SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO
13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO 13d-2(a)

Sonic Automotive, Inc.
(Name of Issuer)

Class A Common Stock, Par Value $.01 Per Share
(Title of Class of Securities)

835456 10 2
(CUSIP Number)

Michael N. Schaeffer, Esq.; Kemp, Schaeffer, Rowe & Lardiere Co., L.P.A.;
88 West Mound Street, Columbus, Ohio 43215-5018;
Telephone (614) 224-2678
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

July 8, 1997
(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box |_|.

NOTE. Six copies of this statement, including all exhibits, should be filed with the Commission. SEE Rule 13d-1(a) for other parties to whom copies are to be sent.

(Continued on following pages)

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Bud C. Hatfield	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a)|_| (b)|X|
3	SEC USE ONLY	
4	SOURCE OF FUNDS* OO (See Item 3)	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)	|_|
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER 427,190. See Items 5 and 6.	
	8 SHARED VOTING POWER -0-	

	9	SOLE DISPOSITIVE POWER 427,190. See Items 5 and 6. SHARED DISPOSITIVE POWER
	10	-0-

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 427,190.
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* |_|
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 7.3%.
14	TYPE OF REPORTING PERSON* IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

ITEM 1. SECURITY AND ISSUER.

This Schedule is filed with respect to the Class A Common Stock, par value $.01 per share (the "Common Stock"), of Sonic Automotive, Inc., a Delaware corporation (the "Company"). The person reporting on this Schedule is the owner of only Class A Preferred Stock, Series I (the "Preferred Stock"), of the Company. Each share of the Common Stock entitles the holder to one vote. Each share of the Preferred Stock entitles the holder to a number of votes based on an "as if converted into Common Stock" basis. For a discussion of the convertibility, voting rights and other attributes of the Preferred Stock, see the discussion in the Certificate of Designation, Preferences and Rights of Class A Convertible Preferred Stock filed with the State of Delaware Office of the Secretary of State, which is incorporated into this Schedule by reference. See Exhibit No. 1. The principal executive offices of the Company are located at 5401 East Independence Boulevard, Charlotte, North Carolina 28212.

ITEM 2. IDENTITY AND BACKGROUND.

This Schedule is filed on behalf of a Bud C. Hatfield. Mr. Hatfield is a United States citizen whose business address is 1500 Automall Drive, Columbus, Ohio, 43228.

During the last five years, Mr. Hatfield has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or been party to a civil proceeding of a judicial or administrative body of competent jurisdiction that resulted in a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

The 427,190 shares of Common Stock reported by this Schedule as beneficially owned by Mr. Hatfield (the "Shares") have been determined from the current conversion value of 8,971 shares of Preferred Stock acquired by Mr. Hatfield on July 8, 1998. These shares of Preferred Stock were acquired by Mr. Hatfield in partial consideration for the sale to the Company by Mr. Hatfield of his ownership interest in the assets of four corporations (the "Acquired Corporations") pursuant to the terms and conditions of an Asset Purchase Agreement dated as of February 4, 1998, as amended (the "Agreement"), among Mr. Hatfield, the Company, Dan E. Hatfield and the Acquired Corporations. See Exhibit No. 2.

ITEM 4. PURPOSE OF TRANSACTION.

Mr. Hatfield acquired the Shares in connection with the sale to the Company of the assets of the Acquired Corporations. His purpose in acquiring the Shares was to effectuate the sale of the Acquired Corporations and participate in the future financial growth of the Company. Except as indicated below, Mr. Hatfield has no present plans or proposals that relate to or would result in:

(a) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company;

(b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company;

(c) a sale or transfer of a material amount of assets of the Company;

(d) any change in the present Board of Directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board;

(e) any material change in the present capitalization or dividend policy of the Company;

(f) any other material change in the Company's business or corporate structure;

(g) changes in the Company's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person;

(h) causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association;

(i) a class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended; or

(j) any action similar to any of those enumerated above.

The Company's Board of Directors currently consists of seven directors. The Company's bylaws provide for a Board consisting of three to ten directors. As provided in the bylaws, such vacancy shall be filled by action of the current directors.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

The 427,190 Shares constitute approximately 7.3% of the Common Stock and approximately 0.0077% of the combined voting power of all of the Company's common stock outstanding at the date of filing of this Schedule. All of the Shares are shares Mr. Hatfield has a right to acquire upon exercise of a currently exercisable conversion feature of the Preferred Stock. See Item 6.

Mr. Hatfield has effected no transactions in the Common Stock during the past 60 days, except as explained in Item 3.

Mr. Hatfield has sole voting and dispositive power over the Shares. But see Item 6 below.

ITEM 6. CONTRACTS, ARRANGEMENTS. UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

As indicated in Item 3, Mr. Hatfield's purchase of the Shares was financed by the sale to the Company of the assets of the Acquired Corporations pursuant to the terms of the Agreement. See Exhibit No. 2.

Mr. Hatfield has also entered into an Escrow Agreement with the Company and First Union National Bank dated as of July 8, 1998, with respect to the Preferred Stock pursuant to which 1600 shares of Preferred Stock are escrowed. 320 of the shares of Preferred Stock are escrowed for a period of 90 days to secure the Company's interests in the post-closing purchase price adjustments under the Agreement; 1280 of the shares of Preferred Stock are escrowed for a period of one year from the date of acquisition thereof to secure the Company's indemnification rights under the Agreement. The Escrow Agreement also prohibits the transfer of the Shares prior to their release from escrow except in certain limited circumstances. Mr. Hatfield retains voting rights with respect to the Shares. Any dividends paid by the Company during the escrow period shall also be subject to the escrow. See Exhibit No. 3.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit No.	Description
1	Certificate of Designations dated March 20, 1998
2	Asset Purchase Agreement dated as of February 4, 1998, as amended
3	Escrow Agreement dated July 8, 1998

SIGNATURE

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this statement is true, complete and correct.

Date: July 17, 1998

/s/Bud C. Hatfield
Bud C. Hatfield

Exhibit 1

State of Delaware Page 1

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF DESIGNATION OF "SONIC AUTOMOTIVE, INC.", FILED IN THIS OFFICE ON THE TWENTY-THIRD DAY OF MARCH, A.D. 1998, AT 10 O"CLOCK A.M.

(SEAL)

/S/ Edward J. Freel, Secretary Of State

Edward J. Freel, Secretary Of State

AUTHENTICATION: 8986068

2714319 8100

DATE: 03-23-98

981109787

CERTIFICATE OF DESIGNATION,
PREFERENCES AND RIGHTS
OF CLASS A CONVERTIBLE PREFERRED STOCK

We, Bryan Scott Smith and Theodore M. Wright, being the President and the Secretary, respectively, of Sonic Automotive, Inc., a Delaware corporation (the "Corporation"), do hereby certify that, pursuant to authority conferred upon the Board of Directors by the Amended and Restated Certificate of Incorporation of the Corporation and the General Corporation Law of the State of Delaware, the Board of Directors, by unanimous written consent effective as of March 20, 1998, adopted the Resolutions Creating Class A Convertible Preferred Stock attached hereto as EXHIBIT A.

IN WITNESS WHEREOF, we have hereunto set our hands and seals as President and Secretary, respectively, of the Corporation this 20th day of March, 1998, and we hereby affirm that the foregoing Certificate is our act and deed and the act and deed of the Corporation and that the facts stated therein are true.

SONIC AUTOMOTIVE, INC.

By: BRYAN SCOTT SMITH
Name: Bryan Scott Smith
Title: President

By: THEODORE M. WRIGHT
Name: Theodore M. Wright
Title: Secretary

EXHIBIT A

RESOLUTIONS CREATING CLASS A CONVERTIBLE PREFERRED STOCK

RESOLVED, that, pursuant to the authority expressly granted to and vested in the Board of Directors of the Corporation by Section 4.06 of the Amended and Restated Certificate of Incorporation of the Corporation, there is hereby created a class of 300,000 shares of preferred stock, designated as Class A Convertible Preferred Stock, par value $0.10 per share, which shall be divided into 100,000 shares of Series I Convertible Preferred Stock, par value $0.10 per share (the "Series I Preferred Stock"), 100,000 shares of Series II Convertible Preferred Stock, par value $0.10 per share (the "Series II Preferred Stock"), and 100,000 shares of Series III Convertible Preferred Stock, par value $0.10 per share (the "Series III Preferred Stock" and, together with the Series I Preferred Stock and the Series II Preferred Stock, collectively, the "Class A Preferred Stock"). The Board of Directors reserves the right, at any time and from time to time, subject to the filing of a further Certificate or Certificates of Designation with respect thereto and to compliance with any other applicable legal requirements, to redivide or reclassify the Class A Preferred Stock into different numbers of shares of Series I Preferred Stock, Series II Preferred Stock and/or Series III Preferred Stock, or into other

classes of preferred stock; provided, however, that no such redivision or reclassification shall affect any shares of Series I Preferred Stock, Series II Preferred Stock or Series III Preferred Stock, as the case may be, then issued and outstanding. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Certificate of Incorporation of the Corporation as in effect on the date hereof.

The powers, preferences and rights, and the qualifications, limitations or restrictions, of each such Series of Class A Preferred Stock, in relation to the other such Series of Class A Preferred Stock and in relation to the Common Stock, shall be as follows:

SECTION 1. LIQUIDATION RIGHTS.

(A) TREATMENT AT LIQUIDATION, DISSOLUTION OR WINDING UP. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of each share of the Class A Preferred Stock shall, subject to the preferential rights, if any, of the holders of preferred stock other than the Class A Preferred Stock, be entitled to be paid first out of the assets of the Corporation available for distribution to holders of the Corporation's capital stock of all classes an amount, and no other amount, equal to $1,000 per share of Class A Preferred Stock. If the assets of the Corporation shall be insufficient to permit the payment in full to the holders of the Class A Preferred Stock of all amounts distributable to them under this Subsection 1(a) and to all other holders of preferred stock, if any, entitled to share in such assets with the holders of the Class A Preferred Stock, then the entire assets of the Corporation available for such distribution shall be distributed ratably among the holders of the Class A Preferred

Stock and such other holders of preferred stock in proportion to the full preferential amount each

such holder is otherwise entitled to receive. After such payments shall have been made in full to the holders of the Class A Preferred Stock and such other holders of preferred stock or funds necessary for such payments shall have been set aside by the Corporation in trust for the account of holders of Class A Preferred Stock and such other holders of preferred stock so as to be available for such payments, the remaining assets available for distribution shall be distributed among the holders of the Common Stock ratably in proportion to the number of shares of Common Stock held by them. Upon conversion of shares of Class A Preferred Stock into shares of Class A Common Stock pursuant to Section 2 below, the holder of such Class A Common Stock shall not be entitled to any preferential payment or distribution in case of any liquidation, dissolution or winding up, but shall share ratably as a holder of Class A Common Stock in any distribution of the assets of the Corporation to all the holders of Common Stock.

(B) DISTRIBUTIONS OTHER THAN CASH. Whenever the distribution provided for in this Section 1 shall be payable in property other than cash, the value of such distribution shall be the fair market value of such property, as determined in good faith by the Board of Directors of the Corporation, which determination shall be final.

SECTION 2. CONVERSION. The Class A Preferred Stock shall be convertible as follows:

(A) RIGHT OF HOLDER TO CONVERT; CONVERSION AMOUNT.

(i) Definitions. As used herein, the term "Market Price" shall mean the average of the daily closing prices for one share of Class A Common Stock for the twenty (20) consecutive trading days ending one (1) trading day immediately prior to the date of determination. The closing price for each day shall be the last regularly reported sales price, or in case no such reported sales took place on such day, the average of the last regularly reported bid and asked prices, in either case on the New York Stock Exchange or, if the shares of the Class A Common Stock are not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which such shares are listed or admitted to trading, or, if such shares are not so listed or admitted to trading, the average of the highest reported bid and lowest reported asked prices as furnished by the National Association of Securities Dealers, Inc. through NASDAQ or through a similar organization if NASDAQ is no longer reporting such information. If shares of the Class A Common Stock are not listed or admitted to trading on any exchange or quoted through NASDAQ or any

similar organization, the Market Price shall be deemed to be the fair value thereof determined in good faith by the Corporation's board of directors as expressed by a resolution of such board as of a date which is within fifteen days of the date as of which the determination is to be made, which determination shall be final. As used herein, the term "Applicable Conversion Amount" shall mean the Series I Conversion Amount, the Series II Conversion Amount or the Series III Conversion

Amount (each as hereafter defined), as the case may be. As used herein, the term "business day"

shall mean a day other than a Saturday, a Sunday or a day in which banks are required to be closed in the State of North Carolina.

(ii) Series I Preferred Stock. Subject to the other provisions of this Section 2, each share of Series I Preferred Stock shall be convertible, without the payment of any additional consideration by the holder thereof and at the option of the holder thereof, on any business day after the date of issuance of such share, at the principal executive office of the Corporation or the designated office of any transfer agent for the Class A Preferred Stock, into such number (rounded to four decimal places) of fully paid and nonassessable shares of Class A Common Stock as is determined by dividing $1,000 by the Market Price as of the date of conversion provided in the last sentence of Section 2(b) below (such number of shares being the "Series I Conversion Amount"). The right of conversion with respect to any shares of Series I Preferred Stock which shall have been called for redemption under Section 5 shall terminate at the close of business on the date of the mailing of the notice of redemption with respect thereto; provided, however, if the Corporation shall default in the payment of the redemption price on the redemption date fixed in such notice of redemption, such right of conversion shall continue.

(iii) Series II Preferred Stock. Subject to the other provisions of this Section 2, each share of Series II Preferred Stock shall be convertible, without the payment of any additional consideration by the holder thereof and at the option of the holder thereof, on any business day after the date of issuance of such share, at the principal executive office of the Corporation or the designated office of any transfer agent for the Class A Preferred Stock, into such number (rounded to four decimal places) of fully paid and nonassessable shares of Class A Common Stock as is determined by dividing $1,000 by the Market Price as of the date of issuance of such share of Series II Preferred Stock (such number of shares being the "Series II Conversion Amount"), subject to adjustment as provided in the following two sentences. If the Market Price as of the date of conversion (as provided in the last sentence of Section 2(b) below) of such share of Series II Preferred Stock is less than ninety percent (90%) of the Market Price as of the date of issuance of such share of Series II Preferred Stock, the Series II Conversion Amount shall be multiplied by a fraction, the numerator of which shall be an amount equal to ninety percent (90%) of such Market Price as of such date of issuance and the denominator of which shall be such Market Price as of such date of conversion, and the product obtained thereby shall be the Series II Conversion Amount. If the Market Price as of the date of conversion (as provided in the last sentence of Section 2(b) below) of such share of Series II Preferred Stock is more than one hundred ten percent (110%) of the Market Price as of the date of issuance of such share of Series II Preferred Stock, the Series II Conversion Amount shall be multiplied by a fraction, the numerator of which shall be an amount equal to one hundred ten percent (110%) of such Market Price as of such date of issuance and the denominator of which shall be such Market Price as of such date of conversion, and the product

obtained thereby shall be the Series II Conversion Amount. The right of conversion with respect to any shares of Series II Preferred Stock which shall have been called for redemption under Section 5 shall terminate at the close of business on the date of the mailing of the notice of redemption with respect thereto; provided, however, if the Corporation shall default in the payment of the redemption price on the redemption date fixed in such notice of redemption, such right of conversion shall continue.

(iv) Series III Preferred Stock. Subject to the other provisions of this Section 2, each share of Series III Preferred Stock shall be convertible, without the payment of any additional consideration by the holder thereof and at the option of the holder thereof, on any business day after the date of issuance of such share, at the principal executive office of the Corporation or the designated office of any transfer agent for the Class A Preferred Stock, into

such number (rounded to four decimal places) of fully paid and nonassessable shares of Class A Common Stock as is determined by dividing $1,000 by the Market Price as of the date of issuance of such shares of Series III Preferred Stock (such number of shares being the "Series III Conversion Amount"), subject to adjustment as provided in the following two sentences. If the Market Price as of the date of conversion (as provided in the last sentence of Section 2(b) below) of such share of Series III Preferred Stock is less than the Market Price as of the date of issuance of such share of Series III Preferred Stock, the Series III Conversion Amount shall be multiplied by a fraction, the numerator of which shall be an amount equal to such Market Price as of such date of issuance and the denominator of which shall be such Market Price as of such date of conversion, and the product obtained thereby shall be the Series III Conversion Amount. If the Market Price as of the date of conversion (as provided in the last sentence of Section 2(b) below) of such share of Series III Preferred Stock is more than one hundred ten percent (110%) of the Market Price as of the date of issuance of such share of Series III Preferred Stock, the Series III Conversion Amount shall be multiplied by a fraction, the numerator of which shall be an amount equal to one hundred ten percent (110%) of such Market Price as of such date of issuance and the denominator of which shall be such Market Price as of such date of conversion, and the product obtained thereby shall be the Series III Conversion Amount. The right of conversion with respect to any shares of Series III Preferred Stock which shall have been called for redemption under Section 5 shall terminate at the close of business on the date of the mailing of the notice of redemption with respect thereto; provided, however, if the Corporation shall default in the payment of the redemption price on the redemption date fixed in such notice of redemption, such right of conversion shall continue.

(v) Conversion Cap. Prior to the date on which holders of the Common Stock approve the issuance of the Class A Preferred Stock, the Corporation may not issue, upon the conversion of shares of the Class A Preferred Stock, more than 2,249,999 shares of Class A Common Stock in the aggregate (the "Conversion Cap Amount"). In lieu of any shares of Class A Common Stock to which a holder of Class A Preferred Stock would otherwise be entitled upon conversion but for the Conversion Cap Amount (the "Excess Conversion Common Shares"), the

Corporation shall pay cash equal to the number of such Excess Conversion Common Shares multiplied by the Market Price in effect at the time of conversion.

(vi) Conversion During First Year. The right of any holder to convert any of such holder's shares of the Class A Preferred Stock during the one (1) year period commencing with the date of issuance of such Class A Preferred Stock shall be subject to the Corporation's right of optional redemption under Section 5 hereof. The holder of such share of Class A Preferred Stock shall not exercise such holder's right to convert such share of Class A Preferred Stock during such one (1) year period unless such holder shall have first delivered to the Corporation, at its address at 5401 E. Independence Boulevard, Charlotte, North Carolina 28212, Attention: Chief Financial Officer, or at such other address as the Corporation may notify the holder in writing, written notice of such holder's intention to convert a specified number of shares of Class A Preferred Stock. For a period of ten (10) business days after receipt by the Corporation of such notice, the Corporation shall have the right to exercise its right of optional redemption under Section 5 hereof with respect to some or all of the shares of Class A Preferred Stock proposed to be converted by such holder. In the event that the Corporation shall not have exercised such right of redemption within such ten (10) business day period, such holder shall be entitled to convert such shares of Class A Preferred Stock in accordance with the mechanics set forth in Subsection 2(b) below.

(B) MECHANICS OF OPTIONAL CONVERSIONS. In order for any holder of the Class A Preferred Stock to convert the same into full shares of Class A Common Stock pursuant to Subsection 2(a), such holder shall surrender the certificate or certificates therefor, duly endorsed, at the principal executive office of the Corporation or the designated office of any transfer agent for the Class A Preferred Stock, together with written notice to the Corporation at such office that such holder elects to convert the number of shares of Class A Preferred Stock set forth therein. No fractional shares of Class A Common Stock shall be issued upon conversion of the Class A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the Market Price as of the date of the conversion. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of the Class A Preferred Stock, and in the name or names shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Class A Common Stock to which such holder shall be entitled as aforesaid, together with cash in lieu of any fraction of a share. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Class A Preferred Stock to be converted, and the person or persons entitled to receive the shares of Class A Common Stock issuable upon conversion

shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock on such date.

(C) MANDATORY CONVERSION AT THE OPTION OF THE CORPORATION. After the second anniversary of the date of its issuance, any share of the Class A Preferred Stock which has not been

converted into Class A Common Stock shall be subject, at the option of the Corporation, to mandatory conversion as hereinafter provided. The Corporation may exercise its option to convert any such share of Class A Preferred Stock by giving notice in writing of such conversion to the holder of such share of Class A Preferred Stock (a "Mandatory Conversion Notice") at such holder's address set forth in the books and records of the Corporation. Upon the giving of a Mandatory Conversion Notice with respect thereto, each such share of Class A Preferred Stock referred to in such Mandatory Conversion Notice shall automatically and without any further action on the part of the holder of such Class A Preferred Stock be converted into the number of shares (rounded to four decimal places) of fully paid and nonassessable Class A Common Stock based upon the Applicable Conversion Amount as of the date of such Mandatory Conversion Notice. Until surrendered in accordance with the provisions of Subsection 2(d) below, the certificate or certificates evidencing the shares of Class A Preferred Stock so converted shall be deemed to represent the applicable number of shares of Class A Common Stock into which such shares of Class A Preferred Stock have been so converted.

(D) MECHANICS OF MANDATORY CONVERSION. Upon mandatory conversion pursuant to Subsection 2(c) above, the Corporation shall not be obligated to issue certificates evidencing the shares of Class A Common Stock issuable upon such conversion unless the certificate or certificates evidencing such share or shares of the Class A Preferred Stock being converted are either delivered to the Corporation or its designated transfer agent for the Class A Preferred Stock, or the holder notifies the Corporation or such transfer agent that such certificate or certificates have been lost, stolen, or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection therewith and, if the Corporation so elects, provides an appropriate indemnity bond. Upon the mandatory conversion of one or more shares of the Class A Preferred Stock, the holder or holders of such Class A Preferred Stock shall surrender the certificates representing such shares at the principal executive office of the Corporation or of its designated transfer agent for the Class A Preferred Stock. Thereupon, there shall be issued and delivered to such holder or holders, promptly at such office and in the name or names as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Class A Common Stock into which the shares of the Class A Preferred Stock surrendered were convertible as of the date of the applicable Mandatory Conversion Notice. No fractional shares of Class A Common Stock shall be issued upon such mandatory conversion of the Class A Preferred Stock. In lieu of any fractional share to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the Market Price as of the date of conversion. The right of the Corporation to effectuate mandatory conversion of the Class A Preferred Stock may be exercised by the Corporation, in its discretion, as to any or all shares of Class A Preferred Stock held by any or all of the holders of the Class A Preferred Stock; and the exercise (or non-exercise) of such right by the Corporation with respect to any shares of Class A Preferred Stock held by one holder shall not in any way imply any obligation or duty of the

Corporation to exercise (or not to exercise) such right with respect to any shares of Class A Preferred Stock held by any other holder.

(E) ADJUSTMENTS FOR STOCK DIVIDENDS, STOCK DISTRIBUTIONS, SUBDIVISIONS, COMBINATIONS OR CONSOLIDATIONS OF COMMON STOCK. In the event that all the outstanding shares of Class A Common Stock shall be increased by way of stock dividend, stock distribution or subdivision, the Applicable Conversion Amount in effect immediately prior to such stock dividend, stock distribution or subdivision shall, concurrently with the effectiveness of such stock dividend, stock distribution or subdivision, be proportionately increased. In the event that all the outstanding shares of Class A Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Class A Common Stock, the Applicable Conversion Amount in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately decreased.

(F) ADJUSTMENT FOR RECLASSIFICATION, EXCHANGE, OR SUBSTITUTION. In the event that at any time or from time to time after the date of issuance of a share of Class A Preferred Stock, the Class A Common Stock issuable upon the conversion of such share of the Class A Preferred Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares or stock dividend provided for above, or a merger, consolidation, or sale of assets provided for below), then and in each such event the holder of such share of Class A Preferred Stock shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification, or other change, by holders of the number of shares of Class A Common Stock into which such share of Class A Preferred Stock would have been converted immediately prior to such reorganization, reclassification, or change.

(G) ADJUSTMENT FOR MERGER, CONSOLIDATION OR SALE OF ASSETS. In the event that at any time or from time to time after the date of issuance of a share of Class A Preferred Stock, the Corporation shall merge or consolidate with or into another entity or sell all or substantially all of its assets, such share of Class A Preferred Stock shall thereafter be convertible into the kind and amount of shares of stock or other securities or property to which a holder of the number of shares of Class A Common Stock deliverable upon conversion of such share of Class A Preferred Stock would have been entitled upon such consolidation, merger or sale; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made in the application of the provisions of this Section 2 set forth with respect to the rights and interest thereafter of the holders of Class A Preferred Stock, to the end that the provisions set forth in this Section 2 (including provisions with respect to changes in and other adjustments of the Applicable Conversion Amount) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Class A Preferred Stock.

(H) CERTIFICATE AS TO ADJUSTMENTS. Upon the occurrence of each adjustment or readjustment pursuant to this Section 2, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each affected holder of Class A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based.

(I) COMMON STOCK RESERVED. The Corporation shall reserve and keep available out of its authorized but unissued Class A Common Stock such number of shares of Class A Common Stock as shall from time to time be sufficient to effect conversion of the Class A Preferred Stock.

SECTION 3. VOTING RIGHTS.

(A) NOTICE OF MEETING. Except as otherwise required by law or as hereinafter set forth, the holders of the Class A Preferred Stock shall be entitled to notice of any meeting of stockholders at which any matter is to be voted on by the holders of the Class A Common Stock.

(B) VOTING. Except as otherwise required by law or as hereinafter set forth, the holders of the Class A Preferred Stock shall be entitled to vote with the holders of the Class A Common Stock on any matter which is to be voted on by the holders of the Class A Common Stock, whether such matter is to be voted on by the holders of the Class A Common Stock and the holders of the Class B Common Stock voting together as a single class, or by the holders of the Class A Common Stock voting separately as a class. Each holder of Class A Preferred Stock shall have that number of votes equal to the number of shares of Class A Common Stock into which the shares of Class A Preferred Stock held by such holder could be converted on the date for determination of stockholders entitled to vote at a meeting.

With respect to all questions as to which, under law, stockholders are entitled to vote by classes, the Class A Preferred Stock shall vote together as a single class separately from the Common Stock.

SECTION 4. DIVIDEND RIGHTS. The holders of the Class A Preferred Stock shall have no preferential dividend rights. Subject to the preferential rights, if any, of the holders of preferred stock other than the Class A Preferred Stock, each holder of the Class A Preferred Stock shall be entitled to receive all dividends and other distributions of cash and other property as may be declared on the Class A Common Stock by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor, as if all shares of the Class A Preferred Stock held by such holder had been converted into the applicable number of shares of Class A Common Stock on the day any such dividend was declared.

SECTION 5. REDEMPTION. The Class A Preferred Stock shall be subject to optional redemption by the Corporation as follows:

(A) RIGHT OF CORPORATION TO REDEEM; REDEMPTION PRICE.

(i) Series I Preferred Stock. Any share of the Series I Preferred Stock which has not been surrendered for optional conversion by the holder thereof and as to which the Corporation has not issued a Mandatory Conversion Notice may be redeemed by the Corporation, at the option of the Corporation, at any time after the date on which such share of Series I Preferred Stock was first issued at a redemption price equal to $1,000 per share.

(ii) Series II Preferred Stock. Any share of the Series II Preferred Stock which has not been surrendered for optional conversion by the holder thereof and as to which the Corporation has not issued a Mandatory Conversion Notice may be redeemed by the Corporation, at the option of the Corporation, at any time after the date on which such share of Series II Preferred Stock was first issued at a redemption price per share equal to (A) if the date of the mailing of the notice of redemption is on or before the second anniversary of the date of issuance of such share of Series II Preferred Stock, the greater of (I) $1,000 or (II) the Market Price as of the date of the mailing of such notice of redemption multiplied by the number of shares of Class A Common Stock into which such share of Series II Preferred Stock could be converted as of the date of the mailing of such notice of redemption, or (B) if the date of the mailing of the notice of redemption is after the second anniversary of the date of issuance of such share of Series II Preferred Stock, the Market Price as of the date of the mailing of such notice of redemption multiplied by the number of shares of Class A Common Stock into which such share of Series II Preferred Stock could be converted as of the date of the mailing of such notice of redemption.

(iii) Series III Preferred Stock. Any share of the Series III Preferred Stock which has not been surrendered for optional conversion by the holder thereof and as to which the Corporation has not issued a Mandatory Conversion Notice may be redeemed by the Corporation, at the option of the Corporation, at any time after the date on which such share of Series III Preferred Stock was first issued at a redemption price per share equal to (A) if the date of the mailing of the notice of redemption is on or before the second anniversary of the date of issuance of such share of Series III Preferred Stock, the greater of (I) $1,000 or (II) the Market Price as of the date of the mailing of such notice of redemption multiplied by the number of shares of Class A Common Stock into which such share of Series III Preferred Stock could be converted as of the date of the mailing of such notice of redemption, or (B) if the date of the mailing of the notice of redemption is after the second anniversary of the date of issuance of such share of Series III Preferred Stock, the Market Price as of the date of the mailing of such notice of redemption multiplied by the number of shares of Class A Common Stock into which such share of Series III Preferred Stock could be converted as of the date of the mailing of such notice of redemption.

(B) NOTICE OF REDEMPTION. Notice of redemption shall be sent by first class mail, postage prepaid, to the holder of record of the Class A Preferred Stock to be redeemed, not less than 30 days nor more than 60 days prior to the redemption date set forth therein, at its address as it appears on the books of the Corporation. Such notice shall set forth (i) the date and place of redemption; and (ii) the number of shares to be redeemed and the redemption price with respect thereto. In the event that a notice of redemption is given under this Subsection 5(b), the Corporation shall be obligated to redeem the Class A Preferred Stock on the date and in the amounts set forth in the notice.

(c) If, on or before a redemption date, the funds necessary for such redemption shall have been set aside by the Corporation and deposited with a bank or trust company, in trust for the pro rata benefit of the holders of the Class A Preferred Stock that has been called for redemption, then, notwithstanding that any certificates for shares that have been called for redemption shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding from and after such redemption date, and all rights of holders of such shares so called for redemption shall forthwith, after such redemption date, cease and terminate with respect to such shares, excepting only the right to receive the redemption funds therefor to which they are entitled, but without interest. Any interest accrued on funds so deposited and unclaimed by stockholders entitled thereto shall be

paid to such stockholders at the time their respective shares are redeemed or to the Corporation at the time unclaimed amounts are paid to it.

(d) The right of the Corporation to redeem the Class A Preferred Stock may be exercised by the Corporation, in its discretion, as to any or all shares of Class A Preferred Stock held by any or all of the holders of the Class A Preferred Stock; and the exercise (or non-exercise) of such right by the Corporation with respect to any shares of Class A Preferred Stock held by one holder shall not in any way imply any obligation or duty of the Corporation to exercise (or not to exercise) such right with respect to any shares of Class A Preferred Stock held by any other holders.

SECTION 7. WAIVER. Except to the extent prohibited by applicable law, the Corporation may waive any right it may have hereunder. Any such waiver shall be in writing; and no waiver of (or failure to waive) any such right by the Corporation in any one instance shall constitute a waiver (or non-waiver) by the Corporation of a similar or other right in any other instance.

SECTION 8. RESIDUAL RIGHTS. Subject to the preferential rights, if any, of the holders of preferred stock other than the Class A Preferred Stock, all rights accruing to the outstanding shares of the Corporation not expressly provided for to the contrary herein shall be vested in the Common Stock.

PPAB FINAL
2/4/98

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ASSET PURCHASE AGREEMENT

by and among

SONIC AUTOMOTIVE, INC.

HATFIELD JEEP EAGLE, INC.

HATFIELD LINCOLN MERCURY, INC.

TRADER BUD'S WESTSIDE DODGE, INC.

TOYOTA WEST, INC.

HATFIELD HYUNDAI, INC.

BUD C. HATFIELD

DAN E. HATFIELD

and

DAN E. HATFIELD, AS TRUSTEE OF THE
BUD C. HATFIELD, SR. SPECIAL
IRREVOCABLE TRUST

Dated as of February 4, 1998

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "AGREEMENT") is made and entered into as of this 4th day of February, 1998, by and among: SONIC AUTOMOTIVE, INC., a Delaware corporation (the "BUYER"), HATFIELD JEEP EAGLE, INC., an Ohio corporation d/b/a Volkswagen West, Jeep Eagle West, Hatfield KIA and Trader Bud's Westside Chrysler Plymouth, HATFIELD LINCOLN MERCURY, INC., an Ohio corporation d/b/a Hatfield Lincoln Mercury, TRADER BUD'S WESTSIDE DODGE, INC., an Ohio corporation d/b/a Trader Bud's Westside Dodge, TOYOTA WEST, INC., an Ohio corporation d/b/a Toyota West, and HATFIELD HYUNDAI, INC., an Ohio corporation d/b/a Hatfield Hyundai, Hatfield Isuzu and Hatfield Subaru (collectively, the "SELLERS" and each, individually, a "SELLER"); and Bud C. Hatfield, Dan E. Hatfield and Dan E. Hatfield, as Trustee of the Bud C. Hatfield, Sr. Special Irrevocable Trust (collectively, the "SHAREHOLDERS" and each, individually, a "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 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; INDUCEMENT FEE.

(a) 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").

(b) INDUCEMENT FEE. As an inducement to the Buyer to negotiate and enter into this Agreement and to undertake the further cost and expense of conducting its due diligence investigation and preparing to satisfy its obligations at the Closing, the Sellers hereby agree, jointly and severally, to pay to Sonic Automotive, Inc., not later than April 30, 1998, the sum of $500,000 (the "INDUCEMENT FEE"). The Inducement Fee will be an Assumed Liability and will become an obligation of the Buyer or any other person (including any holder of a right of first refusal, preemptive right or other similar right, with respect to any of the Purchased Assets) who purchases the Purchased Assets, or any portion thereof, based upon the terms of this Agreement. The Inducement Fee will be reflected as a liability in the Closing Balance Sheet (as defined in Section 1.3(c) below), but will not be taken into account in determining the Net Current Assets (as defined in Section 1.3(a) below), notwithstanding the provisions of said Section 1.3(c). The Inducement Fee will be canceled if this Agreement is terminated for any reason other than the exercise of a right of first refusal, preemptive right or other similar right, by an applicable automobile manufacturer or distributor or any person claiming by, through or under it.

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 a purchase price of $46,750,000, consisting of $8,000,000, subject to adjustment as provided in Section 1.3(c) below, as the purchase price for the Sellers' Net Current Assets (as hereinafter defined) and $38,750,000 as the purchase price for all of the other Purchased Assets (collectively, the "PURCHASE PRICE"). As used in this Agreement, the term "NET CURRENT ASSETS" shall mean (i) all of the Purchased Assets as of the close of business on the last day of the calendar month immediately preceding the calendar month in which the Closing occurs (the "EFFECTIVE CLOSING DATE") which would, in conformity with generally accepted accounting principles applied in a manner consistent with those used in the preparation of the Financial Statements referred to in Section 3.4 below ("GAAP"), be included under current assets on a balance sheet as at such date, MINUS (ii) all of the Assumed Liabilities as of the close of business on the Effective Closing Date which would, in conformity with GAAP, be included under current liabilities on a balance sheet as at such date.

(b) PAYMENT OF PURCHASE PRICE. The Purchase Price shall be paid as follows:

(1) (A) $32,725,000 of the Purchase Price plus (B) interest on such amount from and including the first day of the calendar month in which the Closing occurs to the date of payment at the Interest Rate (as defined in Section 1.3(c) below) (the "CLOSING 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 Bud Hatfield, as agent for the Sellers (the "SELLERS' AGENT"), in writing at least one full Business Day prior to the Closing Date, in the respective amounts specified in Part I of Schedule 1.3(e). 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.

(2) (A) At the Closing, the Buyer shall issue to the Sellers, in the respective amounts specified in Part I of Schedule 1.3(d) hereto, 14,025 shares of the Buyer's Convertible Preferred Stock (the "PREFERRED STOCK"). The Preferred Stock will be convertible into shares of the Buyer's Class A Common Stock having an aggregate market value at the time of conversion equal to $14,025,000, as more specifically provided in the Summary of Rights and Preferences attached as Exhibit A hereto. At the Closing, 11,525 shares of the Preferred Stock (the "CLOSING SHARES") will be delivered to the Sellers in the respective amounts specified in Part I of Schedule 1.3(d) hereto and 2,500 shares of the Preferred Stock (the "ESCROW SHARES") shall be placed in escrow with First Union National Bank (the "ESCROW AGENT") by the Buyer in accordance with the escrow agreement in the form of Exhibit B hereto, with such other changes thereto as the Escrow Agent shall reasonably request (the "ESCROW AGREEMENT").

(B) The term of the Escrow Agreement shall be for (I) ninety days (or such longer period of time (not to exceed an additional 60 days) as shall be necessary to complete the determination of Net Current Assets pursuant to Section 1.3(c) below) with respect to 500 of the Escrow Shares and (II) one year with respect to 2,000 of the Escrow Shares. If, at the end of ninety days from the Closing Date (or such later date (not to exceed an additional 60 days) as shall be necessary to complete the determination of the Net Current Assets), the Buyer shall have made no claims in respect of any Net Current Assets Shortfall (as defined in Section 1.3(c) below) or for indemnification pursuant to the terms of this Agreement, the Buyer will execute a joint instruction pursuant to the Escrow Agreement to instruct the Escrow Agent to pay 500 of the Escrow Shares to the Sellers pursuant to the terms of the Escrow Agreement. If, at the end of one year from the Closing Date, the Buyer shall have made no claims for indemnification pursuant to the terms of this Agreement, the Buyer will execute a joint instruction pursuant to the Escrow Agreement to instruct the Escrow Agent to pay 2,000 of the Escrow Shares to the Sellers pursuant to the terms of the Escrow Agreement.

(C) The Buyer shall use its reasonable best efforts to make available current public information with respect to the Buyer within the meaning of Subsection (c)(1) of Securities and Exchange Commission Rule 144 ("RULE 144") to the extent necessary to facilitate public resales by the Sellers of the Buyer's Class A Common Stock issuable upon conversion of the Preferred Stock, pursuant to Rule 144. The Buyer shall remove any and all stop transfer instructions and shall remove any restrictive legend on the certificates with respect to the Preferred Stock and any such Class A Common Stock then owned by the Sellers to the extent that either (i) such Preferred Stock or Class A Common stock may hereafter be registered under the Securities Act of 1933, as amended, and under any applicable state securities or blue sky laws, or (ii) the Buyer has received an opinion of counsel reasonably satisfactory to the Buyer, in form and substance reasonably satisfactory to the Buyer, that such registration is not required. Upon receipt of reasonable evidence that the requirements of Rule 144(k) have been complied with (including an opinion of counsel reasonably satisfactory to the Buyer to such effect), the Buyer shall remove any and all stop transfer instructions and shall remove any restrictive legend on such certificates.

(c) ADJUSTMENT PROCEDURES.

(1) Not later than 60 days after the Closing Date (as defined in Article 2 hereof), the Buyer will prepare and deliver to the Sellers' Agent an unaudited balance sheet (the "CLOSING BALANCE SHEET") of the Sellers as of the Effective Closing Date, consisting of computations

of (A) the Net Current Assets, and (B) the tangible book value as of the Effective Closing Date of the Purchased Assets (excluding goodwill and other intangible assets) less the book value as of the Effective Closing Date of the

Assumed Liabilities, all as determined in accordance with GAAP; PROVIDED, HOWEVER, that: new vehicle inventories shall be valued at factory invoice less factory holdback, dealer rebates, and any other factory incentives; used vehicle inventories shall include those vehicles of the respective Sellers chosen by the Buyer on an "all or nothing" basis, meaning that, as to each Seller, the Buyer shall be free to choose either all or none (but not some) of such Seller's used vehicles, it being understood that the Buyer shall not be required, in any case, to choose any used vehicles of the Seller which have been in such Seller's used vehicle inventory for more than 60 days as of the Closing Date; no 1997 or older vehicles (other than up to a total of 15 1997 new vehicles acceptable to the Buyer) shall be included in new vehicle inventory; and there shall be included appropriate reserves and/or write-offs for doubtful accounts receivable and bad debts and for damaged, spoiled, obsolete, defective or slow-moving inventory. As used herein, the term "slow moving" means (i) with respect to returnable parts, returnable parts older than twelve months, (ii) with respect to new vehicles, new vehicles older than 300 days, and (iii) with respect to other inventory (excluding used vehicles), as may be reasonably determined by the Buyer, the Sellers having a right to arbitrate disputes with respect to such other inventory. 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 computations of the Net Current Assets 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 Current Assets 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, (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 Current Assets based upon their resolution of the issues in dispute; (iii) such determination by the Accountants of the Net Current Assets, as set forth in a notice delivered to the 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.

(2) To the extent that the Net Current Assets, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, is less than $8,000,000 (the "NET CURRENT ASSETS SHORTFALL"), the Sellers shall be obligated, jointly and severally, to pay the amount of the Net Current Assets Shortfall, together with interest on such amount at a rate equal to the Buyer's floor plan financing rate from time to time in effect (the "INTEREST RATE") from and including the first day of the calendar month in which the Closing occurs to the date of payment, promptly to the Buyer. In furtherance of (but not by way of limitation of) the Sellers' obligation in the immediately preceding sentence, the Sellers' Agent and the Buyer shall execute and deliver to the Escrow Agent a joint instruction to deliver up to 500 of the Escrow Shares to the Buyer, with the balance of such 500 of the Escrow Shares to be delivered to the Sellers so long as no claim by the Buyer for indemnification shall then be pending pursuant to this Agreement. To the extent that the Net Current Assets, as deemed mutually agreed by the parties or as determined by the Accountants,

as aforesaid, is at least equal to $8,000,000, the Buyer shall be obligated to execute and deliver to the Escrow Agent a joint instruction to deliver 500 of the Escrow Shares to the Sellers pursuant to the Escrow Agreement (except to the extent of any pending claim by the Buyer for indemnification pursuant to this Agreement). To the extent that the Net Current Assets, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, is greater than $8,000,000 (the "NET CURRENT ASSETS EXCESS"), the Buyer shall be obligated to pay the amount of the Net Current Assets Excess in cash promptly to the Sellers, together with interest thereon at the Interest Rate from and including the first day of the calendar month in which the Closing occurs to the date of payment.

(d) ALLOCATION. The allocation of the Purchase Price and the Assumed Liabilities as among the respective Sellers and as among the Purchased Assets shall be as set forth in Part II of Schedule 1.3(d).

1.4 INSTRUMENTS OF CONVEYANCE AND TRANSFER; DEALERSHIP LEASES.

(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 C (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) DEALERSHIP LEASES. At the Closing, certain of the Shareholders or their affiliates will enter into leases with the Buyer or a permitted assignee of the Buyer, as lessee, regarding the Leased Premises (as defined in Section 3.8(a) below) owned by them (the "DEALERSHIP LEASES"). The Dealership Leases will each be for a term of ten years with two five-year renewal options in the tenant, and will otherwise be substantially in the form of Exhibit D hereto. 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.

(c) NON-COMPETITION AGREEMENT. At the Closing, the Sellers and the Shareholders will enter into a non-competition agreement with the Buyer (the "NON-COMPETITION AGREEMENT"). The Non-Competition Agreement shall be for a term of three years, will cover the Standard Metropolitan Statistical Areas served by the Sellers and by the Buyer and its affiliates as of the Closing, and will otherwise be substantially in the form of Exhibit E hereto.

(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 request 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, 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 parties hereto acknowledge and agree that 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 Kemp, Schaeffer, Rowe & Lardiere Co., L.P.A., 88 West Mound Street, Columbus, Ohio 43215, 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 March 17, 1998 (the "CLOSING DATE DEADLINE"); PROVIDED, HOWEVER, if as of the Closing Date Deadline, the consents or approvals of all applicable automobile manufacturers and distributors contemplated in Section 7.10 shall not have been obtained and/or the audited financial statements contemplated in Section 7.17 shall not have been completed, the Buyer may, so long as it is using its reasonable best efforts to obtain such consents or approvals and/or to complete such audited financial statements, elect to extend the Closing Date Deadline for up to an additional 60 days. 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. Each of the Sellers is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio. Each of the Sellers is qualified as a foreign corporation and is 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.

3.2 AUTHORITY; CONSENT. Each of the Sellers 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 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

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, 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 any 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 any of the Sellers is a party or by which any 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 Sellers are held of record and beneficially by the Shareholders, free and clear of any Encumbrances. 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.

(b) INVESTMENTS. Except as set forth on Schedule 3.3, 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) unaudited balance sheets of the Sellers as of December 31, 1996 and December 31, 1997, together with related statements of income for the years then ended (collectively, the "ANNUAL FINANCIAL STATEMENTS"); and (b) unaudited balance sheets of the Sellers as of January 31, 1998, together with related statements of income for the one 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, (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, 1997 the Sellers have operated their businesses 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 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 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 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 the business or operations of the Sellers; or (k) Any agreement, whether in writing or otherwise, by any 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 require the payment of $50,000 or more in any twelve-month period, or do not require payment but which are otherwise 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 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, 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 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 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 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.

(c) OWNED REAL PROPERTY. None of the Sellers owns any 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 each of 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 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 that, to the Sellers' knowledge, are 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. The values at which such inventories are carried are based on the FIFO 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 for damaged, spoiled, obsolete, defective or slow-moving goods and such reserve is consistent with both the operation of the Sellers' businesses in the ordinary course and past practice.

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 the reserve for doubtful accounts, in the ordinary course of the Sellers' business, and are not subject to any known offsets or counterclaims. An adequate reserve for doubtful accounts has been established and such reserve is consistent with both the operations of the Sellers' business in the ordinary course and its past practices.

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 (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. 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 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. To the best of the Sellers' knowledge, 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. 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 $10,000 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 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 Sellers for all periods arising on or prior to the Closing Date 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. Each of the Sellers has made a valid election to be treated as an "S Corporation" for federal income tax purposes which election has been continuously in effect since the first day of the first tax year of each Seller.

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 any of 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. None of the Sellers is 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 any of the Sellers.

3.18 BROKER'S AND FINDER'S FEES. Except as disclosed to the Buyer, none of the Sellers or the Shareholders has 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, jointly and severally, 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 [INSERT NUMBER] employees as of December 31, 1997. Except as set forth in Schedule 3.19: (a) none of the Sellers is 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 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) there are no union organizational drives in progress and there has been no formal or informal request to any of 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 any 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, 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, 1997 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 any of 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 Ohio 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; OTHER INDEBTEDNESS. 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. Schedule 3.22 hereto sets forth a list of all indebtedness of the Sellers, 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 Sellers 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, whether (and to what extent) such indebtedness is secured, 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 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, which have not been disclosed to the Buyer and which could reasonably be expected to have a material adverse effect on the businesses and operations of any of the Sellers, other than business and economic conditions generally affecting the industry and markets in which the Sellers participate.

3.26 EMPLOYEE BENEFITS.

(a) The Sellers have listed on Schedule 3.26 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 within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended (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 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 Sellers have 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 Sellers are and have 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 Sellers and the Purchased Assets are and have been in compliance with all Environmental Laws.

(d) Neither the Sellers nor the Shareholders have 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 any of 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 any of the Sellers under any Environmental Law, (iii) any remedial or removal action required to be taken by any of 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. None of 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 threatened under any Environmental Law with respect to any of the Sellers or the Real Property.

(f) None of the Sellers has released, discharged, spilled or disposed of Hazardous Materials onto the Real Property and, to the knowledge of the Sellers, no Hazardous Materials are or have been released, discharged, spilled or disposed of by any other person onto, or have migrated onto, the Real Property or any other property previously owned, operated or leased by any of the Sellers, 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 any of 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) None of the Sellers nor, to the Sellers' knowledge, 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 any of 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) 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 any 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 any of the Sellers which could give rise to any claim (whether or not such claim has been asserted) against any of the Sellers.

(j) Except as set forth on Schedule 3.29(j), 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) None of the Sellers has 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 Sellers' knowledge, 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 any of 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, any of 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 any of 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 any of the Sellers. There have been no breach of warranty or breach of representation claims against any of the Sellers during the past five (5) years which have resulted in any cost, expenditure or exposure to any of the Sellers 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, 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, any of the Sellers, or (iii) has a beneficial interest in any contract or agreement to which any 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. 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 FINANCING. As of the date hereof and as of the Closing Date, the Buyer has sufficient funds, or sources of financing available to it, to enable it to perform its obligations at the Closing.

4.6 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 SELLERS AND THE SHAREHOLDERS

The Sellers and the Shareholders 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 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 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 respects with all applicable laws, rules and regulations, (e) maintain their 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 their books and records of account in the usual, regular and ordinary manner, and (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.

5.3 CERTAIN PROHIBITIONS. The Sellers shall not, without the prior written consent of the Buyer (a) engage or take part in, or agree to engage or take part in, any reorganization or similar transaction, (b) 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, (c) sell or otherwise dispose of any of their respective assets, other than sales of inventory in the ordinary course of business, (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, or (e) declare or make payment of any dividend or other distribution of cash or other property in respect of any of their capital stock, or redeem, purchase or otherwise acquire any such capital stock; PROVIDED, HOWEVER, the Buyer's consent to the payment of dividends by the Sellers will not be withheld so long as the Sellers shall have demonstrated, to the reasonable satisfaction of the Buyer, that such dividends (A) are only out of retained earnings for periods ending prior to January 1, 1998, and (B) will not result in the Net Current Assets falling below $8,000,000.

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 and the Shareholders 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 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. The Buyer shall bear 100% of the costs, fees and expenses in connection with any Phase I environmental audit report; if, based upon such Phase I environmental audit report, a Phase II environmental report is warranted, the Buyer, on the one hand, and the Sellers, on the other hand, shall each bear 50% of the costs, fees and expenses in connection with the preparation of such Phase II environmental audit report; provided however, the Sellers shall have the right to require that a different environmental consulting firm, selected by the Sellers and reasonably acceptable to the Buyer, be the "Environmental Auditor" for such Phase II environmental audit report; and provided further, that the maximum payment obligations of the Sellers with respect to their share of the costs, fees and expenses of the Phase II environmental audit shall be $10,000 per location.

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 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. The filing fees with respect to the filing under the HSR Act shall be borne solely by the Buyer.

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 any required filings by the Buyer with the Securities and Exchange Commission or with the Buyer's lenders; PROVIDED, HOWEVER, 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 by the rules of the New York Stock Exchange, 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' Agent, 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.

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 as promptly as possible 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. 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 11.1(c) below.

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 AND THE SHAREHOLDERS. The Sellers and the Shareholders 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, 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 Kemp, Schaeffer, Rowe & Lardiere Co., L.P.A., counsel to the Sellers and the Shareholders, dated the Closing Date, substantially in the form of Exhibit F hereto.

7.5 SUPPORTING DOCUMENTS. The Buyer shall have received from the Sellers the following:

(a) One or more certificates of the Secretary of State of the State of Ohio dated as of a recent date as to the due incorporation or organization and good standing 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 or an Assistant Secretary 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 Sellers, 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 Sellers, 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, NON-COMPETITION AGREEMENT, AND ESCROW AGREEMENT. The Buyer shall have received the Dealership Leases, the Non-Competition Agreement and the Escrow 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 respective Boards of Directors and the shareholders of each of the Sellers, necessary to effect a change of names of each 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 Ohio 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.

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 the business, prospects, properties, earnings, results of operations or financial condition of any of the Sellers 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 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.

7.17 AUDITED FINANCIAL STATEMENTS. The Buyer shall have completed preparation of such audited financial statements of the Sellers as may be required by applicable regulations of the Securities and Exchange Commission.

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 or a Vice 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 (a) tendered to the Sellers the Closing Payment and the Closing Shares, and (b) placed into escrow the Escrow Shares, as contemplated by Section 1.3(b) above.

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, substantially in the form of Exhibit G hereto.

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 and its counsel, none of whose approval shall be unreasonably withheld or delayed.

8.8 DEALERSHIP LEASES AND ESCROW AGREEMENT. The Sellers' Agent shall have received the Dealership Leases, duly executed by the Buyer or a permitted assignee of the Buyer, and the Escrow Agreement, duly executed by the parties thereto other than the Sellers.

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 Sellers.

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 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 for a period of three years with the exception of the representations and warranties of the Sellers contained in Sections 3.7, 3.15, 3.23 and 3.29, which shall survive the Closing until the expiration of the applicable statutes of limitation. 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 AND SHAREHOLDERS. Subject to the terms and conditions of Sections 10.4 and 10.5 hereof, each of the Sellers and the Shareholders hereby agrees, 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:

(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, 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 in respect of Buyer's Damages exceed a cumulative aggregate total of $100,000 (the parties hereby acknowledge that the above stated figure of $100,000 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);

(b) the breach or nonfulfillment of any covenant or agreement of any of the Sellers or the Shareholders 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.

With respect to the Sellers' and the Shareholders' obligations to pay Buyer's Damages pursuant to Section 10.2 of this Agreement: (1) the Buyer, on behalf of any Buyer Indemnitee, shall be entitled (but shall not be obligated) to make demand for payment under the Escrow Agreement; and (2) the aggregate amount of Buyer's Damages required to be paid by the Sellers and the Shareholders hereunder shall not exceed the Purchase Price. To the extent that the Buyer shall make a demand for payment of Buyer's Damages under the Escrow Agreement, the number of Escrow Shares payable to the Buyer shall be that number shares of Preferred Stock which, if converted on the date of payment, would be convertible into that number of shares of the Buyer's Class A Common Stock having an aggregate market value (based upon the average closing price per share of the Buyer's Class A Common Stock on the New York Stock Exchange for the twenty consecutive trading days immediately preceding the date of conversion) equal to the amount of Buyer's Damages so demanded by the Buyer.

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:

(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 party 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

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:

(a) By written consent of the parties hereto;

(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 may terminate this Agreement pursuant to this Section 11.1(b) if such party is in breach of any material representation, warranty or covenant of such party 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 15 days of the Buyer's receipt of such second request or of notice of such challenge;

(d) By the Buyer, by written notice to the Sellers, in the event that approval by any applicable automobile manufacturer or distributor of the transaction contemplated by this Agreement is not received at least 10 Business Day prior to the Closing Date Deadline;

(e) By the Buyer, by written notice to the Seller, in the event that any automobile manufacturer or distributor shall exercise any right of first refusal, preemptive right or other similar right, with respect to any of the Purchased Assets; or

(f) By the Buyer within 60 days of _____, 1998 if, and only if, the Buyer is not satisfied, in its discretion, with the results of the Buyer's due diligence investigation.

11.2 PROCEDURE AND EFFECT OF TERMINATION. In the event of termination pursuant to Section 11.1, this Agreement shall be of no further force or effect; PROVIDED, HOWEVER, that any termination pursuant to Section 11.1 shall not relieve any party hereto of any liability for breach of any representation and warranty, covenant or agreement hereunder occurring prior to such termination. In the event of any termination pursuant to Section 11.1, 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.

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 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, Jr.

If to the Sellers, to the Sellers' Agent at the following address:

Bud C. Hatfield
c/o Toyota West
1500 Automall Drive
P.O. Box 28668
Columbus, Ohio 43228

Telecopier No.: [TO BE SUPPLIED]
Attention: Bud C. Hatfield

If to the Shareholders, to:

Mr. Bud C. Hatfield
c/o Toyota West
1500 Automall Drive
P.O. Box 28668
Columbus, Ohio 43228

Telecopier No.: [TO BE SUPPLIED]

Mr. Dan E. Hatfield
c/o Toyota West
1500 Automall Drive
P.O. Box 28668
Columbus, Ohio 43228

Telecopier No.: [TO BE SUPPLIED]

Mr. Dan E. Hatfield, as Trustee of the
Bud C. Hatfield, Sr. Special Irrevocable
Trust
c/o Toyota West
1500 Automall Drive
P.O. Box 28668
Columbus, Ohio 43228

Telecopier No: [TO BE SUPPLIED]

in either case, with a copy to:

Kemp, Schaeffer, Rowe & Lardiere Co., L.P.A.
88 West Mound Street
Columbus, Ohio 43215

Telecopier No.: (614) 469-7170
Attention: Michael N. Schaeffer, 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.

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 this 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. Nothing contained in this Agreement shall prohibit its assignment by the Buyer as collateral security and the Sellers hereby agree to execute any acknowledgment of such assignment by the Buyer as may be required by any lender to the Buyer.

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 Ohio, 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, (i) such knowledge shall be deemed to include (A) the best actual knowledge, information and belief of any of the Sellers or the Shareholders and (B) any information which any Shareholder would reasonably be expected to be aware of in the prudent discharge of his or her duties in the ordinary course of business (including consultation with legal counsel) on behalf of any Seller, and (ii) the knowledge of any Seller or Shareholder shall be deemed to be the knowledge of all the Sellers and Shareholders.

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 Ohio, 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 Columbus, Ohio. 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 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; nothing contained in this Section 12.10 shall prevent the Buyer from enforcing the Non-Competition Agreement in 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: _____
Name:
Title:

THE SELLERS:

HATFIELD JEEP EAGLE, INC.

By: _____
Name:
Title:

HATFIELD LINCOLN MERCURY, INC.

By:_____
Name:
Title:

TRADER BUD'S WESTSIDE DODGE, INC.

By:_____
Name:
Title:

TOYOTA WEST, INC.

By:_____
Name:
Title:

HATFIELD HYUNDAI, INC.

By:_____
Name:
Title:

THE SHAREHOLDERS: _____(SEAL)
BUD C. HATFIELD

_____(SEAL)
DAN E. HATFIELD

_____(SEAL)
DAN E. HATFIELD, AS TRUSTEE
OF THE BUD C. HATFIELD, SR.
SPECIAL IRREVOCABLE TRUST

List of Schedules

Schedule 1.1(a)	-	Purchased Assets
Schedule 1.1(b)	-	Excluded Assets
Schedule 1.1(c)	-	Permitted Encumbrances
Schedule 1.2	-	Assumed Liabilities
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Schedule 3.1	-	Jurisdictions of Foreign Qualification of Sellers
Schedule 3.2	-	Required Authorizations and Consents to Agreement
Schedule 3.3	-	Investments
Schedule 3.4	-	Financial Statements of the Sellers
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Schedule 3.6(a)	-	Material Contracts
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Schedule 3.7	-	Encumbrances
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Schedule 3.9	-	Equipment
Schedule 3.12	-	Approvals, Permits and Authorizations
Schedule 3.13	-	Compliance with Laws
Schedule 3.14(a)	-	Insurance Policies
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Schedule 3.16	-	Litigation
Schedule 3.17	-	Powers of Attorney
Schedule 3.19	-	Employee Relations
Schedule 3.20	-	Compensation
Schedule 3.21	-	Patents; Trademarks; Trade Names; Copyrights; Licenses; Etc. and Proprietary Names
Schedule 3.22	-	Accounts Payable and Other Indebtedness
Schedule 3.23	-	Other Liabilities
Schedule 3.24	-	Affiliate Transactions
Schedule 3.26	-	Employee Plans
Schedule 3.29(j)	-	Certain Environmental Conditions
Schedule 3.29(l)	-	Environmental Studies and Reports
Schedule 3.30	-	Bank Accounts, Credit Cards and Safe Deposit Boxes
Schedule 3.31	-	Warranties
Schedule 3.32	-	Interests in Competitors
Schedule 4.2(a)	-	Buyer Consents

List of Exhibits

Exhibit A	-	Preferred Stock Statement of Rights and Preferences
Exhibit B	-	Form of Escrow Agreement
Exhibit C	-	Form of Bills of Sale and Assignment
Exhibit D	-	Form of Dealership Leases
Exhibit E	-	Form of Non-Competition Agreement
Exhibit F	-	Form of Legal Opinion of Counsel for the Sellers and the Shareholders
Exhibit G	-	Form of Legal Opinion of Counsel for the Buyer

Schedule 1.1(a)

Purchased Assets

The Purchased Assets shall include, without limitation, the following, all to the extent not included in the Excluded Assets:

(a) all machinery, equipment (both mobile and non-mobile), computers, computer programs, databases and related manuals and other materials necessary for the development, use, installation, maintenance and modification of such computer programs and databases, tapes, tools, furniture, furnishings, automobiles, trucks, vehicles, tools, dies, molds, signs, supplies and parts and other tangible personal property (including any of the foregoing purchased subject to any conditional sales or title retention agreement in favor of any third party), whether owned, leased or subleased;

(b) all accounts and notes receivable, advances held by the Sellers, and all debts and obligations due to the Sellers from their customers and others, howsoever evidenced, and whether or not previously written-off by the Sellers, and all obligations and loans, if any, due to the Sellers as of the Closing from any and all employees of the Sellers;

(c) all inventories, including, without limitation, all new and used vehicle and parts inventories, goods, supplies, fuel oil, spare parts, packing containers, replacement and component parts, and office and other supplies, including all such inventories held at any location controlled by the Sellers and all such inventories previously purchased and in transit to the Sellers at such locations;

(d) all rights to products sold or leased and to any products under research or development prior to or on the Closing;

(e) all security, utility or similar deposits and prepaid expenses of the Sellers;

(f) all of the rights of the Sellers under all contracts, arrangements, commitments, sales orders, purchase orders, invoices, license and technology agreements, leases and agreements and all warranties, claims and causes of action against third parties and under insurance policies, including any of the Sellers' right to receive goods and services pursuant to such contracts and to assert claims and take other rightful actions in respect of breaches, defaults and other violations of such contracts and otherwise;

(g) all designs, plans, non-marketing trade secrets, inventions, processes, procedures, research records, manufacturing know-how and manufacturing formulae, wherever located;

(h) all books, records, manuals and other materials, including, without limitation, all records and materials maintained at any and all offices and other locations of the Sellers, all accounting and financial records, files, computer tapes, advertising matter, catalogues, brochures, price lists, correspondence, mailing lists, lists of customers and suppliers, distribution

lists, art work, photographs, production data, sales and promotional materials and records, purchasing materials and records, personnel records, credit records, manufacturing and quality control records and procedures, blueprints, research and development files, records, data and laboratory books, patent disclosures, media materials and plates, sales order files and litigation files, stationary and business forms;

(i) all interest of the Sellers in and to their telephone and telex numbers and all listings pertaining to the Sellers in all telephone books and directories;

(j) to the extent their transfer is permitted by law, all governmental licenses, permits, approvals, license applications, license amendment applications and product registrations;

(k) all bank accounts;

(l) all cash paid by customers of the Sellers, or otherwise, whether or not deposited with a trustee or other depository;

(m) all goodwill of the Sellers;

(n) all trademarks, service marks and trade names and registered user names, all rights to the Proprietary Names (as defined in the Agreement) and all logos, tradestyles and variants thereof, of the Seller, and all existing and pending registrations or applications in connection with the foregoing; and

(o) all insurance policies.

Schedule 1.1(b)

Excluded Assets

The Sellers will retain and not sell, convey, assign, transfer or deliver to the Buyer, and the Buyer shall not purchase or acquire, the following Excluded Assets:

(a) all real property owned by the Sellers;

(b) the minute books, stock ledgers and other related corporate books and records of the Sellers;

(c) refunds for Taxes of the Sellers, except for Taxes accrued for or reserved against in the Closing Balance Sheet, and all claims therefor;

(d) all segregated funds and other assets of the Sellers corresponding to Employee Plans of the Sellers that are not assumed by the Buyer according to Schedule 1.2;

(e) all governmental licenses, permits, approvals, license applications, license amendment applications and product registrations the transfer of which is not permitted by law;

(f) any loans or advances to employees or to the Sellers, their affiliates, or their respective officers, directors or shareholders.

Schedule 1.1(c)

Permitted Encumbrances

Those Encumbrances listed on Schedule 3.7 which secure only the payment of indebtedness included in the Assumed Liabilities.

Schedule 1.2

Assumed Liabilities

The Buyer shall assume the following liabilities and obligations of the Sellers:

(a) all liabilities and obligations (i) set forth in the balance sheets included in the Financial Statements, (ii) of the type and kind set forth in such balance sheets and incurred by the Sellers in the ordinary course of business from the date of such balance sheets to the Closing Date, and (iii) set forth in the Closing Balance Sheet;

(b) the Inducement Fee; and

(c) all continuing obligations under the Material Contracts listed on Schedule 3.6 arising after the Closing in the ordinary course of business and not as a result of any breach or default of the Sellers thereunder.

* * * * * * * * * * * * *

Notwithstanding the foregoing and without limiting the generality of the definition of "RETAINED LIABILITIES" set forth in the Agreement, the Buyer shall not assume, and the Sellers shall retain and be responsible for, the following Retained Liabilities, unless specifically included in the Assumed Liabilities:

(i) those liabilities payable to the Sellers, their affiliates, or their respective officers, directors or shareholders;

(ii) all real property mortgage indebtedness owed by any of the Sellers;

(iii) all liabilities and obligations under lines of credit, long and short term indebtedness to financial institutions and other similar financings, except for new and used vehicle "floor planning" lines;

(iv) all liabilities and obligations for Taxes, except to the extent accrued for or reserved against in the Closing Balance Sheet;

(v) all liabilities and obligations under any contract or agreement which is not fully and effectively assigned to the Buyer (including any required consent or approval as specified in Schedule 3.2 or 3.6(b) and such consent or approval has not been obtained by the Sellers or waived by the

Buyer);

(vi) all liabilities for any and all pending or threatened litigation existing at the time of the Closing;

(vii) all known or unknown environmental liabilities and claims arising out of the ownership or operation of the Purchased Assets prior to the Closing, including, without

limitation, the presence, release or threatened release of Hazardous Materials and any liabilities or obligations arising under any Environmental Law, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), as amended;

(viii)all known or unknown product liabilities and claims arising out of the sale of products or the furnishing of services prior to the Closing;

(ix) all liabilities and obligations relating to the Excluded Assets; and

(x) all employment related liabilities.

Schedule 1.3(d)

Allocation of Purchase Price and Assumed Liabilities

Part I - Allocation by Sellers

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

Price Component	Hatfield Jeep Eagle	Hatfield Lincoln Mercury	Trader Bud's Westside Dodge	Toyota West	Hatfield Hyundai	Totals
Closing Payment						$34,525,000
Escrow Shares1						2,500,000
Closing Shares1						11,525,000
TOTALS	$6,231,000	$6,231,000	$17,135,000	$15,578,000	$3,375,000	$48,550,000

</TABLE>

1The beneficial owners of the Sellers are Bud C. Hatfield, Dan E. Hatfield, and Dan E. Hatfield, as Trustee of the Bud C. Hatfield, Sr. Special Irrevocable Trust. As an accommodation to such Sellers, the certificates of Preferred Stock will be issued directly to the beneficial owners of such Sellers by the Buyer in the following amounts:

Bud C. Hatfield -
Dan E. Hatfield -
Dan E. Hatfield, as trustee

Part II - Allocation by Purchased Assets

The Purchase Price and Assumed Liabilities shall be allocated to the Purchased Assets, first, to the respective book values thereof reflected on the Closing Balance Sheet, second, to the Non-Competition Agreement in the amount of

$10,000, and third, to goodwill.

AMENDMENT NO. 1 AND SUPPLEMENT
TO
ASSET PURCHASE AGREEMENT

THIS AMENDMENT NO. 1 AND SUPPLEMENT TO ASSET PURCHASE AGREEMENT (this "Amendment") is made and entered into as of this 28th day of May, 1998, by and among: Sonic Automotive, Inc., a Delaware corporation (the "Buyer"), Hatfield Jeep Eagle, Inc., an Ohio corporation d/b/a Volkswagen West, Jeep Eagle West, Hatfield, KIA and Trader Bud's Westside Chrylser Plymouth, Hatfield Lincoln Mercury, Inc., an Ohio corporation d/b/a Hatfield Lincoln Mercury, Westfield Dodge, Inc., an Ohio corporation d/b/a Trader Bud's Toyota West, and Hatfield Hyundai, Inc., an Ohio corporation d/b/a Hatfield Hyundai, Hatfield Isuzu and Hatfield Subaru (collectively, the "Sellers" and each, individually, a "Seller"); and Bud C. Hatfield, Dan E. Hatfield and Dan E. Hatfield, as Trustee of the Bud C. Hatfield, Sr. Special Irrevocable Trust (collectively, the "Shareholders").

WHEREAS, the Buyer, the Sellers and the Shareholders entered into an Asset Purchase Agreement (the "Purchase Agreement") dated as of February 4, 1998; and

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the Purchase Agreement; and

WHEREAS, the Buyer and the Sellers desire to amend and supplement the Purchase Agreement as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. AMENDMENTS TO PURCHASE AGREEMENT.

(a) Amendment of Purchase Price. Section 1.3(a) of the Purchase Agreement is hereby amended to read in its entirety as follows:

> (a) Purchase Price. In addition to the assumptions 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 a purchase price of $48,550,000, subject to adjustment as provided in Section 13(c) below (the "Purchase Price").

(b) Amendment of Closing Payment. Section 1.3(b)(1) of the Purchase Agreement is hereby amended to read in its entirety as follows:

> (1) $34,525,000 of the Purchase Price (the "Closing 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 Bud Hatfield, as agent for the Sellers (the "Sellers' Agent"), in writing at least one full Business Day prior to the Closing Date, in the respective amounts specified in Part I of Schedule 1.3(d). 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) Amendment of Adjustment Procedures.

(1) the portion of the first sentence of Section 1.3(c)(1) of the Purchase Agreement which precedes the words "provided, however" is hereby deleted and the following is hereby inserted in its place:

> (1) As used in this Agreement, the term "Net Current Assets" shall mean (i) all of the Purchased Assets as of the Closing Date which would, in conformity with generally accepted accounting principles applied in a manner consistent with those used in the preparation of the Financial Statements referred to in Section 3.4 below ("GAAP"), be included under current assets on a balance sheet, MINUS (ii) all of the Assumed Liabilities as of the Closing Date which would, in conformity with GAAP, be included under current liabilities on a balance sheet. Not later than 60 days after the Closing Date (as defined in Article 2 hereof), the Buyer will prepare and deliver to the Sellers' Agent an unaudited balance sheet (the "Closing Balance Sheet") of the Sellers as of the Closing Date, consisting of computations of (A) the Net Current Assets, and (B) 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 GAAP;

(2) Section 1.3(c)(2) of the Purchase Agreement is hereby amended to read in its entirety as follows:

> (2) To the extent that the Net Current Assets, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, is less than $9,800,000 (the "Net Current Assets Shortfall"), the Sellers shall be obligated, jointly and severally, to

> pay the amount of the Net Current Assets Shortfall, together with interest on such amount at a rate equal to the Buyer's floor plan financing rate from time to time in effect (the "Interest Rate") from and including the Closing Date through the date of payment, promptly to the Buyer. In furtherance of (but not by way of limitation of) the Sellers' obligation in the immediately preceding sentence, the Sellers' Agent and the Buyer shall execute and deliver to the Escrow Agent a joint instruction to deliver up to 500 of the Escrow Shares to the Buyer, with the balance of such 500 of the Escrow Shares to be delivered to the Sellers so long as no claim by the Buyer for indemnification shall then be pending pursuant to this Agreement. To the extent that the Net Current Assets, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, is at least equal to $9,800,000, the Buyer shall be obligated to execute and deliver to the Escrow Agent a joint instruction to deliver 500 of the Escrow Shares to the Sellers pursuant to the Escrow Agreement (except to the extent of any pending claim by the Buyer for indemnification pursuant to this Agreement). To the extent that the Net Current Assets, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, is greater than $9,800,000 (the "Net Current Assets Excess"), the Buyer shall be obligated to pay the amount of the Net Current Assets Excess in cash promptly to the Sellers, together with interest thereon at the Interest Rate from and including the Closing Date through the date of payment.

(d) Amendment of Closing. Article 2 of the Purchase Agreement is hereby amended to read in its entirety as follows:

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 Kemp, Schaeffer, Rowe & Lardiere Co., L.P.A., 88 West Mound Street, Columbus, Ohio 43215, 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 June 30, 1998 (the "Closing Date Deadline"). The date on which the Closing actually occurs is hereinafter referred to as the "Closing Date".

(e) Amendment Regarding Certain Prohibitions of Sellers. Section 5.3 of the Purchase Agreement is hereby amended to read in its entirety as follows:

> 5.3 Certain Prohibitions. The Sellers hereby acknowledge than, after March 31, 1998, they have been operating their businesses for the economic benefit of the Buyer. Accordingly, the Sellers warrant that they have not, and the Sellers further agree that they shall not, without the written consent of the Buyer, (a) engage or take part in, or agree to engage or take part in, any reorganization or similar transaction, (b) 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, (c) sell or otherwise dispose of any of their respective assets, other than sales of inventory in the ordinary course of business, (d) make any capital appropriation or expenditure or commitment therefor on behalf of the Sellers, (e) 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, or (f) declare or make payment of any dividend or other distribution of cash or other property in respect of any of their capital stock, or redeem, purchase or otherwise acquire any such capital stock; provided, however, the Buyer's consent to the payment of dividends by the Sellers will not be withheld so long as the Sellers shall have demonstrated, to the reasonable satisfaction of the Buyer, that such dividends (A) are only out of retained earnings for periods ending prior to April 1, 1998, and (B) will not result in the Net Current Assets falling below $9,800,000.

(g) Deletion of Section 11.1(f). Section 11.1(f) of the Purchase Agreement is hereby deleted in its entirety.

2. Agreement on Exhibits and Schedules.

(a) Agreement on Exhibits. The parties hereto hereby agree on the form and substance of Exhibits A (Preferred Stock Statement of Rights and Preferences), B (Form of Escrow Agreement), C (Form of Bills of Sale and Assignment), D (Form of Dealerships Leases), E (Form of Non-Competition Agreement), F (Form of Legal Opinion of Counsel for the Sellers and the Shareholders), and G (Form of Legal Opinion of Counsel for the Buyer), all as attached hereto.

(b) Agreement on Schedules. The parties hereto hereby agree on the form of Schedules 1.3(d), 3.1, 3.2, 3.3, 3.4, 3.5, 3.6(a), 3.6(b), 3.7, 3.8(a), 3.9, 3.12, 3.13, 3.14(a), 3.14(b), 3.16, 3.17, 3.19, 3.20, 3.21, 3.22, 3.23, 3.24, 3.26, 3.29(j), 3.29(l), 3.30, 3.31, 3.32, and 4.2(a), all as attached hereto.

3. Employment Agreements. At the Closing, the Buyer and Messrs., Bud C. Hatfield and Dan E. Hatfield will enter into separate employment agreements in substantially the form of Exhibit H attached hereto.

4. Dealership Leases. The monthly "Rent" under each of the Dealership Leases and the "Purchase Price" for the Buyer's purchase option under each of the Dealership Leases shall be as set forth on Exhibit I attached hereto.

5. Counterparts. This Amendment 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 one instrument.

6. Purchase Agreement Confirmed. Except as set forth in this Amendment, the Purchase Agreement is hereby confirmed and shall remain in full force and effect.

7. Effect on Letter Agreement dated February 4, 1998. The Letter Agreement among the Sellers, the Shareholders and the Buyer, dated February 4, 1998, regarding delivery of the Exhibits and Schedules, is superseded by this Agreement; provided, however, paragraph 7 thereof (regarding indemnification by the Buyer under certain circumstances) shall remain in full force and effect.

[Signatures begin on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed all as of the day, month and year first above written.

THE BUYER:

SONIC AUTOMOTIVE, INC.

By: _____
Name: O. Bruton Smith
Title: Chief Executive Officer

THE SELLERS:

HATFIELD JEEP EAGLE, INC.

By: _____
Name: Dan E. Hatfield
Title: President

HATFIELD LINCOLN MERCURY, INC.

By: _____
Name: Dan E. Hatfield
Title: President

WESTSIDE DODGE, INC.

By: _____
Name: Bud C. Hatfield
Title: President

TOYOTA WEST, INC.

By: _____
Name: Dan E. Hatfield
Title: President

HATFIELD HYUNDAI, INC

By: _____
Name: Dan E. Hatfield
Title: President

THE SHAREHOLDERS:

By: _____(SEAL)
Name: Bud C. Hatfield

By: _____(SEAL)
Name: Dan E. Hatfield

By: _____(SEAL)
Name: Dan E. Hatfield as
Trustee of The Bud C. Hatfield,
Sr. Special Irrevocable Trust

Attachments:

Exhibits: A through G

Exhibit H- Form of Employment Agreement

Exhibit I- Rents under Dealership Leases

Schedules: 1.3(d), 3.1, 3.2, 3.3, 3.4, 3.5, 3.6(a), 3.6(b), 3.7, 3.8(a), 3.9, 3.12, 3.13, 3.14(a), 3.14(b), 3.16, 3.17, 3.19, 3.20, 3.21, 3.22, 3.23, 3.24, 3.26, 3.29(j), 3.29(l), 3.30, 3.31, 3.32, and 4.2(a)

Exhibit 3

ESCROW AGREEMENT

This ESCROW AGREEMENT (this "AGREEMENT"), dated as of July ____, 1998, is made and entered into by and among: FIRST UNION NATIONAL BANK, a national banking corporation (the "ESCROW AGENT"); SONIC AUTOMOTIVE, INC., a Delaware corporation (the "BUYER"); HATFIELD JEEP EAGLE, INC., an Ohio corporation d/b/a Volkswagen West, Jeep Eagle West, Hatfield KIA and Trader Bud's Westside Chrysler Plymouth, HATFIELD LINCOLN MERCURY, INC., an Ohio corporation d/b/a Hatfield Lincoln Mercury, WESTSIDE DODGE, INC., an Ohio corporation d/b/a Trader Bud's Westside Dodge, TOYOTA WEST, INC., an Ohio corporation d/b/a Toyota West, and HATFIELD HYUNDAI, INC., an Ohio corporation d/b/a Hatfield Hyundai, Hatfield Isuzu and Hatfield Subaru (collectively, the "SELLERS" and each, individually, a "SELLER"); and Bud C. Hatfield, Dan E. Hatfield and Dan E. Hatfield, as Trustee of the Bud C. Hatfield, Sr. Special Irrevocable Trust (collectively, the "SHAREHOLDERS" and each, individually, a "SHAREHOLDER") pursuant to the terms of that certain Asset Purchase Agreement dated as of February 4, 1998.

W I T N E S S E T H:

WHEREAS, the Buyer, the Sellers, and the Shareholders represent that the Asset Purchase Agreement dated as of February 4, 1998 (the "Purchase Agreement") by and among the Buyer, the Sellers, and the Shareholders contemplates the execution and delivery of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, obligations and agreements contained herein, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Pledge and Security Interest.

(a) The Sellers and the Shareholders hereby jointly and severally pledge, assign, grant and convey to the Buyer a security interest in 2,500 shares (the "ESCROW SHARES") of the Buyer's Convertible Preferred Stock (the "PREFERRED STOCK"), and in any shares of Common Stock (as hereinafter defined) issued upon the conversion of any shares of the Preferred Stock. The Buyer, the Sellers and the Shareholders acknowledge that such pledge, assignment, grant and conveyance is made in order to secure claims or demands of the Buyer for (i) payment of any Net Current Assets Shortfall under Section 1.3(c) of the Purchase Agreement and/or (ii) indemnification by the Sellers and the Shareholders under Article 10 of the Purchase Agreement (in either case, a "CLAIM"). Upon the issuance of any shares of the Buyer's Class A Common Stock (the "COMMON STOCK") upon conversion of any of the shares of Preferred Stock included in the Escrow Shares, such shares of Common Stock shall be delivered by the Buyer to the Escrow Agent and shall, for all purposes of this Agreement, become part of the Escrow Shares. The Sellers, the Buyer and the Shareholders agree that the Escrow Agent shall hold the certificate or certificates representing the Escrow Shares on behalf of the Buyer for purposes of perfecting the Buyer's security interest in the Escrow Shares. The security interest of the Buyer in the Escrow Shares shall continue until the Escrow Shares have been disbursed to the

Shareholders in accordance with Section 5, at which time such security interest shall terminate.

(b) Upon conversion of any shares of Preferred Stock included in the Escrow Shares, the Buyer shall deliver to the Escrow Agent the certificate or certificates representing the shares of Common Stock issued upon such conversion in the name of the respective Shareholder provided that the Escrow Agent shall have received from the respective Shareholder three Stock Powers (as defined in Section 3 below) with respect to such shares of Common Stock. Upon receipt of such Stock Powers and certificates in respect of such Common Stock, the Escrow Agent shall deliver to the Buyer the certificate or certificates evidencing the shares of Preferred Stock so converted. Notwithstanding the foregoing, the Shareholders shall not be entitled to convert shares of Preferred Stock which are Disputed Shares (as defined in Section 5 below).

(c) Notwithstanding anything contained herein to the contrary, the Escrow Agent shall have no obligation, duty or authority to investigate whether such conversion of any shares of Preferred Stock has occurred or the dates or

amounts of any such conversion, and the Escrow Agent shall have no obligation, duty or authority hereunder to enforce or require the delivery of any items required to be delivered to the Escrow Agent pursuant to Section 1(a) or 1(b) hereof.

2. Appointment of Escrow Agent.

The Buyer, the Sellers, and the Shareholders hereby appoint and designate the Escrow Agent as the escrow agent hereunder upon the terms and conditions and for the purposes set forth herein. The Escrow Agent acknowledges receipt of the Escrow Shares and hereby accepts its appointment and agrees to act as Escrow Agent and to hold and disburse the Escrow Amount (as hereafter defined) upon the terms and conditions and for the purposes set forth in this Agreement. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein. As used in this Agreement: the term "ESCROW AMOUNT" means the Escrow Shares, together with the Escrow Cash, the earnings on the Escrow Cash pursuant to Section 6 hereof, and any other property, including the Stock Powers (as defined in Section 3 below), received by the Escrow Agent in respect of the Escrow Shares; and the term "ESCROW CASH" means any cash proceeds of a sale of Escrow Shares pursuant to Section 4(c) below and any cash substituted by the Shareholders pursuant to Section 5(k) below.

3. Creation of Escrow.

Contemporaneously with the execution and delivery of this Agreement (the "CLOSING"), the Buyer shall deliver or cause to be delivered to the Escrow Agent certificates representing the Preferred Stock initially constituting the Escrow Shares, issued in the names of the Shareholders in the respective amounts set forth opposite their respective names on Exhibit A hereto, and each of the Shareholders shall deliver to the Escrow Agent three separate guaranteed blank stock powers duly executed in blank (the "STOCK POWERS"). The Shareholders agree to deliver to the Escrow Agent such additional blank Stock Powers as may be required by the Buyer in the event of any conversion of the Preferred Stock as described in Section 1 above or a partial disbursement of the Escrow Shares as described in Section 5 below. The Escrow Agent agrees to receive and hold the Escrow Shares and the Stock Powers in escrow and to receive and to disburse the Escrow Shares all in accordance with the terms and provisions of this Agreement.

4. Rights of Shareholders.

(a) For so long as any Escrow Shares, other than Disputed Shares, are held by the Escrow Agent, the Shareholders shall be entitled to vote the Escrow Shares and to receive any dividends paid on the Escrow Shares, except that any shares of the Buyer's stock received as a result of stock dividends or stock splits shall be delivered to the Escrow Agent and shall become a part of the Escrow Shares.

(b) Disputed Shares shall be voted only pursuant to joint instruction by the Buyer and the respective Shareholders, and the Shareholders shall promptly deliver any dividends paid with respect to such Disputed Shares to the Escrow Agent, and such dividends shall be held by the Escrow Agent until such Disputed Shares are disbursed, at which time such dividends shall be paid to the party receiving such Disputed Shares.

(c) Subject to the terms and conditions of the Purchase Agreement, the Shareholders shall be entitled to sell the Escrow Shares, other than Disputed Shares, provided that provision satisfactory to the Buyer shall have been made to ensure that the cash proceeds of such sale are delivered to the Escrow Agent and held subject to the escrow created by this Agreement. All such sales of the Escrow Shares shall be made by all the Shareholders pro rata according to their respective Escrow Shares listed on EXHIBIT A hereto.

(d) Notwithstanding anything contained herein to the contrary, the Escrow Agent shall have no obligation, duty or authority hereunder to investigate whether any such dividends or stock splits or payments of cash proceeds of a sale have occurred or the dates or amounts of any such dividends, or stock splits or cash proceeds of a sale, and the Escrow Agent shall have no obligation, duty or authority hereunder to enforce or require the payment or delivery of such items required to be paid or delivered to the Escrow Agent pursuant to Section 4(a), 4(b) or 4(c) hereof.

5. Claims and Disbursements.

(a) For purposes of this Agreement: (i) the term "NET CURRENT ASSETS CLAIM TERMINATION DATE" shall mean the date which is ninety (90) days after the date of the Closing, or such longer period of time (not to exceed an additional sixty (60) days) as shall be necessary to determine the Net Current Assets; (ii) the term "INDEMNIFICATION CLAIM TERMINATION DATE" shall mean one year after the date of the Closing; (iii) the term "BUSINESS DAY" shall mean any day other than

a Saturday, Sunday or other day on which banks in the State of Florida are authorized to close; (iv) the term "SHAREHOLDERS' AGENT" shall mean Bud C. Hatfield, as agent for the Shareholders, or such other Shareholder as is appointed by the Shareholders; and (v) the term "FAIR MARKET VALUE" as it applies to a particular number of Escrow Shares shall mean (A) with respect to any shares of Preferred Stock included in such Escrow Shares, $1,000 per share, and (B) with respect to any shares of Common Stock included in such Escrow Shares, the average closing price on the New York Stock Exchange for the twenty (20) consecutive trading days preceding the date of determination of such Fair Market Value.

(b) If, at any time prior to the Net Current Assets Claim Termination Date, the Buyer shall file with the Escrow Agent, with a copy to the Shareholders' Agent, a written and dated Claim (a "BUYER DEMAND") for the transfer to the Buyer of up to 20% of the Escrow Shares stating (i) that the Buyer is entitled to all or a portion of such Escrow Shares in satisfaction of a Claim for (A) payment by the Sellers of an amount equal to the Net Current Assets Shortfall pursuant to Section 1.3(c) of the Purchase Agreement which has not been previously satisfied by the Sellers or the Shareholders, or (B) indemnification pursuant to Article 10 of the Purchase Agreement which has not been previously satisfied by the Sellers or the Shareholders, and (ii) that the Buyer has contemporaneously delivered a copy of the Buyer Demand to the Shareholders' Agent, the Escrow Agent shall, except to the extent the Escrow Agent shall deliver Escrow Cash pursuant to Section 5(l) below, disburse to the Buyer that number of Escrow Shares having a Fair Market Value (determined as of the date of the Buyer Demand) equal to the Claim presented in the Buyer Demand, together with a Stock Power of each of the Shareholders, on the fifteenth (15th) business day following the date of the Buyer Demand, unless the Shareholders' Agent delivers an objection in writing (the "SHAREHOLDER OBJECTION") to the Escrow Agent (with a copy to the Buyer) prior to the close of business on the tenth (10th) business day following the date of the Buyer Demand to the effect that the Buyer is not so entitled, in which case no disbursement shall be made by the Escrow Agent pursuant to the Buyer Demand except in accordance with the terms and conditions hereof. Any disbursement of Escrow Shares under this Section 5(b) or under Section 5(c) below shall be made from the Escrow Shares issued in the names of the Shareholders pro rata according to their respective Escrow Shares listed on Exhibit A hereto.

(c) If, at any time prior to the Indemnification Claim Termination Date, the Buyer shall file with the Escrow Agent a Buyer Demand for the transfer to the Buyer of all or a portion of the Escrow Shares then held in escrow by the Escrow Agent stating (i) that the Buyer is entitled to all or a portion of such Escrow Shares in satisfaction of a Claim for (A) indemnification under Article 10 of the Purchase Agreement which has not been previously satisfied by the Seller or the Shareholders, or (B) payment by the Sellers of an amount equal to the Net Current Assets Shortfall pursuant to Section 1.3(c) of the Purchase Agreement which has not been previously satisfied by the Seller or the Shareholders, and (ii) that the Buyer has contemporaneously delivered a copy of the Buyer Demand to the Shareholders' Agent, the Escrow Agent shall, except to the extent the Escrow Agent shall deliver Escrow Cash pursuant to Section 5(l) below, disburse to the Buyer that number of Escrow Shares having a Fair Market Value (determined as of the date of the Buyer Demand) equal to the Claim presented in the Buyer Demand, together with a Stock Power of each of the Shareholders, on the fifteenth (15th) business day following the date of the Buyer Demand unless the Shareholders' Agent delivers a Shareholder Objection to the Escrow Agent (with a copy to the Buyer) prior to the close of business on the tenth (10th) business day following the date of the Buyer Demand to the effect that the Buyer is not so entitled, in which case no disbursement shall be made by the Escrow Agent pursuant to the Buyer Demand except in accordance with the terms and conditions hereof.

(d) If the Shareholders' Agent shall have timely objected, pursuant to a Shareholder Objection, to all or any portion of the Escrow Shares being disbursed to the Buyer

in accordance with Sections 5(b) or 5(c) above, the Escrow Agent shall promptly (i) set aside the certificate or certificates representing that number of the Escrow Shares (determined as of the date of the Shareholder Objection) having a Fair Market Value equal to 120% of the Claim, or portion thereof, against which the Shareholders' Agent shall have objected (such number of Escrow Shares being herein collectively called "DISPUTED SHARES"), and (ii), except to the extent the Escrow Agent shall deliver Escrow Cash pursuant to Section 5(l) below, promptly deliver to the Buyer that number of the Escrow Shares having a Fair

Market Value (determined as of the date of the Shareholder Objection) equal to the amount, if any, of the Claim as to which the Shareholders' Agent shall not have objected, together with a Stock Power of each of the Shareholders.

(e) The Escrow Agent shall hold the certificate or certificates representing any Disputed Shares until the Escrow Agent shall have received (i) a Joint Instruction in accordance with Section 5(g) below, or (ii) an order of the arbitrators under Section 7 below, or (iii) a final and non-appealable order of a court of competent jurisdiction, in either case directing the disbursement of the Disputed Shares.

(f) As of the Net Current Assets Claim Termination Date, the Shareholders shall be entitled to receive, and upon request of the Shareholders' Agent, the Escrow Agent shall disburse to the Shareholders pro rata according to their respective Escrow Shares listed on Exhibit A hereto, 20% of the Escrow Shares, less (i) any Escrow Shares previously disbursed by the Escrow Agent to the Buyer or sold pursuant to Section 4(c) or for which cash has been substituted pursuant to Section 5(k) and (ii) any Disputed Escrow Shares. As of the Indemnification Claim Termination Date, the Shareholders shall be entitled to receive, and upon request of the Shareholders' Agent the Escrow Agent shall disburse to the Shareholders pro rata according to their respective Escrow Shares listed on Exhibit A hereto, the remainder of the Escrow Shares held in escrow hereunder, less any Disputed Shares. Upon disbursement of all of the Escrow Shares hereunder, the Escrow Agent shall return the Stock Powers to the respective Shareholders.

(g) At any time after the date of the Closing, the Escrow Agent may be advised in writing by the Buyer and the Shareholders' Agent to disburse all or a portion of the Escrow Amount pursuant to a joint written instruction (the "JOINT INSTRUCTION"), in which case the Escrow Agent shall disburse the Escrow Amount, or portion thereof, in accordance with the terms and in the manner set forth in such Joint Instruction.

(h) If the Buyer and the Shareholders are unable to resolve any disagreement with respect to their rights to the disbursement of all or a portion of the Escrow Amount pursuant to this Section 5 within twenty (20) business days after the date of a Shareholder Objection, the dispute shall be settled by arbitration as provided in Section 7 hereof.

(i) The Escrow Agent shall hold the Escrow Amount until it is required to disburse it, or any portion thereof, pursuant to this Section 5. Upon delivery of all the Escrow Amount by the Escrow Agent pursuant to this Section 5, this Agreement shall terminate.

(j) The Shareholders and the Buyer each agree that they will give to each other copies of any Buyer Demand or Shareholder Objection, as the case may be, concurrently with the delivery thereof to the Escrow Agent.

(k) Prior to the Escrow Agent's disbursement of Escrow Shares to the Buyer pursuant to the provisions of this Section 5, the Shareholders shall have the right to substitute cash equal to the current Fair Market Value of their respective portions of such Escrow Shares. Upon payment of such cash by the Shareholders to the Escrow Agent and, thereafter, by the Escrow Agent to the Buyer, such portion of the Escrow Shares shall be disbursed to the Shareholders. All such substitutions shall be made by all the Shareholders pro rata according to their respective Escrow Shares listed on EXHIBIT A hereto.

(l) If at the time a claim is payable by the Escrow Agent pursuant to Sections 5(b), 5(c) or 5(d) above, the Escrow Amount includes Escrow Cash, such claim shall be paid first from the Escrow Cash up to the entire amount of such claim; any portion of such claim which remains unpaid after such payment from the Escrow Cash shall be paid pursuant to Sections 5(b), 5(c) or 5(d), as applicable.

6. Earnings in Respect of Escrow Shares.

(a) Any income earned from the investment of the Escrow Cash shall be held by the Escrow Agent for the account of the Shareholders or the Buyer, as the case may be, to whom the respective Escrow Cash is disbursed pursuant to Section 5 above.

(b) Pending disbursement of any funds held by it hereunder, such funds shall be invested and reinvested by the Escrow Agent in FDIC insured certificates of deposit or money market accounts of the Escrow Agent, in either case maturing in one month or less. Investments shall be made at times and in accordance with procedures and deadlines from time to time determined by the Escrow Agent.

7. Arbitration.

(a) The Buyer, the Sellers, and the Shareholders agree that any controversy or claim arising out of or relating to this Agreement or the rights of the Buyer, the Sellers, or the Shareholders to the payment of all or a portion of the Escrow Shares shall be settled by arbitration in accordance with Section 12.10 of the Purchase Agreement. The Escrow Agent shall not be a party to any such arbitration. The decision of the arbitrators shall be final and binding upon the Buyer, the Sellers, and the Shareholders, and judgment upon any award rendered by all or a majority of the arbitrators may be entered in any court having jurisdiction.

(b) Any portion of the Escrow Shares held subject to arbitration may also be disbursed in accordance with the terms of a Joint Instruction.

8. Concerning the Escrow Agent.

(a) The Escrow Agent shall not be under any duty to give the Escrow Shares or other property or funds held by it hereunder any greater degree of care than it gives its own similar property and shall not be required to invest any funds held hereunder except as directed in this Agreement.

(b) This Agreement expressly sets forth all the duties of the Escrow Agent with respect to any and all matters pertinent hereto. No implied duties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall not be bound by the provisions of any agreement, including, but not limited to, the Purchase Agreement, among the other parties hereto except this Agreement, even if the Escrow Agent has knowledge of the existence of such agreement or the terms or provisions thereof, Escrow Agent's only duty, liability and responsibility under this Agreement being to receive, hold and deliver the Escrow Shares as provided herein.

(c) The Escrow Agent shall not be liable, except for its own gross negligence or willful misconduct. The Buyer, the Sellers and the Shareholders agree to indemnify and hold harmless the Escrow Agent from and against any and all losses, costs, expenses, damages, liabilities, claims, actions, suits, and judgments whatsoever (including, but not limited to, consequences arising in whole or in part from the negligence of the Escrow Agent or the alleged negligence of the Escrow Agent and including, among other things, court costs and reasonable attorney fees and paralegal fees incurred in connection therewith) which the Escrow Agent may incur (or which may be claimed or asserted against the Escrow Agent by any person or entity whatsoever), together with all reasonable expenses resulting from the compromise or defense of any such asserted claims or liabilities, whatsoever arising out of, from, as a result of, or in any manner in connection with the execution, delivery, consummation or performance by the Escrow Agent, of this Agreement; provided, however, that neither Buyer, the Sellers, nor the Shareholders Seller shall be required to indemnify the Escrow Agent for any claims damages, losses, liabilities, costs or expenses to the extent caused by the willful misconduct or gross negligence of the Escrow Agent, as determined in a final nonappealable order by a court of competent jurisdiction. Without limiting the foregoing, the Escrow Agent shall in no event be liable in connection with its investment or reinvestment of any funds held by it hereunder in good faith, in accordance with the terms hereof, including, without limitation, any liability for any delays (not resulting from its own gross negligence or willful misconduct) in the investment or reinvestment of such funds, or any loss of interest incident to any such delays.

(d) The Escrow Agent shall be entitled to rely in good faith upon any order, judgment, certification, demand, notice, instrument, arbitration award or other writing delivered to it hereunder without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity of the service thereof. The Escrow Agent may act in reliance upon any instrument or signature believed by it in good faith to be genuine and may assume that any person purporting to give notice or receipt or advice or make any statement or

execute any document in connection with the provisions hereof has been duly authorized to do so.

(e) The Escrow Agent may execute any of the powers granted under this Agreement and perform any of the duties by or through attorneys, agents, employees, accountants or other experts but will be answerable for the conduct of these parties in accordance with the standards provided in this Agreement and

shall be entitled to act upon the opinion or advice of its counsel, accountant and other expert concerning all matters under this Agreement, and may in all cases pay compensation to all attorneys, agents, employees, accountants and other experts as may reasonably be employed in connection with this Agreement. The Escrow Agent may act upon an opinion of its counsel, accountant and other expert and shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion of counsel, accountant or other expert.

(f) The Escrow Agent does not have any interest in the Escrow Shares or other funds or property held by it hereunder but is serving as escrow holder only and having only possession thereof.

(g) The Escrow Agent makes no representation as to the validity, value or genuineness of any amounts, documents or instruments held by or delivered to it.

(h) The Escrow Agent shall not be called upon to advise any party as to the wisdom in taking or refraining from taking any action with respect to any shares or amounts deposited hereunder.

(i) The Escrow Agent (and any successor Escrow Agent) may at any time resign as such by delivering the Escrow Shares and other funds and property held by it hereunder to any successor Escrow Agent jointly designated by the Shareholders' Agent and the Buyer in writing, or to any court of competent jurisdiction, whereupon the Escrow Agent shall be discharged of and from any and all further obligations arising in connection with this Agreement. The resignation of the Escrow Agent will take effect on the day which is thirty (30) days after the date of delivery of its written notice of resignation to the other parties hereto. If at that time the Escrow Agent has not received a designation of a successor Escrow Agent, the Escrow Agent's sole responsibility after that time shall be to safekeep the Escrow Shares until receipt of a designation of successor Escrow Agent pursuant to a Joint Instruction or a final order of a court of competent jurisdiction or of the arbitrators referred to in Section 7 hereof.

(j) The Escrow Agent shall have no responsibility for the contents of any writing of any arbitrator or third party contemplated herein as a means to resolve disputes and may rely in good faith without any liability upon the contents thereof.

(k) In the event of any disagreement among the Shareholders, the Buyer, the Sellers, and/or any person, firm, or entity resulting in a controversy with respect to this Agreement or in adverse claims or demands being made in connection with the Escrow Shares or

other funds or property held by it hereunder, or in the event that the Escrow Agent in good faith is in doubt as to what action it should take hereunder, the Escrow Agent shall be entitled to retain the Escrow Shares or other funds or property held by it hereunder until the Escrow Agent shall have received (i) a final decision of the arbitrators referred to in Section 7 hereof directing the delivery of the Escrow Shares or other funds or property held by it hereunder; (ii) a Joint Instruction directing delivery of the Escrow Shares or other funds or property held by it hereunder; or (iii) a final non-appealable order of a court of competent jurisdiction directing the delivery of the Escrow Shares or other funds or property held by it hereunder. Alternatively, in the event of such a disagreement among the Shareholders, the Buyer, the Sellers and/or any other person, firm or entity, the Escrow Agent shall have the right (but not the obligation) to institute a bill of interpleader in any court of competent jurisdiction to determine the rights of the parties hereto (the right of the Escrow Agent to the institute such bill of interpleader shall not, however, be deemed to modify the manner in which the Escrow Agent is entitled to make disbursements of the Escrow Amount as hereinabove set forth other than to tender the Escrow Amount into the registry of such court). Should a bill of interpleader be instituted, then as between themselves and the Escrow Agent, the Buyer, the Sellers, and the Shareholders, jointly and severally, hereby bind and obligate themselves, their successors, heirs, executors and assigns to pay the Escrow Agent its reasonable attorneys fees and costs in any and all other disbursements, expenses, losses, costs and damages of the Escrow Agent in connection with or resulting from such litigation.

(l) The Buyer, the Sellers, and Shareholders each agree that, prior to or contemporaneous with the Escrow Agent's execution of this Agreement and without the need for a submission by the Escrow Agent of an invoice therefore, the Buyer and the Shareholders' Agent will each pay the Escrow Agent one-half of its first Annual Escrow Agent Administration Fee, as set forth in Exhibit B hereto, which Exhibit B is incorporated herein by reference as though fully set forth herein, and that, prior to or contemporaneous with the Escrow Agent's execution of this Agreement and without the need for a submission by the Escrow

Agent of an invoice therefore, the Buyer and Shareholders' Agent will each reimburse the Escrow Agent for one-half of its Legal Fees and Expenses Incurred by Escrow Agent in Initial Review of Agreement, as set forth in Exhibit B hereto. The Buyer, the Sellers, and Shareholders each further agree that the Buyer and Shareholders' Agent will each thereafter pay the Escrow Agent one-half of its customary fees payable for acting as Escrow Agent under this Agreement, as set forth in Exhibit B hereto, and that the Buyer and Shareholders' Agent will each reimburse the Escrow Agent for one-half of all ordinary and necessary expenses incurred by the Escrow Agent in carrying out the terms of this Agreement. Except as otherwise provided for the initial payments in the first sentence of this subparagraph, such fees and reimbursements of expenses shall be paid directly to the Escrow Agent promptly upon receipt of periodic invoices therefor. In the event the Escrow Agent is required by the terms of this Agreement or otherwise deems it necessary or advisable in fulfillment of its responsibilities hereunder to take actions beyond those which are routinely performed by escrow agents under similar escrow agreements, the Buyer and Shareholders' Agent each also agree that they will each pay the Escrow Agent one-half of its reasonable fees for its services in such regard and each will reimburse the Escrow Agent for one-half of its reasonable expenses incurred by the Escrow Agent in connection

therewith. Such fees and reimbursements of expenses shall be paid directly to the Escrow Agent promptly upon receipt of invoices therefor. The Shareholders shall be jointly and severally liable for any failure of the Shareholder's Agent to perform any of its obligations hereunder.

9. Survival of Certain Provisions.

The grant of security interest in the first sentence of numbered paragraph 1(a) and the provisions of numbered paragraphs 8(c), 8(i), 8(k) and 8(l) shall remain in full force and effect for so long as the Escrow Agent may have any liability, notwithstanding anything contained herein to the contrary, including, but not limited to, the termination and resignation provisions contained in this Agreement.

10. Waiver of Jury Trial.

THE BUYER, THE SELLERS, THE SHAREHOLDERS, AND THE ESCROW AGENT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER OR ALL MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION THEREWITH, OR IN THE COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THIS AGREEMENT.

11. No Personal Liability.

No stipulation, covenant, agreement or obligation ("Obligation") contained in this Agreement will be deemed or construed to be an obligation of any present or future director, officer, employee or agent of the Escrow Agent, or any incorporator, director, officer, employee or agent of any successor to the Escrow Agent, in any person's individual capacity. No person in his/her individual capacity will be liable personally for any breach or observance of or for any failure to perform, fulfill or comply with any Obligation, nor will any recourse be had for any claim based upon any Obligation, or on any Obligation, against any person, in his/her individual capacity, either directly or through the Escrow Agent or any successor to the Escrow Agent, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all liability of any person in his/her individual capacity is expressly waived and released.

12. No Endorsement.

By serving as Escrow Agent pursuant to this Agreement, First Union National Bank does not undertake to investigate the underlying transaction or otherwise attest to its propriety, legality, or quality and to in this Agreement or contemplated hereby, or the identity or authority of the persons executing the same, and it shall be sufficient if any writing purporting to

be such instrument, document, certificate, statement or notice is delivered to the Escrow Agent and purports on its face to be correct in form and signed or otherwise executed by the party or parties required to sign or execute the same under this Agreement.

13. Miscellaneous.

(a) This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and assigns, heirs, administrators and representatives, and shall not be enforceable by or inure to the benefit of any third party except as provided in paragraph (i) of Section 8 with respect to a resignation by the Escrow Agent. No party may assign any of its rights or obligations under this Agreement without the written consent of the other parties. This Agreement and the Escrow Amount shall be construed and regulated under and their validity and effect shall be determined by the laws of the State of Florida, including its conflict of law rules. All of the Escrow Agent's rights hereunder are cumulative of any other rights it may have by law or otherwise.

(b) This Agreement may be modified only by a writing signed by all of the parties hereto, and no waiver hereunder shall be effective unless in a writing signed by the party to be charged.

(c) Any notice or other communication required or permitted hereunder may be delivered or filed personally or sent by telecopier, with receipt confirmed, or sent by a nationally recognized overnight courier, postage prepaid, addressed as follows:

If to the Buyer, to:

Sonic Automotive, Inc.
5401 East Independence Boulevard
P.O. Box 18747
Charlotte, North Carolina 28218

Telephone No.: (704) 566-2400
Telecopier No.: (704) 536-5116
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.

If to the Sellers or the Shareholders, to the Shareholders' Agent at the following address:

Mr. Bud C. Hatfield
c/o Toyota West
1500 Automall Drive
P.O. Box 28668
Columbus, Ohio 43228

Telephone No.: (614) 272-0000
Telecopier No.: (614) 870-9595

with a copy to:

Kemp, Schaeffer, Rowe & Lardiere Co., L.P.A.
88 West Mound Street
Columbus, Ohio 43215

Telecopier No.: (614) 469-7170
Attention: Michael N. Schaeffer, Esq.

If to the Escrow Agent at the following address:

First Union National Bank
Corporate Trust Department FL0122
225 Water Street, Third Floor
Jacksonville, FL 32202

Telecopier No.: (904) 361-7735
Attention: Mary B. Knauer

or to such other address as shall be furnished in writing by any party to the others prior to the giving of applicable notice or communication, and such notice or communication shall be deemed to have been delivered or filed as of

the date so delivered personally or by telecopier or one (1) business day after the date of deposit with such nationally recognized overnight courier; provided, however, any communications delivered to or filed with the Escrow Agent shall be deemed delivered or filed as of the date actually received by the Escrow Agent.

(d) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK - SIGNATURES NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ESCROW AGENT: FIRST UNION NATIONAL BANK, as Escrow Agent

By: /s/ Mary B. Knauer
_____
Name: Mary B. Knauer
Title: Vice President

THE BUYER: SONIC AUTOMOTIVE, INC.

By: _____
Name:
Title:

THE SELLERS: HATFIELD JEEP EAGLE, INC.

By: _____
Name:
Title:

HATFIELD LINCOLN MERCURY, INC.

By:_____
Name:
Title:

WESTSIDE DODGE, INC.

By:_____
Name:
Title:

TOYOTA WEST, INC.

By:_____
Name:
Title:

HATFIELD HYUNDAI, INC.

By:_____
Name:
Title:

THE SHAREHOLDERS: _____(SEAL)
BUD C. HATFIELD

_____(SEAL)
DAN E. HATFIELD

_____(SEAL)
DAN E. HATFIELD, AS TRUSTEE
OF THE BUD C. HATFIELD, SR.
SPECIAL IRREVOCABLE TRUST

EXHIBIT A

Name of Shareholder	Number of Escrow Shares	Percentage of Escrow Shares
Bud C. Hatfield	1600	64%
Dan E. Hatfield	669	27%
Dan E. Hatfield, as Trustee	231	9%
Total:	2500	100%

EXHIBIT B

Annual Escrow Agent Administration Fee: $3,000.00
(payable annually in advance)

Legal Fees and Expenses Incurred by Escrow Agent
in Initial Review of Agreement: $1,500.00

Services Not Included in Our Fee:

All out-of-pocket expenses such as legal fees and costs, wire transfers, telephone and telegraph, shipping costs, insurance, etc., will be billed at our cost.

Any extraordinary services provided by First Union National Bank will be billed separately, on a monthly basis upon analysis of the work involved.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of theday and year ??? above witten.

ESCROW AGENT: FIRST UNION NATIONAL BANK, as escrow agent

By: /s/ MARY B. KNAUER

Name: MARY B. KNAUER

Title: VICE PRESIDENT

THE BUYER: SONIC AUTOMOTIVE, INC.

By: /s/

Name:
Title:

THE SELLERS: HATFIELD JEEP EAGLE, INC.

By: /s/

Name:
Title:

HATFIELD LINCOLN MERCURY, INC.

By: /s/

Name:
Title:

July 8, 1998

First Union National Bank, as Escrow Agent, hereby acknowledges receipt of Certificates Number P-6, P-7 and P-8 of the Preferred Stock, Series I, of Sonic Automotive, Inc., to be held in escrow pursuant to an Escrow Agreement dated the date hereof.

FIRST UNION NATIONAL BANK

/s/ Donna Flannagan

Donna Flannagan
Director, Corporate Trust Dept.