant's Compliance. Tenant shall properly and promptly comply with and execute all rules, orders and regulations of the Southeastern Underwriter's Association for fire and other casualties, at Tenant's own cost and expense. Tenant shall not do or permit to be done anything which shall invalidate the insurance policies referred to in this Section 8. Tenant agrees to pay any increase in the amount of insurance premiums over and above the rate now in force that may be caused by Tenant's use or occupancy of the Property. In the event any increase in premiums is caused by the act or omission of Tenant in violation of the terms hereof, payment by Tenant of such increase shall not release Tenant from liability for such violation.

8.6 Insurance Policies. Insurance required hereunder shall be with good and solvent insurance companies satisfactory to Landlord; in the absence of other specific directions, such companies shall hold a "General Policyholders Rating" of at least A minus, or such other rating as may be required by a lender having a lien on the Property, as set forth in the most current issue of "Best's Insurance Guide". All policies shall name Landlord as an additional insured. Tenant shall deliver to Landlord copies of policies of insurance required to be provided by Tenant under this Section 8 or certificates evidencing the existence and amounts of such insurance and its compliance with the conditions set forth in this Section 8. No such policy shall be cancelable or subject to reduction of coverage or other modification except after thirty (30) days' prior written notice to Landlord, and the interest of Landlord under such policies shall not be affected by any default by Tenant under the provisions of such policies. Tenant shall, at least thirty (30) days prior to the expiration of such policies, furnish Landlord with renewals or "binders" thereof, or Landlord may order such insurance and charge the cost thereof to Tenant, which amount shall be payable by Tenant upon demand. If required by any mortgage encumbering the Property, the

mortgagee shall also be a named or additional insured and the terms of all insurance policies shall comply with all other requirements of such mortgage.

8.7 Waiver of Subrogation. Tenant and Landlord each hereby release and

relieve the other, and waive their entire right of recovery against the other, for loss or damage arising out of, or incident to the perils actually insured against under this Section 8, which perils occur in, on, or about the Property, whether due to the negligence of Landlord or Tenant or their agents, employees, contractors and/or invitees. Tenant and Landlord shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

8.8 Indemnity. Tenant shall indemnify and hold harmless Landlord from and against any and all injury, expense, damages and claims arising from Tenant's use of the Property, whether due to damage to the Property, claims for injury to the person or property of any other tenant of the building (if applicable) or any other person rightfully in or about the Property, from the conduct of Tenant's business or from any activity, work or things done, permitted or suffered by Tenant or its agents, servants, employees, licensees, customers, or invitees in or about the Property or elsewhere or consequent upon or arising from Tenant's failure to comply with applicable laws, statutes, ordinances or regulations, and Tenant shall further indemnify and hold harmless Landlord from and against any and all such claims and from and against all costs, attorney's fees, expenses and liabilities incurred in the investigation, handling or defense of any such claim or any action or proceeding brought in connection therewith by a third person or any governmental authority; and in case any action or proceeding is brought against Landlord by reason of any such claim, Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel satisfactory to Landlord. This indemnity shall not require payment as a condition precedent to recovery.

8.9 Exemption of Landlord from Liability. Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers, or any other person in or about the Property, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from latent defects or other conditions arising upon the Property or upon other portions of the building(s) of which the Property is a part, or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant of the building in which the Property is located.

9. DAMAGE OR DESTRUCTION.

9.1 Damage or Destruction. In the event that the Property should be damaged or destroyed by fire, tornado or other casualty then Landlord shall within forty-five (45) days after the date of such damage, commence to rebuild or repair the Property and shall proceed with reasonable diligence to restore the Property to substantially the same condition in which it was immediately prior to the happening of the casualty, except that Landlord shall not be required to rebuild, repair or replace any part of the furniture, equipment, fixtures and other improvements which may have been placed by Tenant or others within the Property, and in any event Landlord's obligation to repair shall be limited to the extent proceeds of insurance are available for such purpose. Landlord shall, unless such damage is the result of any negligence or willful misconduct of Tenant or Tenant's employees or invitees, allow Tenant a fair diminution of rent during the time that the Property is unfit for occupancy. Notwithstanding any of the foregoing, in the event any mortgagee, under a deed of trust, security agreement or mortgage on the Property, should require that the insurance proceeds be used to retire the mortgage debt, Landlord shall have no obligation to rebuild and this Lease shall terminate upon notice to Tenant. Any insurance which may be carried by Landlord or Tenant against loss or damage to the Property shall be for the sole benefit of the Landlord and under its sole control. Notwithstanding the above, in the event such damage or destruction occurs in the last two years of the Initial Term or Extended Term, either Landlord or Tenant may, at their option elect to terminate this Lease.

9.2 Abatement of Rent; Tenant's Remedies.

(a) In the event of damage described in this Section 9 which Landlord or Tenant repairs or restores, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Tenant's use of the Property is impaired. Except for abatement of rent, if any, Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Landlord shall be obligated to repair or restore the Property under the provisions of this Section 9 and shall not commence such repair or

restoration within ninety (90) days after such obligation shall accrue, Tenant may at Tenant's option cancel and terminate this Lease by giving Landlord written notice of Tenant's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice and Tenant shall have no other rights against Landlord.

10. PROPERTY TAXES.

10.1 Definition of "Real Property Taxes". As used herein, the term "real property taxes" shall include any form of tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes)

imposed on the Property by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, against any legal or equitable interest of Landlord in the Property or in the real property of which the Property is a part. The term "real property tax" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "real property tax" or (ii) the nature of which was hereinbefore included within the definition of "real property tax," or (iii) which is imposed as a result of a transfer, either partial or total, of Landlord's possessory interest in the Property, or which is added to a tax or charge hereinbefore included within the definition of real property tax by reason of such transfer, or (iv) which is imposed by reason of this transaction, any modifications or changes hereto, or any transfers hereof. The term "real property tax" shall not include any income, estate or inheritance tax assessed against Landlord, documentary stamp tax imposed as a result of Landlord's transfer of the fee interest in the Property, or any sales tax on rent or other payments due from Tenant hereunder.

10.2 Payment of Taxes. Tenant shall pay the real property taxes, as defined in Section 10.1, applicable to the Property throughout the lease term. If the term hereof shall not expire concurrently with the expiration of the tax year, Tenant's liability for real property taxes for the last partial lease year shall be prorated on an annual basis.

10.3 Personal Property Taxes. Tenant shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained on the Property or elsewhere or on any leasehold improvements made to the Property by Tenant, regardless of the validity thereof or whether title to such improvements shall be in the name of Tenant or Landlord. When possible, Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord. If any of Tenant's personal property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant's personal property within ten (10) days after receipt of a written statement from Landlord setting forth the taxes applicable to Tenant's property.

11. UTILITIES.

(a) Tenant shall punctually pay for all water and sewer charges, and for all gas, heat, electricity, telephone, garbage collection and all other utilities and services consumed during the term hereof at the Property, together with any taxes thereon.

(b) If charges to be paid by Tenant hereunder are not paid when due and Landlord elects to pay same, interest shall accrue thereon from the date paid by Landlord at the Default Rate, and such charges and interest shall be

added to the subsequent month's rent and shall be collectible from Tenant in the same manner as rent. Landlord shall not be liable for damage to Tenant's business and/or inventory or for any other claim by Tenant resulting from an interruption in utility services.

12. ASSIGNMENT AND SUBLETTING.

12.1 Assignment. Tenant may assign or sublet all or any portion of its interest in the Lease and the Property. If Tenant assigns this Lease or sublets

the Property or any portion thereof, it shall notify Landlord and shall submit in writing to Landlord; (i) the name of the assignee or subtenant; (ii) the nature of the assignee's or subtenant's business to be conducted on the Property; (iii) the terms of the assignment or sublease; and (iv) such financial information as Landlord may reasonably request concerning the assignee or subtenant.

12.2 No Release or Waiver. Unless Landlord agrees in writing to the contrary, no subletting or assignment shall release Tenant from Tenant's obligation or alter the primary liability of Tenant to pay the rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by any assignee of Tenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said assignee. Landlord may consent to subsequent assignments or subletting hereof or amendments or modifications to this Lease with assignees of Tenant, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereto and such action shall not relieve Tenant of liability hereunder.

13. DEFAULTS; REMEDIES.

13.1 Defaults. The occurrence and continuance of any one or more of the following events shall constitute an Event of Default by Tenant:

(b) The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of five (5) days after written notice thereof from Landlord to Tenant. In the event that Landlord serves Tenant with a notice to pay rent or vacate pursuant to applicable unlawful detainer or other statutes, such notice shall also constitute the notice required by this subsection;

(c) The failure by Tenant to observe or perform any of the covenants, conditions or provisions hereof to be observed or performed by Tenant,

other than described in Subsection (b) above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant.

(d) (i) The making by Tenant of any general arrangement or assignment for the benefit of creditors; (ii) Tenant becomes a "debtor" as defined under the Federal Bankruptcy Code or any successor statute thereto or any other statute affording debtor relief, whether state or federal, (unless, in the case of a petition filed against Tenant, the same is dismissed within thirty (30) days), or admits in writing its present insolvency or inability to pay its debts as they mature; (iii) the appointment of a trustee or receiver to take possession of all or a substantial portion of Tenant's assets located at the Property or of Tenant's interest in this Lease; or (iv) the attachment, execution or other judicial seizure of all or a substantial portion of Tenant's assets located at the Property or of Tenant's interest in this Lease; and/or

(e) The discovery by Landlord that any financial statement, warranty, representation or other information given to Landlord by Tenant, any assignee of Tenant, any subtenant of Tenant, any successor in interest of Tenant or any guarantor of Tenant's obligation hereunder, in connection with this Lease, was materially false or misleading when made or furnished.

13.2 Remedies. Upon the occurrence and during the continuance of an event of default by Tenant, Landlord may (but shall not be obligated), with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default or breach:

(a) Terminate Tenant's right to possession of the Property by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Property to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including accrued rent, the cost of recovering possession of the Property, expenses of reletting, including necessary renovation and alteration of the Property, reasonable attorney's fees, and any customary and normal real estate commission actually paid to third parties;

(b) Reenter and take possession of the Property and relet or attempt to relet same for Tenant's account, holding Tenant liable in damages for all expenses incurred by Landlord in any such reletting and for any

difference between the amount of rents received from such releting and those due and payable under the terms hereof. In the event Landlord relets the Property, Landlord shall make reasonable efforts to lease the Property or portions thereof for such periods of time and such rentals and for such use and upon such covenants and conditions as Landlord, in its reasonable discretion, may elect, and Landlord may make such repairs to the Property as Landlord may deem reasonably necessary. Landlord shall be entitled to bring such actions or proceedings for the recovery of any deficits due to Landlord as it may deem advisable, without being obliged to wait until the end of the term, and

commencement or maintenance of any one or more actions shall not bar Landlord from bringing other or subsequent actions for further accruals, nor shall anything done by Landlord pursuant to this Subsection 13.2(b) limit or prohibit Landlord's right at any time to pursue other remedies of Landlord hereunder;

(c) Declare all rents and charges due hereunder immediately due and payable, and thereupon all such rents and fixed charges to the end of the term shall thereupon be accelerated, and Landlord may, at once, take action to collect the same by distress or otherwise. In the event of acceleration of rents and other charges due hereunder which cannot be exactly determined as of the date of acceleration and/or judgment, the amount of said rent and charges shall be as determined by trier of fact in a reasonable manner based on information such as previous fluctuations in the C.P.I. and the like;

(d) Perform any of Tenant's obligations on behalf of Tenant in such manner as Landlord shall reasonably deem appropriate, including payment of any moneys necessary to perform such obligation or obtain legal advice, and all expenses incurred by Landlord in connection with the foregoing, as well as any other amounts necessary to compensate Landlord for all detriment caused by Tenant's failure to perform which in the ordinary course would be likely to result therefrom, shall be immediately due and payable from Tenant to Landlord upon Tenant's receipt of an invoice from Landlord for the same, with interest at the Default Rate; such performance by Landlord shall not cure the default of Tenant hereunder, unless Tenant fails to reimburse Landlord for such performance within five (5) days of demand for the same, and Landlord may proceed to pursue any or all remedies available to Landlord on account of Tenant's Event of default; if necessary Landlord may enter upon the Property after ten (10) days' prior written notice to Tenant (except in the case of emergency, in which case no notice shall be required), perform any of Tenant's obligations with respect to which an Event of Default on the part of Tenant is in default; and/or

(e) Pursue any other remedy now or hereafter available to Landlord under applicable law Unpaid installments of rent and other unpaid monetary obligations of Tenant under the terms hereof shall bear interest from the date due at the Default Rate.

13.3 No Waiver. No reentry or taking possession of the Property by Landlord shall be construed as an election on its part to terminate this Lease, accept a surrender of the Property or release Tenant from any obligations hereunder, unless a written notice of such intention be given to Tenant. Notwithstanding any such releting or reentry or taking possession, Landlord may at any time thereafter elect to terminate this Lease for a previous default. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder or of any damages accruing to

Landlord by reason of the violation of any of the terms, provisions and covenants herein contained. No waiver by Landlord of any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of any other or subsequent violation or breach of any of the terms, provisions, and covenants herein contained. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of any other or subsequent violation or default. The loss or damage that Landlord may suffer by reason of termination of this Lease or the deficiency from any releting as provided for above shall include the expense of repossession and any repairs which are the obligation of Tenant under this Lease undertaken by Landlord following possession. Should Landlord at any time terminate this Lease

for any event of default. Subject to Section 13.2, in addition to any other remedy Landlord may have, Landlord may recover from Tenant all damages Landlord may incur by reason of such default, including the cost of recovering the Property and the loss of rent for the remainder of the Lease term. Landlord's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The delivery of keys to any employee or agent of Landlord shall not operate as a termination hereof or a surrender of the Property.

13.4 Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or trust deed covering the Property. Accordingly, if any installment of rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to $3,000.00. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. The parties agree that the payment of late charges and the payment of interest as provided elsewhere herein are distinct and separate from one another in that the payment of interest is to compensate Landlord for the use of Landlord's money by Tenant and the payment of late charges is to compensate Landlord for administrative and other expenses incurred by Landlord.

13.5 Interest on Past-Due Obligations. Except as expressly herein provided, any amount due to Landlord not paid when due shall bear interest at a rate per annum equal to 18%(the "Default Rate") from the date due. Payment of such interest shall not excuse or cure any default by Tenant under this Lease, provided, however, that interest shall not be payable on late charges incurred by Tenant.

Notwithstanding any other term or provision hereof, in no event shall the total of all amounts paid hereunder by Tenant and deemed to be interest exceed the amount permitted by applicable usury laws, and in the event of payment by Tenant of interest in excess of such permitted amount, the excess shall be applied towards damages incurred by Landlord or returned to Tenant, at Landlord's option.

13.6 Impounds. In the event that a late charge is payable hereunder, whether or not collected, for three (3) installments of rent or other monetary obligation which Tenant is late in paying, Tenant shall pay to Landlord, if Landlord shall so request, in addition to any other payments required under this Lease, monthly advance installments, payable at the same time as the rent is paid for the month to which it applies, in amounts required as estimated by Landlord to establish a fund for real property tax and insurance expenses on the Property which are payable by Tenant under the terms hereof. Such fund shall be established to insure payment when due, before delinquency, of any or all such real property taxes and insurance premiums. If the amounts paid to Landlord by Tenant under the provisions of this Section 13.6 are insufficient to discharge the obligations of Tenant to pay such real property taxes and insurance premiums as the same become due, Tenant shall pay to Landlord, upon Landlord's demand, additional sums necessary to pay such obligations. All moneys paid to Landlord under this Section 13.6 may be intermingled with other monies of Landlord and shall not bear interest.

13.7 Default by Landlord. Landlord shall not be in default unless (a) Landlord breaches its obligations under Section 25 or (b) Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Property whose name and address shall have theretofore been furnished to Tenant in writing, specifying the obligation that Landlord has failed to perform;

14. CONDEMNATION. If the Property or any portion thereof is taken under the power of eminent domain, or sold under the threat of the exercise of said power (either of which is herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than twenty five percent (25%) of the Property or such portion thereof as will make the Property unusable for the purposes herein leased is taken by condemnation, Tenant may terminate this Lease by notice to the other, in writing, only within thirty (30) days after Landlord shall have given Tenant written notice of such condemnation or pending condemnation (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession), such termination to take

effect as of the date the condemning authority takes possession. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Property remaining, except that the rent shall be reduced in the proportion that the area of the Property taken bears to the total area of the Property, and Tenant shall have no other rights or remedies as a

result of such condemnation. Both Landlord and Tenant shall have the right to claim and collect any award or settlement from the condemnation proceedings for damages to their respective interest in the Property, at their respective expense.

15. ESTOPPEL CERTIFICATE.

15.1 Certificate. Tenant shall at any time upon not less than ten (10) business days' prior written notice from Landlord execute, acknowledge and deliver to Landlord and/or any lender or purchaser designated by Landlord a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if applicable, and (ii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any purchaser or encumbrancer of the Property.

15.2 Failure to Deliver Certificate. At Landlord's option, Tenant's failure to deliver such statement within such time shall be a material breach by Tenant under this Lease or shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (ii) that there are no uncured defaults in Landlord's performance, and (iii) that no rent has been paid in advance.

15.3 Financial Statements. If Landlord desires to finance, refinance, or sell the Property, or any part thereof, Tenant hereby agrees to deliver to any lender or purchaser designated by Landlord the past three (3) years financial statements of Tenant and any guarantor, in such detail as may be reasonably required by such lender or purchaser. All such financial statements shall be received by Landlord and such lender or purchaser in confidence and shall be used only for the purposes of assessing the status of Tenant's tenancy and the value of the Property.

16. SUBORDINATION.

Landlord agrees to utilize its reasonable best efforts to obtain a subordination, non-disturbance and attornment agreement on terms reasonably satisfactory to Tenant, with respect to all current and future mortgages encumbering all or a portion of the Property.

17. NOTICES.

(a) Except as provided in subsection (b) below, any notice, demand, request or other communication ("Notice") required or permitted to be given hereunder shall be in writing and shall be deemed given when mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to Tenant or to Landlord at the address noted below the signature of such party. Notice given by any

other means shall be deemed given when actually received in writing. Either party may by notice to the other specify a different address for Notice purposes, which shall only be effective upon receipt, except that upon Tenant's taking possession of the Property, the Property shall constitute Tenant's address for Notice purposes. A copy of all Notices required or permitted to be given to Landlord hereunder shall be concurrently transmitted to such party or parties at such addresses as Landlord may from time to time hereafter designate by notice to Tenant.

18 INCORPORATION OF PRIOR AGREEMENTS: AMENDMENTS. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at

the time of the modification. Except as otherwise stated in this Lease, Tenant hereby acknowledges that neither the Landlord nor any of its employees or agents has made any oral or written warranties or representations to Tenant relative to the condition or use by Tenant of said Property, and Tenant acknowledges that Tenant assumes all responsibility regarding the Occupational Safety Health Act, the legal use and adaptability of the Property, and the compliance thereof with all applicable laws and regulations in effect during the term hereof, except as otherwise specifically stated in this Lease.

19. ATTORNEY'S-FEES. If either party brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action shall be entitled to recover reasonable attorney's and legal assistant's fees and costs incurred in connection therewith, on appeal or otherwise, including those incurred in arbitration, mediation, administrative or bankruptcy proceedings and in enforcing any right to indemnity herein.

20. FORCE MAJEURE. Whenever a period of time is herein prescribed for action to be taken by Landlord or Tenant (other than monetary payments, owed by Tenant to Landlord), Landlord or Tenant, as applicable, shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions or any other causes of any kind whatsoever which are beyond the control of Landlord or Tenant, as applicable.

21. HOLDING OVER. If Tenant, with Landlord's consent, remains in possession of the Property or any part thereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all the provisions hereof pertaining to the obligations of Tenant, but all options and rights of first refusal, if any, granted under the terms hereof shall be deemed terminated and be of no further effect during said month to month tenancy. If Tenant shall hold over without Landlord's express written consent, Tenant shall become a tenant at sufferance and rental shall be

due at a rate equal to 150% of the rent payable immediately prior to the expiration of the term. The foregoing provisions shall not limit Landlord's rights hereunder or provided by law in the event of Tenant's default.

22. LANDLORD'S ACCESS. Landlord and Landlord's agents shall have the right to enter the Property at reasonable times for the purpose of inspecting the same, posting notices of non-responsibility, showing the same to prospective purchasers, lenders, or tenants, performing any obligation of Tenant hereunder of which Tenant is in default, all without being deemed guilty of an eviction of Tenant and without abatement of rent, Landlord hereby indemnifies and holds Tenant harmless from all loss, claims, damage, liability and expenses (including, without limitation, reasonable attorney's fees) incurred as a result of the exercise by Landlord of its rights hereunder. No provision hereof shall be construed as obligating Landlord to perform any repairs, alterations or to take any action not otherwise expressly agreed to be performed or taken by Landlord. Landlord may at any time place on or about the Property reasonable "For Sale" signs and Landlord may at any time during the last 365 days of the term hereof place on or about the Property reasonable "For Lease" signs, all without rebate of rent or liability to Tenant.

23. QUIET ENJOYMENT. Upon Tenant paying the rent for the Property and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Property for the entire term hereof subject to all of the provisions hereof.

24. LANDLORD'S LIABILITY. The term "Landlord" as used herein shall mean only the owner or owners at the time in question of the fee title or a tenant's interest in a ground lease of the Property, and in the event of any transfer of such title or interest, Landlord herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Landlord's obligations thereafter to be performed, provided that any funds previously delivered by Tenant to Landlord or the then grantor at the time of such transfer, in which Tenant has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Landlord shall, subject to transfer of funds as aforesaid, be binding on Landlord's successors and assigns only during their respective periods of ownership.

25. BINDING EFFECT: CHOICE OF LAW. This Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State wherein the Property is located.

26. SEVERABILITY. The invalidity of any provision hereof under applicable law shall in no way affect the validity of any other provision hereof.

27. TIME OF ESSENCE. Time is of the essence hereof.

28. ADDITIONAL RENT: SURVIVAL. Any and all monetary obligations of

Tenant under the terms hereof shall be deemed to be rent, shall be secured by any available lien for rent, and to the extent accrued shall survive expiration or termination of the term hereof.

29. COVENANTS AND CONDITIONS. Each provision hereof performable by Tenant shall be deemed both a covenant and a condition.

30. MERGER. The voluntary or other surrender hereof by Tenant, or a mutual cancellation thereof, or a termination by Landlord, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

31. SECURITY MEASURES. Tenant hereby acknowledges that the rental payable to Landlord hereunder does not include the cost of guard service or other security measures, and that Landlord shall have no obligation whatsoever to provide same. Tenant assumes all responsibility for the protection of Tenant, its agents and invitees from acts of third parties.

32. AUTHORITY. If Tenant is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said entity, and Tenant shall, within fifteen (15) days after execution hereof, deliver to Landlord evidence of such authority satisfactory to Landlord.

33. CONSTRUCTION. Any conflict between the printed provisions hereof and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions. Headings used herein shall not affect the interpretation hereof, being merely for convenience. The terms "Landlord" and "Tenant" shall include the plural and the singular and all grammar shall be deemed to conform thereto. If more than one person executes this Lease, their obligations shall be joint and several. The use of the words "include," "includes" and "including" shall be without limitation to the items which may follow.

34. AUCTIONS. Tenant shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Property without first having obtained Landlord's prior written consent.

35. CAPTIONS. The parties mutually agree that the headings and captions contained in this Lease are inserted for convenience or reference only, and are not to be deemed part of or used in construing this Lease.

36. ARBITRATION. In the event of any dispute between the Landlord and Tenant with respect to any issue specifically mentioned in this Lease as a matter to be decided by arbitration, such dispute shall be determined by arbitration in accordance

with the laws of the State of Florida dealing with arbitration, or in the absence of such laws, the rules of the American Arbitration Association. The decision resulting from the arbitration shall be binding, final and conclusive on the parties, and a decision thereon may be entered by a court having jurisdiction.

37. RADON GAS DISCLOSURE. The following language is required by law in any contract involving the sale or lease of any building within the State of Florida:

> "RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

38. ENVIRONMENTAL COMPLIANCE.

(a) Tenant shall not use, generate, manufacture, produce, store, release, discharge or dispose of, on, under or about the Property, or transport to or

from the Property, any Hazardous Substance (as defined below), except in compliance with applicable Environmental Law, or allow any other person or entity to do so. Subject to Section 40 (f), Tenant shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of, any Environmental Laws (as defined below). It being agreed that Tenant has no obligations with respect to any pre-existing condition.

(b) Tenant shall give reasonably prompt notice to Landlord of (i) any proceeding against or formal written inquiry to Tenant by any governmental authority (including without limitation the Florida Environmental Protection Agency or Florida Department of Health and Rehabilitative Services) with respect to the presence of any Hazardous Substance on the Property or the migration thereof from or to other property; and (ii) all claims received by Tenant that are made or threatened by any third party against Tenant, Landlord or the Property relating to any loss or injury resulting from any Hazardous Substance. obtaining actual knowledge of any occurrence or condition on any real property adjoining or in the vicinity of the Property that reasonably be expected to cause the Property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Environmental Law or any regulation adopted in accordance therewith.

(c) Tenant shall, indemnify and hold harmless Landlord, its directors, officers, employees, agents, successors and assigns from and against any and all loss, damage, cost, expense or liability (including attorneys' fees and costs) arising out of or attributable to the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, transport or presence of a Hazardous

Substance on, under, about, to or from the Property, including without limitation the costs of any necessary repair, cleanup or detoxification of the Property, in any way arising from the acts of Tenant.

(d) "Environmental Laws" shall mean any federal, state or local law, statute, ordinance or regulation pertaining to the environmental conditions on, under or about the Property, including without limitation the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended from time to time ("CERCLA"), 42 U.S.C. Sections 9601 et seq., and the Resource Conservation and Recovery Act of 1976, as amended from time to time ("RCRA"), 42 U.S.C. Sections 6901 et seq. The term "Hazardous Substance" shall include without limitation: (i) those substances included within the definition of "hazardous substances," "hazardous materials," "toxic substances," or "solid waste" in CERCLA, RCRA, and the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801 et seq., and in the regulations promulgated pursuant to said laws; (ii) those substances defined as "hazardous wastes" in any Florida Statute and in the regulations promulgated pursuant to any Florida Statute; (iii) those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto); (iv) such other substances, materials and wastes which are or become regulated under applicable local, state or federal law, or which are classified as hazardous or toxic under federal, state or local laws or regulations; and (v) any material, waste or substance which is (1) petroleum, (2) asbestos, (3) polychlorinated biphenyls, (4) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Sections 1251 et seq., or listed pursuant to Section 307 of the Clean Water Act, (5) flammable explosive, or (6) radioactive materials.

(e) Landlord shall have the right to inspect the Property and audit Tenant's operations thereon to ascertain Tenant's compliance with the provisions of this Lease at any reasonable time, Landlord shall have the right, but not the obligation, to enter upon the Property and perform any obligation of Tenant hereunder of which Tenant is in default, including without limitation any remediation necessary due to environmental impact of Tenant's operations on the Property, without waiving or reducing Tenant's liability for Tenant's default hereunder.

(f) Landlord shall indemnify and hold harmless Tenant, its directors, officers, employees, agents, successor and assigns from and against any and all loss, damage, cost, expense or liability arising out of the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, transport or presence of a Hazardous Substance on, under, about, to or from the Property, in any way arising from the acts of Landlord, any predecessors-in-title of Landlord, any third party for which Landlord is responsible, or otherwise arising before the date hereof.

(g) All of the terms and provisions of this Section 40 shall survive expiration or termination of this Lease for any reason whatsoever.

LANDLORD AND TENANT HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LANDLORD AND TENANT WITH RESPECT TO THE PROPERTY.

LANDLORD AND TENANT HEREBY IRREVOCABLY WAIVE THEIR RIGHT TO A JURY TRIAL IN THE EVENT OF ANY DISPUTE BETWEEN THEM REGARDING THIS LEASE.

WITNESSES:

LANDLORD:

- ----------
Signature

Date: ----------

- ----------
Print name

Address:

- ----------
Signature

Print name

TENANT:
Ken Marks Ford, Inc.

By: ----------

- ----------
Signature

Title: ----------

Date: ----------

- ----------
Print name

Address:

- ----------
Signature

- ----------
Print name

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L E A S E

Between

Viking Investment Associates

and

Lone Star Ford Inc.

TABLE OF CONTENTS

STATE OF TEXAS
COUNTY OF HARRIS

ARTICLE I

PARTIES:

THIS LEASE, made as of the 1st day of January 1995, by and between Lone Star Ford Inc., hereinafter called "Tenant" and Viking Investment Associates, hereinafter called "Landlord."

ARTICLE II

LEASED PREMISES:

The landlord, in consideration of the covenants, conditioner agreements, and stipulations of the Tenant hereinafter expressed, does hereby demise and lease the following premises situated in the City of Houston and State of Texas, described as follows:

24.76 Acres in three tracts
Tract I = 10.67 acres
Tract II = 9.29 acres
Tract III = 4.8 acres

Buildings - on Tract I = Main Garage of 52,500 SF
Showroom of 13,200 SF
Parts Building of 14,025 SF
on Tract II = Used Car Building of 2,125 SF
on Tract II = Body Shop of 26,450 SF

The 24.76 acres are lots 3,6,7 of the F.C. Trickey Subdivision of record in Volume 176 Page 222 in Harris County Court House also a Part of Abstract 565.

ARTICLE III

TERM AND USE:

To have and to hold the same for a term of ten (10) years to commence on January 1, 1995.

Tenant convenants to occupy and use the demised premises during the term of this lease and any renewals thereof as an office and warehouse and for such purpose and in such manner as shall not violate the zoning ordinances and other regulations of the Federal, State, County, or Municipal authorities now in force or hereafter adopted which in any manner affect the use of the demised premises or any appurtenances thereto.

ARTICLE IV

RENTAL:

The landlord hereby reserves and the Tenant hereby agrees to pay the Landlord upon the commencement of the ten(10) year term referred to hereinbefore an annual rental of $360,000 said payments to be made in twelve equal monthly installments of $30,000 each, between the first and fifth days of each month during the lease term except that the first years rent will be reduced to _____ as an inducement to lease.

ARTICLE V

RENTAL PAYMENTS:

All rental payments provided herein shall be made to Landlord at:

Viking Investment Associates
PO Box 18747
Charlotte, NC 28218

until notice to the contrary is given by Landlord.

ARTICLE VI

OWNERSHIP, POSSESSION AND WARRANTY

The Landlord covenants that it is lawfully seized of the demised premises and of the parking areas, driveways, and footways and has good right and lawful authority to enter into this lease for the full term aforesaid, that Landlord will put the Tenant in actual possession of the demised premises at the beginning of the term aforesaid, and that Tenant, on paying the said rent and performing the covenants herein agreed to by it to be performed, shall and may peaceably and quietly have, hold, and enjoy the demised premises and use the appurtenances thereto as hereinabove referred to for the said term.

ARTICLE VII

FIXTURES AND PERSONAL PROPERTY:

Any trade fixtures, equipment, and other property installed in or attached to the demised premises by and at the expense of the Tenant and all light fixtures provided by Tenant and installed by Landlord and all other items whether trade fixtures or otherwise, installed by the Tenant shall remain as the property of the Tenant and the Landlord agrees that the Tenant shall have the right at any time and from time to time, provided it be not in default hereunder, to remove any and all of its trade fixtures, equipment, and other property which it nay have stored or installed on the demised premises; provided, however, in much event Tenant shall restore the demised premises substantially to the same condition in which they were at the time the Tenant took possession.

ARTICLE VIII

INTERNAL MAINTENANCE AND TENANT'S COVENANT TO SURRENDER PREMISES IN GOOD CONDITION

Tenant covenants that it will at its own expense keep and maintain in good order and repair the interior of the improvements, including without limitation all window glass, plumping, wiring, electrical systems, heating, and air conditioning system. Tenant further covenants that it will at its own expense repair any damage to the exterior of said improvements and to the parkway, driveways, and footways occasioned or necessitated by the negligence or willfulness of its agents or employees. Tenant covenants and agrees that it will not make structural changes or alterations without the written consent of the Landlord; that it will not in any manner deface or injure said premises or any part thereof; and that it will return said premises peacefully and promptly to the Landlord at the end of the term of this lease, or at any previous termination thereof, in as good condition as the same are at the beginning of the term, loss by fire or other hazard and by ordinary wear and tear excepted.

ARTICLE IX

EXTERNAL MAINTENANCE

Tenant covenants that it will at its own expense keep and maintain The exterior and principal interior structural portions of the improvements and the demised premises.

ARTICLE X

TAXES AND INSURANCE

The Tenant shall pay all real estate taxes on the demised premises, parking areas, and driveways. Tenant will maintain and pay for adequate fire insurance, with extended coverage, on the demised premises. If during the term of this lease the demised premises are used by the Tenant for any purpose or in any manner that causes the improvements to be rated by fire insurance companies as extra hazardous, Tenant will pay The additional insurance premium caused by such use.

(Public Liability Insurance) Landlord shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the use and occupancy of the leased premises, nor for damages to the property or injuries to the person of tenant or of others who may be on said premises at Tenant's invitation and Tenant shall hold Landlord harmless from any and all claims for such damages or injuries. It is further agreed that Tenant shall procure and maintain during the term of this Lease Agreement a comprehensive general liability policy with a combined single limit of liability of $1,000,000 per occurrence for both bodily injury and property damage. Landlord shall be named an additional insured under such policy of insurance and be furnished with a certificate of insurance for this coverage.

Tenant shall provide for all hazard insurance on its own contents in the demised premises.

Tenant shall pay all personal property taxes.

ARTICLE XI

TAX CLAUSE:

The Tenant agrees to pay any and all ad valorem Taxes assessed or levied against or upon the premises.

It is understood and agreed that Tenant shall have the right, in its name or the name of Landlord, to protest or review by legal proceedings or in such other manner as it may deem suitable any tax or assessment with respect to the demised premises, provided any such protest or review shall be at the sole cost or expense of Tenant.

ARTICLE XII

RIGHTS OF PAYMENT UPON DEFAULT

The Landlord agrees that if it shall at any time fail to pay taxes and to provide and pay for any insurance required of it under the terms of this lease, then Tenant may at its option without liability for forfeiture pay such taxes or provide and pay for such insurance and deduct the actual cost thereof from the rent next thereafter falling due hereunder.

Landlord further agrees that Tenant shall also have the right at its option without liability or forfeiture to pay when due or within the grace period permitted any installment of mortgage indebtedness upon the demised premises when the payment thereof shall be necessary to preserve Tenant's leasehold interest hereunder and deduct the payment thereof from the rent thereafter falling due hereunder.

Tenant agrees to pay as rent in addition to the rental herein reserved any and all sums which may become due for reason of failure of Tenant to comply with all of the covenants of this lease and any and all damages, costs, and expenses which the Landlord may suffer or incur by reason of any default of the Tenant, or failure on its part to comply with the covenants of this lease and each of them, and also any and all damages to the demised premises caused by any act or neglect of the Tenant. Upon notification from any first Mortgagee on the aforementioned described property the Tenant hereby agrees to give said Mortgagee 30 days notice in writing of any defaults under this lease in order that said Mortgagee may have the right to cure said defaults at their sole option.

ARTICLE XIII

TENANT'S DEFAULT:

If the Tenant shall make default in any covenant or agreement to be performed by it and if after written notice from Landlord to Tenant such default shall continue for a period of ten (10) days or if the leasehold interest of the Tenant shall be taken on execution or other process of law or if the Tenant shall petition to be or be declared bankrupt or insolvent according to law, or make any conveyance or general assignment for the benefit of creditors, or if a receiver be appointed for such Tenant's property and such appointment be not vacated and set aside within thirty (30) days from the date of such appointment, or if proceedings for reorganization or for composition with creditors be instituted by or against such Tenant, then, and in any of said cases, the Landlord may immediately or at any time thereafter and without further notice or demand enter into and upon said premises for any part thereof and take absolute possession of the same fully and absolutely without such re-entry working a forfeiture of the rents to be paid and the covenants to be performed by the Tenant for the full term of this lease and may at the Landlord's election lease or sublet such premises or any part thereof on such terms and conditions and for such rents and for such time as the Landlord may elect and after crediting the rent actually collected by the Landlord from such reletting on the rentals stipulated to be paid under this lease by the Tenant, collect from the Tenant any balance remaining remaining on the rent reserved under this lease.

ARTICLE XIV:

UTILITIES:

During the term of this lease, Tenant shall provide and pay for all lights, heat, water, and other utilities upon the demised premises.

ARTICLE XV

ASSIGNING AND SUBLETTING.

The Tenant may not assign this lease or sublet the whole or any part of the demised premises without the written consent of the Landlord, it being understood and agreed that such consent will not be unreasonably withheld. In the event the Landlord at any time in writing consents to the assignment of this lease or to the subletting of the whole or any part of the demised premises, such assignment or subletting shall be in writing and shall be subject to the following conditions:

(a) That neither such assignment nor sublease nor the acceptance of rent by

the Landlord from such assignee or subtenant shall relieve, release, or in any manner affect the liability of that Tenant hereunder;

(b) That the said assignee or subtenant by an instrument in writing in recordable form shall assure and agree to keep, observe, and perform all of the agreements, conditions, covenants, and terms of this lease on the part of the Tenant to be kept, observed, and performed, and shall be, and become jointly and severally liable with the Tenant for the non-performance thereof;

(c) That a duplicate-original of such instrument of assignment or sublease and assumption shall be delivered to the Landlord as soon as such assignment or sublease and assumption have been executed and delivered; and

(d) That no further or additional assignment of this lease or sublease shall be made, except upon compliance with and subject to the provisions of this paragraph.

ARTICLE XVI

Environmental and ADA Liability:

The Tenant assumes all liability caused by non compliace or violation of Federal, State, County, or City EPA or ADA Ordinances or Rulings. Tenant will hold Landlord harmless for same.

ARTICLE XVII

DESTRUCTION BY FIRE:

The parties hereto mutually agree that it the improvements erected upon the demised premises be damaged by fire or other cause insured against by Landlord, Landlord will repair the said damages as promptly as practicable, under the supervision of Tenant's engineering department, and Tenant shall meanwhile be entitled to an abatement in rent to the extent of the loss of use suffered by it. In the event of the destruction (meaning by "destruction" damage to the extent of seventy-five (75) percent or more of its value) of the said building by fire or other cause insured against, either party may, at its option, cancel and terminate this lease by giving to the other written notice thereof at any time within thirty (30) days after the date of such destruction.

ARTICLE XVIII

NOTICES:

Whenever in this lease it shall be required or permitted that notice or demand be given or served by either party to this lease to or on the other, such notice or demand shall be given or served and shall not be deemed to have been given or served unless in writing and forwarded by mail addressed as follows:

To the Landlord: Viking Investment Associates
P.O. Box 18747
Charlotte, NC 28218

To the Tenant: Lone Star Ford
8477 North Freeway
Houston, Texas 77037

ARTICLE XIX

AGREEMENT BETWEEN LANDLORD AND TENANT:

It is expressly understood and agreed by and between the parties hereto that this lease sets forth all the promises, agreements, conditions, and understandings between Landlord and Tenant relative to the demised premises, and that there are no promises, agreements, conditions, or understandings, either oral or written, between them other than are herein set forth. It is further understood and agreed that, except as herein otherwise provided, no subsequent alteration, amendment, change, or addition to this lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them.

ARTICLE XX

OBLIGATIONS OF SUCCESSORS:

The Landlord and the Tenant agree that all the provisions hereof are to be construed as covenants and agreements as though the words imparting such covenants and agreements were used in each separate paragraph hereof and that all the provisions hereof shall bind and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors, and assigns.

ARTICLE XXI

SUBORDINATION OF LEASE;

This lease, its terms and conditions, and all the leasehold interest and rights hereunder, are expressly made, given, and granted subject and subordinate to the lien of any bona fide mortgage or deed of trust now or hereafter or imposed upon all or any part of the demised premises, and Tenant agrees to execute and deliver to Landlord, its successors or assigns, or to any other person or corporation designated by the Landlord, any instrument or instruments requested by Landlord consenting to any such mortgage or trust deed placed upon the premises and subordinating this lease thereto.

In the event of subordination, all rights of Tenant hereunder shall be fully preserved and protected as long as Tenant complies with all the covenants or conditions herein assumed by it.

IN TESTIMONY WHEREOF, the Landlord and the Tenant have caused these presents to be executed and delivered as of the day and year stated in Article I.

Viking Investment Associates
By: Sonic Financial Corp, Partner

Witness:
/s/[ILLEGIBLE]

By: /s/ William R. Brooks

William R. Brooks
VP

Lone Star Ford Inc.

Witness:
/s/[ILLEGIBLE]

By: /s/ [ILLEGIBLE]

STATE OF NORTH CAROLINA
COUNTY OF Cabarrus

I, Betty S. Robinson, a Notary Public for said County and State, do hereby certify that William R. Brooks personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal, this the 6 day of December, 1995.

/s/Betty S. Robinson

Notary Public

My commission expires:
02/27/99
- ---

STATE OF Texas
COUNTY OF Harris

I, Carla Stewart, a Notary Public for said County and State, do hereby certify that Roger L. Swick personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal, this the 6 day of Dec, 1995.

/s/ Carla Stewart

Notary Public

My commission expires:
11-30-97

STATE OF NORTH CAROLINA,

LEASE

COUNTY OF MECKLENBURG.

THIS LEASE AGREEMENT, Made and entered into in duplicate originals as of the 23rd day of October, 1979, by and between BRUTON SMITH (hereinafter called "Landlord") and wife BONNIE SMITH, of Mecklenburg County, North Carolina, and TOWN AND COUNTRY FORD, INCORPORATED, a North Carolina corporation (hereinafter called "Tenant");

W I T N E S S E T H :

The Landlord, for and in consideration of the rents, covenants, agreements and stipulations hereinafter mentioned, reserved and contained, to be paid, kept and performed by the Tenant, has leased, let and demised, and by these presents does lease, let and demise unto the said Tenant, and the Tenant hereby agrees to lease, let and demise and take upon the terms and conditions which hereinafter appear, the following described premises, to-wit:

The land this day leased and demised (hereinafter called the "demised premises") is shown on plat of survey for BRUTON SMITH containing 12.484 acres prepared by R. B. Pharr & Associates, N.C. R.L.S., dated September 6, 1979, and more particularly described on Addendum A attached hereto and by reference thereto made a part hereof.

TO HAVE AND TO HOLD all and singular the demised premises unto the Tenant for a term commencing December 1, 1979 and terminating at 12:00 midnight on the 31st day of October, 2000.

This Lease is made subject to the following further covenants, agreements and terms which are mutually agreed upon by and between the parties hereto, to-wit:

1. ANNUAL RENTAL. The annual rental for the aforesaid demised premises, buildings and appurtenances during the term of this lease shall be the sum of Four Hundred Nine Thousand, Two Hundred and no/100 Dollars ($409,200.00), which

Tenant covenants and agrees to pay to the Landlord, its successors and assigns, in monthly installments of Thirty-four Thousand One Hundred and no/100 Dollars ($34,100.00) each on the first day of each and every month during the term of this Lease. All rent shall be paid to Landlord at the address to which notices to Landlord are given as specified in paragraph 20 hereof.

2. TAXES, INSURANCE, REPAIRS AND MAINTENANCE.

A. Taxes. The Tenant shall pay all taxes and assessments upon the demised premises, and upon the buildings and improvements thereon, which are assessed during the Lease term or any extension thereof. All taxes assessed prior to but payable in whole or in installments after the date of this Lease Agreement, and all taxes assessed during the term but payable in whole or in installments after the expiration of the Lease term, or any extension thereof, shall be adjusted and prorated, so that the Landlord shall pay its prorated share for the period prior to the date of this Lease Agreement and for the period subsequent to the expiration of the Lease Term, or any extension thereof, and the Tenant shall pay its prorated share in accordance herewith.

B. Property Insurance. The Tenant at Tenant's cost shall maintain in full force and effect throughout the Lease term, or any extension thereof, on the buildings and other improvements located upon the demised premises,

(1) policy or policies of standard fire and extended coverage insurance, with vandalism, malicious mischief and tornado endorsements, to the extent of at least ninety per cent (90%) of full replacement value, and

(2) policy or policies of rental and rental value insurance coverage in an amount at least adequate to cover six (6) months of principal and interest installments due on the indebtedness secured by the first lien deed of trust upon the demised premises together with one-twelfth (1/12) of the annual real estate taxes and insurance expenses incurred for a period of at least twelve (12) months.

All such insurance policy or policies required by this Lease Agreement

shall be in such form, in such amounts and with such companies as shall be satisfactory to and approved by Landlord and the holder of the indebtedness secured by first lien deed of trust upon the demised premises. Tenant shall provide such insurance as it desires for its property located upon the demised premises.

C. Indemnity and Liability Insurance. The Tenant shall indemnify and save harmless the Landlord from and against any and all liability, penalties, damages, expenses and judgments by reason of any injury or claim of injury to persons or property arising out of the alleged negligence of the Tenant, its agents, employees and invitees in the use, occupation or control of the demised premises by

the Tenant. The Tenant agrees to keep in force such insurance policy or policies in such form and with such companies as shall be satisfactory to and approved by Landlord and the holder of the indebtedness secured by first lien deed of trust upon the premises, covering public liability, claims for personal injury, bodily injury, including death, and property damage, under a policy or policies of general public liability insurance, with coverage limits of not less than Five Hundred Thousand Dollars ($500,000) per person and $1,000,000 per occurrence, and property damage limits of not less than $500,000. The Tenant shall be obligated to defend any suit or claim, whether justified or not, brought against the Landlord by any person whatever, arising out of the use of the premises by the Tenant, and should the Tenant fail to defend such suit or claim upon request by the Landlord, then the Landlord may defend said suit or claim at the expense of Tenant.

D. Repairs and Maintenance. Landlord shall, throughout the Lease term or any extension thereof, maintain the outside walls of the buildings located upon the demised premises. Tenant shall, throughout the Lease term or any extension thereof, at its sole expense, keep and maintain any other portions of the demised promises in good order and repair. Tenant shall deliver up the said demised premises to the Landlord at the end of the Lease term, or any extension thereof, or the said Lease's sooner termination, in as good order and repair as the same is at the time of the commencement of the Tenant's occupancy, damage or destruction by fire, windstorm or other casualty and ordinary wear and tear excepted. Tenant shall not be required to make repairs to outside walls unless the condition necessitating the repairs was caused by Tenant, its employee(s) or its invitee(s).

On default of the Tenant in making such repairs or replacements, the Landlord may, but shall not be required to, make such repairs and replacements for the Tenant's account, and the expense thereof shall constitute and be collectible as additional rent.

E. Waiver of Subrogation. Notwithstanding anything to the contrary in any other provisions of this Lease, Landlord and Tenant covenant and agree that: (i) Each is hereby released from liability to the other on account of any loss or damage occurring during the term of this Lease to the extent that such loss or damage is covetable by insurance whether or not the same is caused in whole or in part by Landlord or Tenant and whether or not attributable to the negligence of Landlord or Tenant; and (ii) there shall be no subrogation of any insurer; provided,

however, that the mutual release of liability and provision for no subrogation shall not be operative in any case where the effect thereof is to invalidate any insurance coverage or increase the cost thereof, but each party procuring insurance under this Lease shall be obligated to use its best efforts to obtain policies permitting waiver of subrogation without additional cost, and if such waiver causes an increase in cost, nevertheless to procure such waiver if the other party agrees to pay any increase in cost.

3. FIRE OR OTHER CASUALTY LOSSES -- RESTORATION OF PREMISES. In case of damage to or destruction of the demised premises by fire, windstorm or other casualty to such an extent as to render them untenantable, Landlord may, by written notice to the Tenant given within thirty (30) days after such damage or destruction, (i) elect to terminate the Lease, or (ii) elect to repair or rebuild the improvements. If the damage is not such as to render the premises untenantable or if the Landlord elects to rebuild, the Landlord at its expense shall repair the damage with reasonable dispatch; and if the damage has rendered

the demised premises untenantable, in whole or in part, there shall be an abatement and apportionment of the annual rental until the damage has been repaired to the extent that the Tenant's activities are curtailed in the damaged portion of the building complex upon the demised premises. In determining what constitutes reasonable dispatch, consideration shall be given to delays caused by strikes, adjustments of insurance, and other causes beyond the Landlord's control.

4. EMINENT DOMAIN. If the demised premises, or any part thereof, shall be taken in any proceeding by the public authorities by condemnation, threat of condemnation, or otherwise, for any public or quasi-public use, Tenant shall be entitled to an abatement of the rent hereinabove reserved to the Landlord based upon the extent to which such taking causes a curtailment of the Tenant's business and activities upon the demised premises. If twenty-five percent (25%) of the parking lot area or ten percent (10%) of the total improved building area of the demised premises shall be taken in any proceeding by the public authorities by condemnation, threat of condemnation or otherwise, for any public or quasi-public use, the Tenant may at its option forthwith cancel this Lease as of the date upon which such taking shall become finally effective. All damages for the taking of any portion

of the demised premises shall belong to the Landlord, without prejudice, however, to such rights, if any, as the Tenant may have to claim from the condemning authority any damage suffered by it to its leasehold interest or leasehold improvements as the result of such taking.

5. ASSIGNMENT OR SUBLETTING. Tenant may not sublet the demised premises or any portion thereof or assign this Lease for the whole or any part of the term hereof without the consent of the Landlord, which consent may not be unreasonably withheld. In the event of any such subletting or assignment, Tenant shall, nevertheless, be and remain bound for the payment of all rentals as and when each shall become due and payable hereunder and for the carrying out and performing of all of the other covenants and agreements on the part of the Tenant to be done and performed hereunder, unless Landlord shall specifically agree to the contrary.

6. USE OF PREMISES; COMPLIANCE WITH REGULATIONS, ORDINANCES, ETC. Tenant agrees that it will not use the demised premises, nor will it suffer or permit the same to be used, for any other purpose other than an automobile sales and service establishment, including but not limited to, the sales and service of all types of motor vehicles, tractors, farm machinery and equipment, the sale of such merchandise as is sold ordinarily by an automobile dealer, and other purposes incidental to an automobile sales and service establishment, or for any other lawful purpose which the Landlord has approved in writing and which approval shall not be unreasonably withheld. The Tenant shall, throughout the Lease term or any extension thereof, and at no expense whatsoever to the Landlord, promptly comply, or cause compliance, with all laws and ordinances and the orders, rules, regulations and requirements of all Federal, State, County and municipal governments, and appropriate departments, commissions, boards and officers thereof, necessitated by Tenant's occupancy and use of the demised premises. Tenant shall not be required to make structural changes in the premises in compliance with this paragraph unless necessitated by action of Tenant, its employee(s) or invitee(s); but Landlord may terminate this Lease on thirty (30) days' notice if Tenant's use of the property would necessitate any structural changes and Tenant refuses to make them.

7. UTILITIES CHARGES AND PERMITS. The Tenant agrees to pay or cause to be paid all charges for gas, water, sewer, electricity, light, heat, power, telephone or other communication service or other utility or service used, rendered or supplied to, upon or in connection with the demised premises throughout the Lease term or any extension thereof, and to indemnify the Landlord and save Landlord harmless against any liability or damage on such account. The Tenant expressly agrees that the Landlord is not, nor shall Landlord be, required to furnish the Tenant or any other occupant of the demised premises, during the Lease term or any extension thereof, any water, sewer, gas, heat, electricity, light, power or any other facilities, equipment, labor, materials, or services of any kind whatsoever.

8. INDEMNITY PROVISIONS. The Tenant covenants and agrees, at its sole cost and expense, to indemnify and save harmless the Landlord against and from any and all claims by or on behalf of any person, firm or corporation, arising from the conduct or management of or from any work or thing whatsoever done in or about the demised premises during the Lease term or any extension thereof, and

further to indemnify and save the Landlord harmless against and from any and all claims arising from any condition on the demised premises, or arising from any breach or default on the part of the Tenant in the performance of any covenant or agreement on the part of the Tenant to be performed, pursuant to the terms of this Lease, or arising from any act or negligence of the Tenant, or any of its agents, contractors, servants, employees or licensees, or arising from any accident, injury or damage whatsoever caused to any person, firm or corporation (other than those caused by the Landlord or its servants and employees) occurring during the Lease term or any extension thereof, in or about the demised premises, and from and against all costs, counsel fees, expenses and liabilities incurred in or about any such claim, action or proceeding brought thereon; and in case any action or proceeding be brought against the Landlord by reason of any such claim, the Tenant upon notice from the Landlord covenants to resist or defend any such action or proceeding by counsel satisfactory to Landlord.

The Tenant further covenants and agrees that the Landlord shall not be responsible or liable to the Tenant, or any person, firm or corporation claiming by, through or under the Tenant for, or by reason of, any defect in the demised premises, or from any injury or lose or damage to person or property resulting therefrom, and the Landlord shall not be responsible or liable to the Tenant, or any person, firm or corporation claiming by, through or under the Tenant, for any injury, loss or damage to any persons or to the demised premises, or to any property of the Tenant, or of any other person, contained in or upon the demised premises, caused by or arising from any defect whatsoever, or by or from any injury or damage caused by, arising or resulting from lightning, wind, tempest, water, snow or ice, in, upon or coming through or falling from the roof, or by or from other actions of the elements, or from any injury or damage caused by or arising, or resulting from acts of negligence of any occupant or occupants (other than the Landlord and its servants and employees) of adjacent, contiguous or neighboring premises, or any other cause whatsoever.

The foregoing indemnity provisions shall not apply to losses occasioned by the negligence of Landlord or its employees.

9. ALTERATIONS. The Tenant agrees that it will make no structural alterations to the building or buildings now or hereafter erected upon the demised premises. The Tenant further agrees that it will not make any other alterations which would change the character of said building or buildings, or which would weaken or impair the structural integrity, or lessen the value of said building or buildings. The Tenant may make non-structural alterations, but it must remove same (and repair any damage caused thereby) on Landlord's request at the termination of the Lease.

10. DEFAULT. If Tenant should become and remain for fifteen (15) days in default in the payment of rent as and when the same shall become due and payable hereunder, or should became and remain for thirty (30) days in default in the performance of any of the terms or covenants of this Lease on its part to be done after Landlord shall have given Tenant notice of such default in writing, or if Tenant should be

adjudged bankrupt or if a permanent receiver should be appointed to take charge of the business and affairs of Tenant by reason of the Tenant's insolvency, then in any one or more of such events, Landlord shall have the right to terminate and cancel this Lease by giving Tenant five (5) days' written notice thereof and take possession of said premises without prejudice to any other legal remedy it may have.

The Tenant covenants and agrees that if it shall at any time fail to pay any taxes or other charges or to pay for any insurance policies as provided for herein which the Tenant is obligated to make or perform under this Lease, then the Landlord may, but shall not be obligated so to do, after ten (10) days' notice to and demand upon the Tenant and without waiving, or releasing the Tenant from, any obligations of the Tenant in this lease contained, pay any such taxes or charges, effect any such insurance coverage and pay premiums therefor, and may make any other payment or perform any other act which the Tenant is obligated to perform under this Lease, in such manner and to such extent as shall be necessary and, in exercising any such rights, pay necessary and incidental costs and expenses, employ counsel and incur and pay reasonable attorneys' fees. All sums so paid by the Landlord and all necessary and incidental costs and expenses in connection with the performance of any such act

by the Landlord together with interest thereon at the rate of eight percent (8%) per annum from the date of the making of such expenditure by the Landlord, shall be deemed additional rental hereunder, and, except as otherwise in this Lease expressly provided, shall be payable to the Landlord on demand or at the option of the Landlord may be added to any rent then due or thereafter becoming due under this Lease, and the Tenant covenants to pay any such sum or sums with interest as aforesaid, and the Landlord shall have (in addition to any other right or remedy of the Landlord) the same rights and remedies in the event of the non-payment thereof by the Tenant as in the case of default by the Tenant in the payment of rent.

11. WARRANTY OF TITLE AND QUIET ENJOYMENT. Landlord covenants and warrants that it is lawfully seized of the demised premises and has good, right, and lawful authority to enter into this Lease Agreement for the full term aforesaid (and any extension hereof), and that the Landlord will put the Tenant in actual possession of

the demised premises on the commencement date hereinabove referred to. Landlord further covenants and agrees that the Tenant, on paying the annual rental and observing and keeping the covenants, agreements and stipulations of this Lease on its past to be kept, shall lawfully, peaceably and quietly hold, occupy and enjoy the demised preemies during the demised term or any extension thereof without hindrance, ejection or molestation.

12. TENANT'S FIXTURES AND EQUIPMENT. Tenant may install such fixtures and equipment in the building or grounds upon the demised premises as it desires, so long as such do not affect the structural integrity of the buildings, and are done in a workmanlike manner in keeping with the original construction, and are in compliance with all laws, rules, regulations and requirements of all authorities having jurisdiction thereof. Any such fixtures and equipment shall remain the exclusive property of the Tenant, and the Tenant shall have the right at any time, provided it is not in default under this Lease Agreement, to remove any and/or all of such fixtures and equipment; provided, however, that the Tenant shall repair any damage to the demised premises occasioned by the removal of its fixtures and equipment and shall restore the premises to substantially the same condition in which it was at the time Tenant took possession, normal wear and tear excepted. The fixtures and equipment enumerated on Addendum B attached hereto and by reference thereto made a part hereof, located upon the demised premises, are the property of Landlord and shall remain the property of the Landlord as if a part of the demised premises.

13. INSPECTION OF PREMISES. The Landlord and its representatives shall be permitted to enter the demised premises at all reasonable times during usual business hours for purposes of inspecting the demised premises, making any necessary repairs to the demised premises and performing any work therein which may be necessary by reason of the Tenant's default under the terms of this Lease, or exhibiting the demised premises for sale, lease or mortgage financing. Except in emergency situations, Landlord will give Tenant forty-eight (48) hours notice of its intention to visit the premises. Nothing herein shall imply any duty upon the part of the Landlord to do any such work which under any provision of this Lease the Tenant may be required to perform, and the performance thereof by the Landlord shall not constitute a waiver of the Tenant's default.

14. OPTION TO RENEW. The Tenant may, by written notice given to the Landlord at least one hundred twenty (120) days prior to the expiration of the original term, elect to extend the Lease for an additional period of twenty (20) years. In such event rental for such succeeding extension period shall be agreed upon by the parties at the time of exercise.

15. SUBORDINATION. Tenant shall, upon request by Landlord, subject and subordinate all or any of its rights under this Lease to any and all deeds of trust now existing or hereafter placed upon the demised premises; provided, however, that Tenant will not be disturbed in the use or enjoyment of the demised premises so long as Tenant is not in default hereunder. Tenant agrees that this Lease shall remain in full force and effect notwithstanding any default or foreclosure under any such deed of trust and that it will attorn to the mortgagee, trustee or beneficiary of any such deed of trust, and their successors or assigns, and to the purchaser or assignee under any such foreclosure.

16. SUBORDINATION AND ATTORNMENT AGREEMENTS. Tenant agrees to enter into

such subordination and attornment agreements with the owners and holders of notes secured by deeds of trust on the demised premises, providing that Tenant will attorn to and recognize any such owner and holder who acquires possession of the property through foreclosure or otherwise as successor Landlord under this Lease and shall promptly execute and deliver any instrument such successor Landlord may request to evidence such agreement to attorn.

Upon attornment this Lease shall continue in full force and effect as if it were a direct lease between the successor Landlord and Tenant upon all of the terms, conditions and covenants as are set forth in this Lease and shall be applicable after such attornment except that the successor Landlord shall not be bound by any previous modification of this Lease or by any previous prepayment of more than one month's rent, unless such modification or prepayment shall have been expressly approved in writing by the owner and holder of the note secured by the deed of trust through or by reason of which the successor Landlord shall have succeeded to the rights of landlord under this Lease. Tenant agrees that it will not cancel this Lease for reasons other than Landlord's default or amend this Lease without the prior written consent of the owners and holders of notes secured by deeds of trust on the demised premises.

17. CHANGES IN LEASE TO FACILITATE FINANCING. If, in connection with obtaining financing or refinancing for the project a banking, insurance, or other recognized institutional lender shall request reasonable modifications in this Lease as a condition to such financing or refinancing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder or materially adversely affect the leasehold interest hereby created or Tenant's use and enjoyment of the premises.

18. ESTOPPEL LETTERS. Landlord or Tenant, as the case may be, will execute, acknowledge and deliver to the other, promptly, upon request, a certificate of Landlord or Tenant, as the case may be, certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date of each instrument so modifying this Lease), (b) the dates, if any, to which basic rent, additional rent and other sums payable hereunder have been paid, and (c) whether, in the opinion of each signer, any default exists hereunder and, if any such default exists, specifying the nature and period of existence thereof and what action Landlord or Tenant, as the case may be, is taking or proposes to take with respect thereto and whether notice thereof has been given to Landlord.

19. GENERAL PROVISIONS.

(a) The waiver by Landlord of any default or breach of any covenant, condition or agreement herein shall not be construed to be a waiver of any subsequent breach of that covenant, condition or agreement. The acceptance of rent by Landlord with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. No delay or omission of landlord to exercise any right or power arising from any default on the part of Tenant shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence thereto.

(b) The parties agree to execute and deliver any instruments in writing necessary to carry out the agreement, term, condition, or assurance in this Lease whenever occasion shall arise and request for such instrument shall be made and both parties agree to execute in recordable form a Memorandum of Lease

for recording in the Mecklenburg County Public Registry.

(c) This Lease embodies the full agreement of the parties and supersedes, any and all prior understandings or commitments concerning the subject matter of this Lease. Any modification or amendment must be in writing and signed by both parties.

(d) This Lease and the rights of the Landlord and Tenant and Guarantor hereunder shall be construed and enforced in accordance with the laws of the State of North Carolina.

(e) In the event that any part or provision of this Lease shall be determined to be invalid or unenforceable, the remaining parts and provisions of said Lease which can be separated from the invalid, enforceable provision shall continue in full force and effect.

(f) Paragraph titles, numbers and captions contained in this Lease are inserted only as a matter of convenience and for reference, and in no way define, limit, extend, modify, or describe the scope or intent of this Lease nor any provision herein.

(g) This Lease shall be binding upon and inure to the benefit of the parties hereto in accordance with its terms, their assigns, administrators, successors, estates, heirs and legatees respectively, except as herein provided to the contrary.

2. NOTICES. Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party or any other person, including Guarantor and institutional lender, shall be in writing and either served personally or transmitted by certified mail, postage prepaid, to the particular party at the address indicated below unless such party shall have in writing given the other party NOTICE of change of such address. All such notices shall be deemed given when deposited in the United States Mails addressed to Tenant or Landlord or other party.

LANDLORDS: Bruton Smith
P. O. Box 18704
Charlotte, North Carolina 28218

TENANT: TOWN AND COUNTRY FORD, INCORPORATED
P. O. Box 18704
Charlotte, North Carolina 28218

LENDER: NORTH CAROLINA NATIONAL BANK
c/o NCNB Mortgage Corporation
P.O. Box 10338
Charlotte, North Carolina 28237

GUARANTOR: LONE STAR FORD, INC.
8477 North Freeway
Houston, Texas 77088

21. GUARANTY. LONE STAR FORD, INC., a Texas corporation (hereinafter called "GUARANTOR") as a material inducement to and in consideration of Landlord entering into this Lease Agreement with Tenant, and the closing of a $2,500,000.00 twenty-year construction/permanent loan to Landlord by North Carolina National Bank, Charlotte, N. C., joins in the execution of this Lease Agreement for the purpose of guaranteeing and does hereby unconditionally guarantee and promise to and for the benefit of Landlord that Tenant shall faithfully perform each and every provision of this Lease Agreement that Tenant is to perform.

No amendment or modification of this Lease Agreement or Assignment of the same by Landlord shall be binding on Guarantor unless Guarantor shall have first given Guarantor's written consent to such amendment, modification or assignment. Landlord does, however, hereby expressly consent to the assignment of Landlord's rights in this Lease Agreement and the rents payable hereunder to North Carolina National Bank, Charlotte, N. C. and/or Monumental Life Insurance Company or Volunteer State Life Insurance Company, as additional security for the payment of the $2,500,000.00 indebtedness hereinbefore mentioned. Any renewals, extensions or modifications of the promissory note evidencing the said indebtedness shall be and remain binding upon Guarantor. Upon the payment in full of the said indebtedness, this guaranty shall cease and terminate and Guarantor shall have no further liability hereunder; provided, however, should the lien of the deed of trust securing the payment of the promissory note secured thereby be foreclosed because of Landlord's default in the performance of Landlord's obligations under the provisions of the said note or deed of trust, this guaranty shall continue in full force and effect until the termination of the original term of this Lease Agreement.

BONNIE SMITH, wife of BRUTON SMITH, joins in the execution of this Lease Agreement for the purpose of releasing, and she does hereby release, any rights which she may have in and to the land described herein by reason of her marital status.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease Agreement to be duly executed in duplicate originals by the proper persons, all as of the day and year first above written.

/s/Bruton Smith (SEAL)

Bruton Smith
LANDLORD

/s/ Bonnie Smith (SEAL)

[SEAL] Bonnie Smith

TOWN AND COUNTRY FORD, INCORPORATED,

BY /s/ Bruton Smith

President

Attest: TENANT

/s/[ILLEGIBLE]
- ---
Secretary

[SEAL] LONE STAR FORD, INC.
BY /s/ Bruton Smith

President

Attest. GUARANTOR

/s/[ILLEGIBLE]
- ---
Secretary

STATE OF NORTH CAROLINA,

MECKLENBURG COUNTY.

I, a Notary Public in and for said state and county, do hereby certify that BRUTON SMITH and wife, BONNIE SMITH personally appeared before me this day and acknowledged their due execution of the foregoing and attached instrument for the purposes therein expressed.

WITNESS my hand and notarial seal this 6th day of November, 1979.

/s/[Illegible]

Notary Public

My commission expires:
My Commission Expires September 19, 1984

STATE OF NORTH CAROLINA,

MECKLENBURG COUNTY.

I, a Notary Public in and for said state and county, do hereby certify that [Illegible] personallv came before me this day and acknowledge that he is _____Secretary of TOWN AND COUNTRY FORD, INCORPORATED, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing and attached instrument was signed in its name by its President, sealed with its corporate seal and attested by [Illegible] as its Secretary.

WITNESS my hand and official stamp or seal, this 6th day of November, 1979.

/s/[Illegible]

Notary Public

My commission expires:
My Commission Expires September 19, 1984

STATE OF NORTH CAROLINA,

MECKLENBURG COUNTY.

I, a Notary Public in and for said state and county, do hereby certify that

[Illegible] personally came before me this day and acknowledge that he is Asst. Secretary of LONE STAR FORD, INC., a Texas corporation, and that by authority duly given and as the act of the corporation, the foregoing and attached instrument was signed in its name by its President, sealed with its corporate seal and attested by [Illegible] as its Asst. Secretary.

WITNESS my hand and official stamp or seal, this 6th day of November, 1979.

/s/[Illegible]

Notary Public

My commission expires:
My Commission Expires September 19, 1984

ADDENDUM A

BEGINNING at a point located in the northeasterly margin of the right of way of East Independence Boulevard, said point of beginning being located S. 34-23-40 E. 540.17 feet from a new iron pin located at the southwest corner of the property conveyed to Borough Land Corp. by deed recorded in Deed Book 3589 at Page 65, Mecklenburg County Public Registry and running thence with the southerly boundary of a 60-foot Nonexclusive Access Easement N. 55-36-20 E. 750.0 feet to a point; thence S. 34-23-40 E. 725.0 feet to a point; thence S. 55-35-47 W. 750.0 feet to a point located in the northeasterly margin of the right of way of East Independence Boulevard; and thence with the northeasterly margin of the right of way of East Independence Boulevard N. 34-23-40 W. 725.0 feet to the point of BEGINNING.

TOGETHER with that certain 60-foot Nonexclusive Access Easement adjoining the northerly boundary of the above described tract of land, said easement being more particularly described as follows:

> BEGINNING at a point located in the northeasterly margin of the right of way of East Independence Boulevard, said point of beginning being located S. 34-23-40 E. 480.17 feet from a new iron pin located at the southwest corner of the property conveyed to Borough Land Corp. by deed recorded in Deed Book 3589 at Page 65, Mecklenburg County Public Registry and runs thence N. 55-36-20 E. 750.0 feet to a point; thence S. 34-23-40 E 60.0 feet to a point; thence S. 55-36-20 W. 750.0 feet to a point located in the northeasterly margin of the right of way of East Independence Boulevard and thence with the northeasterly margin of the right of way of East Independence Boulevard N. 34-23-40 W. 60.0 feet to the point of BEGINNING.

The above described land and 60-foot Nonexclusive Access Easement are shown on survey for Bruton Smith made by R. B. Pharr & Associates, dated September 6, 1979.

ADDENDUM B

The fixtures and equipment listed below shall at all times remain the property of the landlord as if a part of the demised promises (see paragraph 12 of Lease):

Two (2) Furnaces -
- Manufacturer - Drabo Hastings
- Model - P-45 WO
- Type - Waste oil burning
- Serial Numbers - 000136 and 000164
- Capacity - 450,000 BTU output each

Carpeting -
- Quantity - Approximately 1,750 square yards
- Description - Symmetry nylon
- Color - Royal spice
- Location - Hallway between service area and vehicle showroom, business office, salesmen's closing offices, perimeter of vehicle showroom, steps to second floor offices, and sales meeting room.

Counters -
- Construction - Wood with white formica covering
- Location - Parts department
- Dimensions - 36" W X 42" H X 28' L
  36" W X 42" H X 27' L

36" W X 42" H X 12' L

Vehicle Exhaust System - Service Department -
Manufacturer - Constructed by general contractor
Description - Constructed of 4" diameter galvanized sheet metal in 4 banks, 2 having 15 outlets each and 2 having 13 outlets each, totaling approximately 600 lineal feet. Outlets attach to tail pipes of vehicles to exhaust carbon monoxide from service department. Each bank is equipped with its own exhaust fan manufactured by Twin City Fan and Blower Company, Type BOV.

Ceiling Exhaust Fans - Service Department -
Manufacturer - Square D Company
Size - 1 hp. 36"
Quantity - 3
Description - Located in ceiling in vicinity of service write-up area to exhaust fumes from vehicles driving in for service

Overhead Doors - Service Department -
Installation - By general contractor
Location - Two each at service write-up entry and exit and 2 at rear of service department

Pneumatic Tube System and Air Pump -

Tube System - Tube system constructed by general contractor of 3" galvanized tubing to carry documents between the following activity centers:
Parts department
Service writers
Service cashier
Dispatcher
Truck service department
Shop foreman

Air Pump -
Manufacturer - Spencer Company
Size - 3 hp.
ID No. - 63.20669.015
Location - Parts department

Wall Exhaust Fans - Body Shop -
Manufacturer - Square D Company
Size - 1 hp., 36"
Quantity - 4
Location - Outside walls of body shop

Gas Heaters - Body Shop -
Manufacturer - Crane Company
Size - 50,000 BTU output
Type - Natural gas
Quantity - 7
Location - Hung from ceilings in body shop

EXHIBIT A

BEGINNING at a point located in the northeasterly margin of the right of way of East Independence Boulevard, said point of beginning being located S. 34-23-40 E. 545.17 feet from a new iron pin located at the southwest corner of the property conveyed to Borough Land Corp. by deed recorded in Deed Book 3589, Page 65, Mecklenburg County Public Registry, said point of Beginning also being located at the southwest corner of that certain lot of land conveyed to William A. Egan, et al., Trustees (Trust BSS-II) by deed dated November 7, 1979, and recorded in the Mecklenburg County Public Registry, and running thence two courses and distances with the said William A. Egan, et al., et al., Trustees land (1) N. 55-36-20 E. 50.0 feet to a point, and (2) N. 34-23-40 W. 5.0 feet to a point in the southerly boundary of a 60-foot Nonexclusive Access Easement; thence with the southerly boundary of the said Access Easement N. 55-36-20 E. 700.0 feet to a point; thence S. 34-23-40 E. 725.0 feet to a point; thence S.

55-35-47 W. 700.0 feet to a point located at the southeasterly corner of that certain lot of land conveyed to William A. Egan, et al., Trustees (Trust MGS-II) by deed dated November 7, 1979, and recorded in the Mecklenburg County Public Registry; thence with two courses and distances of the said William A. Egan, et al., Trustees' land (1) N. 34-23-40 W. 5.0 feet to a point, and (2) S. 55-35-47 W. 50.0 feet to a point, located in the northeasterly margin of the right of way of East Independence Boulevard and thence with the northeasterly margin of the right of way of East Independence Boulevard, N. 34-23-40 W. 715.0 feet to the point of BEGINNING.

LEASE

DEED BOOK PAGE
5484 0758

[STAMP]
PRESENTED FOR REGISTRATION
APR 29 4 24 PM '87

CHARLES E. CROWDER
REGISTER OF DEEDS
MECKLENBURG CO. N.C.

Excise Tax Recording Time, Book and Page

Tax Lot No. 133-081-22 Parcel Identifier No._____
Verified by _____ County on the _____day of _____, 19____
By_____

Mail after recording to Parker, Poe, et al (AGWjr) FEE 9.5
2600 Charlotte Plaza, Charlotte, NC 28244 < > 9.5
This instrument was prepared by A. Grant Whitney, Jr. CASH 9.5
Brief description for the Index
11:26 #3988 0000
04/29/87

NORTH CAROLINA GENERAL WARRANTY DEED

THIS DEED made this 24th day of April, 1987, by and between

GRANTOR

BRUTON SMITH and wife, BONNIE J. SMITH

GRANTEE

STC PROPERTIES, a North Carolina General Partnership

P.O. Box 18747
Charlotte, N.C. 28218

Enter in appropriate block for each party: name, address, and if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the City of Charlotte Township, Mecklenburg County, North Carolina and more particularly described on Exhibit A, attached hereto and incorporated herein by reference.

The above-described land is a portion of the land that was conveyed to Bruton Smith by Deed recorded in Book 4160, at Page 986, Mecklenburg County Public Registry.

DEED BOOK PAGE
5484 0759

The property hereinabove described was acquired by Grantor by instrument recorded in _____

A map showing the above described property is recorded in Plat Book _____ page _____.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons

whomsoever except for the exceptions hereinafter stated. Title to the property hereinabove described is subject to the following exceptions.

See Exhibit B, Permitted Exceptions, attached hereto and incorporated by reference herein.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

USE BLACK INK ONLY

	/s/ Bruton Smith
----------	----------(SEAL)
(Corporate Name)	BRUTON SMITH
By:	/s/ Bonnie J. Smith
----------	----------(SEAL)
	BONNIE J. SMITH
- ----------President	----------(SEAL)
ATTEST:	
- ----------	----------(SEAL)

- ----------Secretary
(Corporate Seal)

SEAL-STAMP
(NOTARY PUBLIC
SEAL)

Use Black Ink

NORTH CAROLINA, MECKLENBURG County,

I, a Notary Public of the County and State aforesaid, certify that Bruton Smith and wife, Bonnie J. Smith, Grantor, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 24th day of April, 1987.

My commission expires: Commission Expires November 18, 1990 /s/ Dorothy K. Morris Notary Public

==========

SEAL-STAMP

Use Black Ink

NORTH CAROLINA, _____ County I, a Notary Public of the County and State aforesaid, certify that _____ personally came before me this day and acknowledged that _____ he is _____ Secretary of _____ a North Carolina corporation and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal and attested by _____ as its _____ Secretary. Witness my hand and official stamp or seal, this _____ day of _____, 19___.

My commission expires: _____ Notary Public

==========

The foregoing Certificate of Dorothy K. Morris, a Notary Public for said County and State is certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on first page hereof.

Charles E. Crowder REGISTER OF DEEDS FOR Mecklenburg COUNTY

By /s/ Mary A.<illegible> Deputy - Register of Deeds

This 29th day of April, 1987

See Pages 760 - 761

EXHIBIT A

To Deed from Bruton Smith and wife, Bonnie J. Smith to STC Properties dated April 24, 1987.

BEGINNING at a point in the northernmost corner of the land conveyed to R.B. Borough by deed recorded in Book 4267, Page 370, Mecklenburg County Public Registry and which point of beginning is also located in the southeasterly boundary of the land conveyed to MJMRIM & AAM Investment Corp. by deed recorded in Book 3313, Page 425, Mecklenburg County Public Registry; and runs thence with the southeasterly boundary of the MJMRIM & AAM Investment Corp. Land N. 55-36-20 E. 403.96 feet to a point in the southerly boundary of Lot 3, Block 29 of Idlewild #1, Map Book 10, Page 301 Mecklenburg County Public Registry; and runs thence with the southerly boundaries of Lots 3, 4, 5, 6, 7, 8, and 9, Block 29 of Idlewild #1, Map 10, Page 301, Mecklenburg County Public Registry S. 85-05-02 E. 585.07 feet to a point in the northwesterly corner of Lot 2, Block I of Cedars East (Section III) as shown on map thereof recorded in Map Book 15, Page 245, Mecklenburg County Public Registry; thence with the westerly boundaries of Lots 2 and 1, Block I, a 50-foot Street and Lots 1, 2, 3, 4, 5, 6 and 7, Block D, all of Cedars East (Section III) as shown on map thereof recorded in Map Book 15, Page 245, Mecklenburg County Public Registry and the westerly boundary of the land conveyed to Chatham Associates L.P. by deed recorded in Book 3976, Page 150 (and shown on map recorded in Map Book 14, Page 439), Mecklenburg County Public Registry S. 15-16-31 E. 1370.43 feet to a point in the northernmost corner of the land conveyed to Lincoln National Life Insurance Company by deed recorded in Book 4528, Page 475 Mecklenburg County Public Registry; thence with the northwesterly boundary of the Lincoln National Life Insurance Company Land S. 55-35-47 W. 257.78 feet to a point; thence N. 34-23-40 W. 1205.17 feet to a point; thence S. 55-36-20 W. 150.00 feet to a point at the easternmost corner of the land conveyed to R.B. Borough by deed recorded in Book 4267, Page 370, Mecklenburg County Public Registry; thence with the northeasterly boundary of the Borough Land N. 34-23-40 W. 400.36 feet to the BEGINNING, containing 19.7996 acres, all as shown on survey prepared by R.B. Pharr & Associates, P.A. dated September 15, 1986 (File No. W-916).

TOGETHER with the right to use, in common with others, that certain 60-foot non-exculsive access easement and drainage easement recorded in Book 4253, Page 767, Mecklenburg County Public Registry.

STC Properties

DEED BOOK PAGE
5484 0761

EXHIBIT B

Permitted Exceptions to Deed From Bruton Smith and wife Bonnie J. Smith to STC Properties dated April 24, 1987.

1. Taxes for the year 1987, not yet due and payable.

2. Deed of Trust to William H. Cannon, Trustee for NCNB National Bank of North Carolina, recorded in Book 4163, Page 32, Mecklenburg County Public Registry.

3. Deed of Trust to Trustee for NCNB National Bank of North Carolina, recorded in Book 4616, Page 156, Mecklenburg County Public Registry.

4. Deed of Trust to Trustee for NCNB National Bank of North Carolina, recorded in Book 4874, Page 20, Mecklenburg County Public Registry.

5. Right of way to the City of Charlotte, recorded in Book 4253, Page 764, Mecklenburg County Public Registry.

6. Terms and conditions of that 60-foot non-exculsive access easement and drainage easement recorded in Book 4253, Page 767; fee title to land under access easement is subject to Deed of Trust recorded in Book 4253, Page 769.

7. Easement for Retention Pond, recorded in Book 4394, Page 614.

8. Rights of tenant(s) in possession under unrecorded lease(s).

9. Such state of facts occurring subsequent to September 15, 1986, date of survey by R.B. Pharr, as would be disclosed by a current accurate survey and inspection of the premises.

LEASE

By and Between

JAG PROPERTIES LLC
as Lessor

And

JAGUAR OF CHATTANOOGA LLC
as Lessee

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LEASE

THIS LEASE by and between JAG PROPERTIES LLC, a Tennessee Limited Liability Company herein collectively called the "Lessor," and JAGUAR OF CHATTANOOGA LLC, a Tennessee Limited Liability Company, hereinafter called the "Lessee."

W I T N E S S E T H:

WHEREAS, the Lessee herein desires to lease from Lessor and the Lessor desires to lease to the Lessee certain premises hereinafter described.

NOW, THEREFORE, in consideration of the covenants, terms, and conditions hereinafter set forth, Lessor and Lessee agree as follows:

1. Description and Term. In consideration of the rents hereinafter reserved and all terms, conditions, covenants, and agreements hereinafter contained, the Lessor hereby leases and demises to the Lessee, and the Lessee hereby hires, leases and takes from the Lessor the following-described property (hereinafter called the "Premises"), to wit:

(a) Description. The Premises, the subject of this Lease between Lessor and Lessee, is the land and buildings located on the real property more particularly described on Exhibit A attached hereto.

(b) Term. The term of this Lease shall be twenty-two (22) years from January 1, 1995 until December 31, 2017.

(c) Possession. Lessee's possession of the Premises, carries with it all the obligations of Lessee under this Lease, including all covenants and conditions and all responsibilities.

2. Rent. The annual rental for the first five (5) years of the term of this Lease shall be Eighty Seven Thousand Six Hundred Forty-Eight Dollars ($87,648.00). The Lessee agrees to pay said rent in lawful money of the United States in equal monthly installments of Seven Thousand Three Hundred Four Dollars ($7,304.00) in advance of the first day of the Lease term beginning February 1, 1995 and thereafter upon the same day of each successive month during the term, at the office of the Lessor or at such other place as Lessor may designate. Upon the expiration of

the first five (5) years of the term of this Lease, the rent shall be adjusted by an amount equal to forty percent (40%) of the increase, if any, in the debt service amount payable under Lessor's loan (or any renewal, extension, modification or replacement thereof) secured by the Premises. Lessor shall notify Lessee of the amount of such rent adjustment, and said rent shall be paid in equal monthly installments in advance of the first day of each month for the remainder of the term of this Lease.

3. Covenant to Pay Rent and Use. In consideration of the foregoing letting, the Lessee does hereby covenant and agree as follows:

(a) To pay rent as aforementioned and herein provided;

and

(b) Not to use and not to permit or suffer the use of the Premises for illegal or unlawful purposes, but for an automobile dealership for the purpose of selling and servicing new and used automobiles.

4. "For Sale" and "To Let" Signs. During the last six (6) months of the term of this Lease or any renewals thereof, unless the Lessee has given a notice to renew pursuant to paragraph 3 of this Lease, the Lessor may maintain "To Let" or "For Sale" signs upon the Premises and may freely exhibit the Premises to any prospective tenants and/or purchasers; provided, however, that Lessor has notified Lessee of such exhibition and it occurs during reasonable times after normal business hours or as otherwise agreed.

5. Acceptance of Premises, Maintenance and Improvements. At the commencement of the term, the Lessee accepts the land and buildings in their existing condition. No representation, statement or warranty, express or implied, has been made by or on behalf of the Lessor as to such condition, or as to the use that may be of such property. In no event shall the Lessor be liable for any defect in such property or for any limitation in its use.

Lessor shall have no further responsibility for maintenance or repairs of the Premises after the beginning of the term of this Lease. Lessee agrees to make all interior and exterior repairs and/or improvements to the buildings at its own expense and to reasonably maintain the Premises for the term of the Lease. Lessee shall at the end of the Lease term, or any renewal thereof, return the Premises to the Lessor in as good a condition as when the Lease term began, excepting damage caused by fire or other catastrophe not resulting from Lessee's gross negligence and excepting ordinary wear and tear. Lessee shall make no repairs, alterations or improvements to the Premises which would affect the structural integrity of the Premises without first requesting permission to do so from the Lessor and obtaining written approval from Lessor; provided, however, such written approval shall not be unreasonably withheld.

6. Governmental Requirements. The Lessee agrees that it shall comply with all requirements of all laws, orders, ordinances, and regulations which shall impose any duty upon the owner or occupant of the Premises.

7. Parking Area and driveways. Lessee specifically covenants to Lessor and agrees to maintain for the full term of this Lease, and any renewals thereof, the driveways and parking areas which are a part of the Premises.

8. Permits. Any permits required from any governmental agency because of the use of the Premises by the Lessee shall be secured by the Lessee and shall be its sole obligation and the failure to obtain any such permit or the revocation of any such permit at any time shall in no way alter the terms or conditions of this Lease.

9. Insurance.

(a) From the date hereof and until the end of the term of this Lease, or any renewals thereof, the Lessee shall keep the Premises insured, at its sole cost and expense, against claims for personal injury or property damage under a policy of general public liability insurance, with limits of at least $200,000/$500,000 for bodily injury, and $100,000 for property damage. Such policies shall name the Lessor and the Lessee as the insureds. The public liability policy or a certificate thereof shall be delivered to the

Lessor within twenty (20) days of the commencement of the term hereof and not less than twenty (20) days before its expiration date during the term of this Lease, and any renewals thereof.

(b) From the date hereof until the end of the term of this Lease, or any renewals thereof, the Lessee shall keep its improvements which do not become fixtures insured with fire and extended coverage insurance in an amount equal to one hundred percent (100%) of the full replacement cost of said improvements. Any policy providing such coverage shall contain the so-called special coverage all-risk endorsement and the full replacement cost endorsement.

(c) From the date hereof until the end of the term of this Lease, or any renewals thereof, Lessee shall keep the Premises insured at its sole cost and expense for fire and extended coverage insurance. The policy providing such coverage shall contain the so-called special coverage all-risk endorsement.

(d) All policies of insurance required to be maintained by the Lessee shall name the Lessee and Lessor as the insureds as their respective interests may appear.

(e) All insurance required to be maintained by the Lessee shall be effected by valid and enforceable policies issued by insurers of recognized responsibility, satisfactory to the Lessor.

(f) Lessor shall cause any insurance policy carried by him, and Lessee shall cause each insurance policy carried by it insuring the fixtures of the buildings and contents in the Premises to be written in such a manner so as to provide that the insurance company will waive all right of recovery by way of subrogation against Lessor or Lessee in connection with any loss or damage covered by any such policies. Neither party shall be liable to the other for any loss or damage caused by fire or any of the risks enumerated in standard extended coverage insurance. If the release or either Lessor or Lessee, as set forth in the preceding sentence of this paragraph, shall contravene any law with respect to exculpatory agreements, the liability of the party in question shall be deemed not released but shall be deemed secondary to the latter's insurer. Lessor shall not do or permit to be done any act

or thing upon the Premises that would invalidate or be in conflict with fire insurance policies covering the land and buildings.

10. Condemnation. The parties hereto agree that should the Premises, or such portion thereof as will make the Premises unusable for the purposes herein leased, be taken or condemned by competent authority for public or quasi-public use, then this Lease shall, at the Lessee's option, terminate from the date when possession of the parts so taken shall be required for the use and purpose for which they had been taken. During any period in which there is less than complete interference with the operation of the business in the Premises, then the rent owing by the Lessee shall be abated in proportion to gross revenues volume at the Premises during such period of interference as it relates and compares to the gross revenue of the Premises during the last full month of operation of the Premises prior to such interference. In the event that the means of ingress and egress are in any way blocked or partially blocked as a result of any road construction or other improvements, Lessor agrees to make an abatement of rent during such period of construction or improvement. All compensation awarded for such taking of the fee and leasehold shall belong to and be the property of the Lessor; provided, however, that the Lessor shall not be entitled to any portion of the award made to the Lessee for loss of business and for the cost of removal of any stock or other furnishings which have not become fixtures. Lessee shall, notwithstanding anything above to the contrary, have the right to participate as a party in any condemnation proceedings to the extent of its leasehold interest in the property and any interest in improvements to the property which have not vested in Lessor.

11. Covenant on Proceeds. If all or part of the Premises shall be damaged or destroyed by fire or other casualty, insured under the standard fire insurance policy with so-called special coverage all-risk endorsement required pursuant to paragraph 10(c), Lessor shall, except as otherwise provided herein, repair and/or rebuild the same with reasonable diligence, but Lessor's obligation hereunder shall not include the improvements or betterments applied by any other party, unless such improvements or betterments become fixtures. Nothing hereinabove contained shall impose upon Lessor any liability or responsibility to replace or repair any property belonging to Lessee. This Lease shall continue in full force and effect, but rent and additional rent, if any, shall abate from the

date of such damage until ten (10) days after the Lessor has repaired or restored said buildings in the manner and in the condition provided in this section and notified Lessee of such fact. In the event that a part of the Premises is rendered untenable or not suitable for use for the conduct of Lessee's business therein, a just and proportionate part of the rent shall be abated from the date of such damage until ten (10) days after Lessor has repaired same and notified Lessee of such fact. Furthermore, in connection with the above, Lessee shall receive a credit or refund, whichever is appropriate, of any rent paid in advance.

Notwithstanding anything to the contrary contained in the preceding paragraph, either party may at its option terminate this Lease on thirty (30) days' notice to the other given within ninety (90) days after the occurrence of any damage or destruction of (i) the destruction or damage is caused as a result of a risk not covered by Lessee's insurance policies, (ii) the Premises are damaged or destroyed during the last eighteen months of the Lease term or any renewal term, or (iii) the Premises are completely destroyed or so damaged by fire or other casualty as to render it unfit for use as an outpatient radiation therapy facility and the insurance coverage is insufficient in amount to pay in full for necessary repairs and restoration and if either party deems such repairs or restoration economically unfeasible.

12. Defaults. If Lessee should default in the payment of any rental or monies due hereunder when due, or be in default of any covenant, agreement or condition herein provided for, or abandon or vacate the Premises, or bankrupt or make an assignment for benefit of creditors, or in the event a receiver is appointed for Lessee, then, upon the occurrence of any one or more of such contingencies and after the Lessee has been given notice by Certified Mail of such default, Lessee shall have ten (10) days after the receipt of such notice within which to correct such default or defaults, or if such default shall be of such nature that it cannot be cured completely within such 10-day period, the Lessee shall commence to cure such default or defaults within the 10-day period and shall thereafter proceed with reasonable diligence and in good faith to remedy such default; otherwise, this Lease may be cancelled at the option of the Lessor and all rights of the Lessee terminated. In the event of such

cancellation and termination, Lessor shall have

the immediate right or at any time thereafter to re-enter and take possession of the Premises.

The Lessee shall be liable for the cost of seizure and repossession of the Premises and reasonable attorneys' fees incurred as a result of the seizure and repossession of the Premises.

Upon regaining possession of the Premises and upon re-entry therein and the removal of all persons and property therefrom, Lessor shall relet the Premises at a reasonable rental and upon such terms as may be reasonably obtained under the circumstances and hold Lessee liable for any deficiency. Lessor is authorized to make all necessary repairs, changes, and alterations in or to the Premises for the new tenant.

13. Electrical Wiring. The occupancy of the Premises by Lessee shall constitute acceptance of the electrical wiring as it is with no further obligation upon the Lessor to repair or improve said wiring, and specifically the Lessee's occupancy constitutes acceptance of the electrical wiring as suitable for its use and purposes in the Premises and the Lessor shall have no obligation whatsoever because of said wiring. It is further understood that the signature of the Lessee hereto constitutes a waiver of any liability on the part of the Lessor in case of a fire or other calamity caused by said electrical wiring after occupancy.

14. Waiver of Requirements. No requirement whatsoever of this Lease shall be deemed waived or varied, nor shall the Lessor's acceptance of any payment with knowledge of any default or of Lessor's failure or delay to take advantage of any default constitute a waiver of the Lessor's rights thereby nor of any subsequent or continued breach of any requirement of this Lease. All remedies herein provided for shall be in addition to, and not in substitution for, any remedies otherwise available to the Lessor.

15. Notices. All notices to be given under this Lease shall be in writing and shall either be served personally or sent by Certified Mail to the address of the parties below specified. The Lessor's address for notices shall be 5915 Brainerd Road, Chattanooga, Tennessee 37411. The Lessee's address for notices shall be 5915 Brainerd Road, Chattanooga, Tennessee 37411.

16. Right to Sublease or Assign. Lessee shall not have the right to sublease or assign the Premises in whole or in part.

17. Surrender. Upon the expiration or other termination of the term of this Lease, or any renewals thereof, Lessee shall quit and surrender to Lessor the Premises, together with all buildings and improvements which became fixtures, broom clean, in good order and condition, damage caused by fire or other catastrophe not resulting from Lessee's gross negligence excepted, and ordinary wear and tear also excepted. Lessee shall remove all property to be removed at the expense of the Lessee, and Lessee hereby agrees to pay all costs and expenses thereby incurred. Lessee's obligations to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease.

18. Estoppel Certificates. Lessee agrees to execute and deliver to Lessor or Lessor's mortgagee or financial institution estoppel certificates in form and substance reasonably required by any lender of Lessor, together with such additional documents as such lender may reasonably request.

19. Construction of Lease. Words of any gender used in this Lease shall be held to include any other gender, and words in the singular number shall be held to include the plural, when sense requires. Wherever used herein, the words "Lessor" and "Lessee" shall be deemed to include the heirs, personal representatives, successors, sublessees and assigns of said parties, unless the context excludes such construction.

20. Captions. The paragraph captions as to contents of particular paragraphs herein are inserted only for convenience and are in no way to be construed as part of this Lease or as a limitation on the scope of the particular paragraph to which they refer.

21. Taxes. Lessee agrees to pay all real estate taxes and assessments on the land and buildings due and payable during the term of this Lease, or any

renewals thereof.

22. Lease acceptance. This Lease contains all the oral and written agreements, representations and arrangements between the parties hereto and any rights which the respective parties hereto may have had under any previous contracts or oral arrangements are hereby cancelled and terminated and no representations or warranties are made or implied other than those set forth herein. No oral agreement or representations for rental shall be deemed to constitute a lease other than this Lease and not until and unless this Lease shall have been properly executed by the Lessee and delivered to and executed by the Lessor.

23. Binding Upon Successors. All provisions herein contained shall bind and inure to the benefit of the parties hereto, their heirs, personal representatives, successors and permitted assigns.

24. Attorney Fees. If it should become necessary for Lessor to employ an attorney to assert any right of Lessor or force any obligation of Lessee hereunder after default by Lessee, Lessor shall be entitled to recover, in addition to the other costs and expenses herein provided for, the reasonable costs and charges of investigation and of such attorney.

25. Definition of Lessor; Liability of Lessor Limited. The term "Lessor" as used in this Lease means only the owner or ground Lessor for the time being of the land which constitutes the leased Premises, so that in the event of any sale or sales of such land, or assignment of the ground lease, or assignment, transfer or other conveyance of his rights under this Lease, the said Lessor shall be and hereby is entirely freed and relieved of all covenants and obligations of Lessor hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest, or between the parties and the purchaser at any such sale, or the successor to Lessor by reason of any assignment, transfer or other conveyance of Lessor's interest in this Lease, that such purchaser or successor has assumed and agreed to perform all of Lessor's obligations hereunder. The preceding sentence shall also be applicable to all successor lessors. Notwithstanding anything to the contrary provided in this Lease, it is agreed that Lessor, his heirs, successors and assigns, shall have absolutely no liability with respect to any of the terms, covenants and conditions of this Lease, and Lessee hereby expressly agrees that it shall look solely to the equity of Lessor or his successor(s) in interest in the leased Premises for the

satisfaction of each and every remedy of Lessee in the event of any breach by Lessor or by such successor in interest of any of the terms, covenants and conditions of this Lease to be performed by Lessor, such exculpation of personal liability to be absolute and without any exception whatsoever. Lessee covenants that no execution shall be levied against Lessor, but only against the leased Premises, and all judgments shall be so indexed.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 13th day of January, 1995.

LESSOR:

JAG PROPERTIES LLC

/s/ Nelson E. Bowers II, Chief Manager

By: Nelson E. Bowers II, Chief Manager

LESSEE:

JAGUAR OF CHATTANOOGA LLC

/s/ Nelson E. Bowers II, Chief Manager

By: Nelson E. Bowers II, Chief Manager

STATE OF TENNESSEE:
COUNTY OF HAMILTON:

Before me, a Notary Public of the state and county aforesaid, personally appeared NELSON E. BOWERS II, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged himself to be the Chief Manager of JAG PROPERTIES LLC, the within-named bargainor, or, a Limited Liability Company, and that he as such Manager, executed the foregoing instrument for the purposes therein contained, by signing the name of the Limited Liability Company as he is authorized so to do.

WITNESS my hand and seal this 13th day of January, 1995.

/s/ [illegible]

Notary Public

My commission expires: 5/6/98

STATE OF TENNESSEE:
COUNTY OF HAMILTON:

Before me, a Notary Public of the state and county aforesaid, personally appeared NELSON E. BOWERS II, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Chief Manager of JAGUAR OF CHATTANOOGA LLC, the within-named bargainor, or, a Limited Liability Company, and that he as such Manager, executed the foregoing instrument for the purposes therein contained, by signing the name of the Limited Liability Company as he is authorized so to do.

WITNESS my hand and seal this 13th day of January, 1995.

/s/ [illegible]

Notary Public

My commission expires: 5/6/98

Exhibit A

[FLOOR PLAN]

LEASE

By and Between

NELSON E. BOWERS II and THOMAS M. GREEN, JR.,
as Lessor

And

INFINITI OF CHATTANOOGA, INC.,
as Lessee

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LEASE

THIS LEASE by and between NELSON E. BOWERS II and THOMAS M. GREEN, JR., hereinafter collectively called the "Lessor," and INFINITI OF CHATTANOOGA, INC., a Tennessee corporation, hereinafter called the "Lessee."

W I T N E S S E T H:

WHEREAS, the Lessee herein desires to lease from Lessor and the Lessor desires to lease to the Lessee certain premises hereinafter described.

NOW, THEREFORE, in consideration of the covenants, terms, and conditions hereinafter set forth, Lessor and Lessee agree as follows:

1. Description and Term. In consideration of the rents hereinafter reserved and all terms, conditions, covenants, and agreements hereinafter contained, the Lessor hereby leases and demises to the Lessee, and the Lessee hereby hires, leases and takes from the Lessor the following-described property (hereinafter called the "Premises"), to wit:

(a) Street Address: 5915 Brainerd Road, Chattanooga, Tennessee 37421.

(b) Description. The Premises, the subject of this Lease between Lessor and Lessee, is the land and buildings located on the real property more particularly described on Exhibit A attached hereto.

(c) Term. The term of this Lease shall be twenty-six (26) years from July 1, 1991 until June 30, 2017.

(d) Possession. Lessee shall have the right to immediate possession of the Premises. Lessee's possession, however, carries with it all the obligations of Lessee under this Lease, including all covenants and conditions and all responsibilities.

2. Rent. The annual rental for the first three (3) years of the term of this Lease shall be One Hundred Eighty-Three Thousand Dollars ($183,000.00). The Lessee agrees to pay said rent in lawful money of the United States in equal monthly installments of Fifteen Thousand, Two Hundred Fifty Dollars ($15,250.00) in advance of the first day of the Lease term beginning July 1, 1991 and thereafter upon the same day of each successive month during the term, at the office of the Lessor or at such other place as Lessor may designate. Upon the expiration of the first three (3) years of the term of this Lease, the rent shall be adjusted by an amount equal to the increase, if any, in the debt service amount pay under Lessor's loan (or any renewal, extension, modification or replacement thereof) for the acquisition of the Premises. Lessor shall notify Lessee of the amount of such rent adjustment, and said rent shall be paid in equal monthly installments in advance of the first day of each month for the remainder of the term of this Lease.

3. Covenant to Pay Rent and Use. In consideration of the foregoing letting, the Lessee does hereby covenant and agree as follows:

(a) To pay rent as aforementioned and herein provided; and

(b) Not to use and not to permit or suffer the use of the Premises for illegal or unlawful purposes, but for an automobile dealership for the purpose of selling and servicing new and used automobiles.

4. "For Sale" and "To Let" Signs. During the last six (6) months of the term of this Lease or any renewals thereof, unless the Lessee has given a notice to renew pursuant to paragraph 3 of this Lease, the Lessor may maintain "To Let" or "For Sale" signs upon the Premises and may freely exhibit the Premises to any prospective tenants and/or purchasers; provided, however, that Lessor has notified Lessee of such exhibition and it occurs during reasonable times after normal business hours or as otherwise agreed.

5. Acceptance of Premises Maintenance and Improvements. At the commencement of the term, the Lessee accepts the land and buildings in their existing condition. No representation, statement or warranty, express or implied, has been made by or on behalf of the Lessor as to such condition, or as to the use that may be of such property. In no event shall the Lessor be liable for any defect in such property or for any limitation in its use.

Lessor shall have no further responsibility for maintenance or repairs of the Premises after the beginning of the term of this Lease. Lessee agrees to make all interior and exterior repairs and/or improvements to the buildings at its own expense and to reasonably maintain the Premises for the term of the Lease. Lessee shall at the end of the Lease term, or any renewal thereof, return the Premises to the Lessor in as good a condition as when the Lease term began, excepting damage caused by fire or other catastrophe not resulting from Lessee's gross negligence and excepting ordinary wear and tear. Lessee shall make no repairs, alterations or improvements to the Premises which would affect the structural integrity of the Premises without first requesting permission to do so from the Lessor and obtaining written approval from Lessor; provided,

however, such written approval shall not be unreasonably withheld.

6. Governmental Requirements. The Lessee agrees that it shall comply with all requirements of all laws, orders, ordinances, and regulations which shall impose any duty upon the owner or occupant of the Premises.

7. Parking Area and Driveways. Lessee specifically covenants to Lessor and agrees to maintain for the full term of this Lease, and any renewals thereof, the driveways and parking areas which are a part of the Premises.

8. Permits. Any permits required from any governmental agency because of the use of the Premises by the Lessee shall be secured by the Lessee and shall be its sole obligation and the failure to obtain any such permit or the revocation of any such permit at any time shall in no way alter the terms or conditions of this Lease.

9. Insurance.

(a) From the date hereof and until the end of the term of this Lease, or any renewals thereof, the Lessee shall keep the Premises insured, at its sole cost and expense, against claims for personal injury or property damage under a policy of general public liability insurance, with limits of at least $200,000/$500,000 for bodily injury, and $100,000 for property damage. Such policies shall name the Lessor and the Lessee as the insureds. The public liability policy or a certificate thereof shall be delivered to the Lessor within twenty (20) days of the commencement of the term hereof and not less than twenty (20) days before its expiration date during the term of this Lease, and any renewals thereof.

(b) From the date hereof until the end of the term of this Lease, or any renewals thereof, the Lessee shall keep its improvements which do not become fixtures insured with fire and extended coverage insurance in an amount equal to one hundred percent (100%) of the full replacement cost of said improvements. Any policy providing such coverage shall contain the so-called special coverage all-risk endorsement and the full replacement cost endorsement.

(c) From the date hereof until the end of the term of this Lease, or any renewals thereof, Lessee shall keep the Premises insured at its sole cost and expense for fire and extended coverage insurance. The policy providing such coverage shall contain the so-called special coverage all-risk endorsement.

(d) All policies of insurance required to be maintained by the Lessee shall name the Lessee and Lessor as the insureds as their respective interests may appear.

(e) All insurance required to be maintained by the Lessee shall be effected by valid and enforceable policies issued by insurers of recognized responsibility, satisfactory to the Lessor.

(f) Lessor shall cause any insurance policy carried by them, and Lessee shall cause each insurance policy carried by it insuring the fixtures of the buildings and contents in the Premises to be written in such a manner so as to provide that the insurance company will waive all right of recovery by way of subrogation

against Lessor or Lessee in connection with any loss or damage covered by any such policies. Neither party shall be liable to the other for any loss or damage caused by fire or any of the risks enumerated in standard extended coverage insurance. If the release or either Lessor or Lessee, as set forth in the preceding sentence of this paragraph, shall contravene any law with respect to exculpatory agreements, the liability of the party in question shall be deemed not released but shall be deemed secondary to the latter's insurer. Lessor shall not do or permit to be done any act or thing upon the Premises that would invalidate or be in conflict with fire insurance policies covering the land and buildings.

10. Condemnation. The parties hereto agree that should the Premises, or such portion thereof as will make the Premises unusable for the purposes herein leased, be taken or condemned by competent authority for public or quasi-public use, then this Lease shall, at the Lessee's option, terminate from the date when possession of the parts so taken shall be required for the use and purpose for which they had been taken. During any period in which there is less than complete interference with the operation of the business in the Premises, then the rent owing by the Lessee shall be abated in proportion to gross sales volume at the Premises during such period of interference as it relates and compares to the gross sales of the Premises during the last full month of operation of the Premises prior to such interference. In the event that the means of ingress and

egress are in any way blocked or partially blocked as a result of any road construction or other improvements, Lessor agrees to make an abatement of rent during such period of construction or improvement. All compensation awarded for such taking of the fee and leasehold shall belong to and be the property of the Lessor; provided, however, that the Lessor shall not be entitled to any portion of the award made to the Lessee or sublessee for loss of business and for the cost of removal of any stock or other furnishings which have not become fixtures. Lessee shall, notwithstanding anything above to the contrary, have the right to participate as a party in any condemnation proceedings to the extent of its leasehold interest in the property and any interest in improvements to the property which have not vested in Lessor.

11. Covenant on Proceeds. If all or part of the Premises shall be damaged or destroyed by fire or other casualty, insured under the standard fire insurance policy with so-called special coverage all-risk endorsement required pursuant to paragraph lO(c), Lessor shall, except as otherwise provided herein, repair and/or rebuild the same with reasonable diligence, but Lessor's obligation hereunder shall not include the improvements or betterments applied by any other party, unless such improvements or betterments become fixtures. Nothing hereinabove contained shall impose upon Lessor any liability or responsibility to replace or repair any property belonging to Lessee. This Lease shall continue in full force and effect, but rent and additional rent, if any, shall abate from the date of such damage until ten (10) days after the Lessor has repaired or restored said buildings in the manner and in the condition provided in this section and notified Lessee of such fact. In the event that a part of the Premises is rendered untenable or not suitable for use for the conduct of Lessee's business therein, a just and proportionate part of the rent shall be abated from the date of such damage until ten (10) days after Lessor has repaired same and notified Lessee of such fact. Furthermore, in connection with the above, Lessee shall receive a credit or refund, whichever is appropriate, of any rent paid in advance.

Notwithstanding anything to the contrary contained in the preceding paragraph, either party may at its option terminate this Lease on thirty (30) days' notice to the other given within ninety (90) days after the occurrence of any damage or destruction of (i) the destruction or damage is caused as a result of a risk not covered by Lessee's insurance policies, (ii) the Premises are damaged or destroyed during the last eighteen months of the Lease term or any renewal term, or (iii) the Premises are completely destroyed or so damaged by fire or other casualty as to render it unfit for use as a new automobile dealership and the insurance coverage is insufficient in amount to pay in full for necessary repairs and restoration and if either party deems such repairs or restoration economically unfeasible.

12. Defaults. If Lessee should default in the payment of any rental or monies due hereunder when due, or be in default of any covenant, agreement or condition herein provided for, or abandon or vacate the Premises, or bankrupt or make an assignment for benefit of creditors, or in the event a receiver is appointed for Lessee,

then, upon the occurrence of any one or more of such contingencies and after the Lessee has been given notice by Certified Mail of such default, Lessee shall have ten (10) days after the receipt of such notice within which to correct such default or defaults, or if such default shall be of such nature that it cannot be cured completely within such 10-day period, the Lessee shall commence to cure such default or defaults within the 10-day period and shall thereafter proceed with reasonable diligence and in good faith to remedy such default; otherwise, this Lease may be cancelled at the option of the Lessor and all rights of the Lessee terminated. In the event of such cancellation and termination, Lessor shall have the immediate right or at any time thereafter to re-enter and take possession of the Premises.

The Lessee shall be liable for the cost of seizure and repossession of the Premises and reasonable attorneys' fees incurred as a result of the seizure and repossession of the Premises.

Upon regaining possession of the Premises and upon re-entry therein and the removal of all persons and property therefrom, Lessor shall relet the Premises at a reasonable rental and upon such terms as may be reasonably obtained under the circumstances and hold Lessee liable for any deficiency. Lessor is authorized to make all necessary repairs, changes, and alterations in or to the

Premises for the new tenant.

13. Electrical Wiring. The signing of this Lease shall constitute acceptance of the electrical wiring as it is with no further obligation upon the Lessor to repair or improve said wiring, and specifically the Lessee's signature to this Lease constitutes acceptance of the electrical wiring as suitable for its use and purposes in the Premises and the Lessor shall have no obligation whatsoever because of said wiring. It is further understood that the signature of the Lessee hereto constitutes a waiver of any liability on the part of the Lessor in case of a fire or other calamity caused by said electrical wiring.

14. Waiver of Requirements. No requirement whatsoever of this Lease shall be deemed waived or varied, nor shall the Lessor's acceptance of any payment with knowledge of any default or of Lessor's failure or delay to take advantage of any default constitute a waiver of the Lessor's rights thereby nor of any

subsequent or continued breach of any requirement of this Lease. All remedies herein provided for shall be in addition to, and not in substitution for, any remedies otherwise available to the Lessor.

15. Notices. All notices to be given under this Lease shall be in writing and shall either be served personally or sent by Certified Mail to the address of the parties below specified. The Lessor's address for notices shall be 217 Colmore Circle, Lookout Mountain, Tennessee 37350. The Lessee's address for notices shall be 5915 Brainerd Road, Chattanooga, Tennessee 37421.

16. Right to Sublease or Assign. Lessee shall not have the right to sublease or assign the Premises in whole or in part.

17. Surrender. Upon the expiration or other termination of the term of this Lease, or any renewals thereof, Lessee shall quit and surrender to Lessor the Premises, together with all buildings and improvements which became fixtures, broom clean, in good order and condition, damage caused by fire or other catastrophe not resulting from Lessee's gross negligence excepted, and ordinary wear and tear also excepted. Lessee shall remove all property to be removed at the expense of the Lessee, and Lessee hereby agrees to pay all costs and expenses thereby incurred. Lessee's obligations to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease.

18. Estoppel Certificates. Lessee agrees to execute and deliver to Lessor or Lessor's mortgagee or financial institution estoppel certificates in form and substance reasonably required by any lender of Lessor, together with such additional documents as such lender may reasonably request.

19. Construction of Lease. Words of any gender used in this Lease shall be held to include any other gender, and words in the singular number shall be held to include the plural, when sense requires. Wherever used herein, the words "Lessor" and "Lessee" shall be deemed to include the heirs, personal representatives, successors, sublessees and assigns of said parties, unless the context excludes such construction.

20. Captions. The paragraph captions as to contents of particular paragraphs herein are inserted only for convenience and are in no way to be construed as part of this Lease or as a limitation on the scope of the particular paragraph to which they refer.

21. Taxes. Lessee agrees to pay all real estate taxes and assessments on the land and buildings due and payable during the term of this Lease, or any renewals thereof.

22. Lease Acceptance. This Lease contains all the oral and written agreements, representations and arrangements between the parties hereto and any rights which the respective parties hereto may have had under any previous contracts or oral arrangements are hereby cancelled and terminated and no representations or warranties are made or implied other than those set forth herein. No oral agreement or representations for rental shall be deemed to constitute a lease other than this Lease and not until and unless this Lease shall have been properly executed by the Lessee and delivered to and executed by the Lessor.

23. Binding Upon Successors. All provisions herein contained shall bind and inure to the benefit of the parties hereto, their heirs, personal

representatives, successors and permitted assigns.

24. Attorney Fees. If it should become necessary for Lessor to employ an attorney to assert any right of Lessor or force any obligation of Lessee hereunder after default by Lessee, Lessor shall be entitled to recover, in addition to the other costs and expenses herein provided for, the reasonable costs and charges of investigation and of such attorney.

25. Definition of Lessor: Liability of Lessor Limited. The term "Lessor" as used in this Lease means only the owner or ground Lessor for the time being of the land which constitutes the leased Premises, so that in the event of any sale or sales of such land, or assignment of the ground lease, or assignment, transfer or other conveyance of his rights under this Lease, the said Lessor shall be and hereby is entirely freed and relieved of all covenants and obligations of Lessor hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest, or between the parties and the purchaser at any such sale, or the successor to Lessor by reason of any

assignment, transfer or other conveyance of Lessor's interest in this Lease, that such purchaser or successor has assumed and agreed to perform all of Lessor's obligations hereunder. The preceding sentence shall also be applicable to all successor lessors. Notwithstanding anything to the contrary provided in this Lease, it is agreed that Lessor, his heirs, successors and assigns, shall have absolutely no liability with respect to any of the terms, covenants and conditions of this Lease, and Lessee hereby expressly agrees that it shall look solely to the equity of Lessor or his successor(s) in interest in the leased Premises for the satisfaction of each and every remedy of Lessee in the event of any breach by Lessor or by such successor in interest of any of the terms, covenants and conditions of this Lease to be performed by Lessor, such exculpation of personal liability to be absolute and without any exception whatsoever. Lessee covenants that no execution shall be levied against Lessor, but only against the leased Premises, and all judgments shall be so indexed.

IN WITNESS WHEREOF the parties have hereunto set their hands this 18th day of October, 1991.

LESSOR:
/s/ Nelson E. Bowers II

Nelson E. Bowers II

/s/ Thomas M. Green, Jr.

Thomas M. Green, Jr.

LESSEE:

INFINITI OF CHATTANOOGA, INC.

By: /s/ Nelson E. Bowers II

Title: Pres.

STATE OF TENNESSEE:
COUNTY OF HAMILTON:

Before me, a Notary Public of the state and county aforesaid, personally appeared NELSON E. BOWERS II, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged himself to be the person who executed the foregoing instrument, and that he executed the same as his free act and deed.

WITNESS my hand an seal this 18th day of October, 1991.

/s/ Betty A. Alexander

Notary Public

My commission expires: 7/26/95

STATE OF TENNESSEE:
COUNTY OF HAMILTON:

Before me, a Notary Public of the state and county aforesaid, personally appeared THOMAS M. GREEN, JR., with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged himself to be the person who executed the foregoing instrument, and that he executed the same as his free act and deed.

WITNESS my hand an seal this 18th day of October, 1991.

/s/ Betty A. Alexander

Notary Public

My commission expires: 7/26/95

STATE OF TENNESSEE:
COUNTY OF HAMILTON:

Before me, a Notary Public of the state and county aforesaid, personally appeared Nelson E. Bowers II, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the President of INFINITI OF CHATTANOOGA, INC., the within-named bargainor, a corporation, and that he as such officer, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation as he is authorized so to do.

WITNESS my hand an seal this 18th day of October, 1991.

/s/ Betty A. Alexander

Notary Public

My commission expires: 7/26/95

AMENDMENT TO LEASE AGREEMENT

This Amendment entered into as of this the 13th day of January, 1995, by and among Nelson E. Bowers II and Thomas M. Green, Jr. hereinafter collectively referred to as the "Assignor"; JAG Properties LLC a Tennessee Limited Liability Company hereinafter called the "Lessor" and Infiniti of Chattanooga, Inc. a Tennessee Corporation, hereinafter called the "Lessee."

RECITALS

WHEREAS, Assignor transferred by Quitclaim Deed all of its right, title, and interest in 5915 Brainerd Road, Chattanooga, Tennessee to Lessor on January 13, 1995; and

WHEREAS, Lessor desires that Assignor transfer all of its right, title, and interest in the Lease Agreement dated October 18, 1991, by and between Assignor and Lessee (the "Lease"); and

WHEREAS, Lessor desires to amend the Lease; and

WHEREAS, Lessee has entered into this Amendment for the express purpose of consenting to the assignment and amending the Lease,

NOW, THEREFORE, the parties intending to be legally bound agree as follows:

1. The parties agree that paragraph 1. (b) of the Lease be amended by deleting the Exhibit A thereon and adopting the Exhibit A attached to this Amendment as the "Premises."

2. The parties agree that paragraph 2. of the Lease be amended by deleting said paragraph in its entirety and adding the following new paragraph 2.:

> 2. Rent. The annual rental for the next five (5) years of the term of this Lease shall be One Hundred Thirty-One Thousand Four Hundred Seventy-two Dollars ($131,472.00). The Lessee agrees to pay said rent in lawful money of the United States in equal monthly installments of Ten Thousand Nine Hundred Fifty-Six Dollars ($10,956.00) in advance of the first day of each month beginning February 1, 1995 and thereafter upon the same day of each successive month during the term, at the office of the Lessor or at such other place as Lessor may designate. Upon the expiration of said five (5) year term, the rent shall be adjusted by an amount equal to sixty percent (60%) of the increase, if any, in the debt service amount payable under Lessor's loan (or any renewal, extension, modification or replacement thereof) secured by the Premises. Lessor shall notify Lessee of the amount of such rent adjustment, and said rent shall be paid in equal monthly installments in advance of the first day of each month for the remainder of the term of this Lease.

3. Lessee has joined in this Amendment for the express purpose of consenting to this Amendment and the assignment by Assignor to Lessor of the Lease. Lessee further agrees to be bound by all of the terms, covenants and conditions of the Lease as amended by this Agreement.

IN WITNESS WHEREOF, the parties have executed this Amendment to Lease as of the day first above written.

LESSOR:

JAG PROPERTIES LLC

By: /s/ Nelson E. Bowers II, Chief Manager

Nelson E. Bowers II, Chief Manager

LESSEE:

INFINITI OF CHATTANOOGA, INC.

By: /s/ Nelson E. Bowers II, President

Nelson E. Bowers II, President

By: /s/ Nelson E. Bowers II, Assignor

Nelson E. Bowers II, Assignor

Thomas M. Green, Jr., Assignor

STATE OF TENNESSEE)
COUNTY OF HAMILTON)

Before me, a Notary Public of the State and County aforesaid, personally appeared NELSON E. BOWERS II, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Chief Manager of JAG PROPERTIES LLC, the within named bargainor, a Limited Liability Company, and that he as such Chief Manager executed the foregoing instrument for the purposes therein contained by signing the name of the Company by himself as such Manager.

Witness my hand and seal, this 13th day of January, 1995.

/s/ [illegible]

Notary Public

My commission expires: 01-12-97

STATE OF TENNESSEE)
COUNTY OF HAMILTON)

Before me, a Notary Public of the State and County aforesaid, personally appeared NELSON E. BOWERS II, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be President of INFINITI OF CHATTANOOGA, INC., the within named bargainor, a corporation, and that he as such officer executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

Witness my hand and seal, this 13th day of January, 1995.

/s/ [illegible]

Notary Public

My commission expires: 01-12-97

STATE OF TENNESSEE)
COUNTY OF HAMILTON)

Before me, a Notary Public of the State and County aforesaid, personally appeared NELSON E. BOWERS II, the within named Assignor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the foregoing instrument for the purposes therein contained.

Witness my hand and seal, this 13th day of January, 1995.

/s/ [illegible]

Notary Public

My commission expires: 01-12-97

STATE OF TENNESSEE)
COUNTY OF HAMILTON)

Before me, a Notary Public of the State and County aforesaid, personally appeared THOMAS M. GREEN, JR. the within named Assignor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the foregoing instrument for the purposes therein contained.

Witness my hand and seal, this 13th day of January, 1995.

Notary Public

My commission expires:

Exhibit A

[FLOOR PLAN]

LEASE

THIS LEASE by and between CLEVELAND PROPERTIES LLC, a Tennessee Limited Liability Company hereinafter called the "Lessor," and CLEVELAND CHRYSLER-PLYMOUTH JEEP-EAGLE, LLC, a Tennessee Limited Liability Company, hereinafter called the "Lessee."

W I T N E S S E T H:

WHEREAS, the Lessee herein desires to lease from Lessor and the Lessor desires to lease to the Lessee certain premises hereinafter described.

NOW, THEREFORE, in consideration of the covenants, terms, and conditions hereinafter set forth, Lessor and Lessee agree as follows:

1. Description and Term. In consideration of the rents hereinafter reserved and all terms, conditions, covenants, and agreements hereinafter contained, the Lessor hereby leases and demises to the Lessee, and the Lessee hereby hires, leases and takes from the Lessor the property located at 2950 South Lee Highway, Cleveland Tennessee (hereinafter called the Premises).

(a) Description. The Premises, the subject of this Lease between Lessor and Lessee, is the land and buildings located on the real property more particularly described on Exhibit A attached hereto.

(b) Term. The term of this Lease shall be fifteen (15) years from April 1, 1996 until March 31, 2011.

(c) Possession. Lessee's possession of the Premises, carries with it all the obligations of Lessee under this Lease, including all covenants and conditions and all responsibilities.

2. Rent. The annual rental for the first five (5) years of the term of this Lease shall be One Hundred Sixty-Eight Thousand and No/100ths Dollars ($168,000.00). The Lessee agrees to pay said rent in lawful money of the United States in equal monthly installments of Fourteen Thousand and No/100ths Dollars ($14,000.00) in advance of the first day of the month beginning April 1, 1996, and thereafter upon the same day of each successive month during the term, at the office of the Lessor or at such other place as Lessor may designate. Upon the expiration of the first five (5) years of the term of this Lease, the rent shall be adjusted by an amount equal to forty percent (40%) of the increase, if any, in the debt service amount payable under Lessor's loan (or any renewal, extension, modification or replacement thereof) secured by the Premises. Lessor shall notify Lessee of the amount of such rent adjustment, and said rent shall be paid in equal monthly installments in advance of the first day of each month for the remainder of the term of this Lease.

3. Covenant to Pay Rent and Use. In consideration of the foregoing letting, the Lessee does hereby covenant and agree as follows:

(a) To payment as aforementioned and herein provided; and

(b) Not to use and not to permit or suffer the use of the Premises for illegal or unlawful purposes, but for an automobile dealership for the purpose of selling and servicing new and used automobiles

4. "For Sale" and "To Let" Signs. During the last six (6) months of the term of this Lease or any renewals thereof, unless the Lessee has given a notice to renew pursuant to paragraph 3 of this Lease, the Lessor may maintain "To Let" or "For Sale" signs upon the Premises and may freely exhibit the Premises to any prospective tenants and/or purchasers; provided, however, that Lessor has notified Lessee of such exhibition and it occurs during reasonable times after normal business hours or as otherwise agreed.

5. Acceptance of Premises, Maintenance and Improvements. At the commencement of the term, the Lessee accepts the land and buildings in their existing condition. No representation, statement or warranty express or implied has been made by or on behalf of the Lessor as to such condition, or as to the use that may be of such property. In no event shall the Lessor be liable for any defect in such property or for any limitation in its use.

Lessor shall have no further responsibility for maintenance or repairs of the Premises after the beginning of the term of this Lease. Lessee agrees to make all interior and exterior repairs and/or improvements to the buildings at its own expense and to reasonably maintain the Premises for the term of the Lease. Lessee shall at the end of the Lease term, or any renewal thereof, return the Premises to the Lessor in as good a condition as when the Lease term began, excepting damage caused by fire or other catastrophe not resulting from Lessee's

gross negligence and excepting ordinary wear and tear. Lessee shall make no repairs, alterations or improvements to the Premises which would affect the structural integrity of the Premises without first requesting permission to do so from the Lessor and obtaining written approval from Lessor, provided, however, such written approval shall not be unreasonably withheld.

6. Governmental Requirements. The Lessee agrees that it shall comply with all requirements of all laws, orders, ordinances, and regulations which shall impose any duty upon the owner or occupant of the Premises.

7. Parking Area and Driveways. Lessee specifically covenants to Lessor and agrees to maintain for the full term of this Lease, and any renewals thereof, the driveways and parking areas which are a part of the Premises.

8. Permits. Any permits required from any governmental agency because of the use of the Premises by the Lessee shall be secured by the Lessee and shall be its sole obligation and the failure to obtain any such permit or the revocation of any such permit at any time shall in no way alter the terms or conditions of this Lease.

9. Insurance.

(a) From the date hereof and until the end of the term of this Lease, or any renewals thereof, the Lessee shall keep the Premises insured, at its sole cost and expense, against claims for personal injury or property damage under a policy of general public liability insurance, with limits of at least $200,000/$500,000 for bodily injury, and $100,000 for property damage. Such policies shall name the Lessor and the Lessee as the insureds. The public liability policy or a certificate thereof shall be delivered to the Lessor within twenty (20) days of the commencement of the term hereof and not less than twenty (20) days before its expiration date during the term of this Lease, and any renewals thereof.

(b) From the date hereof until the end of the term of this Lease, or any renewals thereof, the Lessee shall keep its improvements which do not become fixtures insured with fire and extended coverage insurance in an amount equal to one hundred percent (100%) of the full replacement cost of said improvements. Any policy providing such coverage shall contain the so-called special coverage all-risk endorsement and the full replacement cost endorsement.

(c) From the date hereof until the end of the term of this Lease, or any renewals thereof, Lessee shall keep the Premises insured at its sole cost and expense for fire and extended coverage insurance in the amount of Nine Hundred Twenty-Five Thousand Dollars ($925,000.00). The policy providing such coverage shall contain the so-called special coverage all-risk endorsement.

(d) All policies of insurance required to be maintained by the Lessee shall name the Lessee and Lessor as the insureds as their respective interests may appear.

(e) All insurance required to be maintained by the Lessee shall be effected by valid and enforceable policies issued by insurers of recognized responsibility, satisfactory to the Lessor.

(f) Lessor shall cause any insurance policy carried by him, and Lessee shall cause each insurance policy carried by it insuring the fixtures of the buildings and contents in the Premises to be written in such a manner so as to provide that the insurance company will waive all right of recovery by way of subrogation against Lessor or Lessee in connection with any loss or damage covered by any such policies. Neither party shall be liable to the other for any loss or damage caused by fire or any of the risks enumerated in standard extended coverage insurance. If the release or either Lessor or Lessee, as set forth in the preceding sentence of this paragraph, shall contravene any law with respect to exculpatory agreements, the liability of the party in question shall be deemed not released but shall be deemed secondary to the latter's insurer. Lessor shall not do or permit to be done any act or thing upon the Premises that would invalidate or be in conflict with fire insurance policies covering the land and buildings.

10. Condemnation. The parties hereto agree that should the Premises, or such portion thereof as will make the Premises unusable for the purposes herein leased, be taken or condemned by competent authority for public or quasi-public use, then this Lease shall, at the Lessee's option,

terminate from the date when possession of the parts so taken shall be required for the use and purpose for which they had been taken. During any period in

which there is less than complete interference with the operation of the business in the Premises, then the rent owing by the Lessee shall be abated in proportion to gross revenues volume at the Premises during such period of interference as it relates and compares to the gross revenue of the Premises during the last full month of operation of the Premises prior to such interference. In the event that the means of ingress and egress are in any way blocked or partially blocked as a result of any road construction or other improvements, Lessor agrees to make an abatement of rent during such period of construction or improvement. All compensation awarded for such taking of the fee and leasehold shall belong to and be the property of the Lessor, provided, however, that the Lessor shall not be entitled to any portion of the award made to the Lessee for loss of business and for the cost of removal of any stock or other furnishings which have not become fixtures. Lessee shall, notwithstanding anything above to the contrary, have the right to participate as a party in any condemnation proceedings to the extent of its leasehold interest in the property and any interest in improvements to the property which have not vested in Lessor.

11. Covenant on Proceeds. If all or part of the Premises shall be damaged or destroyed by fire or other casualty, insured under the standard fire insurance policy with so-called special coverage all-risk endorsement required pursuant to paragraph 9(c), Lessor shall, except as otherwise provided herein, repair and/or rebuild the same with reasonable diligence, but Lessor's obligation hereunder shall not include the improvements or betterments applied by any other party, unless such improvements or betterments become fixtures. Nothing hereinabove contained shall impose upon Lessor any liability or responsibility to replace or repair any property belonging to Lessee. This Lease shall continue in full force and effect, but rent and additional rent, if any, shall abate from the date of such damage until ten (10) days after the Lessor has repaired or restored said buildings in the manner and in the condition provided in this section and notified Lessee of such fact. In the event that a part of the Premises is rendered untenable or not suitable for use for the conduct of Lessee's business therein, a just and proportionate part of the rent shall be abated from the date of such damage until ten (10) days after Lessor has repaired same and notified Lessee of such fact. Furthermore, in connection with the above, Lessee shall receive a credit or refund, whichever is appropriate, of any rent paid in advance.

Notwithstanding anything to the contrary contained in the preceding paragraph, either party may at its option terminate this Lease on thirty (30) days' notice to the other given within ninety (90) days after the occurrence of any damage or destruction of (i) the destruction or damage is caused as a result of a risk not covered by Lessee's insurance policies, (ii) the Premises are damaged or destroyed during the last eighteen months of the Lease term or any renewal term, or (iii) the Premises are completely destroyed or so damaged by fire or other casualty as to render it unfit for use as an outpatient radiation therapy facility and the insurance coverage is insufficient in amount to pay in full for necessary repairs and restoration and if either party deems such repairs or restoration economically unfeasible.

19. Defaults. If Lessee should default in the payment of any rental or monies due

hereunder when due, or be in default of any covenant, agreement or condition herein provided for, or abandon or vacate the Premises, or bankrupt or make an assignment for benefit of creditors, or in the event a receiver is appointed for Lessee, then, upon the occurrence of any one or more of such contingencies and after the Lessee has been given notice by Certified Mail of such default, Lessee shall have ten (10) days after the receipt of such notice within which to correct such default or defaults, or if such default shall be of such nature that it cannot be cured completely within such 10-day period, the Lessee shall commence to cure such default or defaults within the 10-day period and shall thereafter proceed with reasonable diligence and in good faith to remedy such default; otherwise, this Lease may be canceled at the option of the Lessor and all rights of the Lessee terminated. In the event of such cancellation and termination, Lessor shall have the immediate right or at any time thereafter to re-enter and take possession of the Premises.

The Lessee shall be liable for the cost of seizure and repossession of the Premises and reasonable attorneys' fees incurred as a result of the seizure and repossession of the Premises.

Upon regaining possession of the Premises and upon re-entry therein and the removal of all persons and property therefrom, Lessor shall relet the Premises at a reasonable rental and upon such terms as may be reasonably obtained under the circumstances and hold Lessee liable for any deficiency. Lessor is authorized to make all necessary repairs, changes, and alterations in or to the Premises for the new tenant.

13. Electrical Wiring. The occupancy of the Premises by Lessee shall

constitute acceptance of the electrical wiring as it is with no further obligation upon the Lessor to repair or improve said wiring, and specifically the Lessee's occupancy constitutes acceptance of the electrical wiring as suitable for its use and purposes in the Premises and the Lessor shall have no obligation whatsoever because of said wiring. It is further understood that the signature of the Lessee hereto constitutes a waiver of any liability on the part of the Lessor in case of a fire or other calamity caused by said electrical wiring after occupancy.

14. Waiver of Requirements. No requirement whatsoever of this Lease shall be deemed waived or varied, nor shall the Lessor's acceptance of any payment with knowledge of any default or of Lessor's failure or delay to take advantage of any default constitute a waiver of the Lessor's rights thereby nor of any subsequent or continued breach of any requirement of this Lease. All remedies herein provided for shall be in addition to, and not in substitution for, any remedies otherwise available to the Lessor.

15. Notices. All notices to be given under this Lease shall be in writing and shall either be served personally or sent by Certified Mail to the address of the parties below specified. The Lessor's address for notices shall be 6025 International Drive, Chattanooga, Tennessee 37421. The Lessee's address for notices shall be 2490 South Lee Highway, Cleveland, Tennessee 37311.

16. Right to Sublease or Assign Lessee shall not have the right to sublease or assign the Premises in whole or in part.

17. Surrender. Upon the expiration or other termination of the term of this Lease, or any renewals thereof, Lessee shall quit and surrender to Lessor the Premises, together with all buildings and improvements which became fixtures, broom clean, in good order and condition, damage caused by fire or other catastrophe not resulting from Lessee's gross negligence excepted, and ordinary wear and tear also excepted. Lessee shall remove all property to be removed at the expense of the Lessee, and Lessee hereby agrees to pay all costs and expenses thereby incurred. Lessee's obligations to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease.

18. Estoppel Certificates. Lessee agrees to execute and deliver to Lessor or Lessor's mortgagee or financial institution estoppel certificates in form and substance reasonably required by any lender of Lessor, together with such additional documents as such lender may reasonably request

19. Construction of Lease. Words of any gender used in this Lease shall be held to include any other gender, and words in the singular number shall be held to include the plural, when sense requires. Wherever used herein, the words "Lessor" and "Lessee" shall be deemed to include the heirs, personal representatives, successors, sublessees, and assigns of said parties, unless the context excludes such construction.

20. Captions. The paragraph captions as to contents of particular paragraphs herein are inserted only for convenience and are in no way to be construed as part of this Lease or as a limitation on the scope of the particular paragraph to which they refer.

21. Taxes. Lessee agrees to pay all real estate taxes and assessments on the land and buildings due and payable during the term of this Lease, or any renewals thereof.

22. Lease Acceptance. This Lease contains all the oral and written agreements, representations and arrangements between the parties hereto and any rights which the respective parties hereto may have had under any previous contracts or oral arrangements are hereby canceled and terminated and no representations or warranties are made or implied other than those set forth herein. No oral agreement or representations for rental shall be deemed to constitute a lease other than this Lease and not until and unless this Lease shall have been properly executed by the Lessee and delivered to and executed by the Lessor.

23. Binding Upon Successors. All provisions herein contained shall bind and inure to the benefit of the parties hereto, their heirs, personal representatives, successors and permitted assigns.

24. Attorney Fees. If it should become necessary for Lessor to employ an attorney to assert any right of Lessor or force any obligation of Lessee hereunder after default by Lessee, Lessor shall be entitled to recover, in addition to the other costs and expenses herein provided for, the reasonable costs and charges of investigation and of such attorney.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 15th day of March, 1996.

LESSOR:

CLEVELAND PROPERTIES, LLC
By: /s/ Nelson E. Bowers II

Nelson E. Bowers II, Chief Manager

LESSEE:

CLEVELAND CHRYSLER-PLYMOUTH-JEEP-
EAGLE, LLC

By:/s/ Nelson E. Bowers II

Nelson E. Bowers II, Chief Manager

STATE OF TENNESSEE:
COUNTY OF HAMILTON:

Before me, a Notary Public of the state and county aforesaid, personally appeared NELSON E. BOWERS II, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Chief Manager of CLEVELAND PROPERTIES, LLC, the within-named bargainor, a Limited Liability Company, and that he, as such Manager, executed the foregoing instrument for the purposes therein contained, by signing the name of the Limited Liability Company as he is authorized so to do.

WITNESS my hand and seal this 18th day of March, 1996.

/s/ [illegible]

Notary Public

My commission expires: 1-21-98

STATE OF TENNESSEE:
COUNTY OF HAMILTON:

Before me, a Notary Public of the state and county aforesaid, personally appeared NELSON E. BOWERS II, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Chief Manager of CLEVELAND CHRYSLER-PLYMOUTH-JEEP, LLC, the within-named bargainor, a Limited Liability Company, and that he, as such Manager, executed the foregoing instrument for the purposes therein contained, by signing the name of the Limited Liability Company as he is authorized so to do.

WITNESS my hand and seal this 18th day of March, 1996.

/s/ [illegible]

Notary Public

My commission expires: 1-21-98

EXHIBIT A

LEGAL DESCRIPTION

[illegible] in the Second Civil District of Bradley County, Tennessee, and being [illegible] described as follows:

Being all of Lot Three (3) of Automobile Park, as shown by plat of record in Plat Book 6, Page 64, in the Register's Office of Bradley County, Tennessee, prepared by Jimmy L. Richmond, Registered Land Surveyor No. 917.

[illegible] title see Deed recorded in Deed Book 369, Page 140, Bradley County [illegible] Office.

LEASE

BY AND AMONG

NELSON E. BOWERS, II

and

THOMAS M. GREEN, JR.,
as Lessors

AND

CLEVELAND VILLAGE IMPORTS, INC.,
as Lessee

LEASE

THIS LEASE by and among NELSON E. BOWERS, II and THOMAS M. GREEN, JR., hereinafter collectively called the "Lessor," and CLEVELAND VILLAGE IMPORTS, INC., a Tennessee corporation, hereinafter called the "Lessee."

W I T N E S S E T H:

WHEREAS, the Lessee herein desires to lease from Lessor and the Lessor desires to lease to the Lessee certain premises hereinafter described.

NOW, THEREFORE, in consideration of the covenants, terms, and conditions hereinafter set forth, Lessor and Lessee agree as follows:

1. Description and Term. In consideration of the rents hereinafter reserved and all terms, conditions, covenants, and agreements hereinafter contained, the Lessor hereby leases and demises to the Lessee, and the Lessee hereby hires, leases and takes from the Lessor the following-described property (hereinafter called the "Premises"), to wit:

(a) Street Address: 2490 South Lee Highway, Cleveland, Tennessee 37311.

(b) Description. The Premises, the subject of this Lease between Lessor and Lessee, is the land and buildings located on the real property more particularly described on Exhibit A attached hereto.

(c) Term. The term of this Lease shall be five (5) years from January 1, 1993 until December 31, 1997.

(d) Possession. Lessee shall have the right to immediate possession of the Premises. Lessee's possession, however, carries with it all the obligations of Lessee under this Lease, including all covenants and conditions and all responsibilities.

2. Rent. The minimum annual rental agreed upon between the parties shall be Ninety-Six Thousand Dollars ($96,000.00). The Lessee agrees to pay said rent in lawful money of the United States in equal monthly installments of Eight Thousand Dollars ($8,000.00) in advance of the first day of the Lease term and thereafter upon the same day of each successive month during the term, at the office of the Lessor or at such other place as Lessor may designate.

3. Options to Renew. The Lessee shall have the right and option to renew and extend this Lease for two additional terms of five (5) years each under the same provisions and conditions as is in this Lease; but at such rental as is agreed upon between the

Lessor and Lessee after negotiation; provided, however, the second option shall not be exercisable by Lessee unless the Lessee has exercised the first option hereunder.

In order to qualify to exercise either option set forth above, the Lessee must give the Lessor written notice by Certified Mail of its intention to exercise the option not later than six (6) months prior to the expiration of the term of this Lease, or of the term as extended by the first option hereunder, as the case may be.

In no event does this paragraph give the Lessee a tenancy in excess of fifteen (15) years from the beginning of the original Lease term.

4. Covenant to Pay Rent and Use. In consideration of the foregoing letting, the Lessee does hereby covenant and agree as follows:

(a) To pay rent as aforementioned and herein provided; and

(b) Not to use and not to permit or suffer the use of the Premises for illegal or unlawful purposes, but for an automobile dealership for the purpose of selling and servicing new and used automobiles.

5. "For Sale" and "To Let" Signs. During the last six (6) months of the term of this Lease or any renewals thereof, unless the Lessee has given a notice to renew pursuant to paragraph 3 of this Lease, the Lessor may maintain "To Let" or "For Sale" signs upon the Premises and may freely exhibit the Premises to any prospective tenants and/or purchasers; provided, however, that Lessor has notified Lessee of such exhibition and it occurs during reasonable times after normal business hours or as otherwise agreed.

6. Acceptance of Premises, Maintenance and Improvements. At the commencement of the term, the Lessee accepts the land and buildings in their existing condition. No representation, statement or warranty, express or implied, has been made by or on behalf of the Lessor as to such condition, or as to the use that may be of such property. In no event shall the Lessor be liable for any defect in such property or for any limitation in its use.

Lessor shall have no further responsibility for maintenance or repairs of the Premises after the beginning of the term of this Lease. Lessee agrees to make all interior and exterior repairs and/or improvements to the buildings at its own expense and to reasonably maintain the Premises for the term of the Lease. Lessee shall at the end of the Lease term, or any renewal thereof, return the Premises to the Lessor in as good a condition as when the Lease term began, excepting damage caused by fire or other catastrophe not resulting from Lessee's gross negligence and excepting ordinary

wear and tear. Lessee shall make no repairs, alterations or improvements to the Premises which would affect the structural integrity of the Premises without first requesting permission to do so from the Lessor and obtaining written approval from Lessor; provided, however, such written approval shall not be unreasonably withheld.

7. Governmental Requirements. The Lessee agrees that it shall comply with all requirements of all laws, orders, ordinances, and regulations which shall impose any duty upon the owner or occupant of the Premises.

8. Parking Area and Driveways. Lessee specifically covenants to Lessor and agrees to maintain for the full term of this Lease, and any renewals thereof, the driveways and parking areas which are a part of the Premises.

9. Permits. Any permits required from any governmental agency because of the use of the Premises by the Lessee shall be secured by the Lessee and shall be its sole obligation and the failure to obtain any such permit or the revocation of any such permit at any time shall in no way alter the terms or

conditions of this Lease.

10. Insurance.

(a) From the date hereof and until the end of the term of this Lease, or any renewals thereof, the Lessee shall keep the Premises insured, at its sole cost and expense, against claims for personal injury or property damage under a policy of general public liability insurance, with limits of at least $200,000, $500, 000 for bodily injury, and $100,000 for property damage. Such policies shall name the Lessor and the Lessee as the insureds. The public liability policy or a certificate thereof shall be delivered to the Lessor within twenty (20) days of the commencement of the term hereof and not less than twenty (20) days before its expiration date during the term of this Lease, and any renewals thereof.

(b) From the date hereof until the end of the term of this Lease, or any renewals thereof, the Lessee shall keep its improvements which do not become fixtures insured with fire and extended coverage insurance in an amount equal to one hundred percent (100%) of the full replacement cost of said improvements. Any policy providing such coverage shall contain the so-called special coverage all-risk endorsement and the full replacement cost endorsement.

(c) From the date hereof until the end of the term of this Lease, or any renewals thereof, Lessee shall keep the Premises insured at its sole cost and expense for fire and extended coverage insurance in the coverage amount of at least One Million Dollars

($1,000,000.00). The policy providing such coverage shall contain the so-called special coverage all-risk endorsement.

(d) All policies of insurance required to be maintained by the Lessee shall name the Lessee and Lessor as the insureds as their respective interests may appear.

(e) All insurance required to be maintained by the Lessee shall be effected by valid and enforceable policies issued by insurers of recognized responsibility, satisfactory to the Lessor.

(f) Lessor shall cause any insurance policy carried by them, and Lessee shall cause each insurance policy carried by it insuring the fixtures of the buildings and contents in the Premises to be written in such a manner so as to provide that the insurance company will waive all right of recovery by way of subrogation against Lessor or Lessee in connection with any loss or damage covered by any such policies. Neither party shall be liable to the other for any loss or damage caused by fire or any of the risks enumerated in standard extended coverage insurance. If the release or either Lessor or Lessee, as set forth in the preceding sentence of this paragraph, shall contravene any law with respect to exculpatory agreements, the liability of the party in question shall be deemed not released but shall be deemed secondary to the latter's insurer. Lessor shall not do or permit to be done any act

or thing upon the Premises that would invalidate or be in conflict with fire insurance policies covering the land and buildings.

11. Condemnation. The parties hereto agree that should the Premises, or such portion thereof as will make the Premises unusable for the purposes herein leased, be taken or condemned by competent authority for public or quasi-public use, then this Lease shall, at the Lessee's option, terminate from the date when possession of the parts so taken shall be required for the use and purpose for which they had been taken. During any period in which there is less than complete interference with the operation of the business in the Premises, then the rent owing by the Lessee shall be abated in proportion to gross sales volume

at the Premises during such period of interference as it relates and compares to the gross sales of the Premises during the last full month of operation of the Premises prior to such interference. In the event that the means of ingress and egress are in any way blocked or partially blocked as a result of any road construction or other improvements, Lessor agrees to make an abatement of rent during such period of construction or improvement. All compensation awarded for such taking of the fee and leasehold shall belong to and be the property of the Lessor; provided, however, that the Lessor shall not be entitled to any portion of the award made to the Lessee or sublessee for loss of business and for the cost of removal of any stock or other furnishings which have not become fixtures. Lessee shall, notwithstanding anything above to the contrary, have the right to participate as a party in any

condemnation proceedings to the extent of its leasehold interest in the property and any interest in improvements to the property which have not vested in Lessor.

12. Covenant on Proceeds. If all or part of the Premises shall be damaged or destroyed by fire or other casualty, insured under the standard fire insurance policy with so-called special coverage all-risk endorsement required pursuant to paragraph lO(c), Lessor shall, except as otherwise provided herein, repair and/or rebuild the same with reasonable diligence, but Lessor's obligation hereunder shall not include the improvements or betterments applied by any other party, unless such improvements or betterments become fixtures. Nothing hereinabove contained shall impose upon Lessor any liability or responsibility to replace or repair any property belonging to Lessee. This Lease shall continue in full force and effect, but rent and additional rent, if any, shall abate from the date of such damage until ten (10) days after the Lessor has repaired or restored said buildings in the manner and in the condition provided in this section and notified Lessee of such fact. In the event that a part of the Premises is rendered untenable or not suitable for use for the conduct of Lessee's business therein, a just and proportionate part of the rent shall be abated from the date of such damage until ten (10) days after Lessor has repaired same and notified Lessee of such fact. Furthermore, in connection with the above, Lessee shall receive a credit or refund, whichever is appropriate, of any rent paid in advance.

Notwithstanding anything to the contrary contained in the preceding paragraph, either party may at its option terminate this Lease on thirty (30) days' notice to the other given within ninety (90) days after the occurrence of any damage or destruction of (i) the destruction or damage is caused as a result of a risk not covered by Lessee's insurance-policies, (ii) the Premises are damaged or destroyed during the least eighteen months of the Lease term or any renewal term, or (iii) the Premises are completely destroyed or so damaged by fire or other casualty as to render it unfit for use as a new automobile dealership and the insurance coverage is insufficient in amount to pay in full for necessary repairs and restoration and if either party deems such repairs or restoration economically unfeasible.

13. Defaults. If Lessee should default in the payment of any rental or monies due hereunder when due, or be in default of any covenant, agreement or condition herein provided for, or abandon or vacate the Premises, or bankrupt or make an assignment for benefit of creditors, or in the event a receiver is appointed for Lessee, then, upon the occurrence of any one or more of such contingencies and after the Lessee has been given notice by Certified Mail of such default, Lessee shall have ten (10) days after the receipt of such notice within which to correct such default or defaults, or if such default shall be of such nature that it cannot be cured completely within such 10-day period, the Lessee shall commence to cure such default or defaults within the 10-day period and shall

thereafter proceed with reasonable diligence and in good faith to remedy such default; otherwise, this Lease may be cancelled at the option of the Lessor and all rights of the Lessee terminated. In the event of such cancellation and

termination, Lessor shall have the immediate right or at any time thereafter to re-enter and take possession of the Premises.

The Lessee shall be liable for the cost of seizure and repossession of the Premises and reasonable attorneys' fees incurred as a result of the seizure and repossession of the Premises.

Upon regaining possession of the Premises and upon re-entry therein and the removal of all persons and property therefrom, Lessor shall relet the Premises at a reasonable rental and upon such terms as may be reasonably obtained under the circumstances and hold Lessee liable for any deficiency. Lessor is authorized to make all necessary repairs, changes, and alterations in or to the Premises for the new tenant.

14. Electrical Wiring. The signing of this Lease shall constitute acceptance of the electrical wiring as it is with no further obligation upon the Lessor to repair or improve said wiring, and specifically the Lessee's signature to this Lease constitutes acceptance of the electrical wiring as suitable for its use and purposes in the Premises and the Lessor shall have no obligation whatsoever because of said wiring. It is further

understood that the signature of the Lessee hereto constitutes a waiver of any liability on the part of the Lessor in case of a fire or other calamity caused by said electrical wiring.

15. Waiver of Requirements. No requirement whatsoever of this Lease shall be deemed waived or varied, nor shall the Lessor's acceptance of any payment with knowledge of any default or of Lessor's failure or delay to take advantage of any default constitute a waiver of the Lessor's rights thereby nor of any subsequent or continued breach of any requirement of this Lease. All remedies herein provided for shall be in addition to, and not in substitution for, any remedies otherwise available to the Lessor.

16. Notices. All notices to be given under this Lease shall be in writing and shall either be served personally or sent by Certified Mail to the address of the parties below specified. The Lessor's address for notices shall be 6025 International Drive, Chattanooga, Tennessee 37421. The Lessee's address for notices shall be 2490 South Lee Highway, Cleveland, Tennessee 37311.

17. Right to Sublease or Assign. Lessee shall not have the right to sublease or assign the Premises in whole or in part.

18. Surrender. Upon the expiration or other termination of the term of this Lease, or any renewals thereof, Lessee shall quit and surrender to Lessor the Premises, together with all buildings

and improvements which became fixtures, broom clean, in good order and condition, damage caused by fire or other catastrophe not resulting from Lessee's gross negligence excepted, and ordinary wear and tear also excepted. Lessee shall remove all property to be removed at the expense of the Lessee, and Lessee hereby agrees to pay all costs and expenses thereby incurred. Lessee's obligations to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease.

19. Construction of Lease. Words of any gender used in this Lease shall be held to include any other gender, and words in the singular number shall be held to include the plural, when sense requires. Wherever used herein, the words "Lessor" and "Lessee" shall be deemed to include the heirs, personal representatives, successors, sublessees and assigns of said parties, unless the context excludes such construction.

20. Captions. The paragraph captions as to contents of particular paragraphs herein are inserted only for convenience and are in no way to be construed as part of this Lease or as a limitation on the scope of the particular paragraph to which they refer.

21. Taxes. Lessee agrees to pay all real estate taxes and assessments on the land and buildings due and payable during the term of this Lease, or any renewals thereof.

22. Lease Acceptance. This Lease contains all the oral and written agreements, representations and arrangements between the parties hereto and any rights which the respective parties hereto may have had under any previous contracts or oral arrangements are hereby cancelled and terminated and no representations or warranties are made or implied other than those set forth herein. No oral agreement or representations for rental shall be deemed to constitute a lease other than this Lease and not until and unless this Lease shall have been properly executed by the Lessee and delivered to and executed by the Lessor.

23. Binding Upon Successors. All provisions herein contained shall bind and inure to the benefit of the parties hereto, their heirs, personal representatives, successors and assigns.

24. Attorney Fees. If it should become necessary for Lessor to employ an attorney to assert any right of Lessor or force any obligation of Lessee hereunder after default by Lessee, Lessor shall be entitled to recover, in addition to the other costs and expenses herein provided for, the reasonable costs and charges of investigation and of such attorney.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 2nd day of January, 1993.

LESSOR:

/s/ Nelson E. Bowers, II

Nelson E. Bowers, II

/s/ Thomas M. Green, Jr.

Thomas M. Green, Jr.

LESSEE:

CLEVELAND VILLAGE IMPORTS, INC.

By: Nelson E. Bowers, II

Title: Pres.

Exhibit A
To Lease Agreement By and Between Cleveland Village Imports, Inc., Lessee, and Nelson Bowers II and Thomas M. Green, Jr., Lessor

The following described Real Estate situated in Cleveland, Bradley County, Tennessee consisting of three point five (3.5) acres of a fifteen acre track confronting Interstate By-pass 64 and South Lee Highway with access to South Lee Highway.

AUTOMOTIVE WHOLESALE PLAN
APPLICATION FOR WHOLESALE FINANCING

[LOGO]
Ford Motor Credit Company

Date AUGUST 10, 1972

To: Ford Motor Credit Company (hereinafter called "FMCC")

The undersigned LONE STAR FORD, INC. (hereinafter called "Dealer"
(Dealer's Exact Business Name)

of 8600 No. FREEWAY HOUSTON TEXAS - 77088
(Street and Number) (City) (Zone) (State)

hereby requests FMCC to extend to Dealer financing accommodations under the FMCC Wholesale Plan as set forth in the August 1962 edition of FMCC Dealer Manual entitled "Automotive Finance Plans for Ford Motor Company Dealers" or any subsequent edition thereof (herein called the "Plan"), and in consideration thereof Dealer hereby agrees as follows:

1. Scope of Services -

FMCC, at all times, shall have the right in its sole discretion to determine the extent to which, the terms and conditions on which, and the period for which it will make advances to or on behalf of Dealer, or extend credit to Dealer under the Plan or otherwise. FMCC at any time and from time to time in its sole discretion may establish, rescind or change limits or the extent to which financing accommodations under the Plan shall be made available to Dealer.

2. Execution of Documents, Etc. -

Dealer shall execute and deliver to FMCC promissory notes or other evidences of indebtedness and/or trust receipts, conditional sale contracts, chattel mortgages or other title retention or security instruments for the amounts of credit extended by FMCC hereunder and shall execute any additional documents which FMCC may reasonably request to confirm Dealer's obligations to FMCC and to confirm FMCC's title, title retention, lien or security interest in any merchandise financed by FMCC for Dealer under the Plan, and FMCC's title retention, lien or security or other interest in any such merchandise shall not be impaired by the delivery to Dealer of such merchandise or bills of lading, certificates of origin, invoices or other documents pertaining thereto, or by the payment by Dealer of any curtailment, security or other deposit or portion of the amount financed. The execution by Dealer or on Dealer's behalf of any document for the amount of any credit extended shall be deemed evidence of Dealer's obligation and not payment thereof. FMCC may, for and in the name of Dealer, endorse and assign any obligation transferred to FMCC by Dealer and any check or other medium of payment intended to apply on such obligation. FMCC may complete any blank-space and fill in omitted information on any document or paper furnished to it by Dealer.

3. Dealer's Possession of Merchandise -

All merchandise financed hereunder shall be held by Dealer for the sole purpose of storing and exhibiting the same for sale in the ordinary course of Dealer's business. Dealer shall keep the merchandise brand new and subject to inspection by FMCC and free from all taxes, liens and encumbrances. Any sum of money that may be paid by FMCC in release or discharge of any taxes, liens or encumbrances on any such merchandise or on any documents executed in connection therewith shall be paid by Dealer to FMCC upon demand. Dealer shall not mortgage, pledge or loan all or any portion of such merchandise, and shall not transfer or otherwise dispose thereof except by sale in the ordinary course of Dealer's business. Any and all proceeds or any sale or other disposition of the merchandise by Dealer shall be received and held by Dealer in trust for FMCC and shall be fully, faithfully and promptly accounted for and remitted by the Dealer to FMCC to the extent of Dealer's obligation to FMCC with respect to such merchandise. FMCC's title, title retention, lien or security interest in any such merchandise shall attach, to the full extent provided or permitted by law, to the proceeds, in whatever form, of any sale of disposition thereof by the Dealer until such proceeds are accounted for and remitted to FMCC as hereinbefore provided.

4. Furnishing of Information -

To induce FMCC to extend such financing accommodations to it, Dealer submits the information concerning its business organization and financial condition set forth on the reverse side hereof and/or attached hereto, and certifies that the same is complete, true and correct in all respects and that the financial

information contained therein and/or subsequently to be furnished to FMCC from time to time does and shall fairly present the financial condition of Dealer in accordance with generally accepted accounting principles. Dealer agrees to notify FMCC promptly of any material change in its business organization, financial condition, or in any information relating thereto previously furnished to FMCC. Dealer acknowledges and intends that FMCC shall rely, and shall [ILLEGIBLE] the right to rely on such information in extending and continuing to extend financing accommodations to Dealer. Dealer hereby authorizes FMCC from time to time and at all reasonable times to examine, appraise and verify the existence and condition of all merchandise, documents and commercial or other property which FMCC has or has had any title, title retention, lien or security or interest, and all of Dealer's books and records in any way relating thereto.

5. Credits -

All funds or other property belonging to FMCC received by Dealer shall be received by Dealer in trust for FMCC and shall be forthwith remitted to FMCC. FMCC shall, at all times, have a right to offset and apply any and all [ILLEGIBLE] monies or properties of Dealer in FMCC's possession or control against obligation of Dealer to FMCC.

6. Payment by Dealer -

Dealer promises to pay FMCC promptly when due by acceleration or [ILLEGIBLE] all curtailments or other amounts due with respect to merchandise financed by FMCC for Dealer hereunder together with all interest and flat charges established by FMCC from time to time in its sole discretion under the Plan.

7. General -

Dealer waives the benefit of all homestead and/or exemption laws and [ILLEGIBLE] that the acceptance by FMCC of any payment after it may have become [ILLEGIBLE] the waiver by FMCC of any other default shall not be deemed to alter [ILLEGIBLE] Dealer's obligation and/or FMCC's right with respect to any subsequent [ILLEGIBLE] or default.

Neither this agreement, nor any other agreement between Dealer and FMCC nor any funds payable by FMCC to Dealer shall be assigned by Dealer without the express prior written consent of FMCC in each case.

Any provision hereof prohibited by any applicable law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof. Except as herein provided, no modification hereof may be made except by a written instrument duly executed by, or pursuant to the express written authority of, an executive officer of FMCC. This agreement shall be deemed [ILLEGIBLE] contract by Dealer to give trust receipts to FMCC for all merchandise [ILLEGIBLE] hereunder at all times when the Uniform Trust Receipts Act is in effect [ILLEGIBLE] state in which Dealer's place of business is located as set forth above.

8. Acceptance and Termination -

Dealer waives notice of FMCC's acceptance hereof and this agreement [ILLEGIBLE] deemed accepted by FMCC at the time it shall first extend credit to Dealer [ILLEGIBLE] the Plan and shall be binding on Dealer and FMCC and their respective successors and assigns for the date thereof until terminated by receipt of written notice by either party from the other, but any such termination shall not relieve party from any obligation incurred prior to the effective date thereof.

Witness — LONE STAR FORD, INC.
(Dealer's Exact Business Name)

/s/ [ILLEGIBLE] — By [ILLEGIBLE] Title V.P.

Date August 10, 1972

To FORD MOTOR COMPANY — From LONE STAR FORD, INC.
(Manufacturer's or Seller's Name) — (Dealer's Exact Business Name)

HOUSTON DISTRICT SALES OFFICE — 8600 No. FREEWAY
(Division-District Sales Office) — (Street and Number)

P.O. BOX 1851 HOUSTON TEXAS 77088
(Street and Number) (City) (Zone) (State)

HOUSTON TEXAS 77001
(City) (Zone) (State)

Please be advised that the undersigned Dealer has applied to Ford Motor Credit Company for the wholesale accommodations provided under the FMCC Automotive Wholesale Plan for purchases by the undersigned from you of new FORD CARS & TRUCKS motor vehicles. You are hereby requested and authorized to handle all deliveries to the undersigned of such motor vehicles in accordance with the terms of the FMCC Automotive Wholesale Plan until you are notified in writing to the contrary by the undersigned. You also are authorized to rescind the sale of, or divert the shipment of, any of such motor vehicles ordered by the undersigned in accordance with the instructions of Ford Motor Credit Company from time to time.

If you have any questions please contact FMCC at:

6300 HILLCROFT LONE STAR FORD, INC.
(FMCC Branch Address) (Dealer's Exact Business Name)

HOUSTON TEXAS - 77036
(City) (Zone) (State) By /s/ Charles A. West, V.P.
(Date)

771-8371 DH
Telephone No. Branch Code

POWER OF ATTORNEY FOR WHOLESALE

KNOW ALL MEN BY THESE PRESENTS: That the undersigned dealer does hereby make, constitute and appoint R.C. White of Dearborn, Michigan and any other officer or employee of Ford Motor Credit, a Delaware corporation of Dearborn, Michigan, its true and lawful attorneys with full power of substitution, for and in its name, stead and behalf, to prepare, make, execute, acknowledge and deliver to Ford Motor Credit Company from time to time promissory notes or other evidences of indebtedness and trust receipts, chattel mortgages, conditional sale contracts and other title retention or security instruments necessary or appropriate in connection with the wholesale financing by Ford Motor Credit Company of merchandise for the undersigned dealer, under the terms of the Ford Motor Credit Company Automotive Wholesale Plan, and generally to perform all acts, and to do all things necessary of appropriate in discharge of the power hereby conferred, including the making of affidavits and the acknowledging of instruments, as if fully done by the undersigned dealer, and the said attorneys are hereby further authorized and empowered in the discharge of the power hereby conferred to execute any instruments by means of either a normal imprinted or other facsimile signature or by completing a printed form to which an imprinted or other facsimile signature is then affixed.

This Power of Attorney is executed by the undersigned dealer to induce Ford Motor Credit Company to make advances for merchandise to be acquired by the undersigned dealer and recognizes that such advances are made to manufacturers, distributors and other sellers of such merchandise at places other than the undersigned dealer's place of business, and that it is impractical for the undersigned dealer to execute the promissory notes, trust receipts, chattel mortgages, conditional sale contracts and other title retention or security instruments necessary or appropriate in connection with such advances without unduly delaying the delivery of such merchandise to the undersigned dealer. Accordingly, this Power of Attorney may be revoked by the undersigned dealer only by notice in writing addressed to Ford Motor Credit Company, Dearborn, Michigan by registered mail, return receipt requested, stating an effective date on or after the receipt thereof by Ford Motor Credit Company.

Dated this 10 day of August 1972

LONE STAR FORD, INC.
(Dealer's Exact Business Name)

Witness or Attest:

By /s/ Charles A. West Title V.P.

State of Texas

ss.
County of Harris

On this 10 day of August 1972 before me, the undersigned Notary Public, personally appeared Chas. A. West who acknowledged himself to be the
(Person Signing for Dealer)

Vice President (Title) of LONE STAR FORD, INC., (Dealer's Name) the grantor of

the foregoing Power of Attorney, and that he, being authorized so to do, executed the foregoing Power of Attorney for the purposes therein contained, by signing the name of the said grantor by himself in the capacity indicated.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

/s/ [ILLEGIBLE]
(NOTARY'S SEAL) Notary Public

My commission expires June 1, 1973

[LOGO] Ford Motor Credit Company

AUTOMOTIVE WHOLESALE PLAN
APPLICATION FOR WHOLESALE FINANCING
AND SECURITY AGREEMENT

To: Ford Motor Credit Company (hereinafter called "Ford Credit")

Date August 22, 1984

The undersigned Town And Country Ford, Inc.
(DEALER'S EXACT BUSINESS NAME)

(hereinafter called "Dealer") of 5401 E. Independence Blvd. Charlotte N.C. 28212
(STREET AND NUMBER) (CITY) (STATE) (ZIP CODE)

hereby requests Ford Credit to establish and maintain for Dealer a wholesale line of credit to finance new and used automobiles, trucks, truck-tractors, trailers, semi-trailers, buses, mobile homes, motor homes, other vehicles and other merchandise (hereinafter called the "Merchandise") for Dealer under the terms of the Ford Credit Wholesale Plan as set forth in the April, 1979 edition of the Ford Credit Dealer Manual entitled "Automotive Finance Plans for Ford Motor Company Dealers" or any subsequent edition thereof (hereinafter called the "Plan") and in connection therewith to make advances to or on behalf of Dealer, purchase instalment sale contracts evidencing the sale of Merchandise to Dealer by the manufacturer, distributor or other seller thereof, or otherwise extend credit to Dealer. In consideration thereof Dealer hereby agrees as follows:

1. Advances by Ford Credit

Ford Credit at all times shall have the right in its sole discretion to determine the extent to which, the terms and conditions on which, and the period for which it will make such advances, purchase such contracts or otherwise extend credit to Dealer (hereinafter called an "Advance" (individually) or "Advances" (collectively)), under the Plan or otherwise. Ford Credit may, at any time and from time to time, in its sole discretion, establish, rescind or change limits or the extent to which financing accomodations under the Plan will be made available to Dealer. In connection with the purchase of any such contract and/or other extension of credit, Ford Credit may pay to any manufacturer, distributor or other seller of the Merchandise the invoice, contract amount therefor and be fully protected in relying in good faith upon any invoice, contract or other advice from such manufacturer, distributor or seller that the Merchandise described therein has been ordered or shipped to Dealer and that the amount therefor is correctly stated. Any such payment made by Ford Credit to such manufacturer, distributor or seller, and any loan or other extension of credit made by Ford Credit directly to Dealer with respect to Merchandise of any type held by Dealer for sale, shall be an Advance made by Ford Credit hereunder and, except with respect to any Advance that is a purchase of an instalment sale contract, shall be repayable by Dealer in accordance with the terms hereof. All rights of Ford Credit and obligations of Dealer with respect to Advances hereunder that constitute the purchase by Ford Credit of an insalment sale contract shall be pursuant to the provisions of such contract.

From time to time Ford Credit shall furnish statements to Dealer of Advances made by Ford Credit hereunder. Dealer shall review the same promptly upon receipt and advise Ford Credit in writing of any discrepancy therein. If Dealer shall fail to advise Ford Credit of any discrepancy in any such statement within ten calendar days following the receipt thereof by Dealer, such statement shall be deemed to be conclusive evidence of Advances made by Ford Credit hereunder unless Dealer or Ford Credit establishes by a preponderance of evidence that such Advances were not made or were made in different amounts than as set forth in such statement.

2. Interest and Service and Insurance Flat Charges

Each Advance made by Ford Credit hereunder shall bear interest at the rates established by Ford Credit from time to time for Dealer, except that any amount not paid when due hereunder shall bear interest at a rate that is 4 percentage points higher than the current pre-default rate up to the maximum contract rate permitted by the law of the state where Dealer maintains its business as set out above. In addition to interest, the financing of Merchandise under the Plan shall be subject to service and insurance flat charges established by Ford Credit from time to time for Dealer.

Ford Credit shall advise Dealer in writing from time to time of any change in the interest rate and service and insurance flat charges applicable to Dealer and the effective date of such change. Such change shall not become effective, however, if Dealer elects to terminate this Agreement and pay to Ford Credit the full unpaid balance outstanding under Dealer's wholesale line of credit and all other amounts due or to become due hereunder in good funds within ten calendar days after the receipt of such notice by Dealer.

3. Payments by Dealer

The aggregate amount outstanding from time to time of all Advances made by Ford Credit hereunder shall constitute a single obligation of Dealer, notwithstanding Advances are made from time to time. Unless otherwise provided in the promissory note, instalment sale contract, security agreement or other instrument evidencing the same from time to time, Dealer shall pay to Ford Credit, upon demand, the unpaid balance (or so much thereof as may be demanded) of all Advances plus Ford Credit's interest and flat charges with respect thereto, and in any event, without demand, the unpaid balance of the Advance made by Ford Credit hereunder with respect to an item of the Merchandise at or before the date on which the same is sold, leased or placed in use by Dealer. Dealer also shall pay to Ford Credit, upon demand, the full amount of any rebate, refund or other credit received by Dealer with respect to the Merchandise.

If the promissory note, instalment sale contract, security agreement or other instrument evidencing an Advance or Advances is payable in one or more instalments, Ford Credit may from time to time in its sole discretion, extend any instalment due thereunder or on a month-to-month basis, and, except as provided below or in any instalment sale contract, Ford Credit's failure to demand any such instalment when due shall be deemed to be a one month extension of the same. Any such extension, however, shall not obligate Ford Credit to grant an extension in the future or waive Ford Credit's right to demand payment when due. Following the sale, lease or use date of an item of the Merchandise, no instalment shall be deemed extended without Ford Credit's specific written consent, and Dealer agrees to pay the same, as required, without demand.

4. Ford Credit's Security Interest

As security for all Advances now or hereafter made by Ford Credit hereunder, and for the observance and performance of all other obligations of Dealer to Ford Credit in connection with the wholesale financing of Merchandise for Dealer, Dealer hereby grants to Ford Credit a security interest in the Merchandise now owned or hereafter acquired by Dealer and in the proceeds, in whatever form, of any sale or other disposition thereof; and Dealer hereby assigns to Ford Credit, and grants to Ford Credit a security interest in, all amounts that may now or hereafter be payable to Dealer by the manufacturer, distributor or seller of any of the Merchandise by way of rebate or refund of all or any portion of the purchase price thereof.

5. Dealer's Possession and Sale of Merchandise

Dealer's possession of the Merchandise shall be for the sole purpose of storing and exhibiting the same for sale or lease in the ordinary course of Dealer's business. Dealer shall keep the Merchandise brand new and subject to inspection by Ford Credit and free from all taxes, liens and encumbrances, and any sum of money that may be paid by Ford Credit in release or discharge of any taxes, liens or encumbrances on the Merchandise or on any documents executed in connection therewith shall be paid by Dealer to Ford Credit upon demand. Except as may be necessary to remove or transport the same from a freight depot to Dealer's place of business. Dealer shall not use or operate, or permit the use or operation of, the Merchandise for demonstration, hire or otherwise without the express prior written consent of Ford Credit in each case, and shall not in any event use the Merchandise illegally or improperly. Dealer shall not mortgage, pledge or loan any of the Merchandise, and shall not transfer or otherwise dispose of the same except by sale or lease in the ordinary course of Dealer's business. Any and all proceeds of any sale, lease or other disposition of the Merchandise by Dealer shall be received and held by Dealer in trust for Ford Credit and shall be fully, faithfully and promptly accounted for and remitted by Dealer to Ford Credit to the extent of Dealer's obligation to Ford Credit with respect to the Merchandise. As used in this paragraph 5 (a) "sale in the ordinary course of Dealer's business" shall include only (i) a bona fide

retail sale to a purchaser for his own use at the fair market value of the merchandise sold and (ii) an occasional sale of such Merchandise to another dealer at a price not less than Dealer's cost of the Merchandise sold, unless such sale is a part of a plan or scheme to liquidate all or any portion of Dealer's business, and (b) "lease in the ordinary course of Dealer's business" shall include only a bona fide lease to a lessee for his own use at a fair rental value of the Merchandise leased.

6. <illegible> of Loss and Unsurance Requirements

The Merchandise shall be at Dealer's sole risk of any loss or damage to the same, except to the extent of any insurance proceeds actually received by Ford Credit with respect thereto under insurance obtained by Ford Credit pursuant to the Plan. Dealer shall indemnify Ford Credit against all claims for injury or damage to persons or property caused by the use, operation or holding of the Merchandise and, if requested to do so by Ford Credit, maintain at its own expense liability insurance in connection therewith in such form and amounts as Ford Credit may reasonably require from time to time. In addition, Dealer shall insure each item of the Merchandise that is or may be used for demonstration or

operated for any other purpose against loss due to collision, subject in each case to the deductible amounts and limitations set forth in the Plan.

7. Credits

All funds or other property belonging to Ford Credit and received by Dealer shall be received by Dealer in trust for Ford Credit and shall be remitted to Ford Credit forthwith. Ford Credit, at all times, shall have a right to offset and apply any and all credits, monies or properties of Dealer in Ford Credit's possession or control against any obligation of Dealer to Ford Credit.

8. Information Concerning Dealer

To induce Ford Credit to extend financing accommodations hereunder, Dealer has submitted information concerning its business organization and financial condition, and certifies that the same is complete, true and correct in all respects and that the financial information contained therein and any that may be furnished to Ford Credit from time to time hereafter does and shall fairly present the financial condition of Dealer in accordance with generally accepted accounting principles applied on a consistent basis. Dealer agrees to notify Ford Credit promptly of any material change in its business organization or financial condition or in any information relating hereto previously furnished to Ford Credit. Dealer acknowledges and intends that Ford Credit shall rely, and shall have the right to rely on such information in extending and continuing to extend financing accommodations to Dealer. Dealer hereby authorizes Ford Credit from time to time and in all reasonable times to examine, appraise and verify the existence and condition of all Merchandise, documents, commercial or other paper and other property in which Ford Credit has or has had any title, title retention and security or other interest, and all of Dealer's books and record in any way relating to its business.

9. Default

The following shall constitute an Event of Default hereunder:

a) Dealer shall fail to promptly pay any amount now or hereafter owing to Ford Credit as and when the same shall become due and payable, or
b) Dealer shall fail to duly observe or perform any other obligation secured hereby, or
c) any representation made by Dealer to Ford Credit shall prove to have been false or misleading in any material respect as of the date on which the same was made, or
d) a proceeding in bankruptcy, insolvency or receivership shall be instituted by or against Dealer or Dealer's property.

Upon the occurrence of an Event of Default Ford Credit may accelerate, and declare immediately due and payable, all or any part of the unpaid balance of all Advances made hereunder together with accrued interest and flat charges, without notice to anyone. In addition, Ford Credit may take immediate possession of all property in which it has a security interest hereunder, without demand or other notice and without legal process. For this purpose and in furtherance thereof if Ford Credit so requests, Dealer shall assemble such property and make it available to Ford Credit at a reasonably convenient place designated by Ford Credit, and Ford Credit shall have the right, and Dealer hereby authorizes and empowers Ford Credit, its agents or representatives, to enter upon the premises wherever such property may be and remove same. In the event Ford Credit acquires possession of such property or any portion thereof, as hereinbefore provided. Ford Credit may, in its sole discretion (i) sell the same, or any portion thereof, after five days' written notice, at public or private sale for the account of Dealer, (ii) declare this agreement, all wholesale transactions and Dealer's obligations in connection therewith to be terminated and cancelled and retain any sums of money that may have been paid by Dealer in connection therewith, and (iii) enforce any other remedy that Ford Credit may have under applicable law. Dealer agrees that the sale by Ford Credit of any new and unused property repossessed by Ford Credit to the manufacturer, distributor or seller thereof, or to any person designated by such manufacturer, distributor or seller, at the invoice cost thereof to Dealer less any credits granted to Dealer with respect thereto and reasonable costs of transportation and reconditioning, shall be deemed to be a commercially reasonable means of disposing of the same. Dealer further agrees that if Ford Credit shall solicit bids from three or more other dealers in the type of property repossessed by Ford Credit hereunder, any sale by Ford Credit of such property in bulk or in parcels to the bidder submitting the highest cash bid therefor also shall be deemed to be a commercially reasonable means of disposing of the same. Dealer understands and agrees, however, that such means of disposal shall not be exclusive and that Ford Credit shall have the right to dispose of any property repossessed hereunder by any commercially reasonable means. Dealer agrees to pay reasonable attorney's fees and legal expenses incurred by Ford Credit in connection with the repossession and sale of any such property. Ford Credit's remedies hereunder are cumulative and may be enforced successively or concurrently.

10. General

Dealer waives the benefit of all homestead and exemption laws and agrees that the acceptance by Ford Credit of any payment after it may have become due or the

waiver by Ford Credit of any other default shall not be deemed to alter or affect Dealer's obligations or Ford Credit's right with respect to any subsequent payment or default.

Neither this agreement, nor any other agreement between Dealer and Ford Credit, or between Dealer and any manufacturer, distributor or seller that has been assigned to Ford Credit, nor any funds payable by Ford Credit to Dealer, shall be assigned by Dealer without the express prior written consent of Ford Credit in each case.

Any provision hereof prohibited by any applicable law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof. Except as herein provided, no modification hereof may be made except by a written instrument duly executed by, or pursuant to the express written authority of an executive officer of Ford Credit.

Dealer shall execute and deliver to Ford Credit promissory notes or other evidences of Dealer's indebtedness hereunder, security agreements, trust receipts, chattel mortgages or other security instruments and any other documents which Ford Credit may reasonably request to confirm Dealer's obligations to Ford Credit and to confirm Ford Credit's security interest in the Merchandise financed by Ford Credit under the Plan or in any other property as provided hereunder, and in such event the terms and conditions hereof shall be deemed to be incorporated therein. Ford Credit's security or other interest in any Merchandise shall not be impaired by the delivery to Dealer of Merchandise or of bills of lading, certificates of origin, invoices or other documents pertaining thereto or by the payment by Dealer or any curtailment, security or other deposit or portion of the amount financed. The execution by Dealer or on Dealer's behalf of any document for the amount of any credit extended shall be deemed evidence of Dealer's obligation and not payment thereof. Ford Credit may, for and in the name of Dealer, endorse and assign any obligation transferred to Ford Credit by Dealer and any check or other medium of payment intended to apply upon such obligation. Ford Credit may complete any blank space and fill in omitted information on any document or paper furnished to it by Dealer.

Unless the context otherwise clearly requires, the terms used herein shall be given the same meaning as ascribed to them under the provisions of the Uniform Commercial Code. Section headings are inserted for convenience only and shall not affect any construction or interpretation of this agreement.

This agreement shall be interpreted in accordance with the laws of the state of the Dealer's place of business set out above.

11. Acceptance and Termination

Dealer waives notice of Ford Credit's acceptance of this agreement and agrees that it shall be deemed accepted by Ford Credit at the time Ford Credit shall first extend credit to Dealer under the Plan. This agreement shall be binding on Dealer and Ford Credit and their respective successors and assigns from the date thereof until terminated by receipt of a written notice by either party from the other, except that any such termination shall not relieve either party from any obligation incurred prior to the effective date thereof.

Witness or Attest: Town And Country Ford, Inc.
/s/ <illegible> (DEALER'S EXACT BUSINESS NAME)
- ------------------

By /s/ <illegible> Title <illegible>

POWER OF ATTORNEY FOR WHOLESALE

KNOW ALL MEN BY THESE PRESENTS: That the undersigned dealer does hereby make, constitute and appoint S.L. Owens, J.M. Walsh and F.H. Mason, all of Dearborn, Michigan and each of them and any other officer or employee of Ford Motor Credit Company, a Delaware corporation of Dearborn, Michigan, its true and lawful attorneys with full power of substitution, for and in its name, stead and behalf, to prepare, make, execute, acknowledge and deliver to Ford Motor Credit Company from time to time promissory notes or other evidences of indebtedness, bearing such rate of interest as Ford Motor Credit Company may require from time to time, and trust receipts, chattel mortgages and other title retention or security instruments necessary or appropriate in connection with the wholesale financing by Ford Motor Credit Company of merchandise for the undersigned dealer under the terms of the Ford Motor Credit Company Automotive Wholesale Plan, and generally to perform all acts and to do all things necessary or appropriate in discharge of the power hereby conferred, including the making of affidavits and the acknowledging of instruments, as if fully done by the undersigned dealer,

and each of the said attorneys hereby is further authorized and empowered in the discharge of the power hereby conferred to execute any instruments by means of either a manual, imprinted or other facsimile signature or by completing a printed form to which an imprinted or other facsimile signature is then affixed.

This Power of Attorney is executed by the undersigned dealer to induce Ford Motor Credit Company to make advances for merchandise to be acquired by the undersigned dealer and recognizes that such advances are made to manufacturers, distributors and other sellers of such merchandise at places other than the undersigned dealer's place of business, and that it is impractical for the undersigned dealer to execute the promissory notes, trust receipts, chattel mortgages and other title retention or security instruments necessary or appropriate in connection with such advances without unduly delaying the delivery of such merchandise to the undersigned dealer. Accordingly, this Power of Attorney may be revoked by the undersigned dealer only by notice in writing addressed to Ford Motor Credit Company, Dearborn, Michigan by registered mail, return receipt requested, stating an effective date on or after the receipt thereof by Ford Motor Credit Company.

Dated this 22 day of August 1984

Witness or Attest: Town And Country Ford, Inc.
(DEALER'S EXACT BUSINESS NAME)

/s/ <illegible> By /s/ <illegible> Title Pres.

State of North Carolina
ss.
County of Mecklenburg

On this 22 day of August, 1984, before me, the undersigned Notary Public, personally appeared Bruton Smith who acknowledged himself to be the President of Town And Country Ford, Inc., the grantor of the foregoing Power of Attorney, and that he, being authorized so to do, executed the foregoing Power of Attorney for the purposes therein contained, by signing the name of the said grantor by himself in the capacity indicated.
IN WITNESS WHEREOF I have hereunto set my hand and official seal.

/s/ Beckie McManus [STAMP] (NOTARY'S SEAL)
BECKIE McMANUS
Notary Public NOTARY PUBLIC
UNION COUNTY, NC
MY COMMISSION EXPIRES 2-28-89

CERTIFIED COPY OF RESOLUTION OF BOARD OF DIRECTORS

The undersigned hereby certifies that he is the Secretary of Town And Country Ford, Inc. of 5401 E. Independence Blvd., Charlotte, N.C. 28212 and that the following is a true, correct and complete copy of resolutions adopted by the board of directors of the said corporation at a meeting duly called and held on August 22, 1984 at which a quorum was present and voting, and that said resolutions are unchanged and are now in full force and effect:

RESOLVED, That the officers of this corporation be, and each hereby is, authorized and empowered to execute and deliver on behalf of this corporation an Application for Wholesale Financing to Ford Motor Credit Company of Dearborn, Michigan in such form and upon such terms and conditions as the said Ford Motor Credit Company may require, and to execute and deliver from time to time promissory notes or other evidences of indebtedness, bearing such rate of interest as the said Ford Motor Credit Company may require from time to time, and trust receipts, chattel mortgages and other title retention or security instruments as, and in such form as, the said Ford Motor Credit Company may require, evidencing any financing extended by the said Ford Motor Credit Company to this corporation under the terms of the Ford Motor Credit Company Automotive Wholesale Plan.

FURTHER RESOLVED, That S.L. Owens, J.M. Walsh and F.H. Mason, all of Dearborn, Michigan, and each of them and any other officer or employee of the said Ford Motor Credit Company be and each of them hereby is constituted and appointed an attorney-in-fact of this corporation for the purposes set forth in the Power of Attorney presented to this board of directors this date, with full power of substitution, and the officers of this corporation are, and each of them hereby is, authorized and empowered to execute a formal Power of Attorney in such form.

FURTHER RESOLVED, That the officers of this corporation be, and each hereby is, authorized and empowered to do other things and to execute all other instruments and documents necessary or appropriate in the premises.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the corporate seal of the said corporation this 22 day of August 1984.

/s/ <illegible>
- ----------------------------- (CORPORATE SEAL)
SECRETARY

World Omni Financial Corp.

DEMAND PROMISSORY NOTE
(Line of Credit)

DATE: October 5, 1990
Location Charlotte, NC 28217

$5,500,000.00

FOR VALUE RECEIVED, the undersigned ("Maker") promises to pay on DEMAND to the order of WORLD OMNI FINANCIAL CORP., a Florida corporation, together with any subsequent holder hereof (hereinafter collectively called the "Holder"), the principal sum of Five Million Five Hundred Thousand DOLLARS ($5,500,000.00) or such portion thereof which shall have been advanced to Maker, with interest as set forth below on the unpaid balance until paid, and both principal and interest shall be payable in lawful money of the United States of America at the office of the Holder located at 4601 Charlotte Park Drive Charlotte, NC 28217, or at such other place as Holder may designate in writing. It is understood and agreed that additional amounts may be advanced by Holder as provided in the Wholesale Floor Plan Security Agreement (as hereinafter defined) securing this Demand Promissory Note ("Note") and, if no promissory note reflecting such additional advance is executed by Maker, such advances will be added to the principal of this Note, will accrue interest as set forth below from the date of advance until paid and will otherwise be payable in accordance with the terms of this Note.

All sums due under this Note, including, without limitation, all principal and interest and all amounts advanced by the Holder of this Note or any predecessor or assignor (immediate or remote) with respect hereto, shall be due and payable upon DEMAND or, in the absence of any DEMAND, upon such additional terms and conditions as are set forth in this Note and in the Wholesale Floor Plan Security Agreement dated October 5, 1990, between World Omni Financial Corp. and Maker, including any amendments thereto (the "Wholesale Floor Plan Security Agreement"), which agreement and amendments, if any, are incorporated herein by reference.

Accrued interest shall be paid monthly on the 1st day of each month commencing on November 1, 1990. Of that portion of the principal amount of this Note advanced to enable Maker to acquire new Vehicles (as defined in the Wholesale Floor Plan Security Agreement), interest shall be a percentage of such principal amount at an annual rate equal to .75 percent (.75%) plus the interest rate announced from time to time by Southeast Bank, N.A., as the Prime Rate (the "Prime Rate") and shall be computed on the basis of the actual number of days elapsed over a period of 360 days. On that portion of the principal amount of this Note advanced to enable Maker to acquire used Vehicles, or advanced for any other purpose, other than to enable Maker to acquire new Vehicles, interest shall be a percentage of such principal amount at an annual rate equal to 1.75 percent (1.75%) plus the interest rate announced from time to time by Southeast Bank, N.A., as the Prime Rate and shall be computed on the basis of the actual number of days elapsed over a period of 360 days. Each change in the interest rate hereunder shall be effective as of that date upon which the Prime Rate is changed. Interest shall be computed on a daily basis by applying the interest rate effective on that day as a daily rate to the outstanding principal balance as of that day. The outstanding principal balance as of any day shall be the outstanding principal balance hereunder as of the beginning of that day, plus any advance made pursuant to this loan charged to Maker's account on that day (exclusive of the interest) and less any payments of principal credited to Maker's account on that day.

The obligation of Maker to make the payments required to be made hereunder shall be absolute and unconditional and shall not be subject to diminution or delay by setoff, counterclaim, abatement or otherwise.

Maker shall indicate in writing, at the time of each request for an advance hereunder, the amount of the requested advance that will be used to enable Maker to acquire new vehicles and the amount of the requested advance that will be used to enable Maker to acquire used vehicles, which indications shall be made in accordance with Holder's normal business practices. Holder shall provide a monthly statement to Maker indicating the amount of the advances made hereunder that have been made to enable Maker to acquire new Vehicles and indicating the amount of the advances made hereunder that have been made to enable Maker to acquire used Vehicles, which monthly statement shall be controlling in the event of any conflict with any writing provided by Maker.

Each Event of Default as defined in the Wholesale Floor Plan Security Agreement shall be, and hereby is, incorporated herein by this reference and by virtue thereof shall be deemed an event of default hereunder (hereinafter, an "Event of Default").

In the event of a default in payment of any installment of principal or interest hereof or upon the occurance of any other Event of Default, Holder may, without notice, declare the remainder of the principal and interest due hereunder at once due and payable. Failure to exercise this option shall not

constitute a waiver of the right to exercise the same at any other time. The unpaid principal of this Note and accrued interest, if any, shall bear interest after default at the rate of 18% per annum until paid.

Acceptance of any payment after its due date shall not be deemed a waiver of the right to require prompt payment when due of all other sums, and acceptance of any payment after Holder has declared its entire indebtedness due and payable shall not cure any Event of Default or operate as a waiver of any right of Holder hereunder.

Maker, and any sureties, guarantors or endorsers of this Note, hereby jointly and severally waive presentment of payment, demand for payment, protest, notice of dishonor, notice of nonpayment or notice of default (or any other notice of any kind, all of which are hereby expressly waived by Maker and such sureties, guarantors and endorsers to the fullest extent permitted by law), and hereby jointly and severally waive all defenses on the grounds of extension of time for the payment hereof, renewals, waivers, modifications, or substitutions hereof, releases of Collateral, or substitution or release of any sureties, guarantors and endorsers hereof which may be given by Holder to them or either of them or to anyone who has assumed any obligation for the payment of this Note.

All payments shall be applied first to fees and costs, including attorney's fees, if any, next to interest and then to principal, but notwithstanding any provision in this Note or in any other document executed in connection with this Note, Maker's total liability during any payment period for payment of fees, charges or other payments which may be deemed interest shall not exceed the limits imposed by the usury laws under applicable law. If, for any reason, total payments which may be deemed interest shall be greater than the limit imposed by the usury laws under applicable law for any interest payment period, then all sums in excess of those lawfully collectable as interest for that period shall be applied, without further agreement or notice, first to the reduction of principal until paid in full with the excess, if any, being repaid to the Maker. Holder agrees to accept such sums as a penalty-free prepayment of principal, unless Holder at any time elects, by notice in writing, to waive or limit the collection of any sums in excess of those lawfully collectable as interest rather than accept those sums as a prepayment or principal. If this Note is accelerated by an Event of Default, any interest on principal accelerated to maturity in excess of the limits imposed by the usury laws under applicable law shall be eliminated. This Note may be prepaid in whole or in part at any time without penalty.

Upon the occurance of an Event of Default, Holder may employ an attorney or a law firm to enforce Holder's rights and remedies, including the right to collect the amounts due under this Note and to protect or foreclose the Collateral, and Maker's principal, surety, guarantor and endorsers of this Note hereby agree, jointly and severally, to pay to Holder reasonable attorneys' fees (provided, however, that if this Demand Promissory Note is governed by and construed and enforced under the laws of the State of Georgia, Maker shall pay Holder attorney' fees at the rate of 15% of principal and interest owing by Maker to Holder) and costs, whether or not suit be brought, including attorneys' fees and costs on appeal, plus all other reasonable expenses incurred by Holder in exercising any of the Holder's rights and remedies upon default, including, without limitation, court costs, other legal expenses and attorneys' fees incurred in connection with consultation, arbitration and litigation, and such fees, costs, and expenses shall bear interest at the rate of 18% per annum until paid and shall be secured as provided by the Wholesale Floor Plan Security Agreement.

Unless otherwise defined herein, all capitalized terms used herein shall have the meanings given to such terms in the Wholesale Floor Plan Security Agreement.

Holder may pledge, transfer or assign this Note and shall thereupon be relieved of all duties hereunder and with respect to the Collateral. All rights and duties of the parties hereto and any sureties, guarantors and endorsers shall inure to the benefit of and bind their heirs, distributees, legal representatives, successors and assigns.

This Note is given for the loan of money, and is secured by a security interest in the Collateral granted pursuant to the Wholesale Floor Plan Security Agreement and incorporated herein by reference. The provisions of all other security agreements securing this Note, if any, are incorporated herein by reference.

This Note may not be changed orally, but only by an agreement in writing and signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

This Note is to be governed by and construed and enforced under the laws of the State of North Carolina without regard to its conflict of laws principles.

Maker hereby knowingly, voluntarily and intentionally waives the right to a

trial by jury to any litigation based on this Note, or arising out of, under, or in connection with any document or agreement executed in connection with the transactions contemplated hereby, or arising out of, under or in connection with any course of conduct, course of dealing statements (written or oral), or actions of Maker or any other person. This waiver of trial by jury provision is a material inducement for Holder to enter into the transactions contemplated by this Note.

IN TESTIMONY WHEREOF, each corporate Maker caused this instrument to be executed under its hand and seal in its corporate name by its _____ President, and caused its corporate seal to be affixed hereto, all by order of its Board of Directors, first duly given, this day and year first above written.

Marcus David Corp. D/B/A Town & Country Toyota
(Corporate Name)

(Corporate Seal)

ATTEST: By /s/ Bruton Smith (SEAL)

/s/ William R. Brooks (SEAL) Ollen Bruton Smith, as its President
, as its Secretary

SECURITY AGREEMENT AND MASTER CREDIT AGREEMENT [LOGO] CHRYSLER CREDIT

This Security Agreement and Master Credit Agreement (hereinafter called the "Agreement"), made as of this 21 day of April, 1995; and effective September 1, 1984 or the date hereof, whichever is later, is by and between CLEVELAND CHRYSLER PLYMOUTH JEEP EAGEL, LLC, having its principal place of business at 2490 South Lee Hwy. - Cleveland, Tn. 37311 (hereinafter called "Debtor"), and Chrysler Credit Corporation, a Delaware corporation, having offices located at 27777 Franklin Road, Southfield, Michigan 48034-8286 (hereinafter called "Secured Party").

WHEREAS, Debtor is engaged in business as an authorized dealer of Chrysler Corporation and desires Secured Party to finance the acquisition by Debtor in the ordinary course of its business of new and unused vehicles sold and distributed by Chrysler Corporation and/or other authorized sellers and of used vehicles (all such unused and used vehicles being hereinafter collectively called the "Vehicles").

WHEREAS, Secured Party is willing to provide wholesale financing to Debtor to finance the acquisition of Vehicles by Debtor (1) by agreeing with Chrysler Corporation to purchase from Chrysler Corporation receivables evidencing credit sales of Vehicles by Chrysler Corporation to Debtor, and (2) by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles from other sellers.

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1.0 Financing - Secured Party agrees to extend to Debtor wholesale financing as follows:

(a) to purchase receivables from Chrysler Corporation evidencing credit sales of Vehicles by Chrysler Corporation to Debtor, at 100% of the face amount of such receivables; or

(b) by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles from sellers thereof, on the terms and conditions set forth in Paragraph 2.1 herein or as set forth in the Vehicle financing terms and conditions as they may be made available to Debtor from time to time by Secured Party.

For the purposes of this Agreement, amounts applied by Secured Party to acquire Debtor's receivables from Chrysler Corporation as contemplated by clause (a) are herein called "Receivable Purchase Advances", and loans or advances provided by Secured Party directly to either Debtor or to the seller of Vehicles to Debtor as contemplated by clause (b) are herein called "Direct Loan Advances", and all such amounts, loans and advances provided by Secured Party contemplated by clause (a) and clause (b) are herein collectively called "Advances". Debtor acknowledges that (x) the maximum amount of Advances which will be made by Secured Party hereunder will be established from time to time by Secured Party in its sole discretion and (y) all such Advances shall be made on and shall be subject to the terms and conditions of this Agreement. It is understood and agreed that the making of any Advance hereunder shall be at the option of Secured Party and shall not be obligatory, and that the right of Debtor to request that Secured Party make Advances may be terminated at any time by Secured Party at its election without notice.

2.0 Evidence of Advances and Payment Terms - Each Receivable Purchase Advance shall be evidenced by and made against a Credit Sale Agreement of Chrysler Corporation delivered to Secured Party, and Secured Party shall be entitled to make Receivable Purchase Advances against such Credit Sale Agreement appropriately completed and executed on behalf of Debtor by Chrysler Corporation by facsimile signature or otherwise under Power of Attorney given by Debtor, without any duty to inquire as to the continued effectiveness of such power or to verify with Debtor the amount of, or Vehicles listed upon, such Credit Sale Agreement and each such Credit Sale Agreement shall evidence the valid and binding payment obligation of Debtor. Each Direct Loan Advance shall be made at such time as Debtor shall request in accordance with the then-effective Vehicle financing terms and conditions referred to above. Debtor will execute and deliver to Secured Party from time to time its demand promissory notes in aggregate principal amount equal to that amount agreed to by Debtor and Secured Party from time to time, such demand promissory notes (the "Promissory Notes") to evidence the liability of Debtor to Secured Party on account of all Direct Loan Advances and to constitute additional evidence of Debtor's obligation in respect of the receivables underlying the Receivable Purchase Advances. The maximum liability of Debtor under this Agreement shall at any time be equal

to the aggregate principal amount of all Advances at the time outstanding hereunder plus interest and such other amounts as may be due under this Agreement. Debtor will pay to Secured Party on demand the aggregate principal amount of all Advances from time to time outstanding, and will pay upon demand the interest due thereon and such other additional charges as Secured Party shall determine from time to time.

Notwithstanding any inconsistent terms of any agreement between Debtor and Chrysler Corporation in respect of Debtor's liability under any Credit Sale Agreement, in consideration of Secured Party's making of Receivable Purchase Advances and Direct Loan Advances, Debtor will pay to Secured Party interest at the rate(s) per annum designated by Secured Party from time to time on the amount of each Advance made by Secured Party hereunder from the date of such Advance until the date of repayment to Secured Party of the full amount thereof. For the purposes of the preceding sentence, each Receivable Purchase Advance shall be deemed to have been made by Secured Party on the date on which payment shall have been made by Secured Party to Chrysler Corporation for the related receivable of Debtor purchased by Secured Party from Chrysler Corporation. Secured Party will give notice to Debtor of the interest rate(s) established by it from time to time under the terms hereof, and each such notice shall constitute an agreement between Debtor and Secured Party as to the applicability to the Advances of the interest rate(s) contained therein, to be applicable from the dates stated in such notice until such interest rate(s) are changed by subsequent notice given by Secured Party pursuant to this sentence. All interest accrued on the Advances shall be payable monthly by Debtor, and shall be due upon receipt by Debtor of the statement of Secured Party setting forth the amount of such accrued interest.

2.1 Debtor agrees that financing pursuant to this Agreement shall be used exclusively for the purpose of acquiring Vehicles for Debtor's inventory and Debtor shall not sell or otherwise dispose of such Vehicles except by sale in the ordinary course of business. If so requested by Secured Party, Debtor agrees to maintain a separate bank account into which all cash proceeds of such sales or other dispositions of such Vehicle will be deposited. Debtor further agrees that upon the sale of each Vehicle with respect to which an Advance has been made by Secured Party, Debtor will promptly remit to Secured Party the total amount then outstanding of Secured Party's Advance on each such Vehicle unless other terms of repayment have been agreed to by Secured Party. Debtor agrees to hold in trust for Secured Party and shall forthwith remit to Secured Party, to the extent of any unpaid and past due indebtedness hereunder, all proceeds of each Vehicle when received by Debtor, or to allow Secured Party to make direct collection thereof and credit Debtor with all sums received by Secured Party.

3.0 Security - Debtor hereby grants to Secured Party a first and prior security interest in and to each and every Vehicle financed hereunder, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof, subject only to any prior security interest in a Vehicle financed by a Receivable Purchase Advance which has been granted by Debtor to Chrysler Corporation and assigned by Chrysler Corporation to Secured Party in connection with the making of such Receivable Purchase Advance. Further, Debtor also hereby grants to Secured Party a security interest in and to all Chattel Paper, Accounts whether or not earned by performance and including without limitation all amounts due from the manufacturer or distributor of the Vehicles or any of its subsidiaries or affiliates, Contract Rights, Documents, Instruments, General Intangibles, Consumer Goods, Inventory of Automotive Parts, Accessories and Supplies, Equipment, Furniture, Fixtures, Machinery, Tools, and Leasehold Improvements, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof, as additional security for each and every indebtedness and obligation of Debtor as set forth herein. The security interest hereby granted shall secure the prompt, timely and full payment of (1) all Advances, (2) all interest accrued thereon in accordance with the terms of this Agreement and the Promissory Notes, (3) all other indebtedness and obligations of Debtor under the Promissory Notes, (4) all costs and expenses incurred by Secured Party in the collection or enforcement of the Promissory Notes or of the receivable underlying any Receivable Purchase Advance or of the obligations of the Debtor under this Agreement, (5) all monies advanced by Secured Party on behalf of Debtor for taxes, levies, insurance and repairs to and maintenance of any Vehicle or other collateral, and (6) each and every other indebtedness or obligation now or hereafter owing by Debtor to Secured Party including any collection or enforcement costs and expenses or monies advanced on behalf of Debtor in connection with any such other indebtedness or obligations. Nothing in this Agreement shall require Debtor, in respect of any Receivable Purchase Advance, to proceed first under the security interest created by this Agreement or first under the security interest granted by Debtor to Chrysler Corporation to secure the receivable underlying such Receivable Purchase Advance and assigned by Chrysler Corporation to Secured Party and the remedies of Secured Party under each security interests shall be

cumulative.

3.1 All said security set forth in Paragraph 3.0 above shall hereinafter collectively be called "Collateral". Debtor hereby expressly agrees that the term "proceeds" as used in Paragraph 3.0 above shall include without limitation all insurance proceeds on the Collateral, money, chattel paper, goods received in trade including without limitation vehicles received in trade, contract rights, instruments, documents, accounts whether or not earned by performance, general intangibles, claims and tort recoveries relating to the Collateral. Notwithstanding that Advances hereunder are made from time to time with respect to specific Vehicles, each Vehicle and the proceeds thereof and all other Collateral hereunder shall constitute security for all obligations of Debtor to Secured Party secured hereunder.

3.2 Debtor hereby agrees that upon request of the Secured Party it will take such action and/or execute and deliver to Secured Party any and all documents (and pay all costs and expenses of recording the same), in form and substance satisfactory to Secured Party, which will perfect in Secured Party its security interest in the Collateral in which Secured Party has or is to have a security interest under the terms of this Agreement.

3.3 Secured Party's security interest in the Collateral shall attach to the full extent provided or permitted by law to the proceeds, in whatever form, of any disposition of said Collateral or to any part thereof by Debtor until such proceeds are remitted and accounted for as provided herein. Debtor will notify Secured Party before Debtor signs, executes or authorizes any financing statement regardless of coverage.

3.4 Debtor shall be responsible for all loss and damage to the Collateral and agrees to keep Collateral insured against loss or damage by fire, theft, collision, vandalism and against such other risks as Secured Party may require from time to time. Insurance and policies evidencing such insurance shall be with such companies, in such amount and such form as shall be satisfactory to Secured Party. If so requested by Secured Party, any or all such policies of insurance shall contain an endorsement, in form and substance satisfactory to Secured Party, showing loss payable to Secured Party as its interest may appear, and a certificate of insurance evidencing such coverage will be provided to Secured Party.

4.0 Debtor's Warranties - Debtor warrants and agrees that the Collateral now is and shall always be kept free of all taxes, liens and encumbrances, except as specifically disclosed in Paragraph 4.1 below or provided for in Paragraph 3.0 above, and Debtor shall defend the Collateral against all other claims and demands whatsoever and shall indemnify, hold harmless and defend Secured Party in connection therewith. Any sum of money that may be paid by Secured Party in release or discharge of any taxes, liens or encumbrances shall be paid to Secured Party on demand as an additional part of the obligation secured hereunder. Debtor hereby agrees not to mortgage, pledge or loan (except for designated demonstrators as agreed to in advance by Secured Party in writing) the Vehicles and shall not license, title, use, transfer or otherwise dispose of them except as provided in this Agreement. Debtor agrees that it will execute in favor of Secured Party any form of document which may be required to evidence further Advances by Secured Party hereunder, and shall execute such additional documents as Secured Party may at any time request in order to conform or perfect Debtor's title to or Secured Party's security interest in the Vehicles. Execution by Debtor of notes, checks or other instruments for the amount advanced shall be deemed evidence of Debtor's obligation and not payment therefor until collected in full by Secured Party.

4.1 Disclosure of Taxes, Liens and Encumbrances -

(If there are any, list them here; if none, so state.)

PLACE FILED	DATE OF FILING	NAME AND ADDRESS OF CREDITOR

5.0 Signatory Authorization - Debtor hereby authorizes Secured Party or any of its officers, employees, agents or any other person Secured Party may

designate to execute any and all documents pursuant to the terms and conditions of that certain Power of Attorney and Signatory Authorization of even date herewith.

6.0 Events of Default and Remedies/Termination - Time is of the essence herein and it is understood and agreed that Secured Party may, at its option and notwithstanding any inconsistent terms in any agreement between Debtor and Chrysler Corporation and/or Secured Party with respect to the receivable underlying any Receivable Purchase Advance by Secured Party, terminate this Agreement, refuse to advance funds hereunder, convert outstanding installment payment obligations to payment on Vehicle sale obligations, and declare the aggregate of all Advances outstanding hereunder immediately due and payable upon the occurrence of any of the following events (each hereinafter called an Event of Default), and that Debtor's liabilities under this sentence shall constitute additional obligations of Debtor secured under this Agreement.

(a) Debtor shall fail to make any payment to Secured Party, whether constituting the principal amount of any Advance, interest thereon or any other payment due hereunder, when and as due in accordance with the terms of this Agreement or with any demand permitted to be made by Secured Party under this Agreement or any Promissory Note, or shall fail to pay when due any other amount owing to Secured Party under any other agreement between Secured Party and Debtor, or shall fail in the due performance or compliance with any other term or condition hereof or thereof, or shall be in default in the payment of any liabilities constituting indebtedness for money borrowed or the deferred payment of the purchase price of property or a rental payment with respect to property material to the conduct of Debtor's business;

(b) A tax lien or notice thereof shall have been filed against any of the Debtor's property or a proceeding in bankruptcy, insolvency or receivership shall be instituted by or against Debtor or Debtor's property or an assignment shall have been made by Debtor for the benefit of creditors;

(c) In the event that Secured Party deems itself insecure for any reason or the Vehicles are deemed by Secured Party to be in danger of misuse, loss, seizure or confiscation or other disposition not authorized by this Agreement;

(d) Termination of any franchise authorizing Debtor to sell Vehicles;

(e) A misrepresentation by Debtor for the purpose of obtaining credit or an extension of credit or a refusal by Debtor to execute documents relating to the Collateral and/or Secured Party's security interest therein or to furnish financial information to Secured Party at reasonable intervals or to permit persons designated by Secured Party to examine Debtor's books or records and to make periodic inspections of the Collateral; or

(f) Debtor, without Secured Party's prior written consent, shall guarantee, endorse or otherwise become surety for or upon the obligations of others except as may be done in the ordinary course of Debtor's business, shall transfer or otherwise dispose of any proprietary, partnership or share interest Debtor has in his business, or all or substantially all of the assets thereof, shall enter into any merger or consolidation, if a corporation, or shall make any substantial disbursements or use of funds of Debtor's business, except as may be done in the ordinary course of Debtor's business, or assign this Agreement in whole or in part or any obligation hereunder.

Upon the occurrence of an Event of Default, Secured Party may take immediate possession of said Vehicles without demand or further notice and without legal process; and for the purpose and furtherance thereof, Debtor shall, if Secured Party so requests, assemble the Vehicles and make them available to Secured Party at a reasonably convenient place designated by Secured Party and Secured Party shall have the right, and Debtor hereby authorizes and empowers Secured Party to enter upon the premises wherever said Vehicles may be, to remove same. In addition, Secured Party or its assigns shall have all the rights and remedies applicable under the Uniform Commercial Code or under any other statute or at common law or in equity or under this Agreement. Such rights and remedies shall be cumulative. Debtor hereby agrees that it shall pay all expenses and reimburse Secured Party for any expenditures, including reasonable attorneys fees and legal expenses, in connection with Secured Party's exercise of any of its rights and remedies under this Agreement.

7.0 Inspection: Vehicles/Books and Records - It is hereby understood and agreed by and between Debtor and Secured Party that Secured Party shall have the right of access to and inspection of the Vehicles and the right to examine Debtor's books and records, which Debtor warrants are genuine in all respects. Debtor hereby certifies to Secured Party that all Vehicles and books and records shall be kept at the principal place of business of Debtor as hereinabove stated or at such other locations as approved in

writing by Secured Party, and Debtor shall not remove or permit the removal of the Vehicles or books and records during the pendency of this Agreement except in the ordinary course of business and as authorized by Secured Party.

7.1 Debtor agrees to furnish to Secured Party after the end of each month, for so long as this Agreement shall be effective, balance sheets and statements of profit and loss for each month with respect to Debtor's business in such detail and at such times as Secured Party may require from time to time.

8.0 General - Debtor and Secured Party further covenant and agree that:

8.1 Any provision hereof prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

8.2 This Agreement shall be interpreted according to the laws of the State of Debtor's principal place of business as identified above.

8.3 This Agreement cannot be modified or amended, except in writing by both parties unless otherwise specifically authorized herein, and shall be binding and inure to the benefit of each of the parties hereto and their respective legal representatives, successors and assigns.

8.4 Interest to be paid in connection herewith shall never exceed the maximum rate allowable by law applicable hereto, as the parties intend to strictly comply with all law relating to usury. Notwithstanding any provision hereof or any other document in connection herewith to the contrary, Debtor shall not pay nor will Secured Party accept payment of any such excessive interest, which excessive interest is hereby canceled, and Secured Party shall be entitled at its option to refund any such interest erroneously paid or credit the same to Debtor's obligations hereunder.

8.5 The terms and provisions of this Agreement and of any other agreement between Debtor and Secured Party or Debtor, Secured Party and Chrysler Corporation or Debtor and Chrysler Corporation with respect to the Receivable underlying any Receivable Purchase Advance by Secured Party should be construed together as one agreement; provided, however, in the event of any conflict, the terms and provisions of this Agreement shall govern such conflict.

8.6 No failure or delay on the part of Secured Party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. The remedies herein are in addition to those available in law or equity, and Secured Party need not pursue any rights it might have as a Secured Party before pursuing payment and performance by Debtor or any guarantor or surety.

8.7 This Agreement may not be assigned by Debtor.

9.0 Notices - Any notice given hereunder shall be in writing and given by personal delivery or shall be sent by U.S. Mail, postage prepaid, addressed to the party to be charged with such notice at the respective address set forth below:

TO DEBTOR	TO SECURED PARTY
CLEVELAND CHRYSLER PLYMOUTH JEEP EAGLE, LLC 2490 South Lee Hwy. Cleveland, Tn. 37311	Chrysler Credit Corporation P.O. Box 80247 Chattanooga, Tn. 37414

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

CLEVELAND CHRYSLER PLYMOUTH JEEP EAGLE, LLC

(DEBTOR)

/s/ J L Allen
(WITNESS)

By /s/ Nelson E. Bowers II

ILLEGIBLE
(WITNESS)

Title President

CHRYSLER CREDIT CORPORATION

By /s/ ILLEGIBLE

Title Branch Manager

AMENDMENT TO THE SECURITY AGREEMENT
AND MASTER CREDIT AGREEMENT

[LOGO] CHRYSLER
CREDIT CORPORATION

This Amendment to the Security Agreement and Master Credit Agreement (hereinafter "Amendment"), by and between the undersigned parties hereto, hereby amends and is made a part of that certain Security Agreement and Master Credit Agreement (hereinafter "Agreement"), executed by the undersigned parties on given date herewith.

It is hereby agreed by the parties hereto that the Agreement is amended as follows:

Paragraph 3.0 of the Agreement, titled "Security", is hereby amended to add the following sentence immediately after the first full sentence in said Paragraph 3.0:

> "Further, Debtor also hereby grants to Secured Party a security interest in and to all Chattel Paper, Accounts whether or not earned by performance and including without limitation all amounts due from the manufacturer or distributor of the Vehicles or any of its subsidiaries or affiliates, Contract Rights, Documents, Instruments, General Intangibles, Consumer Goods, Inventory of Automotive Parts, Accessories and Supplies, Equipment, Furniture, Fixtures, Machinery, Tools, and Leasehold Improvements, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof, as additional security for each and every indebtedness and obligation of Debtor as set forth herein."

Except as herein amended, the terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Agreement as of the day and year as shown below.

CLEVELAND CHRYSLER PLYMOUTH JEEP EAGLE, LLC

(DEBTOR)

/s/ J L Allen
- ----------
Witness

By /s/ Nelson E. Bowers II

Title President

- ----------
Witness

CHRYSLER CREDIT CORPORATION

By /s/ ILLEGIBLE

Date 4/21/95

PROMISSORY NOTE

AMOUNT	CITY	STATE	DATE
$5,520,000.00	Cleveland	Tennessee	4-21-1995

ON DEMAND, FOR VALUE RECEIVED, the undersigned promise(s) to pay to the order of CHRYSLER CREDIT CORPORATION, a Delaware Corporation, at its office at Cleveland, Tennessee or at such other place as the holder hereof may direct in writing, the sum of Five Million Five Hundred Twenty & 00/100 Dollars ($5,520,000.00), in lawful money of the United States of America, together with interest thereon from the date hereof until paid at the rate or rates established from time to time, pursuant to paragraph 2.0 of that certain Security Agreement and Master Credit Agreement dated _____, 19__, between the undersigned and Chrysler Credit Corporation, which interest shall be payable monthly in like lawful money; provided, however, that the rate of interest payable hereunder shall not exceed the maximum rate of interest permitted by applicable law.

The undersigned agrees to pay reasonable attorneys fees if this note is placed in the hands of an attorney for collection.

The makers, sureties, guarantors and endorsers hereof severally waive presentment for payment, protest and notice of protest and non-payment of this note, and consents to any extension, renewal or postponement of the time of payment of this note, without notice, at the option of the holder.

DEALER	BY	ITS
CLEVELAND CHRYSLER PLYMOUTH JEEP EAGEL, LLC	/s/ Nelson E. Bowers II	President

84-291-4331 (3/92) [LOGO] CHRYSLER
SECURITY AGREEMENT AND MASTER CREDIT AGREEMENT CREDIT
(Non-Chrysler Corporation Dealer)

This Security Agreement and Master Credit Agreement (hereinafter called the "Agreement"), made as of this 21 day of April 1995,; is by and between SATURN OF CHATTANOOGA, INC., having its principal place of business at 6025 International Drive - Chattanooga, Tn. 37422 (hereinafter called "Debtor"), and Chrysler Credit Corporation, a Delaware corporation, having offices located at 27777 Franklin Rd., Southfield, Michigan 48034-8286 (hereinafter called "Secured Party").

WHEREAS, Debtor is engaged in business as an authorized dealer of SATURN and desires Secured Party to finance the acquisition by Debtor in the ordinary course of its business of new and unused vehicles sold and distributed by SATURN DISTRIBUTION CORPORATION and/or other authorized sellers and of used vehicles (all such unused and used vehicles being hereinafter collectively called the "Vehicles").

WHEREAS, Secured Party is willing to provide wholesale financing to Debtor to finance the acquisition of Vehicles by Debtor by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles.

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1.0 Financing - Secured Party agrees to extend to Debtor wholesale financing by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles from sellers thereof, on the terms and conditions set forth in Paragraph 2.1 herein or as set forth in the Vehicle financing terms and conditions as they may be made available to Debtor from time to time by Secured Party.

For the purposes of this Agreement, loans or advances provided by Secured Party directly to either Debtor or to the seller of Vehicles to Debtor are herein called "Advances". Debtor acknowledges that (x) the maximum amount of Advances which will be made by Secured Party hereunder will be established from time to time by Secured Party in its sole discretion and (y) all such Advances shall be made on and shall be subject to the terms and conditions of this Agreement. It is understood and agreed that the making of any Advance hereunder shall be at the option of Secured Party and shall not be obligatory, and that the right of Debtor to request that Secured Party make Advances may be terminated at any time by Secured Party at its election without notice.

2.0 Evidence of Advances and Payment Terms - Each Advance shall be made at such time as Debtor shall request in accordance with the then-effective Vehicle financing terms and conditions referred to above. Debtor will execute and deliver to Secured Party from time to time its demand promissory notes in aggregate principal amount equal to that amount agreed to by Debtor and Secured Party from time to time, such demand promissory notes (the "Promissory Notes") to evidence the liability of Debtor to Secured Party on account of all Advances. The maximum liability of Debtor under this Agreement shall at any time be equal to the aggregate principal amount of all Advances at the time outstanding hereunder plus interest and such other amounts as may be due under this Agreement. Debtor will pay to Secured Party on demand the aggregate principal amount of all Advances from time to time outstanding, and will pay upon demand the interest due thereon and such other additional charges as Secured Party shall determine from time to time.

In consideration of Secured Party's making Advances, Debtor will pay to Secured Party interest at the rate(s) per annum designated by Secured Party from time to time on the amount of each Advance made by Secured Party hereunder from the date of such Advance until the date of repayment to Secured Party of the full amount thereof. Secured Party will give notice to Debtor of the interest rate(s) established by it from time to time under the terms hereof, and each such notice shall constitute an agreement between Debtor and Secured Party as to the applicability to the Advances of the interest rate(s) contained therein, to be applicable from the dates stated in such notice until such interest rate(s) are changed by subsequent notice given by Secured Party pursuant to this sentence. All interest accrued on the Advances shall be payable monthly by Debtor, and shall be due upon receipt by Debtor of the statement of Secured Party setting forth the amount of such accrued interest.

2.1 Debtor agrees that financing pursuant to this Agreement shall be used exclusively for the purpose of acquiring Vehicles for Debtor's inventory and Debtor shall not sell or otherwise dispose of such Vehicles except by sale in the ordinary course of business. If so requested by Secured Party,

Debtor agrees to maintain a separate bank account into which all cash proceeds of such sales or other dispositions of such Vehicle will be deposited. Debtor further agrees that upon the sale of each Vehicle with respect to which an Advance has been made by Secured Party, Debtor will promptly remit to Secured Party the total amount then outstanding of Secured Party's Advance on each such Vehicle unless other terms of repayment have been agreed to by Secured Party. Debtor agrees to hold in trust for Secured Party and shall forthwith remit to Secured Party, to the extent of any unpaid and past due indebtedness hereunder, all proceeds of each Vehicle when received by Debtor, or to allow Secured Party to make direct collection thereof and credit Debtor with all sums received by Secured Party.

3.0 Security - Debtor hereby grants to Secured Party a first and prior security interest in and to each and every Vehicle financed hereunder, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof. Further, Debtor also hereby grants to Secured Party a security interest in and to all Chattel Paper, Accounts whether or not earned by performance and including without limitation all amounts due from the manufacturer or distributor of the Vehicles or any of its subsidiaries or affiliates, Contract Rights, Documents, Instruments, General Intangibles, Consumer Goods, Inventory of Automotive Parts, Accessories and Supplies, Equipment, Furniture, Fixtures, Machinery, Tools, and Leasehold Improvements, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof, as additional security for each and every indebtedness and obligation of Debtor as set forth herein. The security interest hereby granted shall secure the prompt, timely and full payment of (1) all Advances, (2) all interest accrued thereon in accordance with the terms of this Agreement and the Promissory Notes, (3) all other indebtedness and obligations of Debtor under the Promissory Notes, (4) all costs and expenses incurred by Secured Party in the collection or enforcement of the Promissory Notes or of the obligations of the Debtor under this Agreement, (5) all monies advanced by Secured Party on behalf of Debtor for taxes, levies, insurance and repairs to and maintenance of any Vehicle or other collateral, and (6) each and every other indebtedness or obligation now or hereafter owing by Debtor to Secured Party including any collection or enforcement costs and expenses or monies advanced on behalf of Debtor in connection with any such other indebtedness or obligations.

3.1 All said security set forth in Paragraph 3.0 shall hereinafter collectively be called "Collateral". Debtor hereby expressly agrees that the term "proceeds" as used in Paragraph 3.0 shall include without limitation all insurance proceeds on the Collateral, money, chattel paper, goods received in trade including without limitation vehicles received in trade, contract rights, instruments, documents, accounts whether or not earned by performance, general intangibles, claims and tort recoveries relating to the Collateral. Notwithstanding that Advances hereunder are made from time to time with respect to specific Vehicles, each Vehicle and the proceeds thereof and all other Collateral hereunder shall constitute security for all obligations of Debtor to Secured Party secured hereunder.

3.2 Debtor hereby agrees that upon request of the Secured Party it will take such action and/or execute and deliver to Secured Party any and all documents (and pay all costs and expenses of recording the same), in form and substance satisfactory to Secured Party, which will perfect in Secured Party its security interest in the Collateral in which Secured Party has or is to have a security interest under the terms of this Agreement.

3.3 Secured Party's security interest in the Collateral shall attach to the full extent provided or permitted by law to the proceeds, in whatever form, of any disposition of said Collateral or to any part thereof by Debtor until such proceeds are remitted and accounted for as provided herein. Debtor will notify Secured Party before Debtor signs, executes or authorizes any financing statement regardless of coverage.

3.4 Debtor shall be responsible for all loss and damage to the Collateral and agrees to keep Collateral insured against loss or damage by fire, theft, collision, vandalism and against such other risks as Secured Party may require from time to time. Insurance and policies evidencing such insurance shall be with such companies, in such amount and such form as shall be satisfactory to Secured Party. If so requested by Secured Party, any or all such policies of insurance shall contain an endorsement, in form and substance satisfactory to Secured Party, showing loss payable to Secured Party as its interest may appear, and a certificate of insurance evidencing such coverage will be provided to Secured Party.

4.0 Debtor's Warranties - Debtor warrants and agrees that the Collateral now is and shall always be kept free of all taxes, liens and encumbrances, except as specifically disclosed in Paragraph 4.1 below or provided for in Paragraph 3.0 above, and Debtor shall defend the Collateral against all other claims and demands whatsoever and shall indemnify, hold harmless and defend Secured Party in connection therewith. Any sum of money that may be paid by Secured Party in release or discharge of any taxes, liens or encumbrances shall be paid to Secured Party on demand as an additional part of the obligation secured hereunder. Debtor hereby agrees not to mortgage, pledge or loan (except for designated demonstrators as agreed to in advance by Secured Party in writing) the Vehicles and shall not license, title, use, transfer or otherwise dispose of them except as provided in this Agreement. Debtor agrees that it will execute in favor of Secured Party any form of document which may be required to evidence further Advances by Secured Party hereunder, and shall execute such additional documents as Secured Party may at any time request in order to conform or perfect Debtor's title to or Secured Party's security interest in the Vehicles. Execution by Debtor of notes, checks or other instruments for the amount advanced shall be deemed evidence of Debtor's obligation and not payment therefor until collected in full by Secured Party.

4.1 Disclosure of Taxes, Liens and Encumbrances -

(If there are any, list them here; if none, so state.)

PLACE FILED	DATE OF FILING	NAME AND ADDRESS OF CREDITOR

5.0 Signatory Authorization - Debtor hereby authorizes Secured Party or any of its officers, employees, agents or any other person Secured Party may designate to execute any and all documents pursuant to the terms and conditions of that certain Power of Attorney and Signatory Authorization of even date herewith.

6.0 Events of Default and Remedies/Termination - Time is of the essence herein and it is understood and agreed that Secured Party may terminate this Agreement, refuse to advance funds hereunder, and declare the aggregate of all Advances outstanding hereunder immediately due and payable upon the occurrence of any of the following events (each hereinafter called an "Event of Default"), and that Debtor's liabilities under this sentence shall constitute additional obligations of Debtor secured under this Agreement.

(a) Debtor shall fail to make any payment to Secured Party, whether constituting the principal amount of any Advance, interest thereon or any other payment due hereunder, when and as due in accordance with the terms of this Agreement or with any demand permitted to be made by Secured Party under this Agreement or any Promissory Note, or shall fail to pay when due any other amount owing to Secured Party under any other agreement between Secured Party and Debtor, or shall fail in the due performance or compliance with any other term or condition hereof or thereof, or shall be in default in the payment of any liabilities constituting indebtedness for money borrowed or the deferred payment of the purchase price of property or a rental payment with respect to property material to the conduct of Debtor's business;

(b) A tax lien or notice thereof shall have been filed against any of the Debtor's property or a proceeding in bankruptcy, insolvency or receivership shall be instituted by or against Debtor or Debtor's property or an assignment shall have been made by Debtor for the benefit of creditors;

(c) In the event that Secured Party deems itself insecure for any reason or the Vehicles are deemed by Secured Party to be in danger of misuse, loss, seizure or confiscation or other disposition not authorized by this Agreement;

(d) Termination of any franchise authorizing Debtor to sell Vehicles;

(e) A misrepresentation by Debtor for the purpose of obtaining credit or an extension of credit or a refusal by Debtor to execute documents relating to the Collateral and/or Secured Party's security interest therein or to furnish financial information to Secured Party at reasonable intervals or to permit persons designated by Secured Party to examine Debtor's books or records and to make periodic inspections of the Collateral; or

(f) Debtor, without Secured Party's prior written consent, shall guarantee, endorse or otherwise become surety for or upon the obligations of others except as may be done in the ordinary course of Debtor's business, shall transfer or otherwise dispose of any proprietary, partnership or share interest Debtor has in his business, or all or substantially all of the assets thereof, shall enter into any merger or consolidation, if a corporation, or shall make any substantial disbursements or use of funds of Debtor's business, except as may be done in the ordinary course of Debtor's business, or assign this Agreement in whole or in part or any obligation hereunder.

Upon the occurrence of an Event of Default, Secured Party may take immediate possession of said Vehicles without demand or further notice and without legal process; and for the purpose and furtherance thereof, Debtor shall, if Secured Party so requests, assemble the Vehicles and make them available to Secured Party at a reasonably convenient place designated by Secured Party and Secured Party shall have the right, and Debtor hereby authorizes and empowers Secured Party to enter upon the premises wherever said Vehicles may be, to remove same. In addition, Secured Party or its assigns shall have all the rights and remedies applicable under the Uniform Commercial Code or under any other statute or at common law or in equity or under this Agreement. Such rights and remedies shall be cumulative. Debtor hereby agrees that it shall pay all expenses and reimburse Secured Party for any expenditures, including reasonable attorneys' fees and legal expenses, in connection with Secured Party's exercise of any of its rights and remedies under this Agreement.

7.0 Inspection: Vehicles/Books and Records - It is hereby understood and agreed by and between Debtor and Secured Party that Secured Party shall have the right of access to and inspection of the Vehicles and the right to examine Debtor's books and records, which Debtor warrants are genuine in all respects. Debtor hereby certifies to Secured Party that all Vehicles and books and records shall be kept at the principal place of business of Debtor as hereinabove stated or at such other locations as approved in writing by Secured Party, and Debtor shall not remove or permit the removal of the Vehicles or books and records during the pendency of this Agreement except in the ordinary course of business and as authorized by Secured Party.

7.1 Debtor agrees to furnish to Secured Party after the end of each month, for so long as this Agreement shall be effective, balance sheets and statements of profit and loss for each month with respect to Debtor's business in such detail and at such times as Secured Party may require from time to time.

8.0 General - Debtor and Secured Party further covenant and agree that:

8.1 Any provision hereof prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

8.2 This Agreement shall be interpreted according to the laws of the State of Debtor's principal place of business as identified above.

8.3 This Agreement cannot be modified or amended, except in writing by both parties unless otherwise specifically authorized herein, and shall be binding and inure to the benefit of each of the parties hereto and their respective legal representatives, successors and assigns.

8.4 Interest to be paid in connection herewith shall never exceed the maximum rate allowable by law applicable hereto, as the parties intend to strictly comply with all law relating to usury. Notwithstanding any provision hereof or any other document in connection herewith to the contrary, Debtor shall not pay nor will Secured Party accept payment of any such excessive interest, which excessive interest is hereby canceled, and Secured Party shall be entitled at its option to refund any such interest erroneously paid or credit the same to Debtor's obligations hereunder.

8.5 The terms and provisions of this Agreement and of any other agreement between Debtor and Secured Party should be construed together as one agreement; provided, however, in the event of any conflict, the terms and provisions of this Agreement shall govern such conflict.

8.6 No failure or delay on the part of Secured Party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. The remedies herein are in addition to those available in law or equity, and

Secured Party need not pursue any rights it might have as a Secured Party before pursuing payment and performance by Debtor or any guarantor or surety.

8.7 This Agreement may not be assigned by Debtor.

9.0 Notices - Any notice given hereunder shall be in writing and given by personal delivery or shall be sent by U.S. Mail, postage prepaid, addressed to the party to be charged with such notice at the respective address set forth below:

TO DEBTOR	TO SECURED PARTY
SATURN OF CHATTANOOGA, INC. 6025 International Drive Chattanooga, Tn. 37422	CHRYSLER CREDIT CORPORATION P.O. Box 80247 Chattanooga, Tn. 37414

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

SATURN OF CHATTANOOGA, INC.

/s/ ILLEGIBLE
(WITNESS)

By /s/ Nelson E. Bowers II

ILLEGIBLE
(WITNESS)

Title President

CHRYSLER CREDIT CORPORATION

By /s/ ILLEGIBLE

Title Branch Manager

AMENDMENT TO THE SECURITY AGREEMENT
AND MASTER CREDIT AGREEMENT

[LOGO] CHRYSLER
CREDIT CORPORATION

This Amendment to the Security Agreement and Master Credit Agreement (hereinafter "Amendment"), by and between the undersigned parties hereto, hereby amends and is made a part of that certain Security Agreement and Master Credit Agreement (hereinafter "Agreement"), executed by the undersigned parties on even date herewith.

It is hereby agreed by the parties hereto that the Agreement is amended as follows:

Paragraph 3.0 of the Agreement, titled "Security", is hereby amended to add the following sentence immediately after the first full sentence in said Paragraph 3.0:

"Further, Debtor also hereby grants to Secured Party a security interest in and to all Chattel Paper, Accounts whether or not earned by performance and including without limitation all amounts due from the manufacturer or distributor of the Vehicles or any of its subsidiaries or affiliates, Contract Rights, Documents, Instruments, General Intangibles, Consumer Goods, Inventory of Automotive Parts, Accessories and Supplies, Equipment, Furniture, Fixtures, Machinery, Tools, and Leasehold Improvements, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof, as additional security for each and every indebtedness and obligation of Debtor as set forth herein."

Except as herein amended, the terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Agreement as of the day and year as shown below.

SATURN OF CHATTANOOGA, INC.

/s/ ILLEGIBLE
- ----------
Witness

- ----------
Witness

By /s/ Nelson E. Bowers II

Title President

CHRYSLER CREDIT CORPORATION

By /s/ ILLEGIBLE

Date 4-21-95

PROMISSORY NOTE

AMOUNT	CITY	STATE	DATE
$3,490,000.00	Chattanooga	Tennessee	4-21-1995

ON DEMAND, FOR VALUE RECEIVED, the undersigned promise(s) to pay to the order of CHRYSLER CREDIT CORPORATION, a Delaware Corporation, at its office at Chattanooga, Tennessee or at such other place as the holder hereof may direct in writing, the sum of Three Million Four Hundred Ninety Thousand and 00/100 Dollars ($3,490,000.00), in lawful money of the United States of America, together with interest thereon from the date hereof until paid at the rate or rates established from time to time, pursuant to paragraph 2.0 of that certain Security Agreement and Master Credit Agreement dated _____, 19___, between the undersigned and Chrysler Credit Corporation, which interest shall be payable monthly in like lawful money; provided, however, that the rate of interest payable hereunder shall not exceed the maximum rate of interest permitted by applicable law.

The undersigned agrees to pay reasonable attorneys fees if this note is placed in the hands of an attorney for collection.

The makers, sureties, guarantors and endorsers hereof severally waive presentment for payment, protest and notice of protest and non-payment of this note, and consents to any extension, renewal or postponement of the time of payment of this note, without notice, at the option of the holder.

DEALER	BY	ITS
SATURN OF CHATTANOOGA, INC.	/s/ Nelson E. Bowers II	President

84-291-4331 (3/92) [LOGO] CHRYSLER
SECURITY AGREEMENT AND MASTER CREDIT AGREEMENT CREDIT
(Non-Chrysler Corporation Dealer)

This Security Agreement and Master Credit Agreement (hereinafter called the "Agreement"), made as of this 21 day of April, 1995; is by and between NELSON BOWERS FORD L.P., having its principal place of business at 717 South Lee Hwy. - Cleveland, Tn. 37311 (hereinafter called "Debtor"), and Chrysler Credit Corporation, a Delaware corporation, having offices located at 27777 Franklin Rd., Southfield, Michigan 48034-8286 (hereinafter called "Secured Party").

WHEREAS, Debtor is engaged in business as an authorized dealer of FORD motor Company and desires Secured Party to finance the acquisition by Debtor in the ordinary course of its business of new and unused vehicles sold and distributed by Ford Motor company and/or other authorized sellers and of used vehicles (all such unused and used vehicles being hereinafter collectively called the "Vehicles").

WHEREAS, Secured Party is willing to provide wholesale financing to Debtor to finance the acquisition of Vehicles by Debtor by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles.

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1.0 Financing - Secured Party agrees to extend to Debtor wholesale financing by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles from sellers thereof, on the terms and conditions set forth in Paragraph 2.1 herein or as set forth in the Vehicle financing terms and conditions as they may be made available to Debtor from time to time by Secured Party.

For the purposes of this Agreement, loans or advances provided by Secured Party directly to either Debtor or to the seller of Vehicles to Debtor are herein called "Advances". Debtor acknowledges that (x) the maximum amount of Advances which will be made by Secured Party hereunder will be established from time to time by Secured Party in its sole discretion and (y) all such Advances shall be made on and shall be subject to the terms and conditions of this Agreement. It is understood and agreed that the making of any Advance hereunder shall be at the option of Secured Party and shall not be obligatory, and that the right of Debtor to request that Secured Party make Advances may be terminated at any time by Secured Party at its election without notice.

2.0 Evidence of Advances and Payment Terms - Each Advance shall be made at such time as Debtor shall request in accordance with the then-effective Vehicle financing terms and conditions referred to above. Debtor will execute and deliver to Secured Party from time to time its demand promissory notes in aggregate principal amount equal to that amount agreed to by Debtor and Secured Party from time to time, such demand promissory notes (the "Promissory Notes") to evidence the liability of Debtor to Secured Party on account of all Advances. The maximum liability of Debtor under this Agreement shall at any time be equal to the aggregate principal amount of all Advances at the time outstanding hereunder plus interest and such other amounts as may be due under this Agreement. Debtor will pay to Secured Party on demand the aggregate principal amount of all Advances from time to time outstanding, and will pay upon demand the interest due thereon and such other additional charges as Secured Party shall determine from time to time.

In consideration of Secured Party's making Advances, Debtor will pay to Secured Party interest at the rate(s) per annum designated by Secured Party from time to time on the amount of each Advance made by Secured Party hereunder from the date of such Advance until the date of repayment to Secured Party of the full amount thereof. Secured Party will give notice to Debtor of the interest rate(s) established by it from time to time under the terms hereof, and each such notice shall constitute an agreement between Debtor and Secured Party as to the applicability to the Advances of the interest rate(s) contained therein, to be applicable from the dates stated in such notice until such interest rate(s) are changed by subsequent notice given by Secured Party pursuant to this sentence. All interest accrued on the Advances shall be payable monthly by Debtor, and shall be due upon receipt by Debtor of the statement of Secured Party setting forth the amount of such accrued interest.

2.1 Debtor agrees that financing pursuant to this Agreement shall be used exclusively for the purpose of acquiring Vehicles for Debtor's inventory and Debtor shall not sell or otherwise dispose of such Vehicles except by sale in the ordinary course of business. If so requested by Secured Party, Debtor agrees to maintain a separate bank account into which all cash

proceeds of such sales or other dispositions of such Vehicle will be deposited. Debtor further agrees that upon the sale of each Vehicle with respect to which an Advance has been made by Secured Party, Debtor will promptly remit to Secured Party the total amount then outstanding of Secured Party's Advance on each such Vehicle unless other terms of repayment have been agreed to by Secured Party. Debtor agrees to hold in trust for Secured Party and shall forthwith remit to Secured Party, to the extent of any unpaid and past due indebtedness hereunder, all proceeds of each Vehicle when received by Debtor, or to allow Secured Party to make direct collection thereof and credit Debtor with all sums received by Secured Party.

3.0 Security - Debtor hereby grants to Secured Party a first and prior security interest in and to each and every Vehicle financed hereunder, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof. Further, Debtor also hereby grants to Secured Party a security interest in and to all Chattel Paper, Accounts whether or not earned by performance and including without limitation all amounts due from the manufacturer or distributor of the Vehicles or any of its subsidiaries or affiliates, Contract Rights, Documents, Instruments, General Intangibles, Consumer Goods, Inventory of Automotive Parts, Accessories and Supplies, Equipment, Furniture, Fixtures, Machinery, Tools, and Leasehold Improvements, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof, as additional security for each and every indebtedness and obligation of Debtor is set forth herein. The security interest hereby granted shall secure the prompt, timely and full payment of (1) all Advances, (2) all interest accrued thereon in accordance with the terms of this Agreement and the Promissory Notes, (3) all other indebtedness and obligations of Debtor under the Promissory Notes, (4) all costs and expenses incurred by Secured Party in the collection or enforcement of the Promissory Notes or of the obligations of the Debtor under this Agreement, (5) all monies advanced by Secured Party on behalf of Debtor for taxes, levies, insurance and repairs to and maintenance of any Vehicle or other collateral, and (6) each and every other indebtedness or obligation now or hereafter owing by Debtor to Secured Party including any collection or enforcement costs and expenses or monies advanced on behalf of Debtor in connection with any such other indebtedness or obligations.

3.1 All said security set forth in Paragraph 3.0 shall hereinafter collectively be called "Collateral". Debtor hereby expressly agrees that the term "proceeds" as used in Paragraph 3.0 shall include without limitation all insurance proceeds on the Collateral, money, chattel paper, goods received in trade including without limitation vehicles received in trade, contract rights, instruments, documents, accounts whether or not earned by performance, general intangibles, claims and tort recoveries relating to the Collateral. Notwithstanding that Advances hereunder are made from time to time with respect to specific Vehicles, each Vehicle and the proceeds thereof and all other Collateral hereunder shall constitute security for all obligations of Debtor to Secured Party secured hereunder.

3.2 Debtor hereby agrees that upon request of the Secured Party it will take such action and/or execute and deliver to Secured Party any and all documents (and pay all costs and expenses of recording the same), in form and substance satisfactory to Secured Party, which will perfect in Secured Party its security interest in the Collateral in which Secured Party has or is to have a security interest under the terms of this Agreement.

3.3 Secured Party's security interest in the Collateral shall attach to the full extent provided or permitted by law to the proceeds, in whatever form, of any disposition of said Collateral or to any part thereof by Debtor until such proceeds are remitted and accounted for as provided herein. Debtor will notify Secured Party before Debtor signs, executes or authorizes any financing statement regardless of coverage.

3.4 Debtor shall be responsible for all loss and damage to the Collateral and agrees to keep Collateral insured against loss or damage by fire, theft, collision, vandalism and against such other risks as Secured Party may require from time to time. Insurance and policies evidencing such insurance shall be with such companies, in such amount and such form as shall be satisfactory to Secured Party. If so requested by Secured Party, any or all such policies of insurance shall contain an endorsement, in form and substance satisfactory to Secured Party, showing loss payable to Secured Party as its interest may appear, and a certificate of insurance evidencing such coverage will be provided to Secured Party.

4.0 Debtor's Warranties - Debtor warrants and agrees that the Collateral now is

and shall always be kept free of all taxes, liens and encumbrances, except as specifically disclosed in Paragraph 4.1 below or provided for in Paragraph 3.0 above, and Debtor shall defend the Collateral against all other claims and demands whatsoever and shall indemnify, hold harmless and defend Secured Party in connection therewith. Any sum of money that may be paid by Secured Party in release or discharge of any taxes, liens or encumbrances shall be paid to Secured Party on demand as an additional part of the obligation secured hereunder. Debtor hereby agrees not to mortgage, pledge or loan (except for designated demonstrators as agreed to in advance by Secured Party in writing) the Vehicles and shall not license, title, use, transfer or otherwise dispose of them except as provided in this Agreement. Debtor agrees that it will execute in favor of Secured Party any form of document which may be required to evidence further Advances by Secured Party hereunder, and shall execute such additional documents as Secured Party may at any time request in order to conform or perfect Debtor's title to or Secured Party's security interest in the Vehicles. Execution by Debtor of notes, checks or other instruments for the amount advanced shall be deemed evidence of Debtor's obligation and not payment therefor until collected in full by Secured Party.

4.1 Disclosure of Taxes, Liens and Encumbrances -

(If there are any, list them here; if none, so state.)

PLACE FILED	DATE OF FILING	NAME AND ADDRESS OF CREDITOR

5.0 Signatory Authorization - Debtor hereby authorizes Secured Party or any of its officers, employees, agents or any other person Secured Party may designate to execute any and all documents pursuant to the terms and conditions of that certain Power of Attorney and Signatory Authorization of even date herewith.

6.0 Events of Default and Remedies/Termination - Time is of the essence herein and it is understood and agreed that Secured Party may terminate this Agreement, refuse to advance funds hereunder, and declare the aggregate of all Advances outstanding hereunder immediately due and payable upon the occurrence of any of the following events (each hereinafter called an "Event of Default"), and that Debtor's liabilities under this sentence shall constitute additional obligations of Debtor secured under this Agreement.

(a) Debtor shall fail to make any payment to Secured Party, whether constituting the principal amount of any Advance, interest thereon or any other payment due hereunder, when and as due in accordance with the terms of this Agreement or with any demand permitted to be made by Secured Party under this Agreement or any Promissory Note, or shall fail to pay when due any other amount owing to Secured Party under any other agreement between Secured Party and Debtor, or shall fail in the due performance or compliance with any other term or condition hereof or thereof, or shall be in default in the payment of any liabilities constituting indebtedness for money borrowed or the deferred payment of the purchase price of property or a rental payment with respect to property material to the conduct of Debtor's business;

(b) A tax lien or notice thereof shall have been filed against any of the Debtor's property or a proceeding in bankruptcy, insolvency or receivership shall be instituted by or against Debtor or Debtor's property or an assignment shall have been made by Debtor for the benefit of creditors;

(c) In the event that Secured Party deems itself insecure for any reason or the Vehicles are deemed by Secured Party to be in danger of misuse, loss, seizure or confiscation or other disposition not authorized by this Agreement;

(d) Termination of any franchise authorizing Debtor to sell Vehicles;

(e) A misrepresentation by Debtor for the purpose of obtaining credit or an extension of credit or a refusal by Debtor to execute documents relating to the Collateral and/or Secured Party's security interest therein or to furnish financial information to Secured Party at reasonable intervals or to permit persons designated by Secured Party to examine Debtor's books or records and to make periodic inspections of the Collateral; or

(f) Debtor, without Secured Party's prior written consent, shall guarantee, endorse or otherwise become surety for or upon the obligations of others except as may be done in the ordinary course of Debtor's business, shall transfer or otherwise dispose of any proprietary, partnership or share interest Debtor has in his business, or all or substantially all of the assets thereof, shall enter into any merger or consolidation, if a corporation, or shall make any substantial disbursements or use of funds of Debtor's business, except as may be done in the ordinary course of Debtor's business, or assign this Agreement in whole or in part or any obligation hereunder.

Upon the occurrence of an Event of Default, Secured Party may take immediate possession of said Vehicles without demand or further notice and without legal process; and for the purpose and furtherance thereof, Debtor shall, if Secured Party so requests, assemble the Vehicles and make them available to Secured Party at a reasonably convenient place designated by Secured Party and Secured Party shall have the right, and Debtor hereby authorizes and empowers Secured Party to enter upon the premises wherever said Vehicles may be, to remove same. In addition, Secured Party or its assigns shall have all the rights and remedies applicable under the Uniform Commercial Code or under any other statute or at common law or in equity or under this Agreement. Such rights and remedies shall be cumulative. Debtor hereby agrees that it shall pay all expenses and reimburse Secured Party for any expenditures, including reasonable attorneys' fees and legal expenses, in connection with Secured Party's exercise of any of its rights and remedies under this Agreement.

7.0 Inspection: Vehicles/Books and Records - It is hereby understood and agreed by and between Debtor and Secured Party that Secured Party shall have the right of access to and inspection of the Vehicles and the right to examine Debtor's books and records, which Debtor warrants are genuine in all respects, Debtor hereby certifies to Secured Party that all Vehicles and books and records shall be kept at the principal place of business of Debtor as hereinabove stated or at such other locations as approved in writing by Secured Party, and Debtor shall not remove or permit the removal of the Vehicles or books and records during the pendency of this Agreement except in the ordinary course of business and as authorized by Secured Party.

7.1 Debtor agrees to furnish to Secured Party after the end of each month, for so long as this Agreement shall be effective, balance sheets and statements of profit and loss for each month with respect to Debtor's business in such detail and at such times as Secured Party may require from time to time.

8.0 General - Debtor and Secured Party further covenant and agree that:

8.1 Any provision hereof prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

8.2 This Agreement shall be interpreted according to the laws of the State of Debtor's principal place of business as identified above.

8.3 This Agreement cannot be modified or amended, except in writing by both parties unless otherwise specifically authorized herein, and shall be binding and inure to the benefit of each of the parties hereto and their respective legal representatives, successors and assigns.

8.4 Interest to be paid in connection herewith shall never exceed the maximum rate allowable by law applicable hereto, as the parties intend to strictly comply with all law relating to usury. Notwithstanding any provision hereof or any other document in connection herewith to the contrary. Debtor shall not pay nor will Secured Party accept payment of any such excessive interest, which excessive interest is hereby canceled, and Secured Party shall be entitled at its option to refund any such interest erroneously paid or credit the same to Debtor's obligations hereunder.

8.5 The terms and provisions of this Agreement and of any other agreement between Debtor and Secured Party should be construed together as one agreement; provided, however, in the event of any conflict, the terms and provisions of this Agreement shall govern such conflict.

8.6 No failure or delay on the part of Secured Party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. The remedies herein are in addition to those available in law or equity, and Secured Party need not pursue any rights it might have as a Secured Party

before pursuing payment and performance by Debtor or any guarantor or surety.

8.7 This Agreement may not be assigned by Debtor.

9.0 Notices - Any notice given hereunder shall be in writing and given by personal delivery or shall be sent by U.S. Mail, postage prepaid, addressed to the party to be charged with such notice at the respective address set forth below:

TO DEBTOR	TO SECURED PARTY
NELSON BOWERS FORD L.P. 717 south Lee Hwy. Cleveland, Tn. 37311	CHRYSLER CREDIT CORPORATION P.O. Box 80247 Chattanooga, Tn. 37414

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

NELSON BOWERS FORD L.P.
(DEBTOR)

/s/ ILLEGIBLE
(WITNESS)

By /s/ Nelson E. Bowers II

Title President

(WITNESS)

CHRYSLER CREDIT CORPORATION

By /s/ ILLEGIBLE

Title Branch Manager

AMENDMENT TO THE SECURITY AGREEMENT
AND MASTER CREDIT AGREEMENT

[LOGO] CHRYSLER
CREDIT CORPORATION

This Amendment to the Security Agreement and Master Credit Agreement (hereinafter "Amendment"), by and between the undersigned parties hereto, hereby amends and is made a part of that certain Security Agreement and Master Credit Agreement (hereinafter "Agreement"), executed by the undersigned parties on even date herewith.

It is hereby agreed by the parties hereto that the Agreement is amended as follows:

Paragraph 3.0 of the Agreement, titled "Security", is hereby amended to add the following sentence immediately after the first full sentence in said Paragraph 3.0:

"Further, Debtor also hereby grants to Secured Party a security interest in and to all Chattel Paper, Accounts whether or not earned by performance and including without limitation all amounts due from the manufacturer or distributor of the Vehicles or any of its subsidiaries or affiliates, Contract Rights, Documents, Instruments, General Intangibles, Consumer Goods, Inventory of Automotive Parts, Accessories and Supplies, Equipment, Furniture Fixtures, Machinery, Tools, and Leasehold Improvements, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof, as additional security for each and every indebtedness and obligation of Debtor as set forth herein."

Except as herein amended, the terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Agreement as of the day and year as shown below.

NELSON BOWERS FORD L.P.

Debtor

/s/ ILLEGIBLE
- ---
Witness

By /s/ Nelson E. Bowers II

Title President

- ---
Witness

CHRYSLER CREDIT CORPORATION

By /s/ ILLEGIBLE

Date Branch Manager 4-21-95

PROMISSORY NOTE

AMOUNT	CITY	STATE	DATE
$3,060,000.00	Cleveland	Tennessee	4-21-1995

ON DEMAND, FOR VALUE RECEIVED, the undersigned promise(s) to pay to the order of CHRYSLER CREDIT CORPORATION, a Delaware Corporation, at its office at Chattanooga, Tennessee or at such other place as the holder hereof may direct in writing, the sum of Three Million Sixty Thousand and 00/100 Dollars ($3,060,000.00), in lawful money of the United States of America, together with interest thereon from the date hereof until paid at the rate or rates established from time to time, pursuant to paragraph 2.0 of that certain Security Agreement and Master Credit Agreement dated _____, 19___, between the undersigned and Chrysler Credit Corporation, which interest shall be payable monthly in like lawful money; provided, however, that the rate of interest payable hereunder shall not exceed the maximum rate of interest permitted by applicable law.

The undersigned agrees to pay reasonable attorneys fees if this note is placed in the hands of an attorney for collection.

The makers, sureties, guarantors and endorsers hereof severally waive presentment for payment, protest and notice of protest and non-payment of this note, and consents to any extension, renewal or postponement of the time of payment of this note, without notice, at the option of the holder.

DEALER	BY	ITS
NELSON BOWERS FORD L.P,	/s/ Nelson E. Bowers II	President

NationsBank
NationsBank, N.A. (South) Dated: May 6, 1996

FLOOR PLAN AGREEMENT

This Floor Plan Agreement is entered into by and between NationsBank, N.A (South) (Bank) 600 Peachtree Street, 17th Floor, Atlanta, Georgia 30308 and European Motors, LLC (Borrower) 5949 Brainerd Rd., Chattanooga, Tennessee 37421.

1. BACKGROUND. Borrower hereby requests Bank to extend to it a line of credit (Line) to purchase inventory to be secured by Borrower's Collateral described in paragraph 7 (Collateral). Bank agrees to extend the Line subject to the terms of this Agreement.

2. THE LINE OF CREDIT. Bank extends to Borrower a Line in the amount of $6,000,000.00 or such other amount as may be set by Bank from time to time. Before maturity or demand, Borrower may borrow, repay and reborrow hereunder at anytime, up to an aggregate amount outstanding at any one time equal to the principal amount of Note, provided, however, that Borrower is not in default of any provision of Note, Floor Plan Agreement, Security Agreement or any other agreement or obligation between Borrower and Bank. Any sums Bank may Advance in excess of the face amount of the Note shall also be part of the principal amount the Borrower is obligated to pay Bank and shall be subject to all the terms of the Note, Security Agreement, and this Floor Plan Agreement. The Bank's records of the amounts borrowed from time to time shall be conclusive proof thereof. Borrower acknowledges and agrees that notwithstanding any provisions of any Note, Floor Plan Agreement, Security Agreement or any other documents executed in connection with a Note, Floor Plan Agreement and Security Agreement, the Bank has no obligation to make any Advance, and that all Advances are at the sole discretion of Bank.

3. NOTE. Debt under the Line shall be evidenced by Borrower's Floor Plan Promissory Note (Note).

4. RATE. Debt under the Line shall bear interest as set forth in the Note.

5. DUE DATES.

(a) Unpaid principal and interest hereon shall be due and payable as set forth in the Note, and as set forth below. Unless Borrower is in default under the terms of any Security Agreement securing the Note, this Floor Plan Agreement or any other agreement relating to this Floor Plan Agreement, upon sale of inventory, Borrower will pay to Bank at the earlier of Borrower's receipt of payment for that item of inventory or three (3) business days after that item of inventory is delivered to the customer or otherwise disposed of, cash in the amount equal to the original amount advanced less any curtailment payments made with respect to the item sold. If Borrower is in default at time of sale, all proceeds of sale will immediately be remitted to Bank and applied to debt hereunder.

(b) Curtailment payments based on the original amount advanced with respect to specific items of inventory shall be paid from time to time by Borrower as provided for in Addendum "A" attached hereto and made a part hereof for all purposes as if copied word for word herein.

6. USE OF LINE AND ADVANCES.

(a) The Advances under this Line shall be exclusively for the purpose of purchasing inventory to be displayed and demonstrated in conjunction with the sale of the inventory in the ordinary course of Borrower's business unless otherwise agreed to in writing by Bank. Borrower agrees not to use the inventory for any other purpose without the prior written approval of Bank. The term "Advance" as used in this Agreement shall mean the dollar amount loaned by Bank on a motor vehicle financed under a floor plan line of credit and includes but is not limited to any charge against, debit against, draft against, or draw against the line of credit. Advances under the Line (Advances) shall be made against and in payment of drafts drawn on Bank, or in accordance with the written request of Borrower executed by the person signing this Agreement on behalf of Borrower or a person hereafter designated in writing by Borrower.

(b) Units of inventory which may be presented as Collateral as well as the amount of outstanding debt permitted at any one time in connection with the particular type of Collateral being financed shall be in accordance with Addendum "B".

(c) Bank may reject as Collateral hereunder any item of inventory which is received by Borrower in damaged condition. Bank has no obligation to inspect inventory for damage before paying drafts. If Bank has paid a draft on damaged inventory, Borrower shall direct the manufacturer to refund all payments directly to Bank. If the manufacturer fails to make the refund within thirty (30) days, Borrower shall reduce the debt outstanding under the Line by the amount Advanced against the damaged item.

(d) Borrower will submit or cause to be submitted to Bank invoices or bills of sale representing the actual cost to Borrower of the inventory. Bank may advance an amount equal to Borrower's cost (not to exceed NADA wholesale value in the case of used motor vehicles) or such part of the cost thereof as Bank elects at its sole discretion. The Advance may be disbursed to Borrower or the manufacturer or others from whom Borrower purchases inventory. Presentation of drafts or other requests for payment by manufacturers or others from whom Borrower purchases inventory

shall constitute requests by Borrower that Bank lend Borrower the amount of such drafts or other requests for payment pursuant to this Agreement.

(e) A fee in the amount of $0.00 shall be paid by Borrower for each unit of inventory presented as Collateral to obtain Advances. The fee shall be paid monthly by Borrower.

7. COLLATERAL. Borrower hereby grants to Bank a security interest in all of its inventory of:

_X_ New Motor Vehicles (now existing or hereafter acquired)

_X_ Used Motor Vehicles (now existing or hereafter acquired)

including all parts and accessories added to vehicles, now existing or hereafter acquired by Borrower, including any such goods as may be leased or held for leasing, together with any and all accounts and proceeds arising from the sale, lease or disposition of said property and all returned, refused and repossessed goods, all monies received from manufacturers by way of credits, refunds or otherwise with respect to Collateral, and all proceeds thereof (Collateral) to secure all debt of Borrower to Bank under any and all present and future Advances of whatever kind and further including but not limited to the Line and all other debt and other obligations of Borrower to Bank of any nature now existing or hereafter arising, including but not limited to debt arising directly between Borrower and Bank or acquired outright, conditionally or as Collateral security from another by Bank, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising under the operation of law or otherwise, direct or indirect, whether incurred directly or as part of a partnership, association or other group, or whether incurred as principal, surety, indorser, accommodation party or otherwise. Borrower will execute and deliver any documents, instruments or agreements required by Bank to evidence debt hereunder, grant, perfect and preserve the security interest, and otherwise carry out the terms of this Agreement. The security interest herein described is also evidenced by a Security Agreement between Borrower and Bank, and in the event of any conflict between the terms hereof and the terms thereof, the terms hereof will apply.

8. IDENTIFICATION OF COLLATERAL. Without limiting the foregoing general grant of a security interest, as set forth in the Security Agreement, Collateral subject to the security interest granted herein shall include but not be limited to (i) inventory listed on invoices submitted to Bank by manufacturers attached to drafts submitted by manufacturers for payment, which drafts Bank pays; and/or (ii) inventory in Borrower's possession set out on a list submitted by Borrower as Collateral for Advances directly to Borrower.

9. TITLE DOCUMENTS. Title documents consisting of manufacturers' certificate of origin,

manufacturers' statement of origin, certificates of title and/or any and all other title documents for each item of inventory shall be in the

possession of Borrower unless otherwise directed by Bank. In the event Bank does require possession of title documents, Borrower shall deliver all such documents to Bank immediately upon demand.

10. PAYMENT OF DRAFTS. From time to time Bank may make Advances hereunder by direct payment to manufacturers or others, in which event, invoices submitted by Manufacturers along with drafts paid by Bank shall serve as evidence of Advances under the Line. Borrower authorizes Bank to pay all drafts or invoices upon presentation by the manufacturer or others supplying inventory to Borrower.

11. ATTORNEY-IN-FACT. Borrower hereby irrevocably appoints Bank its attorney-in-fact, to execute, deliver and file from time to time, in the name of Borrower or Bank, any trust receipts, security agreements, promissory notes, financing statements, continuation statements and amendments thereto, and any and all other documents and instruments that Bank may require in connection with evidencing and securing debt under this Agreement and carrying out the provisions hereof, which appointment shall be deemed to be a power coupled with an interest.

12. QUALITY OF INVENTORY. Borrower shall be responsible for the quantity, quality, condition and value of the inventory selected by Borrower and financed under this Agreement. Bank shall have no liability of any nature because of the failure of any inventory to conform to Borrower's specifications, and any dispute between the manufacturer or others and Borrower with respect to such inventory shall not affect Borrower's obligation to Bank to pay amounts Advanced hereunder.

13. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants that:

(a) Borrower has taken all action necessary to make this Agreement and all other agreements between it and Bank legal, valid and binding obligations enforceable in accordance with their terms, and Borrower is a:

(i)___ corporation duly organized, existing and in good standing under the laws of the State of _____ , that it is licensed to do business and in good standing in each state in which the property owned by it or the business transacted by it requires it to be licensed as a foreign corporation.

(ii) _X_ limited liability company, duly organized, and in good standing under the laws of the State of Tennessee.

(iii)___ partnership composed of_____

_____

_____

(iv) sole proprietorship owned by _____

_____

(b) Borrower is not in default with respect to any agreement between it and Bank on this date.

(c) All Collateral is owned by Borrower free and clear of any security interests or encumbrances except those granted pursuant hereto.

(d) Borrower is and will hereafter be not in default under any agreement with any other party, and the execution and performance of this Agreement will not be a default under any agreement with any other party by which Borrower or any of Borrower's property is bound.

(e) Borrower does not do financing of any motor vehicle inventory with any other source or purchase inventory from any seller on credit except as set out below:

_____

_____

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_____

Borrower shall notify Bank immediately in the event it buys inventory of motor vehicles on credit or enters into any such inventory financing arrangement with any other source, giving the name and address of the Bank or seller and details of the purchase or loan.

(f) All financial and other information Borrowers have heretofore submitted or may hereafter submit is and will be true, complete, and correct and reflects or will reflect all direct, indirect, and contingent liabilities.

(g) There has been no material adverse change in the Borrower's financial condition and operations since the date of Borrowers most recent financial statements heretofore submitted.

(h) Borrower has and will maintain, at all times, all franchise, distributor agreements, licenses, permits, and other rights that are necessary to the conduct of its business.

(i) All representations and warranties set forth herein will be deemed to be have been made anew with each Advance and shall be continuing in effect beyond the termination or expiration of this Floor Plan Agreement.

14. COVENANTS. While the Line is in effect, and thereafter while Borrower is indebted to Bank, Borrower will:

(a) _X_ Provide Bank within twenty (20) days of each month's end, a company prepared financial statement (including the thirteenth (13) month statement including all adjustments to net worth) in accordance with requirements of the franchise(s) for which Borrower is a dealer.

_X_ Provide Bank within sixty (60) days after Borrower's fiscal year-end a financial statement compiled by a Certified Public Accountant acceptable to the Bank.

__ Provide Bank within one-hundred-twenty (120) days after Borrower's fiscal year-end a financial statement reviewed by a Certified Public Accountant acceptable to the Bank.

___ Provide Bank within one-hundred-fifty (150) days of Borrower's fiscal year-end audited financial statements prepared by a Certified Public Accountant acceptable to the Bank.

In submitting such statements to Bank an authorized officer of Borrower will certify such statements to be true and accurate, continuing compliance with all terms and conditions contained herein and in the other Loan Documents and that no material violation or default exists with any material agreement.

_X_ As to Guarantors, provide the Bank a copy of each Guarantor's personal financial statement within thirty (30) days of calendar year-end in a manner and form acceptable to the Bank. Additionally, each Guarantor shall provide the Bank a copy of each Guarantor's federal income tax return and all schedules thereto within thirty (30) days of filing each return.

(b) Not merge into or consolidate with any other person, firm, corporation or limited liability company nor sell any substantial part of its assets to any person, firm, corporation or limited liability company except in the ordinary course of business;

(c) Not sell or enter into any agreement to sell or deal in new motor vehicles manufactured by any manufacturer for whom it is not now a Retailer or Wholesaler, unless approved by Bank in writing which will not be unreasonably withheld;

(d) Keep all Collateral and inventory insured, by insurers acceptable to Bank, at all times in an amount at least equal to the amount of debt to Bank under the Line with deductible amount satisfactory to Bank, and the insurance policy to contain loss

payable clauses to Bank as its interest may appear. Borrower will deliver original policies or, if permitted by Bank, certificates of insurance to Bank;

(e) Permit Bank to enter upon the property of Borrower at any time to examine all Collateral and to examine Borrower's books in connection therewith.

(f) At time of execution of this Floor Plan Agreement deliver to Bank such Landlord Waiver and/or Mortgagee Waiver and Estoppel Agreements duly executed by the appropriate parties in such form as is satisfactory to Bank and Borrower will thereafter furnish to Bank current executed copies of the above instruments upon written request of Bank;

(g) Not allow any material change in ownership or management nor enter into any management agreement pursuant to which any third party assumes the management of Borrower in anticipation of a sale of Borrower's business or any material part of its assets without Bank's prior written approval;

(h) Operate business in compliance with all environmental protection laws and regulations including applicable local, state, or federal law, regulations, or rule of common law;

(i) Not allow any liens or encumbrances on any of Borrower's assets or property without the written consent of Bank;

(j) Borrower and Guarantor shall promptly notify Bank in writing of (i) any condition, event or act which comes to Borrower's or Guarantor's attention that would or might materially adversely affect Borrower's or Guarantor's financial condition or operations, the Collateral, or Bank's rights under the Guaranty or any Loan Documents, (ii) any litigation in excess of $25,000.00 filed by or against Borrower or Guarantor, or (iii) any event that has occurred that would constitute an event of default under any Loan Documents, including but not limited to any Guaranty.

(k) See Addendum "C" for additional covenants which are a part of this Agreement for all purposes as if they were copied word for word herein.

15. EVENTS OF DEFAULT.

The following are events of default hereunder and under the other Loan Documents: (a) the failure to pay or perform any obligation, liability, indebtedness or covenant of any Borrower or Guarantor to Bank, or to any affiliate of Bank, whether under this Floor Plan Agreement, Security Agreement, Note or any other agreement or instrument now or hereafter existing, as and when due (whether upon demand, at maturity or by acceleration); (b) the failure to pay

or perform any other obligation, liability or indebtedness of any Borrower or Guarantor whether to Bank or some other party, the collateral for which constitutes an encumbrance on the collateral for this Floor Plan Agreement; (c) a proceeding being filed or commenced against any Borrower or Guarantor for dissolution or liquidation, or any Borrower or Guarantor voluntarily or involuntarily terminating or dissolving or being terminated or dissolved; (d) insolvency of, business failure of, the appointment of a custodian, trustee, liquidator or receiver for or for any of the property of, or an assignment for the benefit of creditors by, or the filing of a voluntary or involuntary petition under bankruptcy, insolvency or debtor's relief law or for any adjustment of indebtedness, composition or extension by or against any Borrower or Guarantor; (e) any lien, encumbrance or additional security interest being placed upon any of the Collateral which is security for this Floor Plan Agreement; (f) acquisition at any time or from time to time of title to the whole of or any part of the Collateral which is security for this Floor Plan Agreement by any person, partnership, corporation or other entity except for sales thereof in the ordinary course of business; (g) Bank determining that any representation or warranty made by any Borrower or Guarantor to Bank is, or was, untrue or materially misleading; (h) failure of any Borrower or Guarantor to timely deliver such financial statements, including tax returns, and other statements of condition or other information as Bank shall request from time to time; (i) entry of a judgment against any Borrower or Guarantor which Bank deems to be of a material nature, in Bank's sole discretion; (j) the seizure or forfeiture of, or the issuance of any writ of possession, garnishment or attachment, or any turnover order for any property of any Borrower or Guarantor; (k) Bank reasonably deeming itself insecure or its prospects for payment of the debt impaired for any reason; (1) the determination by Bank that a material adverse change has occurred in the financial condition of any Borrower or Guarantor; (m) the failure to comply with any law regulating the operation of Borrower's business; (n) Guarantor undertakes to terminate or revoke any guaranty of payment of this Note or defaults in the performance of or disputes any of his obligations as Guarantor; (o) the inability of the Borrower or Guarantor to pay debts as they mature owing to Bank or any other party.

16. REMEDIES. Upon the occurrence of any default hereunder or any of the other Loan Documents, Bank shall have all of the rights and remedies of a creditor and, of a secured party under the Uniform Commercial Code as enacted in the State of Georgia, O.C.G.A ss.11-9 and all other applicable

law. Without limiting the generality of the foregoing, Bank may, at its option and without notice or demand: (a) declare any liability of Borrower under this Agreement or any of the other Loan Documents accelerated and due and payable at once; and (b) take possession of any Collateral wherever located, and sell, resell, assign, transfer and deliver all or any part of said Collateral of Borrower or Guarantor at any public or private sale or otherwise dispose of any or all of the Collateral in its then condition, for cash or on credit or for future delivery, and in connection therewith Bank may impose reasonable conditions upon any such sale. Bank, unless prohibited by law the provisions of which cannot be waived, may purchase all or any part of said Collateral to be sold, free from and in discharge of all trusts, claims, rights of redemption and equities of the Borrower or Guarantor whatsoever; Borrower and Guarantor acknowledge and agree that the sale of any Collateral through any

nationally recognized broker - dealer, investment banker or any other method common in the securities industry shall be deemed a commercially reasonable sale under the Uniform Commercial Code or any other equivalent statute or federal law, and expressly waive notice thereof except as provided herein; and (c) set-off against any and all money owed by Bank in any capacity to Borrower or Guarantor whether or not due for any Liabilities of the Borrower to the Bank under this Agreement and the other Loan Documents.

17. ATTORNEY FEES, COST AND EXPENSES. Borrower and/or Guarantor shall pay all costs of collection and attorney's fees equal to reasonable and actual attorney's fees, including reasonable attorney's fees in connection with any suit, mediation or arbitration proceeding, out of court payment agreement, trial, appeal, bankruptcy proceedings or otherwise, incurred or paid by Bank in enforcing the payment of any Liability or enforcing or preserving any right or interest of Bank hereunder, including the collection, preservation, sale or delivery of any Collateral from time to time pledged to Bank, and after deducting such fees, costs and expenses from the proceeds of sale or collection, Bank may apply any residue to pay any of the Liabilities and Guarantor shall continue to be liable for any deficiency with interest at the rate specified in any instrument evidencing the Liability or, at the Bank's option, equal to the highest lawful rate, which shall remain a liability.

18. PRESERVATION OF PROPERTY. Bank shall not be bound to take any steps necessary to preserve any rights in any of the property of Borrower and/or Guarantor pledged to Bank to secure Borrower's and/or Guarantor's obligations against prior parties who may be liable in connection therewith, and Borrower and/or Guarantor hereby agree to take any such steps. Bank, nevertheless, at any time, may (a) take any action it deems appropriate for the care or preservation of such property or of any rights of Borrower and/or Guarantor or Bank therein, (b) demand, sue for, collect or receive any money or property at any time due, payable or receivable on account of or in exchange for any property of Borrower and/or Guarantor, (c) compromise and settle with any person liable on such property, or (d) extend the time of payment or otherwise change the terms thereof as to any party liable thereon, all without notice to, without incurring responsibility to, and without affecting any of the obligations or liabilities of Borrower and/or Guarantor.

19. TERMINATION. The Line may be terminated at any time by either party with or without cause upon 30 days' notice in writing to the other. Upon the occurrence of a default hereunder, Bank shall have the right to terminate the Line and to mature all debt outstanding hereunder, including principal and interest, without notice to any person. Termination of the Line hereunder shall not affect the obligations of Borrower with respect to any debt incurred prior to termination. All such obligations shall continue in full force and effect until all debt under the Line is paid in full.

20. OVERLINE DEBT. In the event debt outstanding under the Line should for any reason

exceed the amount of the Line allowed hereunder, all such debt shall be payable on demand, but if no demand is made, no later than such time as may be specified by Bank at the time of the approval of the temporary overline. The overline debt shall bear interest at the rate specified for debt under the Line, and shall be governed by all the terms and conditions of this Agreement and the other Loan Documents and shall be secured by all Collateral for the Line, and all items of inventory financed by the overline debt shall secure all debt under the Line including the overline

and be governed by all terms of the Security Agreement, Floor Plan Agreement and Note. Bank shall have no obligation to permit any overline at any time but in its sole discretion may do so.

21. REVIEW OF LINE. Bank may, at its option, from time to time review the credit for performance, pricing, amount of Line, and Borrower's financial condition.

22. CHANGE IN TERMS. Bank may at its discretion amend or modify any term or provision of this Floor Plan Agreement, Security Agreement or any other agreements pertaining to this Agreement, with any change to be effective 15 days after mailing of notice to Borrower.

23. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the parties hereto and each party's respective successors, heirs, executors, administrators, personal representatives and assigns. Neither this Floor Plan Agreement nor any interest in it may be assigned or otherwise voluntarily or involuntarily transferred by Borrower without Bank's prior written approval.

24. WAIVER. (a) Bank may consent to or waive any action or any failure to act by Borrower with respect to any obligation of Borrower hereunder. Any consent or waiver on the part of Bank shall be binding upon Bank only when in writing and signed by an officer of Bank, and no failure to take action with respect to any default shall constitute a waiver thereof. No waiver of any default shall be a waiver of any other or future default of that or any other nature; (b) Bank shall not be required to proceed first against Borrower, or any other person, firm or corporation, whether primarily or secondarily liable, or against any collateral held by it, before resorting to Guarantor for payment, and Guarantor shall not be entitled to assert as a defense to the enforceability of the Guaranty any defense of Borrower with respect to any Liabilities or Obligations.

25. GOVERNING LAW. This Floor Plan Agreement shall be deemed to have been made in the State of Georgia at the address indicated above, and shall be governed by, and construed in accordance with, the laws of the State of Georgia, and is performable in the State of Georgia.

26. MEDIATION, BINDING ARBITRATION. The parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or the other Loan Documents by participating in mediation and/or binding arbitration. Each party agrees that each will bear its respective expenses related to either mediation and/or arbitration. The parties further agree if the matter has not been resolved pursuant to mediation within thirty

(30) days of notice to mediate given by either party, the controversy shall be settled by arbitration and shall be governed by the United States Arbitration Act, 9 U.S.C. ss.1-16, (or if not applicable, the applicable state law), and judgment upon the award rendered by the Arbitrator may be entered by any court having jurisdiction thereof. The parties recognize that Bank could be prejudiced by not being able to foreclose on property pledged as Collateral to Bank. The parties agree that nothing in this Agreement shall be deemed to (i) limit the applicability of any otherwise applicable statutes of limitation or repose and any waivers contained in this Agreement; or (ii) be a waiver by the Bank of the protection afforded to it by 12 U.S.C. Sec. 91 or any substantially equivalent state law; or (iii) limit the right of the Bank hereto (a) to exercise self help remedies such as (but not limited to) setoff, or (b) to foreclose against any real or personal property collateral, or (c) to obtain from a court provisional or ancillary remedies such as (but not limited to) injunctive relief or the appointment of a receiver. The Bank may exercise such self help rights, foreclose upon such property, or obtain such provisional or ancillary remedies before, during or after the pendency of any arbitration proceeding brought pursuant to this agreement. At Bank's option, foreclosure under a deed of trust or mortgage may be accomplished by any of the following: the exercise of a power of sale under the deed of trust or mortgage, or by judicial sale under the deed of trust or mortgage, or by judicial foreclosure. Neither this exercise of self help remedies nor the institution or maintenance of an action for foreclosure or provisional or ancillary remedies shall constitute a waiver of the right of any party, including the claimant in any such action, to arbitrate the merits of the controversy or claim occasioning resort to such remedies.

27. ADDITIONAL TERMS. (a) As used herein, the singular number shall include the

plural (e.g. "Note" means Note or Notes); or (b) In the event that there are any written terms that may differ between this Floor Plan Agreement and any other agreements, documents, or negotiations in existence prior to the execution of this Floor Plan Agreement, Bank and Borrower agree that the terms of this Floor Plan Agreement shall control and be the final agreement.

28. MERGER. The terms of any commitment letter issued by Bank to Borrower for this Line are incorporated herein by reference, except to the extent that such terms are inconsistent with the terms of this Floor Plan Agreement, Security Agreement or Note. Any such inconsistent terms are of no effect. This Floor Plan Agreement supersedes any Floor Plan Agreements heretofore executed by and between Bank and Borrower, and all outstanding Floor Plan Agreement indebtedness is hereafter subject to all of the terms and provisions of this Floor Plan Agreement, and the outstanding principal balance of all such Floor Plan indebtedness is added to the principal balance of this Floor Plan Agreement.

29. NOTICES. Any notice or other communication required or permitted hereunder or under any Note or Security Agreement shall be in writing and shall be delivered personally, sent by facsimile transmission or by first-class, certified, registered or express mail, or by courier, with postage and other charges prepaid. Any such notice shall be deemed given when so delivered personally, by courier or by facsimile transmission, or, if mailed, five (5) days after the date of deposit in the United States mail, as follows:

If to Borrower, to:
European Motors, LLC
5949 Brainerd Rd
Chattanooga, TN 37421
Attention: Nelson E. Bowers, II
Facsimile #_____

If Bank, to:

NationsBank, N.A. (South)
600 Peachtree Street, 17th Floor
Atlanta, Georgia 30308
Attention: Tim Kelley or Bill Brantley

Either Bank or Borrower may, by notice given in accordance with this provision, designate another address or person for receipt of notices hereunder.

30. FLOOR PLAN COLLATERAL AND/OR INVENTORY INSPECTION. Floor Plan inventory inspections will be conducted by Bank from time to time at the sole discretion of Bank. Borrower agrees to pay in full any item or unit of Collateral that is not located at Borrower's premises or accounted for by Borrower to Bank. Borrower shall make payment to Bank immediately upon notice of demand being given to Borrower pursuant to paragraph 29 (NOTICES) of the Floor Plan Agreement.

31. FINAL AGREEMENT. THIS FLOOR PLAN AGREEMENT, THE FLOOR PLAN PROMISSORY NOTE, THE SECURITY AGREEMENT AND ANY OTHER AGREEMENTS EXECUTED IN CONJUNCTION WITH THIS FLOOR PLAN REVOLVING LINE OF CREDIT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the undersigned has caused this Floor Plan Agreement to be executed under seal on the 6th day of May, 1996.

	European Motors, LLC (Seal)
NationsBank, N.A. (South)	Borrower
Bank	
By /s/ Timothy W. Kelley	By /s/ Nelson E. Bowers
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Timothy W. Kelley	Nelson E. Bowers, II
Assistant Vice President	Chief Manager
(Name and Title)	(Name and Title)

ADDENDUM "A"

This Addendum "A" to the Floor Plan Agreement shall be and is incorporated by reference for all purposes as part of the Floor Plan Agreement dated May 6. 1996 between Bank and Borrower.

Curtailments. Curtailment payments based upon the original amount advanced with respect to specific items of Collateral shall be paid on the following types of units of Collateral based upon either a dollar or percentage amount as billed to Borrower and payment is due when billed. The Curtailment payment is to be applied against the original amount advanced for a unit of Collateral. The Curtailment payment based upon either a dollar or percentage amount is calculated on the original amount advanced for the unit and not the outstanding unpaid balance from time to time.

Unit Type	Curtailment Amount	Curtailment Date	Final Payoff Date
New	10% of original amount financed.	Due 90 days prior to maturity.	15 months from date financed.
Used and Program			In full at the end of the 7th month.

Executed under seal this 6th day of May, 1996.

Borrower: European Motors, LLC (Seal)

By: /s/ Nelson E. Bowers

Nelson E. Bowers, II
Chief Manager
(Name and Title)

Approved: NationsBank, N.A. (South)
By: /s/ Timothy W. Kelley

Timothy W. Kelley
Assistant Vice President
(Name and Title)

ADDENDUM "B"

This Addendum "B" to the Floor Plan Agreement shall be and is incorporated by reference for all purposes as part of the Floor Plan Agreement dated May 6. 1996 between Bank and Borrower.

Floor Plan Sublimits. The following sublimits represent the amount of outstandings permitted at any one time in connection with the particular type of Collateral being financed; notwithstanding, the Bank, in it's sole discretion, may advance from time to time amounts in excess of the sublimit amounts below:

Unit Type	Sublimit Amount
New Vehicles	$5,500,000.00
Used Vehicles	$ 500,000.00

Executed under seal on the 6th day of May, 1996.

Borrower: European Motors, LLC (Seal)

By: /s/ Nelson E. Bowers

Nelson E. Bowers, II
Chief Manager
(Name and Title)

Approved: NationsBank, N.A. (South)
By: /s/ Timothy W. Kelley

Timothy W. Kelley
Assistant Vice President

(Name and Title)

ADDENDUM "C"

This Addendum "C" to the Floor Plan Agreement shall be and is incorporated by reference for all purposes as part of the Floor Plan Agreement dated May 6, 1996 between Bank and Borrower.

As used herein, the following defined terms shall have the following meanings:

Working Capital - Current assets minus current liabilities.

Current Assets - Current assets (inclusive of LIFO reserve for new and used vehicles) less amounts due from officers, stockholders, insiders, affiliates and employees included as current assets, all computed in accordance with generally accepted accounting principles.

Current Liabilities - Current liabilities less amounts included as current liabilities due to officers, stockholders, insiders, affiliates and employees, which have been expressly subordinated in payment to the Bank, all computed in accordance with generally accepted accounting principles.

Inventory Trust Position - The sum of cash, contracts in transit, vehicle accounts receivable (excluding any finance contract receivable), new and used vehicle inventory (inclusive of LIFO reserves for new and used vehicles) less new and used vehicle floor plan debt.

Tangible Net Worth - Net worth less intangible assets, less leasehold improvements, less amounts due from officers, stockholders, insiders, affiliates and employees, plus 100% times the LIFO reserve for new and used vehicles, plus amounts payable to officers, stockholders, insiders, affiliates and employees that are expressly subordinated in payment to the Bank all computed in accordance with generally accepted accounting principles.

Total Liabilities - Total liabilities less amounts payable to officers, stockholders, insiders, affiliates and employees that are expressly subordinated in payment to the Bank, all computed in accordance with generally accepted accounting principles.

Additional Covenants. While the Line is effect, and thereafter while Borrower is indebted to Bank, Borrower will: (Mark block for applicable covenant)

_X_(1) Maintain Working Capital of not less than $1,000,000.00 based on annual CPA prepared Compiled Financial Statements.

___(2) Maintain a ratio of Current Assets to Current Liabilities of not less than_____ to 1.0 at all times.

_X_(3) Maintain Tangible Net Worth of not less than $723,775.00 at all times.

___(4) Not permit the ratio of Total Liabilities to Tangible Net Worth to exceed _____ to 1.0 based on annual CPA prepared Compiled Financial Statements.

___(5) Maintain a minimum Inventory Trust Position of not less than $_____ at all times.

___(6) Provide to Bank within _ days of each month end a monthly Certificate of Compliance in the form attached hereto as "Exhibit A-1", signed by a duly authorized representative of Borrower or Borrower.

_X_(7) Other: (If additional space is needed, attach additional pages to this Addendum)

Maintain a Cash Flow Coverage Ratio of not less than 1.25 to 1.0 based on annual CPA prepared Compiled Financial Statements.

Cash Flow Coverage Ratio is defined as follows: The aggregate of net income after taxes plus depreciation and amortization plus the annual LIFO Adjustment and other non-cash expenses, less dividends and/or profits taken out of the Borrower divided by the aggregate of the current portion of long term debt and capital lease obligations.

Executed under seal on the 6th day of May, 1996.

Borrower: European Motors, LLC (Seal)

By: /s/ Nelson E. Bowers

Nelson E. Bowers, II
Chief Manager
(Name and Title)

Approved: NationsBank, N.A. (South)
By: /s/ Timothy W. Kelley

Timothy W. Kelley
Assistant Vice President
(Name and Title)

NationsBank
NationsBank, N.A. (South) Dated: April 11, 1997

FLOOR PLAN AGREEMENT

This Floor Plan Agreement is entered into by and between NationsBank, N.A (South) (Bank) 600 Peachtree Street, 17th Floor, Atlanta, Georgia 30308 and Kia of Chattanooga, LLC (Borrower) 6015 International Drive, Chattanooga, Tennessee 37421.

1. BACKGROUND. Borrower hereby requests Bank to extend to it a line of credit (Line) to purchase inventory to be secured by Borrower's Collateral described in paragraph 7 (Collateral). Bank agrees to extend the Line subject to the terms of this Agreement.

2. THE LINE OF CREDIT. Bank extends to Borrower a Line in the amount of $2,500,000.00 or such other amount as may be set by Bank from time to time. Before maturity or demand, Borrower may borrow, repay and reborrow hereunder at anytime, up to an aggregate amount outstanding at any one time equal to the principal amount of Note, provided, however, that Borrower is not in default of any provision of Note, Floor Plan Agreement, Security Agreement or any other agreement or obligation between Borrower and Bank. Any sums Bank may Advance in excess of the face amount of the Note shall also be part of the principal amount the Borrower is obligated to pay Bank and shall be subject to all the terms of the Note, Security Agreement, and this Floor Plan Agreement. The Bank's records of the amounts borrowed from time to time shall be conclusive proof thereof. Borrower acknowledges and agrees that notwithstanding any provisions of any Note, Floor Plan Agreement, Security Agreement or any other documents executed in connection with a Note, Floor Plan Agreement and Security Agreement, the Bank has no obligation to make any Advance, and that all Advances are at the sole discretion of Bank.

3. NOTE. Debt under the Line shall be evidenced by Borrower's Floor Plan Promissory Note (Note).

4. RATE. Debt under the Line shall bear interest as set forth in the Note.

5. DUE DATES.

   (a) Unpaid principal and interest hereon shall be due and payable as set forth in the Note, and as set forth below. Unless Borrower is in default under the terms of any Security Agreement securing the Note, this Floor Plan Agreement or any other agreement relating to this Floor Plan Agreement, upon sale of inventory, Borrower will pay to Bank at the earlier of Borrower's receipt of payment for that item of inventory or three (3) business days after that item of inventory is

   delivered to the customer or otherwise disposed of, cash in the amount equal to the original amount advanced less any curtailment payments made with respect to the item sold. If Borrower is in default at time of sale, all proceeds of sale will immediately be remitted to Bank and applied to debt hereunder.

   (b) Curtailment payments based on the original amount advanced with respect to specific items of inventory shall be paid from time to time by Borrower as provided for in Addendum "A" attached hereto and made a part hereof for all purposes as if copied word for word herein.

6. USE OF LINE AND ADVANCES.

   (a) The Advances under this Line shall be exclusively for the purpose of purchasing inventory to be displayed and demonstrated in conjunction with the sale of the inventory in the ordinary course of Borrower's business unless otherwise agreed to in writing by Bank. Borrower agrees not to use the inventory for any other purpose without the prior written approval of Bank. The term "Advance" as used in this Agreement shall mean the dollar amount loaned by Bank on a motor vehicle financed under a floor plan line of credit and includes but is not limited to any charge against, debit against, draft against, or draw against the line of credit. Advances under the Line (Advances) shall be made against and in payment of drafts drawn on Bank or in accordance with the written request of Borrower executed by the person signing this Agreement on behalf of Borrower or a person hereafter designated in writing by Borrower.

(b) Units of inventory which may be presented as Collateral as well as the amount of outstanding debt permitted at any one time in connection with the particular type of Collateral being financed shall be in accordance with Addendum "B".

(c) Bank may reject as Collateral hereunder any item of inventory which is received by Borrower in damaged condition. Bank has no obligation to inspect inventory for damage before paying drafts. If Bank has paid a draft on damaged inventory, Borrower shall direct the manufacturer to refund all payments directly to Bank. If the manufacturer fails to make the refund within thirty (30) days, Borrower shall reduce the debt outstanding under the Line by the amount Advanced against the damaged item.

(d) Borrower will submit or cause to be submitted to Bank invoices or bills of sale representing the actual cost to Borrower of the inventory. Bank may advance an amount equal to Borrower's cost (not to exceed NADA wholesale value in the case of used motor vehicles) or such part of the cost thereof as Bank elects at its sole discretion. The Advance may be disbursed to Borrower or the manufacturer or others from whom Borrower purchases inventory. Presentation of drafts or other requests for payment by manufacturers or others from whom Borrower

purchases inventory shall constitute requests by Borrower that Bank lend Borrower the amount of such drafts or other requests for payment pursuant to this Agreement.

(e) A fee in the amount of $0.00 shall be paid by Borrower for each unit of inventory presented as Collateral to obtain Advances. The fee shall be paid monthly by Borrower.

7. COLLATERAL Borrower hereby grants to Bank a security interest in all of its inventory of:

_X_ New Motor Vehicles (now existing or hereafter acquired)

___ Used Motor Vehicles (now existing or hereafter acquired)

including all parts and accessories added to vehicles, now existing or hereafter acquired by Borrower, including any such goods as may be leased or held for leasing, together with any and all accounts and proceeds arising from the sale, lease or disposition of said property and all returned, refused and repossessed goods, all monies received from manufacturers by way of credits, refunds or otherwise with respect to Collateral, and all proceeds thereof (Collateral) to secure all debt of Borrower to Bank under any and all present and future Advances of whatever kind and further including but not limited to the Line and all other debt and other obligations of Borrower to Bank of any nature now existing or hereafter arising, including but not limited to debt arising directly between Borrower and Bank or acquired outright, conditionally or as Collateral security from another by Bank, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising under the operation of law or otherwise, direct or indirect, whether incurred directly or as part of a partnership, association or other group, or whether incurred as principal, surety, indorser, accommodation party or otherwise. Borrower will execute and deliver any documents, instruments or agreements required by Bank to evidence debt hereunder, grant, perfect and preserve the security interest, and otherwise carry out the terms of this Agreement. The security interest herein described is also evidenced by a Security Agreement between Borrower and Bank, and in the event of any conflict between the terms hereof and the terms thereof, the terms hereof will apply.

8. IDENTIFICATION OF COLLATERAL. Without limiting the foregoing general grant of a security interest, as set forth in the Security Agreement, Collateral subject to the security interest granted herein shall include but not be limited to (i) inventory listed on invoices submitted to Bank by manufacturers attached to drafts submitted by manufacturers for payment, which drafts Bank pays; and/or (ii) inventory in Borrower's possession set out on a list submitted by Borrower as Collateral for Advances directly to Borrower.

9. TITLE DOCUMENTS. Title documents consisting of manufacturers' certificate of origin, manufacturers' statement of origin, certificates of title and/or any and all other title documents for each item of inventory shall be in the possession of Borrower unless otherwise directed by Bank. In the event Bank does require possession of title documents, Borrower shall deliver all such documents to Bank immediately upon demand.

10. PAYMENT OF DRAFTS. From time to time Bank may make Advances hereunder by direct payment to manufacturers or others, in which event, invoices submitted by Manufacturers along with drafts paid by Bank shall serve as evidence of Advances under the Line. Borrower authorizes Bank to pay all drafts or invoices upon presentation by the manufacturer or others supplying inventory to Borrower.

11. ATTORNEY-IN-FACT. Borrower hereby irrevocably appoints Bank its attorney-in-fact, to execute, deliver and file from time to time, in the name of Borrower or Bank, any trust receipts, security agreements, promissory notes, financing statements, continuation statements and amendments thereto, and any and all other documents and instruments that Bank may require in connection with evidencing and securing debt under this Agreement and carrying out the provisions hereof, which appointment shall be deemed to be a power coupled with an interest.

12. QUALITY OF INVENTORY. Borrower shall be responsible for the quantity, quality, condition and value of the inventory selected by Borrower and financed under this Agreement. Bank shall have no liability of any nature because of the failure of any inventory to conform to Borrower's specifications, and any dispute between the manufacturer or others and Borrower with respect to such inventory shall not affect Borrower's obligation to Bank to pay amounts Advanced hereunder.

13. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants that:

(a) Borrower has taken all action necessary to make this Agreement and all other agreements between it and Bank legal, valid and binding obligations enforceable in accordance with their terms, and Borrower is a:

(i) ___ corporation duly organized, existing and in good standing under the laws of the State of _____, that it is licensed to do business and in good standing in each state in which the property owned by it or the business transacted by it requires it to be licensed as a foreign corporation.

(ii) _X_ limited liability company, duly organized, and in good standing under the laws of the State of Tennessee.

(iii) ___ partnership composed of_____

_____

_____

(iv) ___ sole proprietorship owned by _____

_____

(b) Borrower is not in default with respect to any agreement between it and Bank on this date.

(c) All Collateral is owned by Borrower free and clear of any security interests or encumbrances except those granted pursuant hereto.

(d) Borrower is and will hereafter be not in default under any agreement with any other party, and the execution and performance of this Agreement will not be a default under any agreement with any other party by which Borrower or any of Borrower's property is bound.

(e) Borrower does not do financing of any motor vehicle inventory with any other source or purchase inventory from any seller on credit except as set out below:

_____

_____

Borrower shall notify Bank immediately in the event it buys inventory of motor vehicles on credit or enters into any such inventory financing arrangement with any other source, giving the name and address of the Bank or seller and details of the purchase or loan.

(f) All financial and other information Borrowers have heretofore submitted or may hereafter submit is and will be true, complete, and correct and reflects or will reflect all direct, indirect, and contingent liabilities.

(g) There has been no material adverse change in the Borrower's financial condition and operations since the date of Borrowers most recent financial statements heretofore submitted.

(h) Borrower has and will maintain, at all times, all franchise, distributor agreements, licenses, permits, and other rights that are necessary to the conduct of its business.

(i) All representations and warranties set forth herein will be deemed to be have been made anew with each Advance and shall be continuing in effect beyond the termination or expiration of this Floor Plan Agreement.

14. COVENANTS. While the Line is in effect, and thereafter while Borrower is indebted to Bank, Borrower will:

(a) _X_ Provide Bank within twenty (20) days of each month's end, a company prepared financial statement (including the thirteenth (13) month statement including all adjustments to net worth) in accordance with requirements of the franchise(s) for which Borrower is a dealer.

_X_ Provide Bank within sixty (60) days after Borrower's fiscal year-end a financial statement compiled by a Certified Public Accountant acceptable to the Bank.

___ Provide Bank within one-hundred-twenty (120) days after Borrower's fiscal year-end a financial statement reviewed by a Certified Public Accountant acceptable to the Bank.

___ Provide Bank within one-hundred-fifty (150) days of Borrower's fiscal year-end audited financial statements prepared by a Certified Public Accountant acceptable to the Bank.

In submitting such statements to Bank an authorized officer of Borrower will certify such statements to be true and accurate, continuing compliance with all terms and conditions contained herein and in the other Loan Documents and that no material violation or default exists with any material agreement.

_X_ As to Guarantors, provide the Bank a copy of each Guarantor's personal financial statement within thirty (30) days of calendar year-end in a manner and form acceptable to the Bank. Additionally, each Guarantor shall provide the Bank a copy of each Guarantor's federal income tax return and all schedules thereto within thirty (30) days of filing each return.

(b) Not merge into or consolidate with any other person, firm, corporation or limited liability company nor sell any substantial part of its assets to any person, firm, corporation or limited liability company except in the ordinary course of business;

(c) Not sell or enter into any agreement to sell or deal in new motor vehicles manufactured by any manufacturer for whom it is not now a Retailer or Wholesaler, unless approved by Bank in writing which will not be unreasonably withheld;

(d) Keep all Collateral and inventory insured, by insurers acceptable to Bank, at all times in an amount at least equal to the amount of debt to Bank under the Line with deductible amount satisfactory to Bank, and the insurance policy to contain loss payable clauses to Bank as its interest may appear. Borrower will deliver original policies or, if permitted by Bank, certificates of insurance to Bank;

(e) Permit Bank to enter upon the property of Borrower at any time to examine all Collateral and to examine Borrower's books in connection therewith.

(f) At time of execution of this Floor Plan Agreement deliver to Bank such Landlord Waiver and/or Mortgagee Waiver and Estoppel Agreements duly executed by the appropriate parties in such form as is satisfactory to Bank and Borrower will thereafter furnish to Bank current executed copies of the above instruments upon written request of Bank;

(g) Not allow any material change in ownership or management nor enter into any management agreement pursuant to which any third party assumes the management of Borrower in anticipation of a sale of Borrower's business or any material part of its assets without Bank's prior written approval;

(h) Operate business in compliance with all environmental protection laws and regulations including applicable local, state, or federal law, regulations, or rule of common law;

(i) Not allow any liens or encumbrances on any of Borrower's assets or property without the written consent of Bank;

(j) Borrower and Guarantor shall promptly notify Bank in writing of (i) any condition, event or act which comes to Borrower's or Guarantor's attention that would or might materially adversely affect Borrower's or Guarantor's financial condition or operations, the Collateral, or Bank's rights under the Guaranty or any Loan Documents, (ii) any litigation in excess of $25,000.00 filed by or against Borrower or Guarantor, or (iii) any event that has occurred that would constitute an event of default under any Loan Documents, including but not limited to any Guaranty.

(k) See Addendum "C" for additional covenants which are a part of this Agreement for all purposes as if they were copied word for word herein.

15. EVENTS OF DEFAULT.

The following are events of default hereunder and under the other Loan Documents: (a) the failure to pay or perform any obligation, liability, indebtedness or covenant of any Borrower or Guarantor to Bank, or to any affiliate of Bank, whether under this Floor Plan Agreement, Security Agreement, Note or any other agreement or instrument

now or hereafter existing, as and when due (whether upon demand, at maturity or by acceleration); (b) the failure to pay or perform any other obligation, liability or indebtedness of any Borrower or Guarantor whether to Bank or some other party, the collateral for which constitutes an encumbrance on the collateral for this Floor Plan Agreement; (c) a proceeding being filed or commenced against any Borrower or Guarantor for dissolution or liquidation, or any Borrower or Guarantor voluntarily or involuntarily terminating or dissolving or being terminated or dissolved; (d) insolvency of, business failure of, the appointment of a custodian, trustee, liquidator or receiver for or for any of the property of, or an assignment for the benefit of creditors by, or the filing of a voluntary or involuntary petition under bankruptcy, insolvency or debtor's relief law or for any adjustment of indebtedness, composition or extension by or against any Borrower or Guarantor; (e) any lien, encumbrance or additional security interest being placed upon any of the Collateral which is security for this Floor Plan Agreement; (f) acquisition at any time or from time to time of title to the whole of or any part of the Collateral which is security for this Floor Plan Agreement by any person, partnership, corporation or other entity except for sales thereof in the ordinary course of business; (g) Bank determining that any representation or warranty made by any Borrower or Guarantor to Bank is, or was, untrue or materially misleading; (h) failure of any Borrower or Guarantor to timely deliver such financial statements, including tax returns, and other statements of condition or other information as Bank shall request from time to time; (i) entry of a judgment against any Borrower or Guarantor which Bank deems to be of a material nature, in Bank's sole discretion; (j) the seizure or forfeiture of, or the issuance of any writ of possession, garnishment or attachment, or any turn over order for any property of any Borrower or Guarantor; (k) Bank reasonably deeming itself insecure or its prospects for payment of the debt impaired for any reason; (1) the determination by Bank that a material adverse change has occurred in the financial condition of any Borrower or Guarantor; (m) the failure to comply with any law regulating the operation of Borrower's business; (n) Guarantor undertakes to terminate or revoke any guaranty of payment of this Note or defaults in the performance of or disputes any of his obligations as Guarantor; (o) the inability of the Borrower or Guarantor to pay debts as they mature owing to Bank or any other party.

16. REMEDIES. Upon the occurrence of any default hereunder or any of the other Loan Documents, Bank shall have all of the rights and remedies of a creditor and, of a secured party under the Uniform Commercial Code as enacted in the State of Georgia, O.C.G.A. ss.11-9 and all other applicable law. Without limiting the generality of the foregoing, Bank may, at its option and without notice or demand: (a) declare any liability of Borrower under this Agreement or any of the other Loan Documents accelerated and due and payable at once; and (b) take possession of any Collateral wherever located, and sell, resell, assign, transfer and deliver all or any part of said Collateral of Borrower or Guarantor at any public or private sale or

otherwise dispose of any or all of the Collateral in its then condition, for cash or on credit or for future delivery, and in connection therewith Bank may impose reasonable conditions upon any

such sale. Bank, unless prohibited by law the provisions of which cannot be waived, may purchase all or any part of said Collateral to be sold, free from and in discharge of all trusts, claims, rights of redemption and equities of the Borrower or Guarantor whatsoever; Borrower and Guarantor acknowledge and agree that the sale of any Collateral through any nationally recognized broker - dealer, investment banker or any other method common in the securities industry shall be deemed a commercially reasonable sale under the Uniform Commercial Code or any other equivalent statute or federal law, and expressly waive notice thereof except as provided herein; and (c) setoff against any and all money owed by Bank in any capacity to Borrower or Guarantor whether or not due for any Liabilities of the Borrower to the Bank under this Agreement and the other Loan Documents.

17. ATTORNEY FEES. COST AND EXPENSES. Borrower and/or Guarantor shall pay all costs of collection and attorney's fees equal to reasonable and actual attorney's fees, including reasonable attorney's fees in connection with any suit, mediation or arbitration proceeding, out of court payment, agreement, trial, appeal, bankruptcy proceedings or otherwise, incurred or paid by Bank in enforcing the payment of any Liability or enforcing or preserving any right or interest of Bank hereunder, including the collection, preservation, sale or delivery of any Collateral from time to time pledged to Bank, and after deducting such fees, costs and expenses from the proceeds of sale or collection, Bank may apply any residue to pay any of the Liabilities and Guarantor shall continue to be liable for any deficiency with interest at the rate specified in any instrument evidencing the Liability or, at the Bank's option, equal to the highest lawful rate, which shall remain a liability.

18. PRESERVATION OF PROPERTY. Bank shall not be bound to take any steps necessary to preserve any rights in any of the property of Borrower and/or Guarantor pledged to Bank to secure Borrower's and/or Guarantor's obligations against prior parties who may be liable in connection therewith, and Borrower and/or Guarantor hereby agree to take any such steps. Bank, nevertheless, at any time, may (a) take any action it deems appropriate for the care or preservation of such property or of any rights of Borrower and/or Guarantor or Bank therein, (b) demand, sue for, collect or receive any money or property at any time due, payable or receivable on account of or in exchange for any property of Borrower and/or Guarantor, (c) compromise and settle with any person liable on such property, or (d) extend the time of payment or otherwise change the terms thereof as to any party liable thereon, all without notice to, without incurring responsibility to, and without affecting any of the obligations or liabilities of Borrower and/or Guarantor.

19. TERMINATION. The Line may be terminated at any time by either party with or without cause upon 30 days' notice in writing to the other. Upon the occurrence of a default hereunder, Bank shall have the right to terminate the Line and to mature all debt outstanding hereunder, including principal and interest, without notice to any person. Termination of the Line hereunder shall not affect the obligations of Borrower with

respect to any debt incurred prior to termination. All such obligations shall continue in full force and effect until all debt under the Line is paid in full.

20. OVERLINE DEBT. In the event debt outstanding under the Line should for any reason exceed the amount of the Line allowed hereunder, all such debt shall be payable on demand, but if no demand is made, no later than such time as may be specified by Bank at the time of the approval of the temporary overline. The overline debt shall bear interest at the rate specified for debt under the Line, and shall be governed by all the terms and conditions of this Agreement and the other Loan Documents and shall be secured by all Collateral for the Line, and all items of inventory financed by the overline debt shall secure all debt under the Line including the overline and be governed by all terms of the Security Agreement, Floor Plan Agreement and Note. Bank shall have no obligation to permit any overline at any time but in its sole discretion may do so.

21. REVIEW OF LINE. Bank may, at its option, from time to time review the credit for performance, pricing, amount of Line, and Borrower's financial condition.

22. CHANGE IN TERMS. Bank may at its discretion amend or modify any term or

provision of this Floor Plan Agreement, Security Agreement or any other agreements pertaining to this Agreement, with any change to be effective 15 days after mailing of notice to Borrower.

23. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon each party's respective successors, heirs, executors, administrators, personal representatives and assigns. Neither this Floor Plan Agreement nor any interest in it may be assigned by Borrower without Bank's prior written approval.

24. WAIVER (a) Bank may consent to or waive any action or any failure to act by Borrower with respect to any obligation of Borrower hereunder. Any consent or waiver on the part of Bank shall be binding upon Bank only when in writing and signed by an officer of Bank, and no failure to take action with respect to any default shall constitute a waiver thereof. No waiver of any default shall be a waiver of any other or future default of that or any other nature; (b) Bank shall not be required to proceed first against Borrower, or any other person, firm or corporation, whether primarily or secondarily liable, or against any collateral held by it, before resorting to Guarantor for payment, and Guarantor shall not be entitled to assert as a defense to the enforceability of the Guaranty any defense of Borrower with respect to any Liabilities or Obligations.

25. GOVERNING LAW. This Floor Plan Agreement shall be deemed to have been made in the State of Georgia at the address indicated above, and shall be governed by, and construed in accordance with, the laws of the State of Georgia, and is performable in the State of Georgia.

26. MEDIATION, BINDING ARBITRATION. The parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or the other Loan Documents by participating in mediation and/or binding arbitration. Each party agrees that each will bear its respective expenses related to either mediation and/or arbitration. The parties further agree if the matter has not been resolved pursuant to mediation within thirty (30) days of notice to mediate given by either party, the controversy shall be settled by arbitration and shall be governed by the United States Arbitration Act, 9 U.S.C. ss. 1-16, (or if not applicable, the applicable state law), and judgment upon the award rendered by the Arbitrator may be entered by any court having jurisdiction thereof. The parties recognize that Bank could be prejudiced by not being able to foreclose on property pledged as Collateral to Bank. The parties agree that nothing in this Agreement shall be deemed to (i) limit the applicability of any otherwise applicable statutes of limitation or repose and any waivers contained in this Agreement; or (ii) be a waiver by the Bank of the protection afforded to it by 12 U.S.C. Sec. 91 or any substantially equivalent state law; or (iii) limit the right of the Bank hereto (a) to exercise self help remedies such as (but not limited to) setoff, or (b) to foreclose against any real or personal property collateral, or (c) to obtain from a court provisional or ancillary remedies such as (but not limited to) injunctive relief or the appointment of a receiver. The Bank may exercise such self help rights, foreclose upon such property, or obtain such provisional or ancillary remedies before, during or after the pendency of any arbitration proceeding brought pursuant to this agreement. At Bank's option, foreclosure under a deed of trust or mortgage may be accomplished by any of the following: the exercise of a power of sale under the deed of trust or mortgage, or by judicial sale under the deed of trust or mortgage, or by judicial foreclosure. Neither this exercise of self help remedies nor the institution or maintenance of an action for foreclosure or provisional or ancillary remedies shall constitute a waiver of the right of any party, including the claimant in any such action, to arbitrate the merits of the controversy or claim occasioning resort to such remedies.

27. ADDITIONAL TERMS. (a) As used herein, the singular number shall include the plural (e.g. "Note" means Note or Notes); or (b) In the event that there are any written terms that may differ between this Floor Plan Agreement and any other agreements, documents, or negotiations in existence prior to the execution of this Floor Plan Agreement, Bank and Borrower agree that the terms of this Floor Plan Agreement shall control and be the final agreement.

28. MERGER. The terms of any commitment letter issued by Bank to Borrower for this Line are incorporated herein by reference, except to the extent that such terms are inconsistent with the terms of this Floor Plan Agreement, Security Agreement or Note. Any such inconsistent terms are of no effect. This Floor Plan Agreement supersedes any Floor Plan Agreements heretofore executed by and between Bank and Borrower, and all outstanding Floor Plan Agreement indebtedness is hereafter subject to all of the terms and provisions of this Floor Plan Agreement, and the outstanding principal

balance of all such Floor Plan indebtedness is added to the principal balance of this Floor Plan Agreement.

29. NOTICES. Any notice or other communication required or permitted hereunder or under any Note or Security Agreement shall be in writing and shall be delivered personally, sent by facsimile transmission or by first-class, certified, registered or express mail, or by courier, with postage and other charges prepaid. Any such notice shall be deemed given when so delivered personally, by courier or by facsimile transmission, or, if mailed, five (5) days after the date of deposit in the United States mail, as follows:

If to Borrower, to:
Kia of Chattanooga, LLC
6015 International Drive
Chattanooga, TN 37421
Attention: Nelson E. Bowers, II
Facsimile #_____

If Bank, to:

NationsBank, N.A. (South)
600 Peachtree Street, 17th Floor
Atlanta, Georgia 30308
Attention: Tim Kelley or Bill Brantley

Either Bank or Borrower may, by notice given in accordance with this provision, designate another address or person for receipt of notices hereunder.

30. FLOOR PLAN COLLATERAL AND/OR INVENTORY INSPECTION. Floor Plan inventory inspections will be conducted by Bank from time to time at the sole discretion of Bank. Borrower agrees to pay in full any item or unit of Collateral that is not located at Borrower's premises or accounted for by Borrower to Bank. Borrower shall make payment to Bank immediately upon notice of demand being given to Borrower pursuant to paragraph 29 (NOTICES) of the Floor Plan Agreement.

31. FINAL AGREEMENT. THIS FLOOR PLAN AGREEMENT, THE FLOOR PLAN PROMISSORY NOTE, THE SECURITY AGREEMENT AND ANY OTHER AGREEMENTS EXECUTED IN CONJUNCTION WITH THIS FLOOR PLAN REVOLVING LINE OF CREDIT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the undersigned has caused this Floor Plan Agreement to be executed under seal on the 11th day of April, 1997.

	Kia of Chattanooga, LLC (Seal)
NationsBank, N.A. (South)	Borrower
Bank	
By	By /s/ Nelson E. Bowers, II
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Timothy Kelley	Nelson E. Bowers, II
Assistant Vice President	Chief Manager

ADDENDUM "A"

This Addendum "A" to the Floor Plan Agreement shall be and is incorporated by reference for all purposes as part of the Floor Plan Agreement dated April 11, 1997 between Bank and Borrower.

Curtailments. Curtailment payments based upon the original amount advanced with respect to specific items of Collateral shall be paid on the following types of units of Collateral based upon either a dollar or percentage amount as billed to Borrower and payment is due when billed. The Curtailment payment is to be applied against the original amount advanced for a unit of Collateral. The Curtailment payment based upon either a dollar or percentage amount is calculated on the original amount advanced for the unit and not the outstanding unpaid balance from time to time.

Unit Type	Curtailment Amount	Curtailment Date	Final Payoff Date
- ---------	----------	----------	----------

New	10% of original amount financed.	Due 90 days prior to maturity.	15 months from date financed.
Program	2% of original amount financed.	Due monthly beginning at the end of the 4th month	In full at the end of the 7th month.

Executed under seal this 11th day of April, 1997.

Borrower: Kia of Chattanooga, LLC (Seal)

By /s/ Nelson E. Bowers, II By:

Nelson E. Bowers, II
Chief Manager
(Name and Title)

Approved: NationsBank, N.A. (South)

By:

Timothy W. Kelley, Assistant Vice President
(Name and Title)

ADDENDUM "B"

This Addendum "B" to the Floor Plan Agreement shall be and is incorporated by reference for all purposes as part of the Floor Plan Agreement dated April 11, 1996 between Bank and Borrower.

Floor Plan Sublimits. The following sublimits represent the amount of outstandings permitted at any one time in connection with the particular type of Collateral being financed; notwithstanding, the Bank, in it's sole discretion, may advance from time to time amounts in excess of the sublimit amounts below:

Unit Type	Sublimit Amount
New Vehicles	$2,500,000.00

Executed under seal on the 11th day of April, 1997.

Borrower: Kia of Chattanooga, LLC (Seal)

By /s/ Nelson E. Bowers, II By:

Nelson E. Bowers, II
Chief Manager
(Name and Title)

Approved: NationsBank, N.A. (South)

By:

Timothy W. Kelley, Assistant Vice President
(Name and Title)

NATIONSBANK. N.A. (SOUTH)

SECURITY AGREEMENT
(Floor Plan)
Date April 11, 1997

Between: and

BANK: (SECURED PARTY)	DEBTOR: (BORROWER)
NATIONSBANK, N.A. (SOUTH) 600 Peachtree Street 17th Floor Atlanta, Georgia 30308	Kia of Chattanooga, LLC 6015 International Drive Chattanooga, Tennessee 37421
Fulton County	Hamilton County
(address including county)	Name and address, including county)

Debtor is: [ ] Individual [ ] Corporation [ ] Partnership [X] Other Limited Liability Corporation

Address is Debtor's: [ ] Residence [X] Place of Business [ ] Chief Executive Office if more than one place of business

[This Agreement contains some provisions preceded by boxes. Mark only those boxes beside provisions which will be applicable to this transaction. A box which is not marked means that the provision beside it is not applicable to this transaction.]

SECTION I. CREATION OF SECURITY INTEREST.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged and subject to the applicable terms of a Floor Plan Agreement, Floor Plan Promissory Note and this Floor Plan Security Agreement, Debtor hereby grants to Secured Party (Bank) a security interest in the Collateral described in Section 11 of this Security Agreement to secure performance and payment of all obligations and indebtedness of Debtor to Bank of whatever kind and whenever or however created or incurred. Said obligations and indebtedness includes but is not limited to any and all liabilities, fixed or contingent, whether arising by notes, discounts, overdraws, or in any other manner whatsoever.

SECTION II. COLLATERALS

The Collateral of this Security Agreement is inventory of the following description:

[X] New Motor Vehicles (now existing or hereafter acquired)

[ ] Used Motor Vehicles (now existing or hereafter acquired)

including all parts and accessories added to vehicles, now existing or hereafter acquired by Debtor (Borrower), including any such goods as may be leased or held for leasing, together with any and all accounts and Proceeds arising from the sale, lease or disposition of said property and all returned, refused and repossessed goods, all monies received from manufacturers by way of credits, refunds or otherwise with respect to Collateral, and all Proceeds thereof (Collateral) to secure all debt of Debtor (Borrower) to Secured Party (Bank) under any and all present and future Advances of whatever kind and further including but not limited to the Line and all other debt of Debtor (Borrower) to Secured Party (Bank) of any nature now existing or hereafter arising, including but not limited to debt arising directly between Debtor (Borrower) and Bank or acquired outright, conditionally or as Collateral security from another by Secured Party, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising under the operation of law or otherwise, direct or indirect, whether incurred directly or as part of a partnership, association or other group, or whether incurred as principal, surety, indorser, accommodation party or otherwise. Debtor (Borrower) will execute and deliver any documents, instruments or agreements required by Secured Party (Bank) to evidence debt hereunder, grant, perfect and preserve the security interest, and otherwise carry out the terms of the Floor Plan Agreement, Floor Plan Note and this Floor Plan Security Agreement. See attached schedule for additional Collateral, if applicable.

The inclusion of Proceeds in this Security Agreement does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized by the Floor Plan Agreement or this Security Agreement. The term "Proceeds" means proceeds as said term is defined in the Uniform Commercial Code and includes without limitation cash, accounts, general intangibles, documents, inventory (including trade-ins), instruments, chattel paper, equipment, and all other property of every kind received upon the sale, exchange, collection, lease or other disposition of inventory.

SECTION III. PAYMENT OBLIGATIONS OF DEBTOR.

1. Debtor shall pay to Secured Party on demand all expenses and expenditures, including attorney fees, plus interest thereon at the highest legal rate per annum, pursuant to the provisions of the Floor Plan Agreement, Floor Plan Note and this Security Agreement.

2. Debtor shall pay to Secured Party the earned outstanding indebtedness of Debtor to Secured Party upon demand or Debtor's default pursuant to the terms and conditions contained in a Floor Plan Note, Floor Plan Agreement or this Security Agreement.

SECTION IV. DEBTOR'S REPRESENTATIONS AND WARRANTIES.

1. The representations and warranties contained in a Floor Plan Agreement between Debtor and Secured Party dated April 11, 1997, are hereby incorporated by reference for all purposes as if copied herein word for word.

2. Debtor will execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all connected costs, necessary to perfect, continue and protect the security interest under this Security Agreement against the rights or interest of third persons.

3. Debtor will at all times keep Collateral and its Proceeds separate and distinct from other property of Debtor and shall keep accurate and complete records of the Collateral and its Proceeds.

4. Debtor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Debtor's failure to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the indebtedness secured by this Agreement and shall be paid to Secured Party by Debtor immediately and without demand, with interest thereon at the highest legal rate per annum.

5. The Collateral shall remain in Debtor's possession or control at all times at Debtor's risk of loss; and be kept at the address shown at the beginning of this Agreement, or at _____

_____

(No. and Street) (City) (County) (State)

where Secured Party may inspect it at any time. Except for its temporary removal in connection with its ordinary use, Debtor shall not remove the Collateral from the above address without obtaining prior written consent from Secured Party. Debtor shall bear the risk of loss and damage to Collateral at all times.

6. The Collateral will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use, and will not be used in violation of any statute or ordinance.

7. The Collateral will not be sold, transferred or disposed of by Debtor except in the ordinary course of business or be subjected to any other security interest unpaid charge, including rent and taxes, or to any subsequent interest of a third person created or suffered by Debtor voluntarily or involuntarily unless Secured Party consents in advance in writing to such sale, transfer, disposition, charge, or subsequent interest, or unless otherwise provided in this Agreement.

8. Debtor will promptly notify Secured Party in writing of any addition to, change in or discontinuance of: (i) its address as shown at the beginning of this Security Agreement; (ii) the location of its place of business if it has one location or its chief executive office if it has more than one place of business as set forth in this Security Agreement; and (iii) the location of the office where it keeps its records as set forth in this Security Agreement.

9. If any Collateral is leased or held for lease to customers of Debtor and is of a type normally used in more than one State (such as automotive equipment, rolling stock, airplanes, road building equipment, commercial harvesting equipment, construction machinery and the like), Debtor's place of business if it has one location or its chief executive office if it has more than one place of business is the address shown at the beginning of this Agreement.

10. The office where Debtor keeps its records is 6015 International Drive, Chattanooga, TN 37421 (Hamilton County).

11. Debtor shall account fully and faithfully to Secured Party for Proceeds from disposition of the Collateral in any manner and shall pay or turn over pursuant to paragraph 5(a) of the Floor Plan Agreement in cash, negotiable instruments, drafts, assigned accounts or chattel paper, all Proceeds from each sale to be applied to Debtor's indebtedness to Secured Party, subject, if other than cash, to final payment or collection.

12. If any Collateral or Proceeds includes obligations of third parties to Debtor, the transactions giving rise to the Collateral shall conform in all respects to the applicable State or Federal law including but not limited to consumer credit law. Debtor shall hold harmless and indemnify Bank against any cost, loss or expense arising from Debtor's breach of this covenant.

13. Without the written consent of Bank, Debtor shall not change its name, change its corporate status, use any trade name or engage in any business in which it was not engaged on the date of this Agreement.

14. Debtor appoints any officer of Bank as Debtor's attorney-in-fact with full power in Debtor's name and behalf to do every act which Debtor is obligated to do or may be required to do hereunder; however, nothing in this paragraph shall be construed to obligate Bank to take any action hereunder nor shall Bank be liable to Debtor for failure to take any action hereunder. This appointment shall be deemed a power coupled with an interest and shall not be terminable as long as the obligations are outstanding and shall not terminate on the disability or incompetence of the Debtor.

15. Debtor will comply with all State and Federal laws and regulations applicable to its business, whether now in effect or hereafter enacted including but not limited to the wage and hours laws and relating to the use or disposal of hazardous materials and wastes.

SECTION V. COVENANTS.

The Covenants contained in a Floor Plan Agreement between Debtor and Secured Party dated April 11, 1997, are hereby incorporated by reference for all purposes as if copied word for word herein.

SECTION VI. Events of Default.

Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (hereinafter called an "Event of Default"):

1. The occurrence of any events of default referred to in a Floor Plan Agreement between Debtor and Secured Party dated April ____, 1997 all of which are hereby incorporated by reference for all purposes as if copied word for word herein.

2. Debtor defaults in the due observance or performance of any terms or provisions of this Security Agreement or other Loan Documents.

3. If any physical damage, property and/or other insurance, insuring said Collateral and the respective interests of the parties therein, is cancelled for any reason and the Debtor fails or refuses to furnish written proof to Secured Party of his having obtained substitute insurance coverage replacing the cancelled policies.

SECTION VII. SECURED PARTY'S RIGHTS AND REMEDIES.

A. Rights Exclusive of Default.

(1) This Security Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party, and Debtor will assert no claims or defenses it may have against Secured Party against the Assignee except those granted in this Security Agreement.

(2) At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the highest legal rate per annum.

(3) Secured Party may execute, sign, endorse, transfer or deliver in

the name of Debtor notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents, necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement.

(4) Secured Party may notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness remitted by Debtor to Secured Party as Proceeds to pay Secured Party directly.

(5) Secured Party may at any time demand, sue for, collect or make any compromise or settlement with reference to the Collateral as Secured Party, in its sole discretion, chooses.

(6) Secured Party may enter upon Debtor's premises at any reasonable time to inspect the Collateral and Debtor's books and records pertaining to the Collateral; Secured Party may require the Debtor to assemble the Collateral for such inspection in a reasonably convenient place; and in all other ways the Debtor shall assist the Secured Party in making such inspection.

B. Rights in Event of Default.

(1) Upon the occurrence of an Event of Default, or if Secured Party deems payment of Debtor's obligations to Secured Party to be insecure, and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a Secured Party under the Uniform Commercial Code as enacted in the State of Georgia, O.C.G.A. ss. 11-9 and all other applicable laws, including without limitation thereto, the right to sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless Collateral threatens to decline speedily in value or is a type customarily sold in a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met as such notice is mailed, postage prepaid, to the address of Debtor shown at the beginning of this Security Agreement at least five (5) days before the time of sale or disposition. After sale, all monies will be applied to amounts outstanding under the Floor Plan Agreement, the Note and this Security Agreement, and Debtor will be liable for any remaining deficiencies. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, plus interest thereon at the highest legal rate per annum. Debtor shall remain liable for any deficiency.

(2) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default. Secured Party may remedy any default and may waive any default without waiving any other prior or subsequent default.

(3) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

(4) Debtor hereby waives all rights which Debtor has or may have under and by virtue of O.C.G.A. ss. 44-14, including, without limitation, the right of Debtor to notice and to a judicial hearing prior to seizure of any Collateral by Secured Party.

SECTION VIII. ADDITIONAL AGREEMENTS.

1. The terms and conditions contained in a Floor Plan Agreement between Debtor and Secured Party dated April 11, 1997, are hereby incorporated by reference for all purposes as if copied word for word herein.

2. The term "Debtor" (Borrower) as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument as Debtor. The pronouns used in this instrument are in the masculine gender but shall be construed as feminine or neuter as occasion may require. "Secured Party" (Bank) and "Debtor" as used in this instrument include, without limitations, the heirs, executors or administrators,

successors, representatives, receivers, trustees and assigns of those parties.

3. Floor Plan inventory inspections will be conducted by Secured Party from time to time at the sole discretion of Secured Party. Debtor agrees to pay in full any item or unit of Collateral that is not located at Debtor's premises or accounted for by Debtor to Secured Party. Debtor shall make payment to Secured Party (Bank) immediately upon notice of demand being given to Debtor pursuant to paragraph 29 (NOTICES) of the Floor Plan Agreement.

4. (Write in any additional agreements or conditions): See attached Schedule, if appropriate.

5. MEDIATION, BINDING ARBITRATION. THE PARTIES WILL ATTEMPT IN GOOD FAITH TO RESOLVE ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT BY PARTICIPATING IN MEDIATION AND/OR BINDING ARBITRATION. EACH PARTY AGREES THAT EACH WILL BEAR THEIR RESPECTIVE EXPENSES RELATED TO EITHER MEDIATION AND/OR ARBITRATION. THE PARTIES FURTHER AGREE IF THE MATTER HAS NOT BEEN RESOLVED PURSUANT TO MEDIATION WITHIN THIRTY (30) DAYS OF NOTICE TO MEDIATE GIVEN BY EITHER PARTY, THE CONTROVERSY SHALL BE SETTLED BY ARBITRATION AND SHALL BE GOVERNED BY THE UNITED STATES ARBITRATION ACT, 9 U.S.C. ss.1-16, (OR IF NOT APPLICABLE, THE APPLICABLE STATE LAW), AND JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED BY ANY

COURT HAVING JURISDICTION THEREOF. THE PARTIES RECOGNIZE THAT BANK COULD BE PREJUDICED BY NOT BEING ABLE TO FORECLOSE ON PROPERTY PLEDGED AS COLLATERAL TO BANK. THE PARTIES AGREE THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED TO (I) LIMIT THE APPLICABILITY OF ANY OTHERWISE APPLICABLE STATUTES OF LIMITATION OR REPOSE AND ANY WAIVERS CONTAINED IN THIS AGREEMENT; OR (II) BE A WAIVER BY THE BANK OF THE PROTECTION AFFORDED TO IT BY 12 U.S.C. SEC. 91 OR ANY SUBSTANTIALLY EQUIVALENT STATE LAW; OR (III) LIMIT THE RIGHT OF THE BANK HERETO (A) TO EXERCISE SELF HELP REMEDIES SUCH AS (BUT NOT LIMITED TO) SETOFF, OR (B) TO FORECLOSE AGAINST ANY REAL OR PERSONAL PROPERTY COLLATERAL, OR (C) TO OBTAIN FROM A COURT PROVISI0NAL OR ANCILLARY REMEDIES SUCH AS (BUT NOT LIMITED TO) INJUNCTIVE RELIEF OR THE APPOINTMENT OF A RECEIVER. THE BANK MAY EXERCISE SUCH SELF HELP RIGHTS, FORECLOSURE UPON SUCH PROPERTY, OR OBTAIN SUCH PROVISIONAL OR ANCILLARY REMEDIES BEFORE, DURING OR AFTER THE PENDENCY OF ANY ARBITRATION PROCEEDING BROUGHT PURSUANT TO THIS AGREEMENT. AT BANK'S OPTION, FORECLOSURE UNDER A DEED OF TRUST OR MORTGAGE MAY BE ACCOMPLISHED BY ANY OF THE FOLLOWING: THE EXERCISE OF A POWER OF SALE UNDER THE DEED OF TRUST OR MORTGAGE, OR BY JUDICIAL SALE UNDER THE DEED OF TRUST OR MORTGAGE, OR BY JUDICIAL FORECLOSURE. NEITHER THIS EXERCISE OF SELF HELP REMEDIES NOR THE INSTITUTION OR MAINTENENCE OF AN ACTION FOR FORECLOSURE OR PROVISIONAL OR ANCILLARY REMEDIES SHALL CONSTITUTE A WAIVER OF THE RIGHT OF ANY PARTY, INCLUDING THE CLAIMANT IN ANY SUCH ACTION, TO ARBITRATE THE MERITS OF THE CONTROVERSY OR CLAIM OCCASIONING RESORT TO SUCH REMEDIES.

6. NOTICE OF FINAL AGREEMENT: THIS WRITTEN SECURITY AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Executed under seal this 11th day of April, 1997.

NationsBank, N.A. (South) Secured Party	Kia of Chattanooga, LLC (Seal) Debtor
By: _____	By /s/ Nelson E. Bowers, II _____
Timothy W. Kelley Assistant Vice President	Nelson E. Bowers, II Chief Manager

NationsBank
NationsBank, N.A. (South) Dated: October 17, 1996

FLOOR PLAN AGREEMENT

This Floor Plan Agreement is entered into by and between NationsBank, N.A (South) (Bank) 600 Peachtree Street, 17th Floor, Atlanta, Georgia 30308 and European Motors of Nashville, LLC (Borrower) 630 Murfreesboro Rd., Nashville, Tennessee 37210.

1. BACKGROUND. Borrower hereby requests Bank to extend to it a line of credit (Line) to purchase inventory to be secured by Borrower's Collateral described in paragraph 7 (Collateral). Bank agrees to extend the Line subject to the terms of this Agreement.

2. THE LINE OF CREDIT. Bank extends to Borrower a Line in the amount of $5,000,000.00 or such other amount as may be set by Bank from time to time. Before maturity or demand, Borrower may borrow, repay and reborrow hereunder at anytime, up to an aggregate amount outstanding at any one time equal to the principal amount of Note, provided, however, that Borrower is not in default of any provision of Note, Floor Plan Agreement, Security Agreement or any other agreement or obligation between Borrower and Bank. Any sums Bank may Advance in excess of the face amount of the Note shall also be part of the principal amount the Borrower is obligated to pay Bank and shall be subject to all the terms of the Note, Security Agreement, and this Floor Plan Agreement. The Bank's records of the amounts borrowed from time to time shall be conclusive proof thereof. Borrower acknowledges and agrees that notwithstanding any provisions of any Note, Floor Plan Agreement, Security Agreement or any other documents executed in connection with a Note, Floor Plan Agreement and Security Agreement, the Bank has no obligation to make any Advance, and that all Advances are at the sole discretion of Bank.

3. NOTE. Debt under the Line shall be evidenced by Borrower's Floor Plan Promissory Note (Note).

4. RATE. Debt under the Line shall bear interest as set forth in the Note.

5. DUE DATES.

   (a) Unpaid principal and interest hereon shall be due and payable as set forth in the Note, and as set forth below. Unless Borrower is in default under the terms of any Security Agreement securing the Note, this Floor Plan Agreement or any other agreement relating to this Floor Plan Agreement, upon sale of inventory, Borrower will pay to Bank at the earlier of Borrower's receipt of payment for that item of inventory or three (3) business days after that item of inventory is

   delivered to the customer or otherwise disposed of, cash in the amount equal to the original amount advanced less any curtailment payments made with respect to the item sold. If Borrower is in default at time of sale, all proceeds of sale will immediately be remitted to Bank and applied to debt hereunder.

   (b) Curtailment payments based on the original amount advanced with respect to specific items of inventory shall be paid from time to time by Borrower as provided for in Addendum "A" attached hereto and made a part hereof for all purposes as if copied word for word herein.

6. USE OF LINE AND ADVANCES.

   (a) The Advances under this Line shall be exclusively for the purpose of purchasing inventory to be displayed and demonstrated in conjunction with the sale of the inventory in the ordinary course of Borrower's business unless otherwise agreed to in writing by Bank. Borrower agrees not to use the inventory for any other purpose without the prior written approval of Bank. The term "Advance" as used in this Agreement shall mean the dollar amount loaned by Bank on a motor vehicle financed under a floor plan line of credit and includes but is not limited to any charge against, debit against, draft against, or draw against the line of credit. Advances under the Line (Advances) shall be made against and in payment of drafts drawn on Bank or in accordance with the written request of Borrower executed by the person signing this Agreement on behalf of Borrower or a person hereafter

designated in writing by Borrower.

(b) Units of inventory which may be presented as Collateral as well as the amount of outstanding debt permitted at any one time in connection with the particular type of Collateral being financed shall be in accordance with Addendum "B".

(c) Bank may reject as Collateral hereunder any item of inventory which is received by Borrower in damaged condition. Bank has no obligation to inspect inventory for damage before paying drafts. If Bank has paid a draft on damaged inventory, Borrower shall direct the manufacturer to refund all payments directly to Bank. If the manufacturer fails to make the refund within thirty (30) days, Borrower shall reduce the debt outstanding under the Line by the amount Advanced against the damaged item.

(d) Borrower will submit or cause to be submitted to Bank invoices or bills of sale representing the actual cost to Borrower of the inventory. Bank may advance an amount equal to Borrower's cost (not to exceed NADA wholesale value in the case of used motor vehicles) or such part of the cost thereof as Bank elects at its sole discretion. The Advance may be disbursed to Borrower or the manufacturer or others from whom Borrower purchases inventory. Presentation of drafts or other requests for payment by manufacturers or others from whom Borrower

purchases inventory shall constitute requests by Borrower that Bank lend Borrower the amount of such drafts or other requests for payment pursuant to this Agreement.

(e) A fee in the amount of $0.00 shall be paid by Borrower for each unit of inventory presented as Collateral to obtain Advances. The fee shall be paid monthly by Borrower.

7. COLLATERAL. Borrower hereby grants to Bank a security interest in all of its inventory of:

_X_ New Motor Vehicles (now existing or hereafter acquired)

_X_ Used Motor Vehicles (now existing or hereafter acquired)

including all parts and accessories added to vehicles, now existing or hereafter acquired by Borrower, including any such goods as may be leased or held for leasing, together with any and all accounts and proceeds arising from the sale, lease or disposition of said property and all returned, refused and repossessed goods, all monies received from manufacturers by way of credits, refunds or otherwise with respect to Collateral, and all proceeds thereof (Collateral) to secure all debt of Borrower to Bank under any and all present and future Advances of whatever kind and further including but not limited to the Line and all other debt and other obligations of Borrower to Bank of any nature now existing or hereafter arising, including but not limited to debt arising directly between Borrower and Bank or acquired outright, conditionally or as Collateral security from another by Bank, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising under the operation of law or otherwise, direct or indirect, whether incurred directly or as part of a partnership, association or other group, or whether incurred as principal, surety, indorser, accommodation party or otherwise. Borrower will execute and deliver any documents, instruments or agreements required by Bank to evidence debt hereunder, grant, perfect and preserve the security interest, and otherwise carry out the terms of this Agreement. The security interest herein described is also evidenced by a Security Agreement between Borrower and Bank, and in the event of any conflict between the terms hereof and the terms thereof, the terms hereof will apply.

8. IDENTIFICATION OF COLLATERAL. Without limiting the foregoing general grant of a security interest, as set forth in the Security Agreement, Collateral subject to the security interest granted herein shall include but not be limited to (i) inventory listed on invoices submitted to Bank by manufacturers attached to drafts submitted by manufacturers for payment, which drafts Bank pays; and/or (ii) inventory in Borrower's possession set out on a list submitted by Borrower as Collateral for Advances directly to Borrower.

9. TITLE DOCUMENTS. Title documents consisting of manufacturers' certificate of origin, manufacturers' statement of origin, certificates of title and/or any and all other title documents for each item of inventory shall be in the possession of Borrower unless otherwise directed by Bank. In the event Bank does require possession of title documents, Borrower shall deliver all such documents to Bank immediately upon demand.

10. PAYMENT OF DRAFTS. From time to time Bank may make Advances hereunder by direct payment to manufacturers or others, in which event, invoices submitted by Manufacturers along with drafts paid by Bank shall serve as evidence of Advances under the Line. Borrower authorizes Bank to pay all drafts or invoices upon presentation by the manufacturer or others supplying inventory to Borrower.

11. ATTORNEY-IN-FACT. Borrower hereby irrevocably appoints Bank its attorney-in-fact, to execute, deliver and file from time to time, in the name of Borrower or Bank, any trust receipts, security agreements, promissory notes, financing statements, continuation statements and amendments thereto, and any and all other documents and instruments that Bank may require in connection with evidencing and securing debt under this Agreement and carrying out the provisions hereof, which appointment shall be deemed to be a power coupled with an interest.

12. QUALITY OF INVENTORY. Borrower shall be responsible for the quantity, quality, condition and value of the inventory selected by Borrower and financed under this Agreement. Bank shall have no liability of any nature because of the failure of any inventory to conform to Borrower's specifications, and any dispute between the manufacturer or others and Borrower with respect to such inventory shall not affect Borrower's obligation to Bank to pay amounts Advanced hereunder.

13. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants that:

(a) Borrower has taken all action necessary to make this Agreement and all other agreements between it and Bank: legal, valid and binding obligations enforceable in accordance with their terms, and Borrower is a:

(i)___ corporation duly organized, existing and in good standing under the laws of the State of _____ , that it is licensed to do business and in good standing in each state in which the property owned by it or the business transacted by it requires it to be licensed as a foreign corporation.

(ii) _X_ limited liability company, duly organized, and in good standing under the laws of the State of Tennessee.

(iii)___ partnership composed of_____

_____

_____

(iv)___ sole proprietorship owned by _____

(b) Borrower is not in default with respect to any agreement between it and Bank on this date.

(c) All Collateral is owned by Borrower free and clear of any security interests or encumbrances except those granted pursuant hereto.

(d) Borrower is and will hereafter be not in default under any agreement with any other party, and the execution and performance of this Agreement will not be a default under any agreement with any other party by which Borrower or any of Borrower's property is bound.

(e) Borrower does not do financing of any motor vehicle inventory with any other source or purchase inventory from any seller on credit except as set out below:
The floor plan financing of new Volkswagen vehicles only by 1st Tennessee.

_____

_____

Borrower shall notify Bank immediately in the event it buys inventory

of motor vehicles on credit or enters into any such inventory financing arrangement with any other source, giving the name and address of the Bank or seller and details of the purchase or loan.

(f) All financial and other information Borrowers have heretofore submitted or may hereafter submit is and will be true, complete, and correct and reflects or will reflect all direct, indirect, and contingent liabilities.

(g) There has been no material adverse change in the Borrower's financial condition and operations since the date of Borrowers most recent financial statements heretofore submitted.

(h) Borrower has and will maintain, at all times, all franchise, distributor agreements, licenses, permits, and other rights that are necessary to the conduct of its business.

(i) All representations and warranties set forth herein will be deemed to be have been made anew with each Advance and shall be continuing in effect beyond the termination or expiration of this Floor Plan Agreement.

14. COVENANTS. While the Line is in effect, and thereafter while Borrower is indebted to Bank, Borrower will:

(a) _X_ Provide Bank within twenty (20) days of each month's end, a company prepared financial statement (including the thirteenth (13) month statement including all adjustments to net worth) in accordance with requirements of the franchise(s) for which Borrower is a dealer.

_X_ Provide Bank within sixty (60) days after Borrower's fiscal year-end a financial statement compiled by a Certified Public Accountant acceptable to the Bank.

__ Provide Bank within one-hundred-twenty (120) days after Borrower's fiscal year-end a financial statement reviewed by a Certified Public Accountant acceptable to the Bank.

___ Provide Bank within one-hundred-fifty (150) days of Borrower's fiscal year-end audited financial statements prepared by a Certified Public Accountant acceptable to the Bank.

In submitting such statements to Bank an authorized officer of Borrower will certify such statements to be true and accurate, continuing compliance with all terms and conditions contained herein and in the other Loan Documents and that no material violation or default exists with any material agreement.

_X_ As to Guarantors, provide the Bank a copy of each Guarantor's personal financial statement within thirty (30) days of calendar year-end in a manner and form acceptable to the Bank. Additionally, each Guarantor shall provide the Bank a copy of each Guarantor's federal income tax return and all schedules thereto within thirty (30) days of filing each return.

(b) Not merge into or consolidate with any other person, firm, corporation or limited liability company nor sell any substantial part of its assets to any person, firm, corporation or limited liability company except in the ordinary course of business;

(c) Not sell or enter into any agreement to sell or deal in new motor vehicles manufactured by any manufacturer for whom it is not now a Retailer or Wholesaler, unless approved by Bank in writing which will not be unreasonably withheld;

(d) Keep all Collateral and inventory insured, by insurers acceptable to Bank, at all times in an amount at least equal to the amount of debt to Bank under the Line

with deductible amount satisfactory to Bank, and the insurance policy

to contain loss payable clauses to Bank as its interest may appear. Borrower will deliver original policies or, if permitted by Bank, certificates of insurance to Bank;

(e) Permit Bank to enter upon the property of Borrower at any time to examine all Collateral and to examine Borrower's books in connection therewith.

(f) At time of execution of this Floor Plan Agreement deliver to Bank such Landlord Waiver and/or Mortgagee Waiver and Estoppel Agreements duly executed by the appropriate parties in such form as is satisfactory to Bank and Borrower will thereafter furnish to Bank current executed copies of the above instruments upon written request of Bank;

(g) Not allow any material change in ownership or management nor enter into any management agreement pursuant to which any third party assumes the management of Borrower in anticipation of a sale of Borrower's business or any material part of its assets without Bank's prior written approval;

(h) Operate business in compliance with all environmental protection laws and regulations including applicable local, state, or federal law, regulations, or rule of common law;

(i) Not allow any liens or encumbrances on any of Borrower's assets or property without the written consent of Bank;

(j) Borrower and Guarantor shall promptly notify Bank in writing of (i) any condition, event or act which comes to Borrower's or Guarantor's attention that would or might materially adversely affect Borrower's or Guarantor's financial condition or operations, the Collateral, or Bank's rights under the Guaranty or any Loan Documents, (ii) any litigation in excess of $25,000.00 filed by or against Borrower or Guarantor, or (iii) any event that has occurred that would constitute an event of default under any Loan Documents, including but not limited to any Guaranty. Identified in Exhibit "A" is lawsuite in which Borrower and Guarantor are parties which has been disclosed to Bank.

(k) See Addendum "C" for additional covenants which are a part of this Agreement for all purposes as if they were copied word for word herein.

15. EVENTS OF DEFAULT.

The following are events of default hereunder and under the other Loan Documents: (a) the failure to pay or perform any obligation, liability, indebtedness or covenant of any Borrower or Guarantor to Bank, or to any affiliate of Bank, whether under this Floor Plan Agreement, Security Agreement, Note or any other agreement or instrument

now or hereafter existing, as and when due (whether upon demand, at maturity or by acceleration); (b) the failure to pay or perform any other obligation, liability or indebtedness of any Borrower or Guarantor whether to Bank or some other party, the collateral for which constitutes an encumbrance on the collateral for this Floor Plan Agreement; (c) a proceeding being filed or commenced against any Borrower or Guarantor for dissolution or liquidation, or any Borrower or Guarantor voluntarily or involuntarily terminating or dissolving or being terminated or dissolved; (d) insolvency of, business failure of, the appointment of a custodian, trustee, liquidator or receiver for or for any of the property of, or an assignment for the benefit of creditors by, or the filing of a voluntary or involuntary petition under bankruptcy, insolvency or debtor's relief law or for any adjustment of indebtedness, composition or extension by or against any Borrower or Guarantor; (e) any lien, encumbrance or additional security interest being placed upon any of the Collateral which is security for this Floor Plan Agreement; (f) acquisition at any time or from time to time of title to the whole of or any part of the Collateral which is security for this Floor Plan Agreement by any person, partnership, corporation or other entity except for sales thereof in the ordinary course of business; (g) Bank determining that any representation or warranty made by any Borrower or Guarantor to Bank is, or was, untrue or materially misleading; (h) failure of any Borrower or Guarantor to timely deliver such financial statements, including tax returns, and other statements of condition or other information as Bank shall request from time to time; (i) entry of a judgment against any Borrower or Guarantor which Bank deems to be of a material nature, in Bank's sole discretion; (j) the seizure or forfeiture of, or the issuance of any writ of possession, garnishment or attachment,

or any turnover order for any property of any Borrower or Guarantor; (k) Bank reasonably deeming itself insecure or its prospects for payment of the debt impaired for any reason; (1) the determination by Bank that a material adverse change has occurred in the financial condition of any Borrower or Guarantor; (m) the failure to comply with any law regulating the operation of Borrower's business; (n) Guarantor undertakes to terminate or revoke any guaranty of payment of this Note or defaults in the performance of or disputes any of his obligations as Guarantor; (o) the inability of the Borrower or Guarantor to pay debts as they mature owing to Bank or any other party.

16. REMEDIES. Upon the occurrence of any default hereunder or any of the other Loan Documents, Bank shall have all of the rights and remedies of a creditor and, of a secured party under the Uniform Commercial Code as enacted in the State of Georgia, O.C.G.A ss. 11-9 and all other applicable law. Without limiting the generality of the foregoing, Bank may, at its option and without notice or demand: (a) declare any liability of Borrower under this Agreement or any of the other Loan Documents accelerated and due and payable at once; and (b) take possession of any Collateral wherever located, and sell, resell, assign, transfer and deliver all or any part of said Collateral of Borrower or Guarantor at any public or private sale or otherwise dispose of any or all of the Collateral in its then condition, for cash or on credit or for future delivery, and in connection therewith Bank may impose reasonable conditions upon any

such sale. Bank, unless prohibited by law the provisions of which cannot be waived, may purchase all or any part of said Collateral to be sold, free from and in discharge of all trusts, claims, rights of redemption and equities of the Borrower or Guarantor whatsoever; Borrower and Guarantor acknowledge and agree that the sale of any Collateral through any nationally recognized broker-dealer, investment banker or any other method common in the securities industry shall be deemed a commercially reasonable sale under the Uniform Commercial Code or any other equivalent statute or federal law, and expressly waive notice thereof except as provided herein; and (c) set-off against any and all money owed by Bank in any capacity to Borrower or Guarantor whether or not due for any Liabilities of the Borrower to the Bank under this Agreement and the other Loan Documents.

17. ATTORNEY FEES, COST AND EXPENSES. Borrower and/or Guarantor shall pay all costs of collection and attorney's fees equal to reasonable and actual attorney's fees, including reasonable attorney's fees in connection with any suit, mediation or arbitration proceeding, out of court payment agreement, trial, appeal, bankruptcy proceedings or otherwise, incurred or paid by Bank in enforcing the payment of any Liability or enforcing or preserving any right or interest of Bank hereunder, including the collection, preservation, sale or delivery of any Collateral from time to time pledged to Bank, and after deducting such fees, costs and expenses from the proceeds of sale or collection, Bank may apply any residue to pay any of the Liabilities and Guarantor shall continue to be liable for any deficiency with interest at the rate specified in any instrument evidencing the Liability or, at the Bank's option, equal to the highest lawful rate, which shall remain a liability.

18. PRESERVATION OF PROPERTY. Bank shall not be bound to take any steps necessary to preserve any rights in any of the property of Borrower and/or Guarantor pledged to Bank to secure Borrower's and/or Guarantor's obligations against prior parties who may be liable in connection therewith, and Borrower and/or Guarantor hereby agree to take any such steps. Bank, nevertheless, at any time, may (a) take any action it deems appropriate for the care or preservation of such property or of any rights of Borrower and/or Guarantor or Bank therein, (b) demand, sue for, collect or receive any money or property at any time due, payable or receivable on account of or in exchange for any property of Borrower and/or Guarantor, (c) compromise and settle with any person liable on such property, or (d) extend the time of payment or otherwise change the terms thereof as to any party liable thereon, all without notice to, without incurring responsibility to, and without affecting any of the obligations or liabilities of Borrower and/or Guarantor.

19. TERMINATION. The Line may be terminated at any time by either party with or without cause upon 30 days' notice in writing to the other. Upon the occurrence of a default hereunder, Bank shall have the right to terminate the Line and to mature all debt outstanding hereunder, including principal and interest, without notice to any person. Termination of the Line hereunder shall not affect the obligations of Borrower with

respect to any debt incurred prior to termination. All such obligations shall continue in full force and effect until all debt under the Line is paid in full.

20. OVERLINE DEBT. In the event debt outstanding under the Line should for any reason exceed the amount of the Line allowed hereunder, all such debt shall be payable on demand, but if no demand is made, no later than such time as may be specified by Bank at the time of the approval of the temporary overline. The overline debt shall bear interest at the rate specified for debt under the Line, and shall be governed by all the terms and conditions of this Agreement and the other Loan Documents and shall be secured by all Collateral for the Line, and all items of inventory financed by the overline debt shall secure all debt under the Line including the overline and be governed by all terms of the Security Agreement, Floor Plan Agreement and Note. Bank shall have no obligation to permit any overline at any time but in its sole discretion may do so.

21. REVIEW OF LINE. Bank may, at its option, from time to time review the credit for performance, pricing, amount of Line, and Borrower's financial condition.

22. CHANGE IN TERMS. Bank may at its discretion amend or modify any term or provision of this Floor Plan Agreement, Security Agreement or any other agreements pertaining to this Agreement, with any change to be effective 15 days after mailing of notice to Borrower.

23. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the parties hereto and each party's respective successors, heirs, executors, administrators, personal representatives and assigns. Neither this Floor Plan Agreement nor any interest in it may be assigned or otherwise voluntarily or involuntarily transferred by Borrower without Bank's prior written approval.

24. WAIVER. (a) Bank may consent to or waive any action or any failure to act by Borrower with respect to any obligation of Borrower hereunder. Any consent or waiver on the part of Bank shall be binding upon Bank only when in writing and signed by an officer of Bank, and no failure to take action with respect to any default shall constitute a waiver thereof. No waiver of any default shall be a waiver of any other or future default of that or any other nature; (b) Bank shall not be required to proceed first against Borrower, or any other person, firm or corporation, whether primarily or secondarily liable, or against any collateral held by it, before resorting to Guarantor for payment, and Guarantor shall not be entitled to assert as a defense to the enforceability of the Guaranty any defense of Borrower with respect to any Liabilities or Obligations.

25. GOVERNING LAW. This Floor Plan Agreement shall be deemed to have been made in the State of Georgia at the address indicated above, and shall be governed by, and construed in accordance with, the laws of the State of Georgia, and is performable in the State of Georgia.

26. MEDIATION BINDING ARBITRATION. The parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or the other Loan Documents by participating in mediation and/or binding arbitration. Each party agrees that each will bear its respective expenses related to either mediation and/or arbitration. The parties further agree if the matter has not been resolved pursuant to mediation within thirty (30) days of notice to mediate given by either party, the controversy shall be settled by arbitration and shall be governed by the United States Arbitration Act, 9 U.S.C. ss.1-16, (or if not applicable, the applicable state law), and judgment upon the award rendered by the Arbitrator may be entered by any court having jurisdiction thereof. The parties recognize that Bank could be prejudiced by not being able to foreclose on property pledged as Collateral to Bank. The parties agree that nothing in this Agreement shall be deemed to (i) limit the applicability of any otherwise applicable statutes of limitation or repose and any waivers contained in this Agreement; or (ii) be a waiver by the Bank of the protection afforded to it by 12 U.S.C. Sec. 91 or any substantially equivalent state law; or (iii) limit the right of the Bank hereto (a) to exercise self help remedies such as (but not limited to) setoff, or (b) to foreclose against any real or personal property collateral, or (c) to obtain from a court provisional or ancillary remedies such as (but not limited to) injunctive relief or the appointment of a receiver. The Bank may exercise such self help rights, foreclose upon such property, or obtain

such provisional or ancillary remedies before, during or after the pendency of any arbitration proceeding brought pursuant to this agreement. At Bank's option, foreclosure under a deed of trust or mortgage may be accomplished by any of the following: the exercise of a power of sale under the deed of trust or mortgage, or by judicial sale under the deed of trust or mortgage, or by judicial foreclosure. Neither this exercise of self help remedies nor the institution or maintenance of an action for foreclosure or provisional or ancillary remedies shall constitute a waiver of the right of any party, including the claimant in any such action, to arbitrate the merits of the controversy or claim occasioning resort to such remedies.

27. ADDITIONAL TERMS. (a) As used herein, the singular number shall include the plural (e.g. "Note" means Note or Notes); or (b) In the event that there are any written terms that may differ between this Floor Plan Agreement and any other agreements, documents, or negotiations in existence prior to the execution of this Floor Plan Agreement, Bank and Borrower agree that the terms of this Floor Plan Agreement shall control and be the final agreement.

28. MERGER The terms of any commitment letter issued by Bank to Borrower for this Line are incorporated herein by reference, except to the extent that such terms are inconsistent with the terms of this Floor Plan Agreement, Security Agreement or Note. Any such inconsistent terms are of no effect. This Floor Plan Agreement supersedes any Floor Plan Agreements heretofore executed by and between Bank and Borrower, and all outstanding Floor Plan Agreement indebtedness is hereafter subject to all of the terms and provisions of this Floor Plan Agreement, and the outstanding principal

balance of all such Floor Plan indebtedness is added to the principal balance of this Floor Plan Agreement.

29. NOTICES. Any notice or other communication required or permitted hereunder or under any Note or Security Agreement shall be in writing and shall be delivered personally, sent by facsimile transmission or by first-class, certified, registered or express mail, or by courier, with postage and other charges prepaid. Any such notice shall be deemed given when so delivered personally, by courier or by facsimile transmission, or, if mailed, five (5) days after the date of deposit in the United States mail, as follows:

If to Borrower, to:
European Motors of Nashville, LLC
630 Murfreesboro Rd
Nashville, TN 37210
Attention: Nelson E. Bowers, II
Facsimile #_____

If Bank, to:

NationsBank, N.A. (South)
600 Peachtree Street, 17th Floor
Atlanta, Georgia 30308
Attention: Tim Kelley or Bill Brantley

Either Bank or Borrower may, by notice given in accordance with this provision, designate another address or person for receipt of notices hereunder.

30. FLOOR PLAN COLLATERAL AND/OR INVENTORY INSPECTION. Floor Plan inventory inspections will be conducted by Bank from time to time at the sole discretion of Bank. Borrower agrees to pay in full any item or unit of Collateral that is not located at Borrower's premises or accounted for by Borrower to Bank Borrower shall make payment to Bank immediately upon notice of demand being given to Borrower pursuant to paragraph 29 (NOTICES) of the Floor Plan Agreement.

31. FINAL AGREEMENT. THIS FLOOR PLAN AGREEMENT, THE FLOOR PLAN PROMISSORY NOTE, THE SECURITY AGREEMENT AND ANY OTHER AGREEMENTS EXECUTED IN CONJUNCTION WITH THIS FLOOR PLAN REVOLVING LINE OF CREDIT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR,

CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the undersigned has caused this Floor Plan Agreement to be executed under seal on the 17th day of October, 1996.

	European Motors of Nashville, LLC (Seal)
NationsBank, N.A. (South)	Borrower
Bank	
By /s/ Timothy W. Kelley	By /s/ Nelson E. Bowers
Timothy W. Kelley	Nelson E. Bowers, II
Assistant Vice President	Chief Manager

ADDENDUM "A"

This Addendum "A" to the Floor Plan Agreement shall be and is incorporated by reference for all purposes as part of the Floor Plan Agreement dated October 17, 1996 between Bank and Borrower.

Curtailments. Curtailment payments based upon the original amount advanced with respect to specific items of Collateral shall be paid on the following types of units of Collateral based upon either a dollar or percentage amount as billed to Borrower and payment is due when billed. The Curtailment payment is to be applied against the original amount advanced for a unit of Collateral. The Curtailment payment based upon either a dollar or percentage amount is calculated on the original amount advanced for the unit and not the outstanding unpaid balance from time to time.

Unit Type	Curtailment Amount	Curtailment Date	Final Payoff Date
New	10% of original amount financed.	Due 90 days prior to maturity.	15 months from date financed.
Used and Program	2% of original amount financed.	Due monthly beginning at the end of the 4th month.	In full at the end of the 7th month.

Executed under seal this 17th day of October, 1996.

Borrower: European Motors of Nashville, LLC (Seal)

By: /s/ Nelson E. Bowers
Nelson E. Bowers, II
Chief Manager
(Name and Title)

Approved: NationsBank, N.A. (South)
By: /s/ Timothy W. Kelley
Timothy W. Kelley, Assistant Vice President
(Name and Title)

ADDENDUM "B"

This Addendum "B" to the Floor Plan Agreement shall be and is incorporated by reference for all purposes as part of the Floor Plan Agreement dated October 17, 1996 between Bank and Borrower.

Floor Plan Sublimits. The following sublimits represent the amount of outstandings permitted at any one time in connection with the particular type of Collateral being financed; notwithstanding, the Bank, in it's sole discretion, may advance from time to time amounts in excess of the sublimit amounts below:

Unit Type	Sublimit Amount

New Vehicles	$4,500,000.00
Used Vehicles	$500,000.00

Executed under seal this 17th day of October, 1996.

Borrower: European Motors of Nashville, LLC (Seal)

By: /s/ Nelson E. Bowers II
- ----------
Nelson E. Bowers, II
Chief Manager
(Name and Title)

Approved: NationsBank, N.A. (South)
By: /s/ Timothy W. Kelley
- ----------
Timothy W. Kelley, Assistant Vice President
(Name and Title)

10.20a

NATIONSBANK. N.A. (South)

SECURITY AGREEMENT
(Floor Plan)

Date: October 17, 1996

Between:	and
BANK: (SECURED PARTY)	DEBTOR: (BORROWER)
NATIONSBANK, N.A. (South) 600 Peachtree Street 17th Floor Atlanta, Georgia 30308 Fulton County	European Motors of Nashville, LLC 630 Murfreesboro Rd Nashville, Tennessee 37210 Davidson County
(address including county)	(Name and address, including county)

Debtor is: [ ] Individual [ ] Corporation [ ] Partnership [X] Other - Limited Liability Corporation

Address is Debtor's: [ ] Residence [X] Place of Business [ ] Chief Executive Office if more than one place of business

[This Agreement contains some provisions preceded by boxes. Mark only those boxes beside provisions which will be applicable to this transaction. A box which are not marked means that the provision beside it is not applicable to this transaction.]

SECTION I. CREATION OF SECURITY INTEREST.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged and subject to the applicable terms of a Floor Plan Agreement, Floor Plan Promissory Note and this Floor Plan Security Agreement, Debtor hereby grants to Secured Party (Bank) a security interest in the Collateral described in Section 11 of this Security Agreement to secure performance and payment of all obligations and indebtedness of Debtor to Bank of whatever kind and whenever or however created or incurred. Said obligations and indebtedness includes but are not limited to any and all liabilities, fixed or contingent, whether arising by notes, discounts, overdrafts, or in any other manner whatsoever.

SECTION II. COLLATERAL.

The Collateral of this Security Agreement is inventory of the following description:

[X] New Motor Vehicles (now existing or hereafter acquired)

[X] Used Motor Vehicles (now existing or hereafter acquired)

including all parts and accessories, now existing or hereafter acquired by Debtor (Borrower), including any such goods as may be leased or held for leasing, together with any and all accounts and Proceeds arising from the sale, lease or disposition of said property and all returned, refused and repossessed goods, all monies received from manufacturers by way of credits, refunds or otherwise with respect to Collateral, and all Proceeds thereof (Collateral) to secure all debt of Debtor (Borrower) to Secured Party (Bank) under any and all present and future Advances of whatever kind and further including but not limited to the Line and all other debt of Debtor (Borrower) to Secured Party (Bank) of any nature now existing or hereafter arising, including but not limited to debt arising directly between Debtor (Borrower) and Bank or acquired outright, conditionally or as Collateral security from another by Secured Party, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising under the operation of law or otherwise, direct or indirect, whether incurred directly or as part of a partnership, association or other group, or whether incurred as principal, surety, indorser, accommodation party or otherwise. Debtor (Borrower) will execute and deliver any documents, instruments or agreements required by Secured Party (Bank) to evidence debt hereunder, grant, perfect and preserve the security interest, and otherwise carry out the terms of the Floor Plan Agreement, Floor Plan Note and this Floor Plan Security Agreement. See attached schedule for additional Collateral, if applicable.

The inclusion of Proceeds in this Security Agreement does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized by the Floor Plan Agreement or this Security Agreement. The term "Proceeds" means proceeds as said term is defined in the Uniform Commercial Code and includes without limitation cash, accounts, general intangibles, documents, inventory (including trade-ins), instruments, chattel paper, equipment, and all other property of every kind received upon the sale, exchange, collection, lease or other disposition of inventory.

SECTION III. PAYMENT OBLIGATIONS OF DEBTOR.

1. Debtor shall pay to Secured Party on demand all expenses and expenditures, including attorney fees, plus interest thereon at the highest legal rate per annum, pursuant to the provisions of the Floor Plan Agreement, Floor Plan Note and this Security Agreement.

2. Debtor shall pay to Secured Party the outstanding indebtedness of Debtor to Secured Party upon demand or Debtor's default pursuant to the terms and conditions contained in a Floor Plan Note, Floor Plan Agreement or this Security Agreement.

SECTION IV. DEBTOR'S REPRESENTATIONS AND WARRANTIES.

1. The representations and warranties contained in a Floor Plan Agreement between Debtor and Secured Party dated October 17, 1996, are hereby incorporated by reference for all purposes as if copied herein word for word.

2. Debtor will execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all connected costs, necessary to perfect, continue and protect the security interest under this Security Agreement against the rights or interest of third persons.

3. Debtor will at all times keep Collateral and its Proceeds separate and distinct from other property of Debtor and shall keep accurate and complete records of the Collateral and its Proceeds.

4. Debtor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Debtor's failure to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the indebtedness secured by this Agreement and shall be paid to Secured Party by Debtor immediately and without demand, with interest thereon at the highest lawful rate per annum.

5. The Collateral shall remain in Debtor's possession or control at all times at Debtor's risk of loss; and be kept at the address shown at the beginning of this Agreement, or at _____

_____

(No. and Street) (City) (County) (State)

where Secured Party may inspect it at any time. Except for its temporary removal in connection with its ordinary use, Debtor shall not remove the Collateral from the above address without obtaining prior written consent from Secured Party. Debtor shall bear the risk of loss and damage to Collateral at all times.

6. The Collateral will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use, and will not be used in violation of any statute or ordinance.

7. The Collateral will not be sold, transferred or disposed of by Debtor or be subjected to any unpaid charge, including rent and taxes, or to any subsequent interest of a third person created or suffered by Debtor voluntarily or involuntarily unless Secured Party consents in advance in writing to such sale, transfer, disposition, charge, or subsequent interest, or unless otherwise provided in this Agreement.

8. Debtor will promptly notify Secured Party in writing of any addition to, change in or discontinuance of: (i) its address as shown at the beginning of this Security Agreement; (ii) the location of its place of business if it has one location or its chief executive office if it has more than one place of business as set forth in this Security Agreement; and (iii) the location of the office where it keeps its records as set forth in this Security Agreement.

9. If any Collateral is leased or held for lease to customers of Debtor and is of a type normally used in more than one State (such as automotive equipment, rolling stock, airplanes, road building equipment, commercial harvesting equipment, construction machinery and the like), Debtor's place of business if it has one location or its chief executive office if it has more than one place of business is the address shown at the beginning of this Agreement.

10. The office where Debtor keeps its records is 630 Murfreesboro Rd., Nashville, TN 37210 (Davidson County).

11. Debtor shall account fully and faithfully to Secured Party for Proceeds from disposition of the Collateral in any manner and shall pay or turn over pursuant to paragraph 5(a) of the Floor Plan Agreement in cash, negotiable instruments, drafts, assigned accounts or chattel paper, all Proceeds from each sale to be applied to Debtor's indebtedness to Secured Party, subject, if other than cash, to final payment or collection.

12. If any Collateral or Proceeds includes obligations of third parties to Debtor, the transactions giving rise to the Collateral shall conform in all respects to the applicable State or Federal law including but not limited to consumer credit law. Debtor shall hold harmless and indemnify Bank against any cost, loss or expense arising from Debtor's breach of this covenant.

13. Without the written consent of Bank, Debtor shall not change its name, change its corporate status, use any trade name or engage in any business in which it was not engaged on the date of this Agreement.

14. Debtor appoints Bank as Debtor's attorney-in-fact with full power in Debtor's name and behalf to do every act which Debtor is obligated to do or may be required to do hereunder; however, nothing in this paragraph shall be construed to obligate Bank to take any action hereunder nor shall Bank be liable to Debtor for failure to take any action hereunder. This appointment shall be deemed a power coupled with an interest and shall not be terminable as long as the obligations are outstanding and shall not terminate on the disability or incompetence of the Debtor.

15. Debtor will comply with all State and Federal laws and regulations applicable to its business, whether now in effect or hereafter enacted including but not limited to the wage and hours laws and relating to the use or disposal of hazardous materials and wastes.

SECTION V. COVENANTS.

The Covenants contained in a Floor Plan Agreement between Debtor and Secured Party dated October 17, 1996, are hereby incorporated by reference for all purposes as if copied word for word herein.

Section VI. EVENTS OF DEFAULT.

Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (hereinafter called an "Event of Default"):

1. The occurrence of any events of default referred to in a Floor Plan Agreement between Debtor and Secured Party dated October 17, 1996, are hereby incorporated by reference for all purposes as if copied word for word herein.

2. Debtor defaults in the due observance or performance of any terms or provisions of this Security Agreement or other Loan Documents.

3. If any physical damage, property and/or other insurance, insuring said Collateral and the respective interests of the parties therein, is cancelled for any reason and the Debtor fails or refuses to furnish written proof to Secured Party of his having obtained substitute insurance coverage replacing the cancelled policies.

SECTION VII. SECURED PARTY'S RIGHTS AND REMEDIES.

A. Rights Exclusive of Default.

(1) This Security Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party, and Debtor will assert no claims or defenses it may have against Secured Party against the Assignee except those granted in this Security Agreement.

(2) At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the highest lawful rate per annum.

(3) Secured Party may execute, sign, endorse, transfer or deliver in the name of Debtor notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents, necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement.

(4) Secured Party may notify the account Debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness remitted by Debtor to Secured Party as Proceeds to pay Secured Party directly.

(5) Secured Party may at any time demand, sue for, collect or make any compromise or settlement with reference to the Collateral as Secured Party, in its sole discretion, chooses.

(6) Secured Party may enter upon Debtor's premises at any reasonable time to inspect the Collateral and Debtor's books and records pertaining to the Collateral; Secured Party may require the Debtor to assemble the Collateral for such inspection in a reasonably convenient place; and in all other ways the Debtor shall assist the Secured Party in making such inspection.

B. Rights in Event of Default.

(1) Upon the occurrence of an Event of Default, or if Secured Party deems payment of Debtor's obligations to Secured Party to be insecure, and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a Secured Party under the Uniform Commercial Code as enacted in the State of Georgia, O.C.G.A. ss.11-9, and all other applicable laws, including without limitation thereto, the right to sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless Collateral threatens to decline speedily in value or is a type customarily sold in a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met as such notice is mailed, postage prepaid, to the address of Debtor shown at the beginning of this Security Agreement at least five (5) days before the time of sale or disposition. After sale, all monies will be applied to amounts outstanding under the Floor Plan Agreement, the Note and this Security Agreement, and Debtor will be liable for any remaining deficiencies. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, plus interest thereon at the highest legal rate per annum. Debtor shall remain liable for any deficiency.

(2) Secured Party may remedy any default without waiving the default remedied or without waiving any other prior or subsequent default. Secured Party may remedy any default and may waive any default without waiving any other prior or subsequent default.

(3) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

(4) Debtor hereby waives all rights which Debtor has or may have under and by virtue of O.C.G.A. ss.44-14, including, without limitation, the right of Debtor to notice and to a judicial hearing prior to seizure of any Collateral by Secured Party.

SECTION VIII. ADDITIONAL AGREEMENTS.

1. The terms and conditions contained in a Floor Plan Agreement between Debtor and Secured Party dated October 17, 1996, are hereby incorporated by reference for all purposes as if copied word for word herein.

2. The term "Debtor" (Borrower) as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument as Debtor. The pronouns used in this instrument are in the masculine gender but shall be construed as feminine or neuter as occasion

may require. "Secured Party" (Bank) and "Debtor" as used in this instrument include, without limitations, the heirs, executors or administrators, successors, representatives, receivers, trustees and assigns of those parties.

3. Floor Plan inventory inspections will be conducted by Secured Party from time to time at the sole discretion of Secured Party. Debtor agrees to pay in full any item or unit of Collateral that is not located at Debtor's premises or accounted for by Debtor to Secured Party. Debtor shall make payment to Secured Party (Bank) immediately upon notice of demand being given to Debtor pursuant to paragraph 29 (NOTICES) of the Floor Plan Agreement.

4. (Write in any additional agreements or conditions): See attached Schedule, if appropriate.

5. MEDIATION, BINDING ARBITRATION. THE PARTIES WILL ATTEMPT IN GOOD FAITH TO RESOLVE ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT BY PARTICIPATING IN MEDIATION AND/OR BINDING ARBITRATION. EACH PARTY AGREES THAT EACH WILL BEAR THEIR RESPECTIVE EXPENSES RELATED TO EITHER MEDIATION OR ARBITRATION. THE PARTIES FURTHER AGREE IF THE MATTER HAS NOT BEEN RESOLVED PURSUANT TO MEDIATION WITHIN THIRTY (30) DAYS OF NOTICE TO MEDIATE GIVEN BY EITHER PARTY, THE CONTROVERSY SHALL BE SETTLED BY ARBITRATION AND SHALL BE GOVERNED BY THE UNITED STATES ARBITRATION ACT, 9 U.S.C. ss.1-16, (OR IF NOT APPLICABLE, THE APPLICABLE STATE LAW), AND JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED BY ANY

COURT HAVING JURISDICTION THEREOF. THE PARTIES RECOGNIZE THAT BANK COULD BE PREJUDICED BY NOT BEING ABLE TO FORECLOSE ON PROPERTY PLEDGED AS COLLATERAL TO BANK. THE PARTIES AGREE THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED TO (I) LIMIT THE APPLICABILITY OF ANY OTHERWISE APPLICABLE STATUTES OF LIMITATION OR REPOSE AND ANY WAIVERS CONTAINED IN THIS AGREEMENT; OR (II) BE A WAIVER BY THE BANK OF THE PROTECTION AFFORDED TO IT BY 12 U.S.C. SEC. 91 OR ANY SUBSTANTIALLY EQUIVALENT STATE LAW; OR (III) LIMIT THE RIGHT OF THE BANK HERETO (A) TO EXERCISE SELF HELP REMEDIES SUCH AS (BUT NOT LIMITED TO) SETOFF, OR (B) TO FORECLOSE AGAINST ANY REAL OR PERSONAL PROPERTY COLLATERAL, OR (C) TO OBTAIN FROM A COURT PROVISIONAL OR ANCILLARY REMEDIES SUCH AS (BUT NOT LIMITED TO) INJUNCTIVE RELIEF OR THE APPOINTMENT OF A RECEIVER. THE BANK MAY EXERCISE SUCH SELF HELP RIGHTS, FORECLOSE UPON SUCH PROPERTY, OR OBTAIN SUCH PROVISIONAL OR ANCILLARY REMEDIES BEFORE, DURING OR AFTER THE PENDENCY OF ANY ARBITRATION PROCEEDING BROUGHT PURSUANT TO THIS AGREEMENT. AT BANK'S OPTION, FORECLOSURE UNDER A DEED OF TRUST OR MORTGAGE MAY BE ACCOMPLISHED BY ANY OF THE FOLLOWING: THE EXERCISE OF A POWER OF SALE UNDER THE DEED OF TRUST OR MORTGAGE, OR BY JUDICIAL SALE UNDER THE DEED OF TRUST OR MORTGAGE, OR BY JUDICIAL FORECLOSURE. NEITHER THIS EXERCISE OF SELF HELP REMEDIES NOR THE INSTITUTION OR MAINTENANCE OF AN ACTION FOR FORECLOSURE OR PROVISIONAL OR ANCILLARY REMEDIES SHALL CONSTITUTE A WAIVER OF THE RIGHT OF ANY PARTY, INCLUDING THE CLAIMANT IN ANY SUCH ACTION, TO ARBITRATE THE MERITS OF THE CONTROVERSY OR CLAIM OCCASIONING RESORT TO SUCH REMEDIES.

6. NOTICE OF FINAL AGREEMENT: THIS WRITTEN SECURITY AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Executed this 17th day of October, 1996

NationsBank, N.A. (South) Secured Party	European Motors of Nashville, LLC (Seal) Debtor
By /s/ Timothy W. Kelley ----------	By /s/ Nelson E. Bowers II ----------
Timothy W. Kelley Assistant Vice President	Nelson E. Bowers, II Chief Manager

NationsBank
NationsBank, N.A. (South) Dated: March 5, 1996

FLOOR PLAN AGREEMENT

This Floor Plan Agreement is entered into by and between NationsBank, N.A (South) (Bank) 600 Peachtree Street, 17th Floor, Atlanta, Georgia 30308 and Nelson Bowers Dodge, LLC DBA Dodge of Chattanooga (Borrower) 402 West Martin Luther King Blvd., Chattanooga, Tennessee 37402.

1. BACKGROUND. Borrower hereby requests Bank to extend to it a line of credit (Line) to purchase inventory to be secured by Borrower's Collateral described in paragraph 7 (Collateral). Bank agrees to extend the Line subject to the terms of this Agreement.

2. THE LINE OF CREDIT. Bank extends to Borrower a Line in the amount of $3,800,000.00 or such other amount as may be set by Bank from time to time. Before maturity or demand, Borrower may borrow, repay and reborrow hereunder at anytime, up to an aggregate amount outstanding at any one time equal to the principal amount of Note, provided, however, that Borrower is not in default of any provision of Note, Floor Plan Agreement, Security Agreement or any other agreement or obligation between Borrower and Bank. Any sums Bank may Advance in excess of the face amount of the Note shall also be part of the principal amount the Borrower is obligated to pay Bank and shall be subject to all the terms of the Note, Security Agreement, and this Floor Plan Agreement. The Bank's records of the amounts borrowed from time to time shall be conclusive proof thereof. Borrower acknowledges and agrees that notwithstanding any provisions of any Note, Floor Plan Agreement, Security Agreement or any other documents executed in connection with a Note, Floor Plan Agreement and Security Agreement, the Bank has no obligation to make any Advance, and that all Advances are at the sole discretion of Bank.

3. NOTE. Debt under the Line shall be evidenced by Borrower's Floor Plan Promissory Note (Note).

4. RATE. Debt under the Line shall bear interest as set forth in the Note.

5. DUE DATES.

(a) Unpaid principal and interest hereon shall be due and payable as set forth in the Note, and as set forth below. Unless Borrower is in default under the terms of any Security Agreement securing the Note, this Floor Plan Agreement or any other agreement relating to this Floor Plan Agreement, upon sale of inventory, Borrower will pay to Bank at the earlier of Borrower's receipt of payment for

that item of inventory or three (3) business days after that item of inventory is delivered to the customer or otherwise disposed of, cash in the amount equal to the original amount advanced less any curtailment payments made with respect to the item sold. If Borrower is in default at time of sale, all proceeds of sale will immediately be remitted to Bank and applied to debt hereunder.

(b) Curtailment payments based on the original amount advanced with respect to specific items of inventory shall be paid from time to time by Borrower as provided for in Addendum "A" attached hereto and made a part hereof for all purposes as if copied word for word herein.

6. USE OF LINE AND ADVANCES.

(a) The Advances under this Line shall be exclusively for the purpose of purchasing inventory to be displayed and demonstrated in conjunction with the sale of the inventory in the ordinary course of Borrower's business unless otherwise agreed to in writing by Bank. Borrower agrees not to use the inventory for any other purpose without the prior written approval of Bank. The term "Advance" as used in this Agreement shall mean the dollar amount loaned by Bank on a motor vehicle financed under a floor plan line of credit and includes but is not limited to any charge against, debit against, draft against, or draw against the line of credit. Advances under the Line (Advances) shall be made against and in payment of drafts drawn on Bank, or in accordance with the written request of Borrower executed by the person signing this Agreement on behalf of Borrower or a person hereafter designated in writing by Borrower.

(b) Units of inventory which may be presented as Collateral as well as the amount of outstanding debt permitted at any one time in connection with the particular type of Collateral being financed shall be in accordance with Addendum "B".

(c) Bank may reject as Collateral hereunder any item of inventory which is received by Borrower in damaged condition. Bank has no obligation to inspect inventory for damage before paying drafts. If Bank has paid a draft on damaged inventory, Borrower shall direct the manufacturer to refund all payments directly to Bank. If the manufacturer fails to make the refund within thirty (30) days, Borrower shall reduce the debt outstanding under the Line by the amount Advanced against the damaged item.

(d) Borrower will submit or cause to be submitted to Bank invoices or bills of sale representing the actual cost to Borrower of the inventory. Bank may advance an amount equal to Borrower's cost (not to exceed NADA wholesale value in the case of used motor vehicles) or such part of the cost thereof as Bank elects at its sole discretion. The Advance may be disbursed to Borrower or the manufacturer or others from whom Borrower purchases inventory. Presentation of drafts or

other requests for payment by manufacturers or others from whom Borrower purchases inventory shall constitute requests by Borrower that Bank lend Borrower the amount of such drafts or other requests for payment pursuant to this Agreement.

(e) A fee in the amount of $0.00 shall be paid by Borrower for each unit of inventory presented as Collateral to obtain Advances. The fee shall be paid monthly by Borrower.

7. COLLATERAL. Borrower hereby grants to Bank a security interest in all of its inventory of:

_X_ New Motor Vehicles (now existing or hereafter acquired)

_X_ Used Motor Vehicles (now existing or hereafter acquired)

including all parts and accessories added to vehicles, now existing or hereafter acquired by Borrower, including any such goods as may be leased or held for leasing, together with any and all accounts and proceeds arising from the sale, lease or disposition of said property and all returned, refused and repossessed goods, all monies received from manufacturers by way of credits, refunds or otherwise with respect to Collateral, and all proceeds thereof (Collateral) to secure all debt of Borrower to Bank under any and all present and future Advances of whatever kind and further including but not limited to the Line and all other debt and other obligations of Borrower to Bank of any nature now existing or hereafter arising, including but not limited to debt arising directly between Borrower and Bank or acquired outright, conditionally or as Collateral security from another by Bank, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising under the operation of law or otherwise, direct or indirect, whether incurred directly or as part of a partnership, association or other group, or whether incurred as principal, surety, indorser, accommodation party or otherwise. Borrower will execute and deliver any documents, instruments or agreements required by Bank to evidence debt hereunder, grant, perfect and preserve the security interest, and otherwise carry out the terms of this Agreement. The security interest herein described is also evidenced by a Security Agreement between Borrower and Bank, and in the event of any conflict between the terms hereof and the terms thereof, the terms hereof will apply.

8. IDENTIFICATION OF COLLATERAL. Without limiting the foregoing general grant of a security interest, as set forth in the Security Agreement, Collateral subject to the security interest granted herein shall include but not be limited to (i) inventory listed on invoices submitted to Bank by manufacturers attached to drafts submitted by manufacturers for payment, which drafts Bank pays; and/or (ii) inventory in Borrower's possession set out on a list submitted by Borrower as Collateral for Advances directly to Borrower.

9. TITLE DOCUMENTS. Title documents consisting of manufacturers' certificate of origin, manufacturers' statement of origin, certificates of title and/or any and all other title documents for each item of inventory shall be in the possession of Borrower unless otherwise directed by Bank. In the event Bank does require possession of title documents, Borrower shall deliver all such documents to Bank immediately upon demand.

10. PAYMENT OF DRAFTS. From time to time Bank may make Advances hereunder by direct payment to manufacturers or others, in which event, invoices submitted by Manufacturers along with drafts paid by Bank shall serve as evidence of Advances under the Line. Borrower authorizes Bank to pay all drafts or invoices upon presentation by the manufacturer or others supplying inventory to Borrower.

11. ATTORNEY-IN-FACT. Borrower hereby irrevocably appoints Bank its attorney-in-fact, to execute, deliver and file from time to time, in the name of Borrower or Bank, any trust receipts, security agreements, promissory notes, financing statements, continuation statements and amendments thereto, and any and all other documents and instruments that Bank may require in connection with evidencing and securing debt under this Agreement and carrying out the provisions hereof, which appointment shall be deemed to be a power coupled with an interest.

12. QUALITY OF INVENTORY. Borrower shall be responsible for the quantity, quality, condition and value of the inventory selected by Borrower and financed under this Agreement. Bank shall have no liability of any nature because of the failure of any inventory to conform to Borrower's specifications, and any dispute between the manufacturer or others and Borrower with respect to such inventory shall not affect Borrower's obligation to Bank to pay amounts Advanced hereunder.

13. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants that:

(a) Borrower has taken all action necessary to make this Agreement and all other agreements between it and Bank legal, valid and binding obligations enforceable in accordance with their terms, and Borrower is a:

(i)___ corporation duly organized, existing and in good standing under the laws of the State of _____ , that it is licensed to do business and in good standing in each state in which the property owned by it or the business transacted by it requires it to be licensed as a foreign corporation.

(ii) _X_ limited liability company, duly organized, and in good standing under the laws of the State of Tennessee.

(iii)___ partnership composed of_____

_____

_____

(iv) sole proprietorship owned by _____

_____

(b) Borrower is not in default with respect to any agreement between it and Bank on this date.

(c) All Collateral is owned by Borrower free and clear of any security interests or encumbrances except those granted pursuant hereto.

(d) Borrower is and will hereafter be not in default under any agreement with any other party, and the execution and performance of this Agreement will not be a default under any agreement with any other party by which Borrower or any of Borrower's property is bound.

(e) Borrower does not do financing of any motor vehicle inventory with any other source or purchase inventory from any seller on credit except as set out below:

_____

_____

Borrower shall notify Bank immediately in the event it buys inventory of

motor vehicles on credit or enters into any such inventory financing arrangement with any other source, giving the name and address of the Bank or seller and details of the purchase or loan.

(f) All financial and other information Borrowers have heretofore submitted or may hereafter submit is and will be true, complete, and correct and reflects or will reflect all direct, indirect, and contingent liabilities.

(g) There has been no material adverse change in the Borrower's financial condition and operations since the date of Borrowers most recent financial statements heretofore submitted.

(h) Borrower has and will maintain, at all times, all franchise, distributor agreements, licenses, permits, and other rights that are necessary to the conduct of its business.

(i) All representations and warranties set forth herein will be deemed to be have been made anew with each Advance and shall be continuing in effect beyond the termination or expiration of this Floor Plan Agreement.

14. COVENANTS. While the Line is in effect, and thereafter while Borrower is indebted to Bank, Borrower will:

(a) _X_ Provide Bank within twenty (20) days of each month's end, a company prepared financial statement (including the thirteenth (13) month statement including all adjustments to net worth) in accordance with requirements of the franchise(s) for which Borrower is a dealer.

_X_ Provide Bank within sixty (60) days after Borrower's fiscal year-end a financial statement compiled by a Certified Public Accountant acceptable to the Bank.

__ Provide Bank within one-hundred-twenty (120) days after Borrower's fiscal year-end a financial statement reviewed by a Certified Public Accountant acceptable to the Bank.

___ Provide Bank within one-hundred-fifty (150) days of Borrower's fiscal year-end audited financial statements prepared by a Certified Public Accountant acceptable to the Bank.

In submitting such statements to Bank, an authorized officer of Borrower will certify such statements to be true and accurate, continuing compliance with all terms and conditions contained herein and in the other Loan Documents and that no material violation or default exists with any material agreement.

_X_ As to Guarantors, provide the Bank, a copy of each Guarantor's personal financial statement within thirty (30) days of calendar year-end in a manner and form acceptable to the Bank. Additionally, each Guarantor shall provide the Bank a copy of each Guarantor's federal income tax return and all schedules thereto within thirty (30) days of filing each return.

(b) Not merge into or consolidate with any other person, firm, corporation or limited liability company nor sell any substantial part of its assets to any person, firm, corporation or limited liability company except in the ordinary course of business;

(c) Not sell or enter into any agreement to sell or deal in new motor vehicles manufactured by any manufacturer for whom it is not now a Retailer or Wholesaler, unless approved by Bank in writing which will not be unreasonably withheld;

(d) Keep all Collateral and inventory insured, by insurers acceptable to Bank, at all times in an amount at least equal to the amount of debt to Bank under the Line with deductible amount satisfactory to Bank, and the insurance policy to contain loss payable clauses to Bank as its interest may appear. Borrower will deliver original policies or, if permitted by Bank, certificates of insurance to Bank;

(e) Permit Bank to enter upon the property of Borrower at any time to examine all Collateral and to examine Borrower's books in connection therewith.

(f) At time of execution of this Floor Plan Agreement deliver to Bank such Landlord Waiver and/or Mortgagee Waiver and Estoppel Agreements duly executed by the appropriate parties in such form as is satisfactory to Bank and Borrower will thereafter furnish to Bank current executed copies of the above instruments upon written request of Bank;

(g) Not allow any material change in ownership or management nor enter into any management agreement pursuant to which any third party assumes the management of Borrower in anticipation of a sale of Borrower's business or any material part of its assets without Bank's prior written approval;

(h) Operate business in compliance with all environmental protection laws and regulations including applicable local, state, or federal law, regulations, or rule of common law;

(i) Not allow any liens or encumbrances on any of Borrower's assets or property without the written consent of Bank;

(j) Borrower and Guarantor shall promptly notify Bank in writing of (i) any condition, event or act which comes to Borrower's or Guarantor's attention that would or might materially adversely affect Borrower's or Guarantor's financial condition or operations, the Collateral, or Bank's rights under the Guaranty or any Loan Documents, (ii) any litigation in excess of $25,000.00 filed by or against Borrower or Guarantor, or (iii) any event that has occurred that would constitute an event of default under any Loan Documents, including but not limited to any Guaranty.

(k) See Addendum "C" for additional covenants which are a part of this Agreement for all purposes as if they were copied word for word herein.

15. EVENTS OF DEFAULT.

The following are events of default hereunder and under the other Loan Documents: (a) the failure to pay or perform any obligation, liability, indebtedness or covenant of any Borrower or Guarantor to Bank, or to any affiliate of Bank, whether under this Floor Plan Agreement' Security Agreement, Note or any other agreement or instrument

now or hereafter existing, as and when due (whether upon demand, at maturity or by acceleration); (b) the failure to pay or perform any other obligation, liability or indebtedness of any Borrower or Guarantor whether to Bank or some other party, the collateral for which constitutes an encumbrance on the collateral for this Floor Plan Agreement; (c) a proceeding being filed or commenced against any Borrower or Guarantor for dissolution or liquidation, or any Borrower or Guarantor voluntarily or involuntarily terminating or dissolving or being terminated or dissolved; (d) insolvency of, business failure of, the appointment of a custodian, trustee, liquidator or receiver for or for any of the property of, or an assignment for the benefit of creditors by, or the filing of a voluntary or involuntary petition under bankruptcy, insolvency or debtor's relief law or for any adjustment of indebtedness, composition or extension by or against any Borrower or Guarantor; (e) any lien, encumbrance or additional security interest being placed upon any of the Collateral which is security for this Floor Plan Agreement; (f) acquisition at any time or from time to time of title to the whole of or any part of the Collateral which is security for this Floor Plan Agreement by any person, partnership, corporation or other entity except for sales thereof in the ordinary course of business; (g) Bank determining that any representation or warranty made by any Borrower or Guarantor to Bank is, or was, untrue or materially misleading; (h) failure of any Borrower or Guarantor to timely deliver such financial statements, including tax returns, and other statements of condition or other information as Bank shall request from time to time; (i) entry of a judgment against any Borrower or Guarantor which Bank deems to be of a material nature, in Bank's sole discretion; (j) the seizure or forfeiture of, or the issuance of any writ of possession, garnishment or attachment, or any turnover order for any property of any Borrower or Guarantor; (k) Bank reasonably deeming itself insecure or its prospects for payment of the debt impaired for any reason; (1) the determination by Bank that a material adverse change has occurred in the financial condition of any Borrower or Guarantor; (m) the failure to comply with any law regulating the operation of Borrower's business; (n) Guarantor undertakes to terminate or revoke any guaranty of payment of this Note or defaults in the performance of or disputes any of his obligations as Guarantor; (o) the inability of the

Borrower or Guarantor to pay debts as they mature owing to Bank or any other party.

16. REMEDIES. Upon the occurrence of any default hereunder or any of the other Loan Documents, Bank shall have all of the rights and remedies of a creditor and, of a secured party under the Uniform Commercial Code as enacted in the State of Georgia, O.C.G.A ss.11-9 and all other applicable law. Without limiting the generality of the foregoing, Bank may, at its option and without notice or demand: (a) declare any liability of Borrower under this Agreement or any of the other Loan Documents accelerated and due and payable at once; and (b) take possession of any Collateral wherever located, and sell, resell, assign, transfer and deliver all or any part of said Collateral of Borrower or Guarantor at any public or private sale or otherwise dispose of any or all of the Collateral in its then condition, for cash or on credit or for future delivery, and in connection therewith Bank may impose reasonable conditions upon any

such sale. Bank, unless prohibited by law the provisions of which cannot be waived, may purchase all or any part of said Collateral to be sold, free from and in discharge of all trusts, claims, rights of redemption and equities of the Borrower or Guarantor whatsoever; Borrower and Guarantor acknowledge and agree that the sale of any Collateral through any nationally recognized broker - dealer, investment banker or any other method common in the securities industry shall be deemed a commercially reasonable sale under the Uniform Commercial Code or any other equivalent statute or federal law, and expressly waive notice thereof except as provided herein; and (c) set-off against any and all money owed by Bank in any capacity to Borrower or Guarantor whether or not due for any Liabilities of the Borrower to the Bank under this Agreement and the other Loan Documents.

17. ATTORNEY FEES, COST AND EXPENSES. Borrower and/or Guarantor shall pay all costs of collection and attorney's fees equal to reasonable and actual attorney's fees, including reasonable attorney's fees in connection with any suit, mediation or arbitration proceeding, out of court payment agreement, trial, appeal, bankruptcy proceedings or otherwise, incurred or paid by Bank in enforcing the payment of any Liability or enforcing or preserving any right or interest of Bank hereunder, including the collection, preservation, sale or delivery of any Collateral from time to time pledged to Bank, and after deducting such fees, costs and expenses from the proceeds of sale or collection, Bank may apply any residue to pay any of the Liabilities and Guarantor shall continue to be liable for any deficiency with interest at the rate specified in any instrument evidencing the Liability or, at the Bank's option, equal to the highest lawful rate, which shall remain a liability.

18. PRESERVATION OF PROPERTY. Bank shall not be bound to take any steps necessary to preserve any rights in any of the property of Borrower and/or Guarantor pledged to Bank to secure Borrower's and/or Guarantor's obligations against prior parties who may be liable in connection therewith, and Borrower and/or Guarantor hereby agree to take any such steps. Bank, nevertheless, at any time, may (a) take any action it deems appropriate for the care or preservation of such property or of any rights of Borrower and/or Guarantor or Bank therein, (b) demand, sue for, collect or receive any money or property at any time due, payable or receivable on account of or in exchange for any property of Borrower and/or Guarantor, (c) compromise and settle with any person liable on such property, or (d) extend the time of payment or otherwise change the terms thereof as to any party liable thereon, all without notice to, without incurring responsibility to, and without affecting any of the obligations or liabilities of Borrower and/or Guarantor.

19. TERMINATION. The Line may be terminated at any time by either party with or without cause upon 30 days' notice in writing to the other. Upon the occurrence of a default hereunder, Bank shall have the right to terminate the Line and to mature all debt outstanding hereunder, including principal and interest, without notice to any person. Termination of the Line hereunder shall not affect the obligations of Borrower with

respect to any debt incurred prior to termination. All such obligations shall continue in full force and effect until all debt under the Line is

paid in full.

20. OVERLINE DEBT. In the event debt outstanding under the Line should for any reason exceed the amount of the Line allowed hereunder, all such debt shall be payable on demand, but if no demand is made, no later than such time as may be specified by Bank at the time of the approval of the temporary overline. The overline debt shall bear interest at the rate specified for debt under the Line, and shall be governed by all the terms and conditions of this Agreement and the other Loan Documents and shall be secured by all Collateral for the Line, and all items of inventory financed by the overline debt shall secure all debt under the Line including the overline and be governed by all terms of the Security Agreement, Floor Plan Agreement and Note. Bank shall have no obligation to permit any overline at any time but in its sole discretion may do so.

21. REVIEW OF LINE. Bank may, at its option, from time to time review the credit for performance, pricing, amount of Line, and Borrower's financial condition.

22. CHANGE IN TERMS. Bank may at its discretion amend or modify any term or provision of this Floor Plan Agreement, Security Agreement or any other agreements pertaining to this Agreement, with any change to be effective 15 days after mailing of notice to Borrower.

23. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the parties hereto and each party's respective successors, heirs, executors, administrators, personal representatives and assigns. Neither this Floor Plan Agreement nor any interest in it may be assigned or otherwise voluntarily or involuntarily transferred by Borrower without Bank's prior written approval.

24. WAIVER. (a) Bank may consent to or waive any action or any failure to act by Borrower with respect to any obligation of Borrower hereunder. Any consent or waiver on the part of Bank shall be binding upon Bank only when in writing and signed by an officer of Bank, and no failure to take action with respect to any default shall constitute a waiver thereof. No waiver of any default shall be a waiver of any other or future default of that or any other nature; (b) Bank shall not be required to proceed first against Borrower, or any other person, firm or corporation, whether primarily or secondarily liable, or against any collateral held by it, before resorting to Guarantor for payment, and Guarantor shall not be entitled to assert as a defense to the enforceability of the Guaranty any defense of Borrower with respect to any Liabilities or Obligations.

25. GOVERNING LAW. This Floor Plan Agreement shall be deemed to have been made in the State of Georgia at the address indicated above, and shall be governed by, and construed in accordance with, the laws of the State of Georgia, and is performable in the State of Georgia.

26. MEDIATION, BINDING ARBITRATION. The parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or the other Loan Documents by participating in mediation and/or binding arbitration. Each party agrees that each will bear its respective expenses related to either mediation and/or arbitration. The parties further agree if the matter has not been resolved pursuant to mediation within thirty (30) days of notice to mediate given by either party, the controversy shall be settled by arbitration and shall be governed by the United States Arbitration Act, 9 U.S.C. ss.1-16, (or if not applicable, the applicable state law), and judgment upon the award rendered by the Arbitrator may be entered by any court having jurisdiction thereof. The parties recognize that Bank could be prejudiced by not being able to foreclose on property pledged as Collateral to Bank. The parties agree that nothing in this Agreement shall be deemed to (i) limit the applicability of any otherwise applicable statutes of limitation or repose and any waivers contained in this Agreement; or (ii) be a waiver by the Bank of the protection afforded to it by 12 U.S.C. Sec. 91 or any substantially equivalent state law; or (iii) limit the right of the Bank hereto (a) to exercise self help remedies such as (but not limited to) setoff, or (b) to foreclose against any real or personal property collateral, or (c) to obtain from a court provisional or ancillary remedies such as (but not limited to) injunctive relief or the appointment of a receiver. The Bank may exercise such self help rights, foreclose upon such property, or obtain such provisional or ancillary remedies before, during or after the pendency of any arbitration proceeding brought pursuant to this agreement. At Bank's option, foreclosure under a deed of trust or mortgage may be accomplished by any of the following: the exercise of a power of sale under the deed of trust or mortgage, or by judicial sale under the deed of trust or mortgage, or by judicial foreclosure. Neither this exercise of self help remedies nor

the institution or maintenance of an action for foreclosure or provisional or ancillary remedies shall constitute a waiver of the right of any party, including the claimant in any such action, to arbitrate the merits of the controversy or claim occasioning resort to such remedies.

27. ADDITIONAL TERMS. (a) As used herein, the singular number shall include the plural (e.g. "Note" means Note or Notes); or (b) In the event that there are any written terms that may differ between this Floor Plan Agreement and any other agreements, documents, or negotiations in existence prior to the execution of this Floor Plan Agreement, Bank and Borrower agree that the terms of this Floor Plan Agreement shall control and be the final agreement.

28. MERGER. The terms of any commitment letter issued by Bank to Borrower for this Line are incorporated herein by reference, except to the extent that such terms are inconsistent with the terms of this Floor Plan Agreement, Security Agreement or Note. Any such inconsistent terms are of no effect. This Floor Plan Agreement supersedes any Floor Plan Agreements heretofore executed by and between Bank and Borrower, and all outstanding Floor Plan Agreement indebtedness is hereafter subject to all of the terms and provisions of this Floor Plan Agreement, and the outstanding principal

balance of all such Floor Plan indebtedness is added to the principal balance of this Floor Plan Agreement.

29. NOTICES. Any notice or other communication required or permitted hereunder or under any Note or Security Agreement shall be in writing and shall be delivered personally, sent by facsimile transmission or by first-class, certified, registered or express mail, or by courier, with postage and other charges prepaid. Any such notice shall be deemed given when so delivered personally, by courier or by facsimile transmission, or, if mailed, five (5) days after the date of deposit in the United States mail, as follows:

If to Borrower, to:
Nelson Bowers Dodge, LLC
402 West Martin Luther King Blvd.
Chattanooga, TN 37402
Attention: Nelson E. Bowers, II
Facsimile #_____

If Bank, to:

NationsBank, N.A. (South)
600 Peachtree Street, 17th Floor
Atlanta, Georgia 30308
Attention: Tim Kelley or Bill Brantley

Either Bank or Borrower may, by notice given in accordance with this provision, designate another address or person for receipt of notices hereunder.

30. FLOOR PLAN COLLATERAL AND/OR INVENTORY INSPECTION. Floor Plan inventory inspections will be conducted by Bank from time to time at the sole discretion of Bank. Borrower agrees to pay in full any item or unit of Collateral that is not located at Borrower's premises or accounted for by Borrower to Bank. Borrower shall make payment to Bank immediately upon notice of demand being given to Borrower pursuant to paragraph 29 (NOTICES) of the Floor Plan Agreement.

31. FINAL AGREEMENT. THIS FLOOR PLAN AGREEMENT, THE FLOOR PLAN PROMISSORY NOTE, THE SECURITY AGREEMENT AND ANY OTHER AGREEMENTS EXECUTED IN CONJUNCTION WITH THIS FLOOR PLAN REVOLVING LINE OF CREDIT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the undersigned has caused this Floor Plan Agreement to be executed under seal on the 5th day of March, 1997.

	Nelson Bowers Dodge, LLC (Seal)
NationsBank, N.A. (South)	Borrower
Bank	
By /s/ Timothy W. Kelley	By /s/ Nelson E. Bowers II
---	---
Timothy W. Kelley	Nelson E. Bowers, II
Assistant Vice President	Chief Manager

ADDENDUM "A"

This Addendum "A" to the Floor Plan Agreement shall be and is incorporated by reference for all purposes as part of the Floor Plan Agreement dated March 5, 1997 between Bank and Borrower.

Curtailments. Curtailment payments based upon the original amount advanced with respect to specific items of Collateral shall be paid on the following types of units of Collateral based upon either a dollar or percentage amount as billed to Borrower and payment is due when billed. The Curtailment payment is to be applied against the original amount advanced for a unit of Collateral. The Curtailment payment based upon either a dollar or percentage amount is calculated on the original amount advanced for the unit and not the outstanding unpaid balance from time to time.

Unit Type	Curtailment Amount	Curtailment Date	Final Payoff Date
New	10% of original amount financed.	Due 90 days prior to maturity.	15 months from date financed.
Used and Program	2% of original amount financed.	Due monthly beginning at the end of the 4th month.	In full at the end of the 7th month.

Executed under seal on the 5th day of March, 1997.

Borrower: Nelson Bowers Dodge, LLC (Seal)

By: /s/ Nelson E. Bowers II
- ---
Nelson E. Bowers, II
Chief Manager
(Name and Title)

Approved: NationsBank, N.A. (South)
By: /s/ Timothy W. Kelley
- ---
Timothy W. Kelley, Assistant Vice President
(Name and Title)

ADDENDUM "B"

This Addendum "B" to the Floor Plan Agreement shall be and is incorporated by reference for all purposes as part of the Floor Plan Agreement dated March 5th, 1996 between Bank and Borrower.

Floor Plan Sublimits. The following sublimits represent the amount of outstandings permitted at any one time in connection with the particular type of Collateral being financed; notwithstanding, the Bank, in it's sole discretion, may advance from time to time amounts in excess of the sublimit amounts below:

Unit Type	Sublimit Amount
- ---------	---
New Vehicles	$3,500,000.00
Used Vehicles	$300,000.00

Executed under seal on the 5th day of March, 1997.

Borrower: Nelson Bowers Dodge, LLC (Seal)

By: /s/ Nelson E. Bowers II
- ------------------------------
Nelson E. Bowers, II
Chief Manager
(Name and Title)

Approved: NationsBank, N.A. (South)
By: /s/ Timothy W. Kelley
- ------------------------------
Timothy W. Kelley, Assistant Vice President
(Name and Title)

SECURITY AGREEMENT AND MASTER CREDIT AGREEMENT [LOGO] CHRYSLER FINANCIAL

This Security Agreement and Master Credit Agreement (hereinafter called the "Agreement"), made as of this 15 day of May, 1996, and effective September 1, 1984 or the date hereof, whichever is later, is by and between Lake Norman Chrysler Plymouth Jeep Eagle, LLC, having its principal place of business at 20435 Chartwell Center Drive, Cornelius, NC 28031 (hereinafter called "Debtor"), and Chrysler Financial Corporation, a Michigan corporation, having officers located at 27777 Franklin Road, Southfield, Michigan 48034-8286 (hereinafter called "Secured Party").

WHEREAS, Debtor is engaged in business as an authorized dealer of Chrysler Corporation and desires Secured Party to finance the acquisition by Debtor in the ordinary course of its business of new and unused vehicles sold and distributed by Chrysler Corporation and/or other authorized sellers and of used vehicles (all such unused and used vehicles being hereinafter collectively called the "Vehicles").

WHEREAS, Secured Party is willing to provide wholesale financing to Debtor to finance the acquisition of Vehicles by Debtor (1) by agreeing with Chrysler Corporation to purchase from Chrysler Corporation receivables evidencing credit sales of Vehicles by Chrysler Corporation to Debtor, and (2) by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles from other sellers.

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1.0 Financing - Secured Party agrees to extend to Debtor wholesale financing as follows:

(a) to purchase receivables from Chrysler Corporation evidencing credit sales of Vehicles by Chrysler Corporation to Debtor, at 100% of the face amount of such receivables; or

(b) by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles from sellers thereof, on the terms and conditions set forth in Paragraph 2.1 herein or as set forth in the Vehicle financing terms and conditions as they may be made available to Debtor from time to time by Secured Party.

For the purposes of this Agreement, amounts applied by Secured Party to acquire Debtor's receivables from Chrysler Corporation as contemplated by clause (a) are herein called "Receivable Purchase Advances", and loans or advances provided by Secured Party directly to either Debtor or to the seller of Vehicles to Debtor as contemplated by clause (b) are herein called "Direct Loan Advances", and all such amounts, loans and advances provided by Secured Party contemplated by clause (a) and clause (b) are herein collectively called "Advances". Debtor acknowledges that (x) the maximum amount of Advances which will be made by Secured Party hereunder will be established from time to time by Secured Party in its sole discretion and (y) all such Advances shall by made on and shall be subject to the terms and conditions of this Agreement. It is understood and agreed that the making of any Advance hereunder shall be at the option of the Secured Party and shall not be obligatory, and that the right of Debtor to request that Secured Party make Advances may be terminated at any time by Secured Party at its election without notice.

2.0 Evidence of Advances and Payment Terms - Each Receivable Purchase Advance shall be evidenced by and made against a Credit Sale Agreement of Chrysler Corporation delivered to Secured Party, and Secured Party shall be entitled to make Receivable Purchase Advances against such Credit Sale Agreement appropriately completed and executed on behalf of Debtor by Chrysler Corporation by facsimile signature or otherwise under Power of Attorney given by Debtor, without any duty to inquire as to the continued effectiveness of such power or to verify with Debtor the amount of, or Vehicles listed upon, such Credit Sale Agreement and each such Credit Sale Agreement shall evidence the valid and binding payment obligation of Debtor. Each Direct Loan Advance shall be made at such time as Debtor shall request in accordance with the then-effective Vehicle financing terms and conditions referred to above. Debtor will execute and deliver to Secured Party from time to time its demand promissory notes in aggregate principal amount equal to that amount agreeed to by Debtor and Secured Party from time to time, such demand promissory notes (the "Promissory Notes") to evidence the liability of Debtor to Secured Party on account of all Direct Loan Advances and to constitute additional evidence of Debtor's obligation in respect of the receivables underlying the Receivable Purchase Advances. The maximum liability of Debtor under this Agreement shall at any time be equal to the aggregate principal amount of all Advances at the time outstanding hereunder plus interest and such other amounts as may be due under this Agreement. Debtor will pay to Secured Party on demand the

aggregate principal amount of all Advances from time to time outstanding, and will pay upon demand the interest due thereon and such other additional charges as Secured Party shall determine from time to time.

Notwithstanding any inconsistent terms of any agreement between Debtor and Chrysler Corporation in respect of Debtor's liability under any Credit Sale Agreement, in consideration of Secured Party's making of Receivable Purchase Advances and Direct Loan Advances, Debtor will pay to Secured Party interest at the rate(s) per annum designated by Secured Party from time to time on the amount of each Advance made by Secured Party hereunder from the date of such Advance until date of repayment to Secured Party of the full amount thereof. For the purposes of the preceding sentence, each Receivable Purchase Advance shall be deemed to have been made by Secured Party on the date on which payment shall have been made by Secured Party to Chrysler Corporation for the related receivable of Debtor purchased by Secured Party from Chrysler Corporation. Secured Party will give notice to Debtor of the interest rate(s) established by it from time to time under the terms hereof, and each such notice shall constitute an agreement between Debtor and Secured Party as to the applicability to the Advances of the interest rate(s) contained therein, to be applicable from the dates stated in such notice until such interest rate(s) are changed by subsequent notice given by Secured Party pursuant to this sentence. All interest accrued on the Advances shall be payable monthly by Debtor, and shall be due upon receipt by Debtor of the statement of Secured Party setting forth the amount of such accrued interest.

84-291-4102 (1/96)

2.1 Debtor agrees that financing pursuant to this Agreement shall be used exclusively for the purpose of acquiring Vehicles for Debtor's inventory and debtor shall not sell or otherwise dispose of such Vehicles except by sale in the ordinary course of business. If so requested by Secured Party, Debtor agrees to maintain a separate bank account into which all cash proceeds of such sales or other dispositions of such Vehicle will be deposited. Debtor further agrees that upon the sale of each Vehicle with respect to which an Advance has been made by Secured Party, Debtor will promptly remit to Secured Party the total amount then outstanding of Secured Party's Advance on each such Vehicle unless other terms of repayment have been agreed to by Secured Party. Debtor agrees to hold in trust for Secured Party and shall forthwith remit to Secured Party, to the extent of any unpaid and past due indebtedness hereunder, all proceeds of each Vehicle when received by Debtor, or to allow Secured Party to make direct collection thereof and credit debtor with all sums received by Secured Party.

3.0 Security - Debtor hereby grants to Secured Party a first and prior security interest in and to each and every Vehicle financed hereunder, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof, subject only to any prior security interest in a Vehicle financed by a Receivable Purchase Advance which has been granted by Debtor to Chrysler Corporation and assigned by Chrysler Corporation to Secured Party in connection with the making of such Receivable Purchase Advance. Further, Debtor also hereby grants to Secured Party a security interest in and to all Chattel Paper, Accounts whether or not earned by performance and including without limitations all amounts due from the manufacturer or distributor of the Vehicles or any of its subsidiaries or affiliates, Contract Rights, Documents, Instruments, General Intangibles, Consumer Goods, Inventory of Automotive Parts, Accessories and Supplies, Equipment, Furniture, Fixtures, Machinery, Tools, and Leasehold Improvements, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof, as additional security for each and every indebtedness and obligation of Debtor as set forth herein. The security interest hereby granted shall secure the prompt, timely and full payment of (1) all Advances, (2) all interest accrued thereon in accordance with the terms of this Agreement and the Promissory Notes, (3) all other indebtedness and obligations of Debtor under the Promissory Notes, (4) all costs and expenses incurred by Secured Party in the collection or enforcement of the Promissory Notes or of the receivable underlying any Receivable Purchase Advance or of the obligations of the Debtor under this Agreement, (5) all monies advanced by Secured Party on behalf of Debtor for taxes, levies, insurance and repairs to and maintenance of any Vehicle or other collateral, and (6) each and every other indebtedness or obligation now or hereafter owing by Debtor to Secured Party including any collection or enforcement costs and expenses or monies advanced on behalf of Debtor in connection with any such other indebtedness or obligations. Nothing in this Agreement shall require Debtor, in respect of any Receivable Purchase Advance, to proceed first under the security interest created by this Agreement or first under the security interest granted by Debtor to Chrysler Corporation to secure the receivable underlying such Receivable Purchase Advance and assigned by Chrysler Corporation to Secured Party and the remedies of Secured Party under such security interests shall be

cumulative.

3.1 All said security set forth in Paragraph 3.0 above shall hereinafter collectively be called "Collateral". Debtor hereby expressly agrees that the term "proceeds" as used in Paragraph 3.0 above shall include without limitation all insurance proceeds on the Collateral, money, chattel paper, goods received in trade including without limitation vehicles received in trade, contract rights, instruments, documents, accounts whether or not earned by performance, general intangibles, claims and tort recoveries relating to the Collateral. Notwithstanding that Advances hereunder are made from time to time with respect to specific Vehicles, each Vehicle and the proceeds thereof and all other Collateral hereunder shall constitute security for all obligations of Debtor to Secured Party secured hereunder.

3.2 Debtor hereby agrees that upon request of the Secured Party it will take such action and/or execute and deliver to Secured Party any and all documents (and pay all costs and expenses of recording the same), in form and substance satisfactory to Secured Party, which will perfect in Secured Party its security interest in the Collateral in which Secured Party has or is to have a security interest under the terms of this Agreement.

3.3 Secured Party's security interest in the Collateral shall attach to the full extent provided or permitted by law to the proceeds, in whatever form, of any disposition of said Collateral or to any part thereof by Debtor until such proceeds are remitted and accounted for as provided herein. Debtor will notify Secured Party before Debtor signs, executes or authorizes any financing statement regardless of coverage.

3.4 Debtor shall be responsible for all loss and damages to the Collateral and agrees to keep Collateral insured against loss or damage by fire, theft, collision, vandalism and against such other risks as Secured Party may require from time to time. Insurance and policies evidencing such insurance shall be with such companies, in such amount and such form as shall be satisfactory to Secured Party. If so requested by Secured Party, any or all such policies of insurance shall contain an endorsement, in form and substance satisfactory to Secured Party., showing loss payable to Secured Party as its interest may appear, and a certificate of insurance evidencing such coverage will be provided to Secured Party.

4.0 Debtor's Warranties - Debtor warrants and agrees that the Collateral now is and shall always be kept free of all taxes, liens and encumbrances, except as specifically disclosed in Paragraph 4.1 below or provided for in Paragraph 3.0 above, and Debtor shall defend the Collateral against all other claims and demands whatsoever and shall indemnify, hold harmless and defend Secured Party in connection therewith. Any sum of money that may be paid by Secured Party in release or discharge of any taxes, liens or encumbrances shall be paid to Secured Party on demand as an additional part of the obligation secured hereunder. Debtor hereby agrees not to mortgage, pledge or loan (except for designated demonstrators as agreed to in advance by Secured Party in writing) the Vehicles and shall not license, title, use, transfer or otherwise dispose of them, except as provided in this Agreement. Debtor agrees that it will execute in favor of Secured Party any form of document which may be required to evidence further Advances by Secured Party hereunder, and shall execute such additional documents as Secured Party may at any time request in order to conform or perfect Debtor's title to or Secured Party's security interest in the Vehicles. Execution by Debtor of notes, checks or other instruments for the amount advanced shall be deemed evidence of Debtor's obligation and not payment therefor until collected in full by Secured Party.

4.1 Disclosure of Taxes, Liens and Encumbrances -

(If there are any, list them here; if none, so state.)

PLACE FILED	DATE OF FILING	NAME AND ADDRESS OF CREDITOR

5.0 Signatory Authorization - Debtor hereby authorizes Secured Party or any of its officers, employees, agents or any other person Secured Party may designate to execute any and all documents pursuant to the terms and conditions of that certain Power of Attorney and Signatory Authorization of even date herewith.

6.0 Events of Default and Remedies/Termination - Time is of the essence herein

and it is understood and agreed that Secured Party may, at its option and notwithstanding any inconsistent terms in any agreement between Debtor and Chrysler Corporation and/or Secured Party with respect to the receivable underlying any Receivable Purchase Advance by Secured Party, terminate this Agreement, refuse to advance funds hereunder, convert outstanding installment payment obligations to payment on Vehicle sale obligations, and declare the aggregate of all Advances outstanding hereunder immediately due and payable upon the occurrence of any of the following events (each hereinafter called an "Event of Default"), and that Debtor's liabilities under this sentence shall constitute additional obligations of Debtor secured under this Agreement.

(a) Debtor shall fail to make any payment to Secured Party, whether constituting the principal amount of any Advance, interest thereon or any other payment due hereunder, when and as due in accordance with the terms of this Agreement or with any demand permitted to be made by Secured Party under this Agreement or any Promissory Note, or shall fail to pay when due any other amount owing to Secured Party under this Agreement or any Promissory Note, or shall fail in the due performance or compliance with any other term or condition hereof or thereof, or shall be in default in the payment of any liabilities constituting indebtedness for money borrowed or the deferred payment of the purchase price of property or a rental payment with respect to property material to the conduct of Debtor's business;

(b) A tax lien or notice thereof shall have been filed against any of the Debtor's property or a proceeding in bankruptcy, insolvency or receivership shall be instituted by or against Debtor or Debtor's property or an assignment shall have been made by Debtor for the benefit of creditors;

(c) In the event that Secured Party deems itself insecure for any reason or the Vehicles are deemed by Secured Party to be in danger of misuse, loss, seizure or confiscation or other disposition not authorized by this Agreement;

(d) Termination of any franchise authorizing Debtor to sell Vehicles;

(e) A misrepresentation by Debtor for the purpose of obtaining credit or an extension of credit or a refusal by Debtor to execute documents relating to the Collateral and/or Secured Party's security interest therein or to furnish financial information to Secured Party at reasonable intervals or to permit persons designated by Secured Party to examine Debtor's books or records and to make periodic inspections of the Collateral; or

(f) Debtor, without Secured Party's prior written consent, shall guarantee, endorse or otherwise become surety for or upon the obligations of others except as may be done in the ordinary course of Debtor's business, shall transfer or otherwise dispose of any proprietary, partnership or share interest Debtor has in his business, or all or substantially all of the assets thereof, shall enter into any merger or consolidation, if a corporation, or shall make any substantial disbursements or use of funds of Debtor's business, except as may be done in the ordinary course of Debtor's business, or assign this Agreement in whole or in part or any obligation hereunder.

Upon the occurrence of an Event of Default, Secured Party may take immediate possession of said Vehicles without demand or further notice and without legal process; and for the purpose and furtherance thereof, Debtor shall, if Secured Party so requests, assemble the Vehicles and make them available to Secured Party at a reasonably convenient place designated by Secured Party and Secured Party shall have the right, and Debtor hereby authorizes and empowers Secured Party to enter upon the premises wherever said Vehicles may be, to remove same. In addition, Secured Party or its assigns shall have all the rights and remedies applicable under the Uniform Commercial Code or under any other statute or at common law or in equity or under this Agreement. Such rights and remedies shall be cumulative. Debtor hereby agrees that it shall pay all expenses and reimburse Secured Party for any expenditures, including reasonable attorneys' fees and legal expenses, in connection with Secured Party's exercise of any of its rights and remedies under this Agreement.

7.0 Inspection: Vehicles/Books and Records - It is hereby understood and agreed by and between Debtor and Secured Party that Secured Party shall have the right of access to and inspection of the Vehicles and the right to examine Debtor's books and records, which Debtor warrants are genuine in all respects. Debtor hereby certifies to Secured Party that all Vehicles and books and records shall be kept at the principal place of business of Debtor as hereinabove stated or at such other locations as approved in writing by Secured Party, and Debtor shall not remove or permit the removal of the Vehicles or books and records during the pendency of this Agreement except in the ordinary course of business and as authorized by Secured Party.

7.1 Debtor agrees to furnish to Secured Party after the end of each month, for so long as this Agreement shall be effective, balance sheets and statements of profit and loss for each month with respect to Debtor's business in such detail and at such times at Secured Party may require from time to time.

8.0 General - Debtor and Secured Party further covenant and agree that:

8.1 Any provision hereof prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

8.2 This Agreement shall be interpreted according to the laws of the State of Debtor's principal place of business as identified above.

8.3 This Agreement cannot be modified or amended, except in writing by both parties unless otherwise specifically authorized herein, and shall be binding and inure to the benefit of each of the parties hereto and their respective legal representatives, successors and assigns.

8.4 Interest to be paid in connection herewith shall never exceed the maximum rate allowable by law applicable hereto, as the parties intend to strictly comply with all law relating to usury. Notwithstanding any provision hereof or any other document in connection herewith to the contrary, Debtor shall not pay nor will Secured Party accept payment of any such excessive interest, which excessive interest is hereby canceled, and Secured Party shall be entitled at its option to refund any such interest erroneously paid or credit the same to Debtor's obligations hereunder.

8.5 The terms and provisions of this Agreement and of any other agreement between Debtor and Secured Party or Debtor, Secured Party and Chrysler Corporation or Debtor and Chrysler Corporation with respect to the Receivable underlying any Receivable Purchase Advance by Secured Party should be construed together as one agreement; provided, however, in the event of any conflict, the terms and provisions of this Agreement shall govern such conflict.

8.6 No failure or delay on the part of Secured Party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. The remedies herein are in addition to those available in law or equity, and Secured Party need not pursue any rights it might have as a Secured Party before pursuing payment and performance by Debtor or any guarantor or surety.

8.7 This Agreement may not be assigned by Debtor.

9.0 Notices - Any notice given hereunder shall be in writing and given by personal delivery or shall be sent by U.S. Mail, postage prepaid, addressed to the party to be charged with such notice at the respective address set forth below:

<TABLE>
<CAPTION>

TO DEBTOR	TO SECURED PARTY
<S>	<C>
Lake Norman Chrysler Plymouth Jeep Eagle, LLC 20435 Chartwell Center Drive Cornelius, NC 28031	Chrysler Financial Corporation P.O. Box 560217 Charlotte, NC 28256-0217
Attention: Phil M. Gandy, Jr.	Attention: Branch Manager

</TABLE>

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

Lake Norman Chrysler Plymouth Jeep Eagle, LLC

(DEBTOR)

/s/ [illegible] — By /s/ Phil M. Gandy, Jr.

(WITNESS) — Phil M. Gandy, Jr.

/s/ [illegible] — Title Member

- ------------------------------ --

(WITNESS)

CHRYSLER FINANCIAL CORPORATION

By /s/ [illegible]

Title Zone Manager

PROMISSORY NOTE

AMOUNT	CITY	STATE	DATE
$2,000,000.00	Cornelius	North Carolina	May 15, 1996

ON DEMAND, FOR VALUE RECEIVED, the undersigned promise(s) to pay to the order of CHRYSLER FINANCIAL CORPORATION, a Michigan Corporation, at its office at 8801 J.M. Keynes Dr., Charlotte, NC 28262 or at such other place as the holder hereof may direct in writing, the sum of Two Million Dollars ($2,000,000.00), in lawful money of the United States of America, together with interest thereon from the date hereof until paid at the rate or rates established from time to time, pursuant to paragraph 2.0 of that certain Security Agreement and Master Credit Agreement dated May 15, (yr.) 96, between the undersigned and Chrysler Financial Corporation, which interest shall be payable monthly in like lawful money; provided, however, that the rate of interest payable hereunder shall not exceed the maximum rate of interest permitted by applicable law.

The undersigned agrees to pay reasonable attorneys fees if this note is placed in the hands of an attorney for collection.

The makers, sureties, guarantors and endorsers hereof severally waive presentment for payment, protest and notice of protest and non-payment of this note, and consents to any extension, renewal or postponement of the time of payment of this note, without notice, at the option of the holder.

DEALER	BY	ITS
Lake Norman Chrysler Plymouth Jeep Eagle, LLC	/s/ Philip M. Gandy, Jr. Philip M. Gandy, Jr.	Member

[LOGO] CHRYSLER
FINANCIAL

SECURITY AGREEMENT AND CAPITAL LOAN AGREEMENT

THIS SECURITY AND CAPITAL LOAN AGREEMENT (hereinafter called the "Agreement") dated this 15 day of May 1996, is by and between LAKE NORMAN DODGE, INC., having its principal place of business at 20700 TORRENCE CHAPEL RD., PO BOX 457, CORNELIUS, NC, 28031 (hereinafter called "Borrower"), and Chrysler Financial Corporation, a Michigan corporation, having offices located at 27777 Franklin Rd., Southfield, MI 48034 (hereinafter called "Lender").

WHEREAS, Borrower is engaged in business as an authorized motor vehicle dealer, which includes the sale and service of new and used motor vehicles, parts, and accessories (which business hereinafter shall be called "Borrower's Business") and desires to borrow funds from Lender to be used as working capital in the ordinary course of operating Borrower's Business, or as otherwise agreed to by Lender in writing; and

WHEREAS, Lender is willing to lend to Borrower said capital funds on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

SECTION 1.0 DEFINITIONS - When used in this Agreement, the following terms shall have the following meanings:

"Account" shall mean any right to payment for Goods sold or leased or for services rendered which is not evidenced by an Instrument of Chattel Paper, whether or not such account has been earned by performance.

"Affiliate" with respect to Borrower shall mean any person, entity or business organization which, directly or indirectly, controls, is controlled by or is under common control with the Borrower.

"Books" shall mean all books, records and correspondence relating to the Collateral, including but not limited to, all ledgers, computer and automatic machinery software and programs, printouts and computer runs and other computer prepared information.

"Chattel Paper" shall mean a writing or writings which evidence both a monetary obligation and a security interest in or a lease of specific Goods.

"Collateral" shall mean all property and interests in property or rights in which a security interest is granted by Borrower to Lender in this Agreement pursuant to Section 3 hereof.

"Commitment Letter" shall mean that certain letter attached hereto, if any, between Borrower and Lender, setting forth certain terms and conditions of the Loan.

"Contract Right" shall mean any right of Borrower to payment under a contract for the sale of Goods or the rendering of services, which right is at the time not yet earned by performance.

"Documents" shall mean any bill of lading, dock warrant or receipt, warehouse receipt or order for the delivery of Goods.

"Effective Net Worth" shall mean the reported net worth of Borrower plus subordinated notes payable and net LIFO reserve, minus Affiliate, officer and employee receivables, net unamortized leasehold improvements, intangible assets and all other assets not directly related to Borrower's Business.

"Equipment" shall mean Goods together with any and all accessions, parts and appurtenances thereto, used or bought for use or hereafter bought for use primarily in Borrower's Business which are not included in the definition of Inventory.

"Event of Default" shall mean the occurrence of any of the events as contained in Section 8 of this Agreement.

"General Intangibles" shall mean any personal property (including things in action) other than Goods, Accounts, Chattel Paper, Documents, Instruments and money.

"Goods" shall mean all things which are moveable at the time the security interest attaches or which are fixtures.

"Instrument" shall mean a negotiable instrument or a security or any other writing which evidences a right to the payment of money.

"Inventory" shall mean any and all Goods, now owned or hereafter acquired by Borrower, which are held for sale or lease or are furnished or to be furnished under a contract or service.

"Obligations" shall mean any and all liability, obligation, or indebtedness owed pursuant to the terms and conditions of this Agreement and any and all other agreements, promissory notes, guaranties and contractual arrangements or every kind and nature between Borrower and Lender, whether now or hereafter in existence.

"Proceeds" shall mean whatever is received upon the sale, exchange, collection or other disposition of the Collateral or proceeds, whether cash proceeds or non-cash proceeds.

"Net Working Capital" shall mean the excess of Borrower's current assets over Borrower's current liabilities.

SECTION 2.0 THE LOAN

2.1 Lender hereby agrees to loan to Borrower, and Borrower hereby agrees to borrow from Lender, an amount which shall be evidenced by a promissory note (the "Note") to be executed by Borrower concurrently herewith, which Note shall be in substance and form satisfactory to Lender. The amount borrowed may be increased from time to time upon written request of Borrower approved by Lender. The initial loan and any new advances evidencing increases to the initial loan (hereinafter in the aggregate referred to as the "Loan") shall be subject to the terms and conditions of this Agreement. The Loan may be prepaid at any time in whole or in part without penalty.

2.2 The Note shall evidence the terms or repayment of the Loan.
The Loan shall bear interest upon the unpaid balance thereof at that rate of interest stated in the Note.
Principal and interest shall be due and payable on the date(s) and in the amounts as specified in the Note.

2.3 Borrower and Lender agree that it is their respective intentions, and they do specifically agree: (a) that this Agreement, the Note issued hereunder, and any subsequent promissory notes issued hereunder evidencing new advances, and any subsequent agreements between the parties, provide for cross collateralization and cross rights to declare a default whereby all Collateral is security for all Obligations; (b) upon the occurrence of an Event of Default, all Obligations shall be matured, immediately due and payable, notwithstanding any maturity date thereof, or agreements thereto, to the contrary, and (c) that the agreements contained in this Section 2.3 shall be, and are hereby, made a part of all agreements between Borrower and Lender, whether now or hereafter in existence.

SECTION 3.0 SECURITY

3.1 As security for the prompt and complete payment and performance when due of all Obligations due Lender, Borrower hereby grants to Lender a continuing security interest in all of Borrower's right, title and interest in, to and under the following Collateral, whether now owned or hereafter acquired:

(a) all of Borrower's Accounts, Books, Contract Rights, Documents, Instruments, Chattel Paper and General Intangibles;

(b) all of Borrower's Equipment, furniture, fixtures, machinery and supplies;

(c) all of Borrower's Inventory including but not limited to all new and used motor vehicles and all automotive parts and accessories; and

(d) all Proceeds and products of any of the foregoing.

3.2 As further and additional security, Borrower hereby assigns to Lender all credits which are now or hereafter become due to the Borrower from Chrysler Motors Corporation, its subsidiaries, affiliates or associated companies, or such other manufacturer from which Borrower purchases its inventory.

SECTION 4.0 BORROWER'S WARRANTIES - To induce Lender to enter into this Agreement to make the loan contemplated hereby, Borrower represents and warrants as follows:

4.1 Borrower operates Borrower's Business in the form of business organization and from the principal place of business as set forth in the introductory paragraph of this Agreement, and Borrower is in good standing, duly authorized, licensed and franchised to operate Borrower's Business.

4.2 All balance sheets, statements of profit and loss and other financial data which have been furnished by Borrower to Lender fairly present the financial condition of Borrower's Business as of the dates stated therein, and the results of its operations for the periods for which the same are furnished; all other information, reports, papers and data furnished to Lender are accurate and correct in all material respects and complete insofar as completeness may be necessary to give Lender a true and accurate knowledge of the subject matter; and there has been no change in the business, earnings, prospects, assets, liabilities or condition (financial or otherwise) of Borrower's Business from that set forth in the most recent financial statements furnished by Borrower to Lender other than changes in the ordinary course of Borrower's Business, none of which changes have been materially adverse.

4.3 None of the assets of Borrower's Business is, as of the date hereof, subject to any mortgage, pledge, lien or encumbrance in favor of anyone other than Lender except liens of the kind permitted by Section 6.2 hereof, unless otherwise agreed to by Lender in writing.

4.4 There is not now pending against Borrower, nor, to the knowledge of counsel to Borrower or Borrower or to the officers, managers or principals of Borrower's Business, is there threatened any litigation or legal, administrative or tax proceedings, investigations or other action or matter, the outcome of which in the opinion of counsel to Borrower or Borrower or such officers, managers or principals could materially adversely affect the continued operation or condition (financial or otherwise) of Borrower's Business.

4.5 Borrower warrants that there exists on the date of this Agreement no Event of Default and no event which with the lapse of time would become an Event of Default.

4.6 Borrower warrants that it is and shall remain the lawful owner of the Collateral, free of all liens and claims whatsoever, other than the security interest created hereby or pursuant hereto, or specifically allowed by this Agreement, and has the authority and right to subject the Collateral to the security interest granted to Lender by this Agreement.

SECTION 5.0 BORROWER'S AFFIRMATIVE COVENANTS - Borrower hereby covenants and agrees that, for so long as there shall remain any indebtedness hereunder:

5.1 Borrower will maintain the existence in good standing of Borrower's Business, and continue to keep in full force and effect any and all licenses, franchises and other authorizations necessary to conduct Borrower's Business.

5.2 Borrower will keep proper Books of the operations of Borrower's Business satisfactory to Lender. Borrower will furnish to Lender within 20 days after the end of each month, for so long as this Agreement shall be effective, balance sheets and statements of profit and loss for each month with respect to Borrower's Business (and, upon request of Lender, Affiliates of Borrower), in such detail as Lender reasonably may require from time to time; and within 120 days after the close of each of Borrower's fiscal years hereafter, for so long as this Agreement shall remain in effect, Borrower will furnish Lender a completed, executed copy of a report of an examination of the financial affairs of Borrower's Business (and, upon request of Lender, Affiliates of Borrower) made by independent certified public accountants selected by Borrower and acceptable to Lender, such report of Borrower's Business and Affiliates, where applicable, to be in such detail and with such certification as Lender reasonably may require from time to time; and Borrower will furnish such other financial statements as Lender reasonably may require from time to time. Borrower will permit Lender to inspect and make copies of the Books of Borrower's Business at all reasonable times and from time to time. All such balance sheets, statements of profit and loss and other financial statements as Borrower may furnish hereunder will fairly present the financial condition of Borrower's Business and Affiliates, where applicable, as of the dates and for the periods for which the same are furnished and shall be certified as true and correct by an appropriate officer of Borrower or Affiliate, as applicable.

5.3 At the time any asset of Borrower's Business is assigned, mortgaged, pledged or otherwise hypothecated to Lender as security for any Obligation, Borrower will be the lawful owner thereof; the same being free from all encumbrances except as specifically stated in the instrument by which the same shall be so assigned, mortgaged, pledged or otherwise hypothecated; and the Borrower will warrant and defend the same against all claims and demands of any kind or nature.

5.4 Borrower promptly will pay when due all contractual obligations calling for the payment of money, taxes, assessments and charges imposed upon Borrower and upon Borrower's Business and Borrowers's properties, assets, operations, products, income or securities and also promptly will pay all claims which constitute, or, if unpaid, may become a lien, charge or encumbrance upon Borrower's Business or any of Borrower's properties,

assets, operations, products, income or securities.

5.5 Borrower shall be responsible for all loss and damage to Borrower's Business and agrees to keep Borrower's Business insured against loss or damage by fire, theft, collision and vandalism and against such other losses as Lender may require from time to time. Insurance policies for the said insurance shall be with such companies and in such amounts and in such form as shall be satisfactory to Lender. All such policies of insurance shall contain an endorsement in form and substance satisfactory to Lender, showing loss payable to Lender as its interest may appear, and a certificate of insurance evidencing such coverage will be provided to Lender.

5.6 Borrower will, upon request of Lender, execute such financing statements and other documents (and pay the cost of filing or recording the same in all public offices deemed necessary by Lender) and do all such other acts and things as Lender may from time to time request, to establish and maintain a valid first perfected security interest in the Collateral. (free of all other liens and claims whatsoever except as otherwise expressly provided herein) to secure the payment of the Obligations.

5.7 Borrower will keep, at the address designated above, all Books concerning the Collateral, which Books will be of such character as will enable Lender or its designees to determine at any time the status of the Collateral.

5.8 Borrower will, upon request of Lender, stamp on its Books concerning the Collateral, a notation or other notice(s), in form satisfactory to Lender, or take such other action to place third parties on notice of the security interest of Lender in the Collateral.

5.9 Borrower will, upon request of Lender, immediately deliver to Lender, appropriately endorsed to the order of Lender, any note, trade acceptance, installment contract, chattel paper or other writing for the payment of money which shall be received by Borrower and which may at any time evidence any obligation to Borrower for payment for Goods sold or services rendered.

5.10 Borrower will not sell, assign, create or permit to exist any lien on or security interest in any Collateral to or in favor of anyone other than Lender, other than the sale of Inventory in the ordinary course of Borrower's Business.

5.11 Borrower will, at Borrower's sole cost and expense, keep the Collateral in as good and substantial repair and condition as the same is now or at the time the lien and security interest granted by this Agreement shall attach thereto, reasonable wear and tear excepted, making repairs and replacements when and where necessary. Borrower will further take all action necessary to insure the real estate upon which the Borrower's Business is located shall be free of hazardous conditions, substances and pollutants of any kind.

5.12 Borrower shall apply the proceeds of the Loan for the purposes set forth in this Agreement and shall furnish such evidence thereof as Lender may request.

5.13 Borrower shall maintain a value of Collateral to Loan ratio as may be established by Lender in writing from time to time.

SECTION 6.0 BORROWER'S NEGATIVE COVENANTS - Borrower hereby covenants and agrees that, for so long as there shall remain any Obligation owing to Lender, it will not, without the prior written consent of Lender:

6.1 Create or have outstanding any indebtedness for money borrowed other than from Lender.

6.2 Create, permit or suffer to exist any mortgage, lien or other encumbrance to be levied upon or become a charge against Borrower's Business or any of its properties, assets, operations, products, income or securities other than mortgages, liens or other encumbrances in favor of Lender, liens for taxes not delinquent of being contested in good faith, liens or mechanics or materialmen arising in the ordinary course of Borrower's Business with respect to liabilities which are not overdue or which are being contested in good faith, and liens resulting from deposits or pledges to secure payments or worker's compensation, unemployment insurance, old age pensions or social security.

6.3 Endorse, guarantee or become surety for the payment of any debt or liability, of any individual, partnership or corporation, directly or contingently, except for recourse on the obligations of retail purchasers of Inventory from Borrower and in connection with endorsing checks and other negotiable instruments for deposit and collection.

6.4 Sell, exchange, transfer or otherwise dispose of any of its properties, assets, operations or products except in the normal course of Borrower's Business; consolidate Borrower's Business with or merge Borrower's Business into any other business concern or permit any other business concern to consolidate with or merge into Borrower's Business; or sell, exchange, transfer, lease or otherwise dispose of all or any substantial part or its capital assets; or make or have outstanding any loan or advance to any individual, partnership or corporation, purchase any security of any corporation or invest in the obligations of any individual, partnership or corporation.

6.5 Make expenditures in any fiscal year in excess of that amount agreed to by Lender in writing from time to time.

6.6 Permit the Net Working Capital and Effective Net Worth of Borrower's Business to be less than those amounts agreed to by Lender in writing from time to time.

6.7 Make any loan to or increase the present salary or drawing account of any principal, officer or manager of Borrower's Business, directly or indirectly, or permit any of the foregoing to withdraw from Borrower's Business money in any manner other than in the normal and usual course of Borrower's Business.

6.8 Make a distribution of dividends to its stockholders.

SECTION 7.0 OWNERSHIP AND MANAGEMENT OF BORROWER'S BUSINESS

7.1 Lender has elected to enter into this Agreement and to make the Loan contemplated hereby with reliance and confidence in the integrity and ability of the persons presently having ownership interest in or being in the active management and operation of Borrower's Business as disclosed to Lender concurrently herewith, and in reliance that said persons are and shall continue to have the same ownership interest in or be in the active management and operation of Borrower's Business or both, as the case may be, so long as this Agreement remains effective and the Obligations remain outstanding.

SECTION 8.0 EVENTS OF DEFAULTS AND REMEDIES

8.1 Each one or more of the following acts or occurences shall constitute and Event of Default hereunder:

(a) If Borrower fails to make the due and punctual payment of all or any portion of any payment of principal or interest due or to become due hereunder or the Note or under any other agreement between Borrower and Lender, including, without limiting the generality of the foregoing, failure in the prompt payment of notes evidencing the financing of Borrower's inventory of new and/or used motor vehicles or any other Obligations; or

(b) If failure shall be made in the due observance or performance of any covenant, agreement or condition to be performed by Borrower or any guarantor hereof, or

(c) If any representative or warranty made by Borrower to Lender shall have been determined by Lender to be untrue in any material respect as of the date that any such representation or warranty was made; or

(d) The occurance (i) of Borrower becoming insolvent or bankrupt, or ceasing, being unable or admitting in writing its inability to pay its debts as they mature, or making a general assignment for the benefit of, or entering into any composition or arrangement with creditors (ii) of proceedings for the appointment of a receiver, trustee, or liquidator of the Borrower or of a substantial part of its assets, being authorized or instituted by or against Borrower or (iii) of proceedings under the United States Bankruptcy Code or other bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction being authorized or instituted against the Borrower; or

(e) If there is now or shall hereafter be any change in the ownership interest in or active management and operation of Borrower's Business; or

(f) If Lender deems it is insecure for any reason or Borrower's Business is in danger of misuse, loss, seizure or confiscation; or

(g) If any judgement against or levy, execution, attachment or other proceedings are commenced or obtained in connection with a judgment or otherwise against, or a receiver appointed of, or writ of attachment or garnishment is issued against the Borrower or a substantial part of the assets of Borrower; or

(h) If Lender in good faith reasonably believes the margin of Collateral to the outstanding Obligations is so insufficient that the prospect of payment

is impaired or otherwise insecure; or

(i) The termination of any franchise authorizing Borrower to sell motor vehicles at the address stated above.

8.2 Upon the existence of an Event of Default, all outstanding Obligations of Borrower to Lender will (notwithstanding any provisions to the contrary) without demand or notice of any kind, thereupon immediately become due and payable, and Lender may, without any notice to Borrower, notify any parties obligated to Borrower on any of the Collateral to make payment to Lender of any amounts due or to become due thereunder and enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof; or compromise, extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby. Upon request of Lender, Borrower will, at its own expense, notify any parties obligated to Borrower on any of the Collateral to make payment to Lender of any amounts due or to become due thereunder. In addition, Lender may take possession of the Collateral and any Books concerning same wherever they may be found, with or without process of law, and may dispose of the Collateral or any portion thereof in any manner permitted by law. Unless otherwise agreed to by the parties in writing, any notification of intended disposition of any of the Collateral required by law shall be deemed reasonably and properly made if given at least seven days before such disposition.

SECTION 9.0 APPOINTMENT OF LENDER AS ATTORNEY

9.1 When an Event of Default shall occur and be continuing, Borrower hereby irrevocably appoints Lender as attorney-in-fact with power of substitution to act for Borrower in Borrower's name or in the name of Lender or otherwise, for the use and benefit of Lender hereunder, at the expense of Borrower, provided that in no event shall this appointment impose any duty on Lender to act initially or thereafter, as this appointment is made solely to allow Lender to protect its interests in the Collateral from time to time at its option. This special power of attorney shall include, but not be limited to, the hereinafter enumerated acts:

(a) to execute and deliver, or otherwise take any action deemed appropriate by Lender regarding any deed, lease, assignment, security agreement, certificate of title, chattel mortgage, vehicle registration, bill of sale, release and such other instruments as may be necessary to sell, assign, transfer, pledge or otherwise deal with the property of Borrower which is or shall hereafter become Collateral of Lender under this Agreement and any amendments hereto;

(b) to demand, collect, receive payment on, release and otherwise take any action deemed appropriate by Lender regarding all claims or money due or to become due to the Borrower in connection with the purchase, sale, damage or destruction of any of the Collateral, to settle and compromise any such claim, to receive and open any mail addressed to Borrower, and to endorse checks for collection, settlement, or compromise; and

(c) to prosecute or otherwise take any action deemed appropriate by Lender in the name of Lender or in the name of Borrower, or otherwise, any action or proceeding to collect any such claim or to enforce the right of Borrower for the benefit of Lender.

SECTION 10.0 GENERAL - Borrower and Lender further agree that:

10.1 Lender shall, at all times, have the right to set off and apply any and all credits, monies or properties of Borrower in Lender's possession or control against any Obligations of Borrower to Lender. All payments by Borrower or other funds of Borrower held or received by Lender, other than regular monthly installments or principal and interest due on the Note, shall be applied to the last maturing installments under said Note in inverse order of maturity.

10.2 The acceptance by Lender of any installment or payment after it becomes due or the waiver by Lender of any other Event of Default shall not be deemed to alter or affect Borrower's Obligations and/or Lender's rights with respect to any subsequent payment or Event of Default.

10.3 All of the agreements, representations and warranties contained in this Agreement or in any other instrument or document delivered pursuant thereto shall survive the delivery of the Note and any extensions, renewals or substitutions thereof shall continue in full force and effect as long as there shall remain Obligations owing to Lender from Borrower.

10.4 All negotiations, correspondence and memoranda passed between the parties

hereto with regard to the transactions contemplated by this Agreement other than the Commitment Letter, if any) are merged hereby and this Agreement cancels and supersedes all prior agreements between the parties with regard thereto. This Agreement may be assigned, altered, modified or abridged only by a written instrument duly executed by the authorized representatives of Lender and Borrower.

10.5 It is intended that this Agreement shall not be in violation of any valid law applicable hereto now or hereafter from time to time in effect in any jurisdiction and in event any provision hereof an any way contravenes any of said laws, this Agreement shall be considered valid except as to such provisions.

10.6 Any notice given hereunder shall be in writing and given by personal delivery or shall be sent by U.S. mail, postage prepaid, addressed to the party to be charged with such notice, at the respective address as set forth above, or such other address as may be provided in writing.

10.7 This Agreement shall be binding upon and shall inure to the benefit of the executors, administrators, legal representatives, successors and assigns of the parties.

10.8 This Agreement, and all rights and obligations hereunder, shall be governed by the laws of the State in which the Borrower is located, as indicated by its address set forth above.

10.9 Interest to be paid in connection herewith shall never exceed the maximum rate allowable by law applicable hereto, as the parties intend to strictly comply with all law relating to usury. Notwithstanding any provisions hereof or any other document in connection herewith to the contrary, Debtor shall not pay nor will Secured Party accept payment of any such excessive interest, which excessive interest is hereby canceled, and Secured Party shall be entitled at its option to refund any such interest erroneously paid or credit the same to Debtor's obligation hereunder.

SECTION 11.0 AUTHORITY - Borrower shall furnish to Lender upon execution of this Agreement such proof of its authority to enter into this Agreement, to make the Note and to deposit the said security with Lender as Lender from time to time reasonably may request, including, without limiting the generality of the foregoing, an opinion of Borrower's counsel and, if Borrower is a corporation, certified copies of resolutions of Borrower's stockholders, board of directors, or other managers.

SECTION 12.0 WAIVER OF JURY TRIAL - LENDER AND BORROWER ACKNOWLEDGE AND AGREE THAT THERE MAY BE A CONSTITUTIONAL RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY CLAIM, DISPUTE OR LAWSUIT ARISING BETWEEN THEM, BUT THAT SUCH RIGHT MAY BE WAIVED. ACCORDINGLY, THE PARTIES AGREE:

(A) NOTWITHSTANDING SUCH CONSTITUTIONAL RIGHT, IN THIS COMMERCIAL MATTER THE PARTIES BELIEVE AND AGREE THAT IT SHALL BE IN THEIR BEST INTEREST TO WAIVE SUCH RIGHT AND, ACCORDINGLY, HEREBY WAIVE SUCH RIGHT TO A JURY TRIAL AND FURTHER AGREE THAT THE BEST FORUM FOR HEARING ANY CLAIM, DISPUTE OR LAWSUIT, IF ANY, ARISING IN CONNECTION WITH THIS AGREEMENT OR RELATIONSHIP BETWEEN LENDER AND BORROWER, INCLUDING, BUT NOT LIMITED TO, IN CONNECTION WITH THE COLLECTION OF THE LOAN OR OTHER OBLIGATIONS SHALL BE A COURT OF COMPETENT JURISDICTION SITTING WITHOUT A JURY.

(B) THIS WAIVER OF JURY TRIAL IS FREELY, KNOWINGLY AND VOLUNTARILY GIVEN BY EACH PARTY, WITHOUT ANY DURESS OR COERCION, AFTER EACH PARTY HAS CONSULTED WITH ITS COUNSEL AND HAS CAREFULLY AND COMPLETELY READ ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT, SPECIFICALLY INCLUDING THIS WAIVER OF JURY TRIAL PROVISION.

(C) NEITHER LENDER NOR BORROWER SHALL BE DEEMED TO HAVE RELINQUISHED THIS PROVISION WAIVING JURY TRIAL EXCEPT BY A WRITING SIGNED BY AN OFFICER OF LENDER AND BORROWER RELINQUISHING THIS WAIVER OF JURY TRIAL PROVISION.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the date first above written.

LAKE NORMAN DODGE, INC.

BY: [ILLEGIBLE]

Its: Pres.

CHRYSLER FINANCIAL CORPORATION

BY: /s/ T.J Madden T.J. Madden

Its Vice President

[LOGO]CHRYSLER
FINANCIAL

PROMISSORY NOTE

$1,000,000.00 CORNELIUS NORTH CAROLINA

FOR VALUE RECEIVED, LAKE NORMAN DODOGE, INC. (hereinafter called "Borrower"), promises to pay to the order of Chrysler Financial Corporation (hereinafter called "Lendor") at its offices at ONE UNIVERSITY PLACE, 8801 J.M. KEYNES DRIVE, STE. 400, CHARLOTTE, NC, 28262, or at such other place as the holder hereof from time to time may designate in writing, the principal sum of ONE MILLION AND 00/100 Dollars ($1,000,000.00) in eighty four (84) equal monthly installments of ELEVEN THOUSAND NINE HUNDRED FOUR AND 76/100 Dollars ($11,904.76) each, commencing on the 15th day of JULY, 1996 and on the 15th day of each succeeding month thereafter until the required number of equal monthly installments has been paid in full, together with interest thereon at that rate of interest announced by Lender from time to time and in effect on the unpaid balance outstanding hereunder, with interest after maturity at the highest lawful contract rate. Accrued interest through the end of each preceding month shall be due and payable with each installment of principal, provided that all unpaid interest accrued to the date thereof shall be due and payable with the last installment of principal.

This Promissory Note evidences borrowing under, and is subject to, the terms of that certain Security Agreement and Capital Loan Agreement between the Borrower and Lender dated May 15th, 1996, and the terms, conditions and promises of that agreement are hereby incorporated in this Promissory Note by reference as fully as if set out herein.

All parties to this Promissory Note waive presentment for payment, demand, notice of nonpayment, protest, notice of protest and, without further notice, hereby consent to renewal, extensions or partial payments, either before or after maturity.

Nothing herein shall limit any rights granted to Lender by other instrument or by law.

LAKE NORMAN DODGE, INC.

By: /s/ ILLEGIBLE

Its: PRESIDENT

Date: 5-15-96

Loan #14394

[LOGO] CHRYSLER
FINANCIAL

PROMISSORY NOTE

$1,000,000.00 CORNELIUS NORTH CAROLINA

FOR VALUE RECEIVED, LAKE NORMAN DODGE, INC. (hereinafter called "Borrower"), promises to pay to the order of Chrysler Financial Corporation (hereinafter called "Lender") at its offices at ONE UNIVERSITY PLACE, 8801 J.M. KEYNES DRIVE, STE. 400, CHARLOTTE, NC, 28262, or at such other place as the holder hereof from time to time may designate in writing the principal sum of ONE MILLION AND 00/100 Dollars ($1,000,000.00) in 84 equal monthly installments of ELEVEN THOUSAND NINE HUNDRED FOUR AND 76/100 Dollars ($11,904.76) each, commencing on the 15th day of JULY, 1996 and on the 15th day of each succeeding month thereafter until the required number of equal monthly installments has been paid in full, together with interest thereon at the rate of interest announced by Lender from time to time and in effect on the unpaid balance outstanding hereunder, with interest after maturity at the highest lawful contract rate. Accrued interest through the end of each preceding month shall be due and payable with each installment of principal, provided that all unpaid interest accrued to the date thereof shall be due and payable with the last installment of principal.

This Promissory Note evidences borrowing under, and is subject to, the terms of that certain Security Agreement and Capital Loan Agreement between the Borrower and Lender dated 5-15-1996, and the terms, conditions and promises of that agreement are hereby incorporated in this Promissory Note by reference as fully as if set out herein.

All parties to this Promissory Note waive presentment for payment, demand, notice of nonpayment, protest, notice of protest and, without further notice, hereby consent to renewal, extensions or partial payments, either before or after maturity.

Nothing herein shall limit any rights granted to Lender by other instrument or by law.

LAKE NORMAN DODGE, INC.

By: /s/ ILLEGIBLE

Its: PRES.

Date:

Loan #14394

84-291 4331 (1/96)
SECURITY AGREEMENT AND MASTER CREDIT AGREEMENT [LOGO] CHRYSLER
(Non-Chrysler Corporation Dealer) FINANCIAL

This Security Agreement and Master Credit Agreement {hereinafter called the "Agreement"), made as of this 15 day of May 1996,; is by and between Lake Norman Chrysler Plymouth Jeep Eagle, LLC, having its principal place of business at 20435 Chartwell Center Drive, Cornelius, NC 28031 (hereinafter called "Debtor"), and Chrysler Financial Corporation, a Michigan corporation, having offices located at 27777 Franklin Rd., Southfield, Michigan 48034-8286 (hereinafter called "Secured Party").

WHEREAS, Debtor is engaged in business as an authorized dealer of Chrysler Corporation and desires Secured Party to finance the acquisition by Debtor in the ordinary course of its business of new and unused vehicles sold and distributed by Chrysler Corporation and/or other authorized sellers and of used vehicles (all such unused and used vehicles being hereinafter collectively called the "Vehicles").

WHEREAS, Secured Party is willing to provide wholesale financing to Debtor to finance the acquisition of Vehicles by Debtor by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles.

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1.0 Financing - Secured Party agrees to extend to Debtor wholesale financing by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles from sellers thereof, on the terms and conditions set forth in Paragraph 2.1 herein or as set forth in the Vehicle financing terms and conditions as they may be made available to Debtor from time to time by Secured Party.

For the purposes of this Agreement, loans or advances provided by Secured Party directly to either Debtor or to the seller of Vehicles to Debtor are herein called "Advances". Debtor acknowledges that (x) the maximum amount of Advances which will be made by Secured Party hereunder will be established from time to time by Secured Party in its sole discretion and (y) all such Advances shall be made on and shall be subject to the terms and conditions of this Agreement. It is understood and agreed that the making of any Advance hereunder shall be at the option of Secured Party and shall not be obligatory, and that the right of Debtor to request that Secured Party make Advances may be terminated at any time by Secured Party at its election without notice.

2.0 Evidence of Advances and Payment Terms - Each Advance shall be made at such time as Debtor shall request in accordance with the then-effective Vehicle financing terms and conditions referred to above. Debtor will execute and deliver to Secured Party from time to time its demand promissory notes in aggregate principal amount equal to that amount agreed to by Debtor and Secured Party from time to time, such demand promissory notes (the "Promissory Notes") to evidence the liability of Debtor to Secured Party on account of all Advances. The maximum liability of Debtor under this Agreement shall at any time be equal to the aggregate principal amount of all Advances at the time outstanding hereunder plus interest and such other amounts as may be due under this Agreement. Debtor will pay to Secured Party on demand the aggregate principal amount of all Advances from time to time outstanding, and will pay upon demand the interest due thereon and such other additional charges as Secured Party shall determine from time to time.

In consideration of Secured Party's making Advances, Debtor will pay to Secured Party interest at the rate(s) per annum designated by Secured Party from time to time on the amount of each Advance made by Secured Party hereunder from the date of such Advance until the date of repayment to Secured Party of the full amount thereof. Secured Party will give notice to Debtor of the interest rate(s) established by it from time to time under the terms hereof, and each such notice shall constitute an agreement between Debtor and Secured Party as to the applicability to the Advances of the interest rate(s) contained therein, to be applicable from the dates stated in such notice until such interest rate(s) are changed by subsequent notice given by Secured Party pursuant to this sentence. All interest accrued on the Advances shall be payable monthly by Debtor, and shall be due upon receipt by Debtor of the statement of Secured Party setting forth the amount of such accrued interest.

2.1 Debtor agrees that financing pursuant to this Agreement shall be used exclusively for the purpose of acquiring Vehicles for Debtor's inventory and Debtor shall not sell or otherwise dispose of such Vehicles except by sale in the ordinary course of business. If so requested by Secured Party, Debtor agrees to maintain a separate bank account into which all cash proceeds of such sales or other dispositions of such Vehicle will be

deposited. Debtor further agrees that upon the sale of each Vehicle with respect to which an Advance has been made by Secured Party, Debtor will promptly remit to Secured Party the total amount then outstanding of Secured Party's Advance on each such Vehicle unless other terms of repayment have been agreed to by Secured Party. Debtor agrees to hold in trust for Secured Party and shall forthwith remit to Secured Party, to the extent of any unpaid and past due indebtedness hereunder, all proceeds of each Vehicle when received by Debtor, or to allow Secured Party to make direct collection thereof and credit Debtor with all sums received by Secured Party.

3.0 Security - Debtor hereby grants to Secured Party a first and prior security interest in and to each and every Vehicle financed hereunder, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof. Further, Debtor also hereby grants to Secured Party a security interest in and to all Chattel Paper, Accounts whether or not earned by performance and including without limitation all amounts due from the manufacturer or distributor of the Vehicles or any of its subsidiaries or affiliates, Contract Rights, Documents, Instruments, General Intangibles, Consumer Goods, Inventory of Automotive Parts, Accessories and Supplies, Equipment, Furniture, Fixtures, Machinery, Tools, and Leasehold Improvements, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof, as additional security for each and every indebtedness and obligation of Debtor as set forth herein. The security interest hereby granted shall secure the prompt, timely and full payment of (1) all Advances, (2) all interest accrued thereon in accordance with the terms of this Agreement and the Promissory Notes, (3) all other indebtedness and obligations of Debtor under the Promissory Notes, (4) all costs and expenses incurred by Secured Party in the collection or enforcement of the Promissory Notes or of the obligations of the Debtor under this Agreement, {5) all monies advanced by Secured Party on behalf of Debtor for taxes, levies, insurance and repairs to and maintenance of any Vehicle or other collateral, and (6) each and every other indebtedness or obligation now or hereafter owing by Debtor to Secured Party including any collection or enforcement costs and expenses or monies advanced on behalf of Debtor in connection with any such other indebtedness or obligations.

3.1 All said security set forth in Paragraph 3.0 shall hereinafter collectively be called "Collateral". Debtor hereby expressly agrees that the term "proceeds" as used in Paragraph 3.0 shall include without limitation all insurance proceeds on the Collateral, money, chattel paper, goods received in trade including without limitation vehicles received in trade, contract rights, instruments, documents, accounts whether or not earned by performance, general intangibles, claims and tort recoveries relating to the Collateral. Notwithstanding that Advances hereunder are made from time to time with respect to specific Vehicles, each Vehicle and the proceeds thereof and all other Collateral hereunder shall constitute security for all obligations of Debtor to Secured Party secured hereunder.

3.2 Debtor hereby agrees that upon request of the Secured Party it will take such action and/or execute and deliver to Secured Party any and all documents (and pay all costs and expenses of recording the same), in form and substance satisfactory to Secured Party, which will perfect in Secured Party its security interest in the Collateral in which Secured Party has or is to have a security interest under the terms of this Agreement.

3.3 Secured Party's security interest in the Collateral shall attach to the full extent provided or permitted by law to the proceeds, in whatever form, of any disposition of said Collateral or to any part thereof by Debtor until such proceeds are remitted and accounted for as provided herein. Debtor will notify Secured Party before Debtor signs, executes or authorizes any financing statement regardless of coverage.

3.4 Debtor shall be responsible for all loss and damage to the Collateral and agrees to keep Collateral insured against loss or damage by fire, theft, collision, vandalism and against such other risks as Secured Party may require from time to time. Insurance and policies evidencing such insurance shall be with such companies, in such amount and such form as shall be satisfactory to Secured Party. If so requested by Secured Party, any or all such policies of insurance shall contain an endorsement, in form and substance satisfactory to Secured Party, showing loss payable to Secured Party as its interest may appear, and a certificate of insurance evidencing such coverage will be provided to Secured Party.

4.0 Debtor's Warranties - Debtor warrants and agrees that the Collateral now is and shall always be kept free of all taxes, liens and encumbrances, except as specifically disclosed in Paragraph 4.1 below or provided for in Paragraph 3.0 above, and Debtor shall defend the Collateral against all other claims and demands whatsoever and shall indemnify, hold harmless and

defend Secured Party in connection therewith. Any sum of money that may be paid by Secured Party in release or discharge of any taxes, liens or encumbrances shall be paid to Secured Party on demand as an additional part of the obligation secured hereunder. Debtor hereby agrees not to mortgage, pledge or loan (except for designated demonstrators as agreed to in advance by Secured Party in writing) the Vehicles and shall not license, title, use, transfer or otherwise dispose of them except as provided in this Agreement. Debtor agrees that it will execute in favor of Secured Party any form of document which may be required to evidence further Advances by Secured Party hereunder, and shall execute such additional documents as Secured Party may at any time request in order to conform or perfect Debtor's title to or Secured Party's security interest in the Vehicles. Execution by Debtor of notes, checks or other instruments for the amount advanced shall be deemed evidence of Debtor's obligation and not payment therefor until collected in full by Secured Party.

4.1 Disclosure of Taxes, Liens and Encumbrances -

(If there are any, list them here; if none, so state.)

PLACE FILED	DATE OF FILING	NAME AND ADDRESS OF CREDITOR

5.0 Signatory Authorization - debtor hereby authorizes Secured Party or any of its officers, employees, agents or any other person Secured Party may designate to execute any and all documents pursuant to the terms and conditions of that certain Power of Attorney and Signatory Authorization of even date herewith.

6.0 Events of Default and Remedies/Termination - Time is of the essence herein and it is understood and agreed that Secured Party may terminate this Agreement, refuse to advance funds hereunder, and declare the aggregate of all Advances outstanding hereunder immediately due and payable upon the occurrence of any of the following events {each hereinafter called an "Event of Default"), and that Debtor's liabilities under this sentence shall constitute additional obligations of Debtor secured under this Agreement.

(a) Debtor shall fail to make any payment to Secured Party, whether constituting the principal amount of any Advance, interest thereon or any other payment due hereunder, when and as due in accordance with the terms of this Agreement or with any demand permitted to be made by Secured Party under this Agreement or any Promissory Note, or shall fail to pay when due any other amount owing to Secured Party under any other agreement between Secured Party and Debtor, or shall fail in the due performance or compliance with any other term or condition hereof or thereof, or shall be in default in the payment of any liabilities constituting indebtedness for money borrowed or the deferred payment of the purchase price of property or a rental payment with respect to property material to the conduct of Debtor's business;

(b) A tax lien or notice thereof shall have been filed against any of the Debtor's property or a proceeding in bankruptcy, insolvency or receivership shall be instituted by or against Debtor or Debtor's property or an assignment shall have been made by Debtor for the benefit of creditors;

(c) In the event that Secured Party deems itself insecure for any reason or the Vehicles are deemed by Secured Party to be in danger of misuse, loss, seizure or confiscation or other disposition not authorized by this Agreement;

(d) Termination of any franchise authorizing Debtor to sell Vehicles;

(e) A misrepresentation by Debtor for the purpose of obtaining credit or an extension of credit or a refusal by Debtor to execute documents relating to the Collateral and/or Secured Party's security interest therein or to furnish financial information to Secured Party at reasonable intervals or to permit persons designated by Secured Party to examine Debtor's books or records and to make periodic inspections of the Collateral; or

(f) Debtor, without Secured Party's prior written consent, shall

guarantee, endorse or otherwise become surety for or upon the obligations of others except as may be done in the ordinary course of Debtor's business, shall transfer or otherwise dispose of any proprietary, partnership or share interest Debtor has in his business, or all or substantially all of the assets thereof, shall enter into any merger or consolidation, if a corporation, or shall make any substantial disbursements or use of funds of Debtor's business, except as may be done in the ordinary course of Debtor's business, or assign this Agreement in whole or in part or any obligation hereunder.

Upon the occurrence of an Event of Default, Secured Party may take immediate possession of said Vehicles without demand or further notice and without legal process; and for the purpose and furtherance thereof, Debtor shall, if Secured Party so requests, assemble the Vehicles and make them available to Secured Party at a reasonably convenient place designated by Secured Party and Secured Party shall have the right, and Debtor hereby authorizes and empowers Secured Party to enter upon the premises wherever said Vehicles may be, to remove same. In addition, Secured Party or its assigns shall have all the rights and remedies applicable under the Uniform Commercial Code or under any other statute or at common law or in equity or under this Agreement. Such rights and remedies shall be cumulative. Debtor hereby agrees that it shall pay all expenses and reimburse Secured Party for any expenditures, including reasonable attorneys' fees and legal expenses, in connection with Secured Party's exercise of any of its rights and remedies under this Agreement.

7.0 Inspection: Vehicles/Books and Records - It is hereby understood and agreed by and between Debtor and Secured Party that Secured Party shall have the right of access to and inspection of the Vehicles and the right to examine Debtor's books and records, which Debtor warrants are genuine in all respects. Debtor hereby certifies to Secured Party that all Vehicles and books and records shall be kept at the principal place of business of Debtor as hereinabove stated or at such other locations as approved in writing by Secured Party, and Debtor shall not remove or permit the removal of the Vehicles or books and records during the pendency of this Agreement except in the ordinary course of business and as authorized by Secured Party.

7.1 Debtor agrees to furnish to Secured Party after the end of each month, for so long as this Agreement shall be effective, balance sheets and statements of profit and loss for each month with respect to Debtor's business in such detail and at such times as Secured Party may require from time to time.

8.0 General - Debtor and Secured Party further covenant and agree that:

8.1 Any provision hereof prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

8.2 This Agreement shall be interpreted according to the laws of the State of Debtor's principal place of business as identified above.

8.3 This Agreement cannot be modified or amended, except in writing by both parties unless otherwise specifically authorized herein, and shall be binding and inure to the benefit of each of the parties s hereto and their respective legal representatives, successors and assigns.

8.4 Interest to be paid in connection herewith shall never exceed the maximum rate allowable by law applicable hereto, as the parties intend to strictly comply with all law relating to usury. Notwithstanding any provision hereof or any other document in connection herewith to the contrary, Debtor shall not pay nor will Secured Party accept payment of any such excessive interest, which excessive interest is hereby canceled, and Secured Party shall be entitled at its option to refund any such interest erroneously paid or credit the same to Debtor's obligations hereunder.

8.5 The terms and provisions of this Agreement and of any other agreement between Debtor and Secured Party should be construed together as one agreement; provided, however, in the event of any conflict, the terms and provisions of this Agreement shall govern such conflict.

8.6 No failure or delay on the part of Secured Party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. The remedies herein are in addition to those available in law or equity, and Secured Party need not pursue any rights it might have as a Secured Party before pursuing payment and performance by Debtor or any guarantor or surety.

8.7 This Agreement may not be assigned by Debtor.

9.0 Notices - Any notice given hereunder shall be in writing and given by personal delivery or shall be sent by U.S. Mail, postage prepaid, addressed

to the party to be charged with such notice at the respective address set forth below.

TO DEBTOR	TO SECURED PARTY
Lake Norman Chrysler Plymouth Jeep Eagle, LLC 20435 Chartwell Center Drive Cornelius, NC 28031	Chrysler Financial Corporation P.O. Box 560217 Charlotte, NC 28256-0217
Attention: Phil M. Gandy, Jr.	Attention: Branch Manager

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

Lake Norman Chrysler Plymouth Jeep Eagle, LLC

(DEBTOR)

/s/ ILLEGIBLE

(WITNESS)

By /s/ Phil M. Gandy, Jr.

Phil M. Gandy, Jr.

(WITNESS)

Title Member

CHRYSLER FINANCIAL CORPORATION

By /s/ ILLEGIBLE

Title Zone Manager

PROMISSORY NOTE - JEEP EAGLE

AMOUNT	CITY	STATE	DATE
$2,000,000.00	Cornelius	North Carolina	May 15, 1996

ON DEMAND, FOR VALUE RECEIVED, the undersigned promise(s) to pay to the order of CHRYSLER FINANCIAL CORPORATION, a Michigan Corporation, at its office at 8801 J.M. Keynes Dr., Charlotte, NC 28262 or at such other place as the holder hereof may direct in writing, the sum of Two Million Dollars ($2,000,000.00), in lawful money of the United States of America, together with interest thereon from the date hereof until paid at the rate or rates established from time to time, pursuant to paragraph 2.0 of that certain Security Agreement and Master Credit Agreement dated May 15, (yr.) 96, between the undersigned and Chrysler Financial Corporation, which interest shall be payable monthly in like lawful money, provided, however, that the rate of interest payable hereunder shall not exceed the maximum rate of interest permitted by applicable law.

The undersigned agrees to pay reasonable attorneys fees if this note is placed in the hands of an attorney for collection.

The makers, sureties, guarantors and endorsers hereof severally waive presentment for payment, protest and notice of protest and non-payment of this note, and consents to any extension, renewal or postponement of the time of payment of this note, without notice, at the option of the holder.

DEALER	BY	ITS
Lake Norman Chrysler Plymouth Jeep Eagle, LLC	/s/ Phil M. Gandy, Jr. Phil M. Gandy, Jr.	Member

NationsBank
NationsBank, N.A. (South) Dated: September 1, 1996

FLOOR PLAN AGREEMENT

This Floor Plan Agreement is entered into by and between NationsBank, N.A (South) (Bank) 600 Peachtree Street, 17th Floor, Atlanta, Georgia 30308 and Dyer & Dyer, Inc. 5260 Peachtree Industrial Blvd Chamblee, Georgia 30341 (Borrower).

1. BACKGROUND. Borrower hereby requests Bank to extend to it a line of credit (Line) to purchase inventory to be secured by Borrower's Collateral described in paragraph 7 (Collateral). Bank agrees to extend the Line subject to the terms of this Agreement.

2. THE LINE OF CREDIT. Bank extends to Borrower a Line in the amount of $8,000,000.00 or such other amount as may be set by Bank from time to time. Before maturity or demand, Borrower may borrow, repay and reborrow hereunder at anytime, up to an aggregate amount outstanding at any one time equal to the principal amount of Note, provided, however, that Borrower is not in default of any provision of Note, Floor Plan Agreement, Security Agreement or any other agreement or obligation between Borrower and Bank. Any sums Bank may Advance in excess of the face amount of the Note shall also be part of the principal amount the Borrower is obligated to pay Bank and shall be subject to all the terms of the Note, Security Agreement, and this Floor Plan Agreement. The Bank's records of the amounts borrowed from time to time shall be conclusive proof thereof. Borrower acknowledges and agrees that notwithstanding any provisions of any Note, Floor Plan Agreement, Security Agreement or any other documents executed in connection with a Note, Floor Plan Agreement and Security Agreement, the Bank has no obligation to make any Advance, and that all Advances are at the sole discretion of Bank.

3. NOTE. Debt under the Line shall be evidenced by Borrower's Floor Plan Promissory Note (Note).

4. RATE. Debt under the Line shall bear interest as set forth in the Note.

5. DUE DATES.

   (a) Unpaid principal and interest hereon shall be due and payable as set forth in the Note, and as set forth below. Unless Borrower is in default under the terms of any Security Agreement securing the Note, this Floor Plan Agreement or any other agreement relating to this Floor Plan Agreement, upon sale of inventory, Borrower will pay to Bank at the earlier of Borrower's receipt of payment for that item of inventory or three (3) business days after that item of inventory is delivered to the customer or otherwise disposed of, cash in the amount equal to the original amount advanced less any curtailment payments made with respect to the item sold. If Borrower is in default at time of sale, all proceeds of sale will immediately be remitted to Bank and applied to debt hereunder.

   (b) Curtailment payments based on the original amount Advanced with respect to specific items of inventory shall be paid from time to time by Borrower as provided for in Addendum "A" attached hereto and made a part hereof for all purposes as if copied word for word herein.

6. USE OF LINE AND ADVANCES.

   (a) The Advances under this Line shall be exclusively for the purpose of purchasing inventory to be displayed and demonstrated in conjunction with the sale of the inventory in the ordinary course of Borrower's business unless otherwise agreed to in writing by Bank. Borrower agrees not to use the inventory for any other purpose without the prior written approval of Bank. The term "Advance" as used in this Agreement shall mean the dollar amount loaned by Bank on a motor vehicle financed under a floor plan line of credit and includes but is not limited to any charge against, debit against, draft against, or draw against the line of credit evidenced by a Note. Advances under the Line (Advances) shall be made against and in payment of drafts drawn on Bank, or in accordance with the written request of Borrower executed by the person signing this Agreement on behalf of Borrower or a person hereafter designated in writing by Borrower.

   (b) Units of inventory which may be presented as Collateral as well as the amount of outstanding debt permitted at any one time in connection

with the particular type of Collateral being financed shall be in accordance with Addendum "B".

(c) Bank may reject as Collateral hereunder any item of inventory which is received by Borrower in damaged condition. Bank has no obligation to inspect inventory for damage before paying drafts. If Bank has paid a draft on damaged inventory, Borrower shall direct the manufacturer to refund all payments directly to Bank. If the manufacturer fails to make the refund within thirty (30) days, Borrower shall reduce the debt outstanding under the Line by the amount Advanced against the damaged item.

(d) Borrower will submit or cause to be submitted to Bank invoices or bills of sale representing the actual cost to Borrower of the inventory. Bank may advance an amount equal to Borrower's cost (not to exceed NADA wholesale value in the case of used motor vehicles) or such part of the cost thereof as Bank elects at its sole discretion. The Advance may be disbursed to Borrower or the manufacturer or others from whom Borrower purchases inventory. Presentation of drafts or other requests for payment by manufacturers or others from whom Borrower purchases inventory shall constitute requests by Borrower that Bank lend Borrower the amount of such drafts or other requests for payment pursuant to this Agreement.

(e) A fee in the amount of $2.50 shall be paid by Borrower for each unit of inventory presented as Collateral to obtain Advances. The fee shall be paid monthly by Borrower.

7. COLLATERAL Borrower hereby grants to Bank a security interest in all of its inventory of:

_X_ New Motor Vehicles (now existing or hereafter acquired)

_X_ Used Motor Vehicles (now existing or hereafter acquired)

including all parts and accessories added to vehicles, now existing or hereafter acquired by Borrower, including any such goods as may be leased or held for leasing, together with any and all accounts and proceeds arising from the sale, lease or disposition of said property and all returned, refused and repossessed goods, all monies received from manufacturers by way of credits, refunds or otherwise with respect to Collateral, and all proceeds thereof (Collateral) to secure all debt of Borrower to Bank under any and all present and future Advances of whatever kind and further including but not limited to the Line and all other debt and other obligations of Borrower to Bank of any nature now existing or hereafter arising, including but not limited to debt arising directly between Borrower and Bank or acquired outright, conditionally or as Collateral security from another by Bank, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious,

liquidated or unliquidated, arising under the operation of law or otherwise, direct or indirect, whether incurred directly or as part of a partnership, association or other group, or whether incurred as principal, surety, indorser, accommodation party or otherwise. Borrower will execute and deliver any documents, instruments or agreements required by Bank to evidence debt hereunder, grant, perfect and preserve the security interest, and otherwise carry out the terms of this Agreement. The security interest herein described is also evidenced by a Security Agreement between Borrower and Bank, and in the event of any conflict between the terms hereof and the terms thereof, the terms hereof will apply.

8. IDENTIFICATION OF COLLATERAL. Without limiting the foregoing general grant of a security interest, as set forth in the Security Agreement, Collateral subject to the security interest granted herein shall include but not be limited to (i) inventory listed on invoices submitted to Bank by manufacturers attached to drafts submitted by manufacturers for payment, which drafts Bank pays; and/or (ii) inventory in Borrower's possession set out on a list submitted by Borrower as Collateral for Advances directly to Borrower.

9. TITLE DOCUMENTS. Title documents consisting of manufacturers' certificate of origin, manufacturers' statement of origin, certificates of title and/or any and all other title documents for each item of inventory shall be in the possession of Borrower unless otherwise directed by Bank. In the event Bank does require possession of title documents, Borrower shall deliver all such documents to Bank immediately upon demand.

10. PAYMENT OF DRAFTS. From time to time Bank may make Advances hereunder by direct payment to manufacturers or others, in which event, invoices submitted by Manufacturers along with drafts paid by Bank shall serve as evidence of Advances under the Line. Borrower authorizes Bank to pay all drafts or invoices upon presentation by the manufacturer or others supplying inventory to Borrower.

11. ATTORNEY-IN-FACT. Borrower hereby irrevocably appoints Bank its attorney-in-fact, to execute, deliver and file from time to time, in the name of Borrower or Bank, any trust receipts, security agreements, promissory notes, financing statements, continuation statements and amendments thereto, and any and all other documents and instruments that Bank may require in connection with evidencing and securing debt under this Agreement and carrying out the provisions hereof, which appointment shall be deemed to be a power coupled with an interest.

12. QUALITY OF INVENTORY. Borrower shall be responsible for the quantity, quality, condition and value of the inventory selected by Borrower and financed under this Agreement. Bank shall have no liability of any nature because of the failure of any inventory to conform to Borrower's specifications, and any dispute between the manufacturer or others and Borrower with respect to such inventory shall not affect Borrower's obligation to Bank to pay amounts Advanced hereunder.

13. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants that:

Borrower is a:

(i) _X_ corporation duly organized, existing and in good standing under the laws of the State of Georgia , that it is licensed to do business and in good standing in each state in which the property owned by it or the business transacted by it requires it to be licensed as a foreign corporation.

(ii) ___ limited liability company, duly organized, and in good standing under the laws of the State of _____.

(iii) ___ partnership composed of_____

_____

_____

(iv) ___ sole proprietorship owned by _____

_____

(b) Borrower is not in default with respect to any agreement between it and Bank on this date.

(c) All Collateral is owned by Borrower free and clear of any security interests or encumbrances except those granted pursuant hereto.

(d) Borrower is not in default under any agreement with any other party, and the execution and performance of this Agreement will not be a default under any agreement with any other party by which Borrower or any of Borrower's property is bound.

(e) Borrower does not do financing of any motor vehicle inventory with any other source or purchase inventory from any seller on credit except as set out below:

None.

Borrower shall notify Bank immediately in the event it buys inventory of motor vehicles on credit or enters into any such inventory financing arrangement with any other source, giving the name and address of the Bank or seller and details of the purchase or loan.

(f) Borrower and Guarantor shall promptly notify Bank in writing of (i) any condition, event or act which comes to Borrower's or Guarantor's attention that would or might materially adversely affect Borrower's or Guarantor's financial condition or operations, the Collateral, or Bank's rights under the Guaranty or any Loan Documents, (ii) any litigation filed by or against Borrower or Guarantor, (iii) any event that has occurred that would constitute an event of default under any Loan Documents, including but not limited to any Guaranty.

(g) All financial and other information heretofore submitted by Borrower is true, complete, and correct and reflects all direct, indirect, and contingent liabilities.

(h) There has been no material adverse change in the Borrower's financial condition and operations since the date of Borrowers most recent financial statements heretofore submitted.

(i) Borrower has and will maintain, at all times, all franchise, distributor agreements, licenses, permits, and other rights that are necessary to the conduct of our business.

14. COVENANTS. While the Line is in effect, and thereafter while Borrower is indebted to Bank, Borrower will:

(a) _X_ Provide Bank within twenty (20) days of each month's end, a company prepared financial statement (including the thirteenth (13) month statement including all adjustments to net worth) in accordance with requirements of the franchise(s) for which Borrower is a dealer.

___ Provide within sixty (60) days after Borrower's fiscal year-end a financial statement compiled by a Certified Public Accountant acceptable to the Bank.

_X_ Provide within one-hundred-twenty (120) days after Borrower's fiscal year-end a financial statement audited by a Certified Public Accountant acceptable to the Bank.

___ Provide within one-hundred-fifty (150) days of Borrower's fiscal year-end audited financial statements prepared by a Certified Public Accountant acceptable to the Bank.

In submitting such statements to Bank an authorized officer of Borrower will certify such statements to be true and accurate, continuing compliance with all terms and conditions contained herein and that no material violation or default exists with any material agreement.

_X_ As to Guarantors, provide the Bank a copy of each Guarantor's personal financial statement within thirty (30) days of calendar year-end in a manner and form acceptable to the Bank. Additionally, each Guarantor shall provide the Bank a copy of each Guarantor's federal income tax return within thirty (30) days of filing each return.

(b) Not merge into or consolidate with any other person, firm, corporation or limited liability company nor sell any substantial part of its assets to any person, firm, corporation or limited liability company except in the ordinary course of business;

(c) Not sell or enter into any agreement to sell or deal in new motor vehicles manufactured by any manufacturer for whom it is not now a Retailer or Wholesaler, unless approved by Bank in writing;

(d) Keep all Collateral and inventory insured, by insurers acceptable to Bank, at all times in an amount at least equal to the amount of debt to Bank under the Line with deductible amount satisfactory to Bank, and the insurance policy to contain loss payable clauses to Bank as its interest may appear. Borrower will deliver original policies or, if permitted by Bank, certificates of insurance to Bank;

(e) Permit Bank to enter upon the property of Borrower at any time to examine all Collateral and to examine Borrower's books in connection therewith.

(f) At time of execution of this Floor Plan Agreement deliver to Bank such Landlord Waiver and/or Mortgagee Waiver and Estoppel Agreements duly executed by the appropriate parties in such form that is satisfactory to Bank and Borrower will thereafter furnish to Bank current executed copies of the above instruments upon written request of Bank;

(g) Not allow any material change in ownership or management nor enter into any management agreement pursuant to which any third party assumes the management of Borrower in anticipation of a sale of Borrower's business or any material part of its assets without Bank's prior written approval;

(h) Operate business in compliance with all environmental protection laws and regulations including applicable local, state, or federal law, regulations, or rule of common law;

(i) Not allow any liens or encumbrances on any of Borrower's assets or property without the written consent of Bank;

(j) See Addendum "C" for additional covenants which are a part of this Agreement for all purposes as if they were copied word for word herein.

15. EVENTS OF DEFAULT.

The following are events of default hereunder: (a) the failure to pay or perform any obligation, liability, indebtedness or covenant of any Borrower or Guarantor to Bank, or to any affiliate of Bank, whether under this Floor Plan Agreement, Security Agreement, Note or any other agreement or instrument now or hereafter existing, as and when due (whether upon demand, at maturity or by acceleration); (b) the failure to pay or perform any other obligation, liability or indebtedness of any Borrower or Guarantor whether to Bank or some other party, the collateral for which constitutes an encumbrance on the collateral for this Floor Plan Agreement; (c) death of any Borrower or Guarantor (if an individual), or a proceeding being filed or commenced against any Borrower or Guarantor for dissolution or liquidation, or any Borrower or Guarantor voluntarily or involuntarily terminating or dissolving or being terminated or dissolved; (d) insolvency of, business failure of, the appointment of a custodian, trustee, liquidator or receiver for or for any of the property of, or an assignment for the benefit of creditors by, or the filing of a petition under bankruptcy, insolvency or debtor's relief law or for any adjustment of indebtedness, composition or extension by or against any Borrower or Guarantor; (e) any lien or additional security interest being placed upon any of the Collateral which is security for this Floor Plan Agreement; (f) acquisition at any time or from time to time of title to the whole of or any part of the Collateral which is security for this Floor Plan Agreement by any person, partnership, corporation or other entity; (g) Bank determining that any representation or warranty made by any Borrower or Guarantor to Bank is, or was, untrue or materially misleading; (h) failure of any Borrower or Guarantor to timely deliver such financial statements, including tax returns, and other statements of condition or other information as Bank shall request from time to time; (i) entry of a judgment against any Borrower or Guarantor which Bank deems to be of a material nature, in Bank's sole discretion; (j) the seizure or forfeiture of, or the issuance of any writ of possession, garnishment or attachment, or any turnover order for any property of any Borrower or Guarantor; (k) Bank reasonably deeming itself insecure for any reason; (l) the determination by Bank that a material adverse change has occurred in the financial condition of any Borrower or Guarantor; (m) the failure to comply with any law regulating the operation of Borrower's business; (n) Guarantor undertakes to terminate or revoke any guaranty of payment of this Note or defaults in the performance of or disputes any of his obligations as Guarantor; (o) the inability of the Borrower or Guarantor to pay debts as they mature owing to Bank or any other party.

16. REMEDIES. Upon the occurrence of any default hereunder, Bank shall have all of the remedies of a creditor and, to the extent applicable, of a secured party, under all applicable law. Without limiting the generality of the foregoing, Bank may, at its option and without notice or demand: (a) declare any liability accelerated and due and payable at once; and (b) take possession of any Collateral wherever located, and sell, resell, assign, transfer and deliver all or any part of said Collateral of Borrower or Guarantor at any public or private sale or otherwise dispose of any or all of the Collateral in its then condition, for cash or on credit or for future delivery, and in connection therewith Bank may impose reasonable conditions upon any such sale. Bank, unless prohibited by law the provisions of which cannot be waived, may purchase all or any part of said Collateral to be sold, free from and discharge of all trusts, claims, rights or redemption and equities of the Borrower or Guarantor whatsoever; Borrower and Guarantor acknowledge and agree that the sale of any Collateral through any nationally recognized broker - dealer, investment banker or any other method common in the securities industry shall be deemed a commercially reasonable sale under the Uniform Commercial Code or any other equivalent statute or federal law, and expressly waives notice thereof except as provided herein; and (c) set-off against any or all liabilities of Borrower or Guarantor all money owed by Bank in any capacity to Borrower or Guarantor whether or not due, and also set-off against all other Liabilities of Borrower or Guarantor to Bank all money owed by Bank in any capacity to any Borrower or Guarantor, and Bank shall be deemed to have exercised such right of set-off and to have made a charge against any such money immediately upon the occurrence of such default although made or entered on the books subsequent thereto.

17. ATTORNEY FEES, COST AND EXPENSES. Borrower and/or Guarantor shall pay all costs of collection and attorney's fees equal to the greater of (a) fifteen percent (15%) of the first $500.00 of any Liability due and ten percent (10%) on the excess of $500.00 Liability due and unpaid if Bank proceeds to collect such Liability through the services of an attorney at law, whether through the initiation of legal proceedings or otherwise, plus reasonable attorney's fees incurred in appellate proceedings, or (b) reasonable attorney's fees, including reasonable attorney's fees in connection with any suit, mediation or arbitration proceeding, out of court payment agreement, trial, appeal, bankruptcy proceedings or otherwise, incurred or paid by Bank in enforcing the payment of any Liability or enforcing or

preserving any right or interest of Bank hereunder, including the collection, preservation, sale or delivery of any Collateral from time to time pledged to Bank, and after deducting such fees, costs and expenses from the proceeds of sale or collection, Bank may apply any residue to pay any of the Liabilities and Guarantor shall continue to be liable for any deficiency with interest at the rate specified in any instrument evidencing the Liability or, at the Bank's option, equal to the highest lawful rate, which shall remain a liability.

18. PRESERVATION OF PROPERTY. Bank shall not be bound to take any steps necessary to preserve any rights in any of the property of Borrower and/or Guarantor pledged to Bank to secure Borrower's and/or Guarantor's obligations against prior parties who may be liable in connection therewith, and Borrower and/or Guarantor hereby agree to take any such steps. Bank, nevertheless, at any time, may (a) take any action it deems appropriate for the care or preservation of such property or of any rights of Borrower and/or Guarantor or Bank therein, (b) demand, sue for, collect or receive any money or property at any time due, payable or receivable on account of or in exchange for any property of Borrower and/or Guarantor, (c) compromise and settle with any person liable on such property, or (d) extend the time of payment or otherwise change the terms thereof as to any party liable thereon, all without notice to, without incurring responsibility to, and without affecting any of the obligations or liabilities of Borrower and/or Guarantor.

19. TERMINATION. The Line may be terminated at any time by either party with or without cause upon 30 days' notice in writing to the other. Upon the occurrence of a default hereunder, Bank shall have the right to terminate the Line and to mature all debt outstanding hereunder, including principal and interest, without notice to any person or lapse of time. Termination of the Line hereunder shall not affect the obligations of Borrower with respect to any debt incurred prior to termination. All such obligations shall continue in full force and effect until all debt under the Line is paid in full.

20. OVERLINE DEBT. In the event debt outstanding under the Line should for any reason exceed the amount of the Line allowed hereunder, all such debt shall be payable on demand, but if no demand is made, no later than such time as may be specified by Bank at the time of the approval of the temporary overline. The overline debt shall bear interest at the rate specified for debt under the Line, and shall be governed by all the terms and conditions of this Agreement and the other Loan Documents and shall be secured by all Collateral for the Line, and all items of inventory financed by the overline debt shall secure all debt under the Line including the overline and be governed by all terms of the Security Agreement, Floor Plan Agreement and Note. Bank shall have no obligation to permit any overline at any time but in its sole discretion may do so.

21. REVIEW OF LINE. Bank may, at its option, from time to time review the credit for performance, pricing, amount of Line, and Borrower's financial condition.

22. CHANGE IN TERMS. Bank may at its discretion amend or modify any term or provision of this Floor Plan Agreement, Security Agreement or any other agreements pertaining to this Agreement, with any change to be effective 15 days after mailing of notice to Borrower.

23. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon each party's respective successors, heirs, executors, administrators, personal representatives and assigns if

applicable. Neither this Floor Plan Agreement nor any interest in it may be assigned by Borrower without Bank's prior written approval.

24. WAIVER (a) Bank may consent to or waive any action or any failure to act by Borrower with respect to any obligation of Borrower hereunder. Any consent or waiver on the part of Bank shall be binding upon Bank only when in writing and signed by an officer of Bank, and no failure to take action with respect to any default shall constitute a waiver thereof. No waiver of any default shall be a waiver of any other or future default of that or any other nature; (b) Bank shall not be required to proceed first against Borrower, or any other person, firm or corporation, whether primarily or secondarily liable, or against any collateral held by it, before resorting to Guarantor for payment, and Guarantor shall not be entitled to assert as a defense the enforceability of the Guaranty any defense of Borrower with respect to any Liabilities or Obligations.

25. GOVERNING LAW. This Floor Plan Agreement shall be deemed to have been made in the State of Georgia at the address indicated above, and shall be governed by, and construed in accordance with, the laws of the State of Georgia, and is performable in the State of Georgia.

26. MEDIATION, BINDING ARBITRATION. The parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement by participating in mediation and/or binding arbitration. Each party agrees that each will bear their respective expenses related to either mediation or arbitration. The parties further agree if the matter has not been resolved pursuant to mediation within thirty (30) days of notice to mediate given by either party, the controversy shall be settled by arbitration and shall be governed by the United States Arbitration Act, 9 U.S.C. ss.1-16, and judgment upon the award rendered by the Arbitrator may be entered by any court having jurisdiction thereof.

27. ADDITIONAL TERMS. (a) As used herein, the singular number shall include the plural (e.g. "Note" means Note or Notes); or (b) In the event that there are any written terms that may differ between this Floor Plan Agreement and any other agreements, documents, or negotiations in existence prior to the execution of this Floor Plan Agreement, Bank and Borrower agree that the terms of this Floor Plan Agreement shall control and be the final agreement.

28. MERGER. The terms of any commitment letter issued by Bank to Borrower for this Line are incorporated herein by reference, except to the extent that such terms are inconsistent with the terms of this Floor Plan Agreement, Security Agreement or Note. Any such inconsistent terms are of no effect. This Floor Plan Agreement supersedes any Floor Plan Agreements heretofore executed by and between Bank and Borrower, and all outstanding Floor Plan Agreement indebtedness is hereafter subject to all of the terms and provisions of this Floor Plan Agreement, and the outstanding principal balance of all such Floor Plan indebtedness are added to the principal balance of this Floor Plan Agreement.

29. NOTICES. Any notice or other communication required or permitted hereunder or under any Note or Security Agreement shall be in writing and shall be delivered personally, sent by facsimile transmission or by first-class, certified, registered or express mail, or by courier, with postage and other charges prepaid. Any such notice shall be deemed given when so delivered personally, by courier or by facsimile

transmission, or, if mailed, five (5) days after the date of deposit in the United States mail, as follows:

If to Borrower, to:
Dyer & Dyer, Inc.
5260 Peachtree Industrial Blvd
Chamblee, Georgia 30341
Attention: Richard S. Dyer, Jr.
Facsimile #_____

If Bank, to:

NationsBank, N.A. (South)
600 Peachtree Street, 17th Floor
Atlanta, Georgia 30308-2213
Attention: James A. Dennis

Either Bank or Borrower may, by notice given in accordance with this provision, designate another address or person for receipt of notices hereunder.

30. FLOOR PLAN COLLATERAL AND/OR INVENTORY INSPECTION. Floor Plan inventory inspections will be conducted by Secured Party from time to time at the sole discretion of Secured Party. Debtor agrees to pay in full any item or unit of Collateral that is not located at Debtor's premises or accounted for by Debtor to Secured Party. Debtor shall make payment to Secured Party (Bank) immediately upon notice of demand being given to Debtor pursuant to paragraph 29 (NOTICES) of the Floor Plan Agreement.

31. FINAL AGREEMENT. THIS FLOOR PLAN AGREEMENT, FLOOR PLAN PROMISSORY NOTE, SECURITY AGREEMENT AND ANY OTHER AGREEMENTS EXECUTED IN CONJUNCTION WITH THIS FLOOR PLAN REVOLVING LINE OF CREDIT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the undersigned has caused this Floor Plan Agreement to be executed under seal on the 9th day of November, 1996.

	Dyer & Dyer, Inc.
NationsBank, N.A. (South)	Borrower
Bank	
By	By /s/ Richard S. Dyer Jr.

James A. Dennis, Vice President	Richard S. Dyer Jr., President
(Name and Title)	(Name and Title)

ADDENDUM "A"

This Addendum "A" to the Floor Plan Agreement shall be and is incorporated by reference for all purposes as part of the Floor Plan Agreement dated September 1, 1996 between Bank and Borrower.

Curtailments. Curtailment payments based upon the original amount advanced with respect to specific items of Collateral shall be paid on the following types of units of Collateral based upon either a dollar or percentage amount as billed to Borrower and payment is due when billed. The Curtailment payment is to be applied against the original amount advanced for a unit of Collateral. The Curtailment payment based upon either a dollar or percentage amount is calculated on the original amount advanced for the unit and not the outstanding unpaid balance from time to time.

Unit Type	Curtailment Amount	Curtailment Date	Final Payoff Date
New	10% of original amount financed.	Due 90 days prior to maturity.	15 months from date financed.
Demonstrators	2% of original amount financed.	Due monthly beginning in the month the vehicle reached 5,000 miles.	15 months from date financed.

Dated: 11/9/96

Dyer & Dyer, Inc.

Borrower

By: /s/ Richard S. Dyer, Jr.

Richard S. Dyer, Jr., President
(Name and Title)

Approved: NationsBank, N.A. (South)

By:

James A. Dennis, Vice President
(Name and Title)

ADDENDUM "B"

This Addendum "B" to the Floor Plan Agreement shall be and is incorporated by reference for all purposes as part of the Floor Plan Agreement dated September 1, 1996 between Bank and Borrower.

Floor Plan Sublimits. The following sublimits represent the amount of outstandings permitted at any one time in connection with the particular type of Collateral being financed; notwithstanding, the Bank, in it's sole discretion, may advance from time to time amounts in excess of the sublimit amounts below:

Unit Type	Sublimit Amount
New	$8,000,000.00

Dated: 11/9/96

Dyer & Dyer, Inc.

Borrower

By: /s/ Richard S. Dyer, Jr.

Richard S. Dyer, Jr., President
(Name and Title)

Approved: NationsBank, N.A. (South)

By:

James A. Dennis, Vice President
(Name and Title)

ADDENDUM "C"

This Addendum "C" to the Floor Plan Agreement shall be and is incorporated by reference for all purposes as part of the Floor Plan Agreement dated September 1, 1996 between Bank and Borrower.

As used herein, the following defined terms shall have the following meanings:

Working Capital - Current assets minus current liabilities.

Current Assets - Current assets (inclusive of LIFO reserve for new and used vehicles) less amounts due from officers, stockholders, insiders, affiliates and employees included as current assets, all computed in accordance with generally accepted accounting principles.

Current Liabilities - Current liabilities less amounts included as current liabilities due to officers, stockholders, insiders, affiliates and employees, which have been expressly subordinated in payment to the Bank all computed in accordance with generally accepted accounting principles.

Tangible Net Worth - Stated net worth less intangible assets, less leasehold improvements, less amounts due from officers/affiliates, plus 70% times LIFO Reserve (new vehicles only), plus Accounts Payable or Notes Payable to officers/affiliates formally subordination to the Bank.

Inventory Trust Position - Cash, plus contracts in transit, plus accounts receivable - vehicles (excluding any receivable from finance activities), new and used inventories (inclusive of LIFO reserves for new and used vehicles) less new and used Floor Plan liabilities.

Total Liabilities - Total liabilities less amounts payable to officers, stockholders, insiders, affiliates and employees that are expressly subordinated in payment to the Bank, all computed in accordance with generally accepted accounting principles.

Additional Covenants. While the Line is effect, and thereafter while Borrower is indebted to Bank, Borrower will: (Mark block for applicable covenant)

|_| (1) Maintain Working Capital of not less than $ N/A at all times.

|X| (2) Maintain a ratio of current assets to current liabilities of not less than 2 to 1.0 at all times.

|_| (3) Maintain Tangible Net Worth of not less than $ N/A at all times.

|X| (4) Not permit the ratio of total liabilities to Tangible Net Worth to exceed 1.3 to 1.0 at all times.

|_| (5) Maintain a minimum Inventory Trust Position of not less than $ N/A at all times.

|_| (6) Provide to Bank within N/A days of each month end a monthly Certificate of Compliance in the form attached hereto as "Exhibit A-1", signed by a duly authorized representative of Borrower or Borrower.

|X| (7) Provide to Bank within 120 days of each fiscal year end financial statements audited by a Certified Public Accountant acceptable to Bank, to include a balance sheet, operating statement, cash flow statement and net worth reconciliation. Such audit shall include an unqualified opinion from such auditor.

|X| (8) Other: (If additional space is needed, attach additional pages to this Addendum)

10.25a

NATIONSBANK. N.A. (SOUTH)

SECURITY AGREEMENT
(Floor Plan)
Date September 1, 1996

Between: and

BANK: (SECURED PARTY)	DEBTOR: (BORROWER)
NATIONSBANK, N.A. (SOUTH) 600 Peachtree Street 17th Floor Atlanta, Georgia 30308	Dyer & Dyer, Inc. 5260 Peachtree Industrial Blvd. Chamblee, Georgia 30341
Fulton County	Dekalb County
(address including county)	Name and address, including county)

Debtor is: [ ] Individual [X] Corporation [ ] Partnership [ ] Other _____

Address is Debtor's: [ ] Residence [X] Place of Business [ ] Chief Executive Office if more than one place of business

[This Agreement contains some provisions preceded by boxes. Mark only those boxes beside provisions which will be applicable to this transaction. A box which is not marked means that the provision beside it is not applicable to this transaction.]

SECTION I. CREATION OF SECURITY INTEREST.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged and subject to the applicable terms of a Floor Plan Agreement, Floor Plan Promissory Note and this Floor Plan Security Agreement, Debtor hereby grants to Secured Party (Bank) a security interest in the Collateral described in Section II of this Security Agreement to secure performance and payment of all obligations and indebtedness of Debtor to Bank of whatever kind and whenever or however created or incurred. Said obligations and indebtedness includes but is not limited to any and all liabilities, fixed or contingent, whether arising by notes, discounts, overdraws, or in any other manner whatsoever.

SECTION II. COLLATERALS

The Collateral of this Security Agreement is inventory of the following description:

[X] New Motor Vehicles
[X] Used Motor Vehicles

including all parts and accessories, now existing or hereafter acquired by Debtor (Borrower), including any such goods as may be leased or held for leasing, together with any and all accounts and Proceeds arising from the sale, lease or disposition of said property and all returned, refused and repossessed goods, all monies received from manufacturers by way of credits, refunds or otherwise with respect to Collateral, and all Proceeds thereof (Collateral) to secure all debt of Debtor (Borrower) to Secured Party (Bank) under any and all future Advances of whatever kind and further including but not limited to the Line and all other debt of Debtor (Borrower) to Secured Party (Bank) of any nature now existing or hereafter arising, including but not limited to

debt arising directly between Debtor (Borrower) and Bank or acquired outright, conditionally or as Collateral security from another by Secured Party, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising under the operation of law or otherwise, direct or indirect, whether incurred directly or as part of a partnership, association or other group, or whether incurred as principal, surety, indorser, accommodation party or otherwise. Debtor (Borrower) will

execute and deliver any documents, instruments or agreements required by Secured Party (Bank) to evidence debt hereunder, grant, perfect and preserve the security interest, and otherwise carry out the terms of the Floor Plan Agreement and Floor Plan Security Agreement. See attached schedule for additional Collateral, if applicable.

The inclusion of Proceeds in this Security Agreement does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized by the Floor Plan Agreement or this Security Agreement. The term "Proceeds" means proceeds as said term is defined in the Uniform Commercial Code and includes without limitation cash, accounts, general intangibles, documents, inventory (including trade-ins), instruments, chattel paper, equipment, and all other property of every kind received upon the sale, exchange, collection, lease or other disposition of inventory.

SECTION III. PAYMENT OBLIGATIONS OF DEBTOR.

1. Debtor shall pay to Secured Party on demand all expenses and expenditures, including attorney fees, plus interest thereon at the highest legal rate per annum, pursuant to the provisions of the Floor Plan Agreement, Floor Plan Note and this Security Agreement.

2. Debtor shall pay to Secured Party the earned outstanding indebtedness of Debtor to Secured Party upon Debtor's default pursuant to the terms and conditions contained in a Floor Plan Note, Floor Plan Agreement or this Security Agreement.

SECTION IV. DEBTOR'S REPRESENTATIONS AND WARRANTIES.

1. The representations and warranties contained in a Floor Plan Agreement between Debtor and Secured Party dated September 1, 1996, are hereby incorporated by reference for all purposes as if copied herein word for word.

2. Debtor will execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all connected costs, necessary to protect the security interest under this Security Agreement against the rights or interest of third persons.

3. Debtor will at all times keep Collateral and its Proceeds separate and distinct from other property of Debtor and shall keep accurate and complete records of the Collateral and its Proceeds.

4. Debtor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Debtor's failure to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the indebtedness secured by this Agreement and shall be paid to Secured Party by Debtor immediately and without demand, with interest thereon at the highest legal rate per annum.

5. The Collateral shall remain in Debtor's possession or control at all times at Debtor's risk of loss; and be kept at the address shown at the beginning of this Agreement, or at _____

_____

(No. and Street) (City) (County) (State)

where Secured Party may inspect it at any time. Except for its temporary removal in connection with its ordinary use, Debtor shall not remove the Collateral from the above address without obtaining prior written consent from Secured Party.

6. The Collateral will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use, and will not be used in violation of any statute or ordinance.

7. The Collateral will not be sold, transferred or disposed of by Debtor or be subjected to any unpaid charge, including rent and taxes, or to any subsequent interest of a third person created or suffered by Debtor voluntarily or involuntarily unless Secured Party consents in advance in writing to such sale, transfer, disposition, charge, or subsequent interest, or unless otherwise provided in this Agreement.

8. Debtor will promptly notify Secured Party in writing of any addition to, change in or discontinuance of: (i) its address as shown at the beginning of this Security Agreement; (ii) the location of its place of business if it has

one location or its chief executive office if it has more than one place of business as set forth in this Security Agreement; and (iii) the location of the office where it keeps its records as set forth in this Security Agreement.

9. If any Collateral is leased or held for lease to customers of Debtor and is of a type normally used in more than one State (such as automotive equipment, rolling stock, airplanes, road building equipment, commercial harvesting equipment, construction machinery and the like), Debtor's place of business if it has one location or its chief executive office if it has more than one place of business is the address shown at the beginning of this Agreement.

10. The office where Debtor keeps its records is

5260 Peachtree Industrial Blvd.		
(No. and Street)		
Chamblee	Dekalb	Georgia
(City)	(County)	(State)

11. Debtor shall account fully and faithfully to Secured Party for Proceeds from disposition of the Collateral in any manner and shall pay or turn over pursuant to paragraph 5(a) of the Floor Plan Agreement in cash, negotiable instruments, drafts, assigned accounts or chattel paper, all Proceeds from each sale lo be applied to Debtor's indebtedness to Secured Party, subject, if other than cash, to final payment or collection.

12. If any Collateral or Proceeds includes obligations of third parties to Debtor, the transactions giving rise to the Collateral shall conform in all respects to the applicable State or Federal law including but not limited to consumer credit law. Debtor shall hold harmless and indemnify Bank against any cost, loss or expense arising from Debtor's breach of this covenant.

13. Without the written consent of Bank, Debtor shall not change its name, change its corporate status, use any trade name or engage in any business in which it was not engaged on the date of this Agreement.

14. Debtor appoints Bank as Debtor's attorney-in-fact with full power in Debtor's name and behalf to do every act which Debtor is obligated to do or may be required to do hereunder, however, nothing in this paragraph shall be construed to obligate Bank to take any action hereunder nor shall Bank be liable to Debtor for failure to take any action hereunder. This appointment shall be deemed a power coupled with an interest and shall not be terminable as long as the obligations are outstanding and shall not terminate on the disability or incompetence of the Debtor.

15. Debtor will comply with all State and Federal laws and regulations applicable to its business, whether now in effect or hereafter enacted including but not limited to the wage and hours laws and relating to the use or disposal of hazardous materials and wastes.

SECTION V. COVENANTS.

The Covenants contained in a Floor Plan Agreement between Debtor and Secured Party dated September 1, 1996, are hereby incorporated by reference for all purposes as if copied word for word herein.

SECTION VI. Events of Default.

Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (hereinafter called an "Event of Default"):

1. The Events of Default contained in a Floor Plan Agreement between Debtor and Secured Party dated September 1, 1996, are hereby incorporated by reference for all purposes as if copied word for word herein.

2. If any Physical Damage, property and/or other insurance, insuring said Collateral and the respective interests of the parties therein, is cancelled for any reason and the Debtor fails or refuses to furnish written proof to Secured Party of his having obtained substitute insurance coverage replacing the cancelled policies.

SECTION VI. SECURED PARTY'S RIGHTS AND REMEDIES.

A. Rights Exclusive of Default.

(1) This Security Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party, and Debtor will assert no claims or defenses he may have against Secured Party against the Assignee except those granted in this Security Agreement.

(2) At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the highest legal rate per annum.

(3) Secured Party may execute, sign, endorse, transfer or deliver in the name of Debtor notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents, necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement.

(4) Secured Party may notify the account Debtors or Obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness remitted by Debtor to Secured Party as Proceeds to pay Secured Party directly.

(5) Secured Party may at any time demand, sue for, collect or make any compromise or settlement with reference to the Collateral as Secured Party, in its sole discretion, chooses.

(6) Secured Party may enter upon Debtor's premises at any reasonable time to inspect the Collateral and Debtor's books and records pertaining to the Collateral; Secured Party may require the Debtor to assemble the Collateral for such inspection in a reasonably convenient place; and in all other ways the Debtor shall assist the Secured Party in making such inspection.

B. Rights in Event of Default.

(1) Upon the occurrence of an Event of Default, or if Secured Party deems payment of Debtor's obligations to Secured Party to be insecure, and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a Secured Party under the Uniform Commercial Code of Georgia, including without limitation thereto, the right to sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless Collateral threatens to decline speedily in value or is a type customarily sold in a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met as such notice is mailed, postage prepaid, to the address of Debtor shown at the beginning of this Security Agreement at least five (5) days before the time of sale or disposition. After sale, all monies will be applied to Security Agreement, and Debtor will be liable for any remaining deficiencies. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, plus interest thereon at the highest legal rate per annum. Debtor shall remain liable for any deficiency.

(2) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default. '

(3) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

SECTION VII. ADDITIONAL AGREEMENTS.

1. The terms and conditions contained in a Floor Plan Agreement between Debtor and Secured Party dated September 1, 1996, are hereby incorporated by

reference for all purposes as if copied word for word herein.

2. The term "Debtor" (Borrower) as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument as Debtor. The pronouns used in this instrument are in the masculine gender but shall be construed as feminine or neuter as occasion may require. "Secured Party" (Bank) and "Debtor" as used in this instrument include the heirs, executors or administrators, successors, representatives, receivers, trustees and assigns of those parties.

3. Floor Plan inventory inspections will be conducted by Secured Party from time to time at the sole discretion of Secured Party. Debtor agrees to pay in full any item or unit of Collateral that is not located at Debtor's premises or accounted for by Debtor to Secured Party. Debtor shall make payment to Secured Party (Bank) immediately upon notice of demand being given to Debtor pursuant to paragraph 29 (NOTICES) of the Floor Plan Agreement.

4. (Write in any additional agreements or conditions): See attached Schedule, if appropriate.

5. MEDIATION, BINDING ARBITRATION. THE PARTIES WILL ATTEMPT IN GOOD FAITH TO RESOLVE ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT BY PARTICIPATING IN MEDIATION AND/OR BINDING ARBITRATION. EACH PARTY AGREES THAT EACH WILL BEAR THEIR RESPECTIVE EXPENSES RELATED TO EITHER MEDIATION OR ARBITRATION. THE PARTIES FURTHER AGREE IF THE MATTER HAS NOT BEEN RESOLVED PURSUANT TO MEDIATION WITHIN THIRTY (30) DAYS OF NOTICE TO MEDIATE GIVEN BY EITHER PARTY, THE CONTROVERSY SHALL BE SETTLED BY ARBITRATION AND SHALL BE GOVERNED BY THE UNITED STATES ARBITRATION ACT, 9 U.S.C. ss.1-16, AND JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED BY ANY COURT HAVING JURISDICTION THEREOF.

6. NOTICE OF FINAL AGREEMENT: THIS WRITTEN SECURITY AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Executed this 9th day of November, 1996

NationsBank, N.A. (South) Secured Party	Dyer &: Dyer. Inc. Debtor
By _____	By _____
James A. Dennis, Vice President (Print or Type Name and Title)	Richard S. Dyer. Jr. President (Print or Type Name and Title)

84-291-4331 (3/92) [LOGO] CHRYSLER
SECURITY AGREEMENT AND MASTER CREDIT AGREEMENT CREDIT
(Non-Chrysler Corporation Dealer)

This Security Agreement and Master Credit Agreement (hereinafter called the "Agreement"), made as of this 21 day of April, 1995; is by and between CLEVELAND VILLAGE IMPORTS, INC. dba CLEVELAND VILLAGE HONDA, INC., having its principal place of business at 2490 South Lee Hwy. - Cleveland, Tn. 37311 (hereinafter called "Debtor"), and Chrysler Credit Corporation, a Delaware corporation, having offices located at 27777 Franklin Rd., Southfield, Michigan 48034-8286 (hereinafter called "Secured Party").

WHEREAS, Debtor is engaged in business as an authorized dealer of AMERICAN HONDA MOTOR CO., INC. and desires Secured Party to finance the acquisition by Debtor in the ordinary course of its business of new and unused vehicles sold and distributed by AMERICAN HONDA MOTOR CO., INC. and/or other authorized sellers and of used vehicles (all such unused and used vehicles being hereinafter collectively called the "Vehicles").

WHEREAS, Secured Party is willing to provide wholesale financing to Debtor to finance the acquisition of Vehicles by Debtor by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles.

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1.0 Financing - Secured Party agrees to extend to Debtor wholesale financing by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles from sellers thereof, on the terms and conditions set forth in Paragraph 2.1 herein or as set forth in the Vehicle financing terms and conditions as they may be made available to Debtor from time to time by Secured Party.

For the purposes of this Agreement, loans or advances provided by Secured Party directly to either Debtor or to the seller of Vehicles to Debtor are herein called "Advances". Debtor acknowledges that (x) the maximum amount of Advances which will be made by Secured Party hereunder will be established from time to time by Secured Party in its sole discretion and (y) all such Advances shall be made on and shall be subject to the terms and conditions of this Agreement. It is understood and agreed that the making of any Advance hereunder shall be at the option of Secured Party and shall not be obligatory, and that the right of Debtor to request that Secured Party make Advances may be terminated at any time by Secured Party at its election without notice.

2.0 Evidence of Advances and Payment Terms - Each Advance shall be made at such time as Debtor shall request in accordance with the then-effective Vehicle financing terms and conditions referred to above. Debtor will execute and deliver to Secured Party from time to time its demand promissory notes in aggregate principal amount equal to that amount agreed to by Debtor and Secured Party from time to time, such demand promissory notes (the "Promissory Notes") to evidence the liability of Debtor to Secured Party on account of all Advances. The maximum liability of Debtor under this Agreement shall at any time be equal to the aggregate principal amount of all Advances at the time outstanding hereunder plus interest and such other amounts as may be due under this Agreement. Debtor will pay to Secured Party on demand the aggregate principal amount of all Advances from time to time outstanding, and will pay upon demand the interest due thereon and such other additional charges as Secured Party shall determine from time to time.

In consideration of Secured Party's making Advances, Debtor will pay to Secured Party interest at the rate(s) per annum designated by Secured Party from time to time on the amount of each Advance made by Secured Party hereunder from the date of such Advance until the date of repayment to Secured Party of the full amount thereof. Secured Party will give notice to Debtor of the interest rate(s) established by it from time to time under the terms hereof, and each such notice shall constitute an agreement between Debtor and Secured Party as to the applicability to the Advances of the interest rate(s) contained therein, to be applicable from the dates stated in such notice until such interest rate(s) are changed by subsequent notice given by Secured Party pursuant to this sentence. All interest accrued on the Advances shall be payable monthly by Debtor, and shall be due upon receipt by Debtor of the statement of Secured Party setting forth the amount of such accrued interest.

2.1 Debtor agrees that financing pursuant to this Agreement shall be used exclusively for the purpose of acquiring Vehicles for Debtor's inventory and Debtor shall not sell or otherwise dispose of such Vehicles except by sale in the ordinary course of business. If so requested by Secured Party,

Debtor agrees to maintain a separate bank account into which all cash proceeds of such sales or other dispositions of such Vehicle will be deposited. Debtor further agrees that upon the sale of each Vehicle with respect to which an Advance has been made by Secured Party, Debtor will promptly remit to Secured Party the total amount then outstanding of Secured Party's Advance on each such Vehicle unless other terms of repayment have been agreed to by Secured Party. Debtor agrees to hold in trust for Secured Party and shall forthwith remit to Secured Party, to the extent of any unpaid and past due indebtedness hereunder, all proceeds of each Vehicle when received by Debtor, or to allow Secured Party to make direct collection thereof and credit Debtor with all sums received by Secured Party.

3.0 Security - Debtor hereby grants to Secured Party a first and prior security interest in and to each and every Vehicle financed hereunder, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof. Further, Debtor also hereby grants to Secured Party a security interest in and to all Chattel Paper, Accounts whether or not earned by performance and including without limitation all amounts due from the manufacturer or distributor of the Vehicles or any of its subsidiaries or affiliates, Contract Rights, Documents, Instruments, General Intangibles, Consumer Goods, Inventory of Automotive Parts, Accessories and Supplies, Equipment, Furniture, Fixtures, Machinery, Tools, and Leasehold Improvements, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof, as additional security for each and every indebtedness and obligation of Debtor is set forth herein. The security interest hereby granted shall secure the prompt, timely and full payment of (1) all Advances, (2) all interest accrued thereon in accordance with the terms of this Agreement and the Promissory Notes, (3) all other indebtedness and obligations of Debtor under the Promissory Notes, (4) all costs and expenses incurred by Secured Party in the collection or enforcement of the Promissory Notes or of the obligations of the Debtor under this Agreement, (5) all monies advanced by Secured Party on behalf of Debtor for taxes, levies, insurance and repairs to and maintenance of any Vehicle or other collateral, and (6) each and every other indebtedness or obligation now or hereafter owing by Debtor to Secured Party including any collection or enforcement costs and expenses or monies advanced on behalf of Debtor in connection with any such other indebtedness or obligations.

3.1 All said security set forth in Paragraph 3.0 shall hereinafter collectively be called "Collateral". Debtor hereby expressly agrees that the term "proceeds" as used in Paragraph 3.0 shall include without limitation all insurance proceeds on the Collateral, money, chattel paper, goods received in trade including without limitation vehicles received in trade, contract rights, instruments, documents, accounts whether or not earned by performance, general intangibles, claims and tort recoveries relating to the Collateral. Notwithstanding that Advances hereunder are made from time to time with respect to specific Vehicles, each Vehicle and the proceeds thereof and all other Collateral hereunder shall constitute security for all obligations of Debtor to Secured Party secured hereunder.

3.2 Debtor hereby agrees that upon request of the Secured Party it will take such action and/or execute and deliver to Secured Party any and all documents (and pay all costs and expenses of recording the same), in form and substance satisfactory to Secured Party, which will perfect in Secured Party its security interest in the Collateral in which Secured Party has or is to have a security interest under the terms of this Agreement.

3.3 Secured Party's security interest in the Collateral shall attach to the full extent provided or permitted by law to the proceeds, in whatever form, of any disposition of said Collateral or to any part thereof by Debtor until such proceeds are remitted and accounted for as provided herein. Debtor will notify Secured Party before Debtor signs, executes or authorizes any financing statement regardless of coverage.

3.4 Debtor shall be responsible for all loss and damage to the Collateral and agrees to keep Collateral insured against loss or damage by fire, theft, collision, vandalism and against such other risks as Secured Party may require from time to time. Insurance and policies evidencing such insurance shall be with such companies, in such amount and such form as shall be satisfactory to Secured Party. If so requested by Secured Party, any or all such policies of insurance shall contain an endorsement, in form and substance satisfactory to Secured Party, showing loss payable to Secured Party as its interest may appear, and a certificate of insurance evidencing such coverage will be provided to Secured Party.

4.0 Debtor's Warranties - Debtor warrants and agrees that the Collateral now is and shall always be kept free of all taxes, liens and encumbrances, except as specifically disclosed in Paragraph 4.1 below or provided for in Paragraph 3.0 above, and Debtor shall defend the Collateral against all other claims and demands whatsoever and shall indemnify, hold harmless and defend Secured Party in connection therewith. Any sum of money that may be paid by Secured Party in release or discharge of any taxes, liens or encumbrances shall be paid to Secured Party on demand as an additional part of the obligation secured hereunder. Debtor hereby agrees not to mortgage, pledge or loan (except for designated demonstrators as agreed to in advance by Secured Party in writing) the Vehicles and shall not license, title, use, transfer or otherwise dispose of them except as provided in this Agreement. Debtor agrees that it will execute in favor of Secured Party any form of document which may be required to evidence further Advances by Secured Party hereunder, and shall execute such additional documents as Secured Party may at any time request in order to conform or perfect Debtor's title to or Secured Party's security interest in the Vehicles. Execution by Debtor of notes, checks or other instruments for the amount advanced shall be deemed evidence of Debtor's obligation and not payment therefor until collected in full by Secured Party.

4.1 Disclosure of Taxes, Liens and Encumbrances -

(If there are any, list them here; if none, so state.)

PLACE FILED	DATE OF FILING	NAME AND ADDRESS OF CREDITOR

5.0 Signatory Authorization - Debtor hereby authorizes Secured Party or any of its officers, employees, agents or any other person Secured Party may designate to execute any and all documents pursuant to the terms and conditions of that certain Power of Attorney and Signatory Authorization of even date herewith.

6.0 Events of Default and Remedies/Termination - Time is of the essence herein and it is understood and agreed that Secured Party may terminate this Agreement, refuse to advance funds hereunder, and declare the aggregate of all Advances outstanding hereunder immediately due and payable upon the occurrence of any of the following events (each hereinafter called an "Event of Default"), and that Debtor's liabilities under this sentence shall constitute additional obligations of Debtor secured under this Agreement.

(a) Debtor shall fail to make any payment to Secured Party, whether constituting the principal amount of any Advance, interest thereon or any other payment due hereunder, when and as due in accordance with the terms of this Agreement or with any demand permitted to be made by Secured Party under this Agreement or any Promissory Note, or shall fail to pay when due any other amount owing to Secured Party under any other agreement between Secured Party and Debtor, or shall fail in the due performance or compliance with any other term or condition hereof or thereof, or shall be in default in the payment of any liabilities constituting indebtedness for money borrowed or the deferred payment of the purchase price of property or a rental payment with respect to property material to the conduct of Debtor's business;

(b) A tax lien or notice thereof shall have been filed against any of the Debtor's property or a proceeding in bankruptcy, insolvency or receivership shall be instituted by or against Debtor or Debtor's property or an assignment shall have been made by Debtor for the benefit of creditors;

(c) In the event that Secured Party deems itself insecure for any reason or the Vehicles are deemed by Secured Party to be in danger of misuse, loss, seizure or confiscation or other disposition not authorized by this Agreement;

(d) Termination of any franchise authorizing Debtor to sell Vehicles;

(e) A misrepresentation by Debtor for the purpose of obtaining credit or an extension of credit or a refusal by Debtor to execute documents relating to the Collateral and/or Secured Party's security interest therein or to furnish financial information to Secured Party at reasonable intervals or to permit persons designated by Secured Party to examine Debtor's books or records and to make periodic inspections of the Collateral; or

(f) Debtor, without Secured Party's prior written consent, shall guarantee, endorse or otherwise become surety for or upon the obligations of others except as may be done in the ordinary course of Debtor's business, shall transfer or otherwise dispose of any proprietary, partnership or share interest Debtor has in his business, or all or substantially all of the assets thereof, shall enter into any merger or consolidation, if a corporation, or shall make any substantial disbursements or use of funds of Debtor's business, except as may be done in the ordinary course of Debtor's business, or assign this Agreement in whole or in part or any obligation hereunder.

Upon the occurrence of an Event of Default, Secured Party may take immediate possession of said Vehicles without demand or further notice and without legal process; and for the purpose and furtherance thereof, Debtor shall, if Secured Party so requests, assemble the Vehicles and make them available to Secured Party at a reasonably convenient place designated by Secured Party and Secured Party shall have the right, and Debtor hereby authorizes and empowers Secured Party to enter upon the premises wherever said Vehicles may be, to remove same. In addition, Secured Party or its assigns shall have all the rights and remedies applicable under the Uniform Commercial Code or under any other statute or at common law or in equity or under this Agreement. Such rights and remedies shall be cumulative. Debtor hereby agrees that it shall pay all expenses and reimburse Secured Party for any expenditures, including reasonable attorneys' fees and legal expenses, in connection with Secured Party's exercise of any of its rights and remedies under this Agreement.

7.0 Inspection: Vehicles/Books and Records - It is hereby understood and agreed by and between Debtor and Secured Party that Secured Party shall have the right of access to and inspection of the Vehicles and the right to examine Debtor's books and records, which Debtor warrants are genuine in all respects. Debtor hereby certifies to Secured Party that all Vehicles and books and records shall be kept at the principal place of business of Debtor as hereinabove stated or at such other locations as approved in writing by Secured Party, and Debtor shall not remove or permit the removal of the Vehicles or books and records during the pendency of this Agreement except in the ordinary course of business and as authorized by Secured Party.

7.1 Debtor agrees to furnish to Secured Party after the end of each month, for so long as this Agreement shall be effective, balance sheets and statements of profit and loss for each month with respect to Debtor's business in such detail and at such times as Secured Party may require from time to time.

8.0 General - Debtor and Secured Party further covenant and agree that:

8.1 Any provision hereof prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

8.2 This Agreement shall be interpreted according to the laws of the State of Debtor's principal place of business as identified above.

8.3 This Agreement cannot be modified or amended, except in writing by both parties unless otherwise specifically authorized herein, and shall be binding and inure to the benefit of each of the parties hereto and their respective legal representatives, successors and assigns.

8.4 Interest to be paid in connection herewith shall never exceed the maximum rate allowable by law applicable hereto, as the parties intend to strictly comply with all law relating to usury. Notwithstanding any provision hereof or any other document in connection herewith to the contrary, Debtor shall not pay nor will Secured Party accept payment of any such excessive interest, which excessive interest is hereby canceled, and Secured Party shall be entitled at its option to refund any such interest erroneously paid or credit the same to Debtor's obligations hereunder.

8.5 The terms and provisions of this Agreement and of any other agreement between Debtor and Secured Party should be construed together as one agreement; provided, however, in the event of any conflict, the terms and provisions of this Agreement shall govern such conflict.

8.6 No failure or delay on the part of Secured Party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. The remedies herein are in addition to those available in law or equity, and

Secured Party need not pursue any rights it might have as a Secured Party before pursuing payment and performance by Debtor or any guarantor or surety.

8.7 This Agreement may not be assigned by Debtor.

9.0 Notices - Any notice given hereunder shall be in writing and given by personal delivery or shall be sent by U.S. Mail, postage prepaid, addressed to the party to be charged with such notice at the respective address set forth below:

TO DEBTOR	TO SECURED PARTY
CLEVELAND VILLAGE IMPORTS, INC. dba CLEVELAND VILLAGE HONDA, INC. 2490 South Lee Hwy. Cleveland, Tn. 347411	CHRYSLER CREDIT CORPORATION P.O. Box 80247 Chattanooga, Tn. 37414

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

CLEVELAND VILLAGE IMPORTS, INC. dba
CLEVELAND VILLAGE HONDA, INC.
(DEBTOR)

/s/ ILLEGIBLE
(WITNESS)

By /s/ Nelson E. Bowers II

Title President

(WITNESS)

CHRYSLER CREDIT CORPORATION

By /s/ ILLEGIBLE

Title Branch Manager

Jaguar Credit Corporation

AUTOMOTIVE WHOLESALE PLAN
APPLICATION FOR WHOLESALE FINANCING
AND SECURITY AGREEMENT

To: Jaguar Credit Corporation (hereinafter called "JCC ") Date 3/14/95

The undersigned JAGUAR OF CHATTANOOGA LLC (hereinafter called "Dealer") of

5915 Brainerd Road	Chattanooga	TN	37421
(STREET AND NUMBER)	(CITY)	(STATE)	(ZIP CODE)

hereby requests JCC to establish and maintain for Dealer a wholesale line of credit to finance new and used automobiles, trucks, other vehicles and other merchandise for (hereinafter called the "Merchandise") Dealer under the terms of the JCC Wholesale Plan as set forth in the September, 1993, edition of the JCC Dealer Manual entitled "Automotive Finance Plans for Dealers" or any subsequent edition thereof (hereinafter called the "Plan") and in connection therewith to make advances to or on behalf of Dealer, purchase instalment sale contracts evidencing the sale of Merchandise to Dealer by the manufacturer, distributor or other seller thereof, or otherwise extend credit to Dealer. In consideration thereof Dealer hereby agrees as follows:

1. Advances by JCC

JCC at all times shall have the right in its sole discretion so determine the extent to which, the terms and conditions on which, and the period for which it will make advances, purchase such contracts or otherwise extend credit to Dealer (hereinafter called an "Advance" (individually) or "Advances" (collectively), under the Plan or otherwise. JCC, at any time and from time to time, in its sole discretion, establish, rescind or change limits or the extent to which financing accommodations under the Plan will be made available to Dealer. In connection with the purchase of any such contract and/or other extension of credit. JCC may pay to any manufacturer, distributor or other seller of Merchandise the invoice or contract amount therefor, and be fully protected in relying in good faith upon any invoice, contract or other advice from such manufacturer distributor or seller that the Merchandise described therein has been ordered or shipped to Dealer and that the amount therefor is correctly stated. Any such payment made by JCC to any such manufacturer, distributor or seller, and any ban or other extension of credit made by JCC directly to Dealer wish respect to Merchandise of any type held by Dealer for sale, shall be an Advance made by JCC hereunder and, except with respect to any Advance that is a purchase of an instalment sale contract, shall be repayable to Dealer in accordance with the terms hereof. All rights of JCC and obligations of Dealer with respect to Advances hereunder that constitute the purchase by JCC of an instalment sale contract shall be pursuant to the provisions of such contract. From time to time JCC shall furnish statements to Dealer of Advances made by JCC hereunder. Dealer shall review the same promptly upon receipt and advise JCC in writing of any discrepancy therein. If Dealer shall fail to advise JCC of any discrepancy in any such statement within ten calendar days following the receipt thereof by Dealer, such statement shall be deemed to be conclusive evidence of advances made by JCC hereunder unless Dealer or JCC establishes by a preponderance of evidence that such Advances were not made or were made in different amounts than as set forth in such statement.

2. Interest and Service and Insurance Flat Charges

Each Advance made by JCC hereunder shall bear interest at the rates established by JCC from time to time for Dealer, except that any amount not paid when due hereunder shall bear interest at a rate that is 4 percentage points higher than the current pre-default rate up to the maximum contract rate permitted by the law of the state where Dealer maintains his business as set out above. In addition to interest, the financing of Merchandise under the Plan shall be subject to service and flat charges established by JCC from time to time for Dealer. JCC shall advise Dealer in writing from time to time of any change in the interest rate and service and flat charges applicable so Dealer and the effective date of such change. Such change shall not become effective, however, if Dealer elects to terminate this Agreement and pay to JCC the full unpaid balance outstanding under Dealer's wholesale line of credit and all other amounts due or to become due hereunder in good funds within ten calendar days after the receipt of such notice by Dealer.

3. Payments by Dealer

The aggregate amount outstanding from time to time of all Advances made by JCC hereunder shall constitute a single obligation of Dealer, notwithstanding Advances are made from time to time. Unless otherwise provided in the promissory note, instalment sale contract, security agreement or other instrument evidencing the same from time to time. Dealer shall pay to JCC , upon demand, the unpaid balance (or so much thereof as may be demanded) of all Advances plus JCC 'interest and flat charges, with respect thereto, and in any event, without demand the unpaid balance of the Advance made by JCC hereunder with respect to

an item of the Merchandise at or before the date on which the same is sold, leased or placed in use by Dealer. Dealer also shall pay to JCC, upon demand, the full amount of any rebate, refund or other credit received by Dealer with respect to the Merchandise.

If the promissory note, instalment sale contract, security agreement or other instrument evidencing an Advance or Advances is payable in one or more installments, JCC may from time to time in its sole discretion, extend any instalment due thereunder on a month-to-month basis, and, except as provided below or in any instalment sale contract. JCC' failure to demand any such instalment when due shall be deemed to be a one month extension of the same. Any such extension, however, shall not obligate JCC to grant an extension in the future or waive JCC' right to demand payment when due. Following the sale, lease or use date of an item of the Merchandise, no instalment shall be deemed extended without JCC' specific written consent, and Dealer agrees to pay the same, as required, without demand.

4. JCC' Security Interest

As security for all Advances now or hereafter made by JCC hereunder, and for the observance and performance of all other obligations of Dealer to JCC in connection with the wholesale financing of Merchandise for Dealer, Dealer hereby grants to JCC a security interest in all motor vehicles and vehicles of all types, all motor vehicle parts and accessories inventory, and all equipment, wherever located, whether now owned or hereafter acquired, and all accounts, notes receivable, insurance proceeds, chattel paper, instruments and documents relating thereto and proceeds thereof; all accounts and general intangibles including sums receivable from vendors by way of holdbacks, rebates, refunds, discounts, bonuses

and the like. All fixtures and furniture.

5. Dealer's Possession and Safe of Merchandise

Dealer's possession of the Merchandise financed shall be for the sole purpose of storing and exhibiting the same for safe or lease in the ordinary course of Dealer's business. Dealer shall keep the Merchandise brand new and subject to inspection by JCC and free from all taxes, liens and encumbrances, and any sums of money that may be paid by JCC in release or discharge of any taxes, liens or encumbrances on the Merchandise or on any documents executed in connection therewith shall be paid by Dealer to JCC upon demand. Except as may be necessary to remove or transport the same from a freight depot to Dealer's place of business, Dealer shall not use or operate, or permit the use or operation of, the Merchandise for demonstration or otherwise without the express prior written consent of JCC in each case, and shall not in any event use the Merchandise illegally or improperly. Dealer shall not mortgage, pledge or loan any of the Merchandise, and shall not transfer or otherwise dispose of the same except by sale or lease in the ordinary course of Dealer's business. Any and all proceeds of any sale, lease or other disposition of the Merchandise by Dealer shall be received and held by Dealer in trust for JCC and shall be fully, faithfully and promptly accounted for and remitted by Dealer to JCC to the extent of Dealer's obligation to JCC with respect to the Merchandise. As used in this paragraph 5, (a) "sale in the ordinary course of Dealer's business" shall include only (i) a bona fide retail safe to a purchaser for his own use at the fair market value of the Merchandise sold, and (ii) an occasional sale of such Merchandise to another dealer at a price not less than Dealer's cost of the Merchandise sold, unless such sale is a part of a plan or scheme to liquidate all or any portion of Dealer's business, and (b) "lease in the ordinary course of Dealer's business" shall include only a bona fide-lease to a lessee for his own use at a fair rental value of the Merchandise leased.

6. Risk of Loss and Insurance Requirements

The Merchandise shall be at Dealer's sole risk of any loss or damage to the same except to the extent of any insurance proceeds actually received by JCC with respect thereto under insurance obtained by JCC pursuant to the Plan. Dealer shall indemnify JCC against all claims for injury or damage to persons or property caused by the use, operation or holding of the Merchandise and, if requested to do so by JCC, maintain at its own expense liability insurance in connection therewith in such form and amounts as JCC may reasonably require from time to time. In addition, Dealer shall insure each them of the Merchandise that is or may be used for demonstration or operated for any other purpose against loss due to collision, subject in each case to the deductible amounts and limitations set forth in the Plan.

7. Credits

All funds or other property belonging to JCC and received by Dealer shall be received by Dealer in trust for JCC and shall be remitted to JCC forthwith. JCC, at all times, shall have a right to offset and apply any and all credits, monies or properties of Dealer in JCC possession or control against any obligation of Dealer to JCC.

8. Information Concerning Dealer

To induce JCC to extend financing accommodations hereunder, Dealer has submitted information concerning its business organization and financial condition, and certifies that the same is complete to, true and correct in all respects and that the financial information contained therein and any that may be furnished to JCC from time to time hereafter does and shall fairly present the financial condition of Dealer in accordance with generally accepted accounting principles applied on a consistent basis Dealer agrees to notify JCC promptly of any material change in its business organization or financial condition or in any information relating thereto previously furnished to JCC Dealer acknowledges and intends that JCC shall rely, and shall have the right to rely, on such information in extending and continuing to extend financing accommodations to Dealer. Dealer hereby authorized JCC from time to time and at all reasonable times to examine, appraise and verity the existence and condition of ail Merchandise, documents, commercial or other paper and other property in which JCC has or has had any title, title retention, lien, security or other interest, and all of Dealer's books and records in any way relating to its business.

9. Default

The following shall constitute an Event of Default hereunder:

(a) Dealer shall fail to promptly pay any amount now or hereafter owing to JCC as and when the same shall become due and payable, or

(b) Dealer shall fail to duly observe or perform any other obligation secured hereby, or

(c) any representation made by Dealer to JCC shall prove to have been false or misleading in any material respect as of the date on which the same was made, or

(d) a proceeding in bankruptcy, insolvency or receivership shall be instituted by or against Dealer or Dealer's property.

Upon the occurrence of an Event of Default, JCC may accelerate, and declare immediately due and payable, all or any part of the unpaid balance of all Advances made hereunder together with accrued interest and flat charges, without notice to anyone. In addition, JCC may take immediate possession of all property in which it has a security interest hereunder, without demand or other notice and without legal process. For this purpose and in furtherance thereof, if JCC so requests, Dealer shall assemble such property and make it available to JCC at a reasonably convenient place designated by JCC, and JCC shall have the right, and Dealer hereby authorizes and empowers JCC , its agents or representatives, to enter upon the premises wherever such property may be and remove same. In the event JCC acquires possession of such property or any portion thereof, as hereinbefore provided, JCC may, in its sole discretion (i) sell the same, or any portion thereof, after five days' written notice, at public or private sale for the account of Dealer, (ii) declare this agreement, all wholesale transactions and Dealer's obligations in connection therewith to be terminated and canceled and retain any sums of money that may have been paid by Dealer in connection therewith, and (iii) enforce any other remedy that JCC may have under applicable law. Dealer agrees that the sale by JCC of any new and unused property repossessed by PRIMUS to the manufacturer, distributor or seller thereof, or to any person designated by such manufacturer, distributor or seller, at the invoice cost thereof to Dealer less any credits granted to Dealer with respect thereto and reasonable costs of transportation and reconditioning, shall be deemed to be a commercially reasonable means of disposing of the same. Dealer further agrees that if JCC shall solicit bids from three or more other dealers in the type of property repossessed by JCC hereunder, any sale by JCC of such property in bulk or in parcels to the bidder submitting the highest cash bid therefor also shall be deemed to be a commercially reasonable means of disposing of the same. Dealer understands and agrees, however, that such means of disposal shall not be exclusive, and that JCC shall have the right to dispose of any property repossessed hereunder by any commercially reasonable means. Dealer agrees to pay reasonable attorney's fees and legal expenses incurred by JCC in connection with the repossession and safe of any such property. JCC' remedies hereunder are cumulative and may be enforced successively or concurrently.

10. General

Dealer waives the benefit of all homestead and exemption laws and agrees that the acceptance by JCC of any payment after it may have become due or the waiver by JCC of any other default shall not be deemed to after or affect Dealer's obligations or JCC right with respect to any subsequent payment or default.

Neither this agreement, nor any other agreement Dealer and JCC, or between Dealer and any manufacturer, distributor or seller that has been assigned to JCC, nor any funds payable by JCC to Dealer, shall be assigned by Dealer without the express prior written consent of JCC in each case.

Any provision hereof prohibited by any applicable law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof. Except as herein provided, no modification hereof may be made except by a written instrument duly executed by, or pursuant to the express written authority of an executive officer of JCC.

Dealer shall execute and deliver to JCC promissory notes or other evidences of Dealer's indebtedness hereunder, security agreements, trust receipts, chattel mortgages or other security instruments and any other documents which JCC may reasonably request to confirm Dealer's obligations to JCC and to confirm JCC ' security interest in the Merchandise financed by JCC under the Plan or in any other property as provided hereunder, and in such event the terms and conditions hereof shall be deemed to be incorporated therein. JCC security or other interest in any the Merchandise shall not be impaired by the delivery to Dealer of Merchandise or of bills of lading, certificates of origin, invoices or other documents pertaining thereto or by the payment by Dealer of any curtailment, security or other deposit or portion of the amount financed. The execution by Dealer or on Dealer's behalf of any document for the amount of any credit extended shall be deemed evidence of Dealer's obligation and not payment thereof. JCC may, for and in the name of Dealer, endorse and assign any obligation transferred to JCC by Dealer and any check or other medium of payment intended to apply upon such obligation. JCC may complete any blank space and fill in omitted information on any document or paper furnished to it by Dealer.

Unless the context otherwise clearly requires, the terms used herein shall be given the same meaning as ascribed to them under the provisions of the Uniform Commercial Code. Section headings are inserted for convenience only and shall not affect any construction or interpretation of this agreement.

This agreement shall be interpreted in accordance with the laws of the state of the Dealer's place of business set out above.

11. Acceptance and Termination

Dealer waives notice of JCC' acceptance of this agreement and agrees that it shall be deemed accepted by JCC at the time JCC shall first extend credit to Dealer under the Plan. This agreement shall be binding on Dealer and JCC and their respective successors and assigns from the date thereof until terminated by receipt of a written notice by either party from the other, except that any such termination shall not relieve either party from any obligation incurred prior to the effective date thereof.

Witness or Attest: JAGUAR OF CHATTANOOGA LLC

(DEALERS EXACT BUSINESS NAME)

/s/ Donald C. Walker By /s/ Nelson E. Bowers II Title Pres
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POWER OF ATTORNEY FOR WHOLESALE

KNOW ALL MEN BY THESE PRESENTS: That the undersigned dealer does hereby make, constitute and appoint T.S. Murphy, D.J. Jansen, and S.M. Mankin all of Nashville, Tennessee and each of them and any other officer or employee of Jaguar Credit Corporation, a New York corporation of Nashville, Tennessee, its true and lawful attorneys with full power of substitution, for and in its name, stead and behalf, to prepare, make, execute, acknowledge and deliver to Jaguar Credit Corporation from time to time promissory notes or other evidences of indebtedness, bearing such rate of interest as Jaguar Credit Corporation may require from time to time, and trust receipts, chattel mortgages and other title retention or security instruments necessary or appropriate in connection with the wholesale financing by Jaguar Credit Corporation of merchandise for the undersigned Dealer under the terms of the Jaguar Credit Corporation Automotive Wholesale Plan, and generally to perform all acts and to do all things necessary or appropriate in discharge of the power hereby conferred, including the making of affidavits and the acknowledging of instruments, as if fully done by the undersigned dealer, and each of the said attorneys hereby is further authorized and empowered in the discharge of the power hereby conferred to execute any instruments by means of either a manual, imprinted or other facsimile signature or by completing a printed form to which an imprinted or other facsimile signature is then affixed.

This Power of Attorney is executed by the undersigned dealer to induce Jaguar Credit Corporation to make advances for merchandise to be acquired by the undersigned dealer and recognizes that such advances are made to manufacturers, distributors and other sellers of such merchandise at places other than the undersigned dealer's place of business, and that it is impractical for the undersigned Dealer to execute the promissory notes, trust receipts, chattel mortgages and other title, retention or security instruments necessary or

appropriate in connection with such advances without unduly delaying the delivery of such merchandise to the undersigned dealer. Accordingly, this Power of Attorney may be revoked by the undersigned dealer only by notice in writing addressed to Jaguar Credit Corporation, Nashville. Tennessee by registered mail, return receipt requested, stating an effective date on or after the receipt thereof by Jaguar Credit Corporation.

Dated this 14 day of MARCH , 1995

Witness or Attest: JAGUAR OF CHATTANOOGA LLC
(DEALERS EXACT BUSINESS NAME)

/s/ Donald C. Walker By /s/ Nelson E. Bowers II Title Pres
- ------- -------

State of _____
ss.
County of _____

On this ___ day of_____, 19__, before me, the undersigned Notary Public, personally appeared _____ who acknowledged himself to be the _____ of JAGUAR OF CHATTANOOGA LLC
(TITLE) (DEALERS NAME)
the grantor of the foregoing Power of Attorney, and that he, being authorized so to do, executed the foregoing Power of Attorney for the purposes therein contained, by signing the name of the said grantor by himself in the capacity indicated.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

_____
NOTARY PUBLIC
(NOTARY'S SEAL)
My commission expires _____

CERTIFIED COPY OF RESOLUTION OF BOARD OF GOVERNORS

The undersigned hereby certifies that he is the Secretary of JAGUAR OF CHATTANOOGA LLC of 5915 Brainerd Road, Chattanooga, TN 37421
(DEALERS EXACT COMPANY NAME) (DEALERS ADDRESS)

and that the following is a true, correct and complete copy of resolutions adopted by the board of governors of the said company at a meeting duly called and held on MARCH 14, 1995 at which a quorum was present and voting, and that said resolutions are unchanged and are now in full force and effect:

RESOLVED, That the officers of this company be, and each hereby is, authorized and empowered to execute and deliver on behalf of this company an Application for Wholesale Financing to Jaguar Credit Corporation of Nashville, Tennessee, in such form and upon such terms and conditions as the said Jaguar Credit Corporation may require, and to execute and deliver from time to time promissory notes or other evidences of indebtedness, bearing such rate of interest as the said Jaguar Credit Corporation may require from time to time, and trust receipts, chattel mortgages and other title retention or security instruments as, and in such form as, the said Jaguar Credit Corporation may require, evidencing any financing extended by the said Jaguar Credit Corporation to this company under the terms of the Jaguar Credit Corporation Automotive Wholesale Plan.

FURTHER RESOLVED. That T.S. Murphy, D.J. Jansen, and S.M. Mankin all of Nashville, Tennessee, and each of them and any other officer or employee of the said Jaguar Credit Corporation be and each of them hereby is constituted and appointed an attorney-in-fact of this company for the purposes set forth in the Power of Attorney presented to this board of governors this date, with full power of substitution, and the officers of this company are, and each of them hereby is, authorized and empowered to execute a formal Power of Attorney in such form.

FURTHER RESOLVED. That the officers of this company be, and each hereby is, authorized and empowered to do all other things and to execute all other instruments and documents necessary or appropriate in the premises.

IN WITH WHEREOF I have hereunto set my hand and affixed the seal of the said company this 14 day of March, 1995

/s/ Donald C. Walker
- --------------------
SECRETARY

(COMPANY SEAL)

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") made this _____day of _____, 1997 between SONIC AUTOMOTIVE, INC. its successors or assigns, subsidiary corporations or affiliates (collectively, the "Employer") and O. BRUTON SMITH ("Employee").

R E C I T A L S

WHEREAS, Employer desires to retain the services of Employee; and

WHEREAS, Employee is prepared to perform those duties as set forth in this Agreement.

NOW, THEREFORE, the parties intending to be legally bound agree as follows:

1. Term of Employment. Employer hereby employs Employee, and Employee hereby accepts employment from Employer for the period commencing effective upon consummation of the initial public offering of Employer (the "Commencement Date") and ending three (3) years thereafter, unless sooner terminated (the "Employment Period").

2. Duties of Employee. Employee shall be employed by Employer as its Chief Executive Officer and shall report directly to the Company's Board of Directors. Employee's duties shall include, but not be limited to, rendering such services as the Board of Directors may, from time to time, assign to Employee. Employee shall devote approximately fifty percent (50%) of his working time to the performance of the his duties for Employer.

3. Compensation. For all services rendered by Employee under this Agreement, he shall be entitled to compensation in accordance with the following:

(a) Base Salary. During the Employment Period, the Employee shall receive an annual base salary ("Annual Base Salary") of Three Hundred Fifty Thousand and NO/100 Dollars ($350,000.00), which shall be paid in equal monthly installments in the amount of Twenty-Nine Thousand One Hundred Sixty-Six and 66/100 Dollars ($29,166.66).

(b) Additional Salary and Bonus. In addition to the Annual Base Salary, Employer shall pay to the Employee such additional amounts as may be determined and ratified from time to time by the Compensation Committee of Employer's Board of Directors.

4. Fringe Benefits. During the Employment Period, Employee shall receive fringe benefits in keeping with those provided to other similarly situated employees of Employer.

5. Termination of Employment. Employee shall serve at the leisure of the Board of Directors and Employee's employment may be terminated by the Board of Directors at any time.

6. Restrictive Covenants. For purposes of this Agreement, "Restrictive Covenants" mean the provisions of this paragraph 6. It is stipulated and agreed that Employer is engaged in the business of owning and operating automobile and/or truck dealerships, which business includes, without limitation, the marketing, selling and leasing of new and used vehicles and the servicing of automobiles and trucks (the "Business"). It is further stipulated and agreed that as a result of Employee's employment by Employer, and as a result of Employee's continued employment hereunder, Employee has and will have access to valuable, highly confidential, privileged and proprietary information relating to Employer's Business. The unauthorized use or disclosure by Employee of any of the Confidential Information (the "Confidential Information") would seriously damage Employer in its Business. In consideration of the provisions of this paragraph 6, and the compensation and benefits referred to in paragraphs 3 and 4 hereof, Employee agrees as follows:

(a) During the term of this Agreement and after its termination or expiration for any reason, Employee will not, without Employer's prior written consent, use, disclose, or make accessible to any third person or entity, any aspect of the Confidential Information.

(b) During the term of this Agreement and for a period of two years after the date of the expiration or termination of this

Agreement for any reason (the "Restrictive Period"), Employee shall not, directly or indirectly:

(i) Employ or solicit the employment of any person who at any time during the twelve (12) calendar months immediately preceding the termination or expiration of this Agreement for any reason was employed by Employer;

(ii) Provide or solicit the provision of products or services, similar to those provided by Employer to any person or entity within the "Restricted Territory", as hereinafter defined, who purchased or leased automobiles, trucks or services from Employer at any time during the twelve (12) calendar months immediately preceding the termination or expiration of this Agreement for any reason;

(iii) Interfere or attempt to interfere with the terms or other aspects of the relationship between Employer and any person or entity from whom Employer has purchased automobiles, trucks, parts, supplies, inventory or services at any time during the twelve (12) calendar months immediately preceding the termination or expiration of this Agreement for any reason;

(iv) Engage in competition with Employer or its respective successors and assigns by engaging, directly or indirectly, in a business involving the sale or leasing of automobiles or trucks or which is otherwise substantially similar to the Business, within the "Restricted Territory", as hereinafter defined; or

(v) Provide information to, solicit or sell for, organize or own any interest in (either directly or thorough any parent, affiliate or subsidiary corporation, partnership, or other entity), or become employed or engaged by, or act as agent for, any person, corporation or other entity that is directly or indirectly engaged in a business in the "Restricted Territory", as hereinafter defined, which is substantially similar to the Business or competitive with Employer's business; provided, however, that nothing herein shall preclude the Employee from holding not more than three percent (3%) of the outstanding shares of any publicly held company which may be so engaged in a trade or business identical or similar to the Business of the Employer. As used herein, "Restricted Territory" means:

(1) all Standard Metropolitan Statistical Areas, as determined by the United States Office of Management and Budget, in which Employer has an office, store or other place of business on the date of the expiration or termination of this Agreement for any reason.

(2) all counties in which Employer has an office, store or other place of business on the date of the expiration or termination of this Agreement for any reason.

7. Remedies. It is stipulated that a breach by Employee of the Restrictive Covenants would cause irreparable damage to Employer and that Employer, in addition to other remedies, shall be entitled to an injunction restraining Employee from violating or continuing any violation of such Restrictive Covenants.

8. Entire Agreement. This Agreement contains the entire agreement of the parties hereto, and shall not be modified or changed in any respect except by a writing executed by the parties hereto.

9. Governing Law; Forum. This Agreement and any dispute arising from it shall be governed by and construed according to the laws of the State of North Carolina.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date first above written.

EMPLOYEE:

(SEAL)

O. Bruton Smith

EMPLOYER:

SONIC AUTOMOTIVE, INC.

By: _____

Title: _____

EMPLOYMENT AGREEMENT

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R E C I T A L S

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WHEREAS, Employee is prepared to perform those duties as set forth in this Agreement.

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2. Duties of Employee. Employee shall be employed by Employer as its Chief Executive Officer and shall report directly to the Company's Board of Directors. Employee's duties shall include, but not be limited to, rendering such services as the Board of Directors may, from time to time, assign to Employee. Employee shall devote approximately fifty percent (50%) of his working time to the performance of the his duties for Employer.

3. Compensation. For all services rendered by Employee under this Agreement, he shall be entitled to compensation in accordance with the following:

(a) Base Salary. During the Employment Period, the Employee shall receive an annual base salary ("Annual Base Salary") of Three Hundred Fifty Thousand and NO/100 Dollars ($350,000.00), which shall be paid in equal monthly installments in the amount of Twenty-Nine Thousand One Hundred Sixty-Six and 66/100 Dollars ($29,166.66).

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4. Fringe Benefits. During the Employment Period, Employee shall receive fringe benefits in keeping with those provided to other similarly situated employees of Employer.

5. Termination of Employment. Employee shall serve at the leisure of the Board of Directors and Employee's employment may be terminated by the Board of Directors at any time.

6. Restrictive Covenants. For purposes of this Agreement, "Restrictive Covenants" mean the provisions of this paragraph 6. It is stipulated and agreed that Employer is engaged in the business of owning and operating automobile and/or truck dealerships, which business includes, without limitation, the marketing, selling and leasing of new and used vehicles and the servicing of automobiles and trucks (the "Business"). It is further stipulated and agreed that as a result of Employee's employment by Employer, and as a result of Employee's continued employment hereunder, Employee has and will have access to valuable, highly confidential, privileged and proprietary information relating to Employer's Business. The unauthorized use or disclosure by Employee of any of the Confidential Information (the "Confidential Information") would seriously damage Employer in its Business. In consideration of the provisions of this paragraph 6, and the compensation and benefits referred to in paragraphs 3 and 4 hereof, Employee agrees as follows:

(a) During the term of this Agreement and after its termination or expiration for any reason, Employee will not, without Employer's prior written consent, use, disclose, or make accessible to any third person or entity, any aspect of the Confidential Information.

(b) During the term of this Agreement and for a period of two years after the date of the expiration or termination of this

Agreement for any reason (the "Restrictive Period"), Employee shall not, directly or indirectly:

(i) Employ or solicit the employment of any person who at any time during the twelve (12) calendar months immediately preceding the termination or expiration of this Agreement for any reason was employed by Employer;

(ii) Provide or solicit the provision of products or services, similar to those provided by Employer to any person or entity within the "Restricted Territory", as hereinafter defined, who purchased or leased automobiles, trucks or services from Employer at any time during the twelve (12) calendar months immediately preceding the termination or expiration of this Agreement for any reason;

(iii) Interfere or attempt to interfere with the terms or other aspects of the relationship between Employer and any person or entity from whom Employer has purchased automobiles, trucks, parts, supplies, inventory or services at any time during the twelve (12) calendar months immediately preceding the termination or expiration of this Agreement for any reason;

(iv) Engage in competition with Employer or its respective successors and assigns by engaging, directly or indirectly, in a business involving the sale or leasing of automobiles or trucks or which is otherwise substantially similar to the Business, within the "Restricted Territory", as hereinafter defined; or

(v) Provide information to, solicit or sell for, organize or own any interest in (either directly or thorough any parent, affiliate or subsidiary corporation, partnership, or other entity), or become employed or engaged by, or act as agent for, any person, corporation or other entity that is directly or indirectly engaged in a business in the "Restricted Territory", as hereinafter defined, which is substantially similar to the Business or competitive with Employer's business; provided, however, that nothing herein shall preclude the Employee from holding not more than three percent (3%) of the outstanding shares of any publicly held company which may be so engaged in a trade or business identical or similar to the Business of the Employer. As used herein, "Restricted Territory" means:

(1) all Standard Metropolitan Statistical Areas, as determined by the United States Office of Management and Budget, in which Employer has an office, store or other place of business on the date of the expiration or termination of this Agreement for any reason.

(2) all counties in which Employer has an office, store or other place of business on the date of the expiration or termination of this Agreement for any reason.

7. Remedies. It is stipulated that a breach by Employee of the Restrictive Covenants would cause irreparable damage to Employer and that Employer, in addition to other remedies, shall be entitled to an injunction restraining Employee from violating or continuing any violation of such Restrictive Covenants.

8. Entire Agreement. This Agreement contains the entire agreement of the parties hereto, and shall not be modified or changed in any respect except by a writing executed by the parties hereto.

9. Governing Law; Forum. This Agreement and any dispute arising from it shall be governed by and construed according to the laws of the State of North Carolina.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date first above written.

EMPLOYEE:

(SEAL)

O. Bruton Smith

EMPLOYER:

SONIC AUTOMOTIVE, INC.

By: _____

Title: _____

EXECUTION COPY

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ASSET PURCHASE AGREEMENT

by and among

SONIC AUTO WORLD, INC.,

LAKE NORMAN DODGE, INC.,

LAKE NORMAN CHRYSLER-PLYMOUTH-JEEP-EAGLE LLC,

QUINTON M. GANDY

and

PHIL M. GANDY, JR.

Dated as of May 27, 1997

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of this 27th day of May, 1997, by and among SONIC AUTO WORLD, INC., a Delaware corporation (the "Buyer"), LAKE NORMAN CHRYSLER-PLYMOUTH-JEEP-EAGLE LLC, a North Carolina limited liability company (the "LLC"), LAKE NORMAN DODGE, INC., a North Carolina corporation and a member of the LLC (the "Corporation" and collectively with the LLC, the "Sellers"), QUINTON M. GANDY, a shareholder of the Corporation and a member of the LLC ("QMG") and PHIL M. GANDY, JR., a shareholder of the Corporation ("PMG", and together with QMG, the "Shareholders").

W I T N E S S E T H:

WHEREAS, the Buyer desires to purchase, or to cause a wholly-owned subsidiary of Buyer to purchase, from the Sellers substantially all of the assets and properties of the Sellers relating to their respective businesses and operations, subject to certain exceptions as hereinafter specified, and to assume, or to cause a wholly-owned subsidiary of Buyer to assume, certain liabilities of each of the Sellers, all upon the terms and conditions hereinafter set forth; and

WHEREAS, the Sellers are willing to sell, transfer, convey, assign and deliver the same to the Buyer, or a wholly-owned subsidiary of the Buyer, upon the terms and conditions hereinafter set forth; and

WHEREAS, the Shareholders desire that the foregoing be effected.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual representations, warranties, covenants and agreements hereinafter set forth, the parties hereto agree as follows:

ARTICLE 1
PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES

1.1 Agreement of Purchase and Sale. On the terms and subject to the conditions of this Agreement and in reliance upon the representations and warranties contained herein and non-competition covenant and agreement herein of the Sellers and the Shareholders, at the Closing (as such term is defined in Article 2 hereof), the Sellers shall sell, transfer, convey, assign and deliver (or cause to be sold, transferred, conveyed, assigned and delivered) to the Buyer, and the Buyer shall purchase and accept delivery of, all of the Sellers' right, title and interest in and to all of the assets of the Sellers of every kind, character and description, tangible or intangible, real, personal or mixed, and wherever located, including, without limitation, all of the Sellers' right, title and interest in and to the names "Lake Norman Dodge, Inc." and "Lake Norman Chrysler-Plymouth-Jeep-Eagle LLC", and all variations thereof, but excluding, however, the assets described on Schedule 1.1 (the "Excluded Assets") (said assets, other than the Excluded Assets, constituting the "Purchased Assets"). The Purchased Assets will be sold free and clear of all mortgages, deeds of trust, liens, pledges, charges, security interests, contractual restrictions, claims or encumbrances of any kind or character (collectively, "Encumbrances"), other than those Encumbrances set forth on Schedule 3.7 which secure indebtedness (and only such indebtedness) included in the Assumed Liabilities (as defined below).

1.2 Assumed Liabilities. On the terms and subject to the conditions of this Agreement and in reliance upon the representations and warranties contained herein, at the Closing the Buyer shall assume and undertake to perform all of the liabilities and obligations of each of the Sellers (the "Assumed Liabilities"), but excluding, however, the liabilities and obligations specifically described on Schedule 1.2 (such liabilities and obligations being hereinafter referred to as the "Excluded Liabilities").

1.3 Purchase Price; Allocation.

(a) Purchase Price. In addition to the assumption by the Buyer of the Assumed Liabilities, as full consideration to be paid by the Buyer for the Purchased Assets, the Buyer shall pay to the Sellers the aggregate purchase price of (i) Fifteen Million, Two-Hundred Thousand Dollars ($15,200,000) (the "Cash Consideration"), plus (ii) the positive Net Book Value (as defined below) of the Purchased Assets, not to exceed Three Million Dollars ($3,000,000), on the date of the Closing (the "Adjustment Amount" and together with the Cash Consideration, the "Purchase Price"). The Cash Consideration, plus the sum of Two Million Five Hundred Thousand Dollars ($2,500,000) (the "Initial Adjustment Amount Payment") shall be payable to the Sellers at Closing by wire transfer of immediately available funds to the accounts of the Sellers, which shall be designated by the Sellers in writing at least one full Business Day prior to the Closing Date. The sum of Five Hundred Thousand Dollars ($500,000) (the "Escrowed Adjustment Amount") shall be placed in escrow under arrangements acceptable to both parties of the Closing Date. For purposes of this Agreement, a "Business Day" is a day other than a Saturday, a Sunday or a day on which banks are required or authorized to be closed in the State of North Carolina.

(aa) Installment Method. Notwithstanding the foregoing, the Sellers may, by notice to the Buyer not later than four Business Days prior to Closing, elect to receive payment of the Cash Consideration and Initial Adjustment Amount Payment in two installments, the first such installment being in an amount specified in such notice and payable on the Closing Date and the second such installment being payable on or before January 1, 1998. If Sellers elect to receive payments in installments pursuant to this paragraph, at the Closing, the Buyer shall pay

the first installment in cash and shall execute and deliver to the Sellers a promissory note for the principal amount of the second installment (after deduction of all letter of credit issuance fees and expenses (including associated attorneys' fees) actually payable to the issuer of the letter of credit securing such promissory note). Such promissory note shall bear interest at a rate equal to the same rate the Buyers would be able to obtain by investing an amount equal to the principal amount of the note in the letter of credit bank's money market funds and shall be secured by an irrevocable letter of credit authorizing Sellers to draw thereon upon certification to the issuer thereof that Buyer has failed to pay such note when due. Such promissory note and letter of credit shall be on terms and pursuant to written documents mutually agreed by Sellers and Buyer.

(b) Adjustment Procedures. The Buyer will prepare an unaudited combined balance sheet (the "Closing Balance Sheet") of the Sellers as of the Closing Date, consisting of a computation of the book value as of the Closing Date of the Purchased Assets (excluding goodwill and other intangible assets) less the book value of the Assumed Liabilities, all as determined in accordance with generally accepted accounting principles applied consistently with the Financial Statements (as defined in Section 3.4(a)); provided, however, that: inventory shall be valued on a FIFO basis; the GE Shareholder Payments (as defined in Section 3.4(b)) shall be excluded; and there shall be included such reserves and/or write-offs for doubtful accounts receivable and bad debts and for damaged, spoiled, obsolete or slow-moving inventory as shall be consistent with the Seller's past year-end practices. The net book value reflected on the Closing Balance Sheet is hereinafter called the "Net Book Value". The Buyer will deliver the Closing Balance Sheet to the Sellers within 30 days after the Closing Date. If within 30 days following delivery of the Closing Balance Sheet (or the next Business Day if such 30th day is not a Business Day), the Sellers have not given Buyer notice of their objection to the computation of the Net Book Value as set forth in the Closing Balance Sheet (such notice must contain a statement of the basis of the Seller's objection), then the Net Book Value reflected in the Closing Balance Sheet will be deemed mutually agreed by the Buyer and the Sellers and will be used in computing the Adjustment Amount. If the Sellers give such notice of objection, then the issues in dispute will be submitted to a "Big Six" accounting firm, other than Deloitte & Touche LLP, mutually acceptable to the Buyer and the Sellers (the "Accountants") for resolution. If issues in dispute are submitted to the Accountants for resolution, (i) each party will furnish to the Accountants such workpapers and other documents and information relating to the disputed issues as the Accountants may request and are available to the party or its Subsidiaries (or its independent public accountants), and will be afforded the opportunity to present to the Accountants any material relating to the determination and to discuss the determination with the Accountants; (ii) the Accountants will be instructed to determine the Net Book Value based upon their resolution of the issues in dispute; (iii) such determination by the Accountants of the Net Book Value, as set forth in a notice delivered to both parties by the Accountants, will be binding and conclusive on the parties; and (iv) the Buyer and the Sellers shall each bear 50% of the fees of the Accountants for such determination unless the determination by the Accountants results in an increase of the Adjustment Amount by more than 10% over the Adjustment Amount based upon the Net Book Value reflected on the Closing Balance Sheet prepared by the Buyer, in which case the Buyer shall pay all fees of the Accountant.

To the extent that the Net Book Value, as mutually agreed by the parties or as determined by the Accountants, exceeds the Initial Adjustment Amount Payment, the Buyer shall be obligated to pay the amount of such excess, up to the amount of the Escrowed Adjustment Amount, promptly to the Sellers, one-half to the Corporation and one-half to the LLC. In furtherance of such obligation of the Buyer, the parties shall execute and deliver to the escrow agent with whom the Escrowed Adjustment Amount is on deposit a joint instruction to pay such excess to the Sellers, with any remaining balance of the Escrowed Adjustment Amount to be paid to the Buyer. To the extent that the Net Book Value, as mutually agreed by the parties or as determined by the Accountants, is less than the Initial Adjustment Amount Payment, the Sellers shall be obligated, jointly and severally, to pay the amount of such shortfall in the Net Book Value promptly to the Buyer. In furtherance of such obligation of the Sellers, the parties shall execute and deliver to the escrow agent with whom

the Escrowed Adjustment Amount is on deposit a joint instruction to pay up to the entire amount of the Escrowed Adjustment Amount to the Buyer. To the extent that the amount of such shortfall in the Net Book Value shall exceed the Escrowed Adjustment Amount, the Sellers shall be obligated, jointly and severally, to pay such excess amount of shortfall promptly to the Buyer. Any interest earned on the Escrowed Amount shall be paid to the Buyer or the Sellers

in proportion to the respective principal amounts of the Escrowed Adjustment Amount received by each of them.

(c) Allocation. The allocation of the Purchase Price and the Assumed Liabilities among the Purchased Assets is to be mutually agreed by the Sellers and the Buyer at the Closing; provided that (i) the amount allocated to the covenants set forth in Section 13.1 shall be $10,000, (ii) the aggregate allocation between the Corporation and the LLC shall be equal, and (iii) the aggregate allocation to the Purchased Assets (other than goodwill) shall not exceed the Adjustment Amount computed in paragraph (b) above.

1.4 Instruments of Conveyance and Transfer; Further Assurances; Access.

(a) Instruments of Conveyance and Transfer. At the Closing, each of the Sellers shall deliver to the Buyer a Bill of Sale and Assignment, substantially in the form of Exhibit 1.4(a) (the "Bill of Sale") and such other endorsements, certificates of title, assignments and other good and sufficient instruments of conveyance and transfer, as shall be necessary to vest in the Buyer good, valid, marketable and insurable title to the Purchased Assets in accordance herewith. Simultaneously therewith, the Sellers shall take all steps as may be required to transfer to the Buyer actual possession and exclusive operating control of the Purchased Assets.

(b) Consulting Agreements. At the Closing, the Shareholders will enter into consulting agreements with the Buyer on terms reasonably satisfactory to the Shareholders and the Buyer (the "Consulting Agreements") pursuant to which the Shareholders will provide part-time consulting services (including advertising and promotional assistance) to the Buyer on an as needed basis.

(c) Dealership Leases. At the Closing, the Shareholders will enter into leases to the Buyer's wholly-owned subsidiary (with the guaranty of the Buyer or other security required by the terms of the leases), as lessee, regarding the real properties associated with the Sellers' dealership businesses, substantially in the form of Exhibit 1.4(c) (the "Dealership Leases").

(d) Further Assurances. The Sellers further agree that, from and after the Closing, they will execute and deliver to the Buyer such additional instruments and documents and take such further action as the Buyer may reasonably require in order to more fully vest, record and/or perfect the Buyer's title to, or interest in, the Purchased Assets.

(e) Shareholders' Covenant to Close. The Shareholders further covenant and agree to take all necessary officer, director and stockholder or member actions to cause the Sellers to perform their obligations at and prior to the Closing, as contemplated by this Agreement.

1.5 Offers of Employment to Sellers' Employees. On or prior to the date of the Closing, the Buyer may offer employment to such of the Sellers' employees as the Buyer shall select, such employment to begin on or after the date of the Closing and to be upon such terms and conditions as determined by the Buyer in its sole discretion, but the Buyer has no obligation to employ any person.

ARTICLE 2
CLOSING

The sale and purchase of the Purchased Assets contemplated hereby shall take place at a closing (the "Closing") at the offices of Parker, Poe, Adams & Bernstein L.L.P., 2500 Charlotte Plaza, Charlotte, North Carolina, at 10:00 a.m. local time on the fifth (5th) Business Day, or such shorter period as the Buyer may choose, following the date the Buyer gives notice of the Closing to the Sellers, but in no event later than September 30, 1997, unless another date or place is agreed to in writing by the Sellers and the Buyer. The date on which the Closing actually occurs is hereinafter referred to as the "Closing Date".

ARTICLE 3
REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE SELLERS

The Sellers, jointly and severally, hereby represent and warrant to the Buyer as follows:

3.1 Organization; Good Standing; Qualifications. The Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of North Carolina. The Corporation is not required to be qualified as a foreign corporation in any jurisdiction. The LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of North Carolina. The LLC has not been dissolved, its articles of organization have not been revoked or suspended, it has not been merged into

another limited liability company in a transaction in which it was not the survivor, and, if its term of duration is limited, its term has not expired. The LLC is not required to be qualified as a foreign limited liability company in any jurisdiction.

3.2 Authority; Consents; Enforceability.

(a) Authority. Each of the Sellers has full organizational power and authority to carry on its business as now conducted, to execute and deliver this Agreement and the other agreements, documents and instruments contemplated hereby, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder. The execution and delivery by each of the Sellers of this Agreement and the other agreements, documents and instruments contemplated hereby, the consummation by each of the Sellers of the transactions contemplated hereby and thereby and the performance by each of the Sellers of its

obligations hereunder and thereunder have been duly and validly authorized by all necessary organizational action, including, without limitation, all necessary shareholder or member action, as the case may be. The execution and delivery by each of the Sellers of this Agreement and the other agreements, documents and instruments contemplated hereby, the consummation of the transactions contemplated hereby and thereby and the performance by each of the Sellers of its obligations hereunder and thereunder do not and will not, except as set forth on Schedule 3.2(a), (i) conflict with or violate any of the provisions of the articles of incorporation or by-laws, each as amended, of the Corporation, (ii) conflict with or violate any of the provisions of the articles of organization or operating agreement, each as amended, of the LLC, (iii) violate any law, ordinance, rule or regulation or any judgment, order, writ, injunction or decree or similar command of any court, administrative or governmental agency or other body applicable to either of the Sellers, the Purchased Assets or the Assumed Liabilities, (iv) violate or conflict with the terms of, or result in the acceleration of, any indebtedness or obligation of either of the Sellers under, or violate or conflict with or result in a breach of, or constitute a default under, any Material Contract, as defined in Section 3.6, to which either of the Sellers is a party or by which either of the Sellers or any of the Purchased Assets or Assumed Liabilities are bound or affected, or (v) result in the creation or imposition of any Encumbrance upon any of the Purchased Assets.

(b) Consents. Except as set forth in Schedule 3.2(b), no consent, authorization or approval of, or notice to, or filing or registration with, any governmental body or authority, or any other third party, is required in connection with the execution and delivery by either of the Sellers of this Agreement and the other agreements, documents and instruments to be executed and delivered in connection herewith, the consummation of the transactions contemplated hereby and thereby and the performance by each of the Sellers of its obligations hereunder or thereunder. Upon receipt from the Buyer of a notice that the Buyer anticipates the Closing to occur within approximately 30 days from the date of such notice (the "30-Day Notice"), the Sellers shall commence reasonable commercial efforts to obtain all consents, authorizations, approvals, notices, filings and registrations set forth on Schedule 3.2(b). The Buyer shall reasonably cooperate with the Sellers in such efforts by them. Originals or certified copies thereof, to the extent available, will have been delivered to the Buyer prior to the Closing.

(c) Enforceability. This Agreement constitutes, and all instruments of conveyance and other agreements, documents and instruments to be executed and delivered by each of the Sellers in connection herewith shall, when so executed and delivered, constitute, the legal, valid and binding obligations of each of the Sellers, enforceable against each of the Sellers in accordance with their respective terms, except to the extent that enforceability may be limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally.

3.3 Investments. Other than the Corporation's membership interest in the LLC and customary investments of cash in marketable securities or as set forth on Schedule 3.3, neither Seller owns, directly or indirectly, any shares of capital stock or other equity ownership or proprietary or membership interest in any corporation, limited liability company, partnership, association, trust,

joint venture or other entity, nor has any commitment to contribute to the capital of, make loans to, or share in the losses of, any enterprise.

3.4 Financial Statements. (a) The Sellers have delivered to the Buyer prior

to the date hereof:

(i) The reviewed but unaudited balance sheets for the Sellers on a combined basis as of December 31, 1996, and the related reviewed but unaudited statements of income, stockholders' equity and changes in cash flows of the Sellers on a combined basis for the fiscal year then ended (including the notes thereto and any other information included therein), accompanied, in each case, by the report of Dellinger & Deese PLLC, the Sellers' independent certified public accountants (collectively, the "Annual Financial Statements"); and

(ii) The unaudited balance sheet of the Sellers on a combined basis as of March 31, 1997 and the related unaudited statements of income, stockholders' equity and changes in cash flow for the three month period then ended (collectively, the "Interim Financial Statements"), as certified by each of the Sellers' respective President and Manager, as the case may be, (the Annual Financial Statements and the Interim Financial Statements are hereinafter collectively referred to as the "Financial Statements").

(b) The Financial Statements (i) include the payments by Dealer Financial Services, Inc. and GE Capital Corporation to the Shareholders (as reported on Internal Revenue Service Forms 1099) pursuant to which the Shareholders receive commissions on General Electric service contracts sold by the Sellers (the "GE Shareholder Payments"), (ii) are in accordance with the books and records of the Sellers, which books and records are true, correct and complete in all material respects, (iii) fully and fairly present the financial condition and results of the operations of the Sellers as of and for the periods indicated, and (iv) have been prepared in accordance with generally accepted accounting principles consistently applied, except as set forth on Schedule 3.4.

3.5 Absence of Certain Changes. Since December 31, 1996 the Sellers have operated their businesses in the ordinary course and, except as set forth on Schedule 3.5, there has not been incurred, nor has there occurred:

(a) Any (i) damage, destruction or loss not covered by insurance, or (ii) any damage, destruction or loss covered by insurance and in excess of one million dollars ($1,000,000), in either case adversely affecting the Purchased Assets or the business of either of the Sellers;

(b) Except for such liens as may be disclosed on Schedule 3.7, any sale, transfer, pledge or other disposition of any tangible or intangible assets of the either of the Sellers (except sales of vehicle and parts inventory in the ordinary course of business) having an aggregate book value of $75,000 or more;

(c) Any termination, amendment, cancellation or waiver of any Material Contract (as defined in Section 3.6 hereof) or any termination, amendment, cancellation or waiver of any material rights or claims of either of the Sellers under any Material Contract (except in each case in the ordinary course of business and consistent with past practices);

(d) Any material change in the accounting methods, procedures or practices followed by either of the Sellers or any change in depreciation or amortization policies or rates theretofore adopted by the Sellers;

(e) Except as may be disclosed on Schedules 3.8(b), 3.9(b), 3.22 and 3.23, any obligation or liability for indebtedness for (i) borrowed money (or the guaranty thereof), or (ii) the deferred purchase price of assets or for the leasing of real or personal property requiring total payments in any single instance in excess of $10,000 incurred by either of the Sellers (whether jointly or severally) to any person or entity;

(f) Any material change in policies, operations or practices with respect to business operations followed by either of the Sellers, including, without limitation, with respect to selling methods, returns, discounts or other terms of sale, or with respect to the policies, operations or practices of the Sellers concerning the employees of the Sellers;

(g) Any statute, rule, regulation or order adopted or promulgated which materially and adversely affects the Purchased Assets or the business of the Sellers or the ability of the Sellers to enter into valid, binding and enforceable agreements;

(h) Any capital appropriation or expenditure or commitment therefor on behalf of the Sellers in excess of $50,000 individually, or $100,000 in the aggregate;

(i) Any general uniform increase, other than in the ordinary course of business, in the compensation of employees of either of the Sellers (including,

without limitation, any increase, other than in the ordinary course of business, pursuant to any bonus, incentive pay system, pension, profit-sharing, defined compensation or other plan or commitment) (other than any bonus which is fully paid and satisfied prior to Closing), or any increase in excess of $25,000 in any such compensation payable to any individual officer, director, consultant or agent thereof, or any loans or commitments therefor made by either of the Sellers to any persons, including any officers, directors, stockholders, employees, consultants or agents of the Sellers or any of their affiliates;

(j) Any account receivable in excess of $50,000 or note receivable in excess of $50,000 owing to either of the Sellers which (i) has been written off as uncollectible, in whole or in part, (ii) has had asserted against it any claim, refusal or right of setoff, or (iii) the account or note debtor has refused to, or threatened not to, pay for any reason, or such account or note debtor has become insolvent or bankrupt;

(k) Any other change in the condition (financial or otherwise), business operations, assets, earnings, business or prospects of either of the Sellers which has, or could

reasonably be expected to have, a material adverse effect on the Purchased Assets or the business or operations of the Sellers; or

(l) Any agreement, whether in writing or otherwise, by either of the Sellers to take or do any of the actions enumerated in this Section 3.5.

3.6 Material Contracts.

(a) List of Material Contracts. Set forth on Schedule 3.6(a) is a list of all of the following contracts, agreements, documents, instruments, understandings or arrangements, written or oral, relating to the Purchased Assets or the Assumed Liabilities, other than vehicle and parts purchase and sale contracts made in the ordinary course of business (collectively, the "Material Contracts"):

(i) purchase or sales orders and other contracts for the sale of goods or services in excess of $50,000 individually;

(ii) purchase orders or contracts involving the expenditure of more than $50,000 in any instance for the purchase of materials, supplies, equipment or services and which are not cancelable within thirty (30) days without penalty;

(iii) contracts which have a term in excess of one (1) year and involve the expenditure of more than $75,000;

(iv) contracts and agreements relating to the leasing (as lessor or lessee) or to the conditional purchase or sale by the Sellers of any property, real, personal or mixed and pursuant to which the Sellers' outstanding obligations exceed $10,000;

(v) contracts, commitments and arrangements with any governmental body, agency or authority;

(vi) indentures, mortgages, deeds of trust, promissory notes, loan agreements, capital leases (except to the extent covered in (iv) above), security agreements or other agreements or commitments for the borrowing of money, or the deferred purchase price of assets (except to the extent covered in (iv) above), or which otherwise evidence indebtedness of the Sellers for borrowed money or which create an Encumbrance on any of the Purchased Assets;

(vii) guarantees of the obligations of a third party or agreements to indemnify third parties;

(viii) agreements which restrict the Sellers from doing business with any other person or entity in any geographic area or from producing or selling any product;

(ix) contracts or agreements with any of the Shareholders or any affiliate (as defined below) of any of the Shareholders;

(x) license agreements (as licensee or licensor) with third parties;

(xi) employment, severance, change of control, parachute, or consulting agreements or arrangements and collective bargaining agreements and other related agreements, other than oral at-will arrangements with any employees the termination of which will not require the payment of any money;

(xii) distributor, dealer, sales, advertising, agency, manufacturer's representative, franchise or similar agreements or any other contract relating to the payment of a commission, including, but not limited to, all agreements with Chrysler Corporation, General Motors Corporation or other vehicle manufacturer or distributor;

(xiii) profit-sharing, deferred compensation, bonus, incentive, stock option, pension, retirement, stock purchase, hospitalization, insurance or similar plan, agreement or policy, formal or informal, funded or unfunded, providing benefits to any current or former director, officer, shareholder or employee;

(xiv) any agreement, arrangement, commitment or understanding for the sale of any of the Purchased Assets, outside the ordinary course of business; and

(xv) any other agreement, understanding or arrangement, written or oral, which, in the judgment of the Sellers and the Shareholders, is material to the business of the Sellers, the Purchased Assets or the Assumed Liabilities and not otherwise described in this Section 3.6.

True copies of all written Material Contracts and written summaries of all oral Material Contracts described or required to be described on Schedule 3.6(a) will be delivered to the Buyer or its counsel promptly after the date hereof. For purposes of this Agreement, an "affiliate" is any person or entity which, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with a person or entity and the concept of "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting securities, by contract or otherwise.

(b) Performance, Defaults, Enforceability. Except as set forth on Schedule 3.6(b), the Sellers have in all material respects performed all of their obligations required to be performed by them to the date hereof, and are not in default or alleged to be in default in any material respect, under any Material Contract, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default. Except as set forth on Schedule 3.6(b), to the knowledge of the Sellers, no other party to any Material Contract is in default in any respect of any of its obligations thereunder. Each of the Material Contracts is valid and in

full force and effect, and, except as set forth in Schedule 3.6(b), the transfer and assignment to the Buyer of all of the Material Contracts, will not (i) require the consent of any party thereto or (ii) constitute an event permitting termination thereof.

3.7 Title to Purchased Assets and Related Matters. The Sellers have good, marketable and insurable title to all of the tangible Purchased Assets, free and clear of all Encumbrances, except those described on Schedule 3.7 or another schedule hereto and liens for taxes not yet due and payable, liens of materialmen, mechanics and the like, incurred and discharged in the ordinary course of business, and liens in the ordinary course of business in connection with workers' compensation, unemployment insurance and the like. Except as set forth in Schedule 3.7 or another schedule hereto, the Purchased Assets: (i) include all properties and assets (real, personal and mixed, tangible and intangible, and all leases, licenses and other agreements) utilized by the Sellers in carrying on their business in the ordinary course; (ii) are in the exclusive possession and control of the Sellers and no person or entity other than the Sellers are entitled to possession of any portion of the Purchased Assets; and (iii) do not include any contracts for future services, prepaid items or deferred charges the full value or benefit of which will not be usable by or transferable to the Buyer.

3.8 Real Property of the Sellers.

(a) Owned Real Property. The Sellers do not own and have never owned any real property.

(b) Leased Premises. Schedule 3.8(b) contains a complete list and description (including buildings and other structures thereon) of all real property of which the Sellers are individually or jointly tenants (herein collectively the "Leased Premises"), true and complete copies of the leases thereof (except existing leases to be replaced by the Dealership Leases) have been delivered to the Buyer. Except as set forth in Schedule 3.8(b), the Leased

Premises are in good physical condition and repair, except for ordinary wear and tear and any damage, destruction or loss which would not be a breach of the Sellers' representations and warranties contained in Section 3.5(a) above. The Sellers have no knowledge of any event or condition which currently exists which would create a legal or other impediment to the use of the Leased Premises as currently used, or would increase the additional charges or other sums payable by the tenant under any of the leases (together with the Dealership Leases, the "Leases") (including, without limitation, any pending tax reassessment or other special assessment affecting the Leased Premises). Except as set forth in Schedule 3.8(b), the improvements and building systems which comprise a part of the Leased Premises as to which the Sellers are responsible for the maintenance and repair thereof are in good condition, maintenance and repair, except for ordinary wear and tear and any damage, destruction or loss which would not be a breach of the Sellers' representations and warranties contained in Section 3.5(a) above. Except for easements and restrictions of record, there is no person or entity other than the Sellers in or entitled to possession of the Leased Premises.

(c) Easements, Etc. The Leased Premises have sufficient easements and rights, including, but not limited to, easements for power lines, water lines, sewers, roadways and

other means of ingress and egress, to conduct the businesses the Sellers now conduct, all such easements and rights are unconditional appurtenant rights to the Leased Premises for terms not less than those of the Leases, including without limitation, renewal periods with respect to the Leased Premises, and none of such easements or rights are subject to any forfeiture or divestiture rights.

(d) Condemnation. Neither the whole nor any portion of any of the Leased Premises has been condemned, expropriated, ordered to be sold or otherwise taken by any public authority, with or without payment or compensation therefor, and the Sellers do not know of any such condemnation, expropriation, sale or taking, or have any grounds to anticipate that any such condemnation, expropriation, sale or taking is threatened or contemplated. The Sellers have no knowledge of any pending assessments which would affect the Leased Premises.

(e) Zoning, Etc. Except as set forth in Schedule 3.8(e), none of the Leased Premises is in violation of any public or private restriction or any law or any building, zoning, health, safety, fire or other law, ordinance, code or regulation, and, except as set forth on Schedule 3.8(e), no notice from any governmental body has been served upon the Sellers or upon any of the Leased Premises claiming any violation of any building, zoning, health, safety, fire or other law, ordinance, code or regulation or requiring or calling to the attention of the Sellers the need for any work, repair, construction, alterations or installation on or in connection with said properties, with which the Sellers have not complied.

Notwithstanding anything to the contrary contained herein, all representations and warranties of the Sellers in this Section 3.8 are made to the knowledge of the Sellers insofar as such representations and warranties relate to Leased Premises not owned by the Sellers, the Shareholders or their respective affiliates.

3.9 Machinery, Equipment, Etc.

(a) Owned Equipment. Schedule 3.9(a) sets forth a list of all material machinery, equipment, tools, motor vehicles, furniture and fixtures owned by the Sellers and included in the Purchased Assets (collectively, the "Owned Equipment").

(b) Leased Equipment. Schedule 3.9(b) contains a list of all personal property leases or other agreements, whether written or oral, having total remaining payments in excess of $10,000 and under which the Sellers individually or jointly are lessees of or hold or operate any items of machinery, equipment, motor vehicles, furniture and fixtures or other property owned by any third party (collectively the "Leased Equipment").

(c) Maintenance of Equipment. Except as set forth on Schedule 3.9(c), the Owned Equipment and the Leased Equipment is in good operating condition, maintenance and repair in accordance with industry standards, except for ordinary wear and tear and any damage, destruction or loss which would not be a breach of the Sellers' representations and warranties contained in Section 3.5(a) above.

3.10 Inventories of the Sellers. All inventories of the Sellers included in the Purchased Assets consist in all material respects of items of a quality and quantity usable and salable in the normal course of their businesses at the values at which such inventories are carried, are generally sufficient to do business in the ordinary course, and the levels of inventories are consistent with the levels maintained by the Sellers in the ordinary course consistent with past practices and the Sellers' obligations under their agreements with Chrysler Corporation or other vehicle manufacturer or distributor. The values at which such inventories are carried are based on (a) the LIFO method in the case of new vehicle inventory, and (b) the FIFO method in the case of used vehicles and spare parts inventories, and are stated in accordance with generally accepted accounting principles consistently applied by the Sellers at the lower of historic cost or market.

3.11 Accounts Receivable of the Sellers. The Sellers have delivered to the Buyer a true and correct aged list of all unpaid accounts receivable of the Sellers as of May 1, 1997. All accounts receivable of the Sellers included in the Purchased Assets will constitute legal, valid and binding and enforceable claims with respect to which the rendition of services or the sale of goods has been completed in bona fide transactions in the ordinary course of business, are collectible at the aggregate recorded amounts thereof, subject to the Sellers' customary bad debt write-off which would, but for the Closing, be taken at the end of 1997, in the ordinary course of the Sellers' business, and are not subject to any known offsets or counterclaims.

3.12 Approvals, Permits and Authorizations. Set forth on Schedule 3.12 is a list of all governmental licenses, permits, certificates of inspection, other authorizations, filings and registrations which are necessary in all material respects for the Sellers to own the Purchased Assets and to operate their businesses as presently conducted (collectively, the "Authorizations"). All Authorizations have been duly and lawfully secured or made by the Sellers and are in full force and effect. There is no proceeding pending or overtly threatened or, to the Sellers' knowledge, any basis for a claim, to revoke or limit any Authorization. From the date hereof to and including the Closing Date, the Sellers will make all reasonable commercial efforts to maintain the Authorizations. As of the Closing, all Authorizations will be transferred pursuant to this Agreement to the Buyer to the extent permitted by law. Upon receipt of the 30-Day Notice, the Sellers will take all reasonable commercial steps to obtain, and will cooperate with the Buyer to obtain, all consents and approvals required to effect such transfer. With respect to renewal of Authorizations, the Sellers have made, in a timely manner, all filings, reports, notices and other communications with the appropriate governmental body, and have otherwise taken, in a timely manner, all other action, known or anticipated to be required to be taken by the Sellers, reasonably necessary to secure the renewal of the respective Authorizations prior to the date of their respective expirations.

3.13 Compliance with Laws. The Sellers have conducted their operations and businesses in all material respects in compliance with, and all of the Purchased Assets comply in all material respects with, (i) all applicable laws, rules and regulations (including, without limitation, any laws, rules and regulations relating to anticompetitive practices, contracts, discrimination, employee benefits, employment, health, safety, and zoning, but excluding Environmental Laws which are the subject of Section 3.29 hereof) and (ii) all applicable orders, rules, writs, judgments, injunctions, decrees and ordinances. The Sellers have not received any currently pending

notification of any asserted present or past failure by them to comply with such laws, rules or regulations, or such orders, rules, writs, judgments, injunctions, decrees or ordinances. Set forth on Schedule 3.13 are all orders, writs, judgments, injunctions, decrees or other awards of any court or any governmental instrumentality presently applicable to the Purchased Assets or the Sellers or their businesses and operations. The Sellers have delivered to the Buyer copies of all reports, if any, of the Sellers required to be prepared by the Sellers within the last 2 years under the Federal Occupational Safety and Health Act of 1970, as amended, and under all other applicable health and safety laws and regulations. The deficiencies, if any, noted on such reports or any deficiencies noted by inspection through the Closing Date have been, or as of the Closing Date, will have been, corrected by the Sellers.

3.14 Insurance.

(a) Schedule 3.14(a) of this Agreement sets forth a list of all policies of liability, theft, fidelity, life, fire, product liability, workmen's compensation, health and any other insurance and bonds maintained by, or on behalf of, the Sellers on their properties, operations, inventories, assets, businesses or personnel (specifying the insurer, amount of coverage, type of insurance, policy number and any pending claims in excess of $5,000 thereunder). Each such insurance policy identified therein is and shall remain in full force

and effect on and as of the Closing Date (subject to cancellation immediately thereafter unless continued by the Buyer) and the Sellers are not in default with respect to any provision contained in any such insurance policy and have not failed to give any notice or present any claim under any such insurance policy in a due and timely fashion. No notice of cancellation or termination has been received with respect to any such policy. The Sellers have not, during the last three (3) fiscal years, been denied or had revoked or rescinded any policy of insurance.

(b) Set forth on Schedule 3.14(b) is a summary of information pertaining to property damage and personal injury claims in excess of $5,000 against either of the Sellers during the past five (5) years, all of which are fully satisfied or are being defended by the insurance carrier and involve no exposure to the Sellers.

3.15 Taxes.

(a) All federal, state and local tax returns and reports required as of the date hereof to be filed by the Sellers for taxable periods ending prior to the date hereof have been duly and timely filed (after giving effect to applicable extension periods) by the Sellers with the appropriate governmental agencies, and all such returns and reports are true, correct and complete.

(b) All federal, state and local income, profits, franchise, sales, use, occupation, property, excise, payroll, withholding, employment, estimated and other taxes of any nature, including interest, penalties and other additions to such taxes ("Taxes"), payable by, or due from, the Sellers for all periods prior to the date hereof have been fully paid or adequately reserved for by the Sellers or, with respect to Taxes required to be accrued, the Sellers have properly accrued or will properly accrue such Taxes in the ordinary course of business consistent with past practice

of the Sellers, in all cases except to the extent (i) the requirement to pay or accrue such tax is unknown to the Sellers and immaterial as to amount and (ii) being contested in good faith by appropriate proceedings with adequate reserves therefor.

(c) The federal income tax returns of the Sellers have not been examined by the Internal Revenue Service ("IRS") since the taxable period ended December 31, 1993. Except as set forth on Schedule 3.15, the Sellers have not received any notice of any assessed or proposed claim or deficiency against it in respect of, or of any present dispute between it and any governmental agency concerning, any Taxes. Except as set forth on Schedule 3.15, no examination or audit of any tax return or report of either of the Sellers by any applicable taxing authority is currently in progress and there are no outstanding agreements or waivers extending the statutory period of limitation applicable to any tax return or report of the Sellers. Copies of all federal, state and local tax returns and reports required to be filed by the Sellers for the years ended December 31, 1995 and 1994, together with all schedules and attachments thereto, have been previously delivered to the Buyer.

(d) The Corporation, with the consent of the Shareholders, has validly elected under Subchapter S of the Internal Revenue Code of 1986, as amended (the "Code"), to be taxed as a small business corporation for the Corporation's taxable year beginning January 1, 1987, and such tax election has continued uninterrupted for that time and is still in effect and will remain in effect through the Closing. The Corporation and the Shareholders from the date hereof though the Closing will not cause or allow the Corporation's election to be taxed as a small business corporation under Subchapter S of the Code to terminate and will not perform or fail to perform any act which might jeopardize the continued validity of said election through such date.

(e) The Sellers are not now, and have never been, members of a consolidated group for federal income tax purposes or a consolidated, combined or similar group for state tax purposes. No consent under Code Section 341 has been made affecting the Sellers. Neither of the Sellers is a party to any agreement or arrangement that would result in the payment of any "excess parachute payments" under Code Section 280G. Except as set forth on Schedule 3.15, the Sellers are not required to make any adjustment under Code Section 481(a). No power of attorney relating to Taxes is currently in effect affecting the Sellers.

3.16 Litigation. Except as set forth in Schedule 3.16, there are no actions, suits, claims, investigations or legal or administrative or arbitration proceedings pending or overtly threatened, against the Sellers with respect to the Purchased Assets or the Assumed Liabilities or the businesses of the Sellers, other than customer complaints in the ordinary course of business. Except as set forth on Schedule 3.6(b), the Sellers know of no basis for the institution of any such action, suit, claim, investigation or proceeding. The Sellers are not now under any judgment, order, writ, injunction, decree, award

or other similar command of any court, administrative agency or other governmental authority applicable to the businesses of the Sellers or any of the Purchased Assets or Assumed Liabilities.

3.17 Powers of Attorney. Except as set forth on Schedule 3.17, there are no persons, firms, associations, corporations, business organizations or other entities holding general or special powers of attorney from the Sellers other than the registered corporate agents of the Sellers in the State of North Carolina and powers of attorney granted under and embodied in the written terms of the Material Contracts.

3.18 Broker's and Finder's Fees. The Sellers have not incurred any liability to any broker, finder or agent or any other person or entity for any fees or commissions with respect to the transactions contemplated by this Agreement, and the Sellers hereby agree to assume all liability to any such broker, finder or agent or any other person or entity claiming any such fee or commission.

3.19 Employee Relations. The Sellers employ a total of 226 employees as of May 14, 1997. Except as set forth in Schedule 3.19: (a) the Sellers are not delinquent in the payment (i) to or on behalf of any past or present employees of any wages, salaries, commissions, bonuses, benefit plan contributions or other compensation for all periods prior to the date hereof or the date of the Closing, as the case may be, (ii) of any amount which is due and payable to any state or state fund pursuant to any workers' compensation statute, rule or regulation or any amount which is due and payable to any workers' compensation claimant or any other party arising under or with respect to a claim that has been filed under state statutes and approved in the ordinary course in accordance with the Sellers' policies regarding workers' compensation and/or any applicable state statute or administrative procedure; (b) there is no material unfair labor practice charge or complaint against the Sellers pending before the National Labor Relations Board, and, to the knowledge of the Sellers, none is threatened; (c) there is no labor strike, dispute, slowdown or stoppage actually in progress or, to the knowledge of the Sellers, threatened against the Sellers; (d) there are no collective bargaining agreements currently in effect between the Sellers and labor unions or organizations representing any employees of the Sellers; (e) no collective bargaining agreement is currently being negotiated by the Sellers; (f) there are no union organizational drives in progress and there has been no formal or informal request to the Sellers for collective bargaining or for an employee election from any union or from the National Labor Relations Board; (g) no union representation or jurisdictional dispute or question exists respecting the employees of the Sellers; (h) no material grievance or arbitration proceedings are pending and no claim therefor has been asserted against the Sellers; and (i) no material dispute exists between either of the Sellers and any of their sales representatives or, to the knowledge of the Sellers, between any such sales representatives with respect to territory, commissions, products or any other terms of their representation.

3.20 Compensation. Schedule 3.20 contains a schedule of all employees (including sales representatives) and consultants of the Sellers whose individual cash compensation for the year ended December 31, 1996, or projected for the year ended December 31, 1997, is in excess of $100,000, together with the amount of total compensation paid to each such person for the twelve month period ended December 31, 1996 and the current aggregate base salary or hourly rate (including any incentive pay system, bonus or commission) for each such person.

3.21 Patents; Trademarks; Trade Names; Copyrights; Licenses, Etc.

(a) Except as set forth on Schedule 3.21, there are no patents, trademarks, trade names, service marks, service names and registered copyrights, which are material to the Sellers' businesses, and there are no applications therefor or licenses thereof, inventions, computer software, logos, or slogans, which are owned or leased by the Sellers or used in the conduct of the Sellers' business. Except as set forth on Schedule 3.21, the Sellers are not individually or jointly a party to, and do not pay a royalty to anyone under, any license or similar agreement. There is no existing claim, or, to the knowledge of the Sellers, any basis for any claim, against the Sellers that any of their operations, activities or products infringe the patents, trademarks, trade names, copyrights or other property rights of others or that either of the Sellers is wrongfully or otherwise using the property rights of others. To the Sellers' knowledge, no third party is violating the Sellers' intangible property rights.

(b) The Sellers are the owners of the names "Lake Norman Dodge, Inc." and "Lake Norman Chrysler-Plymouth-Jeep-Eagle LLC" in the State of North Carolina and, to the knowledge of the Sellers, no person uses, or has the right to use, such name or any derivation thereof in connection with the manufacture, sale, marketing or distribution of products or services commonly associated with an automobile dealership in North Carolina.

3.22 Certain Liabilities.

(a) Part 1 of Schedule 3.22 sets forth a true and complete aged listing of all accounts payable owing by the Sellers as of May 1,1997. All accounts payable by the Sellers to third parties as of the date hereof arose in the ordinary course of business and none are delinquent or past due, except as may be noted on such Schedule and except to the extent payment thereof is being disputed in an appropriate manner and the disputed amounts are adequately reserved on the respective Sellers' books of account.

(b) Part 2 of Schedule 3.22 sets forth a list of all indebtedness of the Sellers as of the close of business on the day preceding the date hereof (other than accounts payable) including, without limitation, money borrowed, the deferred purchase price of assets, letters of credit and capitalized leases, indicating, in each case, the name or names of the lender, the date of maturity, the rate of interest, any prepayment penalties or premiums and the unpaid principal amount of such indebtedness as of such date.

3.23 No Undisclosed Liabilities. The Sellers do not have any material liabilities or obligations of any nature, known or unknown, fixed or contingent, matured or unmatured, other than those (a) reflected in the Financial Statements, (b) incurred in the ordinary course of business since the date of the Financial Statements, (c) fully insured by third party insurance carriers, or (d) disclosed specifically on Schedule 3.23.

3.24 Certain Transactions. Except as set forth in Schedule 3.24, there are no transactions between any Seller and any of the Shareholders (including the Shareholders' affiliates),

or the Sellers' or Shareholders' (including the Shareholders' affiliates) directors, officers or salaried employees, or the family members or affiliates of any of the above (other than for services as employees, officers and directors), including, without limitation, any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from, any of the Shareholders, or any such officer, director or salaried employee, family member, or affiliate or any corporation, partnership, trust or other entity in which such family member, affiliate, officer, director or employee has a substantial interest or is a shareholder, officer, director, trustee or partner.

3.25 Business Generally. The Sellers have not agreed to sell the Purchased Assets to the Buyer based in whole or in part on the knowledge of any information concerning the Sellers which has, or could reasonably be expected to have, a material adverse effect on the businesses and operations of the Sellers, taken as a whole, and which has not been disclosed to the Buyer hereunder.

3.26 Employee Benefits.

(a) Schedule 3.26 lists each "employee benefit plan" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) maintained by the Sellers or to which the Sellers contribute or are required to contribute and also lists each deferred compensation plan, bonus plan, severance plan, stock option plan, "phantom" stock plan, employee stock purchase plan, cafeteria plan, and each other employee benefit plan, agreement, arrangement, policy or commitment of the Sellers, whether formal or informal, written or oral, funded or unfunded, covering employees or former employees of the Seller (each such plan being hereinafter called an "Employee Benefit Plan"). For this purpose and for the purpose of all of the representations in this Section 3.26, the term Sellers shall include the Shareholders and all entities which by reason of common control are treated together with the Sellers and/or Shareholders as a single employer in accordance with Section 414 of the Internal Revenue Code (the "Code").

(b) The Sellers do not maintain or contribute to, and have never maintained or contributed to, an Employee Benefit Plan subject to Title IV of ERISA or a "multiemployer plan" (as defined in Section 3(37) of ERISA).

(c) Each Employee Benefit Plan and any related trust agreements or annuity contracts (or any other funding instruments) has been administered and maintained to date in substantial compliance with the provisions of its terms, ERISA and the Code, where required, and all other applicable laws, rules and

regulations; and a favorable determination as to the qualification under the Code of each Employee Benefit Plan intended to be so qualified, and each amendment thereto, has been made by the IRS.

(d) No Employee Benefit Plan is funded by means of a VEBA or is otherwise subject to the funding rules of Sections 419 and 419A of the Code. The Sellers comply and have substantially complied with the health care continuation coverage (COBRA) requirements of Section 4980B of the Code and Sections 601-608 of ERISA and any applicable state health care continuation coverage requirements. Sellers have made no promises or incurred any liability,

pursuant to an Employee Benefit Plan or otherwise, to provide medical or other welfare benefits to retired or former employees of the Sellers (other than COBRA or state mandated continuation coverage, where applicable).

(e) To the knowledge of the Sellers, neither the Sellers nor any plan fiduciary of any Employee Benefit Plan has engaged in any transaction which would result in any tax, penalty or liability for prohibited transactions under ERISA or the Code nor have any plan fiduciaries breached any of their responsibilities or obligations imposed upon fiduciaries under Title I of ERISA which may result in any claim being made under or by or on behalf of any Employee Benefit Plan by any party with standing to make such claim. No litigation concerning any Employee Benefit Plan is pending or, to the Sellers' knowledge, threatened or probable of assertion, nor, to the knowledge of the Sellers, is there outstanding any complaint to the Department of Labor concerning any such plan.

(f) True and complete copies of each Employee Benefit Plan, related trust agreements or annuity contracts (or any other funding instruments), most recent Summary Plan Descriptions thereof, all records concerning any IRS or Department of Labor audit, if any, of the same or of deductions for contributions thereto, the three most recent Annual Reports on Form 5500 Series required to be filed with any governmental agency for each Employee Benefit Plan and annual financial statements for the last three (3) plan years of any Employee Benefit Plan, together with test results demonstrating compliance with coverage and either contributions or benefits non-discrimination, as required by the Code, have heretofore been delivered by the Sellers to the Buyer.

(g) All Employee Benefit Plans, related trust agreements or annuity contracts (or any other funding instruments) are legally valid and binding and in full force and effect, and there are no material defaults thereunder. None of the rights of the Sellers thereunder will be impaired by the consummation of the transactions contemplated by this Agreement.

3.27 Sellers and Shareholders Not Foreign Persons. Neither the Sellers nor any of the Shareholders is a "foreign person" as that term is defined in the Code and the regulations promulgated pursuant thereto, and the Buyer has no obligation under Section 1445 of the Code to withhold or pay over to the IRS any part of the "amount realized" (as such term is defined in the regulations issued under Section 1445 of the Code) by the Sellers and/or the Shareholders in the transactions contemplated hereby.

3.28 Suppliers and Customers. Except as set forth in Schedule 3.28, the Sellers are not required to provide bonding or any other security arrangements in connection with any transactions with any of its respective customers or suppliers. Except as disclosed on Schedule 3.28, to the knowledge of the Sellers, no material supplier or creditor intends or has threatened to terminate or modify any of their respective relationships with the Sellers.

3.29 Environmental Matters.

(a) For purposes of this Section 3.29, the following terms shall have the following meaning:

(i) "Environmental Law" means all present and future federal, state and local laws, statutes, regulations, rules, ordinances and common law, and all judgments, decrees, orders, agreements, or permits, issued, promulgated, approved or entered thereunder by any government authority relating to pollution, Hazardous Materials, worker safety or protection of human health or the environment.

(ii) "Hazardous Material" means any waste, pollutant, chemical, hazardous material, hazardous substance, toxic substance, hazardous waste, special waste, solid waste, petroleum or petroleum-derived substance or

waste (regardless of specific gravity), or any constituent or decomposition product of any such pollutant, material, substance or waste, including, but not limited to, any hazardous substance or constituent contained within any waste and any other pollutant, material, substance or waste regulated under or as defined by any Environmental Law.

(b) The Sellers have obtained all permits, licenses and other authorizations or approvals required under Environmental Laws for the conduct and operation of the Purchased Assets in all material respects ("Environmental Permits"). All such Environmental Permits are in good standing, the Sellers are and have been in compliance in all material respects with the terms and conditions of all such Environmental Permits, and no appeal or any other action is pending or threatened to revoke any such Environmental Permit.

(c) Except as may be disclosed in the environmental reports referred to in Section 3.29(l), the Sellers and the Purchased Assets are and have been in compliance in all material respects with all Environmental Laws.

(d) Except as may be disclosed in the environmental reports referred to in Section 3.29(l), neither the Sellers nor the Shareholders has received any written or oral order, notice, complaint, request for information, claim, demand or other communication from any government authority or other person, whether based in contract, tort, implied or express warranty, strict liability, or any other common law theory, or any criminal or civil statute, arising from or with respect to (i) the presence of any Hazardous Material or any other environmental condition or a release or threatened release on, in or under the Leased Premises or any other property formerly owned, used or leased by the Sellers, (ii) any other circumstances forming the basis of any actual or alleged violation by the Sellers of any Environmental Law or any liability of the Sellers under any Environmental Law, (iii) any remedial or removal action required to be taken by the Sellers under any Environmental Law, or (iv) any harm, injury or damage to real or personal property, natural resources, the environment or any person alleged to have resulted from the foregoing, nor are the Sellers aware of any facts which might reasonably give rise to such notice or communication. The Sellers have not entered into any agreements concerning any removal or remediation of Hazardous Materials

(e) No lawsuits, claims, civil actions, criminal actions, administrative proceedings, investigations or enforcement or other actions are pending or overtly threatened under any Environmental Law with respect to the Sellers or the Leased Premises.

(f) Except as may be disclosed in the environmental reports referred to in Section 3.29(l) or as disclosed on Schedule 3.29, no Hazardous Materials are or have been released, discharged, spilled or disposed of onto, or migrated onto, the Leased Premises or any other property previously owned, operated or leased by the Sellers, and no environmental condition exists (including, without limitation, the presence, release, threatened release or disposal of Hazardous Materials) related to the Leased Premises, to any property previously owned, operated or leased by the Sellers, or to the Sellers' past or present operations, which would constitute a violation of any Environmental Law or otherwise give rise to costs, liabilities or obligations under any Environmental Law.

(g) Neither the Sellers nor any of their predecessors in interest has transported or disposed of, or arranged for the transportation or disposal of, any Hazardous Materials to any location (i) which is listed on the National Priorities List, the CERCLIS list under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or any similar federal, state or local list, (ii) which is the subject of any federal, state or local enforcement action or other investigation, or (iii) about which the Sellers or the Shareholders have received or have reason to expect to receive a potentially responsible party notice or other notice under any Environmental Law.

(h) No environmental lien has attached or is threatened to be attached to the Leased Premises.

(i) No employee of the Sellers in the course of his or her employment with the Sellers has been exposed to any Hazardous Materials or other substance, generated, produced or used by the Sellers which could give rise to any material claim (whether or not such claim has been asserted) against the Sellers.

(j) Except as set forth on Schedule 3.29(j) and except as may be disclosed in the environmental reports referred to in Section 3.29(l), the Property does not contain any: (i) septic tanks into which process wastewater or any Hazardous Materials have been disposed; (ii) asbestos; (iii) polychlorinated biphenyls (PCBs); (iv) underground injection or monitoring wells; or (v) underground storage tanks.

(k) Except as provided in the written terms of the Material Contracts, the Sellers have not agreed to assume, defend, undertake, guarantee, or provide indemnification for, any liability, including without limitation any obligation for corrective or remedial action, of any other person under any Environmental Law for environmental matters or conditions.

(l) Except as set forth on Schedule 3.29(l), to the knowledge of the Sellers, there have been no environmental studies or reports made relating to the Leased Premises or any other property or facility previously owned, operated or leased by the Sellers.

(m) Notwithstanding anything to the contrary contained herein, all representations and warranties of the Sellers in paragraphs (e) through (j) and (l) of this Section 3.29 are made to the knowledge of the Sellers insofar as such representations and warranties relate to real property not owned by the Sellers, the Shareholders or their respective affiliates.

3.30 Bank Accounts and Safe Deposit Boxes. Schedule 3.30 lists all bank accounts, credit cards and safe deposit boxes in the name of, or controlled by, the Sellers, and details about the persons having access to or authority over such accounts, credit cards and safe deposit boxes.

3.31 Warranties. Set forth on Schedule 3.31 are descriptions or copies of the forms of all express, unexpired warranties and disclaimers of warranty made by the Sellers (separate and distinct from any applicable manufacturers', suppliers' or other third-parties' warranties or disclaimers of warranties) to customers or users of the vehicles, parts, products or services of the Sellers. Except for no more than $300,000 per year of warranty repairs and accommodations made for customers in the ordinary course of business, there has been no breach of warranty or breach of representation claim against the Sellers during the past five years which has resulted in any cost, expenditure or exposure to the Seller of more than $10,000 individually.

3.32 Interest in Competitors and Related Entities. Except as set forth on Schedule 3.32, no Shareholder and no affiliate of any Shareholder (i) has any direct or indirect interest in any person or entity engaged or involved in any business which is competitive with the business of the Sellers, (ii) has any direct or indirect interest in any person or entity which is a lessor of assets or properties to, material supplier of, or provider of services to, the Sellers, or (iii) has a beneficial interest in any contract or agreement to which either of the Sellers is a party; provided, however, the foregoing representation and warranty shall not apply to any person or entity, or any interest or agreement with any person or entity, which is a publicly held corporation in which the Shareholders individually and collectively own less than 3% of the issued and outstanding voting stock.

3.33 Availability of Sellers' Employees. There have been no actions taken by the Sellers, their affiliates, or any of their respective shareholders, officers, directors, members, managers or employees, to discourage, or in any way prevent, any of the employees of the Sellers from being hired by the Buyer after Closing.

3.34 Misstatements and Omissions. No representation or warranty made by the Sellers in this Agreement, and no statement contained in any certificate or Schedule furnished or to be furnished by the Sellers or any of the Shareholders pursuant hereto, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make such representation or warranty or such statement not misleading.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer hereby represents and warrants to the Sellers as follows:

4.1 Organization and Good Standing. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

4.2 Authority; Consents; Enforceability.

(a) Authority. The Buyer has full corporate power and authority to execute and deliver the Agreement and the other agreements and documents and instruments

contemplated hereby, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder. The execution and delivery by the Buyer of this Agreement and the other agreements, documents and instruments contemplated hereby, the consummation by the Buyer of the transactions contemplated hereby and thereby and the performance by the Buyer of its obligations hereunder and thereunder have been duly and validly authorized by all necessary corporate action on the part of the Buyer. The execution and delivery by the Buyer of this Agreement and the other agreements, documents and instruments contemplated hereby, the consummation by the Buyer of the transactions contemplated hereby and thereby and the performance by the Buyer of its obligations hereunder and thereunder will not (i) conflict with or violate any of the provisions of the Certificate of Incorporation or By-laws of the Buyer, (ii) violate any law, ordinance, rule or regulation or any judgment, order, writ, injunction or decree or similar command of any court administrative or governmental agency or other body applicable to the Buyer or any of its assets, or (iii) violate or conflict with the terms of, or result in the acceleration of, any indebtedness or obligation of the Buyer under, or violate or conflict with or result in a breach by the Buyer of, or constitute a default under, any material instrument, agreement or indenture or any mortgage, deed of trust or similar contract to which the Buyer is a party or by which the Buyer or any of its assets may be otherwise bound or affected.

(b) Consents. Except as set forth in Schedule 4.2(b), no consent, authorization or approval of, or notice to, or filing or registration with, any governmental body or authority, or any other third party, is required in connection with the execution and delivery by the Buyer of this Agreement and the other agreements, documents and instruments to be executed and delivered in connection herewith, the consummation by the Buyer of the transactions contemplated hereby and thereby and the performance by the Buyer of its obligations hereunder and thereunder. The Buyer shall use reasonable commercial efforts to obtain all consents, authorizations, approvals, notices, filings and registrations set forth on Schedule 4.2(b). The Sellers shall reasonably cooperate with the Buyer in such efforts by it.

(c) Enforceability. This Agreement constitutes, and all other agreements, documents and instruments to be executed and delivered by the Buyer in connection herewith shall, when so executed and delivered, constitute, the legal, valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with their respective terms, except to the extent that

enforceability may be limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally.

4.3 Broker's and Finder's Fees. The Buyer has not incurred any liability to any broker, finder or agent or any other person or entity for any fees or commissions with respect to the transactions contemplated by this Agreement, and the Buyer hereby agrees to assume all liability to any such broker, finder or agent or any other person or entity claiming any such fee or commission.

4.4 Litigation. There are no actions, suits, claims, investigations or legal or administrative or arbitration proceedings pending or, to the Buyer's knowledge, threatened or probable of assertion, against the Buyer before any court, governmental or administrative agency or other body relating to this Agreement and/or the transactions contemplated hereby. The Buyer is not now under any judgment, order, writ, injunction, decree or other similar command of any court, administrative agency or other governmental agency which relate to this Agreement and/or the transactions contemplated hereby.

4.5 Misstatements or Omissions. No representation or warranty made by the Buyer in this Agreement, and no statement contained in any certificate or Schedule furnished or to be furnished by the Buyer to the Sellers and/or the Shareholders pursuant hereto, contains or will contain an untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make such representation or warranty or such statement not misleading.

ARTICLE 5
PRE-CLOSING COVENANTS
OF THE SHAREHOLDERS AND THE SELLERS

The Sellers and the Shareholders hereby, jointly and severally, covenant and agree that from and after the date hereof until the Closing:

5.1 Provide Access to Information; Cooperation with Buyer.

(a) Access. Subject to the Buyer's compliance with Section 14.2, the Sellers shall afford to the Buyer, its attorneys, accountants, and such other representatives of the Buyer as the Buyer shall designate to the Sellers in writing, free and full access at all reasonable times, and upon reasonable prior notice, to the Purchased Assets and the properties, books and records of the

Sellers, and to interview personnel, suppliers and customers of the Sellers, in order that the Buyer may have full opportunity to make such investigation (hereinafter referred to as the "Buyer's due diligence") as it shall reasonably desire of the Purchased Assets (including, without limitation, any appraisals or inspections thereof), Assumed Liabilities and the businesses and operations of the Sellers, provided, however that, unless the Sellers shall otherwise consent, until the transaction has been publicly announced (a) the Buyer's due diligence shall be conducted off-site and not at the Sellers' premises, except in the context of any Environmental Audit as provided under Section 5.8

or any physical inspection of the roof, walls and systems of the Sellers' premises, and (b) the Buyer's discussions with the Sellers' personnel shall be limited to discussions with PMG, QMG, Phil M. (Bunky) Gandy, III, James Pentalow and the Sellers' accountants and attorneys. In addition, the Sellers shall provide to the Buyer and its representatives such additional financial and operating data and other information in respect of the Purchased Assets, Assumed Liabilities and the business and properties of the Sellers as the Buyer shall from time to time reasonably request.

(b) Cooperation in IPO Preparation. The Sellers and Shareholders shall cooperate with the Buyer in the preparation of any description of the transactions contemplated by this Agreement deemed by the Buyer, in its sole discretion, as necessary for the completion of any registration statement, prospectus or amendment or supplement thereto prepared in connection with the closing of the Initial Public Offering ("IPO") of the Buyer's securities.

(c) Cooperation in Obtaining Buyer's Consents. The Sellers and Shareholders shall use reasonable best efforts in cooperating with the Buyer in the preparation of and delivery to Chrysler Corporation, as soon as practicable after the date hereof, of an application and other information necessary to obtain Chrysler Corporation's consent to or the approval of the transactions contemplated by this Agreement in satisfaction of the conditions expressed in Section 7.10.

5.2 Operation of Business of the Sellers. At all times before the Closing, the Sellers shall (a) maintain their corporate existence in good standing, (b) operate their businesses substantially as presently operated and only in the ordinary course and consistent with past operations and, except as set forth on Schedule 5.2, their obligations under any existing agreements with Chrysler Corporation, (c) use their reasonable, commercial best efforts to preserve intact their present business organizations and employees and their relationships with persons having business dealings with them, including, but not limited to, Chrysler Corporation and any floor plan financing creditors, (d) comply in all material respects with all applicable laws, rules and regulations, (e) maintain their insurance coverages as currently maintained, (f) pay all Taxes, charges and assessments when due, subject to any valid objection or contest of such amounts asserted in good faith and adequately reserved against, (g) make all debt service payments when contractually due and payable, (h) pay all accounts payable and other current liabilities when due, except as set forth on Schedule 5.2, (i) maintain the Welfare Benefit Plans and Pension Benefit Plans, if any, (j) except as set forth on Schedules 3.8(b) and 3.9(b), maintain the property, plant and equipment included in the Purchased Assets in good operating condition, ordinary wear and tear excepted, (k) as of the Closing Date, not maintain any used cars in inventory for longer than 90 days, (l) maintain their books and records of account in the usual, regular and ordinary manner, and (m) use their reasonable efforts to encourage such personnel of the Sellers as the Buyer may designate in writing to become employees of the Buyer after the date of the Closing.

5.3 Other Changes. The Sellers shall not, without the prior written consent of the Buyer, (a) issue any debt or equity security or any options or warrants, (b) enter into any subscriptions, agreements, plans or other commitments pursuant to which the Sellers are or may become obligated to issue any shares of its capital stock or any securities convertible into shares of

their capital stock or membership interests, as the case may be, (c) otherwise change or modify their capital structure, (d) engage in any reorganization or similar transaction, (e) agree to take any of the foregoing actions, (f) enter into any contract, agreement, undertaking or commitment which would have been required to be set forth in Schedule 3.6(a) if in effect on the date hereof or enter into any contract, agreement, undertaking or commitment which cannot be assigned to the Buyer or a permitted assignee of the Buyer, or (g) take, cause, agree to take or cause, or permit to occur any of the actions or events set forth in clauses (b), (d), (e), (f), (h), (i), item (i) of clause (j), or (l) of Section 3.5 of this Agreement. The Sellers will not agree to any termination,

amendment, cancellation or waiver of any Material Contract, or to any termination, amendment, cancellation or waiver of any material rights or claims of either of the Sellers under any Material Contract, where the effect of any such termination, amendment, cancellation or waiver would be to materially and adversely affect the Purchased Assets or the ability of the Sellers to consummate the transactions at the Closing under this Agreement.

5.4 Additional Information. The Sellers shall furnish to the Buyer such additional information with respect to any matters or events arising or discovered subsequent to the date hereof which, if existing or known on the date hereof, would have rendered any representation or warranty made by the Sellers or any information contained in any Schedule hereto or in other information supplied in connection herewith then inaccurate or incomplete. The receipt of such additional information by the Buyer shall not operate as a waiver by the Buyer of the obligation of the Sellers to satisfy the conditions to Closing set forth in Section 7.1 hereof; provided, however, if such information shall be furnished to the Buyer in a writing which shall also specifically refer to one or more representations and warranties of the Sellers contained herein which in the absence of such information is inaccurate or incomplete, then if the Buyer waives the condition to Closing set forth in said Section 7.1 hereof and elects to close the transactions contemplated hereunder, the furnishing of such additional information shall be deemed to have amended as of the Closing any such representation and warranty so specifically referred to by the Sellers. Notwithstanding the foregoing, the Sellers may amend the Schedules prepared by it and attached hereto at any time during the twenty (20) day period after the date hereof by delivering copies of such amendments, as marked to show changes, to the Buyer and its attorneys. Such amendments shall be incorporated as part of this Agreement and shall be deemed to amend the representation and warranty to which any such schedule relates so long as Buyer does not elect to terminate this Agreement pursuant to Section 11.1 on or prior to the Early Termination Date (as defined in Section 11.1).

5.5 Publicity. Except as may be required by law or as necessary in connection with the transactions contemplated hereby, the Sellers shall not (i) make any press release or other public announcement relating to this Agreement or the transactions contemplated hereby, without the prior written approval of the Buyer and (ii) otherwise disclose the existence and nature of their discussions or negotiations regarding the transactions contemplated hereby to any person or entity other than their accountants, attorneys and similar professionals, all of whom shall be subject to the nondisclosure obligations set forth in this Section 5.5, Section 6.1 and Section 14.2, as agents of the Sellers and the Shareholders, as the case may be. Notwithstanding anything herein to the contrary, each party (i) will hold, and will use its reasonable best efforts to cause its officers, directors, employees, lenders, accountants, representatives, agents, consultants and advisors to hold, in strict

confidence all information (other than such information as may be publicly available) furnished to such party by the other party in connection with the transactions contemplated by this Agreement (collectively, the "Information"); and (ii) will not, without the prior written consent of the party owning such information and except as may be required to be disclosed in any registration statement filed by the Buyer in connection with the IPO, release or disclose any information to any other person, except to such party's officers, directors, employees, lenders, attorneys, accountants, representatives, agents, consultants and advisors who need to know the Information in connection with the consummation of the transactions contemplated by this Agreement, who are informed of the confidential nature of the Information, and who agree to be bound by the terms and conditions of this Section 5.5. In the event any party or any Person to whom a party transmits the Information pursuant to this Agreement becomes legally compelled to disclose any of the Information, such party will provide the other party that owns such Information with prompt notice so that the owning party may seek a protective order or other appropriate remedy. If the transactions contemplated by this Agreement are not consummated, all tangible embodiments of the Information will be returned to the party that is the source of such Information immediately upon such party's request.

5.6 Other Negotiations. Neither the Sellers nor any of the Shareholders shall pursue, initiate, encourage or engage in any negotiations or discussions with, or provide any information to, any other person or entity (other than the Buyer and its representatives and Affiliates) regarding the sale of the assets, capital stock or membership interests of the Sellers or any merger or consolidation or similar transaction involving the Sellers, until 5:00 p.m. Eastern Time on September 30, 1997.

5.7 Closing Conditions. The Sellers shall use all reasonable best efforts to satisfy promptly the conditions to Closing set forth in Article 7 hereof required herein to be satisfied by the Sellers.

5.8 Environmental Audit. The Sellers shall allow an environmental consulting firm selected by the Buyer (the "Environmental Auditor") to have

prompt access to the Property in order to conduct an environmental investigation, satisfactory to the Buyer in scope (such scope being sufficient to result in a Phase I environmental audit report and a Phase II environmental audit report, if desired by the Buyer), of, and to prepare a report with respect to, the Property (the "Environmental Audit"). The Buyer hereby initially designates Law Engineering as the Environmental Auditor. The Sellers shall provide to the Environmental Auditor: (i) reasonable access to all of their existing records concerning the matters which are the subject of the Environmental Audit; and (ii) reasonable access to the employees of the Sellers and the last known addresses of former employees of the Sellers who are most familiar with the matters which are the subject of the Environmental Audit (the Sellers agreeing to use reasonable efforts to have such former employees respond to any reasonable requests or inquiries by the Environmental Auditor). The Sellers shall otherwise cooperate with the Environmental Auditor in connection with the Environmental Audit. The Buyer and the Sellers shall each bear 50% of the costs, fees and expenses incurred in connection with the preparation of the Environmental Audit.

5.9 Hart-Scott-Rodino Compliance. Subject to the determination by the Buyer that any of the following actions is not required, the Sellers shall cooperate with the Buyer and shall

promptly file Notification and Report Forms under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") with the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division") and respond as promptly as practicable to all inquiries received from the FTC or the Antitrust Division for additional information or documentation.

5.10 Additional Covenants with Respect to Governmental Requirements. Prior to the Closing, the Sellers shall deliver to the Buyer the following material in a form and content satisfactory to the Buyer and its counsel:

(a) A copy of a duly issued permanent, unconditional certificate of occupancy with respect to the LLC's principal facility on Chartwell Drive, together with written confirmation from the applicable governmental authority that no fines, penalties or other amounts are or may become payable on account of the circumstances described in the initial paragraph of Schedule 3.8(e); and

(b) Written confirmation from the Town of Cornelius that the site leased by the LLC from Lake-Side Automotive, Inc. is not in violation of the Land Development Code and that no fines, penalties or other amounts are or may become payable on account of the circumstances described in the second paragraph of Schedule 3.8(e).

ARTICLE 6
PRE-CLOSING COVENANTS OF THE BUYER

The Buyer hereby covenants and agrees that, from and after the date hereof until the Closing:

6.1 Publicity; Disclosure. Before the filing by the Buyer of any registration statement regarding the IPO and except as may be required by law or as necessary in connection with the transactions contemplated hereby, the Buyer shall not (i) make any press release or other public announcement relating to this Agreement or the transactions contemplated hereby, without the prior written approval of the Sellers and the Shareholders, or (ii) otherwise disclose the existence and nature of its discussions or negotiations regarding the transactions contemplated hereby to any person or entity other than its accountants, attorneys and similar professionals, all of whom shall be subject to the nondisclosure obligations set forth in this Section 6.1 and Sections 5.5 and 14.2, as agents of the Buyer. Subject to the Buyer's legal obligations and the advice of its IPO underwriters, the Buyer shall submit to the Sellers for their pre-approval (such approval shall not be unreasonably withheld) of the content of any disclosures in the IPO context about the transactions contemplated hereby.

6.2 Closing Conditions. The Buyer shall use all reasonable best efforts to satisfy promptly the conditions to Closing set forth in Article 8 hereof required herein to be satisfied by the Buyer.

6.3 Application to Chrysler Corporation. Subject to the reasonable

cooperation of the Sellers, the Buyer shall provide to Chrysler Corporation no later than 30 days after the execution and delivery of this Agreement any application or other information necessary to satisfy the conditions of Section 7.10.

6.4 Hart-Scott-Rodino Compliance. Subject to the determination by the Buyer that any of the following actions is not required, the Buyer shall cooperate with the Sellers and shall promptly file Notification and Report Forms under the HSR Act with the FTC and the Antitrust Division and respond as promptly as practicable to all inquiries received from the FTC or the Antitrust Division for additional information or documentation, and Buyer shall pay all filing fees in connection therewith.

ARTICLE 7
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE BUYER

The obligations of the Buyer under this Agreement at the Closing and the consummation by the Buyer of the transactions contemplated hereby are subject to the satisfaction or fulfillment by the Sellers, prior to or at the Closing, of each of the following conditions, unless waived by the Buyer:

7.1 Representations and Warranties. The representations and warranties made by the Sellers in this Agreement shall be true and correct in all material respects at and as of the date of this Agreement and at and as of the Closing Date as though such representations and warranties were made at and as of such times.

7.2 Performance of Obligations of the Sellers. The Sellers shall have performed and complied with all their covenants, agreements, obligations and restrictions pursuant to this Agreement required to be performed or complied with prior to or at the Closing.

7.3 Closing Certificate. The Sellers shall have delivered a certificate, signed by each of the Sellers' respective President and Manager, as the case may be, and dated the date of the Closing, certifying to the satisfaction of the conditions set forth in Sections 7.1 and 7.2 hereof.

7.4 Opinion of Counsel. The Buyer shall have received an opinion of Robinson, Bradshaw & Hinson, P.A., counsel to the Sellers, dated the date of the Closing, in a form reasonably acceptable to the Buyer and its counsel.

7.5 Supporting Documents. The Buyer shall have received from the Sellers the following:

(a) A copy of the Articles of Incorporation of the Corporation and all amendments thereto, certified as of a recent date by the Secretary of State of the State of North Carolina and a copy of the Articles of Organization of the LLC and all the amendments thereto, certified as of a recent date by the Secretary of State of the State of North Carolina;

(b) One or more certificates of the Secretary of State of the State of North Carolina dated as of a recent date as to the due incorporation or organization and good standing of the Sellers, and stating that the Sellers owe no franchise taxes in such state and listing all charter documents of the Sellers on file with said official;

(c) Certificates of the Secretary or an Assistant Secretary of the Corporation, and of the Manager of the LLC, and dated the date of the Closing and certifying (i) that attached thereto is a true, complete and correct copy of the By-laws of the Corporation or the Operating Agreement of the LLC as in effect on the date of such certification, (ii) that the Articles of Incorporation of the Corporation and the Articles of Organization and the Operating Agreement of the LLC have not been amended since the date of the last amendment referred to in the certificate delivered pursuant to Subsection (a) above, (iii) that attached thereto are true, complete and correct copies of the resolutions duly adopted by the Board of Directors of the Corporation, the Managers of the LLC, the shareholders of the Corporation and the members of the LLC approving the transactions contemplated hereby and authorizing the execution, delivery and performance by the Sellers of this Agreement and the sale and transfer of the Purchased Assets as in effect on the date of such certification, and (iv) as to the incumbency and signatures of those officers and managers of the Sellers executing any instrument or other document delivered in connection with such transactions;

(d) Uniform Commercial Code Search Reports on Form UCC-11 with respect to the Sellers from the states and local jurisdictions where the principal places of business of the Sellers and the Purchased Assets are located; and

(e) Such reasonable additional supporting documents and other information as the Buyer or its counsel may reasonably request.

7.6 Bill of Sale, Etc. The Buyer shall have received from the Sellers a duly executed Bill of Sale and all necessary deeds, assignments, documents and instruments to effect the transfers, conveyances and assignments to the Buyer referred to in Article 1 hereof, free and clear of all Encumbrances, except as permitted by Section 1.1 hereof, and the Sellers shall have taken such action as shall be necessary to put the Buyer in actual possession and exclusive control of each of the Purchased Assets (including, without limitation, the delivery of keys).

7.7 Dealership Leases and Consulting Agreements. The Buyer shall have received Dealership Leases, duly executed by the lessors thereunder, and Consulting Agreements from the Shareholders.

7.8 Books and Records. The Buyer shall have received all books and records of, or pertaining to, the businesses of the Sellers and the Purchased Assets and Assumed Liabilities, except the corporate minute books and stock or membership interest record books of the Sellers, which are not required to be transferred to the Buyer pursuant to Section 1.1 hereof.

7.9 Change of Name of Sellers; Use of Sellers' Name by Buyer. At the Closing, the Sellers shall deliver to the Buyer all documents, including, without limitation resolutions of the Board of Directors or Managers and the shareholders or members, as the case may be, of the Sellers, necessary to effect a change of corporate and limited liability company names of the Sellers after the Closing to names other than "Lake Norman Dodge, Inc." and "Lake Norman Chrysler-Plymouth-Jeep-Eagle LLC" or any variation thereof, which names shall be sufficiently different from the name of the Buyer and "Lake Norman Dodge, Inc." and "Lake Norman Chrysler-Plymouth-Jeep-Eagle LLC" as to distinguish them upon the records in the office of the Secretary of State of North Carolina from such names. The Sellers shall also have delivered to the Buyer at the Closing a written consent to the use by the Buyer or any parent, subsidiary or affiliate of the Buyer, or any successor or assignee of any thereof, of the names "Lake Norman Dodge, Inc." and "Lake Norman Chrysler-Plymouth-Jeep-Eagle LLC" or any variant thereof and an agreement satisfactory to the Buyer that the Sellers will not use the names "Lake Norman Dodge, Inc." and "Lake Norman Chrysler-Plymouth-Jeep-Eagle LLC" or any variant thereof except to the extent necessary for the winding down of the affairs of the Corporation and the LLC.

7.10 Consents. The Buyer shall have received duly executed copies of all consents, authorizations, approvals, notices, registrations and filings referred to in Schedules 3.2(b) and 3.6(b), which are required to consummate the transactions contemplated hereby, and including, but not limited to, the consent of Chrysler Corporation to the transactions contemplated hereby.

7.11 No Litigation. No action, suit or other proceeding shall be pending or threatened before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain damages in respect thereof, or involving a claim that consummation thereof would result in a violation of any law, rule, decree or regulation of any governmental authority having appropriate jurisdiction and no order, decree or ruling of any governmental authority or court shall have been entered challenging the legality, validity or propriety of, or otherwise relating to, this Agreement or the transactions contemplated hereby or prohibiting, restraining or otherwise preventing the consummation of the transactions contemplated hereby.

7.12 Authorizations. The Buyer shall have received in its name all authorizations of the types referred to in Section 3.12 of this Agreement and the Sellers shall have provided reasonable commercial assistance to the Buyer or assisted the Buyer in obtaining or making all such Authorizations.

7.13 [Intentionally left blank]

7.14 Approval of Legal Matters. The form of all instruments, certificates and documents to be executed and delivered by the Sellers to the Buyer pursuant to this Agreement and all legal matters in respect of the transactions as herein contemplated shall be reasonably satisfactory to the Buyer and its counsel, none of whose approval shall be unreasonably withheld or delayed.

7.15 [Intentionally left blank]

7.16 [Intentionally left blank]

7.17 Hart-Scott-Rodino Waiting Period. All applicable waiting periods under the HSR Act, shall have expired without any indication by the Department of Justice or the Federal Trade Commission that either of them intends to challenge the transactions contemplated hereby, or, if any such challenge or investigation is made or commenced, the conclusion of such challenge or investigation permits the transactions contemplated hereby in all material respects.

7.18 IPO. The Buyer shall have closed its IPO.

7.19 Certification of Used Car Inventories. The President of the Corporation and the Manager of the LLC shall have delivered to the Buyer at the Closing certificates as of the Closing Date to the effect that neither of the Sellers has any used car or truck that has been in inventory for more than ninety (90) days.

ARTICLE 8
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE SELLERS

The obligations of the Sellers under this Agreement at the Closing and the consummation by the Sellers of the transactions contemplated hereby are subject to the satisfaction or fulfillment by the Buyer, prior to or at the Closing, of each of the following conditions, unless waived by the Sellers:

8.1 Representations and Warranties. The representations and warranties made by the Buyer in this Agreement shall be true and correct in all material respects at and

as of the date of this Agreement and at and as of the date of the Closing as though such representations and warranties were made at and as of such times.

8.2 Performance of Obligations of the Buyer. The Buyer shall have performed and complied with all its covenants, agreements, obligations and restrictions pursuant to this Agreement required to be performed or complied with prior to or at the Closing.

8.3 Closing Certificate. The Buyer shall have delivered a certificate, signed by the Buyer's President and dated the date of the Closing, certifying to the satisfaction of the conditions set forth in Sections 8.1 and 8.2.

8.4 Payment of Purchase Price. The Buyer shall have tendered to the Sellers payment of the Cash Consideration and the Initial Adjustment Amount Payment (or the applicable consideration under Section 1.3 (aa)) and shall have tendered payment of the Escrowed Adjustment Amount to the escrow agent therefor.

8.5 Opinion of Counsel. The Sellers shall have received an opinion of Parker, Poe, Adams & Bernstein L.L.P., counsel to the Buyer, dated the date of the Closing, in a form reasonably acceptable to the Sellers and their counsel.

8.6 Supporting Documents. The Sellers shall have received the following:

(a) A copy of the Certificate of Incorporation of the Buyer, and all amendments thereto, certified as of a recent date by the Secretary of State of the State of Delaware;

(b) A certificate of the Secretary of State of the State of Delaware dated as of a recent date as to the due incorporation and good standing of the Buyer;

(c) A certificate of the Secretary or an Assistant Secretary of the Buyer dated the date of the Closing, and certifying (i) that attached thereto is a true, complete and correct copy of the By-laws of the Buyer as in effect on the date of such certification, (ii) that the Certificate of Incorporation of the Buyer has not been amended since the date of the last amendment referred to in the certificate delivered pursuant to Subsection (a) above, (iii) that attached thereto are true, complete and correct copies of the resolutions duly adopted by the Board of Directors of the Buyer approving the transactions contemplated hereby and authorizing the execution, delivery and performance by the Buyer of this Agreement as in effect on the date of such certification, and (iv) as to the incumbency and signatures of certain officers of the Buyer executing any instrument or other document delivered in connection with such transactions; and

(d) Copies of all authorizations, consents, approvals, notices, filings and registrations referred to in Section 4.2(b) hereof.

8.7 Approval of Legal Matters. The form of all certificates, instruments and documents to be executed and/or delivered by the Buyer to the Sellers pursuant to this Agreement and all legal matters in respect of the transactions as herein contemplated shall be reasonably satisfactory to the Sellers and its counsel, none of whose approval shall be unreasonably withheld or delayed.

8.8 No Litigation. No action, suit or other proceeding shall be pending or threatened before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law, rule, decree or regulation of any governmental authority having appropriate jurisdiction, and no order, decree or ruling of any governmental authority or court shall have been entered challenging the legality, validity or propriety of, or otherwise relating to, this Agreement or the transactions contemplated hereby or prohibiting, restraining or otherwise preventing the consummation of the transactions contemplated hereby.

8.9 Hart-Scott-Rodino Waiting Period. All applicable waiting periods under the HSR Act shall have expired without any indication by the Antitrust Division or the FTC that either of them intends to challenge the transactions contemplated hereby, or, if any such challenge or investigation is made or commenced, the conclusion of such challenge or investigation permits the transactions contemplated hereby in all material respects.

ARTICLE 9
TRANSFER TAXES; PRORATION OF CHARGES

9.1 Certain Taxes and Fees. All sales, transfer, documentary, stamp, recording and other similar taxes and/or fees which may be due or payable in connection with the sale of the Purchased Assets pursuant hereto shall be borne by the Sellers.

9.2 Proration of Certain Charges. The following taxes, charges and payments ("Charges") shall, to the extent not reflected in the Closing Date Balance Sheet, be prorated on a per diem basis and apportioned between the Sellers and the Buyer as of the date of the Closing: personal property, use, intangible taxes, utility charges, rental or lease charges, license fees, general assessments imposed with respect to the Purchased Assets, employee payrolls and insurance premiums. The Sellers shall be liable for that portion of the Charges relating to, or arising in respect of, periods on or prior to the Closing Date and the Buyer shall be liable for that portion of the Charges relating to, or arising in respect of, any period after the Closing Date.

ARTICLE 10
SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

10.1 Survival of Representations and Warranties. All statements contained in any schedule or certificate delivered hereunder or in connection herewith by or on behalf of any of the parties pursuant to this Agreement shall be deemed representations and warranties by the respective parties hereunder unless otherwise expressly provided herein. The representations and warranties of the Sellers and the Buyer contained in this Agreement, including those contained in any Schedule or certificate delivered hereunder or in connection herewith, shall survive the Closing * with the exception of the representations and warranties contained in the first sentence of Section 3.7 and in Sections 3.15 and 3.26, which shall survive the Closing * . As to each representation and warranty of the parties hereto, the date to which such representation and warranty shall survive is hereinafter referred to as the "Survival Date."

10.2 Agreement to Indemnify by the Sellers. Subject to the terms and conditions of Sections 10.4 and 10.5, the Sellers hereby agree, jointly and severally, to indemnify and save the Buyer, its affiliates, and their respective shareholders, officers, directors, employees, successors and assigns (each, a "Buyer Indemnitee") harmless from and against, for and in respect of, any and all demands, judgments, injuries, penalties, damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs, expenses , (including, without limitation, reasonable attorneys' fees and expert witness fees) suffered, sustained, incurred or required to be paid by any Buyer Indemnitee (collectively,

* Confidential portions omitted and filed separately with the Commission.

"Buyer's Damages") arising out of, based upon, resulting from, in connection with or as a result of:

(a) any fraud or the untruth, inaccuracy or breach of any representation and warranty of the Sellers contained in or made pursuant to this Agreement, including in any Schedule or certificate delivered hereunder or in connection herewith;

(b) the breach or nonfulfillment of any covenant or agreement of the Sellers contained in this Agreement or in any other agreement document or instrument delivered hereunder or pursuant hereto; or

(c) the defense by the Buyer of any claim by any person against the Buyer or the Purchased Assets under any federal or state bankruptcy, insolvency or other similar law seeking to avoid or otherwise set aside the transfer of any of the Purchased Assets pursuant to this Agreement, whether or not settled, and whether or not the Buyer is successful in the defense of such claim, except in all cases to the extent such claim arises under any Assumed Liability.

Except to the extent Buyer's Damages arise out of (i) the Sellers' fraud, (ii) the Excluded Liabilities, or (iii) the Sellers' obligations under Section 1.3: (a) the Sellers have no obligation to pay Buyer's Damages, and the Buyer shall have no right of indemnification, unless Buyer's Damages exceed a cumulative aggregate total of * , and, (b) to the extent Buyer's Damages exceed a cumulative aggregate total of * , the Sellers shall be obligated to indemnify for Buyer's Damages in excess of * , subject to a maximum indemnification obligation of an aggregate of * . To the extent that Buyer's Damages result from any fraudulent conduct on the Sellers' part or from the Excluded Liabilities or from the Sellers' obligations under Section 1.3, the indemnification amounts payable by Sellers under this Section 10.2 shall not be to such * threshold and shall be up to the full amount of Buyer's Damages without restriction. The parties hereby acknowledge that the above stated figure of * was established to facilitate the administration of claims for indemnification by the Buyer. Accordingly, such figure is not intended by any of the parties as, and shall not be construed or interpreted as, an expression or understanding of the parties in respect of the term "material" or the concept of materiality as used in this Agreement.

10.3 Agreement to Indemnify by the Buyer. Subject to the terms and conditions of Sections 10.4 and 10.5, the Buyer hereby agrees to indemnify and save the Sellers and the Shareholders (each, a "Seller Indemnitee") harmless from and against, for and in respect of, any and all demands, judgments, injuries, penalties, damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs and expenses (including, without limitation, reasonable attorneys' fees and expert witness fees) suffered, sustained, incurred or required to be paid by any Seller Indemnitee (collectively, "Sellers' Damages") arising out of, based upon, in connection with or as a result of:

* Confidential portions omitted and filed separately with the Commission.

(a) any fraud or the untruth, inaccuracy or breach of any representation and warranty of the Buyer contained in or made pursuant to this Agreement, including in any Schedule or certificate delivered hereunder or in connection herewith;

(b) the breach or nonfulfillment of any covenant or agreement of the Buyer contained in this Agreement or in any other agreement, document or instrument delivered hereunder or pursuant hereto; or

(c) the assertion against the Sellers of any of the Assumed Liabilities, including any claims, liabilities or obligations arising from the Sellers' operation of their dealership businesses, regardless of whether such claims, liabilities or obligations arise before or after the Closing Date, provided that such claims, liabilities or obligations are not the subject of a claim for indemnification by a Buyer Indemnitee under Section 10.2.

10.4 Claims for Indemnification. No claim for indemnification with respect to a breach of a representation and warranty shall be made under this Agreement after the applicable Survival Date unless prior to such Survival Date the Buyer Indemnitee or the Seller Indemnitee, as the case may be, shall have given the Sellers or the Buyer, as the case may be, written notice of such claim for indemnification based upon actual loss sustained, or potential loss anticipated, as a result of the existence of any claim, demand, suit or cause of action

against such Buyer Indemnitee or Seller Indemnitee, as the case may be.

10.5 Procedures Regarding Third Party Claims. The procedures to be followed by the Buyer and the Sellers and Shareholders with respect to indemnification hereunder regarding claims by third persons shall be as follows:

(a) Promptly after receipt by any Buyer Indemnitee or Seller Indemnitee, as the case may be, of notice of the commencement of any action or proceeding (including, without limitation, any notice relating to a tax audit) or the assertion of any claim by a third person, which the person receiving such notice has reason to believe may result in a claim by it for indemnity pursuant to this Agreement, such person (the "Indemnified Party") shall give notice of such action, proceeding or claim to the party against whom indemnification pursuant hereto is sought (the "Indemnifying Party"), setting forth in reasonable detail the nature of such action or claim, including copies of any written correspondence from such third person to such Indemnified Party.

(b) The Indemnifying Party shall be entitled, at its own expense, to participate in the defense of such action, proceeding or claim, and, if (i) the action, proceeding or claim involved seeks (and continues to seek) solely monetary damages, (ii) the Indemnifying Party confirms, in writing, its obligation hereunder to indemnify and hold harmless the Indemnified Party with respect to such damages in their entirety pursuant to Sections 10.2 or 10.3, as the case may be, and (iii) the Indemnifying Party shall have made provision which, in the reasonable judgment of the Indemnified Party, is adequate to satisfy any adverse judgment as a result of its indemnification obligation with respect to such action,

proceeding or claim, then the Indemnifying Party shall be entitled to assume and control such defense with counsel chosen by the Indemnifying Party and approved by the Indemnified Party, which approval shall not be unreasonably withheld or delayed. The Indemnified Party shall be entitled to participate therein after such assumption, the costs of such participation following such assumption to be at its own expense. Upon assuming such defense, the Indemnifying Party shall have full rights to enter into any monetary compromise or settlement which is dispositive of the matters involved; provided, that such settlement is paid in full by the Indemnifying Party and will not have any direct or indirect continuing material adverse effect upon the Indemnified Party.

(c) With respect to any action, proceeding or claim as to which (i) the Indemnifying Party does not have the right to assume the defense or (ii) the Indemnifying Party shall not have exercised its right to assume the defense, the Indemnified Party shall assume and control the defense of and contest such action, proceeding or claim with counsel chosen by it and approved by the Indemnifying Party, which approval shall not be unreasonably withheld or delayed. The Indemnifying Party shall be entitled to participate in the defense of such action, the cost of such participation to be at its own expense. The Indemnifying Party shall be obligated to pay the reasonable attorneys' fees and expenses of the Indemnified Party to the extent that such fees and expenses relate to claims as to which indemnification is due under Sections 10.2 or 10.3, as the case may be. The Indemnified Party shall have full rights to dispose of such action; provided, however, in the event that the Indemnified Party shall settle or compromise any claims involved in the action insofar as they relate to, or arise out of, the same facts as gave rise to any claim for which indemnification is due under Sections 10.2 or 10.3, as the case may be, the Indemnified Party shall obtain the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

(d) Both the Indemnifying Party and the Indemnified Party shall cooperate fully with one another in connection with the defense, compromise or settlement of any such claim, proceeding or action, including, without limitation, by making available to the other all pertinent information and witnesses within its control.

(e) Any Indemnified Party shall be entitled (but shall not be obligated) to make a setoff and reduction of any amounts owed by such Indemnified Party to any Indemnifying Party equal to Buyer's Damages where the Indemnified Party is a Buyer Indemnitee or Sellers' Damages where the Indemnified Party is a Seller Indemnitee.

10.6 Effectiveness. The provisions of this Article 10 shall be effective upon consummation of the Closing, and prior to the Closing, shall have no force and effect.

ARTICLE 11
TERMINATION AND TERMINATION FEE

11.1 Payment of Buyer's Termination Fee; Sellers' Exclusive Remedy; Buyer's Ability to Terminate.

(a) Payment of Buyer's Termination Fee. If the Closing does not occur on or before September 30, 1997 for any reason other than (i) (A) fraud or bad faith on the part of the Sellers or the Shareholders or (B) the failure to satisfy, or the non-fulfillment of, the conditions precedent to the Buyer's Closing conditions stated in Sections 7.1, 7.2 or 7.3 or (to the extent not included in Sections 7.1, 7.2 or 7.3) in Sections 7.6, 7.7 (insofar as it relates to the Dealership Leases), 7.8, 7.9, or 7.17, or (ii) the failure of Chrysler Corporation to consent to or approve of the transactions contemplated hereby, then the Buyer shall pay to the order of the Sellers in immediately available funds a termination fee (the "Buyer's Termination Fee") equal to $1,500,000. If the Closing does not occur on or before September 30, 1997 because of the failure of Chrysler Corporation to consent to or approve of the transactions contemplated hereby, then the Buyer shall pay in immediately available funds a Buyer's Termination Fee equal to $1,000,000. The Buyer's Termination Fee, if any, shall be payable on the second Business Day following September 30, 1997 and, subject to any award of fees and expenses in the event the Seller's entitlement to the Buyer's Termination Fee is subject to a dispute under Section 14.12, shall be the Sellers' sole and exclusive remedy for any failure, for whatever reason, of the Closing to occur on or before September 30, 1997. Unless otherwise provided in this Agreement, the Sellers and the Shareholders are not entitled to specific performance of any provision of this Agreement. Upon payment of the Buyer's Termination Fee, this Agreement shall terminate, except as provided in Section 11.4.

(b) Buyer's Ability to Terminate Without Liability. Notwithstanding the foregoing provisions of this Section 11.1, (i) until the earlier of (A) 30 days after the execution and delivery of this Agreement by the Buyer and (B) the date the Buyer files a registration statement with the Securities and Exchange Commission in connection with the IPO, or (ii) if, prior to the filing of any registration statement in connection with the IPO, either the Antitrust Division or the FTC makes a "second request" for performance under the HSR Act or indicates that it will be challenging or investigating the transactions contemplated hereby, the Buyer may terminate this Agreement without any liability or other obligation therefor, including, but not limited to, any obligations to pay any Buyer's Termination Fee under this Section 11.1 or to indemnify any Seller Indemnitee under Section 10.3. The date of termination hereunder shall be referred to herein as the "Early Termination Date".

11.2 Payment of Sellers' Termination Fee.

(a) Sellers' Termination Fee. If the Closing does not occur on or before September 30, 1997 because of any (i) fraud or bad faith on the part of the Sellers

or the Shareholders or (ii) the failure to satisfy, or the non-fulfillment of, the conditions precedent to the Buyer's Closing conditions stated in Sections 7.1, 7.2 or 7.3 or (to the extent not included in Sections 7.1, 7.2 or 7.3) in Sections 7.6, 7.7 (insofar as it relates to the Dealership Leases), 7.8, 7.9 , or 7.17, then the Sellers shall pay to the order of the Buyer in immediately available funds a termination fee on September 30, 1997 (the "Sellers' Termination Fee") equal to $250,000. The Sellers' Termination Fee, if any, shall be payable on the second Business Day following September 30, 1997 and shall be the exclusive remedy of the Buyer unless there is fraud on the Sellers' or the Shareholders' part or the Sellers or the Shareholders shall have failed to comply with their material covenants, agreements and obligations under this Agreement required to be performed or complied with before or at the Closing. Upon payment of the Sellers' Termination Fee, this Agreement shall terminate, except as provided in Section 11.4.

(b) Termination of Agreement by Buyer. Notwithstanding the provisions of Section 11.2(a), if the Buyer shall terminate this Agreement pursuant to Section 11.1(b) above, the Seller shall have no obligation to pay the Sellers' Termination Fee under this Section 11.2 or to indemnify the Buyer under Section 10.2.

11.3 Security for Termination Fees.

(a) Buyer's Termination Fee Security. As of the date of this Agreement, the Buyer shall either (i) deposit into escrow with any nationally recognized banking organization the full amount of the Buyer's Termination Fee, the terms of such escrow being in accordance with the terms of Exhibit 11.3(a) and otherwise pursuant to such written agreements and documents acceptable to both parties (the "Buyer's Escrow") or (ii) procure an irrevocable standby letter of

credit drawn on a bank reasonably acceptable to the Sellers, or other security satisfactory to the Sellers, securing the payment of the full amount of the Buyer's Termination Fee, the terms of such letter of credit being in accordance with the terms of Exhibit 11.3(a) and otherwise pursuant to such written agreements and documents acceptable to both parties (the "Buyer's Letter of Credit" and together with the Buyer's Escrow, the "Buyer's Termination Fee Security"). If the Closing occurs, all amounts held under the Buyer's Escrow may be applied toward payment of the Purchase Price. The Buyer shall pay all expenses and costs associated with the Buyer's Termination Fee Security. The Sellers agree not to make any draw under the Buyer's Termination Fee Security unless and until the Sellers shall be entitled to payment of the Buyer's Termination Fee in accordance with Section 11.1.

(b) Sellers' Termination Fee Security. As of the date of this Agreement, the Sellers shall either (i) deposit into escrow with any nationally recognized banking organization the full amount of Sellers' Termination Fee, the terms of such escrow being in accordance with the terms of Exhibit 11.3(b) and otherwise pursuant to such written agreements and documents acceptable to both parties (the "Sellers' Escrow") or (ii) procure an irrevocable standby letter of credit drawn on a bank reasonably acceptable to the Buyer, or other security satisfactory to the Buyer, securing the payment of the full amount of the

Sellers' Termination Fee, the terms of such letter of credit being in accordance with the terms of Exhibit 11.3(b) and otherwise pursuant to such written agreements and documents acceptable to both parties (the "Sellers' Letter of Credit" and together with the Sellers' Escrow, the "Sellers' Termination Fee Security"). The Sellers shall pay all expenses and costs associated with the Sellers' Termination Fee Security. The Buyer agrees not to make any draw under the Sellers' Termination Fee Security unless and until the Buyer shall be entitled to payment of the Sellers' Termination Fee in accordance with Section 11.2.

11.4 Effect of Termination. In the event that this Agreement is terminated as contemplated by this Article 11, this Agreement shall be of no further force or effect and neither party shall have any further liabilities or obligations hereunder, except as specifically provided under this Article 11, and provided that the provisions of Sections 5.5, 14.2, 14.4, 14.7, 14.11, 14.12 and 14.13 shall survive such termination. Upon any such termination, each party will authorize the cancellation of any outstanding letters of credit and/or escrow arrangements established pursuant to this Article 11.

ARTICLE 12
GUARANTY OF SHAREHOLDERS

12.1 Guaranty. The Shareholders hereby guarantee the due and punctual payment, observance and performance by the Sellers of each and all of the obligations and liabilities of the Sellers under this Agreement and all other agreements, documents and instruments to be executed and delivered by the Sellers pursuant to, or in connection with, this Agreement (collectively, the "Other Agreements"), including, without limitation, the Sellers' obligation to indemnify and save the Buyer harmless, in accordance with the provisions of Article 10 of this Agreement. All of the foregoing liabilities and obligations of the Sellers under this Agreement and the Other Agreements, together with any and all reasonable fees, costs and expenses (including, without limitation, attorneys' fees) which may be paid or incurred by the Buyer in enforcing or collecting liabilities and obligations of the Shareholders under this Guaranty, are hereinafter called, collectively, the "Guaranteed Obligations" and, individually, a "Guaranteed Obligation."

12.2 Notice to the Shareholders. The Shareholders hereby agree that if any Guaranteed Obligation is not paid, observed or performed, as the case may be, when and as due, the Buyer may notify the Shareholders of such non-performance, whereupon the Shareholders shall cause the Sellers to promptly pay, observe or perform or the Shareholders will promptly pay, observe or perform, as the case may be, such Guaranteed Obligation.

12.3 Absoluteness of Guaranty. The obligations of the Shareholders under this Guaranty shall be absolute and unconditional, present and continuing, irrespective of any bankruptcy proceeding involving the Sellers or any voluntary or involuntary liquidation, dissolution or winding up of the affairs of or termination of the existence of the Sellers, or any circumstance which might constitute a legal or equitable discharge of a guarantor.

12.4 Guaranty Not Affected. Each of the Shareholders hereby consents and

agrees that, at any time and from time to time:

(a) the time, manner, place and/or terms and conditions of payment, observance or performance of all or any of the Guaranteed Obligations may be extended, amended, modified or changed pursuant to agreement between the Buyer and the Sellers;

(b) any action may be taken under or in respect of this Agreement or any of the Other Agreements, and the exercise of any remedy, power or privilege thereunder may be waived, omitted or not enforced;

(c) the time for performance of or compliance with any term, obligation, covenant or agreement on the part of the Sellers to be performed or observed by the Sellers under this Agreement or any of the Other Agreements may be extended, or such performance or compliance waived, or failure in or departure from such performance or compliance consented to; and

(d) this Agreement and/or any of the Other Agreements may be amended or modified in any respect by the parties thereto, all in such manner and upon such terms as the parties thereto may deem proper, and without notice to or further assent from the Shareholders, and all without affecting this Guaranty or the obligations of the Shareholders hereunder, which shall continue in full force and effect until all of the Guaranteed Obligations and all obligations of the Shareholders hereunder shall have been fully paid, observed and performed.

Notwithstanding the provisions of this Article XII, the Shareholders shall have the benefit of any and all defenses to the payment or performance of the Guaranteed Obligations available to the Sellers, such that the obligations of the Shareholders under this Article 12 shall be no greater than the obligations of the Sellers with respect to the obligations of the Seller which constitute the Guaranteed Obligations.

12.5 Waiver. Each of the Shareholders hereby waives notice of acceptance of this Guaranty, presentment, demand, protest, or (except as set forth in Section 12.2 hereof) any notice of any kind whatsoever, with respect to any or all of the Guaranteed Obligations, and promptness in making any claim or demand hereunder; and no act or omission of any kind shall in any way affect or impair this Guaranty. Each of the Shareholders, except as set forth in Section 12.2 hereof, also waives any requirement, and any right to require, that any right or power be exercised or any action be taken against the Sellers or any other person or entity or any assets for any of the Guaranteed Obligations.

12.6 No Subrogation. Notwithstanding any payment, observance or performance made by the Shareholders pursuant to this Article 12, until all obligations of the Sellers to the Buyer have been paid in full, the Shareholders hereby waive any and all

rights of subrogation to all of the Buyer's rights against the Sellers and any and all rights of reimbursement, assignment, indemnification or implied contract or any similar rights against the Sellers or against any endorser or other guarantor of all or any part of any obligations of the Sellers to the Buyer with respect to any liabilities of the Shareholders under this Article 12. If, notwithstanding the foregoing, any amount shall be paid to the Shareholders on account of any subrogation rights at any time when all of the obligations of the Sellers to the Buyer shall not have been paid in full, such amount shall be held by the Shareholders in trust for the Buyer, segregated from other funds of the Shareholders, and shall, forthwith upon receipt by the Shareholders, be turned over to the Buyer in the exact form received by the Shareholders (duly endorsed by the Shareholders to the Buyer, if required), to be applied against the obligations of the Sellers to the Buyer, whether matured or unmatured, in such order as the Buyer may determine.

12.7 Reinstatement. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment, observance or performance, or any part thereof, of any of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by the Buyer upon the insolvency, bankruptcy or reorganization of the Sellers, all as though such payment, observance or performance had not been made.

12.8 Effectiveness. The obligations of the Shareholders under this Article 12 shall be effective upon the consummation of the Closing; prior to the Closing, the provisions of this Article 12 shall be of no force or effect. The obligations of each Shareholder hereunder shall be joint and several; however, the maximum liability of each Shareholder hereunder shall be limited to the maximum amount of the Purchase Price paid by the Buyer.

ARTICLE 13
ADDITIONAL COVENANTS AND AGREEMENTS

13.1 Non-Competition Covenant. Because the sale of the Purchased Assets involves the sale of the goodwill of the Sellers, the Shareholders and the Sellers covenant and agree that they will not, either directly or indirectly, alone or with others, either as an employee, owner, partner, agent, stockholder, member, director, officer or otherwise, enter into or engage in, or provide financing to, the business of operating a Chrysler, Plymouth, Dodge or Jeep-Eagle car or truck dealership (the "Competitive Business") within Mecklenburg County, North Carolina or any county in North or South Carolina that is contiguous with Mecklenburg County, North Carolina (the "Restrictive Area") for a period of three years after the Closing Date (the "Restrictive Period"). Neither the Shareholders nor the Sellers will individually, collectively or in conjunction with others, directly or indirectly, within the Restrictive Area, (i) for the Restrictive Period, solicit or accept any Competitive Business from any person or entity which was a customer of the Sellers during the 12 months prior to the date of Closing; or (ii) for a period of one year after the Closing Date, directly or indirectly solicit or hire any employee of the Buyer or encourage any such employee to

leave such employment unless such employee has already terminated such employment with the Buyer or the Buyer and the Seller have mutually agreed in advance to the solicitation or employment. Notwithstanding the foregoing, direct family relations of QMG and PMG, except for Phil M. (Bunky) Gandy, are excluded from the operation of clause (ii) of the preceding sentence unless such relative shall have executed an employment agreement with the Buyer, in which case said clause (ii) shall apply for a period equal to the term of such employment agreement. The Sellers and the Shareholders also agree that in the event of breach of these covenants, the Buyer may protect its property rights in the goodwill of the Purchased Assets by injunction or otherwise.

13.2 Bulk Sales Compliance. The Buyer hereby waives compliance by the Sellers with the provisions of any applicable bulk sales law, and the parties acknowledge that such compliance shall not be a condition precedent to the Closing.

13.3 Additional Agreements on Vehicles. The Buyer agrees to provide the Shareholders personally (and not for commercial resale) the right to purchase during each year after the Closing Date, for ten years, 14 vehicles (including trucks) from the Buyer or one of Buyer's wholly-owned subsidiaries at the Buyer's or its subsidiary's actual cost (equal to factory invoice less (i) factory holdback, (ii) dealer rebates, and (iii) any other factory incentive.

13.4 Additional Agreements on Health Care Continuation Coverage Costs. Subject to the terms and conditions of this Section 13.4, the Buyer agrees to pay premiums to provide continuing health insurance coverage for the Shareholders and also for their eligible spouses and dependents who were covered under the Sellers' health plans for the three month period immediately preceding the date of this Agreement (the "Eligible Dependents"). Health insurance coverage shall be provided to the Shareholders and their Eligible Dependents to the extent such coverage is available to and subject to the terms and conditions applicable to management employees of the Buyer and their dependents under Buyer's health plan. Each Shareholder and Eligible Dependent shall have the opportunity to elect to have such continuation coverage provided through the reimbursement of premiums under a separate individual insurance policy purchased by the Shareholder or Eligible Dependent for a period not to exceed two years and up to the cost of COBRA premiums under the Buyer's health plan. Alternatively, to the extent a Shareholder or Eligible Dependent is a COBRA qualified beneficiary, such Shareholder or Eligible Dependent shall have the opportunity to elect to receive COBRA continuation coverage for the applicable period under Buyer's health plan and Buyer will pay the premiums for such COBRA continuation coverage; provided, however, that in the event a Shareholder's or Eligible Dependent's COBRA continuation coverage extends beyond eighteen months, Buyer will pay the premiums only for an additional six months (so that Buyer will pay premiums for a maximum of two years) and the Shareholder or Eligible Dependent will be liable and responsible for all premiums due for coverage after such time. Notwithstanding the foregoing, if a Shareholder elects to receive COBRA continuation coverage, the two year reimbursement option previously described will not be available to the Shareholder's

Eligible Dependents, and if an Eligible Dependent elects to receive COBRA continuation coverage, the two year reimbursement option will not be available to the Shareholder through which the Eligible Dependent is claiming coverage or any of that Shareholder's other Eligible Dependents. Notwithstanding the foregoing, Buyer's obligation under this Section 13.4 with respect to a Shareholder or Eligible Dependent shall end in the event that the Shareholder or Eligible Dependent becomes eligible for Part A or Part B of Medicare or becomes

eligible to participate in another group health plan or policy. Each Shareholder shall have sole responsibility for any income tax liabilities arising out of the Buyer's payment or reimbursement of health care coverage premiums for the Shareholder and his Eligible Dependents and the benefits of such coverage.

13.5 Expenses Associated with Preparation of Financial Statements. The Buyer agrees to pay at Closing all costs and expenses incurred by Seller, if any, for the preparation of the Interim Financial Statements and the Closing Balance Sheet. The Buyer also agrees to pay any incremental additional cost of combining the financial data relating to the GE Shareholder Payments with the financial data from the Sellers' other operations to produce the Financial Statements. The Sellers agree to pay all other costs and expenses associated with the preparation of the Financial Statements.

ARTICLE 14
MISCELLANEOUS PROVISIONS

14.1 Access to Books and Records after Closing. The Buyer shall, for a period of seven years following the Closing, give, and shall cause to be given, to the Sellers and its authorized representatives such access, during normal business hours and upon prior notice, to such books and records constituting part of the Purchased Assets as shall be reasonably necessary for the Sellers in connection with the preparation and filing of the Sellers' tax returns for periods prior to the Closing, and to make extracts and copies of such books and records at the expense of the Sellers.

14.2 Confidentiality. Notwithstanding anything herein to the contrary, after the Closing, each party shall hold in strict confidence documents and information concerning the other, the other's affiliates and their respective businesses and properties (including that of the Sellers) and the transactions contemplated hereby, except that either party may disclose such documents and information to (i) any governmental authority reviewing the transactions contemplated hereby or as required in either party's judgment pursuant to federal or state laws; (ii) such persons as are required to have such information in either party's good faith judgment in order to assist either party in consummating the transactions contemplated hereby, and except that upon the Closing, the Buyer may disclose such documents and information to such persons as it may desire in order to carry on the business heretofore conducted by the Sellers, or (iii) in connection with the pursuit or defense of any claim between parties arising under this Agreement.

14.3 Remedies. Unless otherwise provided in Article 11 of this Agreement, each of the parties to this Agreement is entitled to all remedies in the event of breach provided at law or in equity, specifically including, but not limited to, specific performance.

14.4 Notices. All notices, claims, certificates, requests, demands and other communications hereunder shall be given in writing and shall be delivered personally or sent by telecopier or by a nationally recognized overnight courier, postage prepaid, and shall be deemed to have been duly given when so delivered personally or sent by telecopier, with receipt confirmed, or one (1) Business Day after the date of deposit with such nationally recognized overnight courier. All such notices, claims, certificates, requests, demands and other communications shall be addressed to the respective parties at the addresses set forth below or to such other address as the person to whom notice is to be given may have furnished to the others in writing in accordance herewith.

If to the Buyer, to:

Sonic Auto World, Inc.
P.O. Box 18747
5401 East Independence
Charlotte, North Carolina 28218
Telecopier No.: (704) 532-3312
Attention: Theodore Wright

with a copy to:

Parker, Poe Adams & Bernstein L.L.P.
2500 Charlotte Plaza
Charlotte, North Carolina 28244
Telecopier No.: (704) 334-4706
Attention: Edward W. Wellman, Jr., Esq.

If to the Sellers, to the addresses of each of the Shareholders below

If to the Shareholders, to:

Mr. Quinton M. Gandy
123 Bridgeport Drive
Mooresville, North Carolina 28115
Telecopier No.: (704) 892-9695

and

Mr. Phil M. Gandy, Jr.
2120 Captiva Court
Cornelius, North Carolina 28031
Telecopier No.: (704) 892-9695

in either case, with a copy to:

Robinson, Bradshaw & Hinson, P.A.
1900 Independence Center
101 North Tryon Street
Charlotte, North Carolina 28246
Telecopier No.: (704) 378-4000
Attention: Karen Gledhill, Esq.

The Buyer, the Sellers or the Shareholders may change the address or telecopier number to which such communications are to be directed by giving written notice to the others in the manner provided in this Agreement.

14.5 Parties in Interest; No Third Party Beneficiaries.

(a) Subject to Section 14.6 hereof, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

(b) Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon or give to any employee of the Sellers or the Buyer, or any other person, firm, corporation or legal entity, other than the parties hereto and their successors and permitted assigns, any rights, remedies or other benefits under or by reason of this Agreement.

14.6 Assignability. This Agreement shall not be assignable by any party hereto without the prior written consent of the other parties, provided that Buyer may assign its rights under the Agreement (a) at any time after the date hereof, to any affiliate of Buyer presently existing or hereafter formed, and (b) at any time after the Closing, to any person or entity that shall acquire all or substantially all of the assets of the Buyer; provided, however, that no such assignment by the Buyer shall release it from its obligations hereunder without the consent of the Sellers and the Shareholders.

14.7 Entire Agreement; Amendment. This Agreement and the other writings referred to herein or delivered pursuant hereto contain the entire understanding of the parties hereto with respect to its subject matter. There are no representations, promises, warranties, covenants or undertakings other than as expressly set forth herein or therein. This Agreement supersedes all prior agreements and understandings between the parties hereto with respect to its subject matter, including, without limitation, the Letter of Intent dated April 18, 1997, as supplemented by an Addendum dated April 25, 1997 and an Addendum dated May 9, 1997. This Agreement may be amended or modified only by a written instrument duly executed by the parties hereto, and any condition to a party's obligations hereunder may only be waived in writing by such party.

14.8 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

14.9 Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, and all such counterparts together shall constitute but one agreement.

14.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without giving effect to its principles of conflicts of law.

14.11 Knowledge. Whenever any representation or warranty of the Sellers contained herein or in any other document executed and delivered in connection herewith is based upon the knowledge of the Sellers, such knowledge shall be deemed to mean (a) matters actually known to either of the Shareholders or to Phil M. (Bunky) Gandy III or Jim Pentalow, or (ii) information of which any of such persons would reasonably be expected to be aware in the prudent discharge of his duties in the ordinary course of business (including consultation with legal counsel).

14.12 Jurisdiction; Arbitration. (a) Subject to the other provisions of this Section 14.12, any judicial proceeding brought with respect to this Agreement must be brought in any court of competent jurisdiction in the State of North Carolina, and, by execution and delivery of this Agreement, each party (i) accepts, generally and unconditionally, the exclusive jurisdiction of such courts and any related appellate court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement, and (ii) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in such court or that such court is an inconvenient forum.

(b) Any dispute, claim or controversy arising out of or relating to this Agreement, or the interpretation or breach hereof (including, without limitation, any of the foregoing based upon a claim to any termination fee hereunder), shall be resolved by binding arbitration under the commercial arbitration rules of the American Arbitration Association (the "AAA Rules") to the extent such AAA Rules are not inconsistent with this Agreement. Judgment upon the award of the arbitrators may be entered in any court having jurisdiction thereof or such court may be asked to judicially confirm the award and order its enforcement, as the case may be. The demand for arbitration shall be made by any party hereto within a reasonable time after the claim, dispute or other matter in question has arisen, and in any event shall not be made after the date when institution of legal proceedings, based on such claim, dispute or other matter in question, would be barred by the applicable statute of limitations. The arbitration panel shall consist of three (3) arbitrators, one of whom shall be appointed by each party hereto within thirty (30) days after any request for arbitration hereunder. The two arbitrators thus appointed shall

choose the third arbitrator within thirty (30) days after their appointment; provided, however, that if the two arbitrators are unable to agree on the appointment of the third arbitrator within 30 days after their appointment, either arbitrator may petition the American Arbitration Association to make the appointment. The place of arbitration shall be Charlotte, North Carolina. The arbitrators shall be instructed to render their decision within sixty (60) days after their selection and to allocate all costs and expenses of such arbitration (including legal and accounting fees and expenses of the respective parties) to the parties in the proportions that reflect their relative success on the merits (including the successful assertion of any defenses).

(c) Nothing contained in this Section 14.12 shall prevent any party hereto from seeking any equitable relief to which it would otherwise be entitled from a court of competent jurisdiction in the State of North Carolina.

14.13 Waivers. Any party to this Agreement may, by written notice to the other parties hereto, waive any provision of this Agreement from which such party is entitled to receive a benefit. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision of this Agreement.

14.14 Severability. In the event that any provision, or part thereof, of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions, or parts thereof, shall not in any way be affected or impaired thereby.

14.15 Expenses. Except as otherwise set forth herein, each party shall be responsible for its own legal fees and other costs and expenses incurred in connection with this Agreement and the negotiation and consummation of the transactions contemplated hereby.

14.16 Regarding Termination Fees. In the event that the Buyer's Termination Fee or the Sellers' Termination Fee were determined by any court or other tribunal to constitute liquidated damages, the Buyer and the Sellers hereby acknowledge and agree that (a) they reasonably anticipate that the damages for the matters contemplated by Sections 11.1 and 11.2 will be difficult to ascertain because of their indefiniteness or uncertainty and (b) the Buyer's Termination Fee and the Sellers' Termination Fee are reasonable estimates of such damages. Notwithstanding the foregoing, this Section 14.16 shall in no way prevent any party hereto from seeking any other legal or equitable remedies to which it would otherwise be entitled hereunder. The provisions of this Section 14.16 shall also survive any termination of this Agreement as contemplated by Article 11 hereof.

[Signatures begin on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed all as of the day, month and year first above written.

SONIC AUTO WORLD, INC.

By: /s/ Bryan Scott Smith

Name: Bryan Scott Smith
Title: Chief Executive Officer

LAKE NORMAN DODGE, INC.

By: /s/ Phil M. Gandy, Jr.

Name: Phil M. Gandy, Jr.
Title: President

LAKE NORMAN CHRYSLER-PLYMOUTH- JEEP-EAGLE LLC

By: /s/ Quinton M. Gandy

Name: Quinton M. Gandy
Title: Manager

/s/ Quinton M. Gandy

Quinton M. Gandy

/s/ Phil M. Gandy, Jr.

Philip M. Gandy, Jr.

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Exhibit 11.3(b)	-	Terms of Letter of Credit - Sellers' Termination Fee Security

ASSET PURCHASE AGREEMENT

by and among

SONIC AUTO WORLD, INC.,

KIA OF CHATTANOOGA, LLC,

EUROPEAN MOTORS OF NASHVILLE, LLC,

EUROPEAN MOTORS, LLC,

JAGUAR OF CHATTANOOGA LLC,

CLEVELAND CHRYSLER-PLYMOUTH-JEEP EAGLE LLC,

NELSON BOWERS DODGE, LLC,

CLEVELAND VILLAGE IMPORTS, INC.,

SATURN OF CHATTANOOGA, INC.,

NELSON BOWERS FORD, L.P.,

NELSON E. BOWERS II,

JEFFREY C. RACHOR,

AND THE OTHER SHAREHOLDERS NAMED HEREIN

Dated as of June 24, 1997

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of this 24th day of June, 1997, by and among SONIC AUTO WORLD, INC., a Delaware corporation (the "Buyer"), KIA OF CHATTANOOGA, LLC, a Tennessee limited liability company, EUROPEAN MOTORS OF NASHVILLE, LLC, a Tennessee limited liability company, EUROPEAN MOTORS, LLC, a Tennessee limited liability company, JAGUAR OF CHATTANOOGA LLC, a Tennessee limited liability company, CLEVELAND CHRYSLER-PLYMOUTH-JEEP EAGLE LLC, a Tennessee limited liability company, NELSON BOWERS DODGE, LLC, a Tennessee limited liability company (collectively, the "LLCs"), CLEVELAND VILLAGE IMPORTS, INC., a Tennessee corporation, SATURN OF CHATTANOOGA, INC., a Tennessee corporation (collectively, the "Corporations"), NELSON BOWERS FORD, L.P., a Tennessee limited partnership (the "Partnership" and together with the LLCs and the Corporations, the "Sellers"), NELSON E. BOWERS II, a shareholder of the Corporations and a member of the LLCs, JEFFREY C. RACHOR, a shareholder of certain of the Corporations and a member of certain of the LLCs, and the other persons who are signatories to this Agreement and who are shareholders, members or partners, as the case may be, of the respective Sellers (collectively, the "Shareholders").

W I T N E S S E T H:

In consideration of the mutual representations, warranties, covenants and agreements hereinafter set forth, the parties hereto hereby agree as follows:

ARTICLE 1
PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES

1.1 Agreement of Purchase and Sale. On the terms and subject to the conditions of this Agreement, at the Closing (as defined in Article 2 hereof), the Sellers shall sell, transfer, convey, assign and deliver (or cause to be sold, transferred, conveyed, assigned and delivered) to the Buyer, and the Buyer shall purchase and accept delivery of, all of the Sellers' right, title and interest in and to all of the assets of the Sellers of every kind, character and description, tangible or intangible, real, personal or mixed, and wherever located, including, without limitation, the assets described on Schedule 1.1(a), but excluding, however, the assets described on Schedule 1.1(b) (the "Excluded Assets"); said assets, other than the Excluded Assets, are hereinafter called the "Purchased Assets". The Purchased Assets will be sold free and clear of all mortgages, deeds of trust, liens, pledges, charges, security interests, contractual restrictions, claims or encumbrances of any kind or character (collectively, "Encumbrances"), other than the Encumbrances set forth on Schedule 1.1(c) (the "Permitted Encumbrances").

1.2 Assumed Liabilities. On the terms and subject to the conditions of this Agreement and in reliance upon the representations and warranties contained herein, at the Closing the Buyer shall assume and undertake to perform all of the liabilities and obligations of the Sellers

specifically described on Schedule 1.2 (the "Assumed Liabilities"). Except for the Assumed Liabilities, the Buyer shall not assume, and the Sellers shall retain and remain responsible for, any and all liabilities and obligations of the Sellers of any nature whatsoever, whether past, current or future, whether accrued, contingent, known or unknown (such retained liabilities and obligations being hereinafter called the "Retained Liabilities").

1.3 Purchase Price; Allocation.

(a) Purchase Price. In addition to the assumption by the Buyer of the Assumed Liabilities, as the full consideration to be paid by the Buyer for the Purchased Assets, the Buyer shall pay to the Sellers the aggregate purchase price of (i) $23,000,000, minus the Rental Cost Adjustment (as defined in Section 1.3(c) below) (as so adjusted, the "Base Price"), plus (ii) the positive Net Book Value (as defined in Section 1.3(d) below), not to exceed $10,500,000 (the "Adjustment Amount" and, together with the Base Price, the "Purchase Price").

(b) Payment of Purchase Price. The Purchase Price shall be paid as follows:

(1) The Base Price, plus $4,500,000 (the "Initial Adjustment Amount Payment") shall be payable to the Sellers at Closing by wire transfer of immediately available funds to the account or accounts of the Sellers, which shall be designated by the Sellers in writing at least one full Business Day prior to the Closing Date, in the percentage shares specified in Schedule 1.3(e). The sum of $1,000,000 (the "Escrowed Adjustment Amount") shall be placed in escrow with Chicago Title Insurance Company, c/o Milligan Reynolds Title Agency, Inc. (the "Escrow Agent"), by the Buyer in accordance with the escrow agreement in the form of Exhibit 1.3(A), with such other changes thereto as the Escrow Agent shall reasonably request (the "Escrow Agreement"). The Initial Adjustment Amount Payment and the Escrowed Adjustment Amount are sometimes hereinafter collectively referred to as the "Initial Adjustment Amount." For purposes of this Agreement, a "Business Day" is a day other than a Saturday, a Sunday or a day on which banks are required to be closed in the State of North Carolina.

(2) At the Closing, the Buyer shall execute and deliver to the respective Sellers one or more promissory notes in the form of Exhibit 1.3(B) (the "Notes"). The Notes shall: be in an aggregate principal amount of $5,000,000 less the amount, if any, by which the Net Book Value shall be less than $10,500,000; bear interest on the outstanding principal amount thereof at the prime rate from time to time as announced by NationsBank, N.A. (Carolinas) in Charlotte, North Carolina, less 0.5% per annum; be payable in twenty-eight equal quarterly installments; and be subject to offset as provided therein, all as more particularly provided in said Exhibit 1.3(B). The Notes shall be guaranteed by Sonic Financial Corp. pursuant to a Guaranty in the form of Exhibit 1.3(C) (the "Guaranty").

(c) Rental Cost Adjustment. The amount of the rental cost adjustment shall be determined prior to the Closing in accordance with the procedures set forth in Schedule 1.3(c) (the "Rental Cost Adjustment").

(d) Adjustment Amount Procedures.

(1) Not later than 60 days after the Closing Date, the Sellers, acting through Nelson E. Bowers, II, as agent for the Sellers (the "Sellers' Agent"), will prepare and deliver to the Buyer an unaudited balance sheet (the "Closing Balance Sheet") of the Sellers as of the Closing Date, consisting of a computation of the tangible book value as of the Closing Date of the Purchased Assets (excluding goodwill and other intangible assets) less the book value as of the Closing Date of the Assumed Liabilities, all as determined in accordance with generally accepted accounting principles; provided, however, that: inventory shall be valued on a FIFO basis; and there shall be included appropriate reserves and/or write-offs for doubtful accounts receivable and bad debts and for damaged, spoiled, obsolete or slow-moving inventory. The preparation of the Closing Balance Sheet shall include a physical inventory as of the Closing Date and the Buyer shall have the right to have a representative present at such inventory. The Buyer shall also have the right to review the Sellers' and their accountants' work papers related to such preparation. The tangible net book value reflected on the Closing Balance Sheet is hereinafter called the "Net Book Value". If within 30 days following delivery of the Closing Balance Sheet (or the next Business Day if such 30th day is not a Business Day), the Buyer has not given the Sellers' Agent notice of the Buyer's objection to the computation of the Net Book Value as set forth in the Closing Balance Sheet (such notice to contain a statement in reasonable detail of the nature of the Buyer's objection), then the Net Book Value reflected in the Closing Balance Sheet will be deemed mutually agreed by the Buyer and the Sellers and will be used in computing the Adjustment Amount. If the Buyer shall have given such

notice of objection in a timely manner, then the issues in dispute will be submitted to a "Big Six" accounting firm mutually acceptable to the Buyer and the Sellers' Agent (the "Accountants") for resolution. If issues in dispute are submitted to the Accountants for resolution, (i) each party will furnish to the Accountants such workpapers and other documents and information relating to the disputed issues as the Accountants may request and are available to the party or its subsidiaries (or its independent public accountants), and will be afforded the opportunity to present to the Accountants any material relating to the determination and to discuss the determination with the Accountants; (ii) the Accountants will be instructed to determine the Net Book Value based upon their resolution of the issues in dispute; (iii) such determination by the Accountants of the Net Book Value, as set forth in a notice delivered to both parties by the Accountants, will be binding and conclusive on the parties; and (iv) the Buyer and the Sellers shall each bear 50% of the fees and expenses of the Accountants for such determination. If issues in dispute are submitted to the Accountants, any portion of the Escrowed Adjustment Amount in excess of that which, based upon such issues in dispute, would be necessary to satisfy any potential Net Book Value Shortfall (as hereinafter defined) shall be released to the Sellers' Agent within 5 Business Days after the submission of such issues to the Accountants, and the Sellers' Agent and the Buyer shall execute and deliver to the Escrow Agent a joint instruction to such effect.

(2) To the extent that the Net Book Value, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, exceeds the Initial Adjustment Amount Payment, the Buyer shall be obligated to pay the amount of such excess, up to the amount of the Escrowed Adjustment Amount, promptly to the Sellers. In furtherance of such obligation of the Buyer, the parties shall execute and deliver to the Escrow Agent a joint instruction to pay such

excess to the Sellers in the percentage shares set forth in Schedule 1.3(e), with any remaining balance of the Escrowed Adjustment Amount to be paid to the Buyer. To the extent that the Net Book Value, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, exceeds the Initial Adjustment Amount, the Buyer shall be obligated to pay the amount of such excess, up to $5,000,000, pursuant to the provisions of the Notes. To the extent that the Net Book Value, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, is less than the Initial Adjustment Amount (the "Net Book Value Shortfall"), the Sellers shall be obligated to pay the amount of the Net Book Value Shortfall promptly to the Buyer. In furtherance of such obligation of the Sellers, the parties shall execute and deliver to the Escrow Agent a joint instruction to pay up to the entire amount of the Escrowed Adjustment Amount to the Buyer. To the extent that the amount of the Net Book Value Shortfall shall exceed the Escrowed Adjustment Amount, the Sellers shall be obligated to pay such excess amount of the Net Book Value Shortfall promptly to the Buyer. Any interest earned on the Escrowed Adjustment Amount shall be paid to the Buyer or the Sellers, as the case may be, in proportion to the respective principal amounts of the Escrowed Adjustment Amount received by each of them.

(e) Allocation. The allocation of the Purchase Price and the Assumed Liabilities as among the respective Sellers and as to the Purchased Assets shall be as set forth in Schedule 1.3(e).

1.4 Instruments of Conveyance and Transfer; Dealership Leases; Employment Agreement.

(a) Instruments of Conveyance and Transfer. At the Closing, each of the Sellers shall deliver to the Buyer a Bill of Sale and Assignment, substantially in the form of Exhibit 1.4(A) (the "Bills of Sale"), and such other instruments of assignment, conveyance and transfer, as shall be necessary to vest in the Buyer good title to the Purchased Assets in accordance herewith. Simultaneously therewith, the Sellers shall take all steps as may be required to transfer to the Buyer actual possession and exclusive operating control of the Purchased Assets.

(b) Employment Agreements. At the Closing, Nelson E. Bowers, II and Jeffrey C. Rachor (the "Principals") will enter into employment agreements with the Buyer, substantially in the forms of Exhibits 1.4(B)(1) and (2) (the "Employment Agreements").

(c) Dealership Leases. At the Closing, Nelson E. Bowers, II or his affiliates will enter into leases with the Buyer, as lessee, regarding the Leased Premises (as defined in Section 3.8(a) below) owned by them, such leases to be substantially in the form of Exhibit 1.4(C) (the "Dealership Leases"). For purposes of this Agreement, the term "affiliate" shall mean any entity directly or indirectly controlling, controlled by or under common control with the specified person, whether by stock ownership, agreement or otherwise, or any parent, child or sibling of such specified person and the concept of "control" means the possession, direct or indirect, of the power to direct or cause the

direction of the management and policies of such person or entity, whether through the ownership of voting securities, by contract or otherwise.

(d) Non-Competition Agreement. At the Closing, the Sellers and the Shareholders will enter into a non-competition agreement with the Buyer in substantially in the form of Exhibit 1.4(D) (the "Non-Competition Agreement").

(e) Further Assurances. The Sellers further agree that, from and after the Closing, they will execute and deliver to the Buyer such additional instruments and documents and take such further action as the Buyer may reasonably request in order to more fully vest, record and/or perfect the Buyer's title to, or interest in, the Purchased Assets.

(f) Shareholders' Covenant to Close. The Shareholders further covenant and agree to take all necessary officer, director and stockholder, partner or member actions to cause the Sellers to perform their obligations at and prior to the Closing, as contemplated by this Agreement.

1.5 Offers of Employment to Sellers' Employees. On or before the Closing Date, the Buyer may offer employment to such of the Sellers' employees as the Buyer shall select, in its sole discretion, such employment to begin on or after the date of the Closing and to be upon such terms and conditions as determined by the Buyer in its sole discretion, but the Buyer has no obligation to employ any person, except the Principals pursuant to the terms of the Employment Agreements. Notwithstanding the foregoing, the Buyer agrees to offer employment to a sufficient number of the Sellers' employees to avoid triggering any notice requirements under the Worker Adjustment Retraining Notification Act, 29 U.S.C. ss. 2101 et seq. (the "Warn Act").

ARTICLE 2
CLOSING

The sale and purchase of the Purchased Assets contemplated hereby shall take place at a closing (the "Closing") at the offices of Grant, Konvalinka & Harrison, P.C., Republic Centre, Ninth Floor, 633 Chestnut Street, Chattanooga, Tennessee, at 10:00 a.m. local time on the fifth (5th) Business Day, or such shorter period as the Buyer may choose, following the date the Buyer gives notice of the Closing to the Sellers, but in no event earlier than October 20, 1997 or later than October 31, 1997 or such later date as shall be necessary to finalize the determination of the Rental Cost Adjustment (October 31, 1997 or such later date being hereinafter called the "Closing Date Deadline"), unless another date or place is agreed to in writing by the Sellers and the Buyer. The date on which the Closing actually occurs is hereinafter referred to as the "Closing Date".

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Sellers hereby represent and warrant to the Buyer as follows:

3.1 Organization; Good Standing; Qualifications. Each of the Sellers is a corporation, limited liability company or limited partnership duly organized, validly existing and in good standing under the laws of the State of Tennessee. Each of the Sellers is qualified as foreign corporation, limited liability company or limited partnership and in good standing in the jurisdictions listed with respect to it on Schedule 3.1, which jurisdictions are the only jurisdictions where the nature of such Seller's business and its assets require such qualification except where the failure to be so qualified will not have a material adverse effect on the Purchased Assets, or on the financial condition, business or operations of the Sellers taken as a whole.

3.2 Authority; Consent. Each of the Sellers has full corporate, limited liability company or limited partnership, as the case may be, power and authority to carry on its business as now conducted, to execute and deliver this Agreement and the other agreements, documents and instruments contemplated hereby, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder. The execution and delivery by each of the Sellers of this Agreement and the other agreements, documents and instruments contemplated hereby, the consummation by each of the Sellers of the

transactions contemplated hereby and thereby and the performance by each of the Sellers of its obligations hereunder and thereunder: (i) have been duly and validly authorized by all necessary corporate, limited liability company or limited partnership, as the case may be, action, including, without limitation, all necessary shareholder, member or partner action, as the case may be; and (ii) do not and will not, except as set forth on Schedule 3.2, (A) conflict with or violate any of the provisions of the certificate of incorporation, by-laws, articles of organization, operating agreement, or limited partnership agreement, as the case may be, each as amended, with respect to any of the Sellers, (B) violate any law, ordinance, rule or regulation or any judgment, order, writ, injunction or decree or similar command of any court, administrative or governmental agency or other body applicable to any of the Sellers, the Purchased Assets or the Assumed Liabilities, (C) violate or conflict with the terms of, or result in the acceleration of, any indebtedness or obligation of either of the Sellers under, or violate or conflict with or result in a breach of, or constitute a default under, any material instrument, agreement or indenture or any mortgage, deed of trust or similar contract to which either of the Sellers is a party or by which either of the Sellers or any of the Purchased Assets or Assumed Liabilities are bound or affected, (D) result in the creation or imposition of any Encumbrance upon any of the Purchased Assets, or (E) require the consent, authorization or approval of, or notice to, or filing or registration with, any governmental body or authority, or any other third party.

3.3 Ownership; Investments.

(a) Ownership. All issued and outstanding shares of capital stock of the Corporations, all limited liability company interests of the LLCs and all partnership interests of the Partnership, are held of record and beneficially by the Shareholders, free and clear of any

Encumbrances. Schedule 3.3(a) hereto sets forth a list of all Sellers and their respective stockholders, members or partners, indicating in each case the respective percentage ownership interests thereof. No Seller has any outstanding securities or other instruments, agreements or arrangements of any character or nature whatsoever under which such Seller is or may be obligated to issue any shares of its capital stock (in the case of the Corporation) or admit any person as a member or partner (in the case of the LLCs or the Partnership).

(b) Investments. Except as set forth on Schedule 3.3(b), the Sellers do not own, directly or indirectly, any shares of capital stock or other equity ownership or proprietary or membership interest in any corporation, limited liability company, partnership, association, trust, joint venture or other entity, and they do not have any commitment to contribute to the capital of, make loans to, or share in the losses of, any enterprise.

3.4 Financial Statements. The Sellers have delivered to the Buyer prior to the date hereof: (a) The unaudited balance sheets for the Sellers as of December 31, 1996, and the related unaudited statements of income, stockholders' equity, members' equity or partners' equity, as the case may be, and changes in cash flows of the Sellers for the fiscal year then ended (including the notes thereto and any other information included therein), (collectively, the "Annual Financial Statements"); and (b) The unaudited balance sheets of the Sellers as of March 31, 1997 and the related unaudited statements of income, stockholders' equity, members' equity or partners' equity, as the case may be, and changes in cash flow for the three month period then ended (collectively, the "Interim Financial Statements"); (the Annual Financial Statements and the Interim Financial Statements are hereinafter collectively referred to as the "Financial Statements"). The Financial Statements (i) are in accordance with the books and records of the Sellers, which books and records are true, correct and complete in all material respects, (ii) fully and fairly present the financial condition and results of the operations of the Sellers as of and for the periods indicated, and (iii) have been prepared in accordance with generally accepted accounting principles consistently applied, except as set forth on Schedule 3.4.

3.5 Absence of Certain Changes. Since December 31, 1996 the Sellers have operated their businesses in the ordinary course, consistent with past practices and, except as set forth on Schedule 3.5 or as reflected in the Interim Financial Statements, there has not been incurred, nor has there occurred: (a) Any damage, destruction or loss (whether or not covered by insurance) adversely affecting the Purchased Assets or the business of any of the Sellers in excess of $100,000; (b) Any sale, transfer, pledge or other disposition of any tangible or intangible assets of any of the Sellers (except sales of vehicles and parts inventory in the ordinary course of business) having an aggregate book value of $100,000 or more; (c) Any termination, amendment, cancellation or waiver of any Material Contract (as defined in Section 3.6 hereof) or any termination, amendment, cancellation or waiver of any rights or claims of any of the Sellers under any Material Contract (except in each case in the ordinary course of business and consistent with past practices); (d) Any change in the accounting methods, procedures or practices followed by any of the Sellers or any change in

depreciation or amortization policies or rates theretofore adopted by the Sellers; (e) Any material change in policies, operations or practices with respect to business operations followed by any of the Sellers, including, without limitation, with respect to selling methods, returns, discounts

or other terms of sale, or with respect to the policies, operations or practices of the Sellers concerning the employees of the Sellers or the employee benefit plans of the Sellers; (f) Any capital appropriation or expenditure or commitment therefor on behalf of the Sellers in excess of $100,000 individually, or $200,000 in the aggregate; (g) Any general uniform increase, other than in the ordinary course of business, in the cash or other compensation of employees of any of the Sellers, or any increase in excess of $50,000 in any such compensation payable to any individual officer, director, consultant or agent thereof, or any loans or commitments therefor made by any of the Sellers to any persons, including any officers, directors, stockholders, employees, consultants or agents of the Sellers or any of their affiliates; (h) Any account receivable in excess of $100,000 or note receivable in excess of $100,000 owing to any of the Sellers which (i) has been written off as uncollectible, in whole or in part, (ii) has had asserted against it any claim, refusal or right of setoff, or (iii) the account or note debtor has refused to, or threatened not to, pay for any reason, or such account or note debtor has become insolvent or bankrupt; (i) any write-down or write-up of the value of any inventory or equipment of the Sellers or any increase in inventory levels in excess of historical levels for comparable periods; (j) Any other change in the condition (financial or otherwise), business operations, assets, earnings, business or prospects of any of the Sellers which has, or could reasonably be expected to have, a material adverse effect on the Purchased Assets, or on the business or operations of the Sellers taken as a whole; or (k) Any agreement, whether in writing or otherwise, by either of the Sellers to take or do any of the actions enumerated in this Section 3.5.

3.6 Material Contracts.

(a) List of Material Contracts. Set forth on Schedule 3.6(a) is a list of all contracts, agreements, documents, instruments, guarantees, plans, understandings or arrangements, written or oral, which are material to the business of the Sellers, as currently conducted or to the Purchased Assets or the Assumed Liabilities (collectively, the "Material Contracts"). True copies of all written Material Contracts and written summaries of all oral Material Contracts described or required to be described on Schedule 3.6(a) have been furnished to the Buyer.

(b) Performance, Defaults, Enforceability. The Sellers have in all material respects performed all of their obligations required to be performed by them to the date hereof, and are not in default or alleged to be in default in any material respect, under any Material Contract, and, to the knowledge of the Sellers, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default. To the knowledge of the Sellers, no other party to any Material Contract is in default in any respect of any of its obligations thereunder. Each of the Material Contracts is valid and in full force and effect and enforceable against the parties thereto in accordance with their respective terms, except where any lack of validity or enforceability would not have a material adverse effect on the Purchased Assets, or on the financial condition, business or operations of the Sellers taken as a whole, and, except as set forth in Schedule 3.6(b), the transfer and assignment to the Buyer of all of the Material Contracts, will not (i) require the consent of any party thereto or (ii) constitute an event permitting termination thereof.

3.7 Title to Purchased Assets and Related Matters. The Sellers have good and valid title to all of the Purchased Assets, free and clear of all Encumbrances, except those described on Schedule 3.7. Except as set forth in Schedule 3.7, the Purchased Assets (including, without limitation, the Material Contracts) and the Leased Premises (as defined in Section 3.8 below) include all properties and assets (real, personal and mixed, tangible and intangible, and all leases, licenses and other agreements) utilized by the Sellers in carrying on their business in the ordinary course. Except as set forth on Schedule 3.7, the Purchased Assets (i) are in the exclusive possession and control of the Sellers and no person or entity other than the Sellers is entitled to possession of any portion of the Purchased Assets; and (ii) do not include any contracts for future services, prepaid items or deferred charges the full value or benefit of which will not be usable by or transferable to the Buyer, or any goodwill, organizational expense or other similar intangible asset.

3.8 Real Property of the Sellers.

(a) Leased Premises. Schedule 3.8(a) contains a complete list and description (including buildings and other structures thereon and the name of the owner thereof) of all real property which is used by the Sellers in their respective businesses and operations, indicating which parcels of such real property are to be leased under the Dealership Leases to the Buyer and which parcels are subject to existing leases which are to be assigned to the Buyer (such existing leases being hereinafter called the "Existing Leases"). All such real property on Schedule 3.8(a) is hereinafter collectively called either the "Real Property" or the "Leased Premises". True, correct and complete copies of all Existing Leases have been delivered to the Buyer.

(b) Easements, etc. The Real Property enjoys all easements and rights of way over the property of others necessary for the operation of the Sellers' businesses. No portion of the Real Property has been condemned or otherwise taken by any public authority, and the Sellers have no knowledge of any pending or threatened condemnation or taking thereof. None of the buildings or improvements on the Real Property encroaches on any adjoining property or on any easements or rights of way. The Sellers have no knowledge of any event or condition which currently exists which would create a legal or other impediment to the use of the Real Property as currently used, or would increase the additional charges or other sums payable by the tenant under any of the Dealership Leases or the Existing Leases (including, without limitation, any pending tax reassessment or other special assessment affecting the Real Property). The buildings and improvements (including building systems) which comprise a part of the Real Property are in good condition, maintenance and repair, ordinary wear and tear excepted. There is no person or entity other than the Sellers in or entitled to possession of the Real Property. Notwithstanding the terms of this paragraph (b), all of the representations and warranties contained in this paragraph (b) are made to the knowledge of the Sellers insofar as they relate to Real Property which is not owned by the Sellers or any of their affiliates.

3.9 Machinery, Equipment, Etc. Schedule 3.9(a) sets forth a list of all material machinery, equipment, tools, motor vehicles, furniture and fixtures owned by the Sellers and included in the Purchased Assets, including which items are owned by the Sellers and which items are leased to the Sellers (collectively, the "Equipment"). With respect to Equipment which is leased,

Schedule 3.9(a) also contains a list of all leases or other agreements, whether written or oral, relating thereto. The Equipment is in good operating condition, maintenance and repair in accordance with industry standards taking into account the age thereof and ordinary wear and tear excepted.

3.10 Inventories of the Sellers. All inventories of the Sellers included in the Purchased Assets consist of items of a quality and quantity usable and salable in the normal course of their businesses, are generally sufficient to do business in the ordinary course, and the levels of inventories are consistent with the levels maintained by the Sellers in the ordinary course consistent with past practices and the Sellers' obligations under their agreements with all applicable vehicle manufacturers or distributors.

3.11 Accounts Receivable of the Sellers. All accounts receivable of the Sellers included in the Purchased Assets are collectible at the aggregate recorded amounts thereof, subject to adjustments for doubtful accounts consistent with the Sellers' past year-end practices, in the ordinary course of the Sellers' business, and are not subject to any known offsets or counterclaims.

3.12 Approvals, Permits and Authorizations. Set forth on Schedule 3.12 is a list of all governmental licenses, permits, certificates of inspection, other authorizations, filings and registrations which are necessary for the Sellers to own the Purchased Assets and to operate their businesses as presently conducted, except where the failure to have or maintain any of the foregoing would not have a material adverse effect on the Purchased Assets, or on the financial condition, business or operations of the Sellers taken as a whole (collectively, the "Authorizations"). All Authorizations have been duly and lawfully secured or made by the Sellers and are in full force and effect. There is no proceeding pending or, to the Sellers' knowledge, threatened or probable of assertion, to revoke or limit any Authorization. Except as indicated on Schedule 3.12, all Authorizations may be lawfully transferred to the Buyer as contemplated by this Agreement and, except as indicated on Schedule 3.12, none of the transactions contemplated by this Agreement will terminate, violate or limit the effectiveness, either by virtue of the terms thereof or because of the non-assignability thereof, of any Authorization.

3.13 Compliance with Laws. The Sellers have conducted their operations and

businesses in compliance with, and all of the Purchased Assets and Leased Premises comply with (i) all applicable laws, rules, regulations and codes (including, without limitation, any laws, rules, regulations and codes relating to anticompetitive practices, contracts, discrimination, employee benefits, employment, health, safety, fire, building and zoning, but excluding Environmental Laws which are the subject of Section 3.29 hereof) and (ii) all applicable orders, rules, writs, judgments, injunctions, decrees and ordinances, except where the failure to comply would not have a material adverse effect on the Purchased Assets, or on the financial condition, business or operations of the Sellers taken as a whole. The Sellers have not received any notification of any asserted present or past failure by them to comply with such laws, rules or regulations, or such orders, rules, writs, judgments, injunctions, decrees or ordinances. Set forth on Schedule 3.13 are all orders, writs, judgments, injunctions, decrees and other awards of any court or any governmental instrumentality applicable to the Purchased Assets or the Sellers or their businesses and operations. The Sellers have delivered to the Buyer copies of all reports, if any, of the Sellers required under the Federal

Occupational Safety and Health Act of 1970, as amended, and under all other applicable health and safety laws and regulations. The deficiencies, if any, noted on such reports or any deficiencies noted by inspection through the Closing Date have been corrected by the Sellers.

3.14 Insurance.

(a) Schedule 3.14(a) of this Agreement sets forth a list of all policies of liability, theft, fidelity, life, fire, product liability, workmen's compensation, health and any other insurance and bonds maintained by, or on behalf of, the Sellers on their properties, operations, inventories, assets, businesses or personnel (specifying the insurer, amount of coverage, type of insurance, policy number and any pending claims in excess of $5,000 thereunder). Each such insurance policy identified therein is and shall remain in full force and effect on and as of the Closing Date and the Sellers are not in default in any material respect with respect to any provision contained in any such insurance policy and have not failed to give any notice or present any claim under any such insurance policy in a due and timely fashion. The insurance maintained by, or on behalf of, the Sellers is adequate in accordance with the standards of business of comparable size in the industry in which the Sellers operate and no notice of cancellation or termination has been received with respect to any such policy. The Sellers have not, during the last three (3) fiscal years, been denied or had revoked or rescinded any policy of insurance.

(b) Set forth on Schedule 3.14(b) is a summary of information pertaining to property damage and personal injury claims in excess of $5,000 against any of the Sellers during the past three (3) years, all of which are fully satisfied or are being defended by the insurance carrier and involve no exposure to the Sellers.

3.15 Taxes. All federal, state and local tax returns and reports required as of the date hereof to be filed by the Sellers for taxable periods ending prior to the date hereof have been duly and timely filed by the Sellers with the appropriate governmental agencies, and all federal, state and local income, profits, franchise, sales, use, occupation, property, excise, payroll, withholding, employment, estimated and other taxes of any nature, including interest, penalties and other additions to such taxes ("Taxes") shown to be due on such tax returns have been paid and the respective Sellers will pay all Taxes ultimately determined by any taxing authority to have been required to be shown on such tax returns. All Taxes for all periods arising on or prior to the Closing Date for which tax returns are not required to be filed prior to the Closing Date have been adequately reserved for by the Sellers or, with respect to Taxes required to be accrued, the Sellers have properly accrued or will properly accrue such Taxes in the ordinary course of business consistent with past practice of the Sellers. Saturn of Chattanooga made a valid election to be treated as an "S Corporation" for federal income tax purposes which election has been continuously in effect since May 10, 1990.

3.16 Litigation. Except as set forth in Schedule 3.16, there are no actions, suits, claims, investigations or legal or administrative or arbitration proceedings pending, or to the Sellers' knowledge, threatened or probable of assertion, against the Sellers with respect to the Purchased Assets or the Assumed Liabilities or the businesses of the Sellers. The Sellers know of no basis for

the institution of any such suit or proceeding. The Sellers are not now under any judgment, order, writ, injunction, decree, award or other similar command of any court, administrative agency or other governmental authority applicable to the businesses of the Sellers or any of the Purchased Assets or Assumed Liabilities.

3.17 Powers of Attorney. Except as set forth in Schedule 3.17, there are no persons, firms, associates, corporations, business organizations or other entities holding general or special powers of attorney from the Sellers.

3.18 Broker's and Finder's Fees. Except for Stephens Inc., the Sellers have not incurred any liability to any broker, finder or agent or any other person or entity for any fees or commissions with respect to the transactions contemplated by this Agreement, and the Sellers hereby agree to assume all liability to any such broker, finder or agent or any other person or entity claiming any such fee or commission.

3.19 Employee Relations. The Sellers employ a total of approximately 350 employees as of the date hereof. Except as set forth in Schedule 3.19: (a) the Sellers are not delinquent in the payment (i) to or on behalf of any past or present employees of any cash or other compensation for all periods prior to the date hereof or the date of the Closing, as the case may be, (ii) of any amount which is due and payable to any state or state fund pursuant to any workers' compensation statute, rule or regulation or any amount which is due and payable to any workers' compensation claimant; (b) there are no collective bargaining agreements currently in effect between the Sellers and labor unions or organizations representing any employees of the Sellers; (c) no collective bargaining agreement is currently being negotiated by the Sellers; (d) to the knowledge of the Sellers, there are no union organizational drives in progress and there has been no formal or informal request to the Sellers for collective bargaining or for an employee election from any union or from the National Labor Relations Board; and (e) no dispute exists between either of the Sellers and any of their sales representatives or, to the knowledge of the Sellers, between any such sales representatives with respect to territory, commissions, products or any other terms of their representation.

3.20 Compensation. Schedule 3.20 contains a schedule of all employees (including sales representatives) and consultants of the Sellers whose individual cash compensation for the year ended December 31, 1996, or projected for the year ended December 31, 1997, is in excess of $100,000, together with the amount of total compensation paid to each such person for the twelve month period ended December 31, 1996 and the current aggregate base salary or hourly rate (including any bonus or commission) for each such person.

3.21 Patents; Trademarks; Trade Names; Copyrights; Licenses, Etc. Except as set forth on Schedule 3.21, there are no patents, trademarks, trade names, service marks, service names and registered copyrights which are material to the Sellers' businesses and there are no applications therefor or licenses thereof, inventions, computer software, logos or slogans, which are owned or leased by the Sellers or used in the conduct of the Sellers' business. The Sellers are not individually or jointly a party to, nor pay a royalty to anyone under, any license or similar

agreement. There is no existing claim, or, to the knowledge of the Sellers, any basis for any claim, against the Sellers that any of their operations, activities or products infringe the patents, trademarks, trade names, copyrights or other property rights of others or that any of the Sellers is wrongfully or otherwise using the property rights of others. The Sellers are the owners of the names set forth on Schedule 3.21 (the "Proprietary Names") in the State of Tennessee and, to the knowledge of the Sellers, no person uses, or has the right to use, such name or any derivation thereof in connection with the manufacture, sale, marketing or distribution of products or services commonly associated with an automobile dealership.

3.22 Accounts Payable. All accounts payable of the Sellers to third parties as of the date hereof arose in the ordinary course of business and none are delinquent or past due.

3.23 No Undisclosed Liabilities. The Sellers do not have any material liabilities or obligations of any nature, known or unknown, fixed or contingent, matured or unmatured, other than those (a) reflected in the Financial Statements, (b) incurred in the ordinary course of business since the date of the Financial Statements and of the type and kind reflected in the Financial Statements, or (c) disclosed specifically on Schedule 3.23.

3.24 Certain Transactions. Except as set forth in Schedule 3.24, there are no contracts, agreements or other arrangements between the Sellers and any of the Shareholders (including the Shareholders' affiliates), or the Sellers' or Shareholders' (including the Shareholders' affiliates) directors, officers or

salaried employees, or the family members or affiliates of any of the above (other than for services in the ordinary course as employees, officers and directors).

3.25 Business Generally. The Sellers are not aware of the existence of any conditions, including, without limitation, any actual or potential competitive factors in the markets in which the Sellers participate, and which could reasonably be expected to have a material adverse effect on the businesses and operations of the Sellers, and which have not been disclosed to the Buyer, other than general business and economic conditions affecting the industry and markets in which the Sellers participate.

3.26 Employee Benefits.

(a) The Sellers have listed on Schedule 3.26(a) and have delivered to the Buyer true and complete copies of all Employee Plans (as defined below) and related documents, established, maintained or contributed to by the Seller (which shall include for this purpose and for the purpose of all of the representations in this Section 3.26, the Shareholders and all employers, whether or not incorporated, that are treated together with the Sellers as a single employer with the meaning of Section 414 of the Code). The term "Employee Plan" shall include all plans described in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and also shall include, without limitation, any deferred compensation, stock, employee or retiree pension benefit, welfare benefit or other similar fringe or employee benefit plan, program, policy, contract or arrangement, written or oral, qualified or nonqualified, funded or unfunded, foreign or

domestic, covering employees or former employees of the Sellers and maintained or contributed to by the Sellers.

(b) Where applicable, each Employee Plan (i) has been administered in material compliance with the terms of such Employee Plan and the requirements of ERISA and the Code; and (ii) is in material compliance with the reporting and disclosure requirements of ERISA and the Code. The Sellers do not maintain or contribute to, and have never maintained or contributed to, an Employee Plan subject to Title IV of ERISA or a "multiemployer plan." There are no facts relating to any Employee Plan that (i) have resulted in a "prohibited transaction" of a material nature or have resulted or is reasonably likely to result in the imposition of a material excise tax, penalty or liability pursuant to Section 4975 of the Code, (ii) have resulted in a material breach of fiduciary duty or violation of Part 4 of Title I of ERISA, or (iii) have resulted or could result in any material liability (whether or not asserted as of the date hereof) of the Sellers or any ERISA affiliate pursuant to Section 412 of the Code arising under or related to any event, act or omission occurring on or prior to the date hereof. Each Employee Plan that is intended to qualify under Section 401(a) or to be exempt under Section 501(c)(g) of the Code is so qualified or exempt as of the date hereof in each case as such Employee Plan has received favorable determination letters from the Internal Revenue Service with respect thereto. To the knowledge of the Sellers, the amendments to and operation of any Employee Plan subsequent to the issuance of such determination letters do not adversely affect the qualified status of any such Employee Plan. No Employee Plan has an "accumulated funding deficiency" as of the date hereof, whether or not waived, and no waiver has been applied for. The Sellers have made no promises or incurred any liability under any Employee Plan or otherwise to provide health or other welfare benefits to former employees of the Sellers, except as specifically required by law. There are no pending or, to the best knowledge of the Sellers, threatened claims (other than routine claims for benefit) or lawsuits with respect to any of Sellers' Employee Plans. As used in this Section 3.26, all technical terms enclosed in quotation marks shall have the meaning set forth in ERISA.

3.27 Sellers and Shareholders Not Foreign Persons. Neither the Sellers nor any of the Shareholders is a "foreign person" as that term is defined in the Code and the regulations promulgated pursuant thereto, and the Buyer has no obligation under Section 1445 of the Code to withhold or pay over to the IRS any part of the "amount realized" (as such term is defined in the regulations issued under Section 1445 of the Code) by the Sellers and/or the Shareholders in the transactions contemplated hereby.

3.28 Suppliers and Customers. The Sellers are not required to provide bonding or any other security arrangements in connection with any transactions with any of its respective customers or suppliers. To the knowledge of the Sellers, no such supplier, customer or creditor intends or has threatened, or reasonably could be expected, to terminate or modify any of their respective relationships with the Sellers.

3.29 Environmental Matters.

(a) For purposes of this Section 3.29, the following terms shall have the following meaning: (i) "Environmental Law" means all present federal, state and local laws, statutes, regulations, rules, ordinances and common law, and all judgments, decrees, orders, agreements, or permits, issued, promulgated, approved or entered thereunder by any government authority relating to pollution, Hazardous Materials, or protection of human health or the environment. (ii) "Hazardous Materials" means any waste, pollutant, chemical, hazardous material, hazardous substance, toxic substance, hazardous waste, special waste, solid waste, petroleum or petroleum-derived substance or waste (regardless of specific gravity), or any constituent or decomposition product of any such pollutant, material, substance or waste, including, but not limited to, any hazardous substance or constituent contained within any waste and any other pollutant, material, substance or waste regulated under or as defined by any Environmental Law.

(b) The Sellers have obtained all material permits, licenses and other authorizations or approvals required under Environmental Laws for the conduct and operation of the Purchased Assets ("Environmental Permits"). All such Environmental Permits are in good standing, the Sellers are and have been in compliance in all material respects with the terms and conditions of all such Environmental Permits, and no appeal or any other action is pending or, to the knowledge of the Sellers, threatened to revoke any such Environmental Permit.

(c) Except as set forth in Schedule 3.29, the Sellers and the Purchased Assets are and have been in compliance in all material respects with all Environmental Laws.

(d) Except as set forth in Schedule 3.29, neither the Sellers nor the Shareholders has received any written order, notice, complaint, request for information, claim, demand or other communication from any government authority or other person, whether based in contract, tort, implied or express warranty, strict liability, or any other common law theory, or any criminal or civil statute, arising from or with respect to (i) the presence, release or threatened release of any Hazardous Material or any other environmental condition on, in or under the Real Property, (ii) any other circumstances forming the basis of any actual or alleged violation by the Sellers of any Environmental Law or any liability of the Sellers under any Environmental Law, (iii) any remedial or removal action required to be taken by the Sellers under any Environmental Law, or (iv) any harm, injury or damage to real or personal property, natural resources, the environment or any person alleged to have resulted from the foregoing, nor are the Sellers aware of any facts which might reasonably give rise to such notice or communication. To the knowledge of the Sellers, none of the Sellers has entered into any agreement concerning any removal or remediation of Hazardous Materials.

(e) Except as set forth in Schedule 3.29, no lawsuits, claims, civil actions, criminal actions, administrative proceedings, investigations or enforcement or other actions are pending or, to the knowledge of the Sellers, threatened under any Environmental Law with respect to the Sellers or the Real Property.

(f) Except as set forth in Schedule 3.29, to the knowledge of the Sellers, no Hazardous Materials are or have been released, discharged, spilled or disposed of onto, or migrated onto, the Real Property or any other property previously owned, operated or leased by the Sellers, and no environmental condition exists (including, without limitation, the presence, release, threatened release or disposal of Hazardous Materials) related to the Real Property, to any property previously owned, operated or leased by the Sellers, or to the Sellers' past or present operations, which would constitute a violation of any Environmental Law or otherwise give rise to costs, liabilities or obligations under any Environmental Law.

(g) Except as set forth in Schedule 3.29, neither the Sellers nor, to the knowledge of the Sellers, any of their predecessors in interest has transported or disposed of, or arranged for the transportation or disposal of, any Hazardous Materials to any location (i) which is listed on the National Priorities List, the CERCLIS list under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or any similar federal, state or local list, (ii) which is the subject of any federal, state or local enforcement action or other investigation, or (iii) about which the Sellers or the Shareholders have received or, to the knowledge of the Sellers, expect to

receive a potentially responsible party notice or other notice under any Environmental Law.

(h) No environmental lien has attached or, to the knowledge of the Sellers, is threatened to be attached to the Real Property.

(i) [Intentionally Deleted]

(j) Except as set forth on Schedule 3.29, none of the Sellers or their respective affiliates has installed or operated on the Real Property and, to the knowledge of the Sellers, the Real Property does not contain, any: (i) septic tanks into which process wastewater or any Hazardous Materials have been disposed; (ii) asbestos; (iii) polychlorinated biphenyls (PCBs); (iv) underground injection or monitoring wells; or (v) underground storage tanks.

(k) [Intentionally Deleted]

(l) Except as set forth on Schedule 3.29, to the knowledge of the Sellers, there have been no environmental studies or reports made relating to the Real Property or any other property or facility previously owned, operated or leased by the Sellers.

3.30 Bank Accounts and Safe Deposit Boxes. Schedule 3.30 lists all bank accounts, credit cards and safe deposit boxes in the name of, or controlled by, the Sellers, and details about the persons having access to or authority over such accounts, credit cards and safe deposit boxes.

3.31 Warranties. Set forth on Schedule 3.31 are descriptions or copies of the forms of all express warranties and disclaimers of warranty made by the Sellers (separate and distinct from any applicable manufacturers', suppliers' or other third-parties' warranties or disclaimers of warranties) during the past five (5) years to customers or users of the vehicles, parts, products or

services of the Sellers. There have been no breach of warranty or breach of representation claims against the Sellers during the past five (5) years which have resulted in any cost, expenditure or exposure to the Sellers more than $100,000 individually or in the aggregate.

3.32 Interest in Competitors and Related Entities. Except as set forth on Schedule 3.32, no Shareholder and no affiliate of any Shareholder (i) has any direct or indirect interest in any person or entity engaged or involved in any business which is competitive with the business of the Sellers, (ii) has any direct or indirect interest in any person or entity which is a lessor of assets or properties to, material supplier of, or provider of services to, the Sellers, or (iii) has a beneficial interest in any contract or agreement to which either of the Sellers are a party; provided, however, the foregoing representation and warranty shall not apply to any person or entity, or any interest or agreement with any person or entity, which is a publicly held corporation in which the Shareholders individually and collectively own less than 3% of the issued and outstanding voting stock.

3.33 Availability of Sellers' Employees. Except as set forth in Schedule 3.33, there have been no actions taken by the Sellers, their affiliates, or any of their respective shareholders, officers, directors, members, partners, managers or employees, to discourage, or in any way prevent, any of the employees of the Sellers from being hired by the Buyer after Closing, and as of the Closing each of the Sellers' employees will be available without penalty for employment by the Buyer.

3.34 Misstatements and Omissions. No representation or warranty made by the Sellers in this Agreement, and no statement contained in any certificate or Schedule furnished or to be furnished by the Sellers or any of the Shareholders pursuant hereto, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make such representation or warranty or such statement not misleading.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer hereby represents and warrants to the Sellers as follows:

4.1 Organization and Good Standing. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

4.2 Authority; Consents; Enforceability.

(a) Authority. The Buyer has full corporate power and authority to execute

and deliver the Agreement and the other agreements and documents and instruments contemplated hereby, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder. The execution and delivery by the Buyer of this Agreement and the other agreements, documents and instruments contemplated hereby, the consummation by the Buyer of the transactions contemplated hereby and thereby and the performance by the Buyer

of its obligations hereunder and thereunder: (i) have been duly and validly authorized by all necessary corporate action on the part of the Buyer; and (ii) do not and will not, except as set forth on Schedule 4.2(a), (A) conflict with or violate any of the provisions of the Certificate of Incorporation or By-laws of the Buyer, (B) violate any law, ordinance, rule or regulation or any judgment, order, writ, injunction or decree or similar command of any court administrative or governmental agency or other body applicable to the Buyer or any of its assets, or (C) violate or conflict with the terms of, or result in the acceleration of, any indebtedness or obligation of the Buyer under, or violate or conflict with or result in a breach by the Buyer of, or constitute a default under, any material instrument, agreement or indenture or any mortgage, deed of trust or similar contract to which the Buyer is a party or by which the Buyer or any of its assets may be otherwise bound or affected; or (D) require the consent, authorization or approval of, or notice to, or filing or registration with, any governmental body or authority, or any other third party.

4.3 Broker's and Finder's Fees. The Buyer has not incurred any liability to any broker, finder or agent or any other person or entity for any fees or commissions with respect to the transactions contemplated by this Agreement, and the Buyer hereby agrees to assume all liability to any such broker, finder or agent or any other person or entity claiming any such fee or commission.

4.4 Litigation. There are no actions, suits, claims, investigations or legal or administrative or arbitration proceedings pending or, to the Buyer's knowledge, threatened or probable of assertion, against the Buyer before any court, governmental or administrative agency or other body relating to this Agreement and/or the transactions contemplated hereby. The Buyer is not now under any judgment, order, writ, injunction, decree or other similar command of any court, administrative agency or other governmental agency which relate to this Agreement and/or the transactions contemplated hereby.

4.5 Misstatements or Omissions. No representation or warranty made by the Buyer in this Agreement, and no statement contained in any certificate or Schedule furnished or to be furnished by the Buyer to the Sellers and/or the Shareholders pursuant hereto, contains or will contain an untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make such representation or warranty or such statement not misleading.

ARTICLE 5
PRE-CLOSING COVENANTS
OF THE SHAREHOLDERS AND THE SELLERS

The Sellers hereby covenant and agree that from and after the date hereof until the Closing:

5.1 Provide Access to Information; Cooperation with Buyer.

(a) Access. The Sellers shall afford to the Buyer, its attorneys, accountants, and such other representatives of the Buyer as the Buyer shall designate to the Sellers, free and full access at all reasonable times, and upon reasonable prior notice, to the Purchased Assets and the properties, books and records of the Sellers, and to interview personnel, suppliers and customers of the Sellers, in order that the Buyer may have full opportunity to make such investigation as it shall reasonably desire of the Purchased Assets, Assumed Liabilities and the businesses and operations of the Sellers. In addition, the Sellers shall provide to the Buyer and its representatives such additional financial and operating data and other information in respect of the Purchased Assets, Assumed Liabilities and the business and properties of the Sellers as the Buyer shall from time to time reasonably request.

(b) Cooperation in IPO Preparation. At the Buyer's expense, the Sellers and Shareholders shall cooperate with the Buyer in the preparation of any description of the transactions contemplated by this Agreement deemed by the Buyer, in its sole discretion, as necessary for the completion of any

registration statement, prospectus or amendment or supplement thereto prepared in connection with the closing of the Initial Public Offering ("IPO") of the Buyer's securities.

(c) Cooperation in Obtaining Consents. The Sellers and Shareholders shall use reasonable best efforts in cooperating with the Buyer in the preparation of and delivery to all applicable automobile manufacturers or distributors, as soon as practicable after the date hereof, of an application and other information necessary to obtain such automobile manufacturer's or distributor's consent to or the approval of the transactions contemplated by this Agreement as contemplated by Section 7.10.

5.2 Operation of Business of the Sellers. At all times before the Closing, the Sellers shall (a) maintain their corporate, limited liability company or limited partnership, as the case may be, existence in good standing, (b) operate their businesses substantially as presently operated and only in the ordinary course and consistent with past operations and their obligations under any existing agreements with all applicable automobile manufacturers or distributors, (c) use their reasonable best efforts to preserve intact their present business organizations and employees and their relationships with persons having business dealings with them, including, but not limited to, all applicable automobile manufacturers or distributors and any floor plan financing creditors, (d) comply in all material respects with all applicable laws, rules and regulations, (e) maintain their insurance coverages, (f) file all tax returns when due and pay all Taxes, charges and assessments reflected thereon as due and payable, as well as any Taxes ultimately determined by any taxing authority to be due and payable, and make all proper accruals for Taxes not yet due and payable, (g) make all debt service payments when contractually due and payable, (h) pay all accounts payable and other current liabilities when due, (i) maintain the Employee Plans, (j) maintain the property, plant and equipment included in the Purchased Assets in good operating condition in accordance with industry standards taking into account the age thereof, (k) maintain their books and records of account in the usual, regular and ordinary manner, (l) use their reasonable best efforts to encourage

such personnel of the Sellers as the Buyer may designate in writing to become employees of the Buyer after the date of the Closing, and (m) use their reasonable best efforts to pay dividends and make distributions only to the extent that such payment or making will, as nearly as possible, result in a Net Book Value of not less than $10,500,000.

5.3 Other Changes. The Sellers shall not, without the prior written consent of the Buyer (a) engage in any reorganization or similar transaction, (b) agree to take any of the foregoing actions, (c) enter into any contract, agreement, undertaking or commitment which would have been required to be set forth in Schedule 3.6(a) if in effect on the date hereof or enter in to any contract, agreement, undertaking or commitment which cannot be assigned to the Buyer or a permitted assignee of the Buyer, or (d) take, cause, agree to take or cause, or permit to occur any of the actions or events set forth in Section 3.5 of this Agreement.

5.4 Additional Information. The Sellers shall furnish to the Buyer such additional information with respect to any matters or events arising or discovered subsequent to the date hereof which, if existing or known on the date hereof, would have rendered any representation or warranty made by the Sellers or any information contained in any Schedule hereto or in other information supplied in connection herewith then inaccurate or incomplete. The receipt of such additional information by the Buyer shall not operate as a waiver by the Buyer of the obligation of the Sellers to satisfy the conditions to Closing set forth in Section 7.1 hereof; provided, however, if such information shall be furnished to the Buyer in a writing which shall also specifically refer to one or more representations and warranties of the Sellers contained herein which in the absence of such information is inaccurate or incomplete, then if the Buyer waives in writing the condition to Closing set forth in said Section 7.1 hereof and elects to close the transactions contemplated hereunder, the furnishing of such additional information shall be deemed to have amended as of the Closing any such representation and warranty so specifically referred to by the Sellers.

5.5 Publicity. Except as may be required by law or as necessary in connection with the transactions contemplated hereby, the Sellers shall not (i) make any press release or other public announcement relating to this Agreement or the transactions contemplated hereby, without the prior written approval of the Buyer and (ii) otherwise disclose the existence and nature of their discussions or negotiations regarding the transactions contemplated hereby to any person or entity other than their accountants, attorneys and similar professionals, all of whom shall be subject to this nondisclosure obligation as agents of the Sellers and the Shareholders, as the case may be. The Sellers and the Shareholders shall cooperate with the Buyer in the preparation and dissemination of any public announcements of the transactions contemplated by

this Agreement.

5.6 Other Negotiations. Neither the Sellers nor any of the Shareholders shall pursue, initiate, encourage or engage in any negotiations or discussions with, or provide any information to, any person or entity (other than the Buyer and its representatives and affiliates) regarding the sale of the assets, capital stock or membership interests of any of the Sellers or any merger or consolidation or similar transaction involving any of the Sellers.

5.7 Closing Conditions. The Sellers shall use all reasonable best efforts to satisfy promptly the conditions to Closing set forth in Article 7 hereof required herein to be satisfied by the Sellers.

5.8 Environmental Audit. The Sellers shall allow an environmental consulting firm selected by the Buyer (the "Environmental Auditor") to have prompt access to the Real Property in order to conduct an environmental investigation, satisfactory to the Buyer in scope (such scope being sufficient to result in a Phase I environmental audit report and a Phase II environmental audit report, if desired by the Buyer), of, and to prepare a report with respect to, the Property (the "Environmental Audit"). The Sellers shall provide to the Environmental Auditor: (i) reasonable access to all of their existing records concerning the matters which are the subject of the Environmental Audit; and (ii) reasonable access to the employees of the Sellers and the last known addresses of former employees of the Sellers who are most familiar with the matters which are the subject of the Environmental Audit (the Sellers agreeing to use reasonable efforts to have such former employees respond to any reasonable requests or inquiries by the Environmental Auditor). The Sellers shall otherwise cooperate with the Environmental Auditor in connection with the Environmental Audit, it being understood that the Buyer shall bear all of the costs, fees and expenses incurred in connection with the preparation of the Environmental Audit.

5.9 Hart-Scott-Rodino Compliance. Subject to the determination by the Buyer that any of the following actions is not required, the Sellers shall promptly prepare and file Notification and Report Forms under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") with the Federal Trade Commission (the "FTC") and respond as promptly as practicable to all inquiries received from the FTC or the Antitrust Division of the Department of Justice (the "Antitrust Division") for additional information or documentation.

5.10 Audit of Sellers at Buyer's Expense. The Sellers shall allow, cooperate with and assist Buyer's accountants, and shall instruct the Seller's accountants to cooperate, in the preparation of audited financial statements of the Sellers as necessary for the IPO; provided that the expense of such audit shall be borne by the Buyer.

ARTICLE 6
PRE-CLOSING COVENANTS OF THE BUYER

The Buyer hereby covenants and agrees that, from and after the date hereof until the Closing:

6.1 Publicity; Disclosure. Except as may be required by law or as necessary in connection with the transactions contemplated hereby or in connection with the preparation and filing of any registration statement regarding the IPO, the Buyer shall not (i) make any press release or other public announcement relating to this Agreement or the transactions contemplated hereby, without the prior written approval of the Sellers and the Shareholders, or (ii) otherwise disclose the existence and nature of its discussions or negotiations regarding the transactions contemplated

hereby to any person or entity other than its accountants, attorneys and similar professionals, all of whom shall be subject to this nondisclosure obligation as agents of the Buyer. The Buyer shall cooperate with the Sellers and the Shareholders in the preparation and dissemination of any public announcements of the transactions contemplated by this Agreement. Subject to the Buyer's legal obligations and the advice of its IPO underwriters, the Buyer shall submit to the Sellers for their pre- approval (such approval shall not be unreasonably withheld) of the content of any disclosures in the IPO context about the transactions contemplated hereby.

6.2 Closing Conditions. The Buyer shall use all reasonable best efforts to satisfy promptly the conditions to Closing set forth in Article 8 hereof required herein to be satisfied by the Buyer.

6.3 Application to Automobile Manufactures and Distributors. Subject to the reasonable cooperation of the Sellers, the Buyer shall provide to all applicable automobile manufacturers and distributors promptly after the execution and delivery of this Agreement any application or other information with respect to such application necessary in connection with the seeking of the consents of such manufacturers and distributors contemplated by Section 7.10.

6.4 Hart-Scott-Rodino Compliance. Subject to the determination by the Buyer that any of the following actions is not required, the Buyer shall promptly prepare and file Notification and Report Forms under the HSR Act with the FTC and respond as promptly as practicable to all inquiries received from the FTC or the Antitrust Division for additional information or documentation, and Buyer shall pay all filing fees in connection therewith.

ARTICLE 7
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE BUYER

The obligations of the Buyer under this Agreement at the Closing and the consummation by the Buyer of the transactions contemplated hereby are subject to the satisfaction or fulfillment by the Sellers, prior to or at the Closing, of each of the following conditions, unless waived in writing by the Buyer:

7.1 Representations and Warranties. The representations and warranties made by the Sellers in this Agreement shall be true and correct in all material respects at and as of the date of this Agreement and at and as of the Closing Date as though such representations and warranties were made at and as of such times.

7.2 Performance of Obligations of the Sellers. The Sellers shall have performed and complied with all their covenants, agreements, obligations and restrictions pursuant to this Agreement required to be performed or complied with prior to or at the Closing.

7.3 Closing Certificate. The Sellers shall have delivered a certificate, signed by each of the Sellers' respective Presidents, General Partners or Managers, as the case may be, and dated

the Closing Date, certifying to the satisfaction of the conditions set forth in Sections 7.1 and 7.2 hereof.

7.4 Opinions of Counsel. The Buyer shall have received an opinion of Grant, Konvalinka & Harrison, P.C., counsel to the Sellers, and Miller & Martin, counsel to The John T. Lupton Trust u/w Thomas Cartter Lupton, each dated the Closing Date, in form and substance reasonably acceptable to the Buyer and its counsel.

7.5 Supporting Documents. The Buyer shall have received from the Sellers the following:

(a) To the extent applicable, one or more certificates of the Secretary of State of the State of Tennessee dated as of a recent date as to the due incorporation or organization and existence of the Sellers;

(b) To the extent applicable, one or more certificates of officials from the jurisdictions listed on Schedule 3.1 hereto as to the good standing of the Sellers in such jurisdictions;

(c) A certificate of the Secretary, an Assistant Secretary, General Partner or Manager, as appropriate, of each of the Sellers dated the Closing Date and certifying (i) that attached thereto are true, complete and correct copies of the certificates of incorporation and by-laws of the Corporations, the certificate of limited partnership and the agreement of limited partnership of the Partnership or the operating agreements of the LLCs, as applicable, each as amended to and as in effect on the date of such certification, (ii) that attached thereto are true, complete and correct copies of the resolutions duly adopted by the Boards of Directors and shareholders of the Corporations, the General Partner and (if applicable) the limited partners of the Partnership and the Manager and (if applicable) the members of the LLCs, approving the transactions contemplated hereby and authorizing the execution, delivery and performance by the Sellers of this Agreement and the sale and transfer of the Purchased Assets, as in effect on the date of such certification, and (iii) as to the incumbency and signatures of those officers of the Sellers executing any instrument or other document delivered in connection with such transactions;

(d) Uniform Commercial Code Search Reports on Form UCC-11 with respect to each of the Sellers from the states and local jurisdictions where the principal places of business of the Sellers and the Purchased Assets are located; and

(e) Such reasonable additional supporting documents and other information as the Buyer or its counsel may reasonably request.

7.6 Bills of Sale, Etc. The Buyer shall have received from the respective Sellers duly executed Bills of Sale and all necessary deeds, assignments, documents and instruments to effect the transfers, conveyances and assignments to the Buyer referred to in Article 1 hereof, and the Sellers shall have taken such action as shall be necessary to put the Buyer in actual possession

and exclusive control of each of the Purchased Assets (including, without limitation, the delivery of keys).

7.7 Dealership Leases and Other Agreements. The Buyer shall have received the Dealership Leases, the Employment Agreements and the Non-Competition Agreement, duly executed by the parties thereto other than the Buyer.

7.8 Books and Records. The Buyer shall have received all books and records of, or pertaining to, the businesses of the Sellers and the Purchased Assets and Assumed Liabilities, except to the extent included in the Excluded Assets.

7.9 Change of Name of Sellers; Use of Sellers' Name by Buyer. The Sellers shall have delivered to the Buyer all documents, including, without limitation, resolutions of the Board of Directors, General Partner or Managers and the shareholders, partners or members, as the case may be, of the Sellers, necessary to effect a change of names of the Sellers after the Closing to names other than the Proprietary Names or any variation thereof which names shall be sufficiently different from the name of the Buyer and the Proprietary Names as to distinguish them upon the records in the office of the Secretary of State of Tennessee from such names. The Sellers shall also have delivered to the Buyer a written consent to the use by the Buyer or any parent, subsidiary or affiliate of the Buyer, or any successor or assignee of any thereof, of the Proprietary Names or any variant thereof and an agreement satisfactory to the Buyer that the Sellers will not use the Proprietary Names or any variant thereof, except as may be necessary for the winding up of the affairs of the Sellers.

7.10 Consents. The Buyer shall have received duly executed copies of all consents, authorizations, approvals, notices, registrations and filings referred to in Schedules 3.2 and 3.6(b), which are required for the Sellers to consummate the transactions contemplated hereby, and including, but not limited to, the consents of all applicable automobile manufacturers and distributors; provided, however, the receipt of any such consent, authorization or approval relative to the transfer of the Saturn of Chattanooga, Inc. dealership agreement shall not be a condition to closing so long as the Buyer and the applicable Seller shall have entered into a mutually satisfactory arrangement (to be negotiated in good faith) whereby the business and assets of such Seller included in the Purchased Assets will be operated by such Seller or the Buyer for the account of the Buyer.

7.11 No Litigation. No action, suit or other proceeding shall be pending or threatened before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain damages in respect thereof, or involving a claim that consummation thereof would result in a violation of any law, rule, decree or regulation of any governmental authority having appropriate jurisdiction, and no order, decree or ruling of any governmental authority or court shall have been entered challenging the legality, validity or propriety of this Agreement or the transactions contemplated hereby or prohibiting, restraining or otherwise preventing the consummation of the transactions contemplated hereby.

7.12 Authorizations. The Buyer shall have received evidence of the transfer to the Buyer of all Authorizations referred to in Section 3.12 of this Agreement or, to the extent the Authorizations are not transferrable, the Sellers shall have effectively obtained or made on behalf of the Buyer, or assisted the Buyer in obtaining or making, all such Authorizations.

7.13 No Material Adverse Change or Undisclosed Liability. There shall have been no material adverse change or development in (a) the business, prospects, properties, earnings, results of operations or financial condition of the Sellers taken as a whole, (b) the Purchased Assets taken as a whole, or (c) the Assumed Liabilities taken as a whole.

7.14 Approval of Legal Matters. The form of all instruments, certificates and documents to be executed and delivered by the Sellers to the Buyer pursuant to this Agreement and all legal matters in respect of the transactions as herein contemplated shall be reasonably satisfactory to the Buyer and its counsel, none of whose approval shall be unreasonably withheld or delayed.

7.15 Adverse Laws. No statute, rule, regulation or order shall have been adopted or promulgated which materially adversely affects the Purchased Assets, the Assumed Liabilities or the businesses of the Sellers.

7.16 Hart-Scott-Rodino Waiting Period. All applicable waiting periods under the HSR Act shall have expired without any indication by the Antitrust Division or the FTC that either of them intends to challenge the transactions contemplated hereby or, if any such challenge or investigation is made or commenced, the conclusion of such challenge or investigation permits the transactions contemplated hereby in all material respects.

ARTICLE 8
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE SELLERS

The obligations of the Sellers under this Agreement at the Closing and the consummation by the Sellers of the transactions contemplated hereby are subject to the satisfaction or fulfillment by the Buyer, prior to or at the Closing, of each of the following conditions, unless waived in writing by the Sellers:

8.1 Representations and Warranties. The representations and warranties made by the Buyer in this Agreement shall be true and correct in all material respects at and as of the date of this Agreement and at and as of the Closing Date as though such representations and warranties were made at and as of such times.

8.2 Performance of Obligations of the Buyer. The Buyer shall have performed and complied with all its covenants, agreements, obligations and restrictions pursuant to this Agreement required to be performed or complied with prior to or at the Closing.

8.3 Closing Certificate. The Buyer shall have delivered a certificate, signed by the Buyer's President and dated the Closing Date, certifying to the satisfaction of the conditions set forth in Sections 8.1 and 8.2 hereto.

8.4 Payment of Purchase Price. The Buyer shall have: tendered to the Sellers payment of the Base Price and the Initial Adjustment Amount Payment; placed into escrow the Escrowed Adjustment Amount; and tendered the Notes, executed by the Buyer, to the respective Sellers.

8.5 Opinion of Counsel. The Sellers shall have received an opinion of Parker, Poe, Adams & Bernstein L.L.P., counsel to the Buyer, dated the Closing Date, in form and substance reasonably acceptable to the Sellers and the Shareholders and their counsel.

8.6 Supporting Documents. The Sellers shall have received the following:

(a) A certificate of the Secretary of State of the State of Delaware dated as of a recent date as to the due incorporation and good standing of the Buyer;

(b) A certificate of the Secretary or an Assistant Secretary of the Buyer dated the Closing Date, and certifying (i) that attached thereto is a true, complete and correct copy of the certificate of incorporation and by-laws of the Buyer, as amended and as in effect on the date of such certification, (ii) that attached thereto are true, complete and correct copies of the resolutions duly adopted by the Board of Directors of the Buyer approving the transactions contemplated hereby and authorizing the execution, delivery and performance by the Buyer of this Agreement, as in effect on the date of such certification, and (iii) as to the incumbency and signatures of certain officers of the Buyer executing any instrument or other document delivered in connection with such transactions; and

(c) Copies of all authorizations, consents, approvals, notices, filings and registrations referred to in Section 4.2(a) hereof.

8.7 Approval of Legal Matters. The form of all certificates, instruments and documents to be executed and/or delivered by the Buyer to the Sellers pursuant to this Agreement and all legal matters in respect of the transactions as herein contemplated shall be reasonably satisfactory to the Sellers, the Shareholders and their respective counsel, none of whose approval shall be unreasonably withheld or delayed.

8.8 Dealership Leases; Other Agreements; Guaranty. The Sellers' Agent shall have received the Dealership Leases and the Employment Agreements, duly executed by the Buyer, and all of the Sellers shall have received the Guaranty, duly executed by Sonic Financial Corp.

8.9 No Litigation. No action, suit or other proceeding shall be pending or threatened before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain damages

in respect thereof, or involving a claim that consummation thereof would result in a violation of any law, rule, decree or regulation of any governmental authority having appropriate jurisdiction, and no order, decree or ruling of any governmental authority or court shall have been entered challenging the legality, validity or propriety of this Agreement or the transactions contemplated hereby or prohibiting, restraining or otherwise preventing the consummation of the transactions contemplated hereby.

8.10 Hart-Scott-Rodino Waiting Period. All applicable waiting periods under the HSR Act shall have expired without any indication by the Antitrust Division or the FTC that either of them intends to challenge the transactions contemplated hereby, or, if any such challenge or investigation is made or commenced, the conclusion of such challenge or investigation permits the transactions contemplated hereby in all material respects.

8.11 Releases of Shareholders. The Buyer shall have, with the reasonable cooperation of the Sellers, used its reasonable best efforts to obtain the release of the Shareholders from any guarantees of obligations of the Sellers included in the Assumed Liabilities, it being understood that the Shareholders will otherwise be indemnified, pursuant to Section 10.3(c) hereof, against any liability incurred by them under such guarantees of such Assumed Liabilities.

ARTICLE 9
TRANSFER TAXES

9.1 Certain Taxes and Fees. All sales, transfer, documentary, stamp, recording and other similar taxes and/or fees and Taxes which may be due or payable in connection with the sale of the Purchased Assets pursuant hereto shall be borne equally as between the Buyer (50%) and the Sellers (50%).

ARTICLE 10
SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

10.1 Survival of Representations and Warranties. All statements contained in any schedule or certificate delivered hereunder or in connection herewith by or on behalf of any of the parties pursuant to this Agreement shall be deemed representations and warranties by the respective parties hereunder unless otherwise expressly provided herein. The representations and warranties of the Sellers and the Buyer contained in this Agreement, including those contained in any Schedule or certificate delivered hereunder or in connection herewith, shall survive the Closing * with the exception of (a) the representations and warranties of the Sellers contained in Section 3.29, which shall survive the Closing * , and (b) the representations and warranties of the Sellers contained in Sections 3.7, 3.15 and 3.23, which shall survive the Closing * . As to each

* Confidential portions omitted and filed separately with the Commission.

representation and warranty of the parties hereto, the date to which such representation and warranty shall survive is hereinafter referred to as the "Survival Date."

10.2 Agreement to Indemnify by the Sellers and Shareholders. Subject to the

terms and conditions of Sections 10.4, 10.5 and 10.7 hereof, each of the Sellers and the Shareholders hereby agrees to indemnify and save the Buyer, its affiliates, and their respective shareholders, officers, directors, employees, successors and assigns (each, a "Buyer Indemnitee") harmless from and against, for and in respect of, any and all demands, judgments, injuries, penalties, fines, damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs, expenses (including, without limitation, reasonable attorneys' fees, consultants' fees and expert witness fees), suffered, sustained, incurred or required to be paid by any Buyer Indemnitee (collectively, "Buyer's Damages") arising out of, based upon, in connection with or as a result of:

(a) the untruth, inaccuracy or breach of any representation and warranty of the Sellers contained in or made pursuant to this Agreement, including in any Schedule or certificate delivered hereunder or in connection herewith; provided, however, (i) the Sellers and the Shareholders shall have no obligation to pay Buyer's Damages pursuant to this Subsection 10.2(a) unless and until (and only to the extent that) all claims with respect of Buyer's Damages exceed a cumulative aggregate total of * and (ii) the maximum indemnification obligation of the Sellers and the Shareholders for Buyer's Damages pursuant to this Subsection 10.2(a) shall be an aggregate total of * ;

(b) the breach or nonfulfillment of any covenant or agreement of any of the Sellers contained in this Agreement or in any other agreement document or instrument delivered hereunder or pursuant hereto;

(c) the assertion against any Buyer Indemnitee or any of the Purchased Assets of any liability or obligation arising out of or based upon the ownership or operation, prior to the Closing, of the Purchased Assets and the Leased Premises including, without limitation, any of the Retained Liabilities, but excluding, however, any of the Assumed Liabilities; or

(d) all claims of creditors asserted by reason of the parties' non-compliance with any applicable bulk sales laws.

10.3 Agreement to Indemnify by the Buyer. Subject to the terms and conditions of Sections 10.4 and 10.5 hereof, the Buyer hereby agrees to indemnify and save the Sellers and the Shareholders (each, a "Seller Indemnitee") harmless from and against, for and in respect of, any and all demands, judgments, injuries, penalties, damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs and expenses (including, without limitation, reasonable attorneys' fees and expert witness fees) suffered, sustained, incurred or required to be paid by any Seller Indemnitee arising out of, based upon, in connection with or as a result of:

* Confidential portions omitted and filed separately with the Commission.

(a) the untruth, inaccuracy or breach of any representation and warranty of the Buyer contained in or made pursuant to this Agreement, including in any Schedule or certificate delivered hereunder or in connection herewith;

(b) the breach or nonfulfillment of any covenant or agreement of the Buyer contained in this Agreement or in any other agreement, document or instrument delivered hereunder or pursuant hereto;

(c) the assertion against any Seller Indemnitee of any of the Assumed Liabilities; or

(d) the assertion against any Seller Indemnitee of any claims, liabilities, or obligations arising from the Buyer's operation of the Purchased Assets and the Leased Premises after the Closing Date, except to the extent that such claims, liabilities or obligations arise out of or are based upon the Retained Liabilities.

10.4 Claims for Indemnification. No claim for indemnification with respect to a breach of a representation and warranty shall be made under this Agreement after the applicable Survival Date unless prior to such Survival Date the Buyer Indemnitee or the Seller Indemnitee, as the case may be, shall have given the Sellers or the Buyer, as the case may be, written notice of such claim for indemnification based upon actual loss sustained, or potential loss anticipated, as a result of the existence of any claim, demand, suit or cause of action against such Buyer Indemnitee or Seller Indemnitee, as the case may be.

10.5 Procedures Regarding Third Party Claims. The procedures to be followed by the Buyer and the Sellers and the Shareholders with respect to

indemnification hereunder regarding claims by third persons shall be as follows:

(a) Promptly after receipt by any Buyer Indemnitee or Seller Indemnitee, as the case may be, of notice of the commencement of any action or proceeding (including, without limitation, any notice relating to a tax audit) or the assertion of any claim by a third person, which the person receiving such notice has reason to believe may result in a claim by it for indemnity pursuant to this Agreement, such person (the "Indemnified Party") shall give notice of such action, proceeding or claim to the party against whom indemnification pursuant hereto is sought (the "Indemnifying Party"), setting forth in reasonable detail the nature of such action or claim, including copies of any written correspondence from such third person to such Indemnified Party.

(b) The Indemnifying Party shall be entitled, at its own expense, to participate in the defense of such action, proceeding or claim, and, if (i) the action, proceeding or claim involved seeks (and continues to seek) solely monetary damages, (ii) the Indemnifying Party confirms, in writing, its obligation hereunder to indemnify and hold harmless the Indemnified Party with respect to such damages in their entirety pursuant to Sections 10.2 or 10.3 hereof, as the case may be, and (iii) the Indemnifying Party shall have made provision which, in the reasonable judgment of the Indemnified Party, is adequate to satisfy any adverse judgment as a result of its

indemnification obligation with respect to such action, proceeding or claim, then the Indemnifying Party shall be entitled to assume and control such defense with counsel chosen by the Indemnifying Party and approved by the Indemnified Party, which approval shall not be unreasonably withheld or delayed. The Indemnified Party shall be entitled to participate therein after such assumption, the costs of such participation following such assumption to be at its own expense. Upon assuming such defense, the Indemnifying Party shall have full rights to enter into any monetary compromise or settlement which is dispositive of the matters involved; provided, that such settlement is paid in full by the Indemnifying Party and will not have any direct or indirect continuing material adverse effect upon the Indemnified Party.

(c) With respect to any action, proceeding or claim as to which (i) the Indemnifying Party does not have the right to assume the defense or (ii) the Indemnifying Party shall not have exercised its right to assume the defense, the Indemnified Party shall assume and control the defense of and contest such action, proceeding or claim with counsel chosen by it and approved by the Indemnifying Party, which approval shall not be unreasonably withheld. The Indemnifying Party shall be entitled to participate in the defense of such action, the cost of such participation to be at its own expense. The Indemnifying Party shall be obligated to pay the reasonable attorneys' fees and expenses of the Indemnified Party to the extent that such fees and expenses relate to claims as to which indemnification is due under Sections 10.2 or 10.3 hereof, as the case may be. The Indemnified Party shall have full rights to dispose of such action and enter into any monetary compromise or settlement; provided, however, in the event that the Indemnified Party shall settle or compromise any claims involved in the action insofar as they relate to, or arise out of, the same facts as gave rise to any claim for which indemnification is due under Sections 10.2 or 10.3 hereof, as the case may be, it shall act reasonably and in good faith in doing so.

(d) Both the Indemnifying Party and the Indemnified Party shall cooperate fully with one another in connection with the defense, compromise or settlement of any such claim, proceeding or action, including, without limitation, by making available to the other all pertinent information and witnesses within its control.

10.6 Effectiveness. The provisions of this Article 10 shall be effective upon consummation of the Closing, and prior to the Closing, shall have no force and effect.

10.7 Certain Provisions Relating to Claims for Buyer's Damages.

(a) With respect to any claim by a Buyer Indemnitee or Buyer Indemnitees for indemnification hereunder, the Buyer, on behalf of such Buyer Indemnitee or Buyer Indemnitees, shall first exercise its right of postponement and offset and reduction under the Notes (and/or draw against the Escrowed Adjustment Amount (in the case of a right to payment under Section 1.3(d)(2)). Any such right of postponement, offset and reduction under the Notes shall be made pro rata according to the outstanding principal balances of the Notes, except in a case (such as the bankruptcy of a particular payee under the Notes) where such right is stayed or otherwise prohibited by law or order of a court of competent

jurisdiction, in which case such right shall be exercised pro rata according to the outstanding principal balances of the Notes as to which there

shall be no such stay or prohibition. The exercise of such right against the Notes shall be made without regard to whether the claim or claims giving rise to indemnification are attributable to any particular Seller or group of Sellers, and/or their respective Shareholders.

(b) To the extent that any Buyer Indemnitee or Buyer Indemnitees shall have claims for Buyer's Damages which exceed that which can be satisfied by the exercise of rights under paragraph (a) above, such Buyer Indemnitee or Buyer Indemnitees shall only be entitled to seek indemnification from the Seller or Sellers, and their respective Shareholders, to whom the breach or the facts or circumstances giving rise to such claims are attributable. In such a situation, the liability of any such Seller and its Shareholders shall be joint and several as between such Seller and such Shareholders, however the liability of such Shareholders as among themselves shall be several in proportion to their respective stockholder, membership or partnership interests, as the case may be, in such Seller.

ARTICLE 11
TERMINATION AND TERMINATION FEE

11.1 Termination. Notwithstanding any other provision herein contained to the contrary, this Agreement may be terminated at any time prior to the Closing Date as follows:

(a) This Agreement may be terminated by written consent of the parties hereto;

(b) The Buyer may terminate this Agreement by giving written notice to the Sellers at any time prior to the Closing (1) in the event the Sellers have breached any material representation, warranty, or covenant contained in this Agreement in any material respect, provided that the Buyer shall have notified the Sellers of the breach and the breach shall have continued without cure or remedy for a period of thirty (30) days after the notice of breach, or (2) if the Closing shall not have occurred on or before the Closing Date Deadline by reason of the failure of any condition precedent under Article 7 hereof other than any condition contained in Sections 7.4, 7.11, 7.13(a) or (b), 7.14, 7.15, or 7.16 (provided, however, that the Buyer may not terminate under this subsection (b) if the Buyer is in breach of any material representation, warranty, or covenant of the Buyer contained in this Agreement);

(c) The Sellers may terminate this Agreement by giving written notice to the Buyer at any time prior to the Closing (1) in the event the Buyer has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, provided that the Sellers shall have notified the Buyer of the breach and the breach has continued without cure or remedy for a period of thirty (30) days after the notice of breach, or (2) if the Closing shall not have occurred on or before the Closing Date Deadline by reason of the failure of any condition precedent under Article 8 hereof other than any condition contained in Sections 8.5, 8.7, 8.9, 8.10, or 8.11 (provided, however, that the Sellers may not terminate under this subsection (c) if any Seller is in breach of any material representation, warranty, or covenant contained in this Agreement);

(d) The Buyer may terminate this Agreement if, after any initial HSR Act filing, the FTC makes a "second request" for information, or the FTC or the Antitrust Division challenges the transactions contemplated hereby; provided that the Buyer delivers written notice to the Sellers of its termination hereunder within fifteen (15) days of the Buyer's receipt of such second request or of notice of such challenge; or

(e) The Buyer may terminate this Agreement within thirty (30) days of the date hereof if, and only if, the Buyer is not satisfied, in its reasonable discretion, with the results of any environmental audit or other environmental investigation undertaken with respect to the Real Property.

11.2 Procedure and Effect of Termination. If either party terminates this Agreement pursuant to Section 11.1 above, all rights and obligations of the parties hereunder shall terminate without any liability of any party to any

other party except as set forth below:

(a) If this Agreement is terminated by the Buyer pursuant to the provisions of Section 11.1(b) above, then the Sellers shall, on demand of the Buyer, promptly pay to the Buyer in immediately available funds, as liquidated damages for the loss of the transaction, a termination fee of $500,000 (the "Sellers' Termination Fee").

(b) If this Agreement is terminated by the Sellers pursuant to the provisions of Section 11.1(c) above, then the Buyer shall, upon demand of the Sellers, promptly pay to the Sellers in immediately available funds, as liquidated damages for the loss of the transaction, a termination fee of $1,500,000 (the "Buyer's Termination Fee"). The Buyer's Termination Fee shall be guaranteed by Sonic Financial Corp. pursuant to the Guaranty in the form of Exhibit 1.3(C) hereto.

The respective rights of the parties to terminate this Agreement under Sections 11.1(b) or 11.1(c), as the case may be, and to be paid the Sellers' Termination Fee or the Buyer's Termination Fee, as the case may be, shall be the respective parties' sole and exclusive remedies for damages; in the event of such termination by either party, such party shall have no right to equitable relief for any breach or alleged breach of this Agreement, other than for specific performance for the payment of the Sellers' Termination Fee or the Buyer's Termination Fee, as the case may be.

(c) Except as specifically provided in this Section 11.2, nothing contained in this Section 11.2 shall prevent any party from seeking any equitable relief to which it would otherwise be entitled in the event of breach by the other party.

ARTICLE 12
MISCELLANEOUS PROVISIONS

12.1 Access to Books and Records after Closing. The Buyer shall, following the Closing, give, and shall cause to be given, to the Sellers and its authorized representatives such

access, during normal business hours and upon prior notice, to such books and records constituting part of the Purchased Assets as shall be reasonably necessary for the Sellers in connection with the preparation and filing of the Sellers' tax returns for periods prior to the Closing, and to make extracts and copies of such books and records at the expense of the Sellers.

12.2 Notices. All notices, claims, certificates, requests, demands and other communications hereunder shall be given in writing and shall be delivered personally or sent by telecopier or by a nationally recognized overnight courier, postage prepaid, and shall be deemed to have been duly given when so delivered personally or sent by telecopier, with receipt confirmed, or one (1) Business Day after the date of deposit with such nationally recognized overnight courier. All such notices, claims, certificates, requests, demands and other communications shall be addressed to the respective parties at the addresses set forth below or to such other address as the person to whom notice is to be given may have furnished to the others in writing in accordance herewith.

If to the Buyer, to:

Sonic Auto World, Inc.
5401 East Independence Boulevard
P.O. Box 18747
Charlotte, North Carolina 28218
Telecopier No.: (704) 532-3312
Attention: Theodore Wright

with a copy to:

Parker, Poe, Adams & Bernstein L.L.P.
2500 Charlotte Plaza
Charlotte, North Carolina 28244
Telecopier No.: (704) 334-4706
Attention: Edward W. Wellman, Esq.

If to the Sellers or the Sellers' Agent, to the Sellers c/o The Bowers Transportation Group, LLC at the following address:

Bowers Transportation Group, LLC
c/o Grant, Konvalinka & Harrison, P.C.
900 Republic Centre

633 Chestnut Street
Chattanooga, Tennessee 37450
Telecopier No.: (423) 756-6518
Attention: John Konvalinka, Esq.

If to the Shareholders, to:

Mr. Nelson E. Bowers, II
c/o Grant, Konvalinka & Harrison, P.C.
900 Republic Centre
633 Chestnut Street
Chattanooga, Tennessee 37402
Telecopier No.: (423) 756-6518

Mr. Jeffrey C. Rachor
c/o Grant, Konvalinka & Harrison, P.C.
900 Republic Centre
633 Chestnut Street
Chattanooga, Tennessee 37402
Telecopier No: (423) 756-6518

Mr. John T. Lupton
702 Tallan Building
Two Union Square
Chattanooga, Tennessee 37402
Telecopier No: (423) 757-0504

in either case, with a copy to:

Grant, Konvalinka & Harrison, P.C.
900 Republic Centre
633 Chestnut Street
Chattanooga, Tennessee 37450
Telecopier No.: (423) 756-6518
Attention: John Konvalinka, Esq.

and:

Miller & Martin
Suite 1000 Volunteer Building
832 Georgia Avenue
Chattanooga, Tennessee 37402
Telecopier No.: (423) 785-8480
Attention: Joel W. Richardson, Jr., Esq.

The Buyer, the Sellers or the Shareholders may change the address or telecopier number to which such communications are to be directed by giving written notice to the others in the manner provided in this Agreement.

12.3 Parties in Interest; No Third Party Beneficiaries.

(a) Subject to Section 12.4 hereof, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

(b) Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon or give to any employee of the Sellers, or any other person, firm, corporation or legal entity, other than the parties hereto and their successors and permitted assigns, any rights, remedies or other benefits under or by reason of this Agreement.

(c) In the case of any Shareholder who is acting in the capacity of a trustee or in any other fiduciary capacity, the terms, conditions and obligations of this Agreement shall inure to the benefit of and be binding upon both the Shareholder and the trust estate represented by such Shareholder, but such Shareholder acting as a trustee or other fiduciary shall not be personally liable with respect to the terms, conditions and obligations of this Agreement.

12.4 Assignability. This Agreement shall not be assignable by any party hereto without the prior written consent of the other parties, provided that Buyer may assign its rights under the Agreement to any affiliate of Buyer

presently existing or hereafter formed and to any person or entity that shall acquire all or substantially all of the assets of the Buyer; provided, however, that no such assignment by the Buyer shall release it from its obligations hereunder without the consent of the Sellers.

12.5 Entire Agreement; Amendment. This Agreement and the other writings referred to herein or delivered pursuant hereto contain the entire understanding of the parties hereto and supersedes all prior agreements and understandings between the parties hereto with respect to its subject matter. This Agreement may be amended or modified only by a written instrument duly executed by the parties hereto.

12.6 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

12.7 Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, and all such counterparts together shall constitute but one agreement.

12.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, without giving effect to its principles of conflicts of law.

12.9 Knowledge. Whenever any representation or warranty of the Sellers contained herein or in any other document executed and delivered in connection herewith is based upon the

knowledge of the Sellers, such knowledge shall be deemed to include the actual knowledge, if any, of any of the Sellers or any of the Shareholders, as well as information of which Nelson E. Bowers II or Jeffrey C. Rachor would reasonably be expected to be aware in the prudent discharge of his duties in the ordinary course of business (including consultation with legal counsel) on behalf of the Sellers.

12.10 Jurisdiction; Arbitration. (a) Subject to the other provisions of this Section 12.10, any judicial proceeding brought with respect to this Agreement must be brought in any court of competent jurisdiction in the State of Tennessee, and, by execution and delivery of this Agreement, each party (i) accepts, generally and unconditionally, the exclusive jurisdiction of such courts and any related appellate court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement, and (ii) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in such court or that such court is an inconvenient forum.

(b) Any dispute, claim or controversy arising out of or relating to this Agreement, or the interpretation or breach hereof (including, without limitation, any of the foregoing based upon a claim to any termination fee hereunder), shall be resolved by binding arbitration under the commercial arbitration rules of the American Arbitration Association (the "AAA Rules") to the extent such AAA Rules are not inconsistent with this Agreement. Judgment upon the award of the arbitrators may be entered in any court having jurisdiction thereof or such court may be asked to judicially confirm the award and order its enforcement, as the case may be. The demand for arbitration shall be made by any party hereto within a reasonable time after the claim, dispute or other matter in question has arisen, and in any event shall not be made after the date when institution of legal proceedings, based on such claim, dispute or other matter in question, would be barred by the applicable statute of limitations. The arbitration panel shall consist of three (3) arbitrators, one of whom shall be appointed by each party hereto within thirty (30) days after any request for arbitration hereunder. The two arbitrators thus appointed shall choose the third arbitrator within thirty (30) days after their appointment; provided, however, that if the two arbitrators are unable to agree on the appointment of the third arbitrator within 30 days after their appointment, either arbitrator may petition the American Arbitration Association to make the appointment. The place of arbitration shall be Atlanta, Georgia. The arbitrators shall be instructed to render their decision within sixty (60) days after their selection and to allocate all costs and expenses of such arbitration (including legal and accounting fees and expenses of the respective parties) to the parties in the proportions that reflect their relative success on the merits (including the successful assertion of any defenses).

(c) Nothing contained in this Section 12.10 shall (i) prevent any party hereto from seeking any equitable relief to which it would otherwise be entitled from a court of competent jurisdiction, or (ii) prevent the Buyer from enforcing its rights under the Non- Competition Agreement in the State of North Carolina.

12.11 Waivers. Any party to this Agreement may, by written notice to the other parties hereto, waive any provision of this Agreement from which such party is entitled to receive

a benefit. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision of this Agreement.

12.12 Severability. In the event that any provision, or part thereof, of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions, or parts thereof, shall not in any way be affected or impaired thereby.

12.13 Expenses. Except as otherwise set forth herein, each party shall be responsible for its own legal fees and other costs and expenses incurred in connection with this Agreement and the negotiation and consummation of the transactions contemplated hereby.

[Signatures begin on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed all as of the day, month and year first above written.

THE BUYER: SONIC AUTO WORLD, INC.

By: /s/ Bryan Scott Smith

Name: Bryan Scott Smith
Title: Chief Executive Officer

THE SELLERS: KIA OF CHATTANOOGA, LLC

By: /s/ Neslon E. Bowers, II

Name: Nelson E. Bowers, II
Title: Chief Manager

EUROPEAN MOTORS OF NASHVILLE, LLC

By: /s/ Neslon E. Bowers, II

Name: Nelson E. Bowers, II
Title: Chief Manager

EUROPEAN MOTORS, LLC

By: /s/ Neslon E. Bowers, II

Name: Nelson E. Bowers, II
Title: Chief Manager

JAGUAR OF CHATTANOOGA LLC

By: /s/ Neslon E. Bowers, II

Name: Nelson E. Bowers, II
Title: Chief Manager

CLEVELAND CHRYSLER-PLYMOUTH-JEEP
EAGLE LLC

By: /s/ Neslon E. Bowers, II

Name: Nelson E. Bowers, II
Title: Chief Manager

NELSON BOWERS DODGE, LLC

By: /s/ Neslon E. Bowers, II

Name: Nelson E. Bowers, II
Title: Chief Manager

CLEVELAND VILLAGE IMPORTS, INC.

By: /s/ Neslon E. Bowers, II

Name: Nelson E. Bowers, II
Title: President

SATURN OF CHATTANOOGA, INC.

By: /s/ Neslon E. Bowers, II

Name: Nelson E. Bowers, II
Title: President

NELSON BOWERS FORD, L.P.

By: Nebco of Southeast Tennessee, Inc.
Its: General Partner

By: /s/ Neslon E. Bowers, II

Name: Nelson E. Bowers, II
Title: President

THE SHAREHOLDERS:

/s/ Neslon E. Bowers, II (SEAL)

NELSON E. BOWERS, II

/s/ Jeffrey C. Rachor (SEAL)

JEFFREY C. RACHOR

/s/ Paul W. Painter, Sr., Trustee (SEAL)

Paul W. Painter, Sr., Trustee

/s/ Danny McVay (SEAL)

DANNY McVAY

/s/ Frank E. Fowler, II (SEAL)

FRANK E. FOWLER, II

/s/ Dewayne B. McCamish (SEAL)

DEWAYNE B. McCAMISH

/s/ Rex Allen (SEAL)

REX ALLEN

NEBCO OF SOUTHEAST TENNESSEE, INC.

By: /s/ Neslon E. Bowers, II

Name: Nelson E. Bowers, II
Title: President

INFINITI OF CHATTANOOGA, INC

By: /s/ Neslon E. Bowers, II

Name: Nelson E. Bowers, II
Title: President

/s/ John T. Lupton (SEAL)

JOHN T. LUPTON

JOHN T. LUPTON TRUST U/W THOMAS
CARTTER LUPTON

By: /s/ John T. Lupton, Trustee

John T. Lupton, Trustee

By: /s/ Joel W. Richardson, Jr., Trustee

Joel W. Richardson, Jr., Trustee

By: /s/ David S. Gonzenbach, Trustee

David S. Gonzenbach, Trustee

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List of Exhibits

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Exhibit 1.3(C)	-	Form of Guaranty by Sonic Financial Corporation
Exhibit 1.4(A)	-	Form of Bills of Sale and Assignment
Exhibit 1.4(B)(1)	-	Form of Employment Agreement -- Bowers
Exhibit 1.4(B)(2)	-	Form of Employment Agreement -- Rachor
Exhibit 1.4(C)	-	Form of Dealership Leases
Exhibit 1.4(D)	-	Form of Non-Competition Agreement

STOCK PURCHASE AGREEMENT

BETWEEN

SONIC AUTO WORLD, INC.

AND

KEN MARKS, JR., O.K. MARKS, SR. and MICHAEL J. MARKS

DATED AS OF JULY 29, 1997

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT dated as of July 29, 1997 (this "Agreement") between SONIC AUTO WORLD, INC., a Delaware corporation (the "Buyer"), and KEN MARKS, JR., O.K. MARKS, SR. and MICHAEL J. MARKS (the "Sellers").

W I T N E S S E T H:

WHEREAS, the Sellers own in the aggregate 500 shares of common stock, par value $1.00 per share (the "Shares"), of Ken Marks Ford, Inc., a Florida corporation (the "Corporation"), which shares represent all of the issued and outstanding shares of capital stock of the Corporation and are owned of record and beneficially by the Sellers in the amounts set forth opposite their respective names on Exhibit A hereto; and

WHEREAS, the Buyer desires to purchase the Shares from the Sellers, and the Sellers are willing to sell the Shares to the Buyer, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and representations hereinafter stated, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE 1

Purchase and Sale

1.1 Agreement of Purchase and Sale. On the terms and subject to the conditions of this Agreement and in reliance upon the representations and warranties of the parties herein, at the closing referred to in Article 2 hereof (the "Closing"), the Sellers shall sell, transfer, convey and deliver to the Buyer, and the Buyer shall purchase from the Sellers, the Shares.

1.2 Purchase Price.

(a) As the full purchase price to be paid by the Buyer for the Shares, the Buyer shall pay to the Sellers the aggregate sum of $24,982,500, subject to adjustment as provided in Section 1.2 (d) below (the "Purchase Price").

(b) The Purchase Price, less the sum of $500,000 (the "Escrow Amount"), which shall be paid into escrow to First Union National Bank or another bank reasonably acceptable to the parties, as escrow agent (the "Escrow Agent"), pursuant to the terms of the escrow agreement substantially in the form of Exhibit B attached hereto, with such other changes thereto as the Escrow Agent shall reasonably request (the "Escrow Agreement"), shall be payable to the Sellers at the

Closing in the amounts set forth opposite their respective names on Exhibit A hereto in cash in immediately available funds by wire transfer to an account or accounts designated by such Sellers in writing at least one (1) full Business

Day prior to the Closing. For purposes of this Agreement, the term "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banks are authorized or required to be closed in the State of North Carolina.

(c) Concurrently with the signing of this Agreement, the Buyer is delivering to Ken Marks, Jr., as agent for the Sellers (the "Sellers' Agent"), a Letter of Credit in the face amount of $2,000,000 and otherwise in the form of Exhibit C attached hereto (the "Letter of Credit"). In the event that the Closing does not occur by the Closing Date Deadline (as defined in Article 2 below), then the provisions of Article 10 hereof shall apply with respect to the Letter of Credit.

(d) Purchase Price Adjustment Procedures.

(i) Not later than 60 days after the Closing Date (as defined in Article 2), the Buyer will prepare and deliver to the Sellers' Agent a balance sheet (the "Closing Balance Sheet") of the Corporation as of the Closing Date, consisting of a computation of the tangible book value of the assets of the Corporation as of the Closing Date, less the book value of the liabilities of the Corporation as of the Closing Date, all as determined in accordance with generally accepted accounting principles applied consistently with the Financial Statements (as defined in Section 3.13(a)); provided, however, that (A) based upon a physical inventory, the cost of which will be borne equally by the Buyer and the Sellers, parts inventories shall be based on the value of returnable parts and new car inventories shall be valued on a first-in, first-out (FIFO) basis without taking into account the tax effect of such FIFO basis, (B) the value of the used vehicles inventory of the Corporation shall be as mutually agreed to by the Buyer and the Sellers based upon a physical inventory to be conducted jointly by the Sellers and the Buyer on the Closing Date or the Business Day immediately preceding the Closing Date, which inventory shall be conducted for the Sellers by the Seller's Agent and for the Buyer by Bryan Scott Smith, and (C) there shall be included such reserves and/or write-offs for doubtful accounts receivable and bad debts and for damaged, spoiled, obsolete or slow-moving inventory as shall be consistent with the Corporation's past year-end practices. The tangible net book value reflected on the Closing Balance Sheet is hereinafter called the "Net Book Value". If within 30 days following delivery of the Closing Balance Sheet (or the next Business Day if such 30th day is not a Business Day), the Sellers' Agent has not given the Buyer notice of the Sellers' objection to the computation of the Net Book Value as set forth in the Closing Balance Sheet (such notice to contain a statement in reasonable detail of the nature of the Sellers' objection), then the Net Book Value reflected in the Closing Balance Sheet will be deemed mutually agreed by the Buyer and the Sellers. If the Sellers' Agent shall have given such notice of objection in a timely manner, then the issues in dispute will be submitted to a "Big Six" accounting firm mutually acceptable to the Buyer and the Sellers' Agent (the "Accountants") for resolution. If issues in dispute are submitted to the Accountants for resolution, (1) each party will furnish to the Accountants such workpapers and other documents and information relating to the disputed issues as the Accountants may request and are available to the party or its subsidiaries (or its independent public accountants), and will be afforded the opportunity to present to the Accountants any material relating to the determination and to discuss the determination with the Accountants; (2) the Accountants will be instructed to determine the Net Book Value based upon their resolution of the issues in dispute; (3) such determination by the Accountants of the Net Book Value, as set forth in a notice delivered to both parties by the Accountants, will be binding and conclusive on the parties;

and (4) the Buyer and the Sellers shall each bear 50% of the fees and expenses of the Accountants for such determination.

(ii) To the extent that the Net Book Value, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, is less than $5,050,000 (the "Net Book Value Shortfall"), the Sellers shall be obligated, jointly and severally, to pay the amount of the Net Book Value Shortfall promptly to the Buyer, together with interest on such amount at the prime rate of NationsBank, N.A. from time to time in effect from the Closing Date to the date of payment. In furtherance of such obligation of the Sellers, the Buyer and the Sellers' Agent shall execute and deliver to the Escrow Agent a joint instruction to pay up to the entire amount of the Escrow Amount to the Buyer. To the extent that the amount of such Net Book Value Shortfall, plus interest as aforesaid, shall exceed the Escrow Amount, the Sellers shall be obligated, jointly and severally, to pay such excess amount of Net Book Value Shortfall, plus interest as aforesaid, promptly to the Buyer. Any interest earned on the Escrow Amount shall be paid as provided in the Escrow Agreement.

1.3 Delivery of the Shares.

(a) At the Closing, each Seller shall deliver to the Buyer a certificate or certificates representing the number of Shares set forth opposite such Seller's name on Exhibit A hereto, duly endorsed in blank or with a fully executed stock power attached, all in proper form for transfer with all transfer taxes, if any, paid by such Seller.

(b) The Shares shall be delivered to the Buyer free and clear of all liens, pledges, encumbrances, claims, security interests, charges, voting trusts, voting agreements, other agreements, rights, options, warrants or restrictions or claims of any kind, nature or description (collectively, "Encumbrances").

1.4 Dealership Lease; Guaranty; Employment Agreement; Non-Competition Agreement.

(a) Dealership Lease; Guaranty. At the Closing, the Sellers will cause Marks Holding Company, Inc., as lessor, to enter into a lease agreement with the Corporation, as lessee, regarding the Leased Premises (as defined in Section 3.16(b) below) owned by such lessor, such lease agreement to be substantially in the form of Exhibit D-1 hereto (the "Dealership Lease"). The obligations of the Corporation, as lessee under the Dealership Lease, shall be guaranteed by the Buyer and Sonic Financial Corporation pursuant to a Guaranty in the form of Exhibit D-2 (the "Guaranty").

(b) Employment Agreement. At the Closing, Ken Marks, Jr. will enter into an employment agreement with the Corporation, such employment agreement to be substantially in the form of Exhibit E hereto (the "Employment Agreement").

(c) Non-Competition Agreement. At the Closing, Ken Marks, Jr. will enter into a non-competition agreement with the Buyer and the Corporation, such non-competition agreement to be substantially in the form of Exhibit F hereto (the "Non-Competition Agreement"). The parties hereto agree that the amount of the Purchase Price allocated to the Non-Competition Agreement is $10,000.

ARTICLE 2

Closing

The Closing shall take place at the offices of Johnson, Blakely, Pope, Bokor, Ruppel & Burns, P.A., 911 Chestnut Street, Clearwater, Florida, at 9:30 a.m., local time, on the Closing Date. The Closing Date shall be the fifth (5th) Business Day, or such shorter period as the Buyer may choose, following the date the Buyer gives notice of the Closing to the Sellers, but in no event later than October 15, 1997 (the "Closing Date Deadline"), unless another date or place is agreed to in writing by the Sellers and the Buyer. The date upon which the Closing shall take place is hereinafter called the "Closing Date".

ARTICLE 3

Representations and Warranties of the Sellers

Each of the Sellers hereby represents and warrants to the Buyer, severally with respect to the matters set forth in Sections 3.1 through 3.6, inclusive, and jointly and severally with respect to all other matters set forth in this Article 3, as follows:

3.1 Ownership of Shares. Each Seller owns of record and beneficially the number of Shares set forth opposite such Seller's name on Exhibit B hereto. Each Seller has, and will have at the time of the Closing, good and valid title to the Shares to be sold by such Seller hereunder, free and clear of all Encumbrances.

3.2 Sellers' Power and Authority; Consents and Approvals.

(a) Each Seller has full capacity, right, power and authority to execute and deliver this Agreement and the other agreements, documents and instruments to be executed and delivered by such Seller in connection herewith, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder.

(b) Except as set forth on Schedule 3.2(b) hereto, no authorization, approval or consent of, or notice to or filing or registration with, any governmental agency or body, or any other third party, is required in connection with the execution and delivery by each Seller of this Agreement and the other agreements, documents and instruments to be executed and delivered by each Seller in connection herewith, the consummation of the transactions contemplated hereby and thereby and the performance by each Seller of his obligations hereunder and thereunder.

3.3 Execution and Enforceability. This Agreement and the other agreements,

documents and instruments to be executed by the Sellers in connection herewith, and the consummation by each Seller of the transactions contemplated hereby and thereby, have been duly authorized, executed and delivered by each Seller and constitute, and the other agreements, documents and instruments contemplated hereby, when executed and delivered by each Seller, shall constitute, the legal, valid and binding obligations of each Seller, enforceable against each such Seller in accordance with their

respective terms, except to the extent that enforceability may be limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally.

3.4 Litigation Regarding Sellers. There are no actions, suits, claims, investigations or legal, administrative or arbitration proceedings pending or, to each Sellers' knowledge, threatened or probable of assertion, against any Seller relating to the Shares, this Agreement or the transactions contemplated hereby before any court, governmental or administrative agency or other body. None of the Sellers knows of any basis for the institution of any such suit or proceeding. No judgment, order, writ, injunction, decree or other similar command of any court or governmental or administrative agency or other body has been entered against or served upon any Seller relating to the Shares, this Agreement or the transactions contemplated hereby.

3.5 Interest in Competitors and Related Entities; Certain Transactions.

(a) Except as set forth on Schedule 3.5 hereto, no Seller and no Affiliate (as hereinafter defined) of any Seller (i) has any direct or indirect interest in any person or entity engaged or involved in any business which is competitive with the business of the Corporation, (ii) has any direct or indirect interest in any person or entity which is a lessor of assets or properties to, material supplier of, or provider of services to, the Corporation, or (iii) has a beneficial interest in any contract or agreement to which the Corporation is a party; provided, however, that the foregoing representation and warranty shall not apply to any person or entity, or any interest or agreement with any person or entity, which is a publicly held corporation in which such Seller individually owns less than 3% of the issued and outstanding voting stock. For purposes of this Agreement, the term "Affiliate" shall mean any entity directly or indirectly controlling, controlled by or under common control with the specified person, whether by stock ownership, agreement or otherwise, or any parent, child or sibling of such specified person and the concept of "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting securities, by contract or otherwise.

(b) Except as set forth in Schedule 3.5 hereto, there are no transactions between the Corporation and any of the Sellers (including the Sellers' Affiliates), or any of the directors, officers or salaried employees of the Corporation, or the family members or Affiliates of any of the above (other than for services as employees, officers and directors), including, without limitation, any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from, any of the Sellers, or any such officer, director or salaried employee, family member, or Affiliate or any corporation, partnership, trust or other entity in which such family member, Affiliate, officer, director or employee has a substantial interest or is a shareholder, officer, director, trustee or partner.

3.6 Sellers Not Foreign Persons. Each Seller is a "United States person" as that term is defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder.

3.7 Organization; Good Standing; Qualifications; and Power. The Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and has all requisite power and authority to own, lease and operate its properties and to carry

on its business as now being conducted. The Corporation is qualified to do business as a foreign corporation and is in good standing in each of the jurisdictions listed on Schedule 3.7 hereto, which are the only jurisdictions where the nature of its business and assets requires such qualification.

3.8 Capitalization. The authorized capital stock of the Corporation consists of 500 shares of common stock, par value $1.00 per share, all of which are issued and outstanding and constitute the Shares. All of the Shares are duly

authorized, validly issued, fully paid and non-assessable and are held by the Sellers in the amounts indicated on Exhibit A hereto. Except as set forth on Schedule 3.8 hereto, there are no preemptive rights, whether at law or otherwise, to purchase any of the securities of the Corporation and there are no outstanding options, warrants, "phantom" stock plans, subscriptions, agreements, plans or other commitments pursuant to which the Corporation is or may become obligated to sell or issue any shares of its capital stock or any other debt or equity security, and there are no outstanding securities convertible into shares of such capital stock or any other debt or equity security.

3.9 Subsidiaries and Investments. The Corporation does not own or maintain, directly or indirectly, any capital stock of or other equity or ownership or proprietary interest in any other corporation, partnership, association, trust, joint venture or other entity and does not have any commitment to contribute to the capital of, make loans to, or share in the losses of, any such entity.

3.10 No Violation; Conflicts. Except as set forth on Schedule 3.10 hereto, the execution and delivery by the Sellers of this Agreement and the other agreements, documents and instruments to be executed and delivered by the Sellers in connection herewith, the consummation by the Sellers of the transactions contemplated hereby and thereby and the performance by the Sellers of their respective obligations hereunder and thereunder do not and will not (a) conflict with or violate any of the terms of the Articles of Incorporation or By-Laws of the Corporation, (b) violate or conflict with any law, ordinance, rule or regulation, or any judgment, order, writ, injunction, decree or similar command of any court, administrative or governmental agency or other body, applicable to the Corporation, (c) violate or conflict with the terms of, or result in the acceleration of, any indebtedness or obligation of the Corporation under, or violate or conflict with or result in a breach of, or constitute a default under, any indenture, mortgage, deed of trust, agreement or instrument to which the Corporation is a party or by which the Corporation or any of its assets or properties is bound or affected, (d) result in the creation or imposition of any Encumbrance of any nature upon any of the assets or properties of the Corporation, (e) constitute an event permitting termination of any agreement, license or other right of the Corporation, or (f) require any authorization, approval or consent of, or any notice to or filing or registration with, any governmental agency or body, or any other third party, applicable to the Corporation or any of its properties or assets.

3.11 Title to Assets; Related Matters. The Corporation has good and valid title to all assets, rights, interests and other properties, real, personal and mixed, tangible and intangible, owned by it (collectively, the "Assets"), free and clear of all Encumbrances, except those specified on Schedule 3.11 and liens for taxes not yet due and payable. The Assets (a) include all properties and assets (real, personal and mixed, tangible and intangible) owned by the Corporation; (b) do not include (i) any contracts for future services, prepaid items or deferred charges the full value or benefit of which will not be usable by or transferable to the Buyer, or (ii) any goodwill, organizational expense or other similar intangible asset.

3.12 Possession. The tangible assets included within the Assets are in the possession or control of the Corporation and no other person or entity has a right to possession or claims possession of all or any part of such Assets, except the rights of lessors of Leased Equipment and Leased Premises (each as defined in Section 3.16 hereof) under their respective contracts and leases.

3.13 Financial Statements.

(a) The Sellers have delivered to the Buyer prior to the date hereof:

(i) the reviewed balance sheets of the Corporation as of April 30, 1994, April 30, 1995, April 30, 1996 and April 30, 1997 and the related reviewed statements of income, stockholders' equity and changes in cash flows for the fiscal years then ended (including the notes thereto and any other information included therein), accompanied, in each case, by the review opinion of Spence, Marston, Bunch & Morris CPAs, independent certified public accountants of the Corporation (collectively, the "Annual Financial Statements"), together with the consent of Spence, Marston, Bunch & Morris CPAs to the use of their reports contained in the Annual Financial Statements by the Buyer (or any Affiliate of the Buyer) in any filing of such Annual Financial Statements with any governmental entity; and

(ii) the unaudited balance sheet of the Corporation as of May 31, 1997 and the related unaudited statements of income, stockholders' equity and changes in cash flow for the one month period then ended (collectively, the "Interim Financial Statements"), as certified by the Corporation's President (the Annual Financial Statements and the Interim Financial Statements are hereinafter collectively referred to as the "Financial Statements").

(b) The Financial Statements (i) are in accordance with the books and records of the Corporation, which books and records are true, correct and complete, (ii) fully and fairly present the financial position of the Corporation as of the dates indicated and the results of operation, stockholders' equity and changes in cash flows of the Corporation for the periods indicated, and (iii) except as set forth in Schedule 3.13, have been prepared in accordance with generally accepted accounting principles consistently applied ("GAAP").

3.14 Accounts Receivable. All accounts receivable of the Corporation are collectible at the aggregate recorded amounts thereof, subject to the reserve for doubtful accounts maintained by the Corporation in the ordinary course of business, and are not subject to any known counterclaims or setoffs. An adequate reserve for doubtful accounts for the Corporation has been established and such reserve is consistent with both the operation of the Corporation in the ordinary course of business and past practice.

3.15 Inventories. All inventories of the Corporation consist of items of a quality and quantity usable and saleable in the ordinary course of business of the Corporation, and the levels of inventories are consistent with the levels maintained by the Corporation in the ordinary course consistent with past practice and the Corporation's obligations under its agreements with all applicable vehicle manufacturers and distributors. The values at which such inventories are carried are based on the last-in, first-out method and are stated in accordance with generally accepted accounting principles consistently applied by the Sellers at the lower of historic cost or market. An adequate reserve has been established by the Corporation for damaged, spoiled, obsolete, defective,

or slow-moving goods and such reserve is consistent with both the operation of the Corporation in the ordinary course of business and past practice.

3.16 Real Property; Machinery and Equipment.

(a) Owned Real Property. The Corporation does not own any real property.

(b) Leased Premises. Schedule 3.16(b) hereto contains a complete list and description (including buildings and other structures thereon and the name of the owner thereof) of all real property which is used by the Corporation in its business and operations (herein referred to either as the "Leased Premises" or the "Real Property"). True, correct and complete copies of all leases of all Leased Premises (the "Leases") have been delivered to the Buyer. The Leased Premises are in good physical condition and, with respect to each Lease, no event or condition currently exists which would give rise to a material repair or restoration obligation if such Lease were to terminate. The Sellers have no knowledge of any event or condition which currently exists which would create a legal or other impediment to the use of the Leased Premises as currently used, or would increase the additional charges or other sums payable by the tenant under any of the Leases (including, without limitation, any pending tax reassessment or other special assessment affecting the Leased Premises). The improvements and building systems which comprise a part of the Leased Premises as to which the Corporation is responsible for the maintenance and repair thereof are in good condition, maintenance and repair. There is no person or entity other than the Corporation in or entitled to possession of the Leased Premises.

(c) Condemnation, Etc. The Sellers have delivered to the Buyer a recent survey of the Real Property. No portion of the Real Property has been condemned or otherwise taken by any public authority, and the Sellers have no knowledge of any pending or threatened condemnation or taking thereof. The Sellers have no knowledge of any event or condition which currently exists which would create a legal or other impediment to the use of the Real Property as currently used, or would increase the additional charges or other sums payable by the Corporation under any leases of the Leased Premises (including, without limitation, any pending extraordinary tax reassessment or other special assessment affecting the Real Property). The buildings and improvements (including building systems) which comprise a part of the Real Property are in good condition, maintenance and repair, ordinary wear and tear excepted.

(d) Owned Equipment. Schedule 3.16(d) hereto sets forth a list of all material machinery, equipment, tools, motor vehicles, furniture and fixtures owned by the Corporation (collectively, the "Owned Equipment").

(e) Leased Equipment. Schedule 3.16(e) hereto contains a list of all leases or other agreements, whether written or oral, under which the Corporation is lessee of or holds or operates any items of machinery, equipment, tools, motor vehicles, furniture and fixtures or other property (other than real property) owned by any third party (collectively, the "Leased Equipment").

(f) Maintenance of Equipment. The Owned Equipment and the Leased Equipment

are in good operating condition, maintenance and repair in accordance with industry standards taking into account the age thereof and ordinary wear and tear excepted.

3.17 Patents; Trademarks; Trade Names; Copyrights; Licenses, Etc.

(a) Except as set forth on Schedule 3.17 hereto, there are no patents, trademarks, trade names, service marks, service names and copyrights, and there are no applications therefor or licenses thereof, inventions, trade secrets, computer software, logos, slogans, proprietary processes and formulae and all other proprietary information, know-how and intellectual property rights, whether patentable or unpatentable, that are owned or leased by the Corporation or used in the conduct of the Corporation's business. The Corporation is not a party to, nor pays a royalty to anyone under, any license or similar agreement. There is no existing claim, or, to the knowledge of the Sellers, any basis for any claim, against the Corporation that any of its operations, activities or products infringe the patents, trademarks, trade names, copyrights or other property rights of others or that the Corporation is wrongfully or otherwise using the property rights of others.

(b) The Corporation has the right to use the names "Ken Marks Ford" and "Ken Marks - Oldsmar" in the State of Florida and, to the knowledge of the Sellers, no person uses, or has the right to use, such name or any derivation thereof in connection with the manufacture, sale, marketing or distribution of products or services commonly associated with an automobile dealership.

3.18 Certain Liabilities.

(a) All accounts payable by the Corporation to third parties as of the date hereof arose in the ordinary course of business and none are delinquent or past-due.

(b) Schedule 3.18 hereto sets forth a list of all indebtedness of the Corporation, other than accounts payable, as of the close of business on the day preceding the date hereof, including, without limitation, money borrowed, indebtedness of the Corporation owed to stockholders and former stockholders, the deferred purchase price of assets, letters of credit and capitalized leases, indicating, in each case, the name or names of the lender, the date of maturity, the rate of interest, any prepayment penalties or premiums and the unpaid principal amount of such indebtedness as of such date.

3.19 No Undisclosed Liabilities. The Corporation does not have any material liabilities or obligations of any nature, known or unknown, fixed or contingent, matured or unmatured, other than those (a) reflected in the Financial Statements, (b) incurred in the ordinary course of business since the date of the Financial Statements and of the type and kind reflected in the Financial Statements, or (c) disclosed specifically on Schedule 3.19 hereto.

3.20 Absence of Changes. Since April 30, 1997, the business of the Corporation has been operated in the ordinary course, consistent with past practices and, except as set forth on Schedule 3.20 hereto, there has not been incurred, nor has there occurred:

(a) Any damage, destruction or loss (whether or not covered by insurance), adversely affecting the business or assets of the Corporation in excess of $100,000; (b) Any strikes, work stoppages or other labor disputes involving the employees of the Corporation; (c) Any sale, transfer, pledge or other disposition of any of the Assets of the Corporation having an aggregate

book value of $100,000 or more (except sales of vehicles and parts inventory in the ordinary course of business); (d) Any amendment, termination, waiver or cancellation of any Material Agreement (as defined in Section 3.29 hereof) or any termination, amendment, waiver or cancellation of any material right or claim of the Corporation under any Material Agreement (except in each case in the ordinary course of business and consistent with past practice); (e) Any (1) general uniform increase in the compensation of the employees of the Corporation (including, without limitation, any increase pursuant to any bonus, pension, profit-sharing, deferred compensation or other plan or commitment), (2) increase in any such compensation payable to any individual officer, director, consultant or agent thereof, or (3) loan or commitment therefor made by the Corporation to any officer, director, stockholder, employee, consultant or agent of the Corporation; (f) Any change in the accounting methods, procedures or practices followed by the Corporation or any change in depreciation or amortization policies or rates theretofore adopted by the Corporation; (g) Any material

change in policies, operations or practices of the Corporation with respect to business operations followed by the Corporation, including, without limitation, with respect to selling methods, returns, discounts or other terms of sale, or with respect to the policies, operations or practices of the Corporation concerning the employees of the Corporation; (h) Any capital appropriation or expenditure or commitment therefor on behalf of the Corporation in excess of $100,000 individually or $200,000 in the aggregate; (i) Any write-down or write-up of the value of any inventory or equipment of the Corporation or any increase in inventory levels in excess of historical levels for comparable periods; (j) Any account receivable in excess of $100,000 or note receivable in excess of $100,000 owing to the Corporation which (1) has been written off as uncollectible, in whole or in part, (2) has had asserted against it any claim, refusal or right of setoff, or (3) the account or note debtor has refused to, or threatened not to, pay for any reason, or such account or note debtor has become insolvent or bankrupt; (k) Any other change in the condition (financial or otherwise), business operations, assets, earnings, business or prospects of the Corporation which, in the judgment of the Sellers, has, or could reasonably be expected to have, a material adverse effect on the assets, business or operations of the Corporation; or (l) Any agreement, whether in writing or otherwise, for the Corporation to take any of the actions enumerated in this Section 3.20.

3.21 Tax Matters.

(a) All federal, state and local tax returns and tax reports required as of the date hereof to be filed by the Corporation for taxable periods ending prior to the date hereof have been duly and timely filed prior to the due date thereof (as such due date may have been lawfully extended) by the Corporation with the appropriate governmental agencies, and all such returns and reports are true, correct and complete.

(b) All federal, state and local income, profits, franchise, sales, use, occupation, property, excise, payroll, withholding, employment, estimated and other taxes of any nature, including interest, penalties and other additions to such taxes ("Taxes"), payable by, or due from, the Corporation for all periods prior to the date hereof have been fully paid or adequately reserved for by the Corporation or, with respect to Taxes required to be accrued, the Corporation has properly accrued or will properly accrue such Taxes in the ordinary course of business consistent with past practice of the Corporation.

(c) The federal income tax returns of the Corporation have not been examined by the Internal Revenue Service ("IRS") for the fiscal years ended April 30, 1995, April 30, 1996 and April

30, 1997. Except as set forth on Schedule 3.21 hereto, the Corporation has not received any notice of any assessed or proposed claim or deficiency against it in respect of, or of any present dispute between it and any governmental agency concerning, any Taxes. Except as set forth on Schedule 3.21 hereto, no examination or audit of any tax return or report of the Corporation by any applicable taxing authority is currently in progress and there are no outstanding agreements or waivers extending the statutory period of limitation applicable to any tax return or report of the Corporation. Copies of all federal, state and local tax returns and reports required to be filed by the Corporation for the years ended 1996, 1995, 1994, 1993 and 1992, together with all schedules and attachments thereto, have been delivered by the Sellers to the Buyer.

(d) The Corporation is not now, and has never been, a member of a consolidated group for federal income tax purposes or a consolidated, combined or similar group for state tax purposes. No consent under Code Section 341 has been made affecting the Corporation. The Corporation is not a party to any agreement or arrangement that would result in the payment of any "excess parachute payments" under Code Section 280G. The Corporation is not required to make any adjustment under Code Section 481(a). No power of attorney relating to Taxes is currently in effect affecting the Corporation.

3.22 Compliance with Laws, Etc. The Corporation has conducted its operations and business in compliance in all material respects with, and all of the Assets (including all of the Real Property) comply in all material respects with, (i) all applicable laws, rules, regulations and codes (including, without limitation, any laws, rules, regulations and codes relating to anticompetitive practices, contracts, discrimination, employee benefits, employment, health, safety, fire, building and zoning, but excluding Environmental Laws which are the subject of Section 3.36 hereof) and (ii) all applicable orders, rules, writs, judgments, injunctions, decrees and ordinances. The Corporation has not received any notification of any asserted present or past failure by it to comply in all material respects with such laws, rules or regulations, or such orders, writs, judgments, injunctions, decrees or ordinances. Set forth on Schedule 3.22 hereto are all orders, writs, judgments, injunctions, decrees and other awards of any court or governmental agency applicable to the Corporation

or its business or operations. The Sellers have delivered to the Buyer copies of all reports, if any, of the Corporation required to be submitted under the Federal Occupational Safety and Health Act of 1970, as amended, and under all other applicable health and safety laws and regulations. The deficiencies, if any, noted on such reports have been corrected by the Corporation and any deficiencies noted by inspection through the Closing Date will have been corrected by the Corporation by the Closing Date.

3.23 Litigation Regarding the Corporation. Except as set forth on Schedule 3.23 hereto, there are no actions, suits, claims, investigations or legal, administrative or arbitration proceedings pending, or, to the Sellers' knowledge, threatened or probable of assertion, against the Corporation or relating to its assets, business or operations or the transactions contemplated by this Agreement, and the Sellers do not know of any basis for the institution of any such suit or proceeding. No order, writ, judgment, injunction, decree or similar command of any court or any governmental or administrative agency or other body has been entered against or served upon the Corporation relating to the Corporation or its assets, business or operations.

3.24 Permits, Etc. Set forth on Schedule 3.24 hereto is a list of all governmental licenses, permits, approvals, certificates of inspection and other authorizations, filings and registrations that

are necessary for the Corporation to own and operate its business as presently conducted in all material respects (collectively, the "Permits"). All such Permits have been duly and lawfully secured or made by the Corporation and are in full force and effect. There is no proceeding pending, or, to the Sellers' knowledge, threatened or probable of assertion, to revoke or limit any such Permit. None of the transactions contemplated by this Agreement will terminate, violate or limit the effectiveness of any such Permit.

3.25 Employees; Labor Relations. As of May 31, 1997, the Corporation employed a total of approximately 250 employees. As of the date hereof, (a) the Corporation is not delinquent in the payment (i) to or on behalf of its past or present employees of any wages, salaries, commissions, bonuses, benefit plan contributions or other compensation for all periods prior to the date hereof, or (ii) of any amount which is due and payable to any state or state fund pursuant to any workers' compensation statute, rule or regulation or any amount which is due and payable to any workers' compensation claimant; (b) there are no collective bargaining agreements currently in effect between the Corporation and labor unions or organizations representing any employees of the Corporation; (c) no collective bargaining agreement is currently being negotiated by the Corporation; (d) to the knowledge of the Sellers, there are no union organizational drives in progress and there has been no formal or informal request to the Corporation for collective bargaining or for an employee election from any union or from the National Labor Relations Board; and (e) no dispute exists between the Corporation and any of its sales representatives or, to the knowledge of the Sellers, between any such sales representatives with respect to territory, commissions, products or any other terms of their representation.

3.26 Compensation. Schedule 3.26 contains a schedule of all employees (including sales representatives) and consultants of the Corporation whose individual cash compensation for the year ended April 30, 1997, or projected for the year ended April 30, 1998, is in excess of $100,000, together with the amount of total compensation paid to each such person for the twelve month period ended April 30, 1997 and the current aggregate base salary or hourly rate (including any bonus or commission) for each such person.

3.27 Employee Benefits.

(a) The Sellers have listed on Schedule 3.27 and has delivered to the Buyer true and complete copies of all Employee Plans (as defined below) and related documents, established, maintained or contributed to by the Corporation (which shall include for this purpose and for the purpose of all of the representations in this Section 3.27, the Sellers and all employers, whether or not incorporated, that are treated together with the Corporation as a single employer with the meaning of Section 414 of the Code). The term "Employee Plan" shall include all plans described in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and also shall include, without limitation, any deferred compensation, stock, employee or retiree pension benefit, welfare benefit or other similar fringe or employee benefit plan, program, policy, contract or arrangement, written or oral, qualified or nonqualified, funded or unfunded, foreign or domestic, covering employees or former employees of the Corporation and maintained or contributed to by the Corporation.

(b) Where applicable, each Employee Plan (i) has been administered in material compliance with the terms of such Employee Plan and the requirements of ERISA and the Code; and

(ii) is in material compliance with the reporting and disclosure requirements of ERISA and the Code. The Corporation does not maintain or contribute to, and has never maintained or contributed to, an Employee Plan subject to Title IV of ERISA or a "multiemployer plan." There are no facts relating to any Employee Plan that (i) have resulted in a "prohibited transaction" of a material nature or have resulted or is reasonably likely to result in the imposition of a material excise tax, penalty or liability pursuant to Section 4975 of the Code, (ii) have resulted in a material breach of fiduciary duty or violation of Part 4 of Title I of ERISA, or (iii) have resulted or could result in any material liability (whether or not asserted as of the date hereof) of the Corporation or any ERISA affiliate pursuant to Section 412 of the Code arising under or related to any event, act or omission occurring on or prior to the date hereof. Each Employee Plan that is intended to qualify under Section 401(a) or to be exempt under Section 501(c)(g) of the Code is so qualified or exempt as of the date hereof in each case as such Employee Plan has received favorable determination letters from the Internal Revenue Service with respect thereto. To the knowledge of the Sellers, the amendments to and operation of any Employee Plan subsequent to the issuance of such determination letters do not adversely affect the qualified status of any such Employee Plan. No Employee Plan has an "accumulated funding deficiency" as of the date hereof, whether or not waived, and no waiver has been applied for. The Corporation has made no promises or incurred any liability under any Employee Plan or otherwise to provide health or other welfare benefits to former employees of the Corporation, except as specifically required by law. There are no pending or, to the best knowledge of the Sellers, threatened claims (other than routine claims for benefit) or lawsuits with respect to any of Corporation's Employee Plans. As used in this Section 3.27, all technical terms enclosed in quotation marks shall have the meaning set forth in ERISA.

3.28 Powers of Attorney. There are no persons, firms, associations, corporations or business organizations or entities holding general or special powers of attorney from the Corporation.

3.29 Material Agreements.

(a) List of Material Agreements. Set forth on Schedule 3.29(a) hereto is a list or, where indicated, a brief description of all contracts, agreements, documents, instruments, guarantees, plans, understandings or arrangements, written or oral, which require the payment of $50,000 in any 12 month period or which otherwise are material to the Corporation or its business or assets (collectively, the "Material Agreements"). True copies of all written Material Agreements and written summaries of all oral Material Agreements described or required to be described on Schedule 3.29(a) have been furnished to the Buyer.

(b) Performance, Defaults, Enforceability. The Corporation has in all material respects performed all of its obligations required to be performed by it to the date hereof, and is not in default or alleged to be in default in any material respect, under any Material Agreement, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default. To the knowledge of the Sellers, no other party to any Material Agreement is in default in any respect of any of its obligations thereunder. Each of the Material Agreements is valid and in full force and effect and enforceable against the parties thereto in accordance with their respective terms, and, except as set forth in Schedule 3.29(b) hereto, the consummation of the transactions contemplated by this Agreement will not (i) require the consent of any party thereto or (ii) constitute an event permitting termination thereof.

3.30 Brokers' or Finders' Fees, Etc. Except for NCM & Associates, Inc., whose fees will be paid by the Sellers, no agent, broker, investment banker, person or firm acting on behalf of the Corporation or any of the Sellers or any person, firm or corporation affiliated with any of the Sellers or under their authority is or will be entitled to any brokers' or finders' fee or any other commission or similar fee directly or indirectly from any of the parties hereto in connection with the sale of the Shares contemplated hereby, other than any such fee or commission the entire cost of which will be borne by the Sellers.

3.31 Bank Accounts, Credit Cards, Safe Deposit Boxes and Cellular Telephones. Schedule 3.31 hereto lists all bank accounts, credit cards and safe deposit boxes in the name of, or controlled by, the Corporation, and all cellular telephones provided and/or paid for by the Corporation, and details about the persons having access to or authority over such accounts, credit cards, safe deposit boxes and cellular telephones.

3.32 Insurance.

(a) Schedule 3.32(a) hereto contains a list of all policies of liability, theft, fidelity, life, fire, product liability, workmen's compensation, health and any other insurance and bonds maintained by, or on behalf of, the Corporation on its properties, operations, inventories, assets, business or personnel (specifying the insurer, amount of coverage, type of insurance, policy number and any pending claims in excess of $5,000 thereunder). Each such insurance policy identified therein is and shall remain in full force and effect on and as of the Closing Date and the Corporation is not in default with respect to any provision contained in any such insurance policy and has not failed to give any notice or present any claim under any such insurance policy in a due and timely fashion. The Corporation has not, during the last three (3) fiscal years, been denied or had revoked or rescinded any policy of insurance.

(b) Set forth on Schedule 3.32(b) hereto is a summary of information pertaining to material property damage and personal injury claims in excess of $10,000 against the Corporation during the past three (3) years, all of which are fully satisfied or are being defended by the insurance carrier and involve no exposure to the Corporation.

3.33 Warranties. Set forth on Schedule 3.33 hereto are descriptions or copies of the forms of all express warranties and disclaimers of warranty made by the Corporation (separate and distinct from any applicable manufacturers', suppliers' or other third-parties' warranties or disclaimers of warranties) during the past five (5) years to customers or users of the vehicles, parts, products or services of the Corporation. There have been no breach of warranty or breach of representation claims against the Corporation during the past five (5) years which have resulted in any cost, expenditure or exposure to the Corporation of more than $100,000 individually or in the aggregate.

3.34 Directors and Officers. Set forth on Schedule 3.34 hereto is a true and correct list of the names and titles of each director and officer of the Corporation.

3.35 Suppliers and Customers. The Corporation is not required to provide bonding or any other security arrangements in connection with any transactions with any of its respective customers and suppliers. To the knowledge of the Sellers, no such supplier, customer or creditor intends or has

threatened, or reasonably could be expected, to terminate or modify any of its relationships with the Corporation.

3.36 Environmental Matters.

(a) For purposes of this Section 3.36, the following terms shall have the following meaning: (i) "Environmental Law" means all present and future federal, state and local laws, statutes, regulations, rules, ordinances and common law, and all judgments, decrees, orders, agreements, or permits, issued, promulgated, approved or entered thereunder by any government authority relating to pollution, Hazardous Materials, worker safety or protection of human health or the environment. (ii) "Hazardous Materials" means any waste, pollutant, chemical, hazardous material, hazardous substance, toxic substance, hazardous waste, special waste, solid waste, petroleum or petroleum-derived substance or waste (regardless of specific gravity), or any constituent or decomposition product of any such pollutant, material, substance or waste, including, but not limited to, any hazardous substance or constituent contained within any waste and any other pollutant, material, substance or waste regulated under or as defined by any Environmental Law.

(b) The Corporation has obtained all permits, licenses and other authorizations or approvals required under Environmental Laws for the conduct and operation of the Assets and the business of the Corporation in all material respects ("Environmental Permits"). All such Environmental Permits are in good standing, the Corporation is and has been in compliance with the terms and conditions of all such Environmental Permits, and no appeal or any other action is pending or threatened to revoke any such Environmental Permit.

(c) The Corporation and its business, operations and assets are and have been in compliance in all material respects with all Environmental Laws.

(d) Neither the Corporation nor any of the Sellers has received any written or oral order, notice, complaint, request for information, claim, demand or other communication from any government authority or other person, whether based in contract, tort, implied or express warranty, strict liability, or any other common law theory, or any criminal or civil statute, arising from or with respect to (i) the presence, release or threatened release of any Hazardous Material or any other environmental condition on, in or under the Real Property or any other property formerly owned, used or leased by the Corporation, (ii) any other circumstances forming the basis of any actual or alleged violation by the Corporation or the Sellers of any Environmental Law or any liability of the

Corporation or the Sellers under any Environmental Law, (iii) any remedial or removal action required to be taken by the Corporation or the Sellers under any Environmental Law, or (iv) any harm, injury or damage to real or personal property, natural resources, the environment or any person alleged to have resulted from the foregoing, nor are the Sellers aware of any facts which might reasonably give rise to such notice or communication. Neither the Corporation nor the Sellers has entered into any agreements concerning any removal or remediation of Hazardous Materials.

(e) No lawsuits, claims, civil actions, criminal actions, administrative proceedings, investigations or enforcement or other actions are pending or, to the knowledge of the Sellers, threatened under any Environmental Law with respect to the Corporation, the Sellers or the Real Property.

(f) To the knowledge of the Sellers, no Hazardous Materials are or have been released, discharged, spilled or disposed of onto, or migrated onto, the Real Property or any other property previously owned, operated or leased by the Corporation, and, to the knowledge of the Sellers, no environmental condition exists (including, without limitation, the presence, release, threatened release or disposal of Hazardous Materials) related to the Real Property, to any property previously owned, operated or leased by the Corporation, or to the Corporation's past or present operations, which would constitute a violation of any Environmental Law or otherwise give rise to costs, liabilities or obligations under any Environmental Law.

(g) Neither the Corporation nor the Sellers, nor, to the knowledge of the Sellers, any of their respective predecessors in interest, has transported or disposed of, or arranged for the transportation or disposal of, any Hazardous Materials to any location (i) which is listed on the National Priorities List, the CERCLIS list under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or any similar federal, state or local list, (ii) which is the subject of any federal, state or local enforcement action or other investigation, or (iii) about which either the Corporation or the Sellers has received or has reason to expect to receive a potentially responsible party notice or other notice under any Environmental Law.

(h) To the knowledge of the Sellers, no environmental lien has attached or is threatened to be attached to the Real Property.

(i) To the knowledge of the Sellers, no employee of the Corporation in the course of his or her employment with the Corporation has been exposed to any Hazardous Materials or other substance, generated, produced or used by the Corporation which could give rise to any claim (whether or not such claim has been asserted) against the Corporation.

(j) Except as set forth on Schedule 3.36 hereto, none of the Sellers or their Affiliates has installed or operated on the Real Property and, to the knowledge of the Sellers, the Real Property does not contain, any: (i) septic tanks into which process wastewater or any Hazardous Materials have been disposed; (ii) asbestos; (iii) polychlorinated biphenyls (PCBs); (iv) underground injection or monitoring wells; or (v) underground storage tanks.

(k) Except as set forth on Schedule 3.36, there have been no environmental studies or reports made relating to the Real Property or any other property or facility previously owned, operated or leased by the Corporation.

(l) Except as set forth on Schedule 3.36, the Corporation has not agreed to assume, defend, undertake, guarantee, or provide indemnification for, any liability, including, without limitation, any obligation for corrective or remedial action, of any other person under any Environmental Law for environmental matters or conditions.

3.37 Business Generally. None of the Sellers is selling the Shares based, in whole or in part, on any actual knowledge of any information concerning the Corporation which has, or which could reasonably be expected to have, a material adverse effect on the business, operations or prospects of the Corporation and which has not been disclosed in writing to the Buyer. The foregoing representation and warranty shall not apply to general business and economic conditions generally affecting the industry and markets in which the Corporation participates.

3.38 Misstatements and Omissions. No representation and warranty by the Sellers contained in this Agreement, and no statement contained in any certificate or Schedule furnished or to be furnished by the Sellers to the Buyer in connection with this Agreement, contains or will contain any untrue statement

of a material fact or omits or will omit to state a material fact necessary in order to make such representation and warranty or such statement not misleading.

ARTICLE 4

Representations and Warranties of the Buyer

The Buyer hereby represents and warrants to the Sellers as follows:

4.1 Organization and Good Standing. The Buyer is a corporation duly organized and validly existing and in good standing under the laws of the State of Delaware.

4.2 Buyer's Power and Authority; Consents and Approvals.

(a) The Buyer has all requisite corporate power and authority to execute and deliver this Agreement and the other agreements, documents and instruments to be executed and delivered by the Buyer in connection herewith, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder.

(b) Except as set forth in Schedule 4.2(b) hereto, no authorization, approval or consent of, or notice to or filing or registration with, any governmental agency or body, or any other third party, is required in connection with the execution and delivery by the Buyer of this Agreement and the other agreements, documents and instruments to be executed by the Buyer in connection herewith, the consummation by the Buyer of the transactions contemplated hereby or thereby or the performance by the Buyer of its obligations hereunder and thereunder.

4.3 Execution and Enforceability. This Agreement and the other agreements, documents and instruments to be executed and delivered by the Buyer in connection herewith, and the consummation by the Buyer of the transactions contemplated hereby and thereby, have been duly and validly authorized, executed and delivered by all necessary corporate action on the part of the Buyer and this Agreement constitutes, and the other agreements, documents and instruments to be executed and delivered by the Buyer in connection herewith, when executed and delivered by the Buyer, shall constitute the legal, valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with their respective terms, except to the extent that enforceability may be limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally and general equity principles.

4.4 Litigation Regarding Buyer. There are no actions, suits, claims, investigations or legal, administrative or arbitration proceedings pending or, to the Buyer's knowledge, threatened or probable of assertion against the Buyer relating to this Agreement or the transactions contemplated hereby before any court, governmental or administrative agency or other body, and no judgment, order, writ, injunction, decree or other similar command of any court or governmental

or administrative agency or other body has been entered against or served upon the Buyer relating to this Agreement or the transactions contemplated hereby.

4.5 No Violation; Conflicts. The execution and delivery by the Buyer of this Agreement and the other agreements, documents and instruments to be executed and delivered by the Buyer in connection herewith, the consummation by the Buyer of the transactions contemplated hereby and thereby and the performance by the Buyer of its obligations hereunder and thereunder do not and will not (a) conflict with or violate any of the terms of the Certificate of Incorporation or By-Laws of the Buyer, or (b) violate or conflict with any domestic law, ordinance, rule or regulation, or any judgement, order, writ, injunction or decree of any court, administrative or governmental agency or other body, material to the Buyer.

4.6 Financing. As of the Closing Date, the Buyer will have sufficient funds to enable it to perform its payment obligations at the Closing. The Buyer has no actual knowledge of any adverse information which prevents, or which could reasonably be expected to prevent, the Buyer from performing its obligations under this Agreement at the Closing.

4.7 Brokers' or Finders' Fees, Etc. Except for Stephens, Inc., whose fees will be paid by the Buyer, no agent, broker, investment banker, person or firm acting on behalf of the Buyer or any person, firm or corporation affiliated with the Buyer or under its authority is or will be entitled to any brokers' or finders' fee or any other commission or similar fee directly or indirectly from any of the parties hereto in connection with the sale of the Shares contemplated hereby.

4.8 Misstatements and Omissions. No representation and warranty by the Buyer contained in this Agreement, and no statement contained in any certificate or Schedule furnished or to be furnished by the Buyer to the Sellers in connection with this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make such representation and warranty or such statement not misleading.

ARTICLE 5

Pre-Closing Covenants of the Sellers

The Sellers hereby jointly and severally covenant and agree that, from and after the date hereof until the Closing:

5.1 Provide Access to Information; Cooperation with Buyer.

(a) Access. The Sellers shall afford, and cause the Corporation to afford, to the Buyer, its attorneys, accountants, and representatives, free and full access at all reasonable times, and upon reasonable prior notice, to the properties, books and records of the Corporation, and to interview personnel, suppliers and customers of the Corporation, in order that the Buyer may have a full opportunity to make such investigation as it shall reasonably desire of the assets, business and operations of the Corporation (including, without limitation, any appraisals or inspections thereof), and provide to the Buyer and its representatives such additional financial and operating data and other information as to the business and properties of the Corporation as the Buyer shall from time

to time reasonably request. Notwithstanding the foregoing, the Buyer shall not interview customers and suppliers of the Corporation outside the physical presence of the Sellers' Agent or his designee, which physical presence shall not be unreasonably denied by the Sellers' Agent or his designee.

(b) Cooperation in IPO Preparation. At the Buyer's expense, the Sellers shall cooperate with the Buyer in the preparation of any description of the transactions contemplated by this Agreement deemed by the Buyer, in its sole discretion, as necessary for the completion of any registration statement, prospectus or amendment or supplement thereto prepared in connection with the closing of the Initial Public Offering ("IPO") of the Buyer's securities.

(c) Cooperation in Obtaining Consents. The Sellers shall use reasonable best efforts in cooperating with the Buyer in the preparation of and delivery to all applicable automobile manufacturers or distributors, as soon as practicable after the date hereof, of an application and other information necessary to obtain such automobile manufacturer's or distributor's consent to or the approval of the transactions contemplated by this Agreement.

5.2 Operation of Business of the Corporation. The Sellers shall cause the Corporation to (a) maintain its corporate existence in good standing, (b) operate its business substantially as presently operated and only in the ordinary course and consistent with past operations and its obligations under any existing agreements with all applicable automobile manufacturers or distributors, (c) use its best efforts to preserve intact its present business organizations and employees and its relationships with persons having business dealings with them, including, but not limited to, all applicable automobile manufacturers or distributors and any floor plan financing creditors, (d) comply in all respects with all applicable laws, rules and regulations, (e) maintain its insurance coverages, (f) pay all Taxes, charges and assessments when due, subject to any valid objection or contest of such amounts asserted in good faith and adequately reserved against, and make all proper accruals for Taxes not yet due and payable, (g) make all debt service payments when contractually due and payable, (h) pay all accounts payable and other current liabilities when due, (i) maintain the Employee Plans and each plan, agreement and arrangement listed on Schedule 3.27, and (j) maintain its property, plant and equipment in good operating condition in accordance with industry standards taking into account the age thereof.

5.3 Books of Account. The Sellers shall cause the Corporation to maintain its books and records of account in the usual, regular and ordinary manner.

5.4 Employees. The Sellers shall (i) use its reasonable best efforts to encourage such personnel of the Corporation as the Buyer may designate in writing to remain employees of the Corporation after the date of the Closing, and (ii) except in the ordinary course of business, not take any action, or permit the Corporation to take any action, to encourage any of the personnel of the Corporation to leave their positions with the Corporation.

5.5 Issuance of Securities. The Sellers shall not permit the Corporation to (i) issue any equity or debt security or any options or warrants, (ii) enter

into any subscriptions, agreements, plans or other commitments pursuant to which the Corporation is or may become obligated to issue any shares of its capital stock or any securities convertible into shares of its capital stock, (iii) otherwise change or modify its capital structure, (iv) engage in any reorganization or similar transaction, or (v) agree to take any of the foregoing actions.

5.6 Other Changes. The Sellers shall not permit the Corporation to take, cause, agree to take or cause to occur any of the actions or events set forth in Section 3.20 of this Agreement; provided, that nothing herein contained shall prohibit the Corporation from making cash distributions to the Sellers (whether in the form of dividends or compensation) so long as such distributions do not cause the Net Book Value to be materially less than $5,050,000.

5.7 Additional Information. The Sellers shall furnish and cause the Corporation to furnish to the Buyer such additional information with respect to any matters or events arising or discovered subsequent to the date hereof which, if existing or known on the date hereof, would have rendered any representation or warranty made by the Sellers or any information contained in any Schedule hereto or in other information supplied in connection herewith then inaccurate or incomplete. The receipt of such additional information by the Buyer shall not operate as a waiver by the Buyer of the obligations of the Sellers to satisfy the conditions to Closing set forth in Section 7.1 hereof.

5.8 Publicity. Except as may be required by law or the applicable rules or regulations of any securities exchange, the Sellers shall not (i) make or permit the Corporation to make any press release or other public announcement relating to this Agreement or the transactions contemplated hereby, without the prior written approval of the Buyer, and (ii) otherwise disclose the existence and nature of their discussions or negotiations regarding the transactions contemplated hereby to any person or entity other than their accountants, attorneys and similar professionals, all of whom shall be subject to this nondisclosure obligation as agents of the Sellers, as the case may be. The Sellers shall cooperate with the Buyer in the preparation and dissemination of any public announcements of the transactions contemplated by this Agreement.

5.9 Other Negotiations. The Sellers shall not pursue, initiate, encourage or engage in, nor shall any of their respective Affiliates or agents pursue, initiate, encourage or engage in, and the Sellers shall cause the Corporation and its Affiliates, directors, officers and agents not to pursue, initiate, encourage or engage in, any negotiations or discussions with, or provide any information to, any other person or entity (other than the Buyer and its representatives and Affiliates) regarding the sale of the assets or capital stock of the Corporation or any merger or similar transaction involving the Corporation.

5.10 Closing Conditions. The Sellers shall use all reasonable best efforts to satisfy promptly the conditions to Closing set forth in Article 7 hereof required herein to be satisfied by the Sellers prior to the Closing.

5.11 Environmental Audit. The Sellers shall cause the Corporation to allow an environmental consulting firm selected by the Buyer (the "Environmental Auditor") to have prompt access to the Real Property in order to conduct an environmental investigation, satisfactory to the Buyer in scope (such scope being sufficient to result in a Phase I environmental audit report and a Phase II environmental audit report, if desired by the Buyer), of, and to prepare a report with respect to, the Real Property (the "Environmental Audit"). The Sellers shall cause the Corporation to provide to the Environmental Auditor: (i) reasonable access to all its existing records concerning the matters which are the subject of the Environmental Audit; and (ii) reasonable access to the employees of the Corporation and the last known addresses of former employees of the Corporation who are most familiar with the matters which are the subject of the Environmental Audit (the Sellers

agreeing to use reasonable efforts to have such former employees respond to any reasonable requests or inquiries by the Environmental Auditor). The Sellers shall otherwise cooperate and cause the Corporation to cooperate with the Environmental Auditor in connection with the Environmental Audit. The Buyer and the Sellers shall each bear 50% of the costs, fees and expenses incurred in connection with the preparation of the Environmental Audit.

5.12 Audited Financial Statements. The Sellers shall allow, cooperate with and assist Buyer's accountants, and shall instruct the Corporation's accountants to cooperate, in the preparation of audited financial statements of the Corporation as necessary for the IPO; provided that the expense of such audit

shall be borne by the Buyer.

5.13 Hart-Scott-Rodino. Subject to the determination by the Buyer that any of the following actions is not required, the Sellers shall promptly prepare and file Notification and Report Forms under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") with the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division"), and respond as promptly as practicable to all inquiries received from the FTC or the Antitrust Division for additional information or documentation.

ARTICLE 6

Pre-Closing Covenants of Buyer

The Buyer hereby covenants and agrees that, from and after the date hereof until the Closing:

6.1 Publicity. Except as may be required by law or as necessary in connection with the transactions contemplated hereby or in connection with the preparation and filing of any registration statement regarding the IPO, the Buyer shall not (i) make any press release or other public announcement relating to this Agreement or the transactions contemplated hereby, without the prior written approval of the Sellers, or (ii) otherwise disclose the existence and nature of its discussions or negotiations regarding the transactions contemplated hereby to any person or entity other than its accountants, attorneys and similar professionals, all of whom shall be subject to this nondisclosure obligation as agents of the Buyer. The Buyer shall cooperate with the Sellers in the preparation and dissemination of any public announcements of the transactions contemplated by this Agreement. Subject to the Buyer's legal obligations and the advice of its IPO underwriters, the Buyer shall submit to the Sellers for their pre-approval (such approval shall not be unreasonably withheld) of the content of any disclosures in the IPO context about the transactions contemplated hereby.

6.2 Closing Conditions. The Buyer shall use all reasonable best efforts to satisfy promptly the conditions to Closing set forth in Article 8 hereof required herein to be satisfied by the Buyer prior to the Closing.

6.3 Application to Automobile Manufacturers and Distributors. Subject to the reasonable cooperation of the Sellers, the Buyer shall provide to all applicable automobile manufacturers and distributors promptly after the execution and delivery of this Agreement any application or other information with respect to such application necessary in connection with the seeking of the

consents of such manufacturers and distributors to the transactions contemplated by this Agreement, and the Buyer shall otherwise use its reasonable best efforts to obtain such consents.

6.4 Hart-Scott-Rodino. Subject to the determination by the Buyer that any of the following actions is not required, the Buyer shall promptly prepare and file Notification and Report Forms under the HSR Act with the FTC and the Antitrust Division, respond as promptly as practicable to all inquiries received from the FTC or the Antitrust Division for additional information or documentation, and the Buyer shall pay all filing fees in connection therewith. In addition, the Buyer shall pay the Sellers' reasonable out-of-pocket expenses in connection with responding to any "second request" of the FTC so long as the Buyer shall not have terminated this Agreement pursuant to Section 10.1(c) below.

ARTICLE 7

Conditions to Obligations of the Buyer at the Closing

The obligations of the Buyer to perform this Agreement at the Closing are subject to the satisfaction at or prior to the Closing of the following conditions, unless waived in writing by the Buyer:

7.1 Representations and Warranties. The representations and warranties made by the Sellers in this Agreement shall be true and correct in all material respects at and as of the date of this Agreement and at and as of the Closing as though made at and as of the Closing.

7.2 Performance of Obligations of the Sellers. The Sellers shall have performed all obligations required to be performed by the Sellers under this Agreement, and complied with all covenants for which compliance by the Sellers is required under this Agreement, prior to or at the Closing.

7.3 Closing Documentation. The Buyer shall have received the following documents, agreements and instruments from the Sellers:

(a) a certificate signed by the Sellers and dated the date of the Closing certifying as to the satisfaction of the conditions set forth in Sections 7.1 and 7.2 hereof;

(b) the stock certificates and stock powers for the Shares described in Section 1.3(a) hereof;

(c) such duly signed resignations of directors and officers of the Corporation as the Buyer shall have previously requested;

(d) an opinion of Johnson, Blakely, Pope, Bokor, Ruppel & Burns, P.A., counsel for the Sellers, dated the date of the Closing and addressed to the Buyer, in the form of Exhibit G annexed hereto;

(e) copies of all authorizations, approvals, consents, notices, registrations and filings referred to in Schedules 3.2(b), 3.10 and 3.29(b) hereof;

(f) a certificate dated as of a recent date from (i) the Secretary of State of the State of Florida to the effect that the Corporation is duly incorporated and in good standing in such state and stating that the Corporation owes no franchise taxes in such state and listing all documents of the Corporation on file with said Secretary of State, and (ii) one or more certificates of officials from the jurisdictions listed on Schedule 3.7 hereto to the effect that the Corporation is duly qualified as a foreign corporation and is in good standing in such jurisdictions;

(g) a copy of the Corporation's Articles of Incorporation, including all amendments thereto, certified as of a recent date by the Secretary of State of the State of Florida;

(h) evidence, reasonably satisfactory to the Buyer, of the authority and incumbency of the persons acting on behalf of the Corporation in connection with the execution of any document delivered in connection with this Agreement;

(i) Uniform Commercial Code Search Reports on Form UCC-11 with respect to the Corporation from the states and local jurisdictions where the principal places of business of the Corporation and its assets are located;

(j) a certificate of each of the Sellers as to such Seller's non-foreign status in appropriate form;

(k) the corporate minute books and stock record books of the Corporation, and all other books and records of, or pertaining to, the business and operations of the Corporation;

(l) estoppel letter[s] of landlord[s] other than the Sellers or their Affiliates under the Lease[s], in form and substance reasonably satisfactory to the Buyer;

(m) estoppel letter[s] of lender[s] to the Corporation, in form and substance reasonably satisfactory to the Buyer, with respect to amounts owing by the Corporation as of the Closing; and

(n) such other instruments and documents as the Buyer shall reasonably request not inconsistent with the provisions hereof.

7.4 Approval of Legal Matters. The form of all instruments, certificates and documents to be executed and delivered by the Sellers to the Buyer pursuant to this Agreement and all legal matters in respect of the transactions as herein contemplated shall be reasonably satisfactory to the Buyer and its counsel, none of whose approval shall be unreasonably withheld or delayed.

7.5 No Litigation. No action, suit or other proceeding shall be pending or threatened before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law, decree or regulation of any governmental authority having appropriate jurisdiction, and no

order, decree or ruling of any governmental authority or court shall have been

entered challenging the legality, validity or propriety of, or otherwise relating to, this Agreement or the transactions contemplated hereby, or prohibiting, restraining or otherwise preventing the consummation of the transactions contemplated hereby.

7.6 No Material Adverse Change or Undisclosed Liability. There shall have been no material adverse change or development in the business, prospects, properties, earnings, results of operations or financial condition of the Corporation, or any of its assets.

7.7 No Adverse Laws. There shall not have been enacted, adopted or promulgated any statute, rule, regulation or order which materially adversely affects the business or assets of the Corporation.

7.8 Affiliate Transactions. All amounts owing to the Corporation from the Sellers or any Affiliate thereof shall have been paid in full and any indebtedness of the Corporation to the Sellers or their Affiliates shall have been canceled by the holder(s) thereof.

7.9 Escrow Agreement. The Sellers and the escrow agent thereunder shall have duly executed and delivered to the Buyer the Escrow Agreement.

7.10 Execution of Dealership Lease. The Sellers shall have duly delivered to the Corporation and the Buyer the Dealership Lease, duly executed by the lessor thereunder, with a corresponding memorandum of lease in a form suitable for recording.

7.11 Employment Agreement. Ken Marks, Jr. shall have duly executed and delivered to the Buyer the Employment Agreement.

7.12 Non-Competition Agreement. Ken Marks, Jr. shall have duly executed and delivered to the Buyer the Non-Competition Agreement.

7.13 Cancellation of Stock Options. All outstanding options, warrants, "phantom" stock options and other plans, agreements or arrangements of the Corporation with respect to the purchase, or the issuance of, any capital stock or other securities of the Corporation shall have been canceled and terminated prior to the Closing at no expense to the Buyer, and the Buyer shall have received reasonably satisfactory evidence thereof.

7.14 Return of Letter of Credit. The Sellers' Agent shall have returned to the Buyer the executed original of the Letter of Credit, undrawn upon by the Sellers.

7.15 Hart-Scott-Rodino Waiting Period. All applicable waiting periods under the HSR Act shall have expired without any indication by the Antitrust Division or the Federal Trade Commission that either of them intends to challenge the transactions contemplated hereby or, if any such challenge or investigation is made or commenced, the conclusion of such challenge or investigation permits the transactions contemplated hereby in all material respects.

ARTICLE 8

Conditions to Obligations of the Sellers at the Closing

The obligations of the Sellers to perform this Agreement at the Closing are subject to the satisfaction at or prior to the Closing of the following conditions, unless waived in writing by the Sellers:

8.1 Representations and Warranties. The representations and warranties made by the Buyer in this Agreement shall be true and correct in all material respects at and as of the date of this Agreement and at and as of the Closing as though made at and as of the Closing.

8.2 Performance of Obligations of the Buyer. The Buyer shall have performed all obligations required to be performed by it under this Agreement, and complied with all covenants for which compliance by it is required under this Agreement, prior to or at the Closing.

8.3 Closing Documentation. The Sellers shall have received the following documents, agreements and instruments from the Buyer:

(a) a certificate signed by a duly authorized signatory of the Buyer and dated as of the Closing Date certifying as to the satisfaction of the conditions set forth in Sections 8.1 and 8.2 hereof;

(b) payment of the Purchase Price pursuant to Section 1.2 hereof;

(c) an opinion of Parker, Poe, Adams & Bernstein L.L.P., counsel for the Buyer, dated as of the Closing Date and addressed to the Sellers, in the form of

Exhibit H annexed hereto; and

(d) such resolutions of the Buyer, as sole shareholder of the Corporation, and the directors of the Corporation electing directors and appointing officers, respectively, of the Corporation, effective upon the Closing;

(e) certificates dated as of a recent date from the Secretary of State of the State of Delaware to the effect that the Buyer is duly incorporated and in good standing in such state;

(f) a copy of the Buyer's Certificate of Incorporation, including all amendments thereto, certified by the Secretary of State of the State of Delaware;

(g) evidence, reasonably satisfactory to the Sellers, of the authority and incumbency of the persons acting on behalf of the Buyer in connection with the execution of any document delivered in connection with this Agreement; and

(h) such other instruments and documents as the Sellers shall reasonably request not inconsistent with the provisions hereof.

8.4 Approval of Legal Matters. The form of all certificates, instruments and documents to be executed or delivered by the Buyer to the Sellers pursuant to this Agreement and all legal matters in respect of the transactions as herein contemplated shall be reasonably satisfactory to the Sellers and their counsel, none of whose approval shall be unreasonably withheld or delayed.

8.5 No Litigation. No action, suit or other proceeding shall be pending or threatened before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain substantial damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law, decree or regulation of any governmental authority having appropriate jurisdiction, and no order, decree or ruling of any governmental authority or court shall have been entered challenging the legality, validity or propriety of, or otherwise relating to, this Agreement or the transactions contemplated hereby, or prohibiting, restraining or otherwise preventing the consummation of the transactions contemplated hereby.

8.6 Dealership Lease; Guaranty. The Corporation shall have duly executed and delivered to the Sellers' Agent the Dealership Lease, and the Sellers' Agent shall have received the Guaranty, duly executed by the Buyer and Sonic Financial Corporation.

8.7 Escrow Agreement. The Buyer and the escrow agent thereunder shall have duly executed and delivered the Escrow Agreement.

8.8 Employment Agreement. The Buyer shall have caused the Corporation to duly execute and deliver the Employment Agreement to Ken Marks, Jr.

8.9 Hart-Scott-Rodino Waiting Period. All applicable waiting periods under the HSR Act shall have expired without any indication of the Antitrust Division or the Federal Trade Commission that either of them intends to challenge the transactions contemplated hereby, or, if any such challenge or investigation is made or commenced, the conclusion of such challenge or investigation permits the transactions contemplated hereby in all material respects.

ARTICLE 9

Survival of Representations and Warranties; Indemnification, Etc.

9.1 Survival. All statements contained in any Schedule or certificate delivered hereunder or in connection herewith by or on behalf of any of the parties pursuant to this Agreement shall be deemed representations and warranties by the respective parties hereunder unless otherwise expressly provided herein. The representations and warranties of the Sellers contained in this Agreement, including those contained in any Schedule or certificate delivered hereunder or in connection herewith, shall survive the Closing _____ * _____ with the exception of (i) the representations and warranties of the Sellers contained in Section 3.21, which shall survive the Closing _____ * _____ , and (ii) the representations and

* Confidential portions omitted and filed separately with the Commission.

warranties of the Sellers contained in Sections 3.11, 3.19 and 3.36, which shall survive the Closing _____ * _____ . As to each representation and warranty of the parties hereto, the date to which such representation and warranty shall survive is hereinafter referred to as the "Survival Date".

9.2 Agreement to Indemnify by Sellers. Subject to the terms and conditions of Sections 9.4 and 9.5 hereof, the Sellers hereby, severally with respect to the breach, inaccuracy or untruth of any of the matters set forth in Sections 3.1 through 3.6 hereof, and jointly and severally with respect to all other matters set forth in this Agreement, agree to indemnify and save the Buyer, the Corporation and their respective shareholders, officers, directors, employees, successors and assigns (each, a "Buyer Indemnitee") harmless from and against, for and in respect of, any and all damages, losses, obligations, liabilities, demands, judgments, injuries, penalties, claims, actions or causes of action, encumbrances, costs, and expenses (including, without limitation, reasonable attorneys' fees and expert witness fees), suffered, sustained, incurred or required to be paid by any Buyer Indemnitee (collectively, "Buyer's Damages") arising out of, based upon, in connection with, or as a result of:

(a) the untruth, inaccuracy or breach of any representation and warranty of the Sellers contained in or made pursuant to this Agreement, including in any Schedule or certificate delivered hereunder or in connection herewith, excluding any breach of representation and warranty contained in Section 3.19; provided, however, that with respect to the foregoing indemnification obligation of the Sellers contained in this paragraph (a), the Sellers shall not have any indemnification obligation until (and only to the extent that) Buyer's Damages in respect of all claims for indemnity pursuant to this paragraph (a) and paragraph (c) below shall exceed a cumulative aggregate total of _____ * _____ ;

(b) the untruth, inaccuracy or breach of any representation and warranty of the Sellers contained in or made pursuant to Section 3.19, including in any Schedule or certificate delivered hereunder in connection therewith;

(c) the breach or nonfulfillment of any covenant or agreement of any Seller contained in this Agreement or in any other agreement, document or instrument delivered hereunder or pursuant hereto;

(d) any loss of life, injury to persons or property, or damage to natural resources caused by the actual, alleged, or threatened release, storage, transportation, treatment or generation, of Hazardous Materials generated, stored, used, disposed of, treated, handled or shipped by the Corporation on or before the date of the Closing;

(e) any cleanup required by any governmental authority or as part of the settlement or other disposition of a third party claim (including, without limitation, claims by surrounding landowners and claims by potentially responsible parties) of Hazardous Materials released, disposed of or discharged: (i) on, beneath or adjacent to the Real Property prior to or on the date of the Closing; or (ii) at any other location if such substances were generated, used, stored, treated, transported or released by the Corporation prior to or on the date of the Closing; or

* Confidential portions omitted and filed separately with the Commission.

(f) any and all costs of installing pollution control equipment or other equipment required by any governmental authority or as part of the settlement or other disposition of a third party claim (including, without limitation, claims by surrounding landowners and claims by potentially responsible parties) to bring any of the Real Property into compliance with any Environmental Law if such equipment is installed because any of the Real Property was not in compliance with any Environmental Laws as of the date of the Closing.

With respect to the Sellers' obligations to pay Buyer's Damages pursuant to Section 9.2 of this Agreement: (1) the Buyer, on behalf of itself and any other Buyer Indemnitee, shall be entitled (but shall not be obligated) to make demand for payment under the Escrow Agreement; and (2) the aggregate amount required to be paid by all Sellers shall not exceed * .

9.3 Agreement to Indemnify by Buyer. Subject to the terms and conditions of Sections 9.4 and 9.5 hereof, the Buyer hereby agrees to indemnify and save the Sellers and their successors and assigns (each, a "Seller Indemnitee") harmless from or against, for and in respect of, any and all damages, losses, obligations, liabilities, demands, judgments, injuries, penalties, claims, actions or causes of action, encumbrances, costs, and expenses (including, without limitation, reasonable attorneys' fees and expert witness fees) suffered, sustained, incurred or required to be paid by any Seller Indemnitee arising out of, based upon or in connection with or as a result of:

(a) the untruth, inaccuracy or breach of any representation and warranty of the Buyer contained in or made pursuant to this Agreement, including in any Schedule or certificate delivered hereunder or in connection herewith;

(b) the breach or nonfulfillment of any covenant or agreement of the Buyer contained in this Agreement or in any other agreement, document or instrument delivered hereunder or pursuant hereto; or

(c) the assertion against any Seller Indemnitee of any claims, liabilities or obligations arising out of the operation of the business of the Corporation after the Closing Date, except to the extent that such claims, liabilities or obligations arise out of any matter as to which the Sellers are obligated to indemnify the Buyer under Section 9.2 above.

9.4 Claims for Indemnification. No claim for indemnification with respect to a breach of a representation and warranty shall be made under this Agreement after the applicable Survival Date unless prior to such Survival Date the Buyer Indemnitee or the Seller Indemnitee, as the case may be, shall have given the Sellers or the Buyer, as the case may be, written notice of such claim for indemnification based upon actual loss sustained, or potential loss anticipated, as a result of the existence of any claim, demand, suit, or cause of action against such Buyer Indemnitee or Seller Indemnitee, as the case may be.

9.5 Procedures Regarding Third Party Claims. The procedures to be followed by the Buyer and the Sellers with respect to indemnification hereunder regarding claims by third persons which could give rise to an indemnification obligation hereunder shall be as follows:

(a) Promptly after receipt by any Buyer Indemnitee or Seller Indemnitee, as the case may be, of notice of the commencement of any action or proceeding (including, without

*Confidential portions omitted and filed separately with the Commission.

limitation, any notice relating to a tax audit) or the assertion of any claim by a third person which the person receiving such notice has reason to believe may result in a claim by it for indemnity pursuant to this Agreement, such person (the "Indemnified Party") shall give a written notice of such action, proceeding or claim to the party against whom indemnification pursuant hereto is sought (the "Indemnifying Party"), setting forth in reasonable detail the nature of such action, proceeding or claim, including copies of any documents and written correspondence from such third person to such Indemnified Party.

(b) The Indemnifying Party shall be entitled, at its own expense, to participate in the defense of such action, proceeding or claim, and, if (i) the action, proceeding or claim involved seeks (and continues to seek) solely monetary damages, (ii) the Indemnifying Party confirms, in writing, its obligation hereunder to indemnify and hold harmless the Indemnified Party with respect to such damages in their entirety pursuant to Sections 9.2 or 9.3 hereof, as the case may be, and (iii) the Indemnifying Party shall have made provision which, in the reasonable judgment of the Indemnified Party, is adequate to satisfy any adverse judgment as a result of its indemnification obligation with respect to such action, proceeding or claim, then the Indemnifying Party shall be entitled to assume and control such defense with counsel chosen by the Indemnifying Party and approved by the Indemnified Party, which approval shall not be unreasonably withheld or delayed. The Indemnified Party shall be entitled to participate therein after such assumption, the costs of such participation following such assumption to be at its own expense. Upon assuming such defense, the Indemnifying Party shall have full rights to enter into any monetary compromise or settlement which is dispositive of the matters involved; provided, that such settlement is paid in full by the Indemnifying Party and will not have any direct or indirect continuing material adverse effect upon the Indemnified Party.

(c) With respect to any action, proceeding or claim as to which (i) the Indemnifying Party does not have the right to assume the defense or (ii) the Indemnifying Party shall not have exercised its right to assume the defense, the Indemnified Party shall assume and control the defense of and contest such action, proceeding or claim with counsel chosen by it and approved by the Indemnifying Party, which approval shall not be unreasonably withheld. The Indemnifying Party shall be entitled to participate in the defense of such action, proceeding or claim, the cost of such participation to be at its own expense. The Indemnifying Party shall be obligated to pay the reasonable attorneys' fees and expenses of the Indemnified Party to the extent that such fees and expenses relate to claims as to which indemnification is due under Sections 9.2 or 9.3 hereof, as the case may be. The Indemnified Party shall have full rights to dispose of such action, proceeding or claim and enter into any monetary compromise or settlement; provided, however, in the event that the

Indemnified Party shall settle or compromise any action, proceeding or claim for which indemnification is due under Sections 9.2 or 9.3 hereof, as the case may be, it shall act reasonably and in good faith in doing so.

(d) Both the Indemnifying Party and the Indemnified Party shall cooperate fully with one another in connection with the defense, compromise or settlement of any such action, proceeding or claim, including, without limitation, by making available to the other all pertinent information and witnesses within its control.

9.6 Effectiveness. The provisions of this Article 9 shall be effective upon consummation of the Closing, and prior to the Closing, shall have no force and effect.

ARTICLE 10

Termination

10.1 Termination. Notwithstanding any other provision herein contained to the contrary, this Agreement may be terminated at any time prior to the Closing Date:

(a) by the written mutual consent of the Buyer and the Sellers;

(b) At any time after the Closing Date Deadline, by written notice by the Buyer or the Sellers to the other party(ies) hereto if the Closing shall not have been completed on or before the Closing Date Deadline; provided, however, no party(ies) may terminate this Agreement pursuant to this Section 10.1(b) if such party(ies) is in breach of any material representation, warranty or covenant of such party(ies) contained in this Agreement;

(c) By the Buyer if, after any initial HSR Act filing, the FTC makes a "second request" for information, or the FTC or the Antitrust Division challenges the transactions contemplated hereby; provided, that the Buyer delivers a written notice to the Sellers of its termination hereunder within five (5) Business Days of the Buyer's receipt of such second request or of notice of such challenge;

(d) By the Buyer, in the event that approval by the applicable automobile manufacturer and/or floor plan financing provider of the transactions contemplated by this Agreement is not received at least 10 Business Days prior to the Closing Date Deadline; or

(e) By the Buyer within 30 days of the date hereof if, and only if, the Buyer is not satisfied, in its discretion, with the results of the Buyer's due diligence investigation contemplated by Section 5.1(a) hereof.

10.2 Procedure and Effect of Termination. In the event of termination pursuant to Section 10.1, this Agreement shall be of no further force or effect; provided, however, that, except as expressly set forth below, any termination pursuant to Section 10.1 shall not (i) relieve the Buyer or the Sellers of any liability under Sections 10.3 or 10.4 below, or (ii) relieve any party hereto of any liability for breach of any representation and warranty, covenant or agreement hereunder occurring prior to such termination. In addition, in the event of any such termination, all filings, applications and other submissions made pursuant to this Agreement or prior to the execution of this Agreement in contemplation thereof shall, to the extent practicable, be withdrawn from the agency or other entity to which made.

10.3 Payment of Buyer's Termination Fee; Sellers' Exclusive Remedy. If this Agreement is terminated by the Sellers pursuant to Section 10.1(b) above and the failure to complete the Closing on or before the Closing Date Deadline shall have been due to the Buyer's breach of its material representations and warranties or its material covenants or obligations under this Agreement, then the Sellers' Agent shall be entitled, pursuant to the terms of the Letter of Credit, to make a draw on the Letter of Credit in the full face amount thereof of $2,000,000 in immediately available funds, as liquidated damages for the loss of the transaction (the "Buyer's Termination Fee").

Notwithstanding any other provision of this Agreement, termination of this Agreement and collection of the Buyer's Termination Fee shall be the Sellers' sole and exclusive remedy; the Sellers shall not be entitled to specific performance of any provision of this Agreement.

10.4 Payment of Sellers' Termination Fee; Buyer's Election of Remedies. If

this Agreement is terminated by the Buyer pursuant to Section 10.1(b) above and the failure to complete the Closing on or before the Closing Date Deadline shall have been due to the Sellers' breach of their material representations and warranties or their material covenants or obligations under this Agreement, then the Sellers, jointly and severally, shall, upon demand of the Buyer, promptly pay to the Buyer in immediately available funds, as liquidated damages for the loss of the transaction, a termination fee of $250,000 (the "Sellers' Termination Fee"). Termination of this Agreement and collection of the Sellers' Termination Fee shall be the Buyer's sole and exclusive remedy to collect damages. Provided the Buyer shall have terminated this Agreement pursuant to Section 10.1(b) above, the Buyer shall have no right to equitable relief other than for specific performance to enforce payment of the Sellers' Termination Fee. In the absence of termination of this Agreement by the Buyer pursuant to Section 10.1(b) above, the Buyer shall be free to pursue all equitable remedies against the Sellers including, without limitation, specific performance to consummate the transactions contemplated by this Agreement.

ARTICLE 11

Certain Taxes and Expenses

11.1 Certain Taxes and Expenses.

(a) All sales, use, transfer, intangible, excise, documentary stamp, recording, gross income, gross receipts and other similar taxes or fees which may be due or payable in connection with the consummation of the transactions contemplated hereby shall be paid by the Sellers.

(b) Except as otherwise herein provided, the Sellers and the Buyer shall be responsible for the payment of their respective fees, costs and expenses incurred in connection with the negotiation and consummation of the transactions contemplated hereby and shall not be liable to the other party or parties for the payment of any such fees, costs and expenses.

ARTICLE 12

Certain Post-Closing Covenants

12.1 Change of Corporation's Name. Promptly upon the effectiveness of the Closing, the Buyer shall effect a change in the Corporation's corporate name to a name which does not contain the name "Ken Marks" or any variation thereof. The Buyer agrees not to use the name "Ken Marks" or any such variation except for the purpose of identifying the Corporation as having been formerly named Ken Marks Ford, Inc.

12.2 Stay-on Bonuses to Employees of Corporation. Within twenty (20) Business Days following the Closing, the Buyer shall pay, or cause the Corporation to pay, a total of $500,000 of "stay-on bonuses" to the employees of the Corporation listed on Schedule 12.2 hereto in the amounts listed beside each employee's name on such Schedule; provided, however, that each employee listed on Schedule 12.2 shall receive such "stay-on bonus" designated for such employee only if such employee continues to be employed by the Corporation as of the Closing Date.

ARTICLE 13

Miscellaneous

13.1 Certain Tax Returns. The Sellers shall cooperate with and provide assistance to the Buyer and the Corporation in connection with the preparation and filing of all federal, state, local and foreign income tax returns which relate to the Corporation and to periods prior to Closing but which are not required to be filed until after the Closing.

13.2 Parties in Interest; No Third-Party Beneficiaries. Subject to Section 13.4 hereof, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the respective successors and assigns of the parties hereto. Nothing in this Agreement, expressed or implied (including, without limitation, the provisions of Section 12.2 above), is intended or shall be construed to confer upon or give to any employee of the Corporation or the Buyer, or any other person, firm, corporation or legal entity, other than the parties hereto and their successors and assigns, any rights, remedies or other benefits under or by reason of this Agreement.

13.3 Entire Agreement; Amendments. This Agreement (including all Exhibits and Schedules hereto) and the other writings referred to herein or delivered pursuant hereto contain the entire understanding of the parties hereto with

respect to its subject matter. There are no representations, promises, warranties, covenants or undertakings other than as expressly set forth herein or therein. This Agreement supersedes all prior agreements and understandings between the parties hereto with respect to its subject matter. This Agreement may be amended or modified only by a written instrument duly executed by the parties hereto.

13.4 Assignment. This Agreement shall not be assignable by any party hereto without the prior written consent of the other parties; provided, however, the Buyer may assign its rights and obligations hereunder to any Affiliate of the Buyer presently existing or hereafter formed and to any person or entity that shall acquire all or substantially all of the assets of the Buyer or the Corporation; provided, further, that no such assignment shall release the Buyer from its obligations hereunder without the consent of the Sellers.

13.5 Remedies. Except as expressly provided in this Agreement to the contrary, each of the parties to this Agreement is entitled to all remedies in the event of breach provided at law or in equity, specifically including, but not limited to, specific performance.

13.6 Headings. The Article and Section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

13.7 Notices. All notices, claims, certificates, requests, demands and other communications hereunder shall be given in writing and shall be delivered personally or sent by telecopier or by a nationally recognized overnight courier, postage prepaid, and shall be deemed to have been duly given when so delivered personally or sent by telecopier, with receipt confirmed, or one (1) business day after the date of deposit with such nationally recognized overnight courier. All such notices, claims, certificates, requests, demands and other communications shall be addressed to the respective parties at the addresses set forth below or to such other address as the person to whom notice is to be given may have furnished to the others in writing in accordance herewith.

If to the Buyer, to:

Sonic Auto World, Inc.
5401 E. Independence Boulevard
Charlotte, North Carolina 28212
Telecopier No.: (704) 532-3312
Attention: Theodore M. Wright, Chief Financial Officer

With a copy to:

Parker, Poe, Adams & Bernstein L.L.P.
2500 Charlotte Plaza
Charlotte, North Carolina 28244
Telecopier No.: (704) 334-4706
Attention: Edward W. Wellman, Jr.

If to the Sellers, to:

Ken Marks, Jr.
2408 Hampton Lane, West
Safety Harbor, Florida 34695

O.K. Marks, Sr.
215 Shore Drive
Palm Harbor, Florida 34683

Michael J. Marks
2663 Crystal Circle
Dunedin, Florida 34698

With a copy to:

Johnson, Blakely, Pope, Bokor, Ruppel & Burns, P.A.
911 Chestnut Street
P.O. Box 1368
Clearwater, Florida 34617
Telecopier No.: (813) 441-8617

Attention: E.D. Armstrong III

13.8 Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, and all such counterparts together shall constitute but one agreement.

13.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without giving effect to its rules governing conflict of laws.

13.10 Waivers. Any party to this Agreement may, by written notice to the other parties hereto, waive any provision of this Agreement from which such party is entitled to receive a benefit. The waiver by any party hereto of a breach by another party of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by such other party of such provision or any other provision of this Agreement.

13.11 Severability. In the event that any provision, or part thereof, in this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions, or parts thereof, shall not in any way be affected or impaired thereby.

13.12 Knowledge. Whenever any representation or warranty of any Seller contained herein (other than the representations and warranties set forth in Sections 3.1 through 3.6 hereof) or in any other document executed and delivered in connection herewith is based upon the knowledge of such Seller, (i) such knowledge shall be deemed to include (A) the best actual knowledge, information and belief of any of the Sellers, and (B) any information which any Seller would reasonably be expected to be aware of in the prudent discharge of his duties in the ordinary course of business (including consultation with legal counsel) on behalf of the Corporation, and (ii) the knowledge of any Seller shall be deemed to be the knowledge of all of the Sellers.

13.13 Jurisdiction; Arbitration.

(a) Subject to the other provisions of this Section 13.14, any judicial proceeding brought with respect to this Agreement must be brought in any court of competent jurisdiction in the State of North Carolina, and, by execution and delivery of this Agreement, each party hereto (i) accepts, generally and unconditionally, the jurisdiction of such courts and any related appellate court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement, and (ii) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in such court or that such court is an inconvenient forum.

(b) Any dispute, claim or controversy arising out of or relating to this Agreement (except for accounting matters provided for in Section 1.2(d) hereto), or the interpretation or breach hereof (including, without limitation, any of the foregoing based upon a claim to any termination fee hereunder), shall be resolved by binding arbitration under the commercial arbitration rules of the American Arbitration Association (the "AAA Rules") to the extent such AAA Rules are not inconsistent with this Agreement. Judgment upon the award of the arbitrators may be entered in any court having jurisdiction thereof or such court may be asked to judicially confirm the award and order its enforcement, as the case may be. The demand for arbitration shall be made by any party

hereto within a reasonable time after the claim, dispute or other matter in question has arisen, and in any event shall not be made after the date when institution of legal proceedings, based on such claim, dispute or other matter in question, would be barred by the applicable statute of limitations. The arbitration panel shall consist of three (3) arbitrators, one of whom shall be appointed by each party hereto within thirty (30) days after any request for arbitration hereunder. The two arbitrators thus appointed shall choose the third arbitrator within thirty (30) days after their appointment; provided, however, that if the two arbitrators are unable to agree on the appointment of the third arbitrator within 30 days after their appointment, either arbitrator may petition the American Arbitration Association to make the appointment. The place of arbitration shall be Charlotte, North Carolina. The arbitrators shall be instructed to render their decision within sixty (60) days after their selection and to allocate all costs and expenses of such arbitration (including legal and accounting fees and expenses of the respective parties) to the parties in the proportions that reflect their relative success on the merits (including the successful assertion of any defenses).

(c) Nothing contained in this Section 13.13 shall (1) prevent the Buyer from bringing any judicial proceeding against the Sellers in the State of Florida, or (2) prevent any party hereto from seeking any equitable relief to which it would otherwise be entitled from a court of competent jurisdiction. Nothing contained in this Section 13.13 shall prevent the Buyer from enforcing the Non-Competition Agreement in any court of competent jurisdiction.

13.14 Power of Attorney of Ken Marks, Jr. By execution hereof, each of the Sellers irrevocably constitutes and appoints Ken Marks, Jr. with full power of substitution, their true and lawful attorney-in-fact, in their name, place and stead and for such Seller's use and benefit: (i) to sign, execute, certify, acknowledge or file any other certificates, amendments, instruments or documents which may be required from the Sellers in connection with this transaction; (ii) to resolve setoffs against the escrowed amount; (iii) to make payment of, or establish adequate reserves for, the expenses of the Sellers in connection with this Agreement and other post-closing items related thereto; (iv) to represent and bind the Sellers under Article X hereof; (v) to receive all notices hereunder to the Sellers; and (vi) to accept service of process on behalf of each Seller. The foregoing grant of authority: (i) is a special power of attorney coupled with an interest and is irrevocable; (ii) may be exercised by Ken Marks, Jr. by listing the name of the Seller along with the names of all of the other persons for whom he is so acting by a single signature as attorney-in-fact; and (iii) shall survive the delivery of an assignment by a Seller of any of such Seller's rights under this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the date first above written.

SONIC AUTO WORLD, INC.

By: /s/ Bryan Scott Smith

Bryan Scott Smith, Chief Executive Officer

/s/ Ken Marks, Jr.

Ken Marks, Jr.

/s/ O.K. Marks, Sr.

O.K. Marks, Sr.

/s/ Michael J. Marks

Michael J. Marks

EXHIBITS

Exhibit A	-	List of Sellers
Exhibit B	-	Form of Escrow Agreement
Exhibit C	-	Form of Letter of Credit
Exhibit D-1	-	Form of Dealership Lease
Exhibit D-2	-	Form of Guaranty
Exhibit E	-	Form of Employment Agreement
Exhibit F	-	Form of Non-Competition Agreement
Exhibit G	-	Opinion of Sellers' Counsel
Exhibit H	-	Opinion of Buyer's Counsel

SCHEDULES

Schedule 3.2(b)	Consents and Approvals for the Sellers
Schedule 3.5	Interest in other Entities
Schedule 3.7	Qualification

Schedule 3.8	Capitalization
Schedule 3.10	No Violation; Conflicts
Schedule 3.11	Encumbrances
Schedule 3.13	Financial Statements
Schedule 3.16(b)	Leased Premises
Schedule 3.16(d)	Owned Equipment
Schedule 3.16(e)	Leased Equipment
Schedule 3.17	Intellectual Property
Schedule 3.18	Certain Liabilities
Schedule 3.19	No Undisclosed Liabilities
Schedule 3.20	Absence of Changes
Schedule 3.21	Tax Matters
Schedule 3.22	Compliance with Laws
Schedule 3.23	Litigation Regarding Corporation
Schedule 3.24	Permits, Etc.
Schedule 3.26	Compensation
Schedule 3.27	Employee Benefits
Schedule 3.29(a)	Material Agreements
Schedule 3.29(b)	Required Consents for Transfers of Material Agreements
Schedule 3.31	Bank Accounts, Credit Cards and Safe Deposit Boxes
Schedule 3.32(a)	Insurance Policies
Schedule 3.32(b)	Property Damage and Personal Injury Claims
Schedule 3.33	Warranties
Schedule 3.34	Directors and Officers
Schedule 3.36	Environmental Matters
Schedule 4.2(b)	Consents and Approvals for the Buyer
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ASSET PURCHASE AGREEMENT

by and among

SONIC AUTOMOTIVE, INC.,

DYER & DYER, INC.

and

RICHARD DYER

Dated as of August ___, 1997

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of this____ day August, 1997, by and among SONIC AUTOMOTIVE, INC., a Delaware corporation (the "Buyer"), DYER & DYER, INC., a South Carolina corporation (the "Seller"), and RICHARD DYER, the sole shareholder of the Seller (the "Shareholder").

W I T N E S S E T H:

In consideration of the mutual representations, warranties, covenants and agreements hereinafter set forth, the parties hereto hereby agree as follows:

ARTICLE 1
PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES

1.1 Agreement of Purchase and Sale. On the terms and subject to the conditions of this Agreement, at the Closing (as defined in Article 2 hereof), the Seller shall sell, transfer, convey, assign and deliver (or cause to be sold, transferred, conveyed, assigned and delivered) to the Buyer, and the Buyer shall purchase and accept delivery of, all of the Seller's right, title and interest in and to all of the assets of the Seller of every kind, character and description, tangible or intangible, and wherever located, including, without limitation, the assets described on Schedule 1.1(a), but excluding, however, the assets described on Schedule 1.1(b) (the "Excluded Assets"); said assets, other than the Excluded Assets, are hereinafter called the "Purchased Assets". The Purchased Assets will be sold free and clear of all mortgages, deeds of trust, liens, pledges, charges, security interests, contractual restrictions, claims or encumbrances of any kind or character (collectively, "Encumbrances"), other than the Encumbrances set forth on Schedule 1.1(c) (the "Permitted Encumbrances").

1.2 Assumed Liabilities. On the terms and subject to the conditions of this Agreement and in reliance upon the representations and warranties contained herein, at the Closing the Buyer shall assume and undertake to perform all of the liabilities and obligations of the Seller specifically described on Schedule 1.2 (the "Assumed Liabilities"). Except for the Assumed Liabilities, the Buyer shall not assume, and the Seller shall retain and remain responsible for, any and all liabilities and obligations of the Seller of any nature whatsoever, whether past, current or future, whether accrued, contingent, known or unknown (such retained liabilities and obligations being hereinafter called the "Retained Liabilities").

1.3 Purchase Price; Allocation.

(a) Purchase Price. In addition to the assumption by the Buyer of the Assumed Liabilities, as the full consideration to be paid by the Buyer for the Purchased Assets, the Buyer shall pay to the Seller the aggregate purchase price of $18,000,000 (the "Purchase Price"), subject to adjustment as set forth in Section 1.3(c).

(b) Payment of Purchase Price. $17,000,000 of the Purchase Price shall be payable to the Seller at Closing by wire transfer of immediately available funds

to the account

of the Seller, which shall be designed by the Seller in writing at least one full Business Day prior to the Closing Date. The sum of $1,000,000 (the "Escrowed Amount") shall be placed in an interest bearing escrow with Chicago Title and Trust Company, or another escrow agent reasonably satisfactory to the Buyer and the Seller (the "Escrow Agent"), by the Buyer in accordance with the escrow agreement in the form of Exhibit 1.3(A), with such other changes thereto as the Escrow Agent shall reasonably request (the "Escrow Agreement"). The sole purpose of the Escrowed Amount shall be to secure the repayment of any shortfall in Net Book Value pursuant to Section 1.3(c)(2) below. For purposes of this Agreement, a "Business Day" is a day other than a Saturday, a Sunday or a day on which banks are required or authorized to be closed in the State of North Carolina.

(c) Adjustment Procedures.

(1) Not later than 60 days after the Closing Date, the Buyer will prepare and deliver to the Seller an unaudited balance sheet (the "Closing Balance Sheet") of the Seller as of the Closing Date, consisting of a computation of the tangible book value as of the Closing Date of the Purchased Assets (excluding goodwill and other intangible assets) less the book value as of the Closing Date of the Assumed Liabilities, all as determined in accordance with the same accounting principles utilized in preparing the Seller's tax basis balance sheet as at December 31, 1996 included in the Financial Statements (as defined in Section 3.4(a). Notwithstanding the foregoing, the Seller's new and used car inventory reflected in the Closing Balance Sheet shall be based upon the values shown on the Seller's books and records as of the Closing Date; however, the determination of such values shall be based upon the same methodology utilized in determining new and used car inventory values reflected in the December 31, 1996 tax basis balance sheet included in the Financial Statements. The tangible net book value reflected on the Closing Balance Sheet is hereinafter called the "Net Book Value". The Buyer shall make reasonably available to the Seller and its agents the services of Peggy McFarland for the purpose of assisting the Seller in evaluating the Buyer's computation of Net Book Value and preparation of the Closing Balance Sheet. The Buyer warrants that Ms. McFarland's good faith assistance to the Seller shall not in any way prejudice her position as an employee of the Buyer. Further, the Buyer shall make freely available to the Seller all books and records as the Seller or its agents may reasonably require in order to evaluate the Buyer's computation of Net Book Value and preparation of the Closing Balance Sheet. If within 30 days following delivery of the Closing Balance Sheet (or the next Business Day if such 30th day is not a Business Day), the Seller has not given the Buyer notice of the Seller's objection to the computation of the Net Book Value as set forth in the Closing Balance Sheet (such notice to contain a statement in reasonable detail of the nature of the Seller's objection), then the Net Book Value reflected in the Closing Balance Sheet will be deemed mutually agreed by the Buyer and the Seller. If the Seller shall have given such notice of objection in a timely manner, then the issues in dispute will be submitted to a "Big Six" accounting firm mutually acceptable to the Buyer and the Seller (the "Accountants") for resolution. With respect to any such submission and dispute, the Buyer shall again make reasonably available to the Seller and its agents the services of Peggy McFarland without prejudice to her employment and shall further grant her (and Seller or its agents) access to all relevant books and records of the Buyer as she (and Seller or its agents) may reasonably require. If issues in dispute are submitted to the Accountants for resolution, (i) each party will

furnish to the Accountants such workpapers and other documents and information relating to the disputed issues as the Accountants may request and are available to the party or its subsidiaries (or its independent public accountants), and will be afforded the opportunity to present to the Accountants any material relating to the determination and to discuss the determination with the Accountants; (ii) the Accountants will be instructed to determine the Net Book Value based upon their resolution of the issues in dispute; (iii) such determination by the Accountants of the Net Book Value, as set forth in a notice delivered to both parties by the Accountants, will be binding and conclusive on the parties; and (iv) the Buyer and the Seller shall each bear 50% of the fees and expenses of the Accountants for such determination.

(2) To the extent that the Net Book Value, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, is less than $10,500,000, the Seller shall be obligated to pay the amount of such shortfall promptly to the Buyer, together with interest on such amount at the prime rate of NationsBank, N.A. from time to time in effect (the "Prime Rate") from the Closing Date to the date of payment, up to the Escrowed Amount. In furtherance of such obligation of the Seller, the parties shall execute and deliver to the

Escrow Agent a joint instruction to pay such shortfall, plus interest, as aforesaid, to the Buyer, with any remaining balance of the Escrowed Amount to be paid to the Seller. To the extent that the amount of such shortfall in the Net Book Value, plus interest as aforesaid, shall exceed the Escrowed Amount, the Seller shall have no obligation to pay such excess to the Buyer, it being understood that the Buyer's sole recourse for any such shortfall in Net Book Value shall be to the Escrowed Amount. Any interest earned on investments of the Escrowed Amount shall be paid to the Seller. To the extent that the Net Book Value, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, exceeds $10,500,000, the Buyer shall be obligated to (i) execute and deliver to the Escrow Agent a joint instruction to pay the entire amount of the Escrowed Amount to the Seller, and (ii) pay the amount of such excess promptly to the Seller, together with interest on the amount of such excess at the Prime Rate from the Closing Date to the date of payment.

(d) Allocation. The allocation of the Purchase Price and the Assumed Liabilities shall be as set forth in Schedule 1.3(d); provided, however, that the amount of the Purchase Price allocated to the Non-Competition Agreement (as defined below) shall be $10,000. The Buyer and the Seller shall use such allocation in all tax returns filed by them.

1.4 Instruments of Conveyance and Transfer; Employment Agreement.

(a) Instruments of Conveyance and Transfer. At the Closing, the Seller shall deliver to the Buyer a Bill of Sale and Assignment, substantially in the form of Exhibit 1.4(A) (the "Bill of Sale"), and such other instruments of assignment, conveyance and transfer, as shall be necessary to vest in the Buyer good title to the Purchased Assets in accordance herewith. Simultaneously therewith, the Seller shall take all steps as may be required to transfer to the Buyer actual possession and exclusive operating control of the Purchased Assets.

(b) Employment Agreement. At the Closing, the Shareholder will enter into an employment agreement with the Buyer, substantially in the form of Exhibit 1.4(B)(the "Employment Agreement").

(c) Non-Competition Agreement. At the Closing, the Seller and the Shareholder will enter into a non-competition agreement with the Buyer substantially in the form of Exhibit 1.4(C) (the "Non-Competition Agreement").

(d) Further Assurances. The Seller further agrees that, from and after the Closing, it will execute and deliver to the Buyer such additional instruments and documents and take such further action as the Buyer may reasonably request in order to more fully vest, record and/or perfect the Buyer's title to, or interest in, the Purchased Assets.

(e) Shareholder's Covenant to Close. The Shareholder further covenants and agrees to take all necessary officer, director and stockholder actions to cause the Seller to perform its obligations at and prior to the Closing, as contemplated by this Agreement.

1.5 Offers of Employment to Seller's Employees. On or before the Closing Date, the Buyer shall offer employment to those employees of the Seller listed on Schedule 1.5 attached hereto, utilizing pay plans (and, in the case of Peggy McFarland, an employment agreement) substantially the same as those in effect with the Seller as of the date hereof. The Buyer may also offer employment to such of the Seller's other employees as the Buyer shall select, in its sole discretion, such employment to begin on or after the date of the Closing and to be upon terms and conditions as determined by the Buyer in its sole discretion. Notwithstanding the foregoing, the Buyer shall have no obligation to employ any person, except as contemplated by the first sentence of this Section 1.5, and the Seller shall be and remain responsible after the Closing for termination expense or liability, if any, with regard to any of the Seller's employees not offered employment by the Buyer pursuant to this paragraph on or prior to the Closing Date. The Buyer agrees that any employee of the Seller who is offered and accepts employment by the Buyer within 30 days of the Closing shall receive credit for service with the Seller for purposes of determining such employee's eligibility for holidays, sick days and vacation benefits and also for purposes of determining eligibility (including without limitation, waiting periods under group health plans) and vesting under any other employee benefit plans, programs, policies or other arrangements covering such employee established, continued or otherwise sponsored by the Buyer after the Closing.

ARTICLE 2
CLOSING

The transactions contemplated hereby shall take place at a closing (the "Closing") at the offices of Parker, Poe, Adams & Bernstein L.L.P., 2500 Charlotte Plaza, Charlotte, North Carolina at 10:00 a.m. local time on the fifth (5th) Business Day, or such shorter period as the Buyer may choose, following

the date the Buyer gives notice of the Closing to the Seller, but in no event later than November 1, 1997 (the"Closing Date Deadline"), unless another date or place is agreed

to in writing by the Seller and the Buyer. The date on which the Closing actually occurs is hereinafter referred to as the "Closing Date".

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller hereby represents and warrants to the Buyer as follows:

3.1 Organization; Good Standing; Qualifications. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of South Carolina. The Seller is qualified as a foreign corporation and in good standing in the jurisdictions listed on Schedule 3.1, which jurisdictions are the only jurisdictions where the nature of the Seller's business and its assets require such qualification.

3.2 Authority; Consent. The Seller has full corporate power and authority to carry on its business as now conducted, to execute and deliver this Agreement and the other agreements, documents and instruments contemplated hereby, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder. The execution and delivery by the Seller of this Agreement and the other agreements, documents and instruments contemplated hereby, the consummation by the Seller of the transactions contemplated hereby and thereby and the performance by the Seller of its obligations hereunder and thereunder: (i) have been duly and validly authorized by all necessary corporate action, including, without limitation, all necessary shareholder action; and (ii) do not and will not, except as set forth on Schedule 3.2, (A) conflict with or violate any of the provisions of the certificate of incorporation or by-laws, each as amended, of the Seller, (B) violate any law, ordinance, rule or regulation or any judgment, order, writ, injunction or decree or similar command of any court, administrative or governmental agency or other body applicable to the Seller, the Purchased Assets or the Assumed Liabilities, (C) violate or conflict with the terms of, or result in the acceleration of, any indebtedness or obligation of the Seller under, or violate or conflict with or result in a breach of, or constitute a default under, any material instrument, agreement or indenture or any mortgage, deed of trust or similar contract to which the Seller is a party or by which the Seller or any of the Purchased Assets or Assumed Liabilities are bound or affected, (D) result in the creation or imposition of any Encumbrance upon any of the Purchased Assets, or (E) require the consent, authorization or approval of, or notice to, or filing or registration with, any governmental body or authority, or any other third party.

3.3 Ownership; Investments.

(a) Ownership. All issued and outstanding shares of capital stock of the Seller are held of record and beneficially by the Shareholder, free and clear of any Encumbrances. The Seller has no outstanding securities or other instruments, agreements or arrangements of any character or nature whatsoever under which the Seller is or may be obligated to issue any shares of its capital stock.

(b) Investments. Except as set forth on Schedule 3.3, the Seller does not own, directly or indirectly, any shares of capital stock or other equity ownership or proprietary or membership interest in any corporation, limited liability company, partnership, association, trust, joint venture or other entity, and does not have any commitment to contribute to the capital of, make loans to, or share in the losses of, any enterprise.

3.4 Financial Statements. The Seller has delivered to the Buyer prior to the date hereof: (a) the audited balance sheet for the Seller as of December 31, 1996, and the related audited statement of income, stockholders' equity and changes in cash flows of the Seller for the fiscal year then ended (including the notes thereto and any other information included therein), (collectively, the "Annual Financial Statements"); and (b) the unaudited balance sheet of the Seller as of June 30, 1997 and the related unaudited statement of income, stockholders' equity and changes in cash flow for the six month period then ended (collectively, the "Interim Financial Statements"; the Annual Financial Statements and the Interim Financial Statements are hereinafter collectively referred to as the "Financial Statements"). The Financial Statements (i) are in accordance with the books and records of the Seller, which books and records are true, correct and complete, (ii) fully and fairly present the financial

condition and results of the operations of the Seller as of and for the periods indicated, and (iii) have been prepared utilizing tax basis accounting principles in accordance with the Code (as defined in Section 3.26(a) below) and applicable regulations thereunder.

3.5 Absence of Certain Changes. Since December 31, 1996, the Seller has operated its business in the ordinary course, consistent with past practices and, except as set forth on Schedule 3.5, there has not been incurred, nor has there occurred: (a) any damage, destruction or loss (whether or not covered by insurance) adversely affecting the Purchased Assets or the business of the Seller in excess of $100,000; (b) any sale, transfer, pledge or other disposition of any tangible or intangible assets of the Seller (except sales of vehicle and parts inventory in the ordinary course of business) having an aggregate book value of $100,000 or more; (c) any termination, amendment, cancellation or waiver of any Material Contract (as defined in Section 3.6 hereof) or any termination, amendment, cancellation or waiver of any rights or claims of the Seller under any Material Contract (except in each case in the ordinary course of business and consistent with past practices); (d) any change in the accounting methods, procedures or practices followed by the Seller or any change in depreciation or amortization policies or rates theretofore adopted by the Seller; (e) any material change in policies, operations or practices with respect to business operations followed by the Seller, including, without limitation, with respect to selling methods, returns, discounts or other terms of sale, or with respect to the policies, operations or practices of the Seller concerning the employees of the Seller or the employee benefit plans of the Seller; (f) any capital appropriation or expenditure or commitment therefor on behalf of the Seller in excess of $100,000 individually, or $200,000 in the aggregate; (g) any general uniform increase, other than in the ordinary course of business, in the cash or other compensation of employees of any of the Seller, or any increase in excess of $50,000 in any such compensation payable to any individual officer, director, consultant or agent thereof, or any loans or commitments therefor made by the Seller to any persons, including any officers, directors, stockholders, employees, consultants or agents of the Seller or any of their affiliates; (h) any account receivable in excess of $100,000 or note receivable in excess of $100,000 owing to the Seller which (i) has been written off as uncollectible, in whole

or in part, (ii) has had asserted against it any claim, refusal or right of set off, or (iii) the account or note debtor has refused to, or threatened not to, pay for any reason, or such account or note debtor has become insolvent or bankrupt; (i) any write-down or write-up of the value of any inventory or equipment of the Seller or any increase in inventory levels in excess of historical levels for comparable periods; (j) any other change in the condition (financial or otherwise), business operations, assets, earnings, business or prospects of the Seller which has, or could reasonably be expected to have, a material adverse effect on the Purchased Assets or the business or operations of the Seller; or (k) any agreement, whether in writing or otherwise, by the Seller to take or do any of the actions enumerated in this Section 3.5. Since June 30, 1997, the Seller has paid no dividends and made no distributions in excess of its net income from and after that date. For purposes of this Agreement, the term "affiliate" shall mean any entity directly or indirectly controlling, controlled by or under common control with the specified person, whether by stock ownership, agreement or otherwise, or any parent, child or sibling of such specified person and the concept of "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting securities, by contract or otherwise.

3.6 Material Contracts.

(a) List of Material Contracts. Set forth on Schedule 3.6 is a list of all contracts, agreements, documents, instruments, guarantees, plans, understandings or arrangements, written or oral, which are material to the business of the Seller, as currently conducted or to the Purchased Assets or the Assumed Liabilities (collectively, the "Material Contracts"). True copies of all written Material Contracts and written summaries of all oral Material Contracts described or required to be described on Schedule 3.6 have been furnished to the Buyer.

(b) Performance, Defaults, Enforceability. The Seller has in all material respects performed all of its obligations required to be performed by it to the date hereof, and is not in default or alleged to be in default in any material respect, under any Material Contract, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default. To the knowledge of the Seller, no other party to any Material Contract is in default in any respect of any of its obligations thereunder. Each of the Material Contracts is valid and in full force and effect and enforceable against the parties thereto in accordance with their respective terms, and, except as set forth in Schedule 3.6, the transfer and assignment to the Buyer of all of the Material Contracts, will not (i) require the consent of any party thereto or (ii) constitute an event permitting termination thereof.

3.7 Title to Purchased Assets and Related Matters. The Seller has good and valid title to all of the Purchased Assets, free and clear of all Encumbrances, except those described on Schedule 3.7. Except as set forth in Schedule 3.7, the Purchased Assets (including, without limitation, the Material Contracts) and the Leased Premises (as defined in Section 3.8 below) include all properties and assets (tangible and intangible, and all leases, licenses and other agreements) utilized by the Seller in carrying on its business in the ordinary course. Except as set forth on Schedule 3.7, the Purchased Assets (i) are in the exclusive possession and control of the Seller and

no person or entity other than the Seller are entitled to possession of any portion of the Purchased Assets; and (ii) do not include any contracts for future services, prepaid items or deferred charges the full value or benefit of which will not be usable by or transferable to the Buyer, or any goodwill, organizational expense or other similar intangible asset.

3.8 Real Property of the Seller.

(a) Owned Real Property. Except as set forth on Schedule 3.8, the Seller owns no real property.

(b) Leased Premises. Schedule 3.8 contains a complete list and description (including buildings and other structures thereon and the name of the owner thereof) of all real property which is used by the Seller in its business and operation identifying the existing leases thereof which are to be assigned to the Buyer (such existing leases being hereinafter called the "Existing Leases"). All such real property on Schedule 3.8 is hereinafter collectively called either the "Real Property" or the "Leased Premises". True, correct and complete copies of all Existing Leases have been delivered to the Buyer.

(c) Easements, etc. The Real Property enjoys all easements and rights of way over the property of others necessary for the operation of the Seller's business. No portion of the Real Property has been condemned or otherwise taken by any public authority, and the Seller has no knowledge of any pending or threatened condemnation or taking thereof. None of the buildings or improvements on the Real Property encroaches on any adjoining property or on any easements or rights of way. The Seller has no knowledge of any event or condition which currently exists which would create a legal or other impediment to the use of the Real Property as currently used, or would increase the additional charges or other sums payable by the tenant under any of the Existing Leases (including, without limitation, any pending tax reassessment or other special assessment affecting the Real Property). The buildings and improvements (including building systems) which comprise a part of the Real Property are in good condition, maintenance and repair, ordinary wear and tear excepted. There is no person or entity other than the Seller in or entitled to possession of the Real Property.

3.9 Machinery, Equipment, Etc. Schedule 3.9 sets forth a list of all material machinery, equipment, tools, motor vehicles, furniture and fixtures owned by the Seller and included in the Purchased Assets, including which items are owned by the Seller and which items are leased to the Seller (collectively, the "Equipment"). With respect to Equipment which is leased, Schedule 3.9 also contains a list of all leases or other agreements, whether written or oral, relating thereto. The Equipment is in good operating condition, maintenance and repair in accordance with industry standards taking into account the age thereof and ordinary wear and tear excepted.

3.10 Inventories of the Seller. All inventories of the Seller included in the Purchased Assets consist of items of a quality and quantity usable and salable in the normal course of its business, are generally sufficient to do business in the ordinary course, and the levels of inventories are consistent with the levels maintained by the Seller in the ordinary course consistent

with past practices and the Seller's obligations under its agreements with all applicable vehicle manufacturers or distributors. The values at which such inventories are carried are based on (i) the LIFO method, in the case of new car and parts inventories, and (ii) the FIFO method, in the case of used car inventories; furthermore, the values of new and used car inventories presently shown on the Seller's books and records have been determined utilizing the same methodology used in determining new and used car inventory values reflected in the December 31, 1996 tax basis balance sheets included in the Financial Statements.

3.11 Accounts Receivable of the Seller. All accounts receivable of the Seller included in the Purchased Assets are collectible at the aggregate recorded amounts thereof, subject to the reserve for doubtful accounts, in the

ordinary course of the Seller's business, and are not subject to any known offsets or counterclaims.

3.12 Approvals, Permits and Authorizations. Set forth on Schedule 3.12 is a list of all governmental licenses, permits, certificates of inspection, other authorizations, filings and registrations which are necessary for the Seller to own the Purchased Assets and to operate its business as presently conducted (collectively, the "Authorizations"). All Authorizations have been duly and lawfully secured or made by the Seller and are in full force and effect. There is no proceeding pending or, to the Seller's knowledge, threatened or probable of assertion, to revoke or limit any Authorization. Except as indicated on Schedule 3.12, all Authorizations may be lawfully transferred to the Buyer as contemplated by this Agreement and, except as indicated on Schedule 3.12, none of the transactions contemplated by this Agreement will terminate, violate or limit the effectiveness, either by virtue of the terms thereof or because of the non-assignability thereof, of any Authorization.

3.13 Compliance with Laws. The Seller has conducted its operations and business in compliance with, and all of the Purchased Assets and Leased Premises comply with (i) all applicable laws, rules, regulations and codes (including, without limitation, any laws, rules, regulations and codes relating to anticompetitive practices, contracts, discrimination, employee benefits, employment, health, safety, fire, building and zoning, but excluding Environmental Laws which are the subject of Section 3.29 hereof) and (ii) all applicable orders, rules, writs, judgments, injunctions, decrees and ordinances. The Seller has not received any notification of any asserted present or past failure by it to comply with such laws, rules or regulations, or such orders, rules, writs, judgments, injunctions, decrees or ordinances. Set forth on Schedule 3.13 are all orders, writs, judgments, injunctions, decrees and other awards of any court or any governmental instrumentality applicable to the Purchased Assets or the Seller or its business and operations. The Seller has delivered to the Buyer copies of all reports, if any, of the Seller required under the Federal Occupational Safety and Health Act of 1970, as amended, and under all other applicable health and safety laws and regulations. The deficiencies, if any, noted on such reports or any deficiencies noted by inspection through the Closing Date have been corrected by the Seller.

3.14 Insurance.

(a) Schedule 3.14 of this Agreement sets forth a list of all policies of liability, theft, fidelity, life, fire, product liability, workmen's compensation, health and any other insurance and bonds maintained by, or on behalf of, the Seller on its properties, operations, inventories, assets, business or personnel (specifying the insurer, amount of coverage, type of insurance, policy number and any pending claims in excess of $5,000 thereunder). Each such insurance policy identified therein is and shall remain in full force and effect on and as of the Closing Date and the Seller is not in default with respect to any provision contained in any such insurance policy and has not failed to give any notice or present any claim under any such insurance policy in a due and timely fashion. The insurance maintained by, or on behalf of, the Seller is adequate in accordance with the standards of business of comparable size in the industry in which the Seller operates and no notice of cancellation or termination has been received with respect to any such policy. The Seller has not, during the last three (3) fiscal years, been denied or had revoked or rescinded any policy of insurance.

(b) Set forth on Schedule 3.14 is a summary of information pertaining to property damage and personal injury claims in excess of $5,000 against the Seller during the past five (5) years, all of which are fully satisfied or are being defended by the insurance carrier and involve no exposure to the Seller.

3.15 Taxes. All federal, state and local tax returns and reports required as of the date hereof to be filed by the Seller for taxable periods ending prior to the date hereof have been duly and timely filed by the Seller with the appropriate governmental agencies, and all such returns and reports are true, correct and complete. All federal, state and local income, profits, franchise, sales, use, occupation, property, excise, payroll, withholding, employment, estimated and other taxes of any nature, including interest, penalties and other additions to such taxes ("Taxes"), payable by, or due from, the Seller for all periods arising on or prior to the Closing Date have been fully paid or adequately reserved for by the Seller or, with respect to Taxes required to be accrued, the Seller has properly accrued or will properly accrue such Taxes in the ordinary course of business consistent with past practice of the Seller. The Seller made a valid election to be treated as an "S Corporation" for federal income tax purposes which election, as of the Closing, will have been continuously in effect since January 1, 1996. Nothing contained in this Section 3.15 shall relieve the Buyer from its obligations to pay any Taxes which are included in the Assumed Liabilities; and the payment of such Taxes by the Buyer shall not relieve the Seller from any liability it may have under this Section

3.15.

3.16 Litigation. Except as set forth in Schedule 3.16, there are no actions, suits, claims, investigations or legal or administrative or arbitration proceedings pending, or to the Seller's knowledge, threatened or probable of assertion, against the Seller with respect to the Purchased Assets or the Assumed Liabilities or the business of the Seller. The Seller knows of no basis for the institution of any such suit or proceeding. The Seller is not now under any judgment, order, writ, injunction, decree, award or other similar command of any court, administrative agency or other

governmental authority applicable to the business of the Seller or any of the Purchased Assets or Assumed Liabilities.

3.17 Powers of Attorney. Except as set forth in Schedule 3.17, there are no persons, firms, associates, corporations, business organizations or other entities holding general or special powers of attorney from the Seller.

3.18 Broker's and Finder's Fees. Except as disclosed to the Buyer, the Seller has not incurred any liability to any broker, finder or agent or any other person or entity for any fees or commissions with respect to the transactions contemplated by this Agreement, and the Seller hereby agrees to assume all liability to any such broker, finder or agent or any other person or entity claiming any such fee or commission.

3.19 Employee Relations. The Seller employs a total of approximately 132 employees as of July 31, 1997. Except as set forth in Schedule 3.19: (a) the Seller is not delinquent in the payment (i) to or on behalf of any past or present employees of any cash or other compensation for all periods prior to the date hereof or the date of the Closing, as the case may be, or (ii) of any amount which is due and payable to any state or state fund pursuant to any workers' compensation statute, rule or regulation or any amount which is due and payable to any workers' compensation claimant; (b) there are no collective bargaining agreements currently in effect between the Seller and any labor unions or organizations representing any employees of the Seller; (c) no collective bargaining agreement is currently being negotiated by the Seller; (d) there are no union organizational drives in progress and there has been no formal or informal request to the Seller for collective bargaining or for an employee election from any union or from the National Labor Relations Board; and (e) no dispute exists between the Seller and any of its sales representatives or, to the knowledge of the Seller, between any such sales representatives with respect to territory, commissions, products or any other terms of their representation.

3.20 Compensation. Schedule 3.20 contains a schedule of all employees (including sales representatives) and consultants of the Seller whose individual cash compensation for the year ended December 31, 1996, or projected for the year ended December 31, 1997, is in excess of $75,000, together with the amount of total compensation paid to each such person for the twelve month period ended December 31, 1996 and the current aggregate base salary or hourly rate (including any bonus or commission) for each such person.

3.21 Patents; Trademarks; Trade Names; Copyrights; Licenses, Etc. Except as set forth on Schedule 3.21, there are no patents, trademarks, trade names, service marks, service names and registered copyrights which are material to the Seller's business and there are no applications therefor or licenses thereof, inventions, computer software, logos or slogans, which are owned or leased by the Seller or used in the conduct of the Seller's business. The Seller is not individually or jointly a party to, nor pays a royalty to anyone under, any license or similar agreement. There is no existing claim, or, to the knowledge of the Seller, any basis for any claim, against the Seller that any of its operations, activities or products infringe the patents, trademarks, trade names, copyrights or other property rights of others or that the Seller is wrongfully or

otherwise using the property rights of others. The Seller is the owner of the names set forth on Schedule 3.21 (the "Proprietary Names") in the State of Georgia and, to the knowledge of the Seller, no person uses, or has the right to use, such name or any derivation thereof in connection with the manufacture, sale, marketing or distribution of products or services commonly associated with an automobile dealership.

3.22 Accounts Payable. All accounts payable of the Seller to third parties as of the date hereof arose in the ordinary course of business and none are delinquent or past due.

3.23 No Undisclosed Liabilities. The Seller does not have any material liabilities or obligations of any nature, known or unknown, fixed or contingent, matured or unmatured, other than those (a) reflected in the Financial Statements, (b) incurred in the ordinary course of business since the date of the Financial Statements, or (c) disclosed specifically on Schedule 3.23.

3.24 Certain Transactions. Except as set forth in Schedule 3.24, there are no contracts, agreements or other arrangements between the Seller and the Shareholder (including the Shareholder's affiliates), or the Seller's or Shareholder's (including the Shareholder's affiliates) directors, officers or salaried employees, or the family members or affiliates of any of the above (other than for services in the ordinary course as employees, officers and directors).

3.25 Business Generally. The Seller is not aware of the existence of any conditions, including, without limitation, any actual or potential competitive factors in the markets in which the Seller participates, which have not been disclosed to the Buyer and which could reasonably be expected to have a material adverse effect on the business and operations of the Seller, other than general business and economic conditions affecting the industry and markets in which the Seller participates.

3.26 Employee Benefits.

(a) The Seller has listed on Schedule 3.26, and has delivered to the Buyer, true and complete copies of all Employee Plans (as defined below) and related documents, established, maintained or contributed to by the Seller (which shall include for this purpose and for the purpose of all of the representations in this Section 3.26, the Shareholder and all employers, whether or not incorporated, that are treated together with the Seller as a single employer with the meaning of Section 414 of the Code). The term "Employee Plan" shall include all plans described in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and also shall include, without limitation, any deferred compensation, stock, employee or retiree pension benefit, welfare benefit or other similar fringe or employee benefit plan, program, policy, contract or arrangement, written or oral, qualified or nonqualified, funded or unfunded, foreign or domestic, covering employees or former employees of the Seller and maintained or contributed to by the Seller. As used in this Agreement, "Code" shall mean the Internal Revenue Code of 1986, as amended.

(b) Where applicable, each Employee Plan (i) has been administered in material compliance with the terms of such Employee Plan and the requirements of ERISA and the Code; and (ii) is in material compliance with the reporting and disclosure requirements of ERISA and the Code. The Seller does not maintain or contribute to, and have never maintained or contributed to, an Employee Plan subject to Title IV of ERISA or a "multiemployer plan." There are no facts relating to any Employee Plan that (i) have resulted in a "prohibited transaction" of a material nature or have resulted or is reasonably likely to result in the imposition of a material excise tax, penalty or liability pursuant to Section 4975 of the Code, (ii) have resulted in a material breach of fiduciary duty or violation of Part 4 of Title I of ERISA, or (iii) have resulted or could result in any material liability (whether or not asserted as of the date hereof) of the Seller or any ERISA affiliate pursuant to Section 412 of the Code arising under or related to any event, act or omission occurring on or prior to the date hereof. Each Employee Plan that is intended to qualify under Section 401(a) or to be exempt under Section 501(c)(g) of the Code is so qualified or exempt as of the date hereof in each case as such Employee Plan has received favorable determination letters from the Internal Revenue Service with respect thereto. To the knowledge of the Seller, the amendments to and operation of any Employee Plan subsequent to the issuance of such determination letters do not adversely affect the qualified status of any such Employee Plan. No Employee Plan has an "accumulated funding deficiency" as of the date hereof, whether or not waived, and no waiver has been applied for. The Seller has made no promises or incurred any liability under any Employee Plan or otherwise to provide health or other welfare benefits to former employees of the Seller, except as specifically required by law. There are no pending or, to the best knowledge of the Seller, threatened claims (other than routine claims for benefit) or lawsuits with respect to any of Seller's Employee Plans. As used in this Section 3.26, all technical terms enclosed in quotation marks shall have the meaning set forth in ERISA.

3.27 Seller and Shareholder Not Foreign Persons. Neither the Seller nor the Shareholder is a "foreign person" as that term is defined in the Code and the regulations promulgated pursuant thereto, and the Buyer has no obligation under Section 1445 of the Code to withhold or pay over to the IRS any part of the "amount realized" (as such term is defined in the regulations issued under Section 1445 of the Code) by the Seller and/or the Shareholder in the

transactions contemplated hereby.

3.28 Suppliers and Customers. The Seller is not required to provide bonding or any other security arrangements in connection with any transactions with any of its customers or suppliers. To the knowledge of the Seller, no such supplier, customer or creditor intends or has threatened, or reasonably could be expected, to terminate or modify any of their respective relationships with the Seller.

3.29 Environmental Matters.

(a) For purposes of this Section 3.29, the following terms shall have the following meaning: (i) "Environmental Law" means all present and future federal, state and local laws, statutes, regulations, rules, ordinances and common law, and all judgments, decrees, orders, agreements, or permits, issued, promulgated, approved or entered thereunder by any government authority relating to pollution, Hazardous Materials, worker safety or protection of human health or the environment. (ii) "Hazardous Materials" means any waste, pollutant, chemical, hazardous material, hazardous substance, toxic substance, hazardous waste, special waste, solid waste, petroleum or petroleum-derived substance or waste (regardless of specific gravity), or any constituent or decomposition product of any such pollutant, material, substance or waste, including, but not limited to, any hazardous substance or constituent contained within any waste and any other pollutant, material, substance or waste regulated under or as defined by any Environmental Law.

(b) The Seller has obtained all permits, licenses and other authorizations or approvals required under Environmental Laws for the conduct and operation of the Purchased Assets ("Environmental Permits"). All such Environmental Permits are in good standing, the Seller is and has been in compliance with the terms and conditions of all such Environmental Permits, and no appeal or any other action is pending or threatened to revoke any such Environmental Permit.

(c) The Seller and the Purchased Assets are and have been in compliance with all Environmental Laws.

(d) Neither the Seller nor the Shareholder has received any written or oral order, notice, complaint, request for information, claim, demand or other communication from any government authority or other person, whether based in contract, tort, implied or express warranty, strict liability, or any other common law theory, or any criminal or civil statute, arising from or with respect to (i) the presence, release or threatened release of any Hazardous Material or any other environmental condition on, in or under the Real Property or any other property formerly owned, used or leased by the Seller, (ii) any other circumstances forming the basis of any actual or alleged violation by the Seller of any Environmental Law or any liability of the Seller under any Environmental Law, (iii) any remedial or removal action required to be taken by the Seller under any Environmental Law, or (iv) any harm, injury or damage to real or personal property, natural resources, the environment or any person alleged to have resulted from the foregoing, nor is the Seller aware of any facts which might reasonably give rise to such notice or communication. The Seller has not entered into any agreements concerning any removal or remediation of Hazardous Materials

(e) No lawsuits, claims, civil actions, criminal actions, administrative proceedings, investigations or enforcement or other actions are pending or threatened under any Environmental Law with respect to the Seller or the Real Property.

(f) No Hazardous Materials are or have been released, discharged, spilled or disposed of onto, or migrated onto, the Real Property or any other property previously owned, operated or leased by the Seller, and no environmental condition exists (including, without limitation, the presence, release, threatened release or disposal of Hazardous Materials) related to the Real Property, to any property previously owned, operated or leased by the Seller, or to the Seller's past or present operations, which would constitute a violation of any Environmental Law or otherwise give rise to costs, liabilities or obligations under any Environmental Law.

(g) Neither the Seller nor any of its predecessors in interest has transported or disposed of, or arranged for the transportation or disposal of, any Hazardous Materials to any location (i) which is listed on the National Priorities List, the CERCLIS list under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or any similar

federal, state or local list, (ii) which is the subject of any federal, state or local enforcement action or other investigation, or (iii) about which the Seller or the Shareholder has received or have reason to expect to receive a potentially responsible party notice or other notice under any Environmental Law.

(h) No environmental lien has attached or is threatened to be attached to the Real Property.

(i) No employee of the Seller in the course of his or her employment with the Seller has been exposed to any Hazardous Materials or other substance, generated, produced or used by the Seller which could give rise to any claim (whether or not such claim has been asserted) against the Seller.

(j) Except as set forth on Schedule 3.29, the Real Property does not contain any: (i) septic tanks into which process wastewater or any Hazardous Materials have been disposed; (ii) asbestos; (iii) polychlorinated biphenyls (PCBs); (iv) underground injection or monitoring wells; or (v) underground storage tanks.

(k) The Seller has not agreed to assume, defend, undertake, guarantee, or provide indemnification for, any liability, including, without limitation, any obligation for corrective or remedial action, of any other person under any Environmental Law for environmental matters or conditions.

(l) Except as set forth on Schedule 3.29, there have been no environmental studies or reports made relating to the Real Property or any other property or facility previously owned, operated or leased by the Seller.

3.30 Bank Accounts and Safe Deposit Boxes. Schedule 3.30 lists all bank accounts, credit cards and safe deposit boxes in the name of, or controlled by, the Seller, and details about the persons having access to or authority over such accounts, credit cards and safe deposit boxes.

3.31 Warranties. Set forth on Schedule 3.31 are descriptions or copies of the forms of all express warranties and disclaimers of warranty made by the Seller (separate and distinct from any applicable manufacturers', suppliers' or other third-parties' warranties or disclaimers of warranties) during the past five (5) years to customers or users of the vehicles, parts, products or services of the Seller. There have been no breach of warranty or breach of representation claims against the Seller during the past five (5) years which have resulted in any cost, expenditure or exposure to the Seller of more than $100,000 individually or in the aggregate.

3.32 Interest in Competitors and Related Entities. Except as set forth on Schedule 3.32, neither the Shareholder nor any affiliate of the Shareholder (i) has any direct or indirect interest in any person or entity engaged or involved in any business which is competitive with the business of the Seller, (ii) has any direct or indirect interest in any person or entity which is a lessor of assets or properties to, material supplier of, or provider of services to, the Seller, or (iii) has a beneficial interest in any contract or agreement to which the Seller is a party; provided, however, the foregoing representation and warranty shall not apply to any person or entity, or any interest or agreement with any person or entity, which is a publicly held corporation in which the Shareholder and his affiliates individually and collectively own less than 3% of the issued and outstanding voting stock.

3.33 Availability of Seller's Employees. There have been no actions taken by the Seller, its affiliates, or any of their respective shareholders, officers, directors, members, partners, managers or employees, to discourage, or in any way prevent, any of the employees of the Seller from being hired by the Buyer after Closing, and as of the Closing each of the Seller's employees will be available without penalty for employment by the Buyer.

3.34 Misstatements and Omissions. No representation or warranty made by the Seller in this Agreement, and no statement contained in any certificate or Schedule furnished or to be furnished by the Seller or the Shareholder pursuant hereto, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make such representation or warranty or such statement not misleading.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer hereby represents and warrants to the Seller as follows:

4.1 Organization and Good Standing. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

4.2 Authority; Consents; Enforceability.

(a) Authority. The Buyer has full corporate power and authority to execute and deliver the Agreement and the other agreements and documents and instruments contemplated hereby, to consummate the transactions contemplated hereby and thereby and to perform its

obligations hereunder and thereunder. The execution and delivery by the Buyer of this Agreement and the other agreements, documents and instruments contemplated hereby, the consummation by the Buyer of the transactions contemplated hereby and thereby and the performance by the Buyer of its obligations hereunder and thereunder: (i) have been duly and validly authorized by all necessary corporate action on the part of the Buyer; and (ii) do not and will not, except as set forth on Schedule 4.2, (A) conflict with or violate any of the provisions of the Certificate of Incorporation or By-laws of the Buyer, (B) violate any law, ordinance, rule or regulation or any judgment, order, writ, injunction or decree or similar command of any court administrative or governmental agency or other body applicable to the Buyer or any of its assets, or (C) violate or conflict with the terms of, or result in the acceleration of, any indebtedness or obligation of the Buyer under, or violate or conflict with or result in a breach by the Buyer of, or constitute a default under, any material instrument, agreement or indenture or any mortgage, deed of trust or similar contract to which the Buyer is a party or by which the Buyer or any of its assets may be otherwise bound or affected; or (D) require the consent, authorization or approval of, or notice to, or filing or registration with, any governmental body or authority, or any other third party.

4.3 Broker's and Finder's Fees. The Buyer has not incurred any liability to any broker, finder or agent or any other person or entity for any fees or commissions with respect to the transactions contemplated by this Agreement, and the Buyer hereby agrees to assume all liability to any such broker, finder or agent or any other person or entity claiming any such fee or commission.

4.4 Litigation. There are no actions, suits, claims, investigations or legal or administrative or arbitration proceedings pending or, to the Buyer's knowledge, threatened or probable of assertion, against the Buyer before any court, governmental or administrative agency or other body relating to this Agreement and/or the transactions contemplated hereby. The Buyer is not now under any judgment, order, writ, injunction, decree or other similar command of any court, administrative agency or other governmental agency which relate to this Agreement and/or the transactions contemplated hereby.

4.5 Misstatements or Omissions. No representation or warranty made by the Buyer in this Agreement, and no statement contained in any certificate or Schedule furnished or to be furnished by the Buyer to the Seller and/or the Shareholder pursuant hereto, contains or will contain an untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make such representation or warranty or such statement not misleading.

ARTICLE 5
PRE-CLOSING COVENANTS
OF THE SHAREHOLDER AND THE SELLER

The Seller, and the Shareholder to the extent set forth below, hereby covenant and agree that from and after the date hereof until the Closing:

5.1 Provide Access to Information; Cooperation with Buyer.

(a) Access. The Seller and the Shareholder shall afford to the Buyer, its attorneys, accountants, and such other representatives of the Buyer as the Buyer shall designate to the Seller, free and full access at all reasonable times, and upon reasonable prior notice, to the Purchased Assets and the properties, books and records of the Seller, and to interview personnel, suppliers and customers of the Seller, in order that the Buyer may have full opportunity to make such investigation as it shall reasonably desire of the Purchased Assets, Assumed Liabilities and the business and operations of the Seller. In addition, the Seller shall provide to the Buyer and its representatives such additional financial and operating data and other information in respect of the Purchased Assets, Assumed Liabilities and the business and operations of the Seller as the Buyer shall from time to time reasonably request.

(b) Cooperation in IPO Preparation. The Seller and the Shareholder shall, at the Buyer's sole expense, cooperate with the Buyer in the preparation of any

description of the transactions contemplated by this Agreement deemed by the Buyer, in its sole discretion, as necessary for the completion of any registration statement, prospectus or amendment or supplement thereto prepared in connection with the closing of the Initial Public Offering ("IPO") of the Buyer's securities.

(c) Cooperation in Obtaining Consents. The Seller and Shareholder shall use reasonable best efforts in cooperating with the Buyer in the preparation of and delivery to all applicable automobile manufacturers or distributors, as soon as practicable after the date hereof, of an application and other information necessary to obtain such automobile manufacturer's or distributor's consent to or the approval of the transactions contemplated by this Agreement as contemplated by Section 7.10.

5.2 Operation of Business of the Seller. At all times before the Closing, the Seller shall (a) maintain its corporate existence in good standing, (b) operate its business substantially as presently operated and only in the ordinary course and consistent with past operations and its obligations under any existing agreements with all applicable automobile manufacturers or distributors, (c) use its reasonable best efforts to preserve intact its present business organizations and employees and its relationships with persons having business dealings with its, including, but not limited to, all applicable automobile manufacturers or distributors and any floor plan financing creditors, (d) comply in all respects with all applicable laws, rules and regulations, (e) maintain its insurance coverages, (f) pay all Taxes, charges and assessments when due, subject to any valid objection or contest of such amounts asserted in good faith and adequately reserved against, (g) make all debt service payments when contractually due and payable, (h) pay all accounts payable and other current liabilities when due, (i) maintain the Employee Plans, (j) maintain the property, plant and equipment included in the Purchased Assets in good operating condition in accordance with industry standards taking into account the age thereof, (k) maintain its books and records of account in the usual, regular and ordinary manner, (l) use its reasonable best efforts to encourage such personnel of the Seller as the Buyer may designate in writing to become employees of the Buyer after the date of the Closing, (m) use its reasonable best efforts to preserve the current

terms and conditions of the Existing Leases related to the Leased Property, and (n) not pay any dividends or make any distributions in excess of its net income, and otherwise use its reasonable best efforts to pay dividends to the Shareholder only to the extent that such payment will, as nearly as possible, result in a net book value of not less than $10,500,000.

5.3 Other Changes. The Seller shall not, without the prior written consent of the Buyer (a) engage in any reorganization or similar transaction, (b) agree to take any of the foregoing actions, (c) enter into any contract, agreement, undertaking or commitment which would have been required to be set forth in Schedule 3.6 if in effect on the date hereof or enter in to any contract, agreement, undertaking or commitment which cannot be assigned to the Buyer or a permitted assignee of the Buyer, or (d) take, cause, agree to take or cause, or permit to occur any of the actions or events set forth in Section 3.5 of this Agreement.

5.4 Additional Information. The Seller shall furnish to the Buyer such additional information with respect to any matters or events arising or discovered subsequent to the date hereof which, if existing or known on the date hereof, would have rendered any representation or warranty made by the Seller or any information contained in any Schedule hereto or in other information supplied in connection herewith then inaccurate or incomplete. The receipt of such additional information by the Buyer shall not operate as a waiver by the Buyer of the obligation of the Seller to satisfy the conditions to Closing set forth in Section 7.1 hereof; provided, however, if such information shall be furnished to the Buyer in a writing which shall also specifically refer to one or more representations and warranties of the Seller contained herein which in the absence of such information is inaccurate or incomplete, then if the Buyer waives in writing the condition to Closing set forth in said Section 7.1 hereof and elects to close the transactions contemplated hereunder, the furnishing of such additional information shall be deemed to have amended as of the Closing any such representation and warranty so specifically referred to by the Seller.

5.5 Publicity. Except as may be required by law or as necessary in connection with the transactions contemplated hereby, the Seller and the Shareholder shall not (i) make any press release or other public announcement relating to this Agreement or the transactions contemplated hereby, without the prior written approval of the Buyer and (ii) otherwise disclose the existence and nature of their discussions or negotiations regarding the transactions contemplated hereby to any person or entity other than their accountants, attorneys and similar professionals, all of whom shall be subject to this nondisclosure obligation as agents of the Seller and the Shareholder, as the case may be. The Seller and the Shareholder shall cooperate with the Buyer in

the preparation and dissemination of any public announcements of the transactions contemplated by this Agreement.

5.6 Other Negotiations. Neither the Seller nor the Shareholder shall pursue, initiate, encourage or engage in any negotiations or discussions with, or provide any information to, any person or entity (other than the Buyer and its representatives and affiliates) regarding the sale of the assets, capital stock or membership interests of any of the Seller or any merger or consolidation or similar transaction involving the Seller.

5.7 Closing Conditions. The Seller shall use all reasonable best efforts to satisfy promptly the conditions to Closing set forth in Article 7 hereof required herein to be satisfied by the Seller.

5.8 Environmental Audit. The Seller shall allow an environmental consulting firm selected by the Buyer (the "Environmental Auditor") to have prompt access to the Property in order to conduct an environmental investigation, satisfactory to the Buyer in scope (such scope being sufficient to result in a Phase I environmental audit report and a Phase II environmental audit report, if desired by the Buyer), of, and to prepare a report with respect to, the Real Property (the "Environmental Audit"). The Seller shall provide to the Environmental Auditor: (i) reasonable access to all of its existing records concerning the matters which are the subject of the Environmental Audit; and (ii) reasonable access to the employees of the Seller and the last known addresses of former employees of the Seller who are most familiar with the matters which are the subject of the Environmental Audit (the Seller agreeing to use reasonable efforts to have such former employees respond to any reasonable requests or inquiries by the Environmental Auditor). The Seller shall otherwise cooperate with the Environmental Auditor in connection with the Environmental Audit. The Buyer and the Seller shall each bear 50% of the costs, fees and expenses incurred in connection with the preparation of the Environmental Audit; provided, however, the Seller shall not be obligated to share in the costs, fees or expenses of any Phase II testing unless such testing was warranted based upon the relevant Phase I test.

5.9 Hart-Scott-Rodino Compliance. Subject to the determination by the Buyer that any of the following actions is not required, the Seller shall promptly prepare and file Notification and Report Forms under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") with the Federal Trade Commission (the "FTC") and respond as promptly as practicable to all inquiries received from the FTC or the Antitrust Division of the Department of Justice (the "Antitrust Division") for additional information or documentation.

5.10 Audit of Seller at Buyer's Expense. The Seller shall allow, cooperate with and assist the Buyer and the Buyer's accountants, and shall instruct the Seller's accountants to cooperate, in the preparation of audited financial statements of the Seller as necessary for the IPO; provided that the expense of such audit shall be borne by the Buyer.

ARTICLE 6
PRE-CLOSING COVENANTS OF THE BUYER

The Buyer hereby covenants and agrees that, from and after the date hereof until the Closing:

6.1 Publicity; Disclosure. Except as may be required by law or as necessary in connection with the transactions contemplated hereby or in connection with the preparation and filing of any registration statement regarding the IPO, the Buyer shall not (i) make any press release or other public announcement relating to this Agreement or the transactions contemplated hereby, without the prior written approval of the Seller and the Shareholder, or (ii) otherwise disclose the

existence and nature of its discussions or negotiations regarding the transactions contemplated hereby to any person or entity other than its accountants, attorneys and similar professionals, all of whom shall be subject to this nondisclosure obligation as agents of the Buyer. The Buyer shall cooperate with the Seller and the Shareholder in the preparation and dissemination of any public announcements of the transactions contemplated by this Agreement. Subject to the Buyer's legal obligations and the advice of its IPO underwriters, the Buyer shall submit to the Seller for its pre-approval (such approval shall not be unreasonably withheld) of the content of any disclosures in the IPO context about the transactions contemplated hereby.

6.2 Closing Conditions. The Buyer shall use all reasonable best efforts to satisfy promptly the conditions to Closing set forth in Article 8 hereof required herein to be satisfied by the Buyer.

6.3 Application to Automobile Manufactures and Distributors. Subject to the reasonable cooperation of the Seller, the Buyer shall provide to all applicable automobile manufacturers and distributors promptly after the execution and delivery of this Agreement any application or other information with respect to such application necessary in connection with the seeking of the consents of such manufacturers and distributors contemplated by Section 7.10.

6.4 Hart-Scott-Rodino Compliance. Subject to the determination by the Buyer that any of the following actions is not required, the Buyer shall promptly prepare and file Notification and Report Forms under the HSR Act with the FTC and respond as promptly as practicable to all inquiries received from the FTC or the Antitrust Division for additional information or documentation, and Buyer shall pay all filing fees in connection therewith.

ARTICLE 7
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE BUYER

The obligations of the Buyer under this Agreement at the Closing and the consummation by the Buyer of the transactions contemplated hereby are subject to the satisfaction or fulfillment by the Seller, prior to or at the Closing, of each of the following conditions, unless waived in writing by the Buyer:

7.1 Representations and Warranties. The representations and warranties made by the Seller in this Agreement shall be true and correct in all material respects at and as of the date of this Agreement and at and as of the Closing Date as though such representations and warranties were made at and as of such times.

7.2 Performance of Obligations of the Seller. The Seller and the Shareholder shall have performed and complied with all their covenants, agreements, obligations and restrictions pursuant to this Agreement required to be performed or complied with by them prior to or at the Closing.

7.3 Closing Certificate. The Seller shall have delivered a certificate, signed by the Seller's President and dated the Closing Date, certifying to the satisfaction of the conditions set forth in Sections 7.1 and 7.2 hereof.

7.4 Opinion of Counsel. The Buyer shall have received an opinion of Kaufman, Chaiken, Miller & Klorfein, counsel to the Seller and Shareholder, dated the Closing Date, in substantially the form of Exhibit 7.4.

7.5 Supporting Documents. The Buyer shall have received from the Seller the following:

(a) A Certificate of the Secretary of State of the State of South Carolina dated as of a recent date as to the due incorporation and good standing of the Seller;

(b) To the extent applicable, one or more certificates of officials from the jurisdictions listed on Schedule 3.1 hereto as to the good standing of the Seller in such jurisdictions;

(c) A certificate of the Secretary or an Assistant Secretary of the Seller dated the Closing Date and certifying (i) that attached thereto are true, complete and correct copies of the certificate of incorporation and by-laws of the Seller, as amended to and as in effect on the date of such certification, (ii) that attached thereto are true, complete and correct copies of the resolutions duly adopted by the Board of Director of the Seller and Shareholder, approving the transactions contemplated hereby and authorizing the execution, delivery and performance by the Seller of this Agreement and the sale and transfer of the Purchased Assets, as in effect on the date of such certification, and (iii) as to the incumbency and signatures of those officers of the Seller executing any instrument or other document delivered in connection with such transactions;

(d) Uniform Commercial Code Search Reports on Form UCC-11 with respect to the Seller from the states and local jurisdictions where the principal places of business of the Seller and the Purchased Assets are located; and

(e) Such additional supporting documents and other information as the Buyer or its counsel may reasonably request.

7.6 Bill of Sale, Etc. The Buyer shall have received from the Seller a duly executed Bill of Sale and all necessary deeds, assignments, documents and instruments to effect the transfers, conveyances and assignments to the Buyer

referred to in Article 1 hereof, and the Seller shall have taken such action as shall be necessary to put the Buyer in actual possession and exclusive control of each of the Purchased Assets (including, without limitation, the delivery of keys).

7.7 Other Agreements. The Buyer shall have received the Employment Agreement and the Non-Competition Agreement, duly executed by the parties thereto other than the Buyer.

7.8 Books and Records. The Buyer shall have received all books and records of, or pertaining to, the business of the Seller and the Purchased Assets and Assumed Liabilities, except to the extent included in the Excluded Assets.

7.9 Change of Name of Seller; Use of Seller's Name by Buyer. The Seller shall have delivered to the Buyer all documents, including, without limitation, resolutions of the Board of Directors of the Seller and the Shareholder, necessary to effect a change of name of the Seller after the Closing to a name other than the Seller's name or any variation thereof which names shall be sufficiently different from the name of the Buyer and the Proprietary Names as to distinguish them upon the records in the office of the Secretary of State of Georgia from such names. The Seller shall also have delivered to the Buyer a written consent to the use by the Buyer or any parent, subsidiary or affiliate of the Buyer, or any successor or assignee of any thereof, of the Proprietary Names or any variant thereof and an agreement satisfactory to the Buyer that the Seller will not use the Proprietary Names or any variant thereof, except as may be necessary for the winding up of the affairs of the Seller.

7.10 Consents. The Buyer shall have received duly executed copies of all consents, authorizations, approvals, notices, registrations and filings referred to in Schedules 3.2 and 3.6, which are required for the Seller to consummate the transactions contemplated hereby, and including, but not limited to, the consents of all applicable automobile manufacturers and distributors and consents of the respective landlords for the assignment of the Existing Leases.

7.11 No Litigation. No action, suit or other proceeding shall be pending or threatened before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain damages in respect thereof, or involving a claim that consummation thereof would result in a violation of any law, rule, decree or regulation of any governmental authority having appropriate jurisdiction, and no order, decree or ruling of any governmental authority or court shall have been entered challenging the legality, validity or propriety of this Agreement or the transactions contemplated hereby or prohibiting, restraining or otherwise preventing the consummation of the transactions contemplated hereby.

7.12 Authorizations. The Buyer shall have received evidence of the transfer to the Buyer of all Authorizations referred to in Section 3.12 of this Agreement or, to the extent the Authorizations are not transferrable, the Seller shall have effectively obtained or made on behalf of the Buyer, or assisted the Buyer in obtaining or making, all such Authorizations.

7.13 No Material Adverse Change or Undisclosed Liability. There shall have been no material adverse change or development in the business, prospects, properties, earnings, results of operations or financial condition of the Seller or any of the Purchased Assets or Assumed Liabilities.

7.14 Approval of Legal Matters. The form of all instruments, certificates and documents to be executed and delivered by the Seller to the Buyer pursuant to this Agreement and

all legal matters in respect of the transactions as herein contemplated shall be reasonably satisfactory to the Buyer and its counsel, none of whose approval shall be unreasonably withheld or delayed.

7.15 Adverse Laws. No statute, rule, regulation or order shall have been adopted or promulgated which materially adversely affects the Purchased Assets, the Assumed Liabilities or the business of the Seller.

7.16 Hart-Scott-Rodino Waiting Period. All applicable waiting periods under the HSR Act shall have expired without any indication by the Antitrust Division or the FTC that either of them intends to challenge the transactions contemplated hereby or, if any such challenge or investigation is made or commenced, the conclusion of such challenge or investigation permits the

transactions contemplated hereby in all material respects.

ARTICLE 8
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE SELLER

The obligations of the Seller under this Agreement at the Closing and the consummation by the Seller of the transactions contemplated hereby are subject to the satisfaction or fulfillment by the Buyer, prior to or at the Closing, of each of the following conditions, unless waived in writing by the Seller:

8.1 Representations and Warranties. The representations and warranties made by the Buyer in this Agreement shall be true and correct in all material respects at and as of the date of this Agreement and at and as of the Closing Date as though such representations and warranties were made at and as of such times.

8.2 Performance of Obligations of the Buyer. The Buyer shall have performed and complied with all its covenants, agreements, obligations and restrictions pursuant to this Agreement required to be performed or complied with prior to or at the Closing.

8.3 Closing Certificate. The Buyer shall have delivered a certificate, signed by the Buyer's President and dated the Closing Date, certifying to the satisfaction of the conditions set forth in Sections 8.1 and 8.2 hereto.

8.4 Payment of Purchase Price. The Buyer shall have tendered to the Seller payment of the portion of the Purchase Price payable at the Closing and shall have placed into escrow the Escrowed Amount.

8.5 Opinion of Counsel. The Seller shall have received an opinion of Parker, Poe, Adams & Bernstein L.L.P., counsel to the Buyer, dated the Closing Date, in substantially the form of Exhibit 8.5.

8.6 Supporting Documents. The Seller shall have received the following:

(a) A certificate of the Secretary of State of the State of Delaware dated as of a recent date as to the due incorporation and good standing of the Buyer;

(b) A certificate of the Secretary or an Assistant Secretary of the Buyer dated the Closing Date, and certifying (i) that attached thereto is a true, complete and correct copy of the certificate of incorporation and by-laws of the Buyer, as amended and as in effect on the date of such certification, (ii) that attached thereto are true, complete and correct copies of the resolutions duly adopted by the Board of Directors of the Buyer approving the transactions contemplated hereby and authorizing the execution, delivery and performance by the Buyer of this Agreement, as in effect on the date of such certification, and (iii) as to the incumbency and signatures of certain officers of the Buyer executing any instrument or other document delivered in connection with such transactions; and

(c) Copies of all authorizations, consents, approvals, notices, filings and registrations referred to in Section 4.2 hereof.

8.7 Approval of Legal Matters. The form of all certificates, instruments and documents to be executed and/or delivered by the Buyer to the Seller pursuant to this Agreement and all legal matters in respect of the transactions as herein contemplated shall be reasonably satisfactory to the Seller and its counsel, none of whose approval shall be unreasonably withheld or delayed.

8.8 Employment Agreement. The Shareholder shall have received the Employment Agreement, duly executed by the Buyer.

8.9 No Litigation. No action, suit or other proceeding shall be pending or threatened before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain damages in respect thereof, or involving a claim that consummation thereof would result in a violation of any law, rule, decree or regulation of any governmental authority having appropriate jurisdiction, and no order, decree or ruling of any governmental authority or court shall have been entered challenging the legality, validity or propriety of this Agreement or the transactions contemplated hereby or prohibiting, restraining or otherwise preventing the consummation of the transactions contemplated hereby.

8.10 Hart-Scott-Rodino Waiting Period. All applicable waiting periods under the HSR Act shall have expired without any indication by the Antitrust Division or the FTC that either of them intends to challenge the transactions

contemplated hereby, or, if any such challenge or investigation is made or commenced, the conclusion of such challenge or investigation permits the transactions contemplated hereby in all material respects.

ARTICLE 9
TRANSFER TAXES; PRORATION OF CHARGES

9.1 Certain Taxes and Fees. All sales, transfer, documentary, stamp, recording and other similar taxes and/or fees and Taxes which may be due or payable in connection with the sale of the Purchased Assets pursuant hereto shall be borne by the Seller.

9.2 Proration of Certain Charges. The following taxes, charges and payments ("Charges") shall, to the extent not reflected in the Closing Balance Sheet, be prorated on a per diem basis and apportioned between the Seller and the Buyer as of the date of the Closing: personal property, use, intangible taxes, utility charges, rental or lease charges, license fees, general assessments imposed with respect to the Purchased Assets, employee payrolls and insurance premiums. The Seller shall be liable for that portion of the Charges relating to, or arising in respect of, periods on or prior to the Closing Date and the Buyer shall be liable for that portion of the Charges relating to, or arising in respect of, any period after the Closing Date.

ARTICLE 10
SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

10.1 Survival of Representations and Warranties. All statements contained in any schedule or certificate delivered hereunder or in connection herewith by or on behalf of any of the parties pursuant to this Agreement shall be deemed representations and warranties by the respective parties hereunder unless otherwise expressly provided herein. The representations and warranties of the Seller and the Buyer contained in this Agreement, including those contained in any Schedule or certificate delivered hereunder or in connection herewith, shall survive the Closing * with the exception of the representations and warranties of the Seller contained in Sections 3.7 and 3.15, which shall survive the Closing * . As to each representation and warranty of the parties hereto, the date to which such representation and warranty shall survive is hereinafter referred to as the "Survival Date."

10.2 Agreement to Indemnify by the Seller and Shareholder. Subject to the terms and conditions of Sections 10.4 and 10.5 hereof, the Seller and the Shareholder hereby agree, jointly and severally, to indemnify and save the Buyer, its affiliates, and their respective shareholders, officers, directors, employees, successors and assigns (each, a "Buyer Indemnitee") harmless from and against, for and in respect of, any and all demands, judgments, injuries, penalties, fines, damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs, expenses (including, without limitation, reasonable attorneys' fees, consultants' fees and expert witness fees), suffered, sustained, incurred or required to be paid by any Buyer Indemnitee (collectively, "Buyer's Damages") arising out of, based upon, in connection with or as a result of:

* Confidential portions omitted and filed separately with the Commission.

(a) the untruth, inaccuracy or breach of any representation and warranty of the Seller contained in or made pursuant to this Agreement, including in any Schedule or certificate delivered hereunder or in connection herewith; provided, however, the Seller and the Shareholder shall have no obligation to pay Buyer's Damages pursuant to this Subsection 10.2(a) unless and until (and only to the extent that) all claims with respect of Buyer's Damages exceed a cumulative aggregate total of * ;

(b) the breach or nonfulfillment of any covenant or agreement of the Seller or the Shareholder contained in this Agreement or in any other agreement document or instrument delivered hereunder or pursuant hereto;

(c) the assertion against any Buyer Indemnitee or any of the Purchased Assets of any liability or obligation arising out of or based upon any of the

Retained Liabilities; or

(d) all claims of creditors asserted by reason of the parties' non-compliance with any applicable bulk sales laws, except to the extent that amounts owed to such creditors are included in the Assumed Liabilities.

10.3 Agreement to Indemnify by the Buyer. Subject to the terms and conditions of Sections 10.4 and 10.5 hereof, the Buyer hereby agrees to indemnify and save the Seller and the Shareholder, their affiliates and their respective shareholders, officers, directors, employees, successors and assigns (each, a "Seller Indemnitee") harmless from and against, for and in respect of, any and all demands, judgments, injuries, penalties, damages, losses, obligations, liabilities, claims, actions or causes of action, encumbrances, costs and expenses (including, without limitation, reasonable attorneys' fees and expert witness fees) suffered, sustained, incurred or required to be paid by any Seller Indemnitee arising out of, based upon, in connection with or as a result of:

(a) the untruth, inaccuracy or breach of any representation and warranty of the Buyer contained in or made pursuant to this Agreement, including in any Schedule or certificate delivered hereunder or in connection herewith;

(b) the breach or nonfulfillment of any covenant or agreement of the Buyer contained in this Agreement or in any other agreement, document or instrument delivered hereunder or pursuant hereto; or

(c) the assertion against any Seller Indemnitee of any of the Assumed Liabilities.

10.4 Claims for Indemnification. No claim for indemnification with respect to a breach of a representation and warranty shall be made under this Agreement after the applicable

* Confidential portions omitted and filed separately with the Commission.

Survival Date unless prior to such Survival Date the Buyer Indemnitee or the Seller Indemnitee, as the case may be, shall have given the Seller or the Buyer, as the case may be, written notice of such claim for indemnification based upon actual loss sustained, or potential loss anticipated, as a result of the existence of any claim, demand, suit or cause of action against such Buyer Indemnitee or Seller Indemnitee, as the case may be.

10.5 Procedures Regarding Third Party Claims. The procedures to be followed by the Buyer and the Seller and the Shareholder with respect to indemnification hereunder regarding claims by third persons shall be as follows:

(a) Promptly after receipt by any Buyer Indemnitee or Seller Indemnitee, as the case may be, of notice of the commencement of any action or proceeding (including, without limitation, any notice relating to a tax audit) or the assertion of any claim by a third person, which the person receiving such notice has reason to believe may result in a claim by it for indemnity pursuant to this Agreement, such person (the "Indemnified Party") shall give notice of such action, proceeding or claim to the party against whom indemnification pursuant hereto is sought (the "Indemnifying Party"), setting forth in reasonable detail the nature of such action or claim, including copies of any written correspondence from such third person to such Indemnified Party.

(b) The Indemnifying Party shall be entitled, at its own expense, to participate in the defense of such action, proceeding or claim, and, if (i) the action, proceeding or claim involved seeks (and continues to seek) solely monetary damages, (ii) the Indemnifying Party confirms, in writing, its obligation hereunder to indemnify and hold harmless the Indemnified Party with respect to such damages in their entirety pursuant to Sections 10.2 or 10.3 hereof, as the case may be, and (iii) the Indemnifying Party shall have made provision which, in the reasonable judgment of the Indemnified Party, is adequate to satisfy any adverse judgment as a result of its indemnification obligation with respect to such action, proceeding or claim, then the Indemnifying Party shall be entitled to assume and control such defense with counsel chosen by the Indemnifying Party and approved by the Indemnified Party, which approval shall not be unreasonably withheld or delayed. The Indemnified Party shall be entitled to participate therein after such assumption, the costs of such participation following such assumption to be at its own expense. Upon assuming such defense, the Indemnifying Party shall have full rights to enter into any monetary compromise or settlement which is dispositive of the matters involved; provided, that such settlement is paid in full by the Indemnifying Party and will not have any direct or indirect continuing material adverse effect upon the Indemnified Party.

(c) With respect to any action, proceeding or claim as to which (i) the Indemnifying Party does not have the right to assume the defense or (ii) the Indemnifying Party shall not have exercised its right to assume the defense, the Indemnified Party shall assume and control the defense of and contest such action, proceeding or claim with counsel chosen by it and approved by the Indemnifying Party, which approval shall not be unreasonably withheld. The Indemnifying Party shall be entitled to participate in the defense of such action, the cost of such participation to be at its own expense. The Indemnifying Party shall be obligated to pay the reasonable attorneys' fees and expenses of the Indemnified Party to the extent that such fees and expenses relate to claims as to which indemnification is due under Sections 10.2 or 10.3 hereof, as the case may be. The

Indemnified Party shall have full rights to dispose of such action and enter into any monetary compromise or settlement; provided, however, in the event that the Indemnified Party shall settle or compromise any claims involved in the action insofar as they relate to, or arise out of, the same facts as gave rise to any claim for which indemnification is due under Sections 10.2 or 10.3 hereof, as the case may be, it shall act reasonably and in good faith in doing so.

(d) Both the Indemnifying Party and the Indemnified Party shall cooperate fully with one another in connection with the defense, compromise or settlement of any such claim, proceeding or action, including, without limitation, by making available to the other all pertinent information and witnesses within its control.

10.6 Effectiveness. The provisions of this Article 10 shall be effective upon consummation of the Closing, and prior to the Closing, shall have no force and effect.

ARTICLE 11
TERMINATION AND TERMINATION FEE

11.1 Termination. Notwithstanding any other provision herein contained to the contrary, this Agreement may be terminated at any time prior to the Closing Date as follows:

(a) This Agreement may be terminated by written consent of the parties hereto;

(b) The Buyer may terminate this Agreement by giving written notice to the Seller at any time after the Closing Date Deadline (provided, however, that the Buyer may not terminate under this subsection (b) if the Buyer is in breach of any material representation, warranty, or covenant of the Buyer contained in this Agreement);

(c) The Seller may terminate this Agreement by giving written notice to the Buyer at any time after the Closing Date Deadline (provided, however, that the Seller may not terminate under this subsection (c) if the Seller is in breach of any material representation, warranty, or covenant contained in this Agreement);

(d) The Buyer may terminate this Agreement if, after any initial HSR Act filing, the FTC makes a "second request" for information, or the FTC or the Antitrust Division challenges the transactions contemplated hereby; provided that the Buyer delivers written notice to the Seller of its termination hereunder within fifteen (15) days of the Buyer's receipt of such second request or of notice of such challenge; or

(e) The Buyer may terminate this Agreement within thirty (30) days of the date hereof if the Buyer is not satisfied, in its discretion, with the results of the Buyer's due diligence investigation contemplated by Section 5.1(a), including without limitation the Environmental Audit.

11.2 Procedure and Effect of Termination. If either party terminates this Agreement pursuant to Section 11.1 above, all rights and obligations of the parties hereunder shall terminate without any liability of any party to any other party except as set forth below:

(a) If this Agreement is terminated by the Buyer pursuant to the provisions of Section 11.1(b) above and the failure to complete the Closing on or before the Closing Date Deadline shall have been due to the breach of any material representation, warranty or covenant of the Seller or the Shareholder under this Agreement, then the Seller shall, on demand of the Buyer, promptly pay to the

Buyer in immediately available funds, as liquidated damages for the loss of the transaction and not as a penalty, a termination fee of $1,000,000 (the "Seller's Termination Fee").

(b) If this Agreement is terminated by the Seller pursuant to the provisions of Section 11.1(c) above and the failure to complete the Closing on or before the Closing Date Deadline shall have been due to the breach of any material representation, warranty or covenant of the Buyer under this Agreement, then the Buyer shall, upon demand of the Seller, promptly pay to the Seller in immediately available funds, as liquidated damages for the loss of the transaction and not as a penalty, a termination fee of $1,000,000 (the "Buyer's Termination Fee").

The respective rights of the parties to terminate this Agreement under Sections 11.1(b) or 11.1(c), as the case may be, and to be paid the Seller's Termination Fee or the Buyer's Termination Fee, as the case may be, shall be the respective parties' sole and exclusive remedies for damages for breach of this Agreement; in this regard, the parties hereto agree that (i) they reasonably anticipate that the damages for breach of this Agreement, as contemplated by Sections 11.1(b) or 11.1(c), will be difficult to ascertain because of their indefiniteness or uncertainty, and (ii) the Seller's Termination Fee and the Buyer's Termination Fee are reasonable estimates of such damages. In the event of such termination by either party pursuant to Section 11.1(b) or 11.1(c), as the case may be, such party shall have no right to equitable relief for any breach or alleged breach of this Agreement, other than for specific performance for the payment of the Seller's Termination Fee or the Buyer's Termination Fee, as the case may be.

(c) Except as specifically provided in this Section 11.2, nothing contained in this Section 11.2 shall prevent any party from seeking any equitable relief, including specific performance, to which it would otherwise be entitled in the event of breach of this Agreement by the other party.

ARTICLE 12
MISCELLANEOUS PROVISIONS

12.1 Access to Books and Records after Closing. The Buyer shall, following the Closing, give, and shall cause to be given, to the Seller and its authorized representatives such access, during normal business hours and upon prior notice, to such books and records constituting part of the Purchased Assets as shall be reasonably necessary for the Seller in connection with the preparation and filing of the Seller's tax returns for periods prior to the Closing, and to make extracts and copies of such books and records.

12.2 Notices. All notices, claims, certificates, requests, demands and other communications hereunder shall be given in writing and shall be delivered personally or sent by telecopier or by a nationally recognized overnight courier, postage prepaid, and shall be deemed to have been duly given when so delivered personally or sent by telecopier, with receipt confirmed, or one (1) Business Day after the date of deposit with such nationally recognized overnight courier. All such notices, claims, certificates, requests, demands and other communications shall be addressed to the respective parties at the addresses set forth below or to such other address as the person to whom notice is to be given may have furnished to the others in writing in accordance herewith.

If to the Buyer, to:

Sonic Automotive, Inc.
5401 East Independence Boulevard
P.O. Box 18747
Charlotte, North Carolina 28218
Telecopier No.: (704) 532-3312
Attention: Theodore Wright

with a copy to:

Parker, Poe, Adams & Bernstein L.L.P.
2500 Charlotte Plaza
Charlotte, North Carolina 28244
Telecopier No.: (704) 334-4706
Attention: Edward W. Wellman, Esq.

If to the Seller, to:

Dyer & Dyer, Inc.
5260 Peachtree Industrial Blvd.
Chamblee, Georgia 30341
Telecopier No.: (770) 452-8721

Attention: Richard Dyer

If to the Shareholder, to:

Richard Dyer
5260 Peachtree Industrial Blvd.
Chamblee, Georgia 30341
Telecopier No.: (770) 452-8721

in either case, with a copy to:

Kaufman, Chaiken, Miller & Klorfein
400 Perimeter Center Terrace, N.E. Suite 720
Atlanta, Georgia 30346-1234
Telecopier No.: (770) 395-6720
Attention: Robert J. Kaufman, Esq.

The Buyer, the Seller or the Shareholder may change the address or telecopier number to which such communications are to be directed by giving written notice to the others in the manner provided in this Agreement.

12.3 Parties in Interest; No Third Party Beneficiaries.

(a) Subject to Section 12.4 hereof, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

(b) Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon or give to any employee of the Seller (other than Peggy McFarland to the extent she is referred to herein), or any other person, firm, corporation or legal entity, other than the parties hereto and their successors and permitted assigns, any rights, remedies or other benefits under or by reason of this Agreement.

12.4 Assignability. This Agreement shall not be assignable by any party hereto without the prior written consent of the other parties, provided that the Buyer may assign its rights under this Agreement to any affiliate of the Buyer presently existing or hereafter formed and to any person or entity that shall acquire all or substantially all of the assets of the Buyer; provided, however, that no such assignment by the Buyer shall release it from its obligations hereunder without the consent of the Seller.

12.5 Entire Agreement; Amendment. This Agreement and the other writings referred to herein or delivered pursuant hereto contain the entire understanding of the parties hereto and supersedes all prior agreements and understandings between the parties hereto with respect to its subject matter. This Agreement may be amended or modified only by a written instrument duly executed by the parties hereto.

12.6 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

12.7 Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, and all such counterparts together shall constitute but one agreement.

12.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, without giving effect to its principles of conflicts of law.

12.9 Knowledge. Whenever any representation or warranty of the Seller contained herein or in any other document executed and delivered in connection herewith is based upon the knowledge of the Seller, such knowledge shall be deemed to include the knowledge, if any, of the Seller or the Shareholder.

12.10 Arbitration. (a) Subject to the other provisions of this Section 12.10, any dispute, claim or controversy arising out of or relating to this Agreement, or the interpretation or breach hereof (including, without limitation, any of the foregoing based upon a claim to any termination fee hereunder, but not including disputes regarding Net Book Value which shall be conclusively resolved pursuant to the provision of Section 1.3 herein), shall be resolved by binding arbitration under the commercial arbitration rules of the

American Arbitration Association (the AAAA Rules@) to the extent such AAA Rules are not inconsistent with this Agreement. Judgment upon the award of the arbitrators may be entered in any court having jurisdiction thereof or such court may be asked to judicially confirm the award and order its enforcement, as the case may be. The demand for arbitration shall be made by any party hereto within a reasonable time after the claim, dispute or other matter in question has arisen, and in any event shall not be made after the date when institution of legal proceedings, based on such claim, dispute or other matter in question, would be barred by the applicable statute of limitations. The arbitration panel shall consist of three (3) arbitrators, one of whom shall be appointed by each of the Seller and the Buyer within thirty (30) days after any request for arbitration hereunder. The two arbitrators thus appointed shall choose the third arbitrator within thirty (30) days after their appointment; provided, however, that if the two arbitrators are unable to agree on the appointment of the third arbitrator within 30 days after their appointment, either arbitrator may petition the American Arbitration Association to make the appointment. The place of arbitration shall be Columbia, South Carolina. The arbitrators shall be instructed to render their decision within sixty (60) days after their selection and to allocate all costs and expenses of such arbitration (including legal and accounting fees and expenses of the respective parties) to the parties in the proportions that reflect their relative success on the merits (including the successful assertion of any defenses).

(b) Nothing contained in this Section 12.10 shall prevent any party hereto from seeking any equitable relief to which it would otherwise be entitled from any court of competent jurisdiction.

12.11 Waivers. Any party to this Agreement may, by written notice to the other parties hereto, waive any provision of this Agreement from which such party is entitled to receive a benefit. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision of this Agreement.

12.12 Severability. In the event that any provision, or part thereof, of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions, or parts thereof, shall not in any way be affected or impaired thereby.

12.13 Expenses. Except as otherwise set forth herein, each party shall be responsible for its own legal fees and other costs and expenses incurred in connection with this Agreement and the negotiation and consummation of the transactions contemplated hereby.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed all as of the day, month and year first above written.

THE BUYER: SONIC AUTOMOTIVE, INC.

By: /s/ Theodore M. Wright

Name: Theodore M. Wright
Title: Vice President & Chief Financial Officer

THE SELLER: DYER & DYER, INC.

By: /s/ Richard S. Dyer, Jr.

Name: Richard Dyer
Title: President

THE SHAREHOLDER: /s/ Richard S. Dyer, Jr. (SEAL)

RICHARD DYER

List of Schedules

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Schedule 3.23	-	Other Liabilities
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Schedule 3.26	-	Employee Plans
Schedule 3.29	-	Environmental Matters
Schedule 3.30	-	Bank Accounts and Safe Deposit Boxes
Schedule 3.31	-	Warranties
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4-29-433 (3/92) [LOGO] CHRYSLER
SECURITY AGREEMENT AND MASTER CREDIT AGREEMENT CREDIT
(Non-Chrysler Corporation Dealer)

This Security Agreement and Master Credit Agreement (hereinafter called the "Agreement"), made as of this 21 day of April 1995, is by and between CLEVELAND CHRYSLER PLYMOUTH JEEP EAGLE, having its principal place of business at 2490 South Lee Hwy. - Cleveland, Tn. 37311 (hereinafter called "Debtor"), and Chrysler Credit Corporation, a Delaware corporation, having offices located at 27777 Franklin Rd., Southfield, Michigan 48034-8286 (hereinafter called "Secured Party").

WHEREAS, Debtor is engaged in business as an authorized dealer of Jeep/Eagle and desires Secured Party to finance the acquisition by Debtor in the ordinary course of its business of new and unused vehicles sold and distributed by Jeep/Eagle and/or other authorized sellers and of used vehicles (all such unused and used vehicles being hereinafter collectively called the "Vehicles").

WHEREAS, Secured Party is willing to provide wholesale financing to Debtor to finance the acquisition of Vehicles by Debtor by making loans or advances to debtor to finance the acquisition by Debtor of Vehicles.

NOW, THEREFORE, in consideration of the mutual premises herein contained and other good and valuable consideration paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1.0 Financing - Secured Party agrees to extend to Debtor wholesale financing by making loans or advances to Debtor to finance the acquisition by Debtor of Vehicles from sellers thereof, on the terms and conditions set forth in Paragraph 2.1 herein or as set forth in the Vehicle financing terms and conditions as they may be made available to Debtor from time to time by Secured Party.

For the purposes of this Agreement, loans or advances provided by Secured Party directly to either Debtor or to the seller of Vehicles to Debtor are herein called "Advances". Debtor acknowledges that (x) the maximum amount of Advances which will be made by Secured Party hereunder will be established from time to time by Secured Party in its sole discretion and (y) all such Advances shall be made on and shall be subject to the terms and conditions of this Agreement. It is understood and agreed that the making of any Advance hereunder shall be at the option of Secured Party and shall not be obligatory, and that the right of Debtor to request that Secured Party make Advances may be terminated at any time by Secured Party at its election without notice.

2.0 Evidence of Advances and Payment Terms - Each Advance shall be made at such time as Debtor shall request in accordance with the then-effective Vehicle financing terms and conditions referred to above. Debtor will execute and deliver to Secured Party from time to time its demand promissory notes in aggregate principal amount equal to that amount agreed to by Debtor and Secured Party from time to time, such demand promissory notes (the "Promissory Notes") to evidence the liability of Debtor to Secured Party on account of all Advances. The maximum liability of Debtor under this Agreement shall at any time be equal to the aggregate principal amount of all Advances at the time outstanding hereunder plus interest and such other amounts as may be due under this Agreement. Debtor will pay to Secured Party on demand the aggregate principal amount of all Advances from time to time outstanding, and will pay upon demand the interest due thereon and such other additional charges as Secured Party shall determine from time to time.

In consideration of Secured Party's making Advances, Debtor will pay to Secured Party interest at the rate(s) per annum designated by Secured Party from time to time on the amount of each Advance made by Secured Party hereunder from the date of such Advance until the date of repayment to Secured Party of the full amount thereof. Secured Party will give notice to Debtor of the interest rate(s) established by it from time to time under the terms hereof, and each such notice shall constitute an agreement between Debtor and Secured Party as to the applicability to the Advances of the interest rate(s) contained therein, to be applicable from the dates stated in such notice until such interest rate(s) are changed by subsequent notice given by Secured Party pursuant to this sentence. All interest accrued on the Advances shall be payable monthly by Debtor, and shall be due upon receipt by Debtor of the statement of Secured Party setting forth the amount of such accrued interest.

2.1 Debtor agrees that financing pursuant to this Agreement shall be used exclusively for the purpose of acquiring Vehicles for Debtor's inventory and Debtor shall not sell or otherwise dispose of such Vehicles except by sale in the ordinary course of business. If so requested by Secured Party, Debtor agrees to maintain a separate bank account into which all cash

proceeds of such sales or other dispositions of such Vehicle will be deposited. Debtor further agrees that upon the sale of each Vehicle with respect to which an Advance has been made by Secured Party, Debtor will promptly remit to Secured Party the total amount then outstanding of Secured Party's Advance on each such Vehicle unless other terms of repayment have been agreed to by Secured Party. Debtor agrees to hold in trust for Secured Party and shall forthwith remit to Secured Party, to the extent of any unpaid and past due indebtedness hereunder, all proceeds of each Vehicle when received by Debtor, or to allow Secured Party to make direct collection thereof and credit Debtor with all sums received by Secured Party.

3.0 Security - Debtor hereby grants to Secured Party a first and prior security interest in and to each and every Vehicle financed hereunder, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof. Further, Debtor also hereby grants to Secured Party a security interest in and to all Chattel Paper, Accounts whether or not earned by performance and including without limitation all amounts due from the manufacturer or distributor of the Vehicles or any of its subsidiaries or affiliates, Contract Rights, Documents, Instruments, General Intangibles, Consumer Goods, Inventory of Automotive Parts, Accessories and Supplies, Equipment, Furniture, Fixtures, Machinery, Tools, and Leasehold Improvements, whether now owned or hereafter acquired by way of replacement, substitution, addition or otherwise, together with all additions and accessions thereto and all proceeds thereof, as additional security for each and every indebtedness and obligation of Debtor as set forth herein. The security interest hereby granted shall secure the prompt, timely and full payment of (1) all Advances, (2) all interest accrued thereon in accordance with the terms of this Agreement and the Promissory Notes, (3) all other indebtedness and obligations of Debtor under the Promissory Notes, (4) all costs and expenses incurred by Secured Party in the collection or enforcement of the Promissory Notes or of the obligations of the Debtor under this Agreement, (5) all monies advanced by Secured Party on behalf of Debtor for taxes, levies, insurance and repairs to and maintenance of any Vehicle or other collateral, and (6) each and every other indebtedness or obligation now or hereafter owing by Debtor to Secured Party including any collection or enforcement costs and expenses or monies advanced on behalf of Debtor in connection with any such other indebtedness or obligations.

3.1 All said security set forth in Paragraph 3.0 shall hereinafter collectively be called "Collateral." Debtor hereby expressly agrees that the term "proceeds" as used in Paragraph 3.0 shall include without limitation all insurance proceeds on the Collateral, money, chattel paper, goods received in trade including without limitation vehicles received in trade, contract rights, instruments, documents, accounts whether or not earned by performance, general intangibles, claims and tort recoveries relating to the Collateral. Notwithstanding that Advances hereunder are made from time to time with respect to specific Vehicles, each Vehicle and the proceeds thereof and all other Collateral hereunder shall constitute security for all obligations of Debtor to Secured Party secured hereunder.

3.2 Debtor hereby agrees that upon request of the Secured Party it will take such action and/or execute and deliver to Secured Party any and all documents (and pay all costs and expenses of recording the same), in form and substance satisfactory to Secured Party, which will perfect in Secured Party its security interest in the Collateral in which Secured Party has or is to have a security interest under the terms of this Agreement.

3.3 Secured Party's security interest in the Collateral shall attach to the full extent provided or permitted by law to the proceeds, in whatever form, of any disposition of said Collateral or to any part thereof by Debtor until such proceeds are remitted and accounted for as provided herein. Debtor will notify Secured Party before Debtor signs, executes or authorizes any financing statement regardless of coverage.

3.4 Debtor shall be responsible for all loss and damage to the Collateral and agrees to keep Collateral insured against loss or damage by fire, theft, collision, vandalism and against such other risks as Secured Party may require from time to time. Insurance and policies evidencing such insurance shall be with such companies, in such amount and such form as shall be satisfactory to Secured Party. If so requested by Secured Party, any or all such policies of insurance shall contain an endorsement, in form and substance satisfactory to Secured Party, showing loss payable to Secured Party as its interest may appear, and a certificate of insurance evidencing such coverage will be provided to Secured Party.

4.0 Debtor's Warranties - Debtor warrants and agrees that the Collateral now is and shall always be kept free of all taxes, liens and encumbrances, except as specifically disclosed in Paragraph 4.1 below or provided for in Paragraph 3.0 above, and Debtor shall defend the Collateral against all

other claims and demands whatsoever and shall indemnify, hold harmless and defend Secured Party in connection therewith. Any sum of money that may be paid by Secured Party in release or discharge of any taxes, liens or encumbrances shall be paid to Secured Party on demand as an additional part of the obligation secured hereunder. Debtor hereby agrees not to mortgage, pledge or loan (except for designated demonstrators as agreed to in advance by Secured Party in writing) the Vehicles and shall not license, title, use, transfer or otherwise dispose of them except as provided in this Agreement. Debtor agrees that it will execute in favor of Secured Party any form of document which may be required to evidence further Advances by Secured Party hereunder, and shall execute such additional documents as Secured Party may at any time request in order to conform or perfect Debtor's title to or Secured Party's security interest in the Vehicles. Execution by Debtor of notes, checks or other instruments for the amount advanced shall be deemed evidence of Debtor's obligation and not payment therefor until collected in full by Secured Party.

4.1 Disclosure of Taxes, Liens and Encumbrances-

(If there are any, list them here; if none, so state.)

PLACE FILED	DATE OF FILING	NAME AND ADDRESS OF CREDITOR

5.0 Signatory Authorization - Debtor hereby authorizes Secured Party or any of its officers, employees, agents or any other person Secured Party may designate to execute any and all documents pursuant to the terms and conditions of that certain Power of Attorney and Signatory Authorization of even date herewith.

6.0 Events of Default and Remedies/Termination - Time is of the essence herein and it is understood and agreed that Secured Party may terminate this Agreement, refuse to advance funds hereunder, and declare the aggregate of all Advances outstanding hereunder immediately due and payable upon the occurrence of any of the following events (each hereinafter called an "Event of Default"), and that Debtor's liabilities under this sentence shall constitute additional obligations of Debtor secured under this Agreement.

(a) Debtor shall fail to make any payment to Secured Party, whether constituting the principal amount of any Advance, interest thereon or any other payment due hereunder, when and as due in accordance with the terms of this Agreement or with any demand permitted to be made by Secured Party under this Agreement or any Promissory Note, or shall fail to pay when due any other amount owing to Secured Party under any other agreement between Secured Party and Debtor, or shall fail in the due performance or compliance with any other term or condition hereof or thereof, or shall be in default in the payment of any liabilities constituting indebtedness for money borrowed or the deferred payment of the purchase price of property or rental payment with respect to property material to the conduct of Debtor's business;

(b) A tax lien or notice thereof shall have been filed against any of the Debtor's property or a proceeding in bankruptcy, insolvency or receivership shall be instituted by or against Debtor or Debtor's property or an assignment shall have been made by Debtor for the benefit of Creditors;

(c) In the event that Secured Party deems itself insecure for any reason or the Vehicles are deemed by Secured Party to be in danger of misuse, loss, seizure or confiscation or other disposition not authorized by this Agreement;

(d) Termination of any franchise authorizing Debtor to sell Vehicles;

(e) A misrepresentation by Debtor for the purpose of obtaining credit or an extension of credit or a refusal by Debtor to execute documents relating to the Collateral and/or Secured Party's security interest therein or to furnish financial information to Secured Party at reasonable intervals or to permit persons designated by Secured Party to examine Debtor's books or records and to make periodic inspections of the Collateral; or

(f) Debtor, without Secured Party's prior written consent, shall guarantee, endorse or otherwise become surety for or upon the obligations of others except as may be done in the ordinary course of Debtor's business, shall transfer or otherwise dispose of any proprietary, partnership or share interest Debtor has in his business, or all or substantially all of the assets thereof, shall enter into any merger or consolidation, if a corporation, or shall make any substantial disbursements or use of funds of Debtor's business except as may be done in the ordinary course of Debtor's business, or assign this Agreement in whole or in part or any obligation hereunder.

Upon the occurrence of an Event of Default, Secured Party may take immediate possession of said Vehicles without demand or further notice and without legal process; and for the purpose and furtherance thereof, Debtor shall, if Secured Party so requests, assemble the Vehicles and make them available to Secured Party at a reasonably convenient place designated by Secured Party and Secured Party shall have the right, and Debtor hereby authorizes and empowers Secured Party to enter upon the premises wherever said Vehicles may be, to remove same. In addition, Secured Party or its assigns shall have all the rights and remedies applicable under the Uniform Commercial Code or under any other statute or at common law or in equity or under this Agreement. Such rights and remedies shall be cumulative. Debtor hereby agrees that it shall pay all expenses and reimburse Secured Party for any expenditures, including reasonable attorneys' fees and legal expenses, in connection with Secured Party's exercise of any of its rights and remedies under this Agreement.

7.0 Inspection: Vehicles/Books and Records - It is hereby understood and agreed by and between Debtor and Secured Party that Secured Party shall have the right of access to and inspection of the Vehicles and the right to examine Debtor's books and records, which Debtor warrants are genuine in all respects. Debtor hereby certifies to Secured Party that all Vehicles and books and records shall be kept at the principal place of business of Debtor as hereinabove stated or at such other locations as approved in writing by Secured Party, and Debtor shall not remove or permit the removal of the Vehicles or books and records during the pendency of this Agreement except in the ordinary course of business and as authorized by Secured Party.

7.1 Debtor agrees to furnish to Secured Party after the end of each month, for so long as this Agreement shall be effective, balance sheets and statements of profit and loss for each month with respect to Debtor's business in such detail and at such times as Secured Party may require from time to time.

8.0 General - Debtor and Secured Party further covenant and agree that:

8.1 Any provision hereof prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

8.2 This Agreement shall be interpreted according to the laws of the State of Debtor's principal place of business as identified above.

8.3 This Agreement cannot be modified or amended, except in writing by both parties unless otherwise specifically authorized herein, and shall be binding and inure to the benefit of each of the parties hereto and their respective legal representatives, successors and assigns.

8.4 Interest to be paid in connection herewith shall never exceed the maximum rate allowable by law applicable hereto, as the parties intend to strictly comply with all law relating to usury. Notwithstanding any provision hereof or any other document in connection herewith to the contrary, Debtor shall not pay nor will Secured Party accept payment of any such excessive interest, which excessive interest is hereby canceled, and Secured Party shall be entitled at its option to refund any such interest erroneously paid or credit the same to Debtor's obligations hereunder.

8.5 The terms and provisions of this Agreement and of any other agreement between Debtor and Secured Party should be construed together as one agreement; provided, however, in the event of any conflict, the terms and provisions of this Agreement shall govern such conflict.

8.6 No failure or delay on the part of Secured Party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. The remedies herein are in addition to those available in law or equity, and Secured Party need not pursue any rights it might have as a Secured Party before pursuing payment and performance by Debtor or any guarantor or surety.

8.7 This Agreement may not be assigned by Debtor.

9.0 Notices - Any notice given hereunder shall be in writing and given by personal delivery or shall be sent by U.S. Mail, postage prepaid, addressed to the party to be charged with such notice at the respective address set forth below:

TO DEBTOR	TO SECURED PARTY
CLEVELAND CHRYSLER PLYMOUTH JEEP EAGLE, LLC 2490 South Lee Hwy Cleveland, Tn. 37311	CHRYSLER CREDIT CORPORATION P.O. Box 80247 Chattanooga, Tn. 37414

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

CLEVELAND CHRYSLER PLYMOUTH JEEP EAGLE, LLC

/s/ [illegible] — By /s/ Nelson E. Bowers II

(WITNESS)

Title President

(WITNESS)

CHRYSLER CREDIT CORPORATION

By /s/ [illegible]

Title Branch Manager

EXHIBIT 23.2

INDEPENDENT AUDITORS' CONSENT

To the Board of Directors and Stockholders
Sonic Automotive, Inc.

We consent to the use in this Amendment No. 1 to the Registration Statement of Sonic Automotive, Inc. on Form S-1 of our report dated April 30, 1997 on the combined financial statements of Sonic Automotive, Inc. and Affiliated Companies as of December 31, 1995 and for the years ended December 31, 1994 and 1995 appearing in the Prospectus, which is a part of this Amendment No. 1 to the Registration Statement, and to the references to us under the heading "Experts" in such Prospectus.

DIXON, ODOM & CO., L.L.P.

Winston-Salem, North Carolina
August 29, 1997

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DIXON, ODOM & CO., L.L.P.

Winston-Salem, North Carolina
August 29, 1997