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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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

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

Delaware	
(State or other jurisdiction of incorporation)	
1-13395	**56-201079**
(Commission File Number)	**(IRS Employer Identification No.)**
6415 Idlewild Road, Suite 109 **Charlotte, North Carolina**	**28212**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (704) 566-2400

N/A
(Former name or former address, if changed since last report.)

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On November 18, 2005, Sonic Automotive, Inc. ("Sonic") entered into a purchase agreement with Banc of America Securities LLC, J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (together the "Underwriters") for the sale of $150 million aggregate principal amount of Sonic's 4.25% Convertible Senior Subordinated Notes due 2015 (the "Notes") in a registered offering. In accordance with the terms of the purchase agreement, Sonic granted the Underwriters a 13-day option to purchase up to an additional $10 million aggregate principal amount of Notes solely to cover over-allotments. Sonic sold the Notes to the Underwriters on November 23, 2005, and Sonic received net proceeds of approximately $146 million.

The Notes are governed by the terms of the Subordinated Indenture (the "Subordinated Indenture"), dated as of May 7, 2002, by and among Sonic, the guarantors named therein and U.S. Bank National Association, as trustee (the "Trustee") and the Second Supplemental Indenture dated as of November 23, 2005 to the Subordinated Indenture between Sonic and the Trustee.

The Notes will bear interest at an annual rate of 4.25% until November 30, 2010 and then 4.75% thereafter. Interest is payable semi-annually in arrears on May 31 and November 30 of each year, beginning on May 31, 2006. The Notes mature on November 30, 2015 unless earlier converted, redeemed or repurchased by Sonic. The Notes are unsecured senior subordinated obligations of Sonic and are not guaranteed by Sonic's subsidiaries. Holders may convert the Notes into cash and shares of Sonic's Class A common stock, if any, at an initial conversion rate of 41.4185 shares of Class A common stock per $1,000 principal amount of the Notes (which is equivalent to a price per share of approximately $24.14), subject to certain adjustments and limitations, under the following circumstances: (1) prior to October 31, 2010, during the five business day period after any five consecutive trading day period in which the trading price per $1,000 principal amount of Notes was less than 103% of the product of the closing price of our Class A common stock and the applicable conversion rate for the Notes; (2) if Sonic calls the Notes for redemption; (3) upon the occurrence of certain corporate transactions; or (4) on or after October 31, 2010. Upon conversion of the Notes, Sonic will be required to deliver cash equal to the lesser of the aggregate principal amount of the Notes being converted and Sonic's total conversion obligation. If Sonic's total conversion obligation exceeds the aggregate principal amount of the Notes being converted, Sonic will deliver shares of Class A common stock to the extent of the excess amount, if any.

On or after November 30, 2010, Sonic may redeem some or all of the Notes at a redemption price in cash equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest. Holders of the Notes may require Sonic to repurchase for cash all or a portion of the Notes on November 30, 2010 at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest.

Sonic's repayment obligations under the Notes may be accelerated by the holders of 25% of the outstanding principal amount of the Notes then outstanding if certain events of default

occur, including: (1) defaults in the payment of principal or interest when due; (2) defaults in the satisfaction of obligations upon conversion of the Notes; (3) defaults in the performance, or breach, of Sonic's covenants under the Notes; (4) certain defaults under other agreements under which Sonic or its subsidiaries have outstanding indebtedness in excess of $35 million; and (5) certain bankruptcy, insolvency or reorganization events.

Sonic used a portion of the net proceeds from the sale of the Notes to pay the net cost of convertible note hedge and warrant transactions Sonic entered into with Bank of America, N.A., an affiliate of Banc of America Securities LLC, and JPMorgan Chase Bank, National Association, an affiliate of J.P. Morgan Securities Inc. (the "Dealers") on November 18, 2005. The convertible note hedge and warrant transactions increase the effective conversion price of the Notes from Sonic's perspective and are expected to reduce the potential dilution upon conversion of the Notes if the market price of Sonic's Class A common stock is greater than $24.14 per share at the time of exercise. The convertible note hedge and warrant transactions involve purchased call option confirmations and warrant confirmations with the Dealers. These confirmations are not part of the terms of the Notes and will not affect the holders' rights under the Notes. The purchased call option confirmations with the Dealers allow Sonic to acquire from the Dealers on or before November 29, 2010 up to 6,212,775 shares of its Class A common stock, subject to adjustment, following the occurrence of certain events, including conversion of the Notes. The number of shares of Class A common stock that Sonic would be entitled to receive from the Dealers would be based on the amount by which the market value of Sonic's Class A common stock at the time the purchased call option is exercised exceeds $24.14 per share, subject to adjustment. The warrant agreements with the Dealers require Sonic to deliver to the Dealers during a 120 day period beginning on April 5, 2011 up to 6,523,414 shares of Sonic's Class A common stock, subject to adjustment, following the occurrence of certain events, including if the trading price of Sonic's Class A common stock exceeds $33.00 per share, subject to adjustment. The number of shares of Class A common stock that Sonic would owe to the Dealers would be based on the amount by which the market value of Sonic's Class A common stock at the time the warrant is exercised exceeds $33.00 per share, subject to adjustment. Transactions under the purchased call option and warrant confirmations will be settled on a net share basis. The convertible note hedge and warrant transactions will have the effect of decreasing Sonic's total stockholders' equity by approximately $17.1 million, the net cost of the convertible note hedge and warrant transactions to Sonic.

The foregoing summaries of documents described above are qualified in their entirety by reference to the actual documents, which are filed as exhibits hereto.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosure required by this item and included in Item 1.01 is incorporated by reference.

Item 3.02. Unregistered Sales of Equity Securities.

The warrants described in Item 1.01 were offered and sold in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended. The disclosure required by this item and included in Item 1.01 is incorporated by reference.

Item 9.01. Financial Statements and Exhibits.

(c) *Exhibits.*

1.1 Purchase Agreement dated November 18, 2005 among Sonic Automotive, Inc., Banc of America Securities LLC, J.P. Morgan Securities, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

4.1 Second Supplemental Indenture, dated as of November 23, 2005, between Sonic Automotive, Inc. and U.S. Bank National Association, as trustee.

4.2 Form of 4.25% Convertible Senior Subordinated Note due 2015 (included in Exhibit 4.1).

10.1 Purchased call option confirmation, dated November 18, 2005, between Sonic Automotive, Inc. and Bank of America, N.A.

10.2 Purchased call option confirmation, dated November 18, 2005, between Sonic Automotive, Inc. and JPMorgan Chase Bank, National Association.

10.3 Warrant confirmation, dated November 18, 2005, between Sonic Automotive, Inc. and Bank of America, N.A.

10.4 Warrant confirmation, dated November 18, 2005, between Sonic Automotive, Inc. and JPMorgan Chase Bank, National Association.

SIGNATURES

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

SONIC AUTOMOTIVE, INC.

By: /s/ Greg Young

Greg Young
Vice President and Chief Accounting Officer

Dated: November 23, 2005

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Exhibit No.	Description
1.1	Purchase Agreement dated November 18, 2005 among Sonic Automotive, Inc., Banc of America Securities LLC, J.P. Morgan Securities, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated.
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10.4	Warrant confirmation, dated November 18, 2005, between Sonic Automotive, Inc. and JPMorgan Chase Bank, National Association.

EXHIBIT 1.1

EXECUTION COPY

SONIC AUTOMOTIVE, INC. (a Delaware corporation)

$150,000,000

4.25% Convertible Senior Subordinated Notes due 2015

PURCHASE AGREEMENT

Dated: November 18, 2005

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PURCHASE AGREEMENT

November 18, 2005

Banc of America Securities LLC
J.P. Morgan Securities Inc.
Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated

c/o Banc of America Securities LLC
9 West 57th Street
New York, New York 10019

Ladies and Gentlemen:

Sonic Automotive, Inc., a Delaware corporation (the "Company"), confirms its agreement with, Banc of America Securities LLC ("Banc of America"), J.P. Morgan Securities Inc. (J.P. Morgan) and Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, the "Underwriters"), (which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Banc of America is acting as representative (in such capacity, the "Representative"), with respect to (i) the issue and sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective principal amounts set forth in Schedule A of $150,000,000 aggregate principal amount of the Company's 4.25% Convertible Senior Subordinated Notes due 2015 (the "Initial Securities") and (ii) the grant by the Company to the Underwriters of the option described in Section 2(b) hereof to purchase all or a part of $10,000,000 aggregate principal amount of the Company's 4.25% Convertible Senior Subordinated Notes due 2015 to cover over-allotments, if any (the "Option Securities" and, together with the Initial Securities, the "Securities"). The Securities are to be issued pursuant to an indenture (the "Base Indenture") as supplemented by the second supplemental indenture to the Base Indenture, dated as of November 23, 2005 (the "Supplemental Indenture," and, together with the Base Indenture, the "Indenture") among the Company, certain of its Subsidiaries (as defined below in Section 1(a)(vii) and U.S. Bank Trust National Association, as trustee (the "Trustee"). The Securities will be issued in book-entry only form to Cede & Co. as nominee of The Depository Trust Company ("DTC") pursuant to a letter agreement, to be dated as of the Closing Time (as defined in Section 2(c)) (the "DTC Agreement"), among the Company, the Trustee and DTC.

The Securities will be convertible into shares of Class A Common Stock, par value $.01 per share, of the Company (the "Class A Common Stock") in accordance with the terms of the Securities and the Indenture. "Underlying Securities" shall mean the Class A Common Stock issuable upon conversion of the Securities.

The Company understands that the Underwriters propose to make a public offering of the Securities on the terms and in the manner set forth herein as soon as the Representative deems advisable after the execution and delivery of this Agreement and after the Supplemental Indenture has been qualified under the Trust Indenture Act of 1939, as amended (the "1939 Act").

The Company and certain of its Subsidiaries (as defined below in Section (a)(vii)) have filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (Registration No. 333-86672), including the related base prospectus, for the registration of Class A Common Stock, debt securities, warrants, preferred securities and guarantees (including the Securities and the Underlying Securities) under the Securities Act of 1933, as amended (the "1933 Act"), and the offering thereof from time to time in accordance with Rule 415 of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations"). The registration statement, including any Rule 462(b) Registration Statement (as defined below), has been declared effective by the Commission, and the Base Indenture has been, and upon filing with the Commission the Supplemental Indenture will be, qualified under the 1939 Act. Such registration statements (as so amended, if applicable), including the information, if any, deemed to be a part thereof pursuant to Rule 430A(b) of the 1933 Act Regulations (the "Rule 430A Information") or Rule 434(d) of the 1933 Act Regulations (the "Rule 434 Information"), are referred to herein collectively as the "Registration Statement"; and the final prospectus and the final prospectus supplement relating to the offering of the Securities, in the forms first furnished to the Underwriters by the Company for use in connection with the offering of the Securities, are collectively referred to herein as the "Prospectus"; provided, however, that all references to the "Registration Statement" and the "Prospectus" shall also be deemed to include all documents incorporated therein by reference pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), prior to the execution of this Agreement; provided, further, that if the Company files a registration statement with the Commission pursuant to Rule 462(b) of the 1933 Act Regulations (the "Rule 462(b) Registration Statement"), then all references to "Registration Statement" shall also be deemed to include the Rule 462 (b) Registration Statement; and provided, further, that if the Company elects to rely upon Rule 434 of the 1933 Act Regulations, then all references to "Prospectus" shall also be deemed to include the final or preliminary prospectus and the applicable term sheet or abbreviated term sheet (the "Term Sheet"), as the case may be, in the forms first furnished to the Underwriters by the Company in reliance upon Rule 434 of the 1933 Act Regulations, and all references to the date of the Prospectus shall mean the date of the Term Sheet. A "Preliminary Prospectus" shall be deemed to refer to (i) each prospectus used before the Registration Statement became effective and (ii) any prospectus and related preliminary prospectus supplement that omitted, as applicable, the Rule 430A Information, the Rule 434 Information or other information to be included upon pricing in a form of prospectus filed with the Commission pursuant to Rule 424(b) of the 1933 Act Regulations and was used after such effectiveness and prior to the initial delivery of the Prospectus to the Underwriters by the Company; provided, that a prospectus supplement shall be deemed to have supplemented the Prospectus only with respect to the offering of the underwritten Securities to which it relates. For purposes of this Agreement, all references to the Registration Statement, Prospectus, Term Sheet or Preliminary Prospectus or to any amendment or supplement to any of the foregoing shall be deemed to include any copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

The Company hereby confirms its engagement of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") as, and Merrill Lynch hereby confirms its agreement with the Company to render services as, a "qualified independent underwriter", within the meaning of Section (b)(15) of Rule 2720 of the National Association of Securities Dealers, Inc. (the "NASD") with respect to the offering and sale of the Securities. Merrill Lynch, solely in its capacity as the qualified independent underwriter and not otherwise, is referred to herein as the "QIU". The yield at which the Securities will be sold to the public shall not be lower than the yield recommended by the QIU.

All references in this Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" (or other references of like import) in the Registration

Statement, Prospectus or Preliminary Prospectus shall be deemed to mean and include all such financial statements and schedules and other information which are incorporated by reference in the Registration Statement, Prospectus or Preliminary Prospectus, as the case may be, prior to the execution of this Agreement; and all references in this Agreement to amendments or supplements to the Registration Statement, Prospectus or Preliminary Prospectus shall be deemed to mean and include the filing of any document under the 1934 Act, which is incorporated by reference in the Registration Statement, Prospectus or Preliminary Prospectus, as the case may be, after the execution of this Agreement.

SECTION 1. Representations and Warranties.

(a) *Representations and Warranties by the Company.* The Company represents and warrants to the Underwriters as of the date hereof, as of the Closing Time referred to in Section 2(b) hereof and as of each Date of Delivery (if any) referred to in Section 2(b) hereof, and agrees with each Underwriter as follows:

(i) Compliance with Registration Requirements. (i) The Company meets the requirements for use of Form S-3 under the 1933 Act. Each of the Registration Statement and any Rule 462(b) Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), the Registration Statement, the Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and the 1939 Act and the rules and regulations of the Commission under the 1939 Act (the "1939 Act Regulations"), and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, that this representation, warranty and agreement shall not apply to statements or omissions from the Registration Statement made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through Banc of America expressly for use in the Registration Statement.

Neither the Prospectus nor any amendments or supplements thereto, at the time the Prospectus or any such amendment or supplement was issued and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, that this representation, warranty and agreement shall not apply to statements or omissions from the Registration Statement made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through Banc of America expressly for use in the Registration Statement. If Rule 434 is used, the Company will comply with the requirements of Rule 434.

Each preliminary prospectus and the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act Regulations and did not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Incorporated Documents. The documents incorporated or deemed to be incorporated by reference in the Registration Statement and the Prospectus, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the "1934 Act Regulations"), and, when read together with the other information in the Prospectus, at the time the Registration Statement became effective, at the time the Prospectus was issued and at the Closing Time (and if any Option Securities are purchased, at the Date of Delivery), did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, that this representation, warranty and agreement shall not apply to statements or omissions from the Registration Statement made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through Banc of America expressly for use in the Registration Statement.

(iii) Independent Accountants. The accountants who certified the financial statements (which term as used in this Agreement includes the notes related thereto and supporting schedules) of (i) the Company and (ii) its Subsidiaries included in the Registration Statement are independent certified public accountants within the meaning of Regulation S-X under the 1933 Act with respect to the Company and its respective Subsidiaries.

(iv) Financial Statements. The financial statements included in the Registration Statement and the Prospectus present fairly the financial position of the Company and its consolidated Subsidiaries at the dates indicated and the consolidated balance sheets and consolidated statements of income, stockholders' equity and cash flows of the Company and its consolidated Subsidiaries for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, included in the Registration Statement present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement. There are no pro forma financial statements and other pro forma financial information (including the summary pro forma financial information) of the Company, its Subsidiaries and entities acquired or to be acquired by the Company or its Subsidiaries and the related notes thereto which would be required to be included in the Registration Statement or the Prospectus or to use the Prospectus in connection with the sale of the Securities.

(v) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise

stated therein, (A) there has been no material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into, or liabilities or obligations incurred, by the Company or any of its Subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its Subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(vi) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement, the Indenture, the Securities, the Underlying Securities, and the DTC Agreement and to enter into and consummate all the transactions in connection therewith as contemplated in the Prospectus; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vii) Subsidiaries. Each subsidiary of the Company (each, whether directly or indirectly held, a "Subsidiary" and collectively the "Subsidiaries") is a corporation, limited liability company or limited partnership duly organized, as the case may be, validly existing and in good standing under the laws of the jurisdiction of its organization, has corporate, limited liability company or limited partnership, as the case may be, power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign corporation, limited liability company or limited partnership to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Prospectus, all of the issued and outstanding capital stock, membership interests or partnership interests, as the case may be, of each such Subsidiary have been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through the Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim; none of the outstanding (a) shares of capital stock, (b) membership interests or (c) limited partnership interests of the Subsidiaries was issued in violation of any preemptive or similar rights arising by operation of law, or under the charter or by-laws of any Subsidiary or under any agreement to which the Company or any Subsidiary is a party. Except as set forth on Schedule B, no Subsidiary of the Company produced or accounted for more than 2% of the Company's total revenues for the 3 months ended June 30, 2005 (the "Significant Subsidiaries").

(viii) Capitalization. The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectus in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus and subsequent purchases of the Class A Common Stock). The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; and except as disclosed in the Prospectus,

none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company arising by operation of law, under the charter or by-laws of the Company, under any agreement to which the Company or any of the Subsidiaries is a party or otherwise. There are no outstanding options, warrants, preemptive rights, rights of first refusal or other rights to purchase, or equity or debt securities convertible into or exchangeable or exercisable for, any capital stock of the Company or any of its Subsidiaries other than those accurately described in the Prospectus. The description of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted thereunder, set forth or incorporated by reference in the Prospectus accurately and fairly describes such plans, arrangements, options and rights.

(ix) Authorization of Agreements. This Agreement has been duly authorized by the Company. This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The DTC Agreement has been duly authorized by the Company; as of the Closing Time, the DTC Agreement will have been duly executed and delivered by the Company; and, upon the execution and delivery thereof by the Company, the DTC Agreement will constitute a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(x) Authorization of the Indenture. The Indenture has been duly authorized by the Company and the Base Indenture has been, and upon filing with the Commission the Supplemental Indenture will be, duly qualified under the 1939 Act and, at the Closing Time, will have been duly executed and delivered by the Company and will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.

(xi) Authorization of the Securities. The Securities have been duly authorized by the Company and, at the time of their issuance by the Company, will have been duly issued by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms and will be in the form contemplated by, and entitled to the benefits of, the Indenture.

(xii) Authorization of the Underlying Securities. The Underlying Securities have been duly authorized by the Company and reserved for issuance by the Company upon such conversion by all necessary corporate action and such Underlying Securities, when issued upon such conversion will be duly issued, fully paid and non-assessable, and the issuance of such Underlying Securities will not be subject to preemptive or other similar rights of any stockholder of the Company arising by law, under the charter or by-laws of the Company or under any agreement to which the Company or any of its subsidiaries is a party. When executed and authenticated in the manner described in the Indenture and issued and delivered by the Company in exchange for the Securities pursuant to the Indenture, the Underlying Securities will constitute valid and binding obligations of the Company. No holder of the Underlying Securities will be subject to personal liability by reason of being such a holder.

(xiii) Description of the Securities, the Underlying Securities and the Indenture. The Securities, the Indenture, the Company's floor plan facilities, credit facilities and mortgage facilities do and/or will conform in all material respects to the respective statements relating thereto contained in the Prospectus and will be in substantially the respective forms filed or

incorporated by reference, as the case may be, as exhibits to the Registration Statement. The Underlying Securities will, upon their issuance, conform in all material respects to the statements relating thereto contained in the Prospectus, which statements conform to those in the instruments defining the same.

(xiv) Absence of Defaults and Conflicts. (1) Except as disclosed in the Prospectus, neither the Company nor any of the Subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which any of them may be bound, or to which any of the property or assets of the Company or any of the Subsidiaries is subject (collectively, "Agreements and Instruments") or has violated or is in violation of any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of the Subsidiaries or any of their assets, properties or operations, except in each case for such defaults or violations that would not result in a Material Adverse Effect. (2) Except as disclosed in the Prospectus, the execution, delivery and performance of this Agreement, the Indenture, the DTC Agreement, the Securities, the Underlying Securities and any other agreement or instrument entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated hereby or thereby or in the Registration Statement and the Prospectus or in connection with the consummation of the transactions contemplated herein and in the Registration Statement and the Prospectus (including the issuance and sale of the Securities, the use of the proceeds from the sale of the Securities as described in the Prospectus under the caption "Use of Proceeds," the issuance of any Underlying Securities and compliance by the Company with its obligations hereunder) have been duly authorized by all necessary corporate, limited liability company or partnership action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or a Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of the Subsidiaries (other than existing liens on properties being acquired in the pending acquisitions) pursuant to, the Agreements and Instruments, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any of the Subsidiaries or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of the Subsidiaries or any of their assets, properties or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of the Subsidiaries.

(xv) Absence of Labor Disputes. No material labor dispute with the employees of the Company or any of the Subsidiaries exists or, to the knowledge of the Company, is imminent, and except as disclosed in the Prospectus, the Company is not aware of any existing or imminent labor disturbance by the employees of any of their or any of the Subsidiaries' principal suppliers, manufacturers, customers or contractors, which, in either case, may reasonably be expected to result in a Material Adverse Effect.

(xvi) Absence of Proceedings. Except as disclosed in the Prospectus, there is no action, suit, proceeding, inquiry or investigation, in each case before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting (i) the Company or any Subsidiary thereof or (ii) or property owned or leased by, the Company or any of the Subsidiaries which, (x) is required to be disclosed in the Registration Statement or the Prospectus or (y) singly or in the aggregate, might reasonably be expected to result in a Material Adverse Effect, or which, singly or in the aggregate, might reasonably be expected to materially and adversely affect the properties or assets of the Company or any of the Significant Subsidiaries or the consummation of this Agreement or the performance by the Company of its obligations hereunder or under the Securities or the Underlying Securities. The aggregate of all pending legal or governmental proceedings to which the Company or any Subsidiary thereof is a party or of which any of their respective property or assets is the subject which are not described in the Registration Statement and the Prospectus, including ordinary routine litigation incidental to the business, would not reasonably be expected to result in a Material Adverse Effect.

(xvii) Possession of Intellectual Property. The Company and the Subsidiaries own, possess or license, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") presently employed by them in connection with the business now operated by them, and neither the Company nor any of the Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property (including Intellectual Property which is licensed) or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of the Subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

(xviii) Accuracy of Exhibits. There are no contracts or documents which are required to be described in the Registration Statement, the Prospectus or the documents incorporated by reference therein or to be filed as exhibits thereto which have not been so described and filed as required.

(xix) Absence of Further Requirements. Except as may be required under state securities laws, no filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the issuance of the Underlying Securities or the consummation of the transactions contemplated by or for the due execution, delivery or performance of this Agreement, the Indenture, the DTC Agreement, the Securities, the Underlying Securities or any other agreement or instrument entered into or issued or to be entered into or issued by the Company or any of the Subsidiaries in connection with the consummation of the transactions contemplated herein and in the Registration Statement and Prospectus (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described in the Prospectus under the caption "Use of Proceeds").

(xx) Possession of Licenses and Permits. The Company and the Subsidiaries possess such permits, licenses, approvals, consents, certificates and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them, except where the failure to possess such Governmental Licenses would not, singly or in the aggregate, have a Material Adverse Effect; the Company and the Subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses and with the rules and regulations of the regulatory authorities and governing bodies having jurisdiction with respect thereto, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except where the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and neither the Company nor any of the Subsidiaries has received any written notice of proceedings relating to the revocation or modification of any such Governmental Licenses, nor are there, to the knowledge of the Company, pending or threatened actions, suits, claims or proceedings against the Company or any Subsidiary before any court, governmental agency or body or otherwise that, if successful, would limit, revoke, cancel, suspend or cause not to be renewed any Governmental License, in each case, which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xxi) Title to Property. The Company and the Subsidiaries have good and marketable title to all real property owned by the Company and the Subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Prospectus or (b) do not, singly or in the aggregate, materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company or any of the Subsidiaries; and all of the leases and subleases material to the business of the Company and the Subsidiaries, considered as one enterprise, and under which the Company or any of the Subsidiaries holds properties described in the Prospectus, are in full force and effect, and neither the Company nor any of the Subsidiaries has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any of the Subsidiaries under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or any Subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease.

(xxii) Tax Returns. All material United States federal income tax returns of the Company and the Subsidiaries required by law to be filed have been filed (taking into account extensions granted by the applicable federal governmental agency) and all taxes shown by such returns or pursuant to any assessment received by the Company or any Subsidiary, which are due and payable, have been paid, except assessments against which appeals have been or will be promptly taken in good faith and as to which adequate reserves have been provided. The Company and the Subsidiaries have filed all other material tax returns that are required to have been filed by them pursuant to applicable foreign, federal, state, local or other law, and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company and the Subsidiaries, except for such taxes, if any, as are being contested in good faith and by appropriate proceedings and as to which adequate reserves have been provided. The charges, accruals and reserves on the books of the Company in respect of all federal, state, local and foreign tax liabilities of the Company and each Subsidiary for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not result in a Material Adverse Effect.

(xxiii) Insurance. The Company and the Subsidiaries carry or are entitled to the benefits of insurance, with financially sound and reputable insurers, in such amounts and covering such risks as is generally maintained by companies of established repute engaged in the same or similar business and all such insurance is in full force and effect.

(xxiv) Solvency. The Company is, and immediately after the Closing will be, Solvent. As used herein, the term "Solvent" means, with respect to the Company, on a particular date, that on such date (A) the fair market value of the assets of the Company is greater than the total amount of liabilities (including contingent liabilities) of the Company, (B) the present fair salable value of the assets of the Company is greater than the amount that will be required to pay the probable liabilities of the Company on its debts as they become absolute and mature, (C) the Company is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, and (D) the Company does not have an unreasonably small amount of capital and surplus.

(xxv) Stabilization or Manipulation. Neither the Company nor any of its officers, directors or controlling persons has taken, or will take, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company in order to facilitate the sale or resale of the Securities. The Company has not distributed and, prior to the later to occur of (i) the Closing Time and (ii) completion of the distribution of the Securities, will not distribute any offering material in connection with the offering and sale of the Securities other than any Preliminary Prospectus filed with the Commission or the Prospectus or other materials, if any, permitted by the 1933 Act and approved by the Representative.

(xxvi) Related Party Transactions. No relationship, direct or indirect, exists between or among any of the Company or any affiliate of the Company, on the one hand, and any director, officer, stockholder, customer or supplier of any of them, on the other hand, which is required by the 1933 Act or by the rules and regulations enacted thereunder to be described in the Registration Statement including those business relationships described in the Commission's MD&A Pronouncement (as defined below) which is not so described or is not described as required in the Registration Statement or the Prospectus. There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees of indebtedness by the Company or any affiliate of the Company to or for the benefit of any of the executive officers or directors of the Company or any affiliate of the Company or any of their respective family members.

(xxvii) Suppliers. No supplier of merchandise to the Company or any of the Subsidiaries has ceased shipments of merchandise to the Company or any of the Subsidiaries, other than in the normal and ordinary course of business consistent with past practices, which cessation would not result in a Material Adverse Effect.

(xxviii) Environmental Laws. Except as described in the Prospectus and except for such matters as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of the Subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment

(including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products or nuclear or radioactive material (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"); (B) the Company and the Subsidiaries have all permits, licenses, authorizations and approvals required for their respective businesses under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of the Subsidiaries and (D) there are no events, facts or circumstances that might reasonably be expected to form the basis of any liability or obligation of the Company or any of the Subsidiaries, including, without limitation, any order, decree, plan or agreement requiring clean-up or remediation, or any action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of the Subsidiaries relating to any Hazardous Materials or Environmental Laws.

(xxix) Registration Rights. Except as described in the Prospectus or on Schedule C hereof, there are no holders of securities (debt or equity) of the Company, or holders of rights (including, without limitation, preemptive rights), warrants or options to obtain securities of the Company, who in connection with the issuance, sale and delivery of the Securities and the Underlying Securities, if any, and the execution, delivery and performance of this Agreement, have the right to request the Company to register securities held by them under the 1933 Act.

(xxx) Accounting Controls. The Company and its consolidated Subsidiaries maintain a system of internal controls over financial reporting sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with United States GAAP and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; (D) the amounts recorded for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (E) any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data, and any fraud, whether or not material, that involves management or other employees who have a role in the Company's internal control over financial reporting, are, based on management's most recent evaluation of internal control over financial reporting, disclosed to the Company's independent auditors and the audit committee of the Company's board of directors. Based on the most recent evaluation of internal control over financial reporting, as of December 31, 2004, the Company had no material weaknesses in its internal control over financial reporting, and since that date, there have been no changes in internal control over financial reporting, including any corrective actions with regard to significant deficiencies and material weaknesses, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(xxxi) Disclosure Controls and Procedures. The Company employs disclosure controls and procedures (as such term is defined in Rules 13a-15 and 15d-14 under the 1934 Act) that are designed to ensure that information required to be disclosed by the Company in the

reports it files or submits under the 1934 Act is recorded, processed, summarized and reported, within the time periods specified on the Commission's rules and forms, and is accumulated and communicated to the Company's management, including its principal executive officer or officers and principal financial officer or officers, as appropriate, to allow timely decisions regarding disclosure, and such disclosure controls and procedures are reasonably effective to perform the functions for which they were established subject to the limitations of any such control system.

(xxii) Compliance with Sarbanes-Oxley Act. The Company is in material compliance with the applicable provisions of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act," which term, as used herein, includes the rules and regulations of the Commission promulgated thereunder).

(xxxiii) Investment Company Act. The Company is not, and upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Prospectus will not be, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xxxiv) Franchise Agreements. Each franchise agreement, in each case between a Subsidiary and the applicable manufacturer has been duly authorized by the Company and such Subsidiaries, and, as of the Closing Time, the Company shall have obtained all consents, authorizations and approvals from the Manufacturers required to consummate the transactions contemplated hereby or by the Prospectus.

(xxxv) Statistical and Market Data. The statistical and market-related data included or incorporated by reference in the Registration Statement and the Prospectus are based on or derived from sources which the Company reasonably believes to be reliable and accurate or represent the Company's good faith estimates that are made on the basis of data derived from such sources.

(xxxvi) Liquidity and Off Balance Sheet Arrangements. There are no transactions, arrangements and other relationships between and/or among the Company, any of its affiliates (as such term is defined in Rule 405 of the 1933 Act Regulations) and any unconsolidated entity, including but not limited to, any structural finance, special purpose or limited purpose entity (each, an "Off Balance Sheet Transaction") that could reasonably be expected to affect materially the Company's liquidity or the availability of or requirements for its capital resources, including those Off Balance Sheet Transactions described in the Commission's Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations (Release Nos. 33-8056; 34-45321 FR-61) (the "Commission's MD&A Pronouncement"), required to be described in the Prospectus which have not been described as required and the Company has otherwise complied with the Commission's MD&A Pronouncement.

(b) *Officer's Certificates*. Any certificate signed by any officer of the Company delivered to the Underwriters or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

SECTION 2. Sale and Delivery to Underwriters; Closing

(a) *Initial Securities*. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price set forth in Schedule D, the aggregate principal amount of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional principal amount of Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof.

(b) *Option Securities*. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional $10,000,000 aggregate principal amount of the Securities, at the price set forth in Schedule D. The option hereby granted will expire 13 days after the date hereof and may be exercised in whole or in part from time to time for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Securities upon notice by the Representative to the Company setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Representative, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time, as hereinafter defined. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject in each case to such adjustments as the Representative in its discretion shall make to eliminate any sales or purchases of fractional shares.

(c) *Payment.* Payment of the purchase price for the Initial Securities shall be made at the office of Fried, Frank, Harris, Shriver & Jacobson LLP, or at such other place as shall be agreed upon by the Representative and the Company at 9:00 A.M. (New York Time) on November 23, 2005 (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representative and the Company (such time and date of payment and delivery being herein called the "Closing Time").

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representative and the Company on each Date of Delivery as specified in the notice from the Representative to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company, against delivery to the respective accounts of the Underwriters of certificates for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representative, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Securities which it has agreed to purchase. Banc of America, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) *Denominations; Registration.* The securities shall be in book-entry only form and shall be represented by global certificates representing the Initial Securities and the Option Securities, if any,

in such denominations ($1,000 or integral multiples thereof) and registered in such names as the Representative may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The Securities will be made available for examination and packaging by the Underwriters in The City of New York not later than 5:00 P.M. on the last business day prior to the Closing Time.

SECTION 3. Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) *Compliance with Securities Regulations and Commission Requests.* (a) The Company, subject to Section 3(b), will comply with the requirements of Rule 430A of the 1933 Act Regulations and/or Rule 434 of the 1933 Act Regulations, if and as applicable, and, if any of the following occur prior to 90 days after the resale of the Securities by the Underwriters, will notify the Representative immediately, and confirm the notice in writing, of (i) the effectiveness of any post-effective amendment to the Registration Statement or the filing of any supplement or amendment to the Prospectus, (ii) the receipt of any comments from the Commission, (iii) any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings of the Prospectus necessary pursuant to Rule 424(b) and will take such steps as it deems necessary to ascertain promptly whether the Prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file the Prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) *Filing of Amendments.* The Company will give the Representative notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b) of the 1933 Act Regulations), any Term Sheet or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, whether pursuant to the 1933 Act, the 1934 Act or otherwise, will furnish the Representatives with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Representatives or counsel for the Underwriters shall object.

(c) *Delivery of Registration Statements.* The Company has furnished or will deliver to the Representative and counsel for the Underwriters, without charge, signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated or deemed to be incorporated by reference therein) and signed copies of all consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. The Registration Statement and each amendment thereto furnished to the Underwriters will be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) *Delivery of Prospectuses*. The Company will deliver (via electronic mail) to each Underwriter, without charge, as many copies of each Preliminary Prospectus as such Underwriter may reasonably request, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, such number of copies of the Prospectus as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to any electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) *Continued Compliance with Securities Laws.* The Company will comply with the 1933 Act and the 1933 Act Regulations and the 1934 Act and the 1934 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Registration Statement and the Prospectus. If at any time when the Prospectus is required by the 1933 Act or the 1934 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to amend the Registration Statement in order that the Registration Statement will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or to amend or supplement the Prospectus in order that the Prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of such counsel, at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters, without charge, such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) *Blue Sky Qualifications.* The Company will endeavor, in cooperation with the Underwriters, to qualify the Securities and the Underlying Securities for offering and sale under the applicable securities laws of such states and other jurisdictions as the Representative may designate and to maintain such qualifications in effect for a period of not less than one year from the later of the effective date of the Registration Statement and any Rule 462(b) Registration Statement; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Securities or Underlying Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for a period of not less than one year from the effective date of the Registration Statement and any Rule 462(b) Registration Statement. The Company will also supply the Underwriters with such information as is necessary for the determination of the legality of the Securities or the Underlying Securities, as the case may be, for investment under the laws of such jurisdictions as the Underwriters may request.

(g) *Listing*. The Company will use its best efforts to effect and maintain the listing of any shares of Class A Common Stock issuable upon conversion of any Securities on the New York Stock Exchange.

(h) *Reservation of Shares/Absence of Preemptive Rights.* The Company will reserve and keep available at all times, free of preemptive or other similar rights, shares of Class A Common Stock for the purpose of enabling the Company to satisfy any obligation to issue such shares upon conversion of any Securities.

(i) *Use of Proceeds.* The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Prospectus under "Use of Proceeds."

(j) *Restriction on Sale of Securities.* (i) During a period of 90 days from the date hereof (the "Initial Lock-Up Period"), the Company will not, without the prior written consent of Banc of America and J.P. Morgan, directly or indirectly, issue, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, any Class A Common Stock or Class B Common Stock, par value $.01 per share, debt securities or guarantees of debt securities of the Company, or any securities convertible or exchangeable into or exercisable for any such securities or guarantees of debt securities of the Company, and will not file a registration statement in connection therewith (other than a registration statement registering solely the Securities and/or the Underlying Securities); provided, however, the Company may incur indebtedness under its existing revolving credit, floor plan and construction/mortgage facilities, may issue securities in connection with acquisition of auto dealerships and may enter into the convertible note hedge and warrant option transactions with Bank of America N.A., and JPMorgan Chase Bank National Association. The Company will during the Lock-Up Period enforce, and will not waive, any lock-up or similar agreements that exist on the date hereof with third parties or come to exist prior to the end of that period.

(ii) During the Initial Lock-up Period, the Company will monitor the activities of the parties listed on Schedule E hereof and use its reasonable best efforts to ensure that such parties do not conduct transactions that violate the provisions of the form of "Lock-up Agreement" attached hereto as Exhibit A. Upon becoming aware that the 300,000 share threshold discussed in the Lock-up Agreement has been reached, the Company will promptly notify the parties set forth on Schedule E that they may not conduct any further transactions of the type set forth in the Lock-up Agreement during the Lock-up Period. Promptly following the execution and delivery of this Agreement, the Company will instruct its "transfer agent" (A) as to the details of this clause 3(j)(ii) and (B) to use its reasonable best efforts to ensure that none of the parties listed on Schedule E violate the provisions of the Lock-up Agreement.

(iii) Notwithstanding the foregoing, if: (1) during the last 17 days of such Initial Lock-up Period the Company issues an earnings release or material news or a material event relating to the Company occurs; or (2) prior to the expiration of the such Initial Lock-up Period, the Company announces that it will release earnings results during the 16-day-period beginning on the last day of such Initial Lock-up Period, the restrictions imposed by this letter shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event, as applicable, unless Banc of America and J.P. Morgan waive, in writing, such extension.

(k) *DTC Clearance.* The Company will use all reasonable efforts in cooperation with the Underwriters to permit the Securities to be eligible for clearance and settlement through DTC.

(l) *Rule 158*. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(m) *Interim Financial Statements*. Prior to the Closing Time, the Company shall furnish to the Underwriters any unaudited interim financial statements of the Company, promptly after they have been completed, for any periods subsequent to the periods covered by the financial statements appearing in the Registration Statement or the Prospectus.

(n) *Reporting Requirements.* The Company, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the 1934 Act Regulations.

SECTION 4. Payment of Expenses.

(a) *Expenses*. The Company will pay (or cause to be paid) all expenses incident to the performance of their respective obligations under this Agreement, including (i) the preparation, printing and any filing of the Prospectus and the Registration Statement (including financial statements and any schedules or exhibits) and of each amendment or supplement thereto, including the Prospectus and any prospectus to be contained in the Registration Statement, (ii) the preparation, printing and delivery to the Underwriters of this Agreement, the Indenture and such other documents as may be required in connection with the offering, purchase, sale and delivery of the Securities or Underlying Securities, (iii) the preparation, issuance and delivery of the Securities and any related Underlying Securities (including any global certificates), including any charges of DTC in connection therewith, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Securities and Underlying Securities under securities laws in accordance with the provisions of Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation, printing and delivery to the Underwriters of copies of any memorandum related to blue sky matters, any supplement thereto or any survey of investment qualifications, (vi) the fees and expenses of the Trustee, including the fees and disbursements of counsel for the Trustee in connection with the Indenture and the Securities, (vii) any fees payable in connection with the rating of the Securities, (viii) any filing fees incident to, and any reasonable fees and disbursements of counsel to the Underwriters in connection with, the review by the National Association of Securities Dealers, Inc. of the terms of the sale of the Securities and (ix) the fees and expenses, if any, incurred with respect to the listing of the Underlying Securities upon conversion of the Securities on the New York Stock Exchange.

(b) *Termination of Agreement.* If this Agreement is terminated by the Representative in accordance with the provisions of Section 5 or Section 9(a)(i) or 9(a)(ii) hereof, the Company shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof or in certificates of any officer of the Company delivered pursuant to the

provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) *Effectiveness of Registration Statement.* If, at the time this Agreement is executed and delivered, it is necessary for the Registration Statement or a post-effective amendment thereto to be declared effective before the offering of the Securities may commence, the Registration Statement, including any Rule 462(b) Registration Statement, or such post-effective amendment shall have become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or be pending or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing information relating to the description of the Securities and any related Underlying Securities, the specific method of distribution and similar matters shall have been filed with the Commission in accordance with Rule 424(b)(1), (2), (3), (4) or (5), as applicable (or any required post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A), or, if the Company has elected to rely upon Rule 434 of the 1933 Act Regulations, a Term Sheet including the Rule 434 Information shall have been filed with the Commission in accordance with Rule 424(b)(7).

(b) *Opinion of Counsel for the Company*. At the Closing Time, the Underwriters shall have received the favorable opinion, dated as of the Closing Time, of Moore & Van Allen PLLC, counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letters for each of the other Underwriters, to the effect previously agreed to by the parties and to such further effect as counsel for the Underwriters may reasonably request. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the Subsidiaries and certificates of public officials.

(c) *Opinion of Counsel for the Underwriters*. At the Closing Time, the Underwriters shall have received the favorable opinion, dated as of the Closing Time, of Fried, Frank, Harris, Shriver & Jacobson LLP, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters, with respect to certain matters agreed upon. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York and the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to the Representative. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and the Subsidiaries and certificates of public officials.

(d) *Officers' Certificate*. At the Closing Time, (i) the Registration Statement and the Prospectus, as they may then be amended or supplemented, including any documents incorporated by reference therein, shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its Subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business; (iii) the Company shall have complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time; and (iv) the representations and warranties of the Company in Section 1 shall be accurate and true

and correct as though expressly made at and as of the Closing Time. At the Closing Time, the Underwriters shall have received a certificate of the Chief Executive Officer of the Company and the person performing the functions of principal financial officer of the Company, dated as of the Closing Time, to such effect.

(e) *Accountants' Comfort Letter.* At the time of execution of this Agreement, the Underwriters shall have received from Deloitte & Touche LLP a letter dated such date, in form and substance satisfactory to the Representative and to counsel for the Underwriters, together with signed or reproduced copies of such letters for each of the other Underwriters, containing statements and information of the type ordinarily included in accountants' "comfort letters" to the Underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(f) *Bring-down Comfort Letter.* At the Closing Time, the Underwriters shall have received from Deloitte & Touche LLP a letter dated as of the Closing Date, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (e) of this Section, except that the specified date referred to shall be a date not more than three business days prior to Closing Time.

(g) *Maintenance of Rating*. Since the date of this Agreement, there shall not have occurred a downgrading in the rating assigned to the Securities or any of the Company's other debt securities by any nationally recognized statistics rating agency (as such term is defined by the Commission for purposes of Rule 436(g)(2) under the 1933 Act), and no such securities rating agency shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Securities or any of the Company's other securities.

(h) *No Objection.* The NASD has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(i) *Principal Financial Officer's Certificate.* At the Closing Time, the Underwriters shall have received a certificate of the person performing the functions of principal financial officer of the Company as to certain agreed upon accounting matters.

(j) *Indenture*. The Company shall have duly authorized, executed and delivered the Indenture to the Underwriters in a form and substance satisfactory to the Representative and counsel for the Underwriters.

(k) *Manufacturers' Consents*. The Representative shall have received on or as of the Closing Time, as the case may be, a certificate, in a form and substance satisfactory to the Representative, of two executive officers of the Company certifying that each of the Company and its subsidiaries owns, possesses or has obtained any required consents and approvals from all Manufacturers with respect to the transactions contemplated hereby or by the Prospectus and such consents and approvals, if any, shall be in a form satisfactory to the Representative.

(l) *Lenders' Consents*. Prior to or at the Closing Time, the Company shall have received any required consents under their existing indebtedness for the issuance and sale of the Securities pursuant to the terms of this Agreement and the Indenture in a form satisfactory to the Representative.

(m) *Approval of Listing.* At the Closing Time, the Underlying Securities shall have been approved for listing on the New York Stock Exchange, subject only to official notice of issuance.

(n) *Lock-Ups*. Prior or at the Closing Time, the Company shall have received lock-up agreements in the form attached hereto as Exhibit A from the parties set forth on Schedule E.

(o) *Conditions to Purchase of Option Securities.* In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company and any subsidiary of the Company shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(d) hereof remains true and correct as of such Date of Delivery.

(ii) Opinion of Counsel for Company. The favorable opinion of Moore & Van Allen PLLC, counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(iii) Opinion of Counsel for Underwriters. The favorable opinion of Fried, Frank, Harris, Shriver & Jacobson, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(iv) Bring-down Comfort Letter. A letter from Deloitte & Touche LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 5(e) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than five days prior to such Date of Delivery.

(p) *Additional Documents.* At the Closing Time, and at each Date of Delivery, counsel for the Underwriters shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be satisfactory in form and substance to the Underwriters and counsel for the Underwriters.

(q) *Termination of Agreement.* If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities on a Date of Delivery which is after the Closing Time, the obligations of

the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representative by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) *Indemnification of Underwriters.* The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any Preliminary Prospectus or the Prospectus, (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Representative), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through Banc of America expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any Preliminary Prospectus (or any amendment or supplement thereto).

(b) *Indemnification of Company, Directors and Officers.* Each Underwriter severally agrees to indemnify and hold harmless the Company and its directors, each of its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim,

damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430 Information and the Rule 434 Information deemed to be a part thereof, if applicable, or any Preliminary Prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriters through Banc of America expressly for use in the Registration Statement (or any amendment or supplement thereto) or such Preliminary Prospectus or the Prospectus (or any amendment or supplement thereto). The Company hereby acknowledges that the only information that the Underwriters have furnished to the Company expressly for use in the Registration Statement (or any amendment or supplement thereto) or such Preliminary Prospectus or the Prospectus (or any amendment or supplement thereto) are the statements set forth in the first sentence of the third paragraph under the caption "Underwriting" in the Prospectus.

(c) *Actions against Parties; Notification.* Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) above, counsel to the indemnified parties shall be selected by the Representative, and, in the case of parties indemnified pursuant to Section 6(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) *Settlement without Consent if Failure to Reimburse.* If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) *Indemnification of the QIU.* Without limitation and in addition to its obligation under the other subsections of this Section 8, the Company agrees to indemnify and hold harmless Merrill Lynch in its capacity as the QIU, its officers and employees and each person, if any, who controls the QIU within the meaning of the 1933 Act or the 1934 Act from and against any loss, claim, damage, liabilities or expense, as incurred, arising out of or based upon the QIU's acting as a "qualified independent underwriter" (within the meaning of Rule 2720 to the NASD's Conduct Rules) in connection with the offering contemplated by this Agreement, and agrees to reimburse each such indemnified person for any legal or other expense reasonably incurred by them in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action; *provided, however*, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or expense results from the gross negligence or willful misconduct of the QIU.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the total underwriting discount received by the Underwriters, bear to the aggregate initial offering price of the Securities.

The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, or by the Underwriters, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of the losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other fees reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities purchased by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Underwriter, and each director and officer of the Company, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the principal amount of Securities set forth opposite their respective names in Schedule A hereto and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or controlling person, or by or on behalf of the Company, and shall survive (i) delivery of the Securities to the Underwriters and (ii) any termination of this Agreement.

SECTION 9. Termination of Agreement.

(a) Termination; General. The Representative may terminate this Agreement, by notice to the Company, at any time at or prior to the Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Prospectus (exclusive of any amendment or supplement thereto), any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and the Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there shall have occurred a downgrading in the rating assigned to the Securities or any of the Company's other debt securities by any nationally recognized securities rating agency, or if such securities rating agency shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Securities or any of the Company's other debt securities or guarantees of debt securities, or (iii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representative, impracticable or inadvisable to market the Securities or to enforce contracts for the sale of the Securities, or (iv) if (a) trading in any securities of the Company has been suspended or materially limited by the Commission or the New York Stock Exchange, or if (b) trading generally on the American Stock Exchange or the New York Stock Exchange or in the Nasdaq National Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities

Dealers, Inc. or any other governmental authority, or (v) the Company shall have sustained a loss by strike, fire, flood, earthquake, terrorist attack, accident or other calamity of such character as in the judgment of the Representative may interfere materially with the conduct of the business and operations of the Company regardless of whether or not such loss shall have been insured, or (vi) a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States, or (vii) if a banking moratorium has been declared by either Federal, Delaware or New York authorities.

(b) *Liabilities*. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representative shall have the right, but not the obligation, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other initial purchasers, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representative shall not have completed such arrangements within such 24-hour period, then

(a) if the number of Defaulted Securities does not exceed 10% of the aggregate principal amount of the Securities to be purchased on the Closing Date or on any subsequent Date of Delivery, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective obligations hereunder bear to the obligations of all non-defaulting Underwriters;

(b) if the number of Defaulted Securities exceeds 10% of the aggregate principal amount of the Securities to be purchased on the Closing Date, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter; and

(c) if the number of Defaulted Securities exceeds 10% of the aggregate principal amount of the Securities to be purchased on a Delivery Date subsequent to the Closing Time, the obligation of the Underwriters to purchase and of the Company to sell the Option Securities to be purchased and sold on such Date of Delivery shall terminate without any liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Securities, as the case may be, either (i) the Representative or (ii) the Company shall have the right to postpone Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or the Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

SECTION 11. No Advisory or Fiduciary Responsibility. The Company acknowledges and agrees that: (i) the purchase and sale of the Securities pursuant to this Agreement, including the determination of the offering price and other pricing terms of the Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other hand, and the Company is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement; (ii) in connection with each transaction contemplated hereby and the process leading to such transaction each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company, or its affiliates, stockholders, creditors or employees or any other party; (iii) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company with respect to any of the transactions contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) or any other obligation to the Company with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement; (iv) the several Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company and that the several Underwriters have no obligation to disclose any of such interests by virtue of any fiduciary or advisory relationship; and (v) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the several Underwriters, or any of them, with respect to the transactions contemplated by this Agreement. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against the several Underwriters with respect to any breach or alleged breach of fiduciary duty in connection with transactions contemplated hereby.

SECTION 12. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to (i) Banc of America Securities LLC at 9 West 57th Street, New York, New York 10019, attention of Joel Van Dusen and (ii) J.P. Morgan Securities Inc. at 277 Park Avenue, 9th floor, New York, New York 10172, attention: Equity Syndicate Desk with a copy to Fried, Frank, Harris, Shriver & Jacobson LLP, 1 New York Plaza, New York, New York 10004, attention of Stuart H. Gelfond, Esq.; notices to the Company shall be directed to them at Sonic Automotive, Inc., 6415 Idlewild Road, Building 2, Suite 109, Charlotte, North Carolina 28212, attention of Stephen K. Coss, Esq.; with a copy to Thomas H. O'Donnell, Jr., Esq., Moore & Van Allen, PLLC, 100 North Tryon Street, Suite 4700, Charlotte, North Carolina 28202-4003.

SECTION 13. Parties. This Agreement shall inure to the benefit of and be binding upon the Underwriters, the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters, the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters, the Company and their respective successors, and said controlling persons and

officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 14. Governing Law and Time. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. SPECIFIED TIMES OF DAY HEREIN REFER TO NEW YORK CITY TIME.**

SECTION 15. General Provisions. This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in two or more counterparts, each one of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit.

SECTION 16. Partial Unenforceability. The invalidity or unenforceability of any Section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

SECTION 17. Effect of Headings. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Each of the parties hereto acknowledges that it is a sophisticated business person who was adequately represented by counsel during negotiations regarding the provisions hereof, including, without limitation, the indemnification provisions of Section 6 and the contribution provisions of Section 7, and is fully informed regarding said provisions. Each of the parties hereto further acknowledges that the provisions of Sections 6 and 7 hereto fairly allocate the risks in light of the ability of the parties to investigate the Company, its affairs and its business in order to assure that adequate disclosure has been made in Prospectus.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters and the Company in accordance with its terms.

Very truly yours,

SONIC AUTOMOTIVE, INC.

By: /s/ O. Bruton Smith

Name: O. Bruton Smith
Title: Chairman and Chief Executive Officer

CONFIRMED AND ACCEPTED,
as of the date first above written:

BANC OF AMERICA SECURITIES LLC
J.P. MORGAN SECURITIES INC.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: BANC OF AMERICA SECURITIES LLC

By: /s/ Derek Dillon

Authorized Signatory

SCHEDULE A

Aggregate Principal Amounts of Securities to be Purchased by each Underwriter

Banc of America Securities LLC	$ 63,750,000
J.P. Morgan Securities Inc.	$ 63,750,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$ 22,500,000

SCHEDULE B

2% Subsidiaries

Philpott Motors, Ltd.

Sonic Momentum B, L.P.

Sonic – Global Imports, L.P.

Sonic – LS Chevrolet, L.P.

SCHEDULE C

Registration Rights

None

SCHEDULE D

Securities

1. The initial offering price of the Securities shall be 98.125% of the principal amount thereof, plus accrued interest, if any, from the date of issuance.

2. The purchase price to be paid by the Underwriters for the Initial Securities shall be 97.5% of the principal amount thereof.

3. The purchase price to be paid by the Underwriters for the Option Securities shall be 97.5% of the principal amount thereof plus unpaid interest that has accrued with respect to the Initial Securities from the Closing Time to, but not including, the Date of Delivery less the amount of any cash dividend paid on the Underlying Securities as a percentage of a Security, from the Closing Time to, but not including, the date of delivery.

SCHEDULE E

Parties to Lock-up Agreements

O. Bruton Smith

B. Scott Smith

Jeffrey C. Rachor

Mark J. Iuppenlatz

William R. Brooks

William P. Benton

William I. Belk

H. Robert Heller

Robert L. Rewey

Thomas P. Capo

Victor H. Doolan

Greg Young

Sonic Financial Corporation

EXHIBIT A

Form of Lock-up Agreement

November 18, 2005

Banc of America Securities LLC
J.P. Morgan Securities Inc.
Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated

Underwriters to be named in the
within-mentioned Purchase Agreement

c/o Banc of America Securities LLC
9 West 57th Street
New York, New York 10019

Re: Proposed Public Offering of 4.25% Convertible Senior Subordinated Notes by Sonic Automotive, Inc.

Dear Sirs:

The undersigned, an officer, director, and/or stockholder of Sonic Automotive, Inc., a Delaware corporation (the "Company"), understands that, Banc of America Securities LLC ("Banc of America"), J.P. Morgan Securities Inc. ("J.P. Morgan") and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated propose to enter into a Purchase Agreement (the "Purchase Agreement") with the Company providing for the public offering of 4.25% Convertible Senior Subordinated Notes (the "Securities"). In recognition of the benefit that such an offering will confer upon the undersigned as an officer, director, and/or stockholder of the Company, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with each Underwriter to be named in the Purchase Agreement that, during a period from the date of the preliminary prospectus supplement first mailed, delivered, or shown to investors to the date ninety (90) days after the date of the Purchase Agreement (the "Initial Lock-Up Period"), the undersigned will not, without the prior written consent of Banc of America and J.P. Morgan, directly or indirectly, (i) offer, pledge, sell, sell short, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer any shares of the Company's Class A Common Stock, par value $0.01 per share (the "Class A Common Stock"), or any securities convertible into or exchangeable or exercisable for or repayable with Class A Common Stock (including the Company's Class B Common Stock) whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition, or request that the Company file any registration statement under the Securities Act of 1933, as amended, with respect to any of the foregoing; or (ii) enter into any swap or any other agreement or hedging arrangement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of Class A Common Stock, whether any such swap or transaction is to be settled by delivery of Class A Common Stock or other securities, in cash or otherwise.

Notwithstanding the foregoing, this letter agreement shall not prohibit (i) the sale by the undersigned, when combined with all other sales by the undersigned and any person listed on Schedule A hereto, of up to three hundred thousand (300,000) shares of Class A Common Stock (including shares of

Class B Common Stock which are converted into Class A Common Stock) during the Initial Lock-Up Period, (ii) the undersigned from entering into any written trading plan or agreement ("Rule 10b5-1 Plan") with a broker designed to comply with Rule 10b5-1(c)(1) promulgated pursuant to the Securities Exchange Act of 1934, as amended, provided that any such Rule 10b5-1 Plan shall specify that any sales of Class A Common Stock sold for the undersigned's benefit pursuant to the Rule 10b5-1 Plan shall not occur prior to the expiration of the Initial Lock-Up Period or (iii) the pledge of up to 7.5 million shares of Class B Common Stock to secure indebtedness of Mr. O. Bruton Smith and/or Sonic Financial Corporation. During this period, the undersigned agrees to provide advance notice to and consult with Steve Coss prior to any contemplated sale in order to determine the number of shares of Class A Common Stock which have previously been sold during such period by the persons listed on Schedule A hereto (it being acknowledged that the persons listed on Schedule A collectively may sell no more than three hundred thousand (300,000) shares of Class A Common Stock during this period).

If:

(1) during the last 17 days of the Initial Lock-Up Period, the Company issues an earnings release or material news or a material event relating to the Company occurs; or

(2) prior to the expiration of the Initial Lock-Up Period, the Company announces that it will release earnings results or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the Initial Lock-Up Period,

the restrictions imposed by this letter shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event, as applicable, unless Banc of America and J.P. Morgan waive, in writing, such extension.

The undersigned hereby acknowledges and agrees that written notice of any extension of the Initial Lock-Up Period pursuant to the previous paragraph will be delivered by Banc of America and J.P. Morgan to the Company (in accordance with Section 12 of the Purchase Agreement) and that any such notice properly delivered will be deemed to have been given to, and received by, the undersigned. The undersigned further agrees that, prior to engaging in any transaction or taking any other action that is subject to the terms of this lock-up agreement during the period from the date of this lock-up agreement to and including the 34th day following the expiration of the Initial Lock-Up Period, it will give notice thereof to the Company and will not consummate such transaction or take any such action unless it has received written confirmation from the Company that the lock-up period (as may have been extended pursuant to the previous paragraph) has expired.

This letter shall be binding on the undersigned and the heirs, legal representatives, successors and assigns of the undersigned. This letter shall be construed in accordance with the laws of the State of New York.

Very truly yours,

Signature: _____

Print Name: _____

Schedule A to
Lock-up Agreement

O. Bruton Smith

B. Scott Smith

Jeffrey C. Rachor

Mark J. Iuppenlatz

William R. Brooks

William P. Benton

William I. Belk

H. Robert Heller

Robert L. Rewey

Thomas P. Capo

Victor H. Doolan

Greg Young

Sonic Financial Corporation

EXHIBIT 4.1

EXECUTION COPY

SONIC AUTOMOTIVE, INC. (A DELAWARE CORPORATION), AS ISSUER,

AND

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

SECOND SUPPLEMENTAL INDENTURE, DATED AS OF NOVEMBER 23, 2005 TO THE INDENTURE, DATED AS OF MAY 7, 2002, AMONG THE ISSUER, THE TRUSTEES AND THE GUARANTORS SET FORTH THEREIN

4.25% CONVERTIBLE SENIOR SUBORDINATED NOTES DUE 2015

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SECOND SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), dated as of November 23, 2005 among SONIC AUTOMOTIVE, INC., a Delaware corporation (the "Company"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States, as Trustee (the "Trustee").

RECITALS OF THE COMPANY

WHEREAS, the Company, the Trustee and the Guarantors executed and delivered an Indenture, dated as of May 7, 2002 (the "Base Indenture," and as supplemented by this Second Supplemental Indenture, the "Indenture"), to provide for the issuance by the Company from time to time of Securities to be issued in one or more series as provided in the Indenture;

WHEREAS, the issuance and sale of up to $160,000,000 aggregate principal amount of a new series of the Company's 4.25% Convertible Senior Subordinated Notes due November 30, 2015 (the "Notes") has been authorized by resolutions adopted by the Board of Directors of the Company as of July 20 and July 21, 2005, a unanimous written consent of the Board of Directors dated September 21, 2005 and a unanimous written consent of a pricing committee of the Board of Directors dated November 15, 2005;

WHEREAS, the Company desires to issue and sell up to $160,000,000 aggregate principal amount of the Notes on the date hereof;

WHEREAS, Section 901 of the Base Indenture provides that without the consent of any Holders, the Company, when authorized by a Board Resolution, the Guarantors, when authorized by their respective Board Resolutions, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental to the Base Indenture to, among other things, (a) add to the covenants of the Company for the benefit of the Holders of all or any series of Securities, (b) to add additional Events of Default for the benefit of the Holders of all or any series of Securities, (c) to establish the form or terms of any series of Securities, and (d) to cure any ambiguity, to correct or supplement any provision herein, which may be inconsistent with any other provision in the Base Indenture, or to make any other provisions with respect to matters or questions arising under the Base Indenture;

WHEREAS, the Company and the Guarantors desire to (a) add covenants of the Company and additional Events of Default for the benefit of the Holders of the Notes (except as may be provided in a future supplemental indenture to the Indenture (a "Future Supplemental Indenture"), (b) establish the form and terms of the Notes and (c) provide whether certain Articles of the Indenture will apply to the Notes (except as may be provided in a Future Supplemental Indenture); and

WHEREAS, all things necessary to make this Second Supplemental Indenture a valid supplement to the Base Indenture according to its terms and the terms of the Base Indenture have been done;

NOW, THEREFORE, for and in consideration of the premises stated herein and the purchase of the Notes by the Holders thereof, the parties hereto hereby enter into this Second Supplemental Indenture, for the equal and proportionate benefit of all Holders of the Notes, as follows:

ARTICLE ONE

DEFINITIONS

SECTION 1.1. Certain Terms Defined in the Base Indenture.

Except as may be provided in a Future Supplemental Indenture with respect to the Notes, all capitalized terms used but not defined in this Second Supplemental Indenture shall have the meanings ascribed to such terms in the Base Indenture, as amended hereby; *provided, however,* that any term defined in the Base Indenture that is also defined in this Second Supplemental Indenture shall for all purposes of this Second Supplemental Indenture and all matters relating to the Notes, have the meaning set forth in this Second Supplemental Indenture.

SECTION 1.2. Definitions.

(a) Except as may be provided in a Future Supplemental Indenture with respect to the Notes, and no other class or series of Securities issued pursuant to the Indenture, Section 101 of the Indenture shall be amended (i) by adding the following new definitions if such definitions are not contained in the Base Indenture and (ii) if the terms set forth below are found in the Base Indenture, by replacing the terms and their meanings set forth in the Base Indenture with those set forth below:

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

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

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of such board.

"Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York.

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

"Capital Stock" for any corporation means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that corporation.

A "Change of Control" means the occurrence at such time after the original issuance of the Notes of any of the following:

(a) a "person" or "group" within the meaning of Section 13(d)(3) of the Exchange Act, other than the Company, any Subsidiary, a Smith Holder(s), or any employee benefit plans of the Company, a Smith Holder(s) or any Subsidiary, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of shares of Class A Common Stock representing more than 50% of the voting power of the Company's Capital Stock entitled to vote generally in the election of directors; or

(b) the first day on which a majority of the members of the Board of Directors does not consist of Continuing Directors; or

(c) the Company's shareholders approve any plan or proposal for the Company's liquidation or dissolution; or

(d) a consolidation, merger or binding share exchange, or any conveyance, transfer, sale, lease or other disposition of all or substantially all of the Company's properties and assets to another person, other than:

(i) any transaction (A) that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of the Company's Capital Stock; and (B) pursuant to which holders of the Company's Capital Stock immediately prior to the transaction have the entitlement to exercise, directly or indirectly, 50% or more of the total voting power of all shares of Capital Stock entitled to vote generally in elections of directors of the continuing or surviving or successor person immediately after giving effect to such issuance; or

(ii) any merger, share exchange, transfer of assets or similar transaction solely for the purpose of changing the Company's jurisdiction of incorporation and resulting in a reclassification, conversion or exchange of outstanding shares of common stock, if at all, solely into shares of common stock, ordinary shares or American Depositary Shares of the surviving entity or a direct or indirect parent of the surviving corporation; or

(iii) any consolidation or merger with or into any of the Company's Subsidiaries, so long as such merger or consolidation is not part of a plan or a series of transactions designed to or having the effect of merging or consolidating with any other person; or

(e) the occurrence of any transaction which would be a "going private transaction" with respect to the Class A Common Stock under Rule 13e-3 of the Exchange Act, or any transaction which would cause the Class A Common Stock to be beneficially owned by 300 or fewer persons.

"Class A Common Stock" means the Company's Class A Common Stock, par value $.01 per share, or any successor common stock thereto.

"close of business" means 5:00 p.m. (New York City time).

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Company" means Sonic Automotive, Inc., a corporation incorporated under the laws of Delaware, until a successor Person shall have become such pursuant to the applicable provisions hereof, and thereafter "Company" shall mean such Successor Person. All references to the Company exclude, unless otherwise expressly stated or the context otherwise requires, its Subsidiaries.

"Company Notice" means a notice to Holders delivered pursuant to Section 1109 or Section 1110.

"Consolidated Net Income (Loss)" of any Person means, for any period, the Consolidated net income (or loss) of such Person and its Subsidiaries for such period on a Consolidated basis as determined in accordance with GAAP, adjusted, to the extent included in calculating such net income (or loss), by excluding, without duplication, (i) all extraordinary gains or losses net of taxes (less all fees and expenses relating thereto), (ii) the portion of net income (or loss) of such Person and its Subsidiaries on a Consolidated basis allocable to minority interests in unconsolidated Persons or Subsidiaries to the extent that cash dividends or distributions have not actually been received by such Person or one of its Consolidated Subsidiaries, (iii) net income (or loss) of any Person combined with such Person or any of its Subsidiaries on a "pooling of interests" basis attributable to any period prior to the date of combination, (iv) any gain or loss, net of taxes, realized upon the termination of any employee pension benefit plan, (v) gains or losses, net of taxes (less all fees and expenses relating thereto), in respect of dispositions of assets other than in the ordinary course of business, (vi) the net income of any Subsidiary to the extent that the declaration of dividends or similar distributions by that Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders, (vii) any restoration to net income of any contingency reserve, except to the extent provision for such reserve was made out of income accrued at any time following the Issue Date, or (viii) any net gain arising from the acquisition of any securities or extinguishment, under GAAP, of any Indebtedness of such Person.

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

"Continuing Directors" means any member of the Board of Directors who (i) was a member of the Board of Directors on the date of original issuance of the Notes; or (ii) was nominated for election to the Board of Directors with the approval of, or whose election to the Board of Directors was ratified by, at least a majority of the Continuing Directors who were members of the Board of Directors at the time of such nomination or election.

"Conversion Agent" means any Person (including the Company) authorized by the Company to receive Notes (and related documentation) upon conversion thereof, and shall initially be the Trustee.

"Conversion Price" as of any date means $1,000 divided by the Conversion Rate as of such date.

"Conversion Settlement Date" means (A) with respect to the Conversion Settlement Distribution (other than any Additional Shares which may be issuable pursuant to Section 1701(c)), the third Business Day immediately following the Cash Settlement Averaging Period, and (B) with respect to any Additional Shares which may be issuable, the later of (i) the fifth Business Day following the effective date of any Change of Control transaction and (ii) the third Business Day immediately following the Cash Settlement Averaging Period.

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

"Event of Default" has the meaning specified in Section 501.

"Ex-Dividend Date" means the first date upon which a sale of the Class A Common Stock does not automatically transfer the right to receive the relevant distribution from the seller of the common stock, regular way on the relevant exchange or in the relevant market for the common stock, to its buyer.

"Family Controlled Entity" means (i) any not-for-profit corporation if at least 80% of its board of directors is composed of Smith Holders and/or Descendants; (ii) any other corporation if at least 80% of the value of its outstanding equity is owned directly or indirectly by one or more Smith Holders; (iii) any partnership if at least 80% of the value of the partnership interests is owned directly or indirectly by one or more Smith Holders; (iv) any limited liability or similar company if at least 80% of the value of the Company is owned directly or indirectly by one or more Smith Holders; and (v) any trusts created for the benefit of any of the persons listed in clauses (i) to (v) of this definition, including any Smith Holders.

"Floor Plan Facilities" means an agreement from any bank(s) or asset-based lender(s) pursuant to which the Company or any of its Subsidiaries incurs Indebtedness all of the net proceeds of which are used to purchase, finance or refinance vehicles and/or vehicle parts and supplies to be sold in the ordinary course of business of the Company and its Subsidiaries and which may not be secured except by a Lien that does not extend to or cover any property other than the property of the dealership(s), which use the proceeds of the Floor Plan Facilities.

"Fundamental Change" means either a Change of Control or a Termination of Trading.

"Future Supplemental Indenture" has the meaning assigned to it in the recitals.

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

"Global Note" means a Note that evidences all or part of the Notes and bears the legend set forth in Section 2.1 of this Second Supplemental Indenture.

"Holder" or "Noteholder" means any holder of any Notes.

"Indebtedness" means, with respect to any Person, without duplication,

(i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, excluding any trade payables and other accrued current liabilities arising in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities,

(ii) all obligations of such Person evidenced by bonds, notes, or other similar instruments,

(iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade payables arising in the ordinary course of business,

(iv) all obligations of such Person under Interest Rate Agreements, Currency Hedging Agreements or Commodity Price Protection Agreements of such Person,

(v) all Capital Lease Obligations of such Person,

(vi) all Indebtedness referred to in clauses (i) through (v) above of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or with respect to property, including, without limitation, accounts and contract rights owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness,

(vii) all Guaranteed Debt of such Person,

(viii) all Redeemable Capital Stock issued by such Person valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued and unpaid dividends,

(ix) Preferred Stock of any Subsidiary of the Company, and

(x) any amendment, supplement, modification, deferral, renewal, extension, refunding or refinancing of any liability of the types referred to in clauses (i) through (ix) above.

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

"Interest" means interest payable on each Note pursuant to Section 1 of the Notes.

"Interest Payment Date" means May 31 and November 30 of each year, commencing May 31, 2006.

"Interest Record Date" means May 15 and November 15 of each year.

"Issue Date" means the date hereof.

"Last Reported Sale Price" means, with respect to the Class A Common Stock or the Capital Stock of any Subsidiary on any date, the closing sale price per share (or, if no closing sale price is reported, the average of the bid and asked prices or, if more than one in either case,

the average of the average bid and the average asked prices) on such date as reported for composite transactions by the principal United States national or regional securities exchange on which the Class A Common Stock or the Capital Stock of such Subsidiary is traded or, if the Class A Common Stock or the Capital Stock of such Subsidiary is not listed on a United States national or regional securities exchange, as reported by Nasdaq National Market. The last reported sale price will be determined without reference to after-hours or extended market trading. If the Class A Common Stock or the Capital Stock of such Subsidiary is not listed for trading on a United States national or regional securities exchange and not reported by the Nasdaq National Market on the relevant date, the "Last Reported Sale Price" shall be the last quoted bid price for the Class A Common Stock or the Capital Stock of such Subsidiary in the over-the-counter market on the relevant date as reported by the National Quotation Bureau or similar organization. If the Class A Common Stock or the Capital Stock of such Subsidiary is not so quoted, the "Last Reported Sale Price" shall be the average of the midpoint of the last bid and asked prices for the Class A Common Stock or the Capital Stock of such Subsidiary on the relevant date from each of at least three independent nationally recognized investment banking firms selected by the Company for this purpose.

"Market Disruption Event" means (i) a failure by the Exchange to open for trading during its regular trading session or (ii) the occurrence or existence, at any time during the regular trading session (without regard to after hours or any other trading outside of the regular trading session hours), on any trading day for the Class A Common Stock, of any material suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in the Class A Common Stock or in any options, contracts or future contracts relating to the Class A Common Stock.

"Maturity" means, when used with respect to the Notes, the date on which the principal of the Notes becomes due and payable as therein provided or as provided in this Indenture, whether at Stated Maturity, the purchase date and whether by declaration of acceleration, conversion, optional or mandatory redemption, required repurchase or otherwise.

"Mortgage Facility" means the Master Loan Agreement between Toyota Motor Credit Corporation and Sonic Automotive, Inc., dated December 31, 2002, and as such agreement, in whole or in part, may have been or may be further amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time, including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing.

"Outstanding Notes" means the Company's outstanding (a) 8.625% Senior Subordinated Notes due 2013 and (b) 5.25% Convertible Senior Subordinated Notes due 2009.

"Pari Passu Indebtedness" means any Indebtedness of the Company that is *pari passu* in right of payment to the Notes, including without limitation, the Outstanding Notes.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof including any syndicate or group that would be deemed a "person" under Section 13(d)(3) of the Exchange Act.

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

"Record Date" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of the Class A Common Stock have the right to receive any cash, securities or other property or in which the Class A Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

"Redeemable Capital Stock" means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or exchangeable or otherwise,

(1) is or upon the happening of an event or passage of time would be, required to be redeemed prior to the final Stated Maturity of the principal of the Notes,

(2) is redeemable at the option of the holder thereof at any time prior to such final Stated Maturity (other than upon a Change in Control of the Company in circumstances where the holders of the Notes would have similar rights), or

(3) is convertible into or exchangeable for debt securities at any time prior to any such Stated Maturity at the option of the holder thereof.

"Redemption Date" means, when used with respect to any Note to be redeemed pursuant to any provision in this Indenture, the date fixed for such redemption by or pursuant to this Indenture.

"Revolving Facility" means the Second Amended and Restated Credit Agreement dated as of February 5, 2003 between Sonic Automotive, Inc. and Ford Motor Credit Company, DaimlerChrysler Services North America, LLC, Toyota Motor Credit Corporation, Bank of America, NA., Merrill Lynch Capital Corporation and JPMorgan Chase Bank, as amended by the First Amendment to Credit Agreement dated March 26, 2004, and as such agreement, in whole or in part, may have been or may be further amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time, including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing.

"Senior Indebtedness" means the principal of, premium, if any, and interest (including interest, to the extent allowable, accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy law) on any Indebtedness of the

Company (other than as otherwise provided in this definition), whether outstanding on the Issue Date or thereafter created, incurred or assumed, and whether at any time owing, actually or contingent, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Notes. Notwithstanding the foregoing, "Senior Indebtedness" shall (x) include the Floor Plan Facilities, the Revolving Facility and the Mortgage Facility to the extent the Company is a party to them and (y) not include:

(i) Indebtedness evidenced by the Outstanding Notes;

(ii) Indebtedness that is subordinate or junior in right of payment to any Indebtedness of the Company;

(iii) Indebtedness, which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code, is without recourse to the Company;

(iv) Indebtedness which is represented by Redeemable Capital Stock;

(v) any liability for foreign, federal, state, local or other taxes owed or owing by the Company to the extent such liability constitutes Indebtedness;

(vi) Indebtedness of the Company to a Subsidiary or any other Affiliate of the Company or any of such Affiliate's Subsidiaries;

(vii) to the extent it might constitute Indebtedness, amounts owing for goods, materials or services purchased in the ordinary course of business or consisting of trade accounts payable owed or owing by the Company, and amounts owed by the Company for compensation to employees or services rendered to the Company;

(viii) that portion of any Indebtedness, which at the time of issuance is issued in violation of this Indenture; and

(ix) Indebtedness evidenced by any guarantee of any Subordinated Indebtedness or Pari Passu Indebtedness.

"Senior Representative" means any agent, indenture trustee or other trustee or representative for any Senior Indebtedness of the Company.

"Significant Subsidiary" means, at any particular time, any Subsidiary that would constitute a "significant subsidiary" within the meaning of Article 1 of Regulation S-X promulgated under the Securities Act as in effect on the date of the Indenture.

"Smith Holders" means (i) Mr. O. Bruton Smith and his guardians, conservators, committees, or attorneys-in-fact; (ii) lineal descendants of Mr. Smith (a "Descendant") and their respective guardians, conservators, committees or attorneys-in-fact; and (iii) each Family Controlled Entity.

"Stated Maturity" means, when used with respect to the Notes, November 30, 2015.

"Stock Price" means the price per share of the Class A Common Stock paid in connection with a Change of Control transaction pursuant to which Additional Shares are issuable as set forth in Section 1701(c) hereof, which shall be equal to (i) if Holders of the Class A Common Stock receive only cash in such Change of Control transaction, the cash amount paid per share of the Class A Common Stock and (ii) in all other cases, the average of the Last Reported Sale Prices of the Class A Common Stock on the five Trading Days prior to, but not including, the effective date of such Change of Control transaction.

"Subordinated Indebtedness" means Indebtedness of the Company subordinated in right of payment to the Notes.

"Subsidiary" means any person of which at least a majority of the outstanding Voting Stock shall at the time directly or indirectly be owned or controlled by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries.

"Termination of Trading" means the occurrence, at any time, of the Class A Common Stock (or other common stock into which the Notes are then convertible) being neither listed for trading on a U.S. national securities exchange nor quoted on the Nasdaq National Market.

"Trading Day" means a day during which (i) trading in the Class A Common Stock generally occurs, (ii) there is no Market Disruption Event and (iii) a last reported sale price for the Class A Common Stock (other than a last reported sale price as referred to in the last sentence of such definition) is provided on the New York Stock Exchange or, if our Class A Common Stock is not listed on the New York Stock Exchange, on the principal other U.S. national or regional securities exchange on which our Class A Common Stock is then listed or, if our Class A Common Stock is not listed on a U.S. national or regional securities exchange, on the principal other market on which our Class A Common Stock is then traded (the "Exchange").

"Trading Price" of the Notes on any date of determination means the average of the secondary market bid quotations obtained by the trustee for $5.0 million principal amount of the Notes at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select; *provided* that if three such bids cannot reasonably be obtained by the trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the trustee, that one bid shall be used. If the Trustee cannot reasonably obtain at least one bid for $5.0 million principal amount of the Notes from a nationally recognized securities dealer, then the Trading Price per $1,000 principal amount of Notes shall be deemed to be less than 103% of the product of the Last Reported Sale Price of the Class A Common Stock and the Conversion Rate.

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

(b) Other definitions used and defined in this Second Supplemental Indenture:

Term	Defined in Section (of this Second Supplemental Indenture)
"105% exception"	2.17
"Accepted Purchase Shares"	2.22
"Acquisition Value"	2.22
"Additional Shares"	2.22
"Adjustment Event"	2.22
"Base Indenture"	Recitals
"cash"	2.17
"Cash Amount"	2.22
"Cash Settlement Averaging Period"	2.22
"Company"	Preamble
"Consolidated"	definition of Consolidation
"control," "controlling" and "controlled"	definition of Affiliate
"Conversion Date"	2.22
"Conversion Notice"	2.22
"Conversion Obligation"	2.22
"Conversion Rate"	2.22
"Conversion Settlement Distribution"	2.22
"Conversion Value"	2.22
"Current Dividend Rate"	2.22
"Daily VWAP"	2.22
"Descendant"	definition of Smith Holders
"Determination Date"	2.22
"effective date"	2.22
"Exchange"	definition of Trading Day
"Exchange Property"	2.22
"Event of Default"	2.9
"Ex-Date"	2.22
"Fundamental Change Repurchase Date"	2.17
"Fundamental Change Repurchase Notice"	2.17
"Fundamental Change Repurchase Price"	2.17
"herein" and "hereof"	3.5
"Indenture"	2.23
"Initial Dividend Rate"	2.22
"Initial Period"	2.18
"maximum fixed repurchase price"	definition of Indebtedness
"Market Disruption Event"	2.22
"Non-Electing Share"	2.22
"Non-Payment Default"	2.18
"Note Register"	2.7
"Note Registrar"	2.7
"Noteholder"	definition of Holder
"Notes"	Recitals
"Offer Expiration Time"	2.22
"Payment Blockage Period"	2.18
"Payment Default"	2.18
"Permitted Junior Securities"	2.18
"Prospectus Supplement"	2.15
"Public Acquirer Change of Control"	2.22
"Public Acquirer Common Stock"	2.22
"Redemption Price"	2.17
"Repurchase Date"	2.17
"Repurchase Notice"	2.17
"Repurchase Price"	2.17
"Second Supplemental Indenture"	Preamble
"Spin-Off"	2.22
"Successor Person"	2.12
"Trustee"	Preamble
"Valuation Period"	2.22

ARTICLE TWO

FORM AND TERMS OF THE NOTES

SECTION 2.1. Form of Face of Note.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Section 202 of the Base Indenture shall be replaced in its entirety with the following:

The form of the face of any Notes authenticated and delivered hereunder and of the Trustee's Certificate of Authentication shall be substantially as follows:

[Legend if Note is a Global Note]

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY. TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC") OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE INDENTURE.

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

THE OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN ARTICLE TWELVE OF THE INDENTURE TO THE OBLIGATIONS (INCLUDING INTEREST) OWED BY THE COMPANY TO ALL SENIOR INDEBTEDNESS; AND EACH HOLDER HEREOF BY ITS ACCEPTANCE HEREOF, SHALL BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AS SET FORTH IN SAID ARTICLE TWELVE OF THE INDENTURE.

SONIC AUTOMOTIVE, INC.

4.25% CONVERTIBLE SENIOR SUBORDINATED NOTE DUE 2015

CUSIP NO. [_____]

No. ____ $_____

Sonic Automotive, Inc., a Delaware corporation (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal sum of $_____ United States dollars, or such other principal amount (which, when taken together with the principal amounts of all other Notes then Outstanding, shall not exceed $160,000,000 less the principal amount of Notes redeemed by the Company in accordance with the Indenture) as may be set forth on the Note Register on Appendix A hereto in accordance with the Indenture, on November 30, 2015, at the office or agency of the Company referred to below.

Interest Payment Dates: May 31 and November 30 of each year, commencing May 31, 2006.

Interest Record Date: May 15 and November 15 of each year.

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

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

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

Sonic Automotive, Inc.

By: _____

Name:
Title:

Attest: _____

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 4.25% Convertible Senior Subordinated Notes due 2015, referred to in the within-mentioned Second Supplemental Indenture.

U.S. Bank National Association,
as Trustee

By: _____

Authorized Signer

Dated:

SECTION 2.2. Form of Reverse of Note.

Except as may be provided in a Future Supplemental Indenture applicable to the Notes, the provisions of Section 203 of the Base Indenture are amended (with respect to the Notes only) in its entirety and restated as follows:

The form of the reverse of the Notes shall be substantially as follows:

Sonic Automotive, Inc.
4.25% Convertible Senior Subordinated Note due 2015

This Note is one of a duly authorized issue of Notes of the Company designated as its 4.25% Convertible Senior Subordinated Notes due 2015 (herein called the "Notes"), limited in aggregate principal amount of up to $160,000,000, issued under and subject to the terms of an indenture, dated as of May 7, 2002, among the Company, the Guarantors (as defined in the Base Indenture), if any (to the extent party thereto), and the U.S. Bank National Association, as trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture) (the "Base Indenture," and as supplemented by a "Second Supplemental Indenture," dated as of November 23, 2005 between the Company and the Trustee, the "Indenture"), to which Indenture and all indentures supplemental thereto relating to the Notes reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders of the Notes, and of the terms upon which the Notes are, and are to be, authenticated and delivered. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture shall control. Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture unless otherwise indicated.

1. Interest

The Notes will initially bear interest on the principal amount thereof at a rate of 4.25% per year. Interest shall be payable semiannually in arrears on May 31 and November 30 of each year, commencing May 31, 2006, which interest rate shall be increased by 0.50% for all periods beginning after November 30, 2010.

Interest shall be payable on each Interest Payment Date to the person in whose name the Note is registered at the close of business on the preceding Interest Record Date. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Company shall pay Interest to the Noteholder of record on the Interest Record Date even if the Company elects to redeem or Noteholders elect to require the Company to repurchase the Notes on a date that is after an Interest Record Date, but on or prior to the corresponding Interest Payment Date. In that instance, the Company shall pay accrued and unpaid Interest on the Notes being redeemed to, but not including, the Redemption Date, the Repurchase Date or the Fundamental Change Repurchase Date, as the case may be, to the Noteholder of record on the Interest Record Date.

If the principal amount of any Note, or any accrued and unpaid Interest on the Note, is not paid when due (whether upon acceleration pursuant to Section 502 of the Indenture, upon the date set for payment of the Redemption Price pursuant to the terms of this Note, upon the date set for payment of the Repurchase Price or Fundamental Change Repurchase Price pursuant to the terms of this Note, upon the Stated Maturity of the Notes or, upon the Interest Payment Dates), then in each such case the overdue amount shall, to the extent permitted by law, bear cash interest at the rate of 1% per annum, compounded semiannually, which interest shall accrue from the date such overdue amount was originally due to the date payment of such amount, including interest thereon, has been made or duly provided for. All such interest shall be payable in cash on demand, but if not so demanded shall be paid quarterly to the Holders on the last day of each quarter.

2. Method of Payment

Except as provided below, the Company shall pay Interest, on (i) the Global Note, to DTC, or its nominee, as the case may be, as the registered owner thereof, in immediately available funds, (ii) any certificated Note having an aggregate principal amount of $2,000,000 or less, by check mailed to the Holder of such Note and (iii) any certificated Note having an aggregate principal amount of more than $2,000,000, by wire transfer in immediately available funds if requested by the Holder of any such Note at least five business days prior to the relevant Interest Payment Date.

At Stated Maturity, the Company shall pay Interest on certificated Notes at the Company's office or agency maintained for that purpose, which initially shall be the office of the Trustee located in the Borough of Manhattan, The City of New York.

Subject to the terms and conditions of the Indenture, the Company shall make payments in cash in respect of Redemption Prices, Repurchase Prices, Fundamental Change Repurchase Prices and at Stated Maturity to Holders who surrender Notes to a Paying Agent to collect such payments in respect of the Notes. The Company shall pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check payable in such money.

3. Redemption of Notes at the Option of the Company

No sinking fund is provided for the Notes. The Notes are redeemable for cash at the option of the Company, in whole or in part, at any time or from time to time on or after November 30, 2010 upon not less than 30 nor more than 60 days' notice by mail for a redemption price (the "Redemption Price") equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid Interest on those Notes up to, but excluding, the Redemption Date.

If less than all of the Notes are to be redeemed, the Trustee shall select the Notes or portions thereof to be redeemed by lot, on a pro rata basis or by another method the Trustee considers fair and appropriate. If a portion of a Holder's Notes is selected for partial redemption and that Holder converts a portion of his Notes, the converted portion will be deemed to be of the portion selected for redemption.

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

The Company may not redeem the Notes if it has failed to pay any Interest on the Notes when due and such failure to pay is continuing.

4. Purchase by the Company at Option of the Holder

Subject to the terms and conditions of the Indenture, the Company shall become obligated to repurchase, at the option of the Holder, all or any portion of the Notes held by such Holder on November 30, 2010 in integral multiples of $1,000 at a Repurchase Price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid Interest, if any, on those Notes up to, but excluding, the Repurchase Date. To exercise such right, a Holder shall deliver to the Paying Agent a Repurchase Notice containing the information set forth in the Indenture, at any time from the opening of business on the date that is 20 Business Days prior to such Repurchase Date until the close of business on the Repurchase Date, and shall deliver the Notes to the Paying Agent as set forth in the Indenture.

At the option of the Holder and subject to the terms and conditions of the Indenture, the Company shall become obligated to repurchase the Notes held by such Holder after the occurrence of a Fundamental Change for a Fundamental Change Repurchase Price as described in the Indenture.

Holders have the right to withdraw any Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

If cash sufficient to pay the Repurchase Price or Fundamental Change Repurchase Price, as the case may be, of all Notes or portions thereof to be purchased as of the Repurchase Date or the Fundamental Change Repurchase Date, as the case may be, is deposited with the Paying Agent, Interest shall cease to accrue on such Notes (or portions thereof) on and following such Repurchase Date or Fundamental Change Repurchase Date, and the Holder thereof shall have no other rights as such other than the right to receive the Repurchase Price or Fundamental Change Repurchase Price upon surrender of such Note.

5. Conversion

Subject to the occurrence of certain events and in compliance with the provisions of the Indenture (including, without limitation, the conditions to conversion of this Indenture set forth in Section 1701 thereof) or at any time after October 31, 2010, a Holder is entitled, at such Holder’s option, to convert the Holder’s Note (or any portion of the principal amount thereof that is $1,000 or an integral multiple of $1,000), into cash or a combination of cash and fully paid and nonassessable shares of Class A Common Stock, if any, at the Conversion Rate in effect at the time of conversion in accordance with the terms of the Indenture.

The Company shall notify Holders of any event triggering the right to convert the Notes if required in the Indenture.

A Note in respect of which a Holder has delivered a Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, exercising the option of such Holder to require the Company to purchase such Note, may be converted only if such Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, is withdrawn in accordance with the terms of the Indenture.

The initial Conversion Rate is 41.4185 shares of Class A Common Stock per $1,000 principal amount, subject to adjustment in certain events described in the Indenture. The Conversion Rate shall not be adjusted for any accrued and unpaid Interest.

In addition, following certain corporate transactions as set forth in Section 1701(b) of the Indenture that are effective prior to November 30, 2010, and 10% or more of the consideration for the Class A Common Stock in the corporate transaction consists of consideration other than common stock traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange or the Nasdaq National Market, a Holder who elects to convert its Notes in connection with such corporate transaction shall be entitled to receive Additional Shares of Class A Common Stock upon conversion. Notwithstanding the previous sentence, in the case of a Public Acquirer Change of Control, the Company may, in lieu of increasing the Conversion Rate by Additional Shares, elect to adjust the Conversion Rate and Conversion Obligation such that from and after the effective date of such Public Acquirer Change of Control, Holders of the Notes shall be entitled to convert their Notes into a number of shares of Public Acquirer Common Stock, as determined pursuant to Section 1701(d) of the Indenture.

To surrender a Note for conversion, a Holder must (1) complete and manually sign the Conversion Notice attached hereto (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Note to the Conversion Agent if required, (3) furnish appropriate endorsements and transfer documents, (4) if required by Section 1702(g) of the Indenture, pay Interest and (5) pay any transfer or similar tax, if required.

No fractional shares of Class A Common Stock shall be issued upon conversion of any Note. Instead of any fractional share of Class A Common Stock that would otherwise be issued upon conversion of such Note, the Company shall pay cash in lieu of a fractional share as provided in the Indenture.

In the event that the Company (i) is a party to a consolidation, merger or combination, (ii) reclassifies the Class A Common Stock or (iii) sells or conveys all or substantially all of its property or assets to any Person, and as a result of any such event the Holders of Class A Common Stock would be entitled to receive Exchange Property for their Class A Common Stock, upon conversion of the Notes after the effective date of such event, the Conversion Obligation and the Conversion Settlement Distribution shall be based on the applicable Conversion Rate and the Exchange Property, in each case in accordance with the Indenture.

6. Subordination

To the extent provided in the Indenture, the Notes are subordinated to Senior Indebtedness, as defined in the Indenture, of the Company. The Company agrees, and each Noteholder by accepting a Note agrees, to the subordination provisions contained in the Indenture and authorizes the Trustee to give it effect and appoints the Trustee as attorney-in-fact for such purpose.

7. Paying Agent, Conversion Agent and Registrar

Initially, the Trustee shall act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent or Registrar without notice, other than notice to the Trustee. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent or Registrar.

8. Form, Exchange and Transfer

The Notes are in fully registered form, without coupons, in denominations of $1,000 of principal amount and integral multiples of $1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not transfer or exchange any Notes selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) for a period of 15 days before the mailing of a notice of redemption of Notes to be redeemed or any Notes in respect of which a Repurchase Notice or Fundamental Change Repurchase Notice has been given and not withdrawn (except, in the case of a Note to be purchased in part, the portion of the Note not to be purchased).

9. Persons Deemed Owners

The registered Holder of this Note may be treated as the owner of this Note for all purposes.

10. Amendment; Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Notes may be amended with the written consent of the Holders of at least a majority in aggregate principal amount of the outstanding Notes and (ii) certain Events of Defaults may be waived with the written consent of the Holders of a majority in aggregate principal amount of the outstanding Notes. The Company and the Trustee may also amend the Indenture or the Notes without the consent of any Noteholder for certain items specified in the Indenture.

Certificated Notes shall be transferred to all beneficial holders in exchange for their beneficial interests in the Global Note, if any, if (x) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary or if it ceases to be a clearing agency registered under the Exchange Act and a successor Depositary is not appointed by the Company within 90 days, (y) the Company decides to discontinue use of the system of book-entry transfer through the Depositary (or any successor depositary) or (z) there shall have occurred and be continuing an Event of Default and the Note Registrar has received a request from the Depositary. Upon any such issuance, the Trustee is required to register such certificated Notes in the name of, and cause the same to be delivered to, such Person or Persons (or the nominee of any thereof).

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

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

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

11. Defaults and Remedies

If any Event of Default with respect to the Notes shall occur and be continuing, the principal amount of the Notes and any accrued and unpaid Interest, on all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

12. Trustee Dealings with the Company

Subject to certain limitations imposed by the Trust Indenture Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of the Notes and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

13. Calculations in Respect of Notes

The Company or its agents shall be responsible for making all calculations called for under the Notes including, but not limited to, determinations of the market prices for the Notes and of the Class A Common Stock and the amounts of Interest accrued on the Notes. The Company shall make all calculations in good faith and using commercially reasonable standards, and absent manifest error, such calculations will be final and binding on Holders of the Notes. The Company or its agents shall be required to deliver to the Trustee and the Conversion Agent a schedule of its calculations and each of the Trustee and the Conversion Agent shall be entitled to conclusively rely upon the accuracy of such calculations without independent verification. The Trustee will forward such calculations to any Holder upon the request of such Holder.

14. No Recourse Against Others

A director, officer, employee or shareholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Noteholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

15. Authentication

This Note shall not be valid until an authorized signatory of the Trustee manually signs the Trustee's Certificate of Authentication on the other side of this Note.

16. Copy of Indenture

The Company shall furnish to any Noteholder upon written request and without charge a copy of the Indenture, which has in it the text of this Note in larger type. Requests may be made to:

Sonic Automotive, Inc.
6415 Idlewild Road, Suite 109
Charlotte, North Carolina 28212
Attn: General Counsel

THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE INDENTURE AND THIS NOTE.

CONVERSION NOTICE

To convert this Note into Class A Common Stock of the Company, check the box:

[ ]

To convert only part of this Note, state the principal amount to be converted (which must be $1,000 or an integral multiple of $1,000):

$_____

If you want the stock certificate made out in another person's name, fill in the form below:

_____

(Insert other person's soc. sec. or tax ID no.)

_____

_____

_____

_____

(Print or type other person's name, address and zip code)

_____

Date: _____ Your Signature: _____

_____

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

SECTION 2.3. Applicability of Provisions Regarding Form of Subsidiary Guarantee.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Section 204 of the Base Indenture shall not apply.

SECTION 2.4. Applicability of Provisions Regarding Form of Legend for Global Securities

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Section 205 of the Base Indenture, shall not apply.

SECTION 2.5. Applicability of Provisions Regarding Form of Trustee's Certificate of Authentication

Except as may be provided by a Future Supplemental Indenture, for the sole benefit of the Holders of the Notes, Section 206 of the Base Indenture, shall not apply to the Notes.

SECTION 2.6. Execution, Authentication, Delivery and Discharge.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Section 303 of the Base Indenture shall be replaced in its entirety with the following:

Section 303. Execution, Authentication, Delivery and Discharge.

The Notes shall be executed on behalf of the Company by one of its Chairman of the Board, its President, its Chief Executive Officer, its Chief Financial Officer or one of its Vice Presidents attested by its Secretary or one of its Assistant Secretaries. The signatures of any of these officers on the Notes may be manual or facsimile.

Notes bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee (with or without Guarantees, if applicable, endorsed thereon) for authentication, together with a Company Order for the authentication and delivery of such Notes; and the Trustee in accordance with such Company Order shall authenticate and make available for delivery such Notes as provided in this Indenture and not otherwise.

Each Note shall be dated the date of its authentication.

No Note endorsed thereon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized officer, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

In case the Company, pursuant to Article Eight, shall, in a single transaction or through a series of related transactions, be consolidated or merged with or into any other Person or shall sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person, and the successor Person resulting from such consolidation or surviving such merger, or into which the Company shall have been merged, or the successor Person which shall have participated in the sale, assignment, conveyance, transfer, lease or other disposition as aforesaid, shall have executed an indenture supplemental hereto with the Trustee pursuant to Article Eight, any of the Notes authenticated or delivered prior to such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition may, from time to time, at the request of the successor Person, be exchanged for other Notes executed in the name of the successor Person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the Notes surrendered for such exchange and of like principal amount; and the Trustee, upon Company Request of the successor Person, shall authenticate and deliver Notes as specified in such request for the purpose of such exchange. If Notes shall at any time be authenticated and delivered in any new name of a successor Person pursuant to this Section 303 in exchange or substitution for or upon registration of transfer of any Notes, such successor Person, at the option of the Holders but without expense to them, shall provide for the exchange of all Notes at the time Outstanding for Notes authenticated and delivered in such new name.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes on behalf of the Trustee. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Note Registrar or Paying Agent to deal with the Company and its Affiliates.

If an officer whose signature is on a Note no longer holds that office at the time the Trustee authenticates such Note such Note shall be valid nevertheless.

SECTION 2.7. Registration, Registration of Transfer and Exchange.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Section 305 of the Base Indenture shall be replaced in its entirety with the following:

Section 305. Registration, Registration of Transfer and Exchange.

The Company shall cause the Trustee to keep, so long as it is the Note Registrar, at the Corporate Trust Office of the Trustee, or such other office as the Trustee may designate, a

register (the register maintained in such office or in any other office or agency designated pursuant to Section 1002 being herein sometimes referred to as the "Note Register") in which, subject to such reasonable regulations as the Note Registrar may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. The Trustee shall initially be the "Note Registrar" for the purpose of registering Notes and transfers of Notes as herein provided. The Company may change the Note Registrar or appoint one or more co-Note Registrars without notice.

Upon surrender for registration of transfer of any Note at the office or agency of the Company designated pursuant to Section 1002, the Company shall execute, and the Trustee shall (in accordance with a Company Order for the authentication of such Notes) authenticate and make available for delivery, in the name of the designated transferee or transferees, one or more new Notes of the same series of any authorized denomination or denominations, of a like aggregate principal amount.

Furthermore, any Holder of the Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interests in such Global Note may be effected only through a book-entry system maintained by the Holder of such Global Note (or its agent), and that ownership of a beneficial interest in a Note shall be required to be reflected in a book entry.

At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination or denominations, of a like tenor and aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall (in accordance with a Company Order for the authentication of such Notes) authenticate and make available for delivery, Notes of the same series, which the Holder making the exchange is entitled to receive.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Company, evidencing the same Indebtedness, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer, or for exchange, purchase by the Company, conversion or redemption, shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Note Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made to a Holder for any registration of transfer, exchange or redemption of Notes, except for any tax or other governmental charge that may be imposed in connection therewith, other than exchanges pursuant to Sections 303, 304, 305, 306, 906, 1110 or 1113 not involving any transfer.

The Company shall not be required to make, and the Note Registrar need not register, transfers or exchanges of Notes selected for redemption (except, in the case of Notes to be redeemed in part, the portion thereof not to be redeemed) or any Notes in respect of which a Repurchase Notice or Fundamental Change Repurchase Notice has been given and not

withdrawn by the Holder thereof in accordance with the terms of this Indenture (except, in the case of Notes to be purchased in part, the portion thereof not to be purchased) or any Notes for a period of 15 days before the mailing of a notice of redemption of Notes to be redeemed.

Certificated Notes shall be transferred to all beneficial holders in exchange for their beneficial interests in the Global Note, if any, if (x) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary or if it ceases to be a clearing agency registered under the Exchange Act and a successor Depositary is not appointed by the Company within 90 days, (y) the Company decides to discontinue use of the system of book-entry transfer through the Depositary (or any successor depositary) or (z) there shall have occurred and be continuing an Event of Default and the Note Registrar has received a request from the Depositary. Upon any such issuance, the Trustee is required to register such certificated Notes in the name of, and cause the same to be delivered to, such Person or Persons (or the nominee of any thereof).

No Note Registrar shall be required to make registrations of transfer or exchange of Notes during any periods designated in the text of the Notes or in this Indenture as periods during which such registration of transfers and exchanges need not be made.

Every Note shall be subject to the restrictions set forth in this Section 305, and the Holder of each Note, by such Holder's acceptance thereof (or interest therein), agrees to be bound by such restrictions on transfer.

Except as provided in the preceding paragraph, any Note authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, any Global Note, whether pursuant to this Section 305, Section 304, 308, 906, 1110 or 1113 or otherwise, shall also be a Global Note and bear the legend specified in Section 202.

SECTION 2.8. Satisfaction and Discharge.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Article Four of the Base Indenture shall be replaced in its entirety with the following:

ARTICLE FOUR

SATISFACTION AND DISCHARGE

Section 401. Satisfaction and Discharge of Indenture.

When (i) the Company delivers to the Trustee all Notes then Outstanding (other than Notes replaced pursuant to Section 306) for cancellation or (ii) all Notes then Outstanding have become due and payable and the Company irrevocably deposits with the Trustee, the Paying Agent (if the Paying Agent is not the Company or any of its Affiliates) or the Conversion Agent cash or, if expressly permitted by the terms of the Notes or the Indenture, Class A Common Stock sufficient to pay all amounts due and owing on all Notes then Outstanding (other than Notes replaced pursuant to Section 306), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Section 607, cease

to be of further effect. The Trustee shall join in the execution of a document prepared by the Company acknowledging satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officers' Certificate and Opinion of Counsel and at the cost and expense of the Company.

Section 402. Repayment to the Company.

The Trustee and the Paying Agent shall return to the Company upon written request any money or securities held by them for the payment of any amount with respect to the Notes that remains unclaimed for two years, subject to applicable unclaimed property law. After return to the Company, Holders entitled to the money or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person and the Trustee and the Paying Agent shall have no further liability to the Holders with respect to such money or securities for that period commencing after the return thereof.

SECTION 2.9. Events of Default.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Article Five of the Base Indenture shall be replaced in its entirety with the following:

ARTICLE FIVE

REMEDIES

Section 501. Events of Default.

"Event of Default," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) there shall be a default in the payment of any interest on any Note when it becomes due and payable, and such default shall continue for a period of 30 days (whether or not prohibited by the subordination provisions of this Indenture);

(b) there shall be a default in the payment of the principal of (or premium, if any) on any Note at its Maturity (upon acceleration, conversion, optional or mandatory redemption, if any, required repurchase or otherwise, whether or not prohibited by the subordination provisions of this Indenture);

(c) there shall be a default in the Company's obligation to exchange the Notes for cash or a combination of cash and common stock, as applicable, upon exercise of a Holder's conversion right and such default continues for a period of ten calendar days;

(d) (i) there shall be a default in the performance, or breach, of any other covenant or agreement of the Company under this Indenture (other than a default in the performance, or breach, of a covenant or agreement, which is specifically dealt with in clause

(a), (b) or in clause (ii), (iii) or (iv) of this clause (d)) and such default or breach shall continue for a period of 60 days after written notice has been given by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Notes then Outstanding; (ii) there shall be a default in the performance or breach of the provisions of Article Eight; (iii) the Company shall have failed to repurchase any Notes required to be repurchased upon a Fundamental Change in accordance with the provisions of Section 1110; (iv) the Company shall have failed to provide notice of the occurrence of a Fundamental Change as required by Section 1109; or (v) there shall have been a default by the Company in the performance of its obligations, including delivery of the settlement amount upon conversion of the Notes under Article Seventeen hereof;

(e) one or more defaults, individually or in the aggregate, shall have occurred under any of the agreements, indentures or instruments under which the Company or any of its Subsidiaries then has outstanding Indebtedness in excess of $35 million in principal amount, individually or in the aggregate, and either (i) such default results from the failure to pay such Indebtedness at its stated final maturity or (ii) such default or defaults resulted in the acceleration of the maturity of such Indebtedness, unless such failure is cured or waived or such acceleration is rescinded, stayed or annulled within 30 days after written notice to the Company from the Trustee or to the Company and the Trustee from the Holders of at least 25% in principal amount of the Outstanding Notes has been received by the Company;

(f) one or more final judgments, orders or decrees (not subject to appeal) of any court or regulatory or administrative agency for the payment of money in excess of $35 million, either individually or in the aggregate (exclusive of any portion of any such payment covered by insurance, if and to the extent the insurer has acknowledged in writing its liability therefor), shall be rendered against the Company or any of its Significant Subsidiaries or any of their respective properties and shall not be discharged or fully bonded and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

(g) any holder or holders of at least $35 million in aggregate principal amount of Indebtedness of the Company or any Subsidiary of the Company after a default under such Indebtedness shall notify the Trustee of the intended sale or disposition of any assets of the Company or any Subsidiary of the Company that have been pledged to or for the benefit of such holder or holders to secure such Indebtedness or shall commence proceedings, or take any action (including by way of setoff), to retain in satisfaction of such Indebtedness or to collect on, seize, dispose of or apply in satisfaction of Indebtedness, assets of the Company or any of its Subsidiaries (including funds on deposit or held pursuant to lockbox and other similar arrangements), unless such default is cured, rescinded or waived within 10 days after written notice to the Company from the Trustee or the Holders of at least 25% in principal amount of the then Outstanding Notes has been received by the Company, and which default (a) results from the failure to pay such Indebtedness at its stated final Maturity or (b) resulted in the acceleration of the Maturity of such Indebtedness;

(h) there shall have been the entry by a court of competent jurisdiction of (i) a decree or order for relief in respect of the Company or any of its Significant Subsidiaries in an involuntary case or proceeding under any applicable Bankruptcy Law or (ii) a decree or order

(1) adjudging the Company or any of its Significant Subsidiaries bankrupt or insolvent; (2) seeking reorganization, arrangement, adjustment of or composition of or in respect of the Company or any of its Significant Subsidiaries under any applicable federal or state law; (3) appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any of its Significant Subsidiaries or of any substantial part of their respective properties; or (4) ordering the winding up or liquidation of their respective affairs, and any such decree or order for relief shall continue to be in effect, or any such other decree or order shall be unstayed and in effect, for a period of 60 consecutive days; or

(i) (i) the Company or any of its Significant Subsidiaries commences a voluntary case or proceeding under any applicable Bankruptcy Law or any other case or proceeding to be adjudicated bankrupt or insolvent, (ii) the Company or any of its Significant Subsidiaries consents to the entry of a decree or order for relief in respect of the Company or such Significant Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against it, (iii) the Company or any of its Significant Subsidiaries files a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, (iv) the Company or any of its Significant Subsidiaries (1) consents to the filing of such petition or the appointment of, or taking possession by, a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or such Significant Subsidiary or of any substantial part of their respective properties, (2) makes an assignment for the benefit of creditors or (3) admits in writing its inability to pay its debts generally as they become due or (v) the Company or any of its Significant Subsidiaries takes any corporate action in furtherance of any such actions delineated in this paragraph (i).

Section 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than an Event of Default specified in Sections 501(h) and (i)) shall occur and be continuing with respect to this Indenture, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Notes then Outstanding may, and the Trustee at the request of such Holders shall, declare all unpaid principal of, premium, if any, and accrued and unpaid interest on all Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders of the Notes). Upon any such declaration, such principal, premium, if any, and accrued and unpaid interest shall become due and payable immediately. If an Event of Default specified in clause (h) or (i) of Section 501 occurs and is continuing, then all the Notes shall *ipso facto* become and be due and payable immediately in an amount equal to the principal amount of the Notes, together with accrued and unpaid interest, if any, to the date the Notes become due and payable, without any declaration or other act on the part of the Trustee or any Holder. Thereupon, the Trustee may, at its discretion, proceed to protect and enforce the rights of the Holders of the Notes by appropriate judicial proceedings.

After a declaration of acceleration with respect to the Notes, but before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in aggregate principal amount of the Notes then Outstanding, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(a) the Company has paid or deposited with the Trustee a sum sufficient to pay

(i) all sums paid or advanced by the Trustee under this Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel,

(ii) all overdue interest on all the Notes then Outstanding,

(iii) the principal of and premium, if any, on any Notes then Outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Notes, and

(iv) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Notes;

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(c) all Events of Default, other than the nonpayment of principal of, premium, if any, and interest on the Notes, which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513. No such rescission shall affect any subsequent Default or impair any right consequent thereon.

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee

The Company covenants that if:

(a) default is made in the payment of any interest on any Note when such interest becomes due and payable and such default continues for a period of 30 days, or

(b) default is made in the payment of the principal of, or premium, if any, on any Note at the Stated Maturity thereof or otherwise,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Notes, the whole amount then due and payable on such Notes for principal and premium, if any, and interest, with interest upon the overdue principal and premium, if any, and, to the extent that payment of such interest shall be legally enforceable, upon overdue installments of interest, at the rate borne by the Notes; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Notes, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders under this Indenture by such appropriate private or judicial proceedings as the Trustee shall deem most effectual to protect and enforce such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein or therein, or to enforce any other proper remedy, subject however to Section 512. No recovery of any such judgment upon any property of the Company shall affect or impair any rights, powers or remedies of the Trustee or the Holders.

Section 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Notes or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal of, premium, if any, and interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 505. Trustee May Enforce Claims without Possession of Notes.

All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the

production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes in respect of which such judgment has been recovered.

Section 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article or otherwise on behalf of the Holders or the Trustee pursuant to this Article or through any proceeding or any arrangement or restructuring in anticipation or in lieu of any proceeding contemplated by this Article shall be applied, subject to applicable law, in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal, premium, if any, or interest, upon presentation of the Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607;

SECOND: Subject to Article Twelve, the payment of the amounts then due and unpaid upon the Notes for principal, premium, if any, and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Notes for principal, premium, if any, and interest; and

THIRD: The balance, if any, to the Person or Persons entitled thereto, including the Company; *provided* that all sums due and owing to the Holders and the Trustee have been paid in full as required by this Indenture.

Section 507. Limitation on Suits.

No Holder of any Notes shall have any right to institute any proceeding, judicial or otherwise, with respect to the Notes or this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(a) the Holders of not less than 25% in aggregate principal amount of the Notes then Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(b) such Holder or Holders have offered to the Trustee a reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(c) the Trustee for 15 days after its receipt of such notice, request and offer (and if requested, provision) of indemnity has failed to institute any such proceeding; and

(d) no direction inconsistent with such written request has been given to the Trustee during such 15-day period by the Holders of a majority in principal amount of the Notes then Outstanding;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture or any Note to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture or any Note, except in the manner provided in this Indenture and for the equal and ratable benefit of all the Holders.

Section 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Note shall have the right based on the terms stated herein, which is absolute and unconditional, to receive payment of the principal of, premium, if any, and (subject to Section 307) interest on such Note on the respective Stated Maturities expressed in such Note (or, in the case of redemption or repurchase, on the Redemption Date or the repurchase date) and to institute suit for the enforcement of any such payment on or after the due date of such payment, and such rights shall not be impaired without the consent of such Holder.

Section 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case the Company, any other obligor on the Notes, the Trustee and the Holders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 510. Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 512. Control by Holders.

The Holders of not less than a majority in aggregate principal amount of the Notes then Outstanding shall have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; *provided* that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture (including, without limitation, Section 507), expose the Trustee to personal liability, or be unduly prejudicial to Holders not joining therein; and

(b) subject to the provisions of Section 315 of the Trust Indenture Act, the Trustee may take any other action deemed proper by the Trustee, which is not inconsistent with such direction.

Section 513. Waiver of Past Defaults.

Subject to Sections 508 and 902 hereof, the Holders of not less than a majority in aggregate principal amount of the Notes then Outstanding, by notice to the Trustee (and without notice to any other Noteholder), may waive any existing or past Default and its consequences except (1) an Event of Default described in clauses (a), (b) and (c) of Section 501 or (2) an Event of Default in respect of a provision that under Section 902 cannot be amended without the consent of each Noteholder affected. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

Section 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Note by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant, but the provisions of this Section 514 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Notes then Outstanding, or to any suit instituted by any Holder for the enforcement of the payment of the principal of, premium, if any, or interest on, any Note on or after the respective Stated Maturities expressed in such Note (or, in the case of redemption, on or after the Redemption Date).

Section 515. Waiver of Stay, Extension or Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury or other law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Company from paying all or any portion of the principal of, premium, if any, or interest on the Notes contemplated herein or in the Notes or which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or

advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 516. Remedies Subject to Applicable Law.

All rights, remedies and powers provided by this Article Five may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Indenture are intended to be subject to all applicable mandatory provisions of law, which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

SECTION 2.10. Notice of Default and Merger, Conversion, Consolidation or Succession to Business

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Section 602 of the Base Indenture shall be amended by replacing the number "30" with the number "90", and Section 612 of the Base Indenture shall be amended by replacing the word "night" where it appears in the second paragraph of such section with the word "right."

SECTION 2.11. Applicability of Provisions Regarding Appointment of Authenticating Agent.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Section 614 of the Base Indenture shall not apply to the Notes.

SECTION 2.12. Consolidation, Merger, Sale or Conveyance.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Article Eight of the Base Indenture shall be replaced in its entirety with the following:

ARTICLE EIGHT

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

Section 801. Company May Consolidate, etc., Only on Certain Terms.

The Company shall not consolidate with or merge with or into any other Person or convey, transfer, sell, lease or otherwise dispose of all or substantially all of its assets to another Person, unless:

(a) the resulting, surviving or transferee person (the "Successor Company") and, if any resulting Conversion Obligation relates to Public Acquirer Common Stock that is not issued by such

Successor Person, such public acquirer, will be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the Successor Company (if not the Company) and the public acquirer, as applicable, will expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all obligations of the Company under the Notes and this Indenture;

(b) immediately after giving effect to such transaction, no Default shall have occurred and be continuing; and

(c) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, or transfer and such supplemental indenture (if any), comply with this Article Eight.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise) of the properties and assets of one or more Subsidiaries (other than to the Company or another Subsidiary), which, if such assets and the assets of each other Subsidiary of the Company were owned by the Company, would constitute all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

Section 802. Successor Substituted.

Upon any consolidation or merger, or any assignment, conveyance, transfer, sale, lease or disposition of all or substantially all of the properties and assets of the Company in accordance with Section 801, the successor Person formed by such consolidation or into which the Company is merged or the successor Person to which such assignment, conveyance, transfer, sale, lease or disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture and/or the Notes, as the case may be, with the same effect as if such successor had been named as the Company herein and/or in the Notes, as the case may be, and the Company shall be discharged from all obligations and covenants under this Indenture and the Notes; *provided* that in the case of a transfer by lease or a sale of substantially all of the assets of the Company that results in the sale, assignment, conveyance, transfer or other disposition of assets constituting or accounting for less than 95% of the Consolidated assets, consolidated revenues or Consolidated Net Income (Loss) of the Company, the Company or other appropriate predecessor, if any, shall not be released from the payment of principal and interest on the Notes.

SECTION 2.13. Supplemental Indentures.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Article Nine of the Base Indenture shall be replaced in its entirety with the following:

ARTICLE NINE

SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures and Agreements without Consent of Holders.

Without the consent of any Holders, the Company and any other obligor under the Notes when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto or agreements or other instruments with respect to this Indenture or the Notes in form and substance satisfactory to the Trustee, for any of the following purposes:

(a) add guarantees with respect to the Notes or to secure the Notes;

(b) remove any guarantee added to the Notes pursuant to clause (a) above, unless such guarantee is required pursuant to Section 801(a);

(c) provide for the assumption by a successor Person of the Company's obligations to the Holders of Notes in the case of a merger, consolidation, conveyance, transfer, sale, lease or other disposition pursuant to Article Nine hereof;

(d) surrender any right or power herein conferred upon the Company;

(e) add to the covenants or Events of Default of the Company for the benefit of the Holders of Notes;

(f) cure any ambiguity or to correct or supplement any provision herein, which may be inconsistent with any other provision herein or, which is otherwise defective;

(g) comply with the requirements of the Commission in order to effect or maintain the qualification of this Indenture or any supplemental indenture related to the Notes under the Trust Indenture Act;

(h) establish the form of Notes if issued in definitive form (substantially in the form of Article Two);

(i) evidence and provide for the acceptance of the appointment under this Indenture of a successor Trustee in accordance with the terms of this Indenture;

(j) provide for uncertificated Notes in addition to or in place of certificated Notes; *provided*, *however*, that uncertificated Notes may only be issued in registered form for purposes of Section 163(f) of the Code or in a manner such that uncertificated Notes are described in Section 163(f)(2)(B) of the Code;

(k) to conform, as necessary, this Indenture and the Notes to the "Description of Notes" as set forth in the prospectus supplement of the Company dated November 18, 2005 relating to the offering of the Notes ("Prospectus Supplement");

(l) provide for conversion rights of Holders of Notes if any reclassification or change of the Class A Common Stock or any consolidation, merger, sale, lease or other disposition of all or substantially all of the Company's assets occurs;

(m) change the Conversion Rate in accordance with this Indenture;*provided*, *however*, that any increase in the Conversion Rate other than pursuant to Article Seventeen shall not adversely affect the interests of the Holders of securities (after taking into account U.S. federal income tax and other consequences of such increase); or

(n) add or modify any other provisions herein with respect to matters or questions arising hereunder, which the Company and the Trustee may deem necessary or desirable and, which in the good faith opinion of the Board of Directors of the Company (as evidenced by a Board Resolution) and the Trustee, which change individually or in the aggregate with all other such changes, shall not adversely affect the interests of the Holders of Notes in any material respect.

Section 902. Supplemental Indentures and Agreements with Consent of Holders.

Except as provided below in this Section 902 and in Section 901, this Indenture or the Notes may be amended, modified or supplemented, and noncompliance in any particular instance with any provision of this Indenture or the Notes may be waived, in each case with the written consent of the Holders of at least a majority in aggregate principal amount of the Notes at the time outstanding.

Without the written consent or the affirmative vote of each Holder of Notes affected thereby, an amendment, supplement or waiver under this Section 902 may not:

(a) reduce the principal amount of or change the Stated Maturity of any Note, or the payment date of any installment of Interest payable on any Note;

(b) reduce or alter the manner of calculation or rate of accrual of Interest or extend the time for payment of Interest on any such amount of any Note;

(c) reduce the Redemption Price, Repurchase Price or Fundamental Change Repurchase Price of, any Note or change the time at which or circumstances under which the Notes may or shall be redeemed or repurchased;

(d) impair the right of any Holder to institute suit for the enforcement of any payment on or with respect to, or conversion of, any Note;

(e) change the currency of payment of such Notes or Interest, Redemption Price, Fundamental Change Repurchase Price or Repurchase Price thereon;

(f) adversely affect the right of the Holders of the Notes to convert any Note as provided in Article Seventeen or reduce the number of shares of common stock or any other property receivable upon conversion as provided in Article Seventeen, except as otherwise permitted pursuant to Article Eight or Article Seventeen hereof;

(g) modify the redemption provisions of Article Eleven in a manner adverse to the Holders of the Notes;

(h) reduce the percentage of the aggregate principal amount of the outstanding Notes the consent of whose Holders is required for a quorum, if any such supplemental indenture entered into in accordance with this Section 902 or the consent of whose Holders is required for any waiver provided for in this Indenture;

(i) change the Company's obligation to maintain an office or agency in the places and for the purposes specified in this Indenture; or

(j) modify any of the provisions of this Section 902, or reduce the percentage of the aggregate principal amount of outstanding Notes required to amend, modify or supplement the Indenture or the Notes or waive an Event of Default, except to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each outstanding Note affected thereby.

Upon the written request of the Company, accompanied by a copy of Board Resolutions authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture.

A Future Supplemental Indenture which changes or eliminates any covenant or other provision of the Base Indenture which has been expressly included solely for the benefit of one or more particular series of Securities (other than the Notes) under the Indenture, or which modifies the rights of the holders of Securities (other than the Notes) with respect to such covenant or provision shall be deemed not to affect the rights of the Noteholders.

Upon a Company Request accompanied by a copy of a Board Resolution authorizing the execution of any such Future Supplemental Indenture, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company in the execution of such Future Supplemental Indenture.

It shall not be necessary for the consent of the Holders under this Section 902 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

Section 903. Execution of Supplemental Indentures and Agreements.

In executing, or accepting the additional trusts created by, any supplemental indenture, agreement, instrument or waiver permitted by this Article Nine or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Trust Indenture Act Sections 315(a) through 315(d) and Section 603(a) hereof) shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate stating that the execution of such supplemental indenture, agreement or instrument (a) is authorized or permitted by this Indenture and (b) does not violate the provisions of any agreement or instrument evidencing any other Indebtedness of the Company or any Subsidiary of the Company. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture, agreement or instrument, which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article Nine shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 906. Reference in Notes to Supplemental Indentures.

Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article Nine may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Notes so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Notes then Outstanding.

Section 907. Notice of Supplemental Indentures.

Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of Section 902, the Company shall give notice thereof to the Holders of each Note then Outstanding affected, in the manner provided for in Section 106, setting forth in general terms the substance of such supplemental indenture. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 908. Effect of Indenture.

To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Indenture and the terms of the Base Indenture, the terms of this Indenture shall control.

SECTION 2.14. Application of Certain Sections of the Base Indenture Regarding Covenants of the Company.

The provisions of Section 1006, 1007, 1008 and 1009 of the Base Indenture shall not apply to the Notes or the Holders.

SECTION 2.15. Provision of Financial Statements.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, new Sections 1010 and 1011 shall be added to the Indenture as follows:

Section 1010. Provision of Financial Statements.

Whether or not the Company is subject to Section 13(a) or 15(d) of the Exchange Act, if the Company makes filings under the Exchange Act with the Commission of annual reports, quarterly reports and other documents, the Company shall within 15 days of each filing, file with the Trustee copies of the annual reports, quarterly reports and other documents, which the Company filed with the Commission pursuant to Sections 13(a) or 15(d) of the Exchange Act if the Company were subject to either of such Sections.

Section 1011. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any covenant or condition set forth in Sections 1004, 1010 and 1012, if, before or after the time for such compliance, the Holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding shall, by Act of such Holders, waive such compliance in such instance with such covenant or provision, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

SECTION 2.16. Statement by Officers as to Default

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes, a new Section 1012 shall be added to the Indenture as follows:

Section 1012. Statement by Officers as to Default.

(a) The Company will deliver to the Trustee, on or before a date not more than 120 days after the end of each fiscal year of the Company ending after the date hereof, and 60 days after the end of each fiscal quarter ending after the date hereof, a written statement signed by two executive officers of the Company one of whom shall be the principal executive officer, principal financial officer or principal accounting officer of the Company, as to compliance herewith, including whether or not, after a review of the activities of the Company during such year and of the Company's performance under this Indenture, to the best knowledge, based on such review, of the signers thereof, the Company has fulfilled all of its respective obligations and is in compliance with all conditions and covenants under this Indenture throughout such year and, if there has been a Default specifying each Default and the nature and status thereof and any actions being taken by the Company with respect thereto.

(b) When any Default or Event of Default has occurred and is continuing, or if the Trustee or any Holder or the trustee for or the holder of any other evidence of Indebtedness of the Company gives any notice or takes any other action with respect to a claimed default, the

Company shall deliver to the Trustee by registered or certified mail or facsimile transmission followed by an originally executed copy of an Officers' Certificate specifying such Default, Event of Default, notice or other action, the status thereof and what actions the Company is taking or proposes to take with respect thereto, within five Business Days after the occurrence of such Default or Event of Default.

SECTION 2.17. Redemption and Repurchases of Notes.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Article Eleven of the Base Indenture shall be replaced in its entirety with the following:

ARTICLE ELEVEN

REDEMPTION AND REPURCHASES

Section 1101. Company's Right of Redemption.

Prior to November 30, 2010, the Notes shall not be redeemable at the Company's option. On or after November 30, 2010, the Company, at its option, may redeem the Notes for U.S. legal tender ("cash") at any time, in whole or in part, at a redemption price (the "Redemption Price") equal to 100% of the principal amount of the Notes redeemed, plus any accrued and unpaid Interest on the Notes redeemed up to, but not including, the Redemption Date, *provided,* that if the Redemption Date is on a date that is after an Interest Record Date and on or prior to the corresponding Interest Payment Date, the Redemption Price shall be 100% of the principal amount of the Notes redeemed, but shall not include accrued and unpaid Interest. Instead, the Company shall pay such accrued but unpaid Interest on the Interest Payment Date to the Holder of record on the corresponding Interest Record Date. Notwithstanding the foregoing, the Company may not redeem the Notes if it has failed to pay any Interest on the Notes when due and such failure is continuing.

Section 1102. Applicability of Article.

Redemption of Notes at the election of the Company or otherwise, as permitted or required by any provision of this Indenture, shall be made in accordance with such provision and this Article Eleven.

Section 1103. Election to Redeem; Notice to Trustee.

If the Company elects to redeem Notes pursuant to this Section 1103, it shall notify the Trustee in writing of such election together with the Redemption Date, the Conversion Rate, the principal amount of Notes to be redeemed and the Redemption Price.

The Company shall give the notice to the Trustee provided for in this Section 1103 by a Company Order and an Officers' Certificate, at least 30 days, but not more than 60 days before the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee).

Section 1104. Selection by Trustee of Notes to Be Redeemed

If less than all of the outstanding Notes are to be redeemed, the Trustee shall select the Notes to be redeemed by lot, on a pro rata basis or by another method the Trustee considers fair and appropriate (so long as such method is not prohibited by the rules of any stock exchange or quotation association on which the Notes are then traded or quoted). The Trustee may select for redemption portions of the principal amount of Notes that have denominations larger than $1,000.

Notes and portions of Notes that the Trustee selects shall be in principal amounts of $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption. The Trustee shall notify the Company promptly of the Notes or portions of the Notes selected to be redeemed and, in the case of any Notes selected for partial redemption, the method it has chosen for the selection of the Note.

Following a notice of redemption, Notes and portions of Notes are convertible, pursuant to Section 1701(a)(2), by the Holder until the close of business on the second Business Day prior to the Redemption Date. If any Note selected for partial redemption is converted in part before termination of the conversion right with respect to the portion of the Note so selected, the converted portion of such Note shall be deemed (so far as may be) to be from the portion selected for redemption. Notes that have been converted during a selection of Notes to be redeemed may be treated by the Trustee as outstanding for the purpose of such selection.

Section 1105. Notice of Redemption.

At least 30 days, but not more than 60 days before a Redemption Date, the Company shall mail a notice of redemption (substantially in the form of Exhibit A) by first-class mail, postage prepaid, to each Holder of Notes to be redeemed.

The notice shall identify the Notes to be redeemed and shall state (along with any other information the Company wishes to include):

(i) the Redemption Date;

(ii) the Redemption Price;

(iii) the Conversion Rate;

(iv) the name and address of the Paying Agent and Conversion Agent;

(v) that Notes may be converted at any time before the close of business on the second Business Day prior to the Redemption Date;

(vi) that Notes called for redemption and not converted shall be redeemed on the Redemption Date;

(vii) that Holders who want to convert their Notes must satisfy the requirements set forth in the Notes;

(viii) that Notes called for redemption must be surrendered to the Paying Agent (by effecting book-entry transfer of the Notes or delivering certificated Notes, together with necessary endorsements, as the case may be) to collect the Redemption Price;

(ix) if fewer than all of the outstanding Notes are to be redeemed, the certificate numbers, if any, and principal amounts of the particular Notes to be redeemed;

(x) that, unless the Company defaults in making payment of such Redemption Price and Interest, the Notes called for redemption shall cease to accrue Interest from and after the Redemption Date; and

(xi) the "CUSIP," "ISIN" or other similar number(s), as the case may be, of the Notes being redeemed.

At the Company's election, notice of redemption of Notes to be redeemed shall be given by the Company or, at the Company's written request, by the Trustee in the Company's name and at the Company's expense; *provided* that the Company makes such request at least seven Business Days (or such shorter period as may be satisfactory to the Trustee) prior to the date by which such notice of redemption must be given to Holders in accordance with this Section 1105.

Section 1106. Deposit of Redemption Price.

Prior to 10:00 a.m. (New York City time), on the Redemption Date, the Company shall deposit with the Paying Agent (or if the Company or a Subsidiary or an Affiliate of either of them is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the Redemption Price of all Notes to be redeemed on that date other than Notes or portions of Notes called for redemption, which on or prior thereto have been delivered by the Company to the Trustee for cancellation or have been converted. The Paying Agent shall promptly mail or deliver to Holders of Notes so redeemed payment in an amount equal to the Redemption Price of the Notes purchased from each such Holder. The Paying Agent shall promptly return to the Company any money not required for that purpose because of conversion of Notes pursuant to Article Seventeen. If such money is then held by the Company or a Subsidiary or an Affiliate of either in trust and is not required for such purpose it shall be discharged from such trust.

Section 1107. Effect of Notice of Redemption.

Once notice of redemption is given, Notes called for redemption become due and payable on the Redemption Date and at the Redemption Price stated in the notice except for Notes that are converted in accordance with the terms of this Indenture. Upon surrender to the Paying Agent, such Notes shall be paid at the Redemption Price stated in the notice and from and after the Redemption Date (unless the Company shall default in the payment of the Redemption Price) such Notes shall cease to bear Interest and the rights of the Holders therein shall terminate (other than the right to receive the Redemption Price).

If any Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal and premium, if any, shall, until paid, bear interest from the Redemption Date at the rate borne by such Note.

Section 1108. Notes Redeemed in Part.

Upon surrender of a Note that is redeemed in part, the Company shall execute and the Trustee shall, without charge, authenticate and deliver to the Holder a new Note in an authorized denomination equal in principal amount to the unredeemed portion of the Note surrendered.

Section 1109. Repurchase of Notes by the Company at Option of the Holder.

(a) On November 30, 2010 (the "Repurchase Date"), each Holder shall have the option to require the Company to repurchase Notes for which that Holder has properly delivered and not withdrawn a written Repurchase Notice (as described below) at a repurchase price in cash equal to 100% of the principal amount of those Notes on those Notes, plus accrued and unpaid Interest, if any to, but not including, such Repurchase Date (the "Repurchase Price"); *provided* that if the Repurchase Date is on a date that is after an Interest Record Date and on or prior to the corresponding Interest Payment Date, the Repurchase Price shall be 100% of the principal amount of the Notes repurchased but shall not include accrued and unpaid Interest. Instead, the Company shall pay such accrued and unpaid Interest, on the Interest Payment Date, to the Holder of Record on the corresponding Interest Record Date. Not later than 20 Business Days prior to any Repurchase Date, the Company shall mail a Company Notice (substantially in the form of Exhibit B) by first class mail to the Trustee and to each Holder (and to beneficial owners if required by applicable law). The Company Notice shall include a form of Repurchase Notice to be completed by a Holder and shall state:

(i) the Repurchase Price and the Conversion Rate;

(ii) the name and address of the Paying Agent and the Conversion Agent;

(iii) that Notes as to which a Repurchase Notice has been given may be converted if they are otherwise convertible only in accordance with Article Seventeen hereof and the terms of the Notes if the applicable Repurchase Notice has been withdrawn in accordance with the terms of this Indenture;

(iv) that Notes must be surrendered to the Paying Agent (by effecting book-entry transfer of the Notes or delivering certificated Notes, together with necessary endorsements, as the case may be) to collect payment;

(v) that the Repurchase Price for any Note as to which a Repurchase Notice has been given and not withdrawn shall be paid promptly following the later of the Business Day immediately following the Repurchase Date and the time of surrender of such Note as described in clause (iv) above;

(vi) the procedures the Holder must follow to exercise its right to require the Company to repurchase such Holder's Notes under this Section 1109 and a brief description of that right;

(vii) briefly, the conversion rights, if any, that exist at the date of the Company Notice or as a result of the Company Notice with respect to the Notes;

(viii) the procedures for withdrawing a Repurchase Notice;

(ix) that, unless the Company defaults in making payment on Notes for which a Repurchase Notice has been submitted, Interest on such Notes shall cease to accrue from and after the Repurchase Date; and

(x) the "CUSIP," "ISIN" or other similar number(s), as the case may be, of the Notes.

At the Company's request, the Trustee shall give such Company Notice to each Holder in the Company's name and at the Company's expense; *provided*, *however*, that, in all cases, the text of such Company Notice shall be prepared by the Company.

(b) A Holder may exercise its rights specified in Section 1109(a) upon delivery to the Paying Agent of a written notice of repurchase (a "Repurchase Notice") substantially in the form of Exhibit B during the period beginning at any time from the opening of business on the date that is 20 Business Days prior to the relevant Repurchase Date until the close of business on such Repurchase Date, stating:

(i) if certificated Notes have been issued, the certificate number(s) of the Notes, which the Holder shall deliver to be repurchased (or, if certificated Notes have not been issued for such Note, the Repurchase Notice shall comply with the appropriate Depositary procedures for book-entry transfer),

(ii) the portion of the principal amount of the Note, which the Holder shall deliver to be repurchased, which portion must be in principal amounts of $1,000 or an integral multiple of $1,000, and

(iii) that such Note shall be repurchased by the Company as of the Repurchase Date pursuant to the terms and conditions specified in Section 4 of the Notes and in this Indenture.

The delivery of such Note (together with all necessary endorsements) to the Paying Agent at any time after delivery of the Repurchase Notice by book-entry transfer or by delivery of certificated Notes at the offices of the Paying Agent shall be a condition to receipt by the Holder of the Repurchase Price therefor; *provided*, *however*, that such Repurchase Price shall be so paid pursuant to this Section 1109 only if the Note (together with all necessary endorsements) so delivered to the Paying Agent shall conform in all respects to the description thereof in the related Repurchase Notice.

The Company shall repurchase from the Holder thereof, pursuant to this Section 1109, a portion of a Note, if the principal amount of such portion is $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to the repurchase of all of a Note also apply to the repurchase of such portion of such Note.

Any repurchase by the Company contemplated pursuant to the provisions of this Section 1109 shall be consummated by the delivery of the consideration to be received by the Holder promptly following the later of the Business Day immediately following the Repurchase Date and the time of delivery of the Note (together with all necessary endorsements or notifications of book-entry transfer).

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Repurchase Notice contemplated by this Section 1109 shall have the right to withdraw such Repurchase Notice by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 1111 at any time prior to the close of business on the Repurchase Date.

The Paying Agent shall promptly notify the Company of the receipt by it of any Repurchase Notice or written notice of withdrawal thereof.

Section 1110. Repurchase of Notes at Option of the Holder Upon a Fundamental Change

(a) If a Fundamental Change occurs, each Holder shall have the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes not previously called for redemption by the Company, or any portion thereof that is equal to or an integral multiple of $1,000 principal amount, at a repurchase price equal to 100% of the principal amount of those Notes, plus accrued and unpaid Interest on those Notes (the "Fundamental Change Repurchase Price") to, but not including, the date that is 30 days following the date of the notice of a Fundamental Change mailed by the Company pursuant to Section 1110(b) (the "Fundamental Change Repurchase Date"), subject to satisfaction by or on behalf of the Holder of the requirements set forth in Section 1110(c); *provided* that if the Fundamental Change Repurchase Date is on a date that is after an Interest Record Date and on or prior to the corresponding Interest Payment Date, the Fundamental Change Repurchase Price shall be 100% of the principal amount of the Notes repurchased, but shall not include accrued and unpaid Interest. Instead, the Company shall pay such Interest, on the Interest Payment Date to the Holder of Record on the corresponding Interest Record Date which may or not be the same person who is paid the Fundamental Change Repurchase Price.

(b) No later than 15 days after the occurrence of a Fundamental Change, the Company shall mail a Company Notice of the Fundamental Change (substantially in the form of Exhibit C) by first class mail to the Trustee and to each Holder (and to beneficial owners if required by applicable law). The Company Notice shall include a form of Fundamental Change Repurchase Notice to be completed by the Holder and shall state:

(i) briefly, the events causing a Fundamental Change and the date of such Fundamental Change;

(ii) the date by which the Fundamental Change Repurchase Notice pursuant to this Section 1110 must be delivered to the Paying Agent in order for a Holder to exercise the repurchase rights;

(iii) the Fundamental Change Repurchase Date;

(iv) the Fundamental Change Repurchase Price;

(v) the name and address of the Paying Agent and the Conversion Agent;

(vi) the Conversion Rate;

(vii) that the Notes as to which a Fundamental Change Repurchase Notice has been given may be converted if they are otherwise convertible pursuant to Article Seventeen hereof only if the Fundamental Change Repurchase Notice has been withdrawn in accordance with the terms of this Indenture;

(viii) that the Notes must be surrendered to the Paying Agent (by effecting book-entry transfer of the Notes or delivering certificated Notes, together with necessary endorsements, as the case may be) to collect payment;

(ix) that the Fundamental Change Repurchase Price for any Note as to which a Fundamental Change Repurchase Notice has been duly given and not withdrawn shall be paid promptly following the later of the Business Day immediately following the Fundamental Change Repurchase Date and the time of surrender of such Note as described in clause (viii);

(x) briefly, the procedures the Holder must follow to exercise rights under this Section 1110;

(xi) briefly, the conversion rights, if any, that exist on the Notes at the date of the Company Notice and as a result of such Fundamental Change;

(xii) the procedures for withdrawing a Fundamental Change Repurchase Notice;

(xiii) that, unless the Company defaults in making payment of such Fundamental Change Repurchase Price on Notes for which a Fundamental Change Repurchase Notice is submitted, Interest on such Notes shall cease to accrue from and after the Fundamental Change Repurchase Date; and

(xiv) the "CUSIP," "ISIN" or other similar number(s), as the case may be, of the Notes.

At the Company's request, the Trustee shall give such Company Notice to each Holder in the Company's name and at the Company's expense; *provided*, *however*, that, in all cases, the text of such Company Notice shall be prepared by the Company.

(c) A Holder may exercise its rights specified in this Section 1110 upon delivery of a written notice of repurchase (a "Fundamental Change Repurchase Notice") to the Paying Agent at any time on or prior to the close of business on the Fundamental Change Repurchase Date, stating:

(i) if certificated Notes have been issued, the certificate number(s) of the Notes, which the Holder shall deliver to be repurchased (or, if certificated Notes have not been issued, the Fundamental Change Repurchase Notice shall comply with the appropriate Depositary procedures for book-entry transfer);

(ii) the portion of the principal amount of the Note, which the Holder shall deliver to be repurchased, which portion must be $1,000 or an integral multiple of $1,000; and

(iii) that such Note shall be repurchased pursuant to the applicable provisions of the Notes and this Indenture.

The delivery of such Note (together with all necessary endorsements) to the Paying Agent with the Fundamental Change Repurchase Notice at the offices of the Paying Agent shall be a condition to the receipt by the Holder of the Fundamental Change Repurchase Price therefor; *provided, however*, that such Fundamental Change Repurchase Price shall be so paid pursuant to this Section 1110 only if the Note (together with all necessary endorsements) so delivered to the Paying Agent shall conform in all respects to the description thereof set forth in the related Fundamental Change Repurchase Notice.

The Company shall repurchase from the Holder thereof, pursuant to this Section 1110, a portion of a Note if the principal amount of such portion is $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to the repurchase of all of a Note also apply to the repurchase of such portion of such Note.

Any repurchase by the Company contemplated pursuant to the provisions of this Section 1110 shall be consummated by the delivery of the Fundamental Change Repurchase Price promptly following the later of the Business Day following the Fundamental Change Repurchase Date or the time of delivery of such Note (together with all necessary endorsements or notifications of book-entry transfer).

Notwithstanding the foregoing, Holders shall not have the right to require the Company to repurchase the Notes upon a Change of Control described in clauses (a) and (d) of the definition thereof if (1) the last reported sale price of the Class A Common Stock for any five trading days within the 10 consecutive trading days ending immediately before the later of the Fundamental Change or the announcement thereof, equals or exceeds 105% of the conversion price per share of Class A Common Stock in effect on each of those trading days (this clause being referred to as the "105% exception"), or (2) more than 90% of the consideration (excluding cash payments for fractional shares or made in connection with the exercise of dissenters' rights) in the transaction or transactions constituting such Change of Control consists of shares of common stock traded or to be traded immediately following such Change of Control on a U.S. national securities exchange or the Nasdaq National Market, and, as a result of such transaction or transactions, the Notes become convertible into such common stock (excluding cash payments for fractional shares).

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Fundamental Change Repurchase Notice contemplated by this Section 1110(c) shall have the right to withdraw such Fundamental Change Repurchase Notice by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 1111 at any time prior to the close of business on the Fundamental Change Repurchase Date.

The Paying Agent shall promptly notify the Company of the receipt by it of any Fundamental Change Repurchase Notice or written withdrawal thereof.

Section 1111. Effect of Repurchase Notice or Fundamental Change Repurchase Notice.

(a) Upon receipt by the Paying Agent of the Repurchase Notice or Fundamental Change Repurchase Notice specified in Section 1109 or Section 1110, as applicable, the Holder of the Note in respect of which such Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, was given shall (unless such Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, is withdrawn as specified in Section 1111(b)) thereafter be entitled solely to receive the Repurchase Price or Fundamental Change Repurchase Price, as the case may be, with respect to such Note whether or not the Note is, in fact, properly delivered. Such Repurchase Price or Fundamental Change Repurchase Price shall be paid to such Holder, subject to receipt of funds and/or securities by the Paying Agent, promptly following the later of (x) the Business Day following the Repurchase Date or the Fundamental Change Repurchase Date, as the case may be, with respect to such Note (*provided* the conditions in Section 1109 or Section 1110, as applicable, have been satisfied) and (y) the

time of delivery of such Note to the Paying Agent by the Holder thereof in the manner required by Section 1109 or Section 1110, as applicable. Notes in respect of which a Repurchase Notice or Fundamental Change Repurchase Notice has been given by the Holder thereof may not be converted pursuant to and to the extent permitted by Article Seventeen hereof on or after the date of the delivery of such Repurchase Notice or Fundamental Change Repurchase Notice unless such Repurchase Notice or Fundamental Change Repurchase Notice has first been validly withdrawn as specified in Section 1111(b). If the Paying Agent holds money sufficient to pay the Fundamental Change Repurchase Price of the Notes, which Holders have elected to require the Company to repurchase on the Business Day following the Fundamental Change Repurchase Date, in accordance with the terms of this Indenture, then, immediately after the Fundamental Change Repurchase Date, such Notes will cease to be outstanding and Interest, if any, on the Notes will cease to accrue, whether or not the Notes are transferred by book-entry or delivered to the Paying Agent. Thereafter, all other rights of the Holders shall terminate, other than the right to receive the Fundamental Change Repurchase Price upon book-entry transfer of the Notes or delivery of the Notes.

(b) A Repurchase Notice or Fundamental Change Repurchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, at any time (i) in the case of the Repurchase Notice, if received by the Paying Agent prior to the close of business on the Repurchase Date or (ii) in the case of the Fundamental Change Repurchase Notice, if received by the Paying Agent prior to the close of business on the Fundamental Change Repurchase Date, as the case may be, specifying:

(i) the principal amount, if any, of such Note which remains subject to the original Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, and which has been or shall be delivered for purchase by the Company,

(ii) if certificated Notes have been issued, the certificate number, if any, of the Note in respect of which such notice of withdrawal is being submitted (or, if certificated Notes have not been issued, that such withdrawal notice shall comply with the appropriate Depositary procedures for book-entry transfer), and

(iii) the principal amount of the Note with respect to which such notice of withdrawal is being submitted.

Section 1112. Deposit of Repurchase Price or Fundamental Change Repurchase Price.

Prior to 10:00 a.m. (local time in The City of New York) on the Business Day following the Repurchase Date or the Fundamental Change Repurchase Date, as the case may be, the Company shall deposit with the Paying Agent (or, if the Company or a Subsidiary or an Affiliate of either of them is acting as the Paying Agent, shall segregate and hold in trust as provided in Section 606) an amount of cash in immediately available funds sufficient to pay the aggregate Repurchase Price or Fundamental Change Repurchase Price, as the case may be, of all the Notes or portions thereof, which are to be purchased as of the Repurchase Date or Fundamental Change Repurchase Date, as the case may be.

Section 1113. Notes Purchased in Part.

Any certificated Note, which is to be purchased only in part shall be surrendered at the office of the Paying Agent (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Note, without service charge, a new Note or Notes, of any authorized denomination as requested by such Holder in aggregate principal amount equal to, and in exchange for, the portion of the principal amount of the Note so surrendered which is not purchased.

Section 1114. Covenant to Comply with Securities Laws upon Purchase of Notes

When complying with the provisions of Section 1109 or Section 1110 hereof (*provided* that such offer or purchase constitutes an "issuer tender offer" for purposes of Rule 13e-4 (which term, as used herein, includes any successor provision thereto) under the Exchange Act at the time of such offer or purchase), and subject to any exemptions available under applicable law, the Company shall (i) comply with Rule 13e-4 and Rule 14e-1 (or any successor provision) and any other applicable tender offer rules under the Exchange Act, (ii) file the related Schedule TO (or any successor schedule, form or report) under the Exchange Act, and (iii) otherwise comply with all Federal and state securities laws so as to permit the rights and obligations under Section 1109 and Section 1110 to be exercised in the time and in the manner specified in Section 1109 and Section 1110.

Section 1115. Repayment to the Company.

The Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed as provided in the terms of the Notes, together with interest, if any, thereon (subject to the provisions of Section 606 of this Indenture), held by them for the payment of the Repurchase Price or Fundamental Change Repurchase Price, as the case may be.

SECTION 2.18. Subordination of the Notes.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, Article Twelve of the Base Indenture shall be replaced in its entirety with the following:

ARTICLE TWELVE

SUBORDINATION OF THE NOTES

Section 1201. Notes Subordinate to Senior Indebtedness.

The Company covenants and agrees, and each Holder of a Note, by his acceptance thereof, likewise covenants and agrees, that, to the extent and in the manner hereinafter set forth in this Article, the Indebtedness represented by the Notes and the payment of the principal of, premium, if any, and interest on, the Notes are hereby expressly made subordinate and subject in right of payment as provided in this Article to the prior payment in full of all Senior Indebtedness.

This Article Twelve shall constitute a continuing offer to all Persons who, in reliance upon such provisions, become holders of, or continue to hold Senior Indebtedness; and such provisions are made for the benefit of the holders of Senior Indebtedness; and such holders are made obligees hereunder and they or each of them may enforce such provisions.

Section 1202. Payment Over of Proceeds Upon Dissolution, etc.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or its assets, or (b) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary, or whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshaling of assets or liabilities of the Company, then and in any such event:

(1) the holders of Senior Indebtedness shall be entitled to receive payment in full of all amounts due on or in respect of Senior Indebtedness before the Holders of the Notes are entitled to receive any payment or distribution of any kind or character (excluding securities of the Company or any other corporation that are equity securities or are subordinated in right of payment to all Senior Indebtedness, that may be outstanding, to substantially the same extent as, or to a greater extent than, the Notes are so subordinated as provided in this Article ("Permitted Junior Securities")) on account of the principal of, premium, if any, or interest on the Notes or on account of the purchase, redemption, other acquisition of, or in respect of, the Notes (other than amounts previously set aside with the Trustee, or payments previously made, in either case, pursuant to the provisions of Section 401 of this Indenture); and

(2) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (excluding Permitted Junior Securities), by setoff or otherwise, to which the Holders or the Trustee would be entitled but for the provisions of this Article shall be paid by the liquidating trustee or agent or other Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Senior Indebtedness held or represented by each, to the extent necessary to make

payment in full, of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; and

(3) in the event that, notwithstanding the foregoing provisions of this Section 1202, the Trustee or the Holder of any Note shall have received any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (excluding Permitted Junior Securities), in respect of principal of, premium, if any, and interest on the Notes before all Senior Indebtedness is paid in full, then and in such event such payment or distribution (excluding Permitted Junior Securities) shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other Person making payments or distributions of assets of the Company for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

The consolidation of the Company with, or the merger of the Company with or into, another Person or the liquidation or dissolution of the Company following the sale, assignment, conveyance, transfer, lease or other disposal of its properties and assets substantially as an entirety to another Person upon the terms and conditions set forth in Article Eight shall not be deemed a dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors or marshaling of assets and liabilities of the Company for the purposes of this Section 1202 if the Person formed by such consolidation or the surviving entity of such merger or the Person, which acquires by sale, assignment, conveyance, transfer, lease or other disposal of such properties and assets substantially as an entirety, as the case may be, shall, as a part of such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposal, comply with the conditions set forth in Article Eight.

Section 1203. Suspension of Payment When Designated Senior Indebtedness in Default

(a) Unless Section 1202 shall be applicable, upon the occurrence and during the continuance of any default in the payment of any Designated Senior Indebtedness beyond any applicable grace period (a "Payment Default") and after the receipt by the Trustee from a Senior Representative of any Designated Senior Indebtedness of written notice of such default, no payment (other than amounts previously set aside with the Trustee or payments previously made, in either case, pursuant to Section 401 of this Indenture) or distribution of any assets of the Company or any of its Subsidiaries of any kind or character (excluding Permitted Junior Securities) may be made by the Company on account of the principal of, premium, if any, or interest on, the Notes, or on account of the purchase, redemption, other acquisition of, or in respect of, the Notes unless and until such Payment Default shall have been cured or waived or shall have ceased to exist or such Designated Senior Indebtedness shall have been discharged or paid in full, after which the Company shall (subject to the other provisions of this Article Twelve) resume making any and all required payments in respect of the Notes, including any missed payments.

(b) Unless Section 1202 shall be applicable, (1) upon the occurrence and during the continuance of any nonpayment default with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may then be accelerated immediately (a "Non-payment Default") and (2) after the receipt by the Trustee and the Company from a Senior Representative of written notice of such Non-payment Default, no payment (other than any amounts previously set aside with the Trustee, or payments previously made, in either case, pursuant to the provisions of Section 401 of this Indenture) or distribution of any assets of the Company of any kind or character (excluding Permitted Junior Securities) may be made by the Company or any of its Subsidiaries on account of the principal of, premium, if any, or interest on, the Notes, or on account of the purchase, redemption, conversion or other acquisition of, or in respect of, the Notes for the period specified below ("Payment Blockage Period").

(c) The Payment Blockage Period shall commence upon the receipt of notice of the Non-payment Default by the Trustee and the Company from a Senior Representative and shall end on the earliest of (i) the 179th day after such commencement, (ii) the date on which such Non-payment Default (and all other Non-payment Defaults as to which notice is given after such Payment Blockage Period is initiated) is cured, waived or ceases to exist or on which such Designated Senior Indebtedness is discharged or paid in full, or (iii) the date on which such Payment Blockage Period (and all Non-payment Defaults as to which notice is given after such Payment Blockage Period is initiated) shall have been terminated by written notice to the Company or the Trustee from the Senior Representative initiating such Payment Blockage Period, after which, in the case of clauses (i), (ii) and (iii), the Company shall promptly resume making any and all required payments in respect of the Notes, including any missed payments. In no event will a Payment Blockage Period extend beyond 179 days from the date of the receipt by the Company and the Trustee of the notice initiating such Payment Blockage Period (such 179-day period referred to as the "Initial Period"). Any number of notices of Non-payment Defaults may be given during the Initial Period; *provided* that during any period of 365 consecutive days only one Payment Blockage Period, during which payment of principal of, premium, if any, or interest on, the Notes may not be made, may commence and the duration of such period may not exceed 179 days. No Non-payment Default with respect to any Designated Senior Indebtedness that existed or was continuing on the date of the commencement of any Payment Blockage Period will be, or can be, made the basis for the commencement of a second Payment Blockage Period, whether or not within a period of 365 consecutive days, unless such default has been cured or waived for a period of not less than 90 consecutive days. The Company shall deliver a notice to the Trustee promptly after the date on which any Non-payment Default is cured or waived or ceases to exist or on which the Designated Senior Indebtedness related thereto is discharged or paid in full, and the Trustee is authorized to act in reliance on such notice.

(d) In the event that, notwithstanding the foregoing, the Company shall make any payment to the Trustee or the Holder of any Note prohibited by the foregoing provisions of this Section 1203, then and in such event such payment shall be paid over and delivered forthwith to a Senior Representative of the holders of the Designated Senior Indebtedness or as a court of competent jurisdiction shall direct.

Section 1204. Payment Permitted if No Default.

Nothing contained in this Article, elsewhere in this Indenture or in any of the Notes shall prevent the Company, at any time except during the pendency of any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshaling of assets and liabilities of the Company referred to in Section 1202 or under the conditions described in Section 1203, from making payments at any time of principal of, premium, if any, or interest on the Notes.

Section 1205. Subrogation to Rights of Holders of Senior Indebtedness.

After the payment in full, the Holders of the Notes shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments and distributions of cash, property and securities applicable to the Senior Indebtedness until the principal of, premium, if any, and interest on, the Notes shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness of any cash, property or securities to which the Holders of the Notes or the Trustee would be entitled except for the provisions of this Article, and no payments over pursuant to the provisions of this Article to the holders of Senior Indebtedness by Holders of the Notes or the Trustee, shall, as among the Company, its creditors other than holders of Senior Indebtedness, and the Holders of the Notes, be deemed to be a payment or distribution by the Company to or on account of the Senior Indebtedness.

Section 1206. Provisions Solely to Define Relative Rights

The provisions of this Article are intended solely for the purpose of defining the relative rights of the Holders of the Notes on the one hand and the holders of Senior Indebtedness on the other hand. Nothing contained in this Article or elsewhere in this Indenture or in the Notes is intended to or shall (a) impair, as among the Company, its creditors other than holders of Senior Indebtedness and the Holders of the Notes, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Notes the principal of, premium, if any, and interest on, the Notes as and when the same shall become due and payable in accordance with their terms; or (b) affect the relative rights against the Company or the Holders of the Notes and creditors of the Company other than the holders of Senior Indebtedness; or (c) prevent the Trustee or the Holder of any Note from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness (1) in any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshaling of assets and liabilities of the Company referred to in Section 1202, to receive, pursuant to and in accordance with such Section 1202, cash, property and securities otherwise payable or deliverable to the Trustee or such Holder, or (2) under the conditions specified in Section 1303, to prevent any payment prohibited by such Section 1303 or enforce their rights pursuant to Section 1303(d).

Section 1207. Trustee to Effectuate Subordination.

Each Holder of a Note by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes, including, in the event of any dissolution, winding-up, liquidation or reorganization of the Company whether in bankruptcy, insolvency, receivership proceedings, or otherwise, the timely filing of a claim for the unpaid balance of the indebtedness of the Company owing to such Holder in the form required in such proceedings and the causing of such claim to be approved.

Section 1208. No Waiver of Subordination Provisions.

(a) No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

(b) Without limiting the generality of subsection (a) of this Section 1208, the holders of Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Notes, without incurring responsibility to the Holders of the Notes and without impairing or releasing the subordination provided in this Article or the obligations hereunder of the Holders of the Notes to the holders of Senior Indebtedness, do any one or more of the following: (1) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Indebtedness or any instrument evidencing the same or any agreement under which Senior Indebtedness is outstanding; (2) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness; (3) release any Person liable in any manner for the collection or payment of Senior Indebtedness; and (4) exercise or refrain from exercising any rights against the Company and any other Person; *provided, however,* that in no event shall any such actions limit the right of the Holders of the Notes to take any action to accelerate the Maturity of the Notes pursuant to Article Five of this Indenture or to pursue any rights or remedies hereunder or under applicable laws if the taking of such action does not otherwise violate the terms of this Article.

Section 1209. Notice to Trustee.

(a) The Company shall give prompt written notice to the Trustee of any fact known to the Company, which would prohibit the making of any payment to or by the Trustee in respect of the Notes. Notwithstanding the provisions of this Article or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts, which would prohibit the making of any payment to or by the Trustee in respect of the Notes, unless and until the Trustee shall have received written notice thereof from the Company or a holder of Senior Indebtedness or from a Senior Representative or any trustee, fiduciary or agent therefor; and, prior to the receipt of any such written notice, the Trustee shall be entitled in all respects to assume that no such facts exist; *provided, however,* that if the Trustee shall not have received the notice provided for in this Section 1209 by noon, New York City time, on the Business Day prior to the date upon which by the terms hereof any money may become payable for any purpose

(including, without limitation, the payment of the principal of, premium, if any, or interest on any Note), then, anything herein contained to the contrary notwithstanding, but without limiting the rights and remedies of the holders of Senior Indebtedness, a Senior Representative or any trustee, fiduciary or agent thereof, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary, which may be received by it after such date; nor shall the Trustee be charged with knowledge of the curing of any such default or the elimination of the act or condition preventing any such payment unless and until the Trustee shall have received an Officers' Certificate to such effect.

(b) The Trustee shall be entitled to rely on the delivery to it of a written notice to the Trustee and the Company by a Person representing himself to be a Senior Representative or a holder of Senior Indebtedness (or a trustee, fiduciary or agent therefor) to establish that such notice has been given by a Senior Representative or a holder of Senior Indebtedness (or a trustee, fiduciary or agent therefor); *provided, however,* that failure to give such notice to the Company shall not affect in any way the ability of the Trustee to rely on such notice. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 1210. Reliance on Judicial Orders or Certificates

Upon any payment or distribution of assets of the Company referred to in this Article, the Trustee and the Holders of the Notes shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other person making such payment or distribution, or a certificate of a Senior Representative, delivered to the Trustee or to the Holders of Notes for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article; *provided* that the foregoing shall apply only if such court has been fully apprised of the provisions of this Article.

Section 1211. Rights of Trustee as a Holder of Senior Indebtedness; Preservation of Trustee's Rights

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article with respect to any Senior Indebtedness, which may at any time be held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder. Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 607.

Section 1212. Article Applicable to Paying Agents.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting under this Indenture, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; *provided, however*, that Section 1211 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

Section 1213. No Suspension of Remedies.

Nothing contained in this Article shall limit the right of the Trustee or the Holders of Notes to take any action to accelerate the Maturity of the Notes pursuant to Article Five of this Indenture or to pursue any rights or remedies hereunder or under applicable law, subject to the rights, if any, under this Article of the holders, from time to time, of Senior Indebtedness to receive the cash, property or securities receivable upon the exercise of such rights or remedies.

Section 1214. Trustee's Relation to Senior Indebtedness.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Article against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and the Trustee shall not be liable to any holder of Senior Indebtedness if it shall in good faith mistakenly (absent negligence or willful misconduct) pay over or deliver to Holders, the Company or any other Person moneys or assets to which any holder of Senior Indebtedness shall be entitled by virtue of this Article or otherwise.

SECTION 2.19. Application of the Article of the Indenture Regarding Subsidiary Guarantee.

The provisions of Article Thirteen of the Base Indenture shall not apply to the Notes, and the Notes shall not be deemed guaranteed by any Guarantor.

SECTION 2.20. Application of the Article of the Indenture Regarding Defeasance and Covenant Defeasance.

The provisions of Article Fifteen of the Base Indenture shall not apply to the Notes.

SECTION 2.21. Applicability of the Article of the Indenture Regarding Sinking Funds.

The provisions of Article Sixteen of the Base Indenture shall not apply to the Notes.

SECTION 2.22. Conversion.

Except as may be provided in a Future Supplemental Indenture, with respect to the Notes and no other class or series of Securities issued pursuant to the Indenture, a new Article Seventeen shall be added to the Indenture as follows:

ARTICLE SEVENTEEN

CONVERSION OF THE NOTES

Section 1701. Conversion Privilege.

(a) Subject to and upon compliance with the provisions of this Article Seventeen, a Holder of a Note shall have the right, at such Holder's option, to convert all or any portion (if the portion to be converted is $1,000 principal amount or an integral multiple thereof) of such Note prior to the close of business on the Business Day immediately preceding Stated Maturity into cash and shares of Class A Common Stock, if any, at the Conversion Rate (the "Conversion Obligation") in effect on the date of conversion only as follows:

(1) prior to October 31, 2010, during the five Business Days after any five consecutive Trading Day period in which the Trading Price per $1,000 original principal amount of the Notes (as determined following a request by a Noteholder in accordance with the procedures described below) was less than 103% of the product of the Last Reported Sale Price of the Class A Common Stock and the current Conversion Rate of the Notes for such Trading Day;

(2) at any time prior to the close of business on the second Business Day immediately preceding the Redemption Date, if the Company has called the Notes for redemption pursuant to Article Eleven hereof, even if the Notes are not otherwise convertible at that time; or

(3) as provided in clause (b) of this Section 1701.

The Company or, at its option, the Conversion Agent on behalf of the Company, shall determine during the time period specified in Section 1701(a)(1), following a request by a Noteholder in accordance with the procedures described below, whether the Notes shall be convertible as a result of the occurrence of an event specified in Section 1701(a)(1) and, if the Notes shall be so convertible, the Company or the Conversion Agent, as applicable, shall promptly deliver to the Trustee and Conversion Agent or the Company, as applicable, written notice thereof. Whenever the Notes shall become convertible pursuant to this Section 1701 (as determined in accordance with this Section 1701), the Company or, at the Company's request, the Trustee in the name and at the expense of the Company, shall promptly notify the Holders of

the event triggering such convertibility in the manner provided in Section 106, and the Company shall also promptly disseminate a press release through Dow Jones & Company, Inc. or Bloomberg Business News or any successors to those businesses and publish such information on the Company's Website or through another public medium the Company may use at that time. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice.

The Trustee shall have no obligation to determine the Trading Price of the Notes unless the Company has requested such determination; and the Company shall have no obligation to make such request unless a Noteholder delivers written notice to the Company at the address or telecopier number set forth in Section 105 stating that such Noteholder is requesting that the Trustee make such determination as set forth in Section 1701(a)(1), with such notice being accompanied with reasonable evidence that (x) the Person is a Noteholder as of the date the notice is delivered and (y) the Trading Price per $1,000 original principal amount of Notes would be less than 103% of the product of the Last Reported Sale Price of the Class A Common Stock and the Conversion Rate of the Notes. At such time, the Company will be required to instruct the Trustee to determine the Trading Price of the Notes beginning on the next Trading Day and on each successive Trading Day until the Trading Price per $1,000 original principal amount of Notes is greater than or equal to 103% of the product of the Last Reported Sale Price of the Class A Common Stock and the Conversion Rate of the Notes. If at any point after the Trading Price condition has been met, the Trading Price per $1,000 original principal amount of Notes is greater than 103% of the product of the Last Reported Sale Price of the Class A Common Stock and the Conversion Rate for such day, the Company shall notify Holders of the Notes.

The Trustee shall be entitled at its sole discretion to consult with the Company and to request the assistance of the Company in connection with the Trustee's duties and obligations pursuant to Section 1701(a) hereof, and the Company agrees, if requested by the Trustee, to cooperate with, and provide assistance to, the Trustee in carrying out its duties under this Section 1701; *provided*, *however*, that nothing herein shall be construed to relieve the Trustee of its duties pursuant to Section 1701(a) hereof.

(b) In the event that:

(1) (A) the Company distributes to all holders of Class A Common Stock rights or warrants entitling them to purchase, for a period expiring within 60 days after the date of such distribution, Class A Common Stock at less than the Last Reported Sale Price of the Class A Common Stock on the Trading Day immediately preceding the announcement date for such distribution; or (B) the Company distributes to all Holders of Class A Common Stock assets (including cash), debt securities or rights, warrants or options to purchase the Company's securities, which distribution has a per share value as determined by the Board of Directors exceeding 10% of the Last Reported Sale Price of the Class A Common Stock on the Trading Day immediately preceding the announcement date of such distribution, then, in either case, the Notes may be surrendered for conversion at any time on and after the date that the Company gives notice to the Holders of such distribution, which shall be not less than 20 Business Days prior to the Ex-Dividend Date for such distribution, until the earlier of the close of

business on the Business Day immediately preceding the Ex-Dividend Date or the date the Company announces that such distribution shall not take place, even if the Notes are not otherwise convertible at such time; *provided* that no Holder of a Note shall have the right to convert if the Holder may otherwise participate in such distribution without conversion in respect of Notes held by such Holder; or

(2) a Change of Control occurs pursuant to clause (a), clause (c), clause (d) or clause (e) of the definition thereof, then the Notes may be surrendered for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of such transaction until and including the date which is 15 days after the actual effective date of such transaction (or, if such transaction also constitutes a Change of Control pursuant to which Holders have a right to require the Company to repurchase the Notes pursuant to Section 1110, until the applicable Fundamental Change Repurchase Date). The Company shall notify Holders at the time the Company publicly announces the Change of Control transaction giving rise to the above-conversion right (but in no event less than 15 days prior to the anticipated effective date of such transaction). If the Company engages in any reclassification of the Class A Common Stock (other than a subdivision or combination of its outstanding Class A Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value) or is party to a consolidation, merger, binding share exchange or transfer of all or substantially all of its assets pursuant to which Holders of Class A Common Stock would be entitled to receive cash, securities or other property, then at the effective time of such transaction, to the extent that it constitutes a Change of Control as described in this paragraph as giving rise to a conversion right, the Conversion Obligation and the Conversion Settlement Distribution shall be based on the applicable Conversion Rate and the kind and amount of cash, securities or other property that a holder of one share of the Class A Common Stock would have received in such transaction (such property, collectively, the "Exchange Property"). In addition, if a Holder converts Notes following the effective time of any such transaction, any amounts of the Conversion Settlement Distribution to be settled in shares of Class A Common Stock shall be paid in such Exchange Property rather than shares of Class A Common Stock. If the transaction also constitutes a Change of Control, (A) a Holder can require the Company to repurchase all or a portion of its Notes pursuant to Section 1110 or, (B) if such Holder elects, instead, to convert all or a portion of its Notes, such Holder shall receive Additional Shares upon conversion pursuant to Section 1701(c), in each case, subject to the terms and conditions set forth in Section 1701(c).

(c) If and only to the extent a Holder timely elects to convert Notes during the period specified in Section 1701(b)(2) above on or prior to November 30, 2010, and 10% or more of the consideration for the Class A Common Stock in the corporate transaction consists of consideration other than common stock traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange or the Nasdaq National Market, the Conversion Rate for the Notes surrendered for conversion shall be increased by an additional number of shares of Class A Common Stock (the "Additional Shares") as described below; *provided* that if the Stock Price paid in connection with such transaction is greater than $80.00 or less than $19.79 (subject in each case to adjustment as described below), no Additional Shares shall be added to the

Conversion Rate. Notwithstanding this Section 1701(c), if the Company elects to adjust the Conversion Rate pursuant to Section 1701(d), the provisions of Section 1701(d) shall apply in lieu of the provisions of this Section 1701(c). The Company shall notify Holders, at least 20 days prior to the anticipated effective date of such corporate transaction causing any increase of the Conversion Rate pursuant to this Section 1701(c), whether the Company elects to increase the Conversion Rate as described above or to adjust the Conversion Rate pursuant to Section 1701(d).

The number of Additional Shares to be added to the Conversion Rate as described in the immediately preceding paragraph shall be determined by reference to the table attached as Schedule I hereto, based on the effective date of such Change of Control transaction and the Stock Price paid per share of Class A Common Stock in connection with such transaction; *provided* that if the Stock Price is between two Stock Price amounts in the table or such effective date is between two effective dates in the table, the number of Additional Shares shall be determined by a straight-line interpolation between the number of Additional Shares set forth for the higher and lower Stock Price amounts and the two dates, as applicable, based on a 365/366-day year. The "effective date" with respect to a Change of Control transaction means the date that a Change of Control becomes effective.

With respect to any Notes tendered for conversion to which Additional Shares apply, any shares of Class A Common Stock to be delivered upon conversion of such Notes pursuant to Section 1702 shall be delivered to Holders who elect to convert their Notes on the later of (i) the fifth Business Day following the effective date and (2) the third Business Day following the final day of the Cash Settlement Averaging Period.

The Stock Prices set forth in the first row of the table in Schedule I hereto shall be adjusted as of any date on which the Conversion Rate of the Notes is adjusted pursuant to Section 1704. The adjusted Stock Prices shall equal the Stock Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Stock Price adjustment and the denominator of which is the Conversion Rate as so adjusted. The number of Additional Shares shall be adjusted consistent with the procedures for adjusting the Conversion Rate as set forth in Section 1704. Notwithstanding anything to the contrary herein, the maximum amount of Additional Shares is 9.1121 per $1,000 principal amount of Notes, subject to adjustments consistent with the procedures for adjusting the Conversion Rate as set forth in Section 1704.

Notwithstanding the foregoing, in no event shall the total number of shares of Class A Common Stock issuable upon conversion of the Notes exceed 50.5305 per $1,000 principal amount of Notes, subject to adjustments consistent with the procedures for adjusting the Conversion Rate as set forth in Section 1704.

(d) Notwithstanding the provisions of Section 1701(c), in the case of a Change of Control that would lead to the issuance of Additional Shares as set forth in clause (c) above that is also a Public Acquirer Change of Control, the Company may, at its option and in lieu of increasing the Conversion Rate by Additional Shares as described in Section 1701(c), elect to adjust the Conversion Rate and the related Conversion Obligation such that from and after the effective date of such Public Acquirer Change of Control, Holders of Notes shall be entitled to convert

their Notes (subject to the satisfaction of the conditions to conversion set forth in Section 1701(a)) into a number of shares of Public Acquirer Common Stock. The Conversion Rate following the effective date of such transaction will be a number of shares of Public Acquirer Common Stock equal to the product of the Conversion Rate in effect immediately before the Public Acquirer Change of Control, times the average of the quotients obtained, for each Trading Day in the 20 consecutive Trading Day period ending on the Trading Day immediately preceding the effective date of such Public Acquirer Change of Control (the "Valuation Period"), of:

(i) the Acquisition Value of the Company's Class A Common Stock on each such Trading Day in the Valuation Period, divided by

(ii) the Last Reported Sale Price of the Public Acquirer Common Stock on each such Trading Day in the Valuation Period.

The "Acquisition Value" of the Class A Common Stock means, for each Trading Day in the Valuation Period, the value of the consideration paid per share of Class A Common Stock in connection with such Public Acquirer Change of Control, as follows:

(i) for any cash, 100% of the face amount of such cash;

(ii) for any Public Acquirer Common Stock, 100% of the Last Reported Sale Price of such Public Acquirer Common Stock on such Trading Day; and

(iii) for any other securities, assets or property, 100% of the fair market value of such security, asset or property on such Trading Day, as determined by two independent nationally recognized investment banks selected by the Company for this purpose.

"Public Acquirer Change of Control" means a Change of Control pursuant to clause (a), (c) or (d) of the definition thereof set forth above and the acquirer, the Person formed by or surviving the merger or consolidation or any entity that is a direct or indirect "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of such Person's or Acquirer's Voting Stock has a class of common stock traded on a U.S. national securities exchange or quoted on the Nasdaq National Market or which shall be so traded or quoted when issued or exchanged in connection with such Change of Control (the "Public Acquirer Common Stock"); *provided* that if there is more than one of such entity, the relevant entity shall be such entity with the most direct beneficial ownership to such acquirer's or Person's Capital Stock.

Upon a Public Acquirer Change of Control, if the Company so elects, Holders may convert their Notes (subject to the satisfaction of the conditions to conversion set forth in Section 1701(a)) at the adjusted Conversion Rate described above, but shall not be entitled to the increased Conversion Rate described in Section 1701(c). The Company shall notify Holders of its election in its notice to Holders pursuant to Section 1701(b)(2) above. Holders may convert their Notes upon a Public Acquirer Change of Control during the period specified in Section 1701(b)(2). In addition, Holders can also, subject to certain conditions, require the Company to repurchase all or a portion of their Notes as described in Section 1110.

After any adjustment of the Conversion Rate in connection with a Public Acquirer Change of Control, the Conversion Rate shall be subject to further similar adjustments in the event that any of the events described in Section 1704 occur thereafter.

(e) In addition, on or after October 31, 2010, to (and including) the close of business on the Business Day immediately preceding November 30, 2015, Holders may convert the Notes into cash and shares of Class A Common Stock, regardless of the foregoing circumstances described in 1701(a) – (d).

Section 1702. Conversion Procedure; Conversion Rate; Fractional Shares.

(a) Subject to Section 1701 and the Company's rights under Section 1703, each Note shall be convertible at the office of the Conversion Agent into a combination of cash and fully paid and nonassessable shares (calculated to the nearest 1/100th of a share) of Class A Common Stock, if any, at a rate (the "Conversion Rate") equal to, initially, 41.4185 shares of Class A Common Stock for each $1,000 principal amount of Notes. The Conversion Rate shall be adjusted in certain instances as provided in Section 1704 hereof, but shall not be adjusted for any accrued and unpaid Interest, if any. Upon conversion, no payment shall be made by the Company with respect to any accrued and unpaid Interest, if any; *provided* that if a Conversion Date with respect to any Note occurs between an Interest Record Date for the payment of Interest, but prior to the corresponding Interest Payment Date, Interest will be paid to the Holder of record of such Note on such Interest Record Date. Instead, unless otherwise specified in the proviso to the prior sentence, such amount shall be deemed paid by the applicable Conversion Settlement Distribution delivered upon conversion of any Note. In addition, no payment or adjustment shall be made in respect of dividends on the Class A Common Stock with a record date prior to the Conversion Date. The Company shall not issue any fraction of a share of Class A Common Stock in connection with any conversion of Notes, but instead shall, subject to Section 1703 hereof, make a cash payment (calculated to the nearest cent) equal to such fraction multiplied by the Last Reported Sale Price of the Class A Common Stock on the Trading Day prior to the Conversion Date.

(b) Before any Holder of a Note shall be entitled to convert the same into a combination of cash and Class A Common Stock, if any, such Holder shall (1) in the case of Global Notes, comply with the procedures of the Depositary in effect at that time for converting a beneficial interest in a Global Note, and in the case of certificated Notes, surrender such Notes, duly endorsed to the Company or in blank, at the office of the Conversion Agent, and (2) give written notice to the Company in the form on the reverse of such certificated Note (the "Conversion Notice") at said office or place that such Holder elects to convert the same and shall state in writing therein the principal amount of Notes to be converted and the name or names (with addresses) in which such Holder wishes the certificate or certificates for Class A Common Stock included in the Conversion Settlement Distribution, if any, to be registered.

Before any such conversion, a Holder also shall pay all taxes or duties, if any, as provided in Section 1706 and any amount payable pursuant to Section 1702(g).

If more than one Note shall be surrendered for conversion at one time by the same Holder, the number of full shares of Class A Common Stock, if any, that shall be deliverable

upon conversion as part of the Conversion Settlement Distribution shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof to the extent permitted thereby) so surrendered.

(c) A Note shall be deemed to have been converted as of the close of business on the date (the "Conversion Date") that the Holder has complied with Section 1702(b).

(d) The Company shall, on the Conversion Settlement Date, (i) pay the cash component (including cash in lieu of any fraction of a share to which such Holder would otherwise be entitled) of the Conversion Obligation determined pursuant to Section 1703 to the Holder of a Note surrendered for conversion, or such Holder's nominee or nominees, and (ii) issue, or cause to be issued, and delivered to the Conversion Agent or to such Holder, or such Holder's nominee or nominees, certificates for the number of full shares of Class A Common Stock, if any, to which such Holder shall be entitled as part of such Conversion Obligation. The Company shall not be required to deliver certificates for shares of Class A Common Stock while the stock transfer books for such stock or the security register are duly closed for any purpose, but certificates for shares of Class A Common Stock shall be issued and delivered as soon as practicable after the opening of such books or security register, and the Person or Persons entitled to receive the Class A Common Stock as part of the applicable Conversion Settlement Distribution upon such conversion shall be treated for all purposes as the record holder or holders of such Class A Common Stock, as of the close of business on the applicable Conversion Settlement Date.

(e) In case any Note shall be surrendered for partial conversion, the Company shall execute and the Trustee shall authenticate and deliver to or upon the written order of the Holder of the Note so surrendered, without charge to such Holder (subject to the provisions of Section 1706 hereof), a new Note or Notes in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Notes.

(f) By delivering the combination of cash and shares of Class A Common Stock, if any, together with a cash payment in lieu of any fractional shares to the Conversion Agent or to the Holder or such Holder's nominee or nominees, the Company shall have satisfied in full its Conversion Obligation with respect to such Note, and upon such delivery, accrued and unpaid Interest, if any, with respect to such Note shall be deemed to be paid in full rather than canceled, extinguished or forfeited, and such amounts shall no longer accrue.

(g) If a Noteholder delivers a Conversion Notice after the Interest Record Date for a payment of Interest, but prior to the corresponding Interest Payment Date, such Noteholder must pay to the Company, at the time such Noteholder surrenders Notes for conversion, an amount equal to the Interest, that has accrued and shall be paid on the related Interest Payment Date. The preceding sentence shall not apply if (1) the Company has specified a Redemption Date that is after an Interest Record Date, but on or prior to the corresponding Interest Payment Date, (2) the Company has specified a Fundamental Change Repurchase Date during such period referred to in clause (1) of this paragraph or (3) to the extent of any overdue Interest if any overdue Interest exists at the time of conversion with respect to the Notes converted.

Section 1703. Payment Upon Conversion.

(a) Upon conversion of Notes, the Company shall deliver to Holders surrendering Notes for conversion, for each $1,000 principal amount of Notes, a settlement amount (the "Conversion Settlement Distribution") on the Conversion Settlement Date consisting of:

(ii) cash amount (the "Cash Amount") equal to the lesser of $1,000 and the Conversion Value; and

(iii) to the extent the Conversion Value exceeds $1,000, a number of shares equal to the sum of, for each day of the 25 Trading Day Cash Settlement Averaging Period, the greater of (i) zero and (ii) (A) 4% of the difference between (x) the applicable Conversion Rate on such date multiplied by the Daily VWAP of the Class A Common Stock for such day and (y) $1,000, divided by (B) the Daily VWAP of the Class A Common Stock for such day.

The "Conversion Value" means the product of (1) the applicable Conversion Rate and (2) the average of the Daily VWAP prices of the Class A Common Stock for the 25 consecutive Trading Days during the Cash Settlement Averaging Period.

The "Cash Settlement Averaging Period" with respect to any Note means the 25 consecutive Trading Day period beginning on the second Trading Day after the Noteholder delivers its Conversion Notice to the Conversion Agent, except that with respect to any notice of conversion received after the date of issuance of a notice of redemption under Section 1101, the "Cash Settlement Averaging Period" means the 25 consecutive Trading Day period beginning on the first Trading Day following the applicable Redemption Date.

The "Daily VWAP" for the Class A Common Stock means, for each of the 25 consecutive Trading Days during the Cash Settlement Averaging Period, the per share volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page SAH <equity> [AQR] (or any successor thereto) in respect of the period from 9:30 a.m. to 4:00 p.m. (New York City time) on such Trading Day (or if such volume-weighted average price is unavailable, the market value of one share of the Class A Common Stock on such Trading Day as the Board of Directors determines in good faith using a volume-weighted method).

For the purposes of this Section 1703, "Market Disruption Event" means (i) a failure by the Exchange to open for trading during its regular trading session or (ii) the occurrence or existence prior to 1:00 p.m. on any trading day for the Class A Common Stock of an aggregate one-half hour period, of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in the Class A Common Stock or in any options, contracts or future contracts relating to the Class A Common Stock.

The Company shall not issue fractional shares of Class A Common Stock upon conversion of the Notes. Instead, the Company shall pay the cash value of such fractional shares based upon the Last Reported Sale Price of the Class A Common Stock on the Trading Day immediately preceding the Conversion Date.

(b) If a Holder tenders Notes for conversion and the Conversion Value is being determined at a time when the Notes are convertible into Exchange Property, the Conversion Value of each Note shall be determined based on the kind and amount of such Exchange Property and the value thereof during the Cash Settlement Averaging Period. Settlement of Notes tendered for conversion after the effective date of any transaction giving rise to Exchange Property shall be as set forth above.

Section 1704. Adjustment of Conversion Rate.

(a) The Conversion Rate shall be adjusted in accordance with this Section 1704, except that the Company shall not make any adjustments to the Conversion Rate if Holders of the Notes participate, as a result of holding the Notes, in any of the transactions described below without having to convert their Notes.

(1) If the Company issues shares of Class A Common Stock as a dividend or distribution on shares of Class A Common Stock, or if the Company effects a share split or share combination, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{OS'}{OS_0}$$

where,

CR0 = the Conversion Rate in effect immediately prior to such event;

CR' = the Conversion Rate in effect immediately after such event;

OS_0 = the number of shares of Class A Common Stock outstanding immediately prior to such event; and

OS' = the number of shares of Class A Common Stock outstanding immediately after such event.

Such adjustment shall become effective immediately after 9:00 a.m., New York City time, on the Business Day following the date fixed for such determination. The Company will not pay any dividend or make any distribution on shares of Class A Common Stock held in treasury by the Company. If any dividend or distribution of the type described in this Section 1704(a)(1) is declared, but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(2) If the Company issues to all or substantially all holders of Class A Common Stock any rights or warrants entitling them for a period of not more than 60 calendar days to subscribe for or purchase shares of Class A Common Stock, at a price per share less than the Last Reported Sale Price of the Class A Common Stock on the Business Day immediately preceding the date of announcement of such issuance, the Conversion Rate shall be adjusted based on the following formula (provided that the Conversion Rate shall be readjusted to the extent that such rights or warrants are not exercised prior to their expiration):

$$CR' = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to such event;

CR' = the Conversion Rate in effect immediately after such event;

OS_0 = the number of shares of Class A Common Stock outstanding immediately prior to such event;

X = the total number of shares of Class A Common Stock issuable pursuant to such rights; and

Y = the number of shares of Class A Common Stock equal to the aggregate price payable to exercise such rights divided by the average of the Last Reported Sale Prices of Class A Common Stock over the ten consecutive days of the Trading Day period ending on the Business Day immediately preceding the Record Date for the issuance of such rights.

Such adjustment shall be successively made whenever any such rights or warrants are issued and shall become effective immediately after 9:00 a.m., New York City time, on the Business Day following the date fixed for such determination. The Company shall not issue any such rights, options or warrants in respect of shares of Class A Common Stock held in the treasury by the Company. To the extent that shares of Class A Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Class A Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed.

In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Class A Common Stock at less than such Last Reported Sale Price, and in determining the aggregate offering price of such shares of Class A Common Stock, there shall be taken into account any consideration received by the Company for such rights or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(3) If the Company distributes shares of Capital Stock, evidences of Indebtedness or other assets or property of the Company to all or substantially all holders of Class A Common Stock, excluding

(a) dividends or distributions and rights or warrants referred to in clause (1) or (2) above; and

(b) dividends or distributions paid exclusively in cash;

then the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to such distribution;

CR' = the Conversion Rate in effect immediately after such distribution;

SP_0 = the average of the Last Reported Sale Prices of Class A Common Stock over the ten consecutive Trading Day period ending on the business day immediately preceding the Record Date for such distribution (or, if earlier, the "Ex-Date" relating to such distribution); and

FMV = the Fair Market Value (as determined by the Board of Directors) of the shares of Capital Stock, evidences of Indebtedness, assets or property distributed with respect to each outstanding share of Class A Common Stock on the Record Date for such distribution.

Such adjustment shall become effective immediately prior to 9:00 a.m., New York City time, on the Business Day following the date fixed for the determination of stockholders entitled to receive such distribution.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on Class A Common Stock or shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit, which is referred to as a "Spin-Off," the Conversion Rate in effect immediately before 5:00 p.m., New York City time, on the Record Date fixed for determination of stockholders entitled to receive the distribution shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to such distribution;

CR' = the Conversion Rate in effect immediately after such distribution;

FMV_0 = the average of the Last Reported Sale Prices of the Capital Stock or similar equity interest distributed to holders of the Class A Common Stock applicable to one share of the Class A Common Stock over the first ten consecutive Trading Day period after the effective date of the Spin-Off; and

MP_0 = the average of the Last Reported Sale Prices of the Class A Common Stock over the first ten consecutive Trading Day period after the effective date of the Spin-Off.

The adjustment to the Conversion Rate under the preceding paragraph will occur on the tenth Trading Day from, and including, the effective date of the Spin-Off.

(4) If any cash dividend or distribution made to all or substantially all holders of the Class A Common Stock during any quarterly fiscal period is in an aggregate amount that, together with other cash dividends or distributions made during such quarterly fiscal period (the "Current Dividend Rate"), does not equal $0.12 per share (appropriately adjusted from time to time for any share dividends on, or subdivisions of, common stock) (the "Initial Dividend Rate"), the Conversion Rate shall be adjusted based on the following formulas:

(a) if the Current Dividend Rate is greater than the Initial Dividend Rate, the conversion rate shall be increased based on the following formula

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the Record Date for such distribution;

CR' = the Conversion Rate in effect immediately after the Record Date for such distribution;

SP_0 = the Last Reported Sale Price of the Class A Common Stock on the Trading Day immediately preceding the Record Date for such distribution (or, if earlier, the "Ex-Date" relating to such distribution); and

C = the amount in cash per share the Company distributes to holders of Class A Common Stock in excess of $0.12 (appropriately adjusted from time to time for any share dividends on, or subdivision of, the Class A Common Stock).

Such adjustment shall become effective immediately after 5:00 p.m., New York City time, on the record date for such dividend or distribution; *provided* that if such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(b) if the Current Dividend Rate is less than the Initial Dividend Rate, the Conversion Rate shall be decreased based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 + C}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the Record Date for such distribution;

CR' = the Conversion Rate in effect immediately after the Record Date for such distribution;

SP_0 = the Last Reported Sale Price of the Class A Common Stock on the Trading Day immediately preceding the Record Date for such distribution (or, if earlier, the "Ex-Date" relating to such distribution); and

C = the amount in cash per share the Company distributes to holders of Class A Common Stock that is below $0.12 (appropriately adjusted from time to time for any share dividends on, or subdivision of, Class A Common Stock).

Such adjustment shall become effective immediately after 5:00 p.m., New York City time, on the final Business Day of the relevant fiscal quarter.

(5) (a) If the Company, any of its Subsidiaries or the Smith Holders makes a payment in respect of a tender offer or exchange offer for the Class A Common Stock, to the extent that the cash and value of any other consideration included in the payment per share of common stock exceeds the Last Reported Sale Price of Class A Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (the "Expiration Time"), the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{AC + (SP' \times OS')}{OS_0 \times SP'}$$

where,

CR_0 = the Conversion Rate in effect on the date such tender or exchange offer expires;

CR' = the Conversion Rate in effect on the day next succeeding the date such tender or exchange offer expires;

AC = the aggregate value of all cash and any other consideration (as determined by the Board of Directors) paid or payable for shares purchased in such tender or exchange offer;

OS_0 = the number of shares of Class A Common Stock outstanding immediately prior to the date such tender or exchange offer expires;

OS' = the number of shares of Class A Common Stock outstanding immediately after the date such tender or exchange offer expires; and

SP' = the average of the Last Reported Sale Prices of Class A Common Stock over the ten consecutive trading day period commencing on the trading day next succeeding the date such tender or exchange offer expires.

If the Company is obligated to purchase shares pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made.

(6) If someone other than the Company or one of its Subsidiaries or the Smith Holders makes a payment in respect of a tender offer or exchange offer for Class A Common

Stock, in which, as of the closing date of the offer, the Board of Directors is not recommending rejection of the offer, the Company shall increase the Conversion Rate based on the following formula:

$$CR' = CR_0 \times \frac{FMV + (OS' \times SP)}{OS_0 \times SP}$$

where,

CR_0 = the Conversion Rate in effect the last time tenders or exchanges may have been made pursuant to such tender or exchange offer (the "Offer Expiration Time");

CR' = the Conversion Rate in effect immediately following the Offer Expiration Time;

FMV = the Fair Market Value (as determined by the Board of Directors) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the offer expiration time (the "Accepted Purchase Shares");

OS' = the number of shares of Class A Common Stock outstanding (less any Accepted Purchase Shares) as of the Offer Expiration Time;

OS_0 = the number of shares of Class A Common Stock outstanding (including any Accepted Purchase Shares) as of the Offer Expiration Time; and

SP = the Last Reported Sale Price of Class A Common Stock on the Trading Day next succeeding the Offer Expiration Time.

The adjustment referred to in this clause (6) shall only be made if:

(i) the tender offer or exchange offer is for an amount that increases the offeror's ownership of Class A Common Stock to more than 25% of the total shares of Class A Common Stock outstanding; and

(ii) the cash and value of any other consideration included in the payment per share of Class A Common Stock exceeds the Last Reported Sale Price per share of Class A Common Stock on the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to the tender or exchange offer.

Notwithstanding the foregoing, the adjustment referred to in this clause (6) shall generally not be made if as of the closing of the offer, the offering documents disclose a plan or an intention to cause the Company to engage in a consolidation or merger or a sale of all or substantially all of the Company's assets.

Notwithstanding any of the foregoing provisions in this Section 1704, if the application of the foregoing formulae other than the formula set forth in clause (4)(b) would result in a decrease in the Conversion Rate, an adjustment to the Conversion Rate shall not be made.

As used in this Section 1704, "Ex-Date" means the first date on which the shares of Class A Common Stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance or distribution in question.

(b) In addition to those required by clauses (1) through (6) of this Section 1704, to the extent permitted by applicable law and the listing requirements of the New York Stock Exchange or any national securities exchange on which the Class A Common Stock is then listed, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least twenty (20) days, the increase is irrevocable during the period and the Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to Holders of record of the Notes a notice of the increase at least fifteen (15) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it shall be in effect.

(c) Notwithstanding any of the foregoing in this Section 1704, no adjustment need be made for:

(i) the issuance of any shares of Class A Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Company's securities and the investment of additional optional amounts in shares of Class A Common Stock under any plan,

(ii) the issuance of any shares of Class A Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Company or any of its Subsidiaries,

(iii) the issuance of any shares of Class A Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the preceding clause and outstanding as of the date the Notes were first issued,

(iv) a change in the par value of the Class A Common Stock, or

(v) accrued and unpaid interest.

To the extent the Notes become convertible into cash, assets or property (other than Class A Common Stock or securities to which Section 1705 applies), no adjustment shall be made thereafter as to the cash, assets or property. Interest shall not accrue on such cash, assets or property.

(d) All calculations under this Article Seventeen shall be made by the Company and shall be made to the nearest cent or to the nearest one-ten thousandth (1/10,000) of a share, as the case may be, with one-half cent and 0.005% of a share, respectively, being rounded upward. No adjustment to the Conversion Rate shall be required unless the adjustment requires an increase or

decrease of at least 1.0% of the Conversion Rate. However, any adjustments, which are not required to be made because they would have required an increase or decrease of less than 1.0% shall be carried forward and be made on the first to occur of (i) any subsequent adjustment, (ii) the first day of the next calendar year and (iii) upon any conversion of the Securities.

(e) Whenever the Conversion Rate is adjusted as herein provided, the Company shall promptly file with the Trustee and any Conversion Agent (if other than the Trustee) an Officers' Certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Responsible Officer of the Trustee shall have received such Officer's Certificate, the Trustee shall not be deemed to have knowledge of any adjustment of the Conversion Rate and may assume that the last Conversion Rate of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Rate to the Holder of each Note at his last address appearing on the Note Register provided for in Section 305 of this Indenture, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(f) In any case in which this Section 1704 provides that an adjustment shall become effective immediately after (1) a record date or Record Date for an event, (2) the date fixed for the determination of stockholders entitled to receive a dividend or distribution pursuant to Section 1704(a)(1), (3) a date fixed for the determination of stockholders entitled to receive rights, warrants or options pursuant to Section 1704(a)(2), (4) the effective date of any subdivision or combination of Class A Common Stock, (5) the Expiration Time for any tender or exchange offer pursuant to Section 1704(a)(5), or (6) the Offer Expiration Time for a tender offer or exchange offer pursuant to Section 1704(a)(6) (each a "Determination Date"), the Company may elect to defer until the occurrence of the relevant Adjustment Event (as hereinafter defined) (x) issuing to the Holder of any Note converted after such Determination Date and before the occurrence of such Adjustment Event, the additional shares of Class A Common Stock or other securities issuable upon such conversion by reason of the adjustment required by such Adjustment Event over and above the Class A Common Stock issuable upon such conversion before giving effect to such adjustment and (y) paying to such Holder any amount in cash in lieu of any fraction pursuant to Section 1704(a)(1). For purposes of this Section 1704(f), the term "Adjustment Event" shall mean:

(i) in any case referred to in clause (1) hereof, the occurrence of such event,

(ii) in any case referred to in clause (2) hereof, the date any such dividend or distribution is paid or made,

(iii) in any case referred to in clause (3) hereof, the date of expiration of such rights, warrants or options,

(iv) in any case referred to in clause (4) hereof, the date of such subdivision or combination, and

(v) in any case referred to in clause (5) or clause (6) hereof, the date a sale or exchange of Class A Common Stock pursuant to such tender or exchange offer is consummated and becomes irrevocable.

(g) For purposes of this Section 1704, the number of shares of Class A Common Stock at any time outstanding shall not include shares held in the treasury of the Company, but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Class A Common Stock. The Company shall not pay any dividend or make any distribution on shares of Class A Common Stock held in the treasury of the Company.

Section 1705. Effect of Reclassification, Consolidation, Merger or Sale.

(a) If any of the following events (which are subject to Section 801) occur, namely (i) any reclassification or change of the outstanding shares of Class A Common Stock (other than a subdivision or combination to which Section 1704(a)(1) applies or a change in par value), (ii) any consolidation, merger or combination of the Company with another Person, or (iii) any sale or conveyance of all or substantially all the properties and assets of the Company to any other Person, in each case, as a result of which holders of Class A Common Stock shall be entitled to receive Exchange Property with respect to or in exchange for such Class A Common Stock, then the Company or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) providing for the conversion and settlement of the Notes for Exchange Property as set forth in this Indenture. Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article Seventeen. If, in the case of any such reclassification, change, merger, consolidation, combination, sale or conveyance, the Exchange Property receivable thereupon by a holder of Class A Common Stock includes shares of stock or other securities and assets of a corporation other than the successor or purchasing corporation, as the case may be, in such reclassification, change, merger, consolidation, combination, sale or conveyance, then such supplemental indenture shall also be executed by such other corporation and shall contain such additional provisions to protect the interests of the Holders of the Notes as the Board of Directors shall reasonably consider necessary by reason of the foregoing.

(b) In the event holders of Class A Common Stock would have the opportunity to elect the form of consideration to be received in such transaction described in Section 1705 above, the Company shall make adequate provision whereby the Holders of the Notes as a single class shall be provided the opportunity to be able to elect, as a single class, from the same forms of consideration into which the Notes shall be convertible from and after the effective date of such transaction. Such determination shall be in accordance with Section 104, unless otherwise specified herein, and shall be subject to any limitations to which all of the holders of the Class A Common Stock are subject, such as pro-rata reductions applicable to any portion of the consideration payable in such event and shall be conducted in such a manner as to be completed by the date which is the earliest of (a) the deadline for elections to be made by holders of the Class A Common Stock in connection with such transaction, and (b) two Trading Days prior to the anticipated effective date of such event. The Company shall provide notice of the opportunity to determine the form of such consideration, as well as notice of the determination made by

Holders of the Notes by issuing a press release and providing a copy of such notice to the Trustee. The Company shall not become a party to any such transaction unless its terms are consistent with the preceding. If the transaction also constitutes a Change of Control, (A) a Holder can require the Company to repurchase all or a portion of its Securities pursuant to Section 1110 or, (B) if such Holder elects, instead, to convert all or a portion of its Notes, such Holder will receive Additional Shares upon conversion pursuant to Section 1701(c), in each case, subject to the terms and conditions set forth in each such Section.

(c) The Conversion Obligation with respect to each $1,000 principal amount of Notes converted following the effective date of any such transaction, shall be calculated (as provided in clause (d) below) based on the Exchange Property assuming such holder of Class A Common Stock did not exercise his rights of election, if any, as to the kind or amount of Exchange Property receivable upon such consolidation, merger, binding share exchange, sale or conveyance (*provided* that, if the Exchange Property receivable upon such consolidation, merger, binding share exchange, sale or conveyance is not the same for each share of Class A Common Stock in respect of which such rights of election shall not have been exercised ("Non-Electing Share"), then for the purposes of this Section 1705 the Exchange Property receivable upon such consolidation, merger, binding share exchange, sale or conveyance for each Non-Electing Share shall be deemed to be the kind and amount so receivable per share by a plurality of the Non-Electing Shares).

(d) The Conversion Obligation in respect of any Notes converted following the effective date of any such transaction shall be computed in the same manner as set forth in Section 1703(a) and, if the Notes become convertible into Exchange Property, Section 1703(b); *provided* that any amount of the Conversion Settlement Distribution to be delivered in shares of Class A Common Stock shall be paid in Exchange Property rather than shares of Class A Common Stock. If the foregoing calculations would require the Company to deliver a fractional share or unit of Exchange Property to a Holder of Notes being converted, the Company shall deliver cash in lieu of such fractional share or unit based on the value of the Exchange Property.

(e) The Company shall cause notice of the execution of such supplemental indenture to be mailed to each Holder of Notes, at its address appearing on the Note Register provided for in Section 305 of this Indenture, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

(f) The above provisions of this Section 1705 shall similarly apply to successive reclassifications, changes, consolidations, mergers, binding share exchanges, combinations, sales and conveyances. If this Section 1705 applies to any event or occurrence, Section 1704 shall not apply.

Section 1706. Taxes on Shares Issued.

The issue of stock certificates on conversions of Notes shall be made without charge to the converting Holder for any documentary, stamp or similar issue or transfer tax in respect of the issue thereof, except for applicable withholding, if any. The Company shall not, however, be required to pay any tax or duty which may be payable in respect of any transfer

involved in the issue and delivery of stock in any name other than that of the Holder of any Notes converted, and the Company shall not be required to issue or deliver any such stock certificate unless and until the Person or Persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 1707. Reservation of Shares, Shares to Be Fully Paid; Compliance with Governmental Requirements; Listing of Class A Common Stock

(a) The Company shall provide, free from preemptive rights, out of its authorized, but unissued shares or shares held in treasury, sufficient shares of Class A Common Stock for the conversion of the Notes from time to time as such Notes are presented for conversion.

(b) Before taking any action, which would cause an adjustment increasing the Conversion Rate to an amount that would cause the Conversion Price to be reduced below the then par value, if any, of the shares of Class A Common Stock issuable upon conversion of the Notes, the Company shall take all corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue shares of such Class A Common Stock at such adjusted Conversion Rate.

(c)(i) The Company covenants that all shares of Class A Common Stock, which may be issued upon conversion of Notes shall upon issue be fully paid and nonassessable by the Company and free from all taxes, liens and charges with respect to the issue thereof.

(ii) The Company covenants that, if any shares of Class A Common Stock to be provided for the purpose of conversion of Notes hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued upon conversion, the Company shall in good faith and as expeditiously as possible, to the extent then permitted by the rules and interpretations of the Commission (or any successor thereto), endeavor to secure such registration or approval, as the case may be.

Section 1708. Responsibility of Trustee.

The Trustee and any other Conversion Agent shall not at any time be under any duty or responsibility to any Holder of Notes to determine the Conversion Rate or whether any facts exist, which may require any adjustment of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any other Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Class A Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Note; and the Trustee and any other Conversion Agent make no representations with respect thereto. Neither the Trustee nor any Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any shares of Class A Common Stock or stock certificates or other securities or property or cash upon the surrender of any Note for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article Seventeen. Without limiting the generality of the foregoing, neither the

Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 1705 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Holders upon the conversion of their Notes after any event referred to in such Section 1705 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 601, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in conclusively relying upon the Officer's Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

Section 1709. Notice to Holders Prior to Certain Actions

In case:

(a) the Company shall declare a dividend (or any other distribution) on its Class A Common Stock that would require an adjustment in the Conversion Rate pursuant to Section 1704; or

(b) the Company shall authorize the granting to the holders of all of its Class A Common Stock of rights, warrants or options to subscribe for or purchase any share of any class or any other rights, warrants or options that would require an adjustment in the Conversion Rate pursuant to Section 1704(a)(2); or

(c) of any reclassification or reorganization of the Class A Common Stock of the Company (other than a subdivision or combination of its outstanding Class A Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation, merger or binding share exchange to which the Company is a party and for which approval of any stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of the Company;

the Company shall cause to be filed with the Trustee and to be mailed to each Holder of Notes at his address appearing on the register provided for in Section 305 of this Indenture, as promptly as possible but in any event at least ten (10) days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution of rights, warrants or options, or, if a record is not to be taken, the date as of which the Holders of Class A Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, or binding share exchange, sale, transfer, dissolution, liquidation or winding up is expected to become effective or occur, and the date as of which it is expected that holders of Class A Common Stock of record shall be entitled to exchange their Class A Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, or binding share exchange, sale, transfer, dissolution, liquidation or winding up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up.

Section 1710. Shareholder Rights Plan.

To the extent that the Company has a rights plan in effect upon conversion of the Notes into the underlying common stock, a Holder who converts securities shall receive, in addition to the underlying common stock, the rights under the rights plan, unless prior to any conversion, the rights have separated from the underlying common stock, in which case the Conversion Rate shall be adjusted at the time of separation as if the Company distributed to all Holders of the underlying common stock, shares of the Company's Capital Stock, evidences of indebtedness or assets as described in Section 1704(a)(3) above, subject to readjustment in the event of the expiration, termination or redemption of such rights. In lieu of any such adjustment, the Company may amend such applicable shareholder rights agreement to provide that upon conversion of the Notes the Holders shall receive, in addition to the underlying common stock issuable upon such conversion, the rights which would have attached to such underlying common stock if the rights had not become separated from the underlying common stock under such applicable shareholder rights agreement.

Section 1711. Successive Adjustments.

After an adjustment to the Conversion Rate under this Article Seventeen, any subsequent event requiring an adjustment under this Article Seventeen shall cause an adjustment to the Conversion Rate as so adjusted.

Section 1712. Unconditional Right of Holders to Convert.

Notwithstanding any other provision in this Indenture, the Holder of any Note shall have the right, which is absolute and unconditional, to convert its Note in accordance with this Article Seventeen and to bring an action for the enforcement of any such right to convert, and such rights shall not be impaired or affected without the consent of such Holder; *provided*, *however*, that the right of any Holder to receive cash upon conversion of any Note shall be subject to the subordination provisions of Article Eleven.

ARTICLE THREE

MISCELLANEOUS

SECTION 3.1. Independence of Covenants.

All covenants and agreements in this Second Supplemental Indenture shall be given independent effect so that if a particular action or condition is not permitted by any such covenant, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

SECTION 3.2. Schedules and Exhibits.

All schedules and exhibits attached hereto are by this reference made a part hereof with the same effect as if herein set forth in full.

SECTION 3.3. Counterparts.

This Second Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed an original; but all such counterparts shall together constitute but one and the same instrument.

SECTION 3.4. Ratification.

The Base Indenture, as supplemented and amended by this Second Supplemental Indenture, is in all respects ratified and confirmed, and the Base Indenture and this Second Supplemental Indenture shall be read, taken and construed as one and the same instrument. All provisions included in this Second Supplemental Indenture supersede any conflicting provisions included in the Base Indenture unless not permitted by law. The Trustee accepts the trusts created by the Base Indenture, as supplemented by this Second Supplemental Indenture, and agrees to perform the same upon the terms and conditions of the Base Indenture, as supplemented by this Second Supplemental Indenture.

SECTION 3.5. Construction.

As used in this Second Supplemental Indenture, unless otherwise stated or unless context otherwise requires, (i) the terms “herein,” “hereof,” “this Indenture” and “the Indenture” when used to refer to a document reference are intended to refer to the Base Indenture (as in effect after giving effect to this Second Supplemental Indenture) together with this Second Supplemental Indenture and (ii) the terms “Subsidiary” or “Significant Subsidiary” shall be deemed to mean Subsidiary or Significant Subsidiary of the Company, as the case may be.

SECTION 3.6. Effectiveness.

The provisions of this Second Supplemental Indenture shall become effective as of the date hereof.

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

SONIC AUTOMOTIVE, INC.

By: /s/ O. Bruton Smith

Name: O. Bruton Smith
Title: Chairman and Chief Executive Officer

Attest: /s/ Stephen K. Coss

Name: Stephen K. Coss
Title: Senior Vice President, General Counsel and Secretary

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Richard H. Prokosch

Name: Richard H. Prokosch
Title: Vice President

EXHIBIT A

SONIC AUTOMOTIVE, INC.

NOTICE OF REDEMPTION

[DATE]

To the Holders of the 4.25% Convertible Senior Subordinated
Notes Due 2015 issued by Sonic Automotive, Inc.:

Sonic Automotive, Inc. (the "Issuer") by this written notice hereby exercises, pursuant to Section 1101 of that certain Indenture (the "Indenture"), dated as of May 7, 2002, as supplemented by the Second Supplemental Indenture dated as of November 23, 2005, between the Issuer and U.S. Bank National Association, its right to redeem $[_____] of its 4.25% Convertible Senior Subordinated Notes Due 2015 (the "Notes"). All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

1. Redemption Date: [_____ __, ____]
2. Redemption Price: $[_____]
3. Conversion Rate: Each $1,000 principal amount of the Notes is convertible at your option into [insert number of shares] shares of the Issuer's common stock, no par value (the "Class A Common Stock"), subject to adjustment, during the period described below.
4. Paying Agent and Conversion Agent: [NAME] [ADDRESS]
5. The Notes called for redemption may be converted at your option at any time from the date of this Notice of Redemption until 5:00 p.m. on the second Business Day immediately prior to the Redemption Date set forth above.
6. The Notes called for redemption and not converted at your election prior to 5:00 p.m. on the second Business Day immediately prior to Redemption Date set forth above shall be redeemed on the Redemption Date.
7. If you elect to convert your Notes, you must satisfy the requirements for conversion set forth in your Notes.
8. Your Notes called for redemption must be surrendered by you (by effecting book-entry transfer of the Notes or delivering certificated Notes, together with necessary endorsements, as the case may be) to [Name of Paying Agent] at [insert address] in order for you to collect the Redemption Price.
9. The Notes bearing the following Certificate Number(s) in the principal amount set forth below opposite such Certificate Number(s) are being redeemed:

Certificate Number(s) Principal Amount

10. Unless the Company defaults in making the payment of the Redemption Price owed to you, Interest on your Notes called for redemption shall cease to accrue on and after the Redemption Date.

11. CUSIP Number: [ ]

SONIC AUTOMOTIVE, INC.

EXHIBIT B

SONIC AUTOMOTIVE, INC.

NOTICE OF REPURCHASE

[DATE]

To the Beneficial Owners of the 4.25% Convertible Senior
Subordinated Notes Due 2015 (the "Notes") issued by Sonic Automotive, Inc.:

Sonic Automotive, Inc. (the "Issuer") by this written notice hereby notifies you, pursuant to Section 1109 of that certain Indenture (the "Indenture"), dated as of May 7, 2002, as supplemented by the Second Supplemental Indenture dated as of November 23, 2005, between the Issuer and U.S. Bank National Association, that you may request the Issuer to repurchase your Notes by delivery of a Repurchase Notice. Included herewith is the form of Repurchase Notice to be completed by you if you wish to have your Notes repurchased by the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

1. Repurchase Date: [ ]
2. Repurchase Price: [ ]
3. Conversion Rate: To the extent described in Item 5 below, each $1,000 principal amount of the Notes is convertible into [insert number of shares] shares of the Issuer's common stock, no par value (the "Class A Common Stock"), subject to adjustment.
4. Paying Agent and Conversion Agent: [NAME] [ADDRESS]
5. The Notes as to which you have delivered a Repurchase Notice to the Paying Agent may be converted if they are otherwise convertible pursuant to Article Seventeen of the Indenture and the terms of the Notes only if you withdraw such Repurchase Notice pursuant to the terms of the Indenture. You may be entitled to have your Notes converted into a combination of cash and shares of the Issuer's Class A Common Stock:

   (i) Prior to October 31, 2010, during the five Business Days after any five consecutive Trading Day period in which the Trading Price per $1,000 original principal amount of the Notes (as determined following a request by a Noteholder in accordance with the procedures described below) was less than 103% of the product of the Last Reported Sale Price of the Company's Class A Common Stock and the current Conversion Rate of the Notes for such Trading Day;

   (ii) if the Issuer has called the Notes for redemption;

   (iii) upon the occurrence of certain specified corporate transactions described in the Indenture; or

(iv) at any time on or after October 31, 2010.

6. The Notes as to which you have delivered a Repurchase Notice must be surrendered by you (by effecting book-entry transfer of the Notes or delivering certificated Notes, together with necessary endorsements, as the case may be) to [Name of Paying Agent] at [insert address] in order for you to collect the Repurchase Price.

7. The Repurchase Price for the Notes as to which you have delivered a Repurchase Notice and not withdrawn such Repurchase Notice shall be paid promptly following the later of the Business Day immediately following such Repurchase Date and the date you deliver such Notes to [Name of Paying Agent].

8. In order to exercise your option to have the Issuer repurchase your Notes, you must deliver the Repurchase Notice, duly completed by you with the information required by such Repurchase Notice (as specified in Section 1109 of the Indenture) and deliver such Repurchase Notice to the Paying Agent at any time from 9:00 a.m. on [insert day that is 20 Business Days prior to Repurchase Date] until 5:00 p.m. on the [insert day that is the Repurchase Date].

9. In order to withdraw any Repurchase Notice previously delivered by you to the Paying Agent, you must deliver to the Paying Agent, by 5:00 p.m. on [insert day that is the Repurchase Date], a written notice of withdrawal specifying (i) the certificate number, if any, of the Notes in respect of which such notice of withdrawal is being submitted, (ii) the principal amount of the Notes in respect of which such notice of withdrawal is being submitted, and (iii) if you are not withdrawing your Repurchase Notice for all of your Notes, the principal amount of the Notes, which still remain subject to the original Repurchase Notice.

10. Unless the Issuer defaults in making the payment of the Repurchase Price owed to you, Interest on your Notes as to which you have delivered a Repurchase Notice shall cease to accrue on and after the Repurchase Date.

11. CUSIP Number: [ ]

SONIC AUTOMOTIVE, INC.

EXHIBIT C

SONIC AUTOMOTIVE, INC.
NOTICE OF OCCURRENCE
OF FUNDAMENTAL CHANGE

[DATE]

To the Holders of the 4.25% Convertible Senior Subordinated
Notes Due 2015 (the "Notes") issued by Sonic Automotive, Inc.:

Sonic Automotive, Inc. (the "Issuer") by this written notice hereby notifies you, pursuant to Section 1110 of that certain Indenture (the "Indenture"), dated as of May 7, 2002, as supplemented by the Second Supplemental Indenture dated as of November 23, 2005, between the Issuer and U.S. Bank National Association, that a Fundamental Change (as such term and other capitalized terms used herein and not otherwise defined herein is defined in the Indenture) as described below has occurred. Included herewith is the form of Fundamental Change Repurchase Notice to be completed by you if you wish to have your Notes repurchased by the Issuer.

1. Fundamental Change: [Insert brief description of the Fundamental Change and the date of the occurrence thereof].
2. Date by which Fundamental Change Repurchase Notice must be delivered by you to Paying Agent in order to have your Notes repurchased:
3. Fundamental Change Repurchase Date:
4. Fundamental Change Repurchase Price:
5. Paying Agent and Conversion Agent: [NAME] [ADDRESS]
6. Conversion Rate: To the extent described in Item 7 below, each $1,000 principal amount of the Notes is convertible into [insert number of shares] shares of the Issuer's common stock, no par value (the "Class A Common Stock"), subject to adjustment.
7. The Notes as to which you have delivered a Fundamental Change Repurchase Notice to the Paying Agent may be converted if they are otherwise convertible pursuant to Article Seventeen of the Indenture and the terms of the Notes only if you withdraw such Fundamental Change Repurchase Notice pursuant to the terms of the Indenture. You may be entitled to have your Notes converted into shares of the Issuer's Class A Common Stock (or, at the option of the Issuer, cash or a combination of cash and shares of the Issuer's Class A Common Stock):

   (i) Prior to October 31, 2010, during the five Business Days after any five consecutive Trading Day period in which the Trading Price per $1,000 original principal amount of the Notes (as determined following a request by a Noteholder in accordance with the procedures described below) was less than 103% of the product of the Last Reported Sale Price of the Company's Class A Common Stock and the current Conversion Rate of the Notes for such Trading Day;

(ii) if the Issuer has called the Notes for redemption;

(iii) upon the occurrence of certain specified corporate transactions described in the Indenture; or

(iv) at any time on or after October 31, 2010.

8. The Notes as to which you have delivered a Fundamental Change Repurchase Notice must be surrendered by you (by effecting book-entry transfer of the Notes or delivering certificated Notes, together with necessary endorsements, as the case may be) to [Name of Paying Agent] at [insert address] in order for you to collect the Fundamental Change Repurchase Price.

9. The Fundamental Change Repurchase Price for the Notes as to which you have delivered a Fundamental Change Repurchase Notice and not withdrawn such Notice shall be paid promptly following the later of the Business Day immediately following such Fundamental Change Repurchase Date and the date you deliver such Notes to [Name of Paying Agent].

10. In order to have the Issuer repurchase your Notes, you must deliver the Fundamental Change Repurchase Notice, duly completed by you with the information required by such Fundamental Change Repurchase Notice (as specified in Section 1110 of the Indenture) and deliver such Fundamental Change Repurchase Notice to the Paying Agent at any time from 9:00 a.m. on the date of the occurrence of the Change of Control until 5:00 p.m. on the Fundamental Change Repurchase Date.

11. In order to withdraw any Fundamental Change Repurchase Notice previously delivered by you to the Paying Agent, you must deliver to the Paying Agent, by 5:00 p.m. on the Fundamental Change Repurchase Date, a written notice of withdrawal specifying (i) the certificate number, if any, of the Notes in respect of which such notice of withdrawal is being submitted, (ii) the principal amount of the Notes in respect of which such notice of withdrawal is being submitted, and (iii) if you are not withdrawing your Fundamental Change Repurchase Notice for all of your Notes, the principal amount of the Notes which still remain subject to the original Fundamental Change Repurchase Notice.

12. Unless the Issuer defaults in making the payment of the Fundamental Change Repurchase Price owed to you, Interest on your Notes as to which you have delivered a Fundamental Change Repurchase Notice shall cease to accrue on and after the Fundamental Change Repurchase Date.

13. CUSIP Number: [ ]

SONIC AUTOMOTIVE, INC.

SCHEDULE I

Number of Additional Shares

The following table sets forth the hypothetical Stock Price, effective date and number of Additional Shares per $1,000 principal amount of Notes:

Stock Price	$ 19.79	$ 25.00	$ 30.00	$ 35.00	$ 40.00	$ 45.00	$ 50.00	$ 55.00	$ 60.00	$ 65.00	$ 70.00	$ 75.00	$ 80.00
Effective Date													
November 23, 2005	9.1121	5.1329	3.2777	2.2681	1.6675	1.2807	1.0140	0.8194	0.6708	0.5535	0.4582	0.3792	0.3128
November 30, 2006	9.1121	5.0100	3.0544	2.0462	1.4789	1.1311	0.9088	0.7631	0.6564	0.5736	0.5070	0.4521	0.4059
November 30, 2007	9.1121	4.3503	2.4595	1.5634	1.0989	0.8322	0.6707	0.5707	0.4986	0.4425	0.3970	0.3589	0.3266
November 30, 2008	9.1121	3.6697	1.7953	1.0313	0.6938	0.5235	0.4310	0.3805	0.3452	0.3174	0.2944	0.2749	0.2579
November 30, 2009	9.1121	2.6331	0.8255	0.3369	0.2056	0.1575	0.1380	0.1361	0.1362	0.1363	0.1366	0.1368	0.1370
November 30, 2010	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

EXHIBIT 10.1

EQUITY FINANCIAL PRODUCTS GROUP

EXECUTION COPY

Bank of America, N.A.
c/o Banc of America Securities LLC
9 West 57th Street
New York, NY 10019

November 18, 2005

To: **Sonic Automotive, Inc.**
6415 Idlewild Rd, Suite 109
Charlotte NC 28212
Attention: Greg D. Young
Chief Accounting Officer
Telephone No.: (704) 566-2400
Facsimile No.: (704) 566-6031

Re: Call Option Transaction

Reference:

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between Bank of America, N.A. ("**BofA**"), and Sonic Automotive, Inc. ("**Counterparty**") on the Trade Date specified below (the "**Transaction**"). This letter agreement constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below. This Confirmation shall replace any previous letter and serve as the final documentation for this Transaction.

The definitions and provisions contained in the 1996 ISDA Equity Derivatives Definitions (the "**Equity Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Equity Definitions and this Confirmation, this Confirmation shall govern. Certain defined terms used herein have the meanings assigned to them in the Prospectus Supplement dated November 18, 2005 to the Prospectus dated August 16, 2002 (as so supplemented, the "**Prospectus**") (relating to the USD 150,000,000 principal amount of 4.25% Convertible Senior Subordinated Notes due 2015, (the "**Convertible Notes**" and each USD 1,000 principal amount of Convertible Notes, a "**Convertible Note**") issued by Counterparty pursuant to an Indenture dated as of November 18, 2005, 2005 between Counterparty and U.S. Bank National Association, as trustee, as supplemented (the "**Indenture"**). In the event of any inconsistency among the terms defined in the Prospectus, the Indenture and this Confirmation, this Confirmation shall govern.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

1. This Confirmation evidences a complete and binding agreement between BofA and Counterparty as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "**Agreement**") as if BofA and Counterparty had executed an agreement in such form (but without any Schedule except for the election that (i) the laws of the State of New York be the governing law, (ii) United States dollars be the Termination Currency and (iii) with respect to Counterparty, the definition of "Specified Transaction" be

amended such that "Specified Transaction" shall mean any transaction or transactions which would otherwise be deemed to be a "Specified Transaction" pursuant to the terms of the Agreement where the aggregate principal amount of such Specified Transaction or Transactions shall be not less than USD 25 million) on the Trade Date. In the event of any inconsistency between provisions of that Agreement and this Confirmation, this Confirmation will prevail for the purpose of the Transaction to which this Confirmation relates. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	November 18, 2005
Option Style:	"Modified American", as set forth under "Exercise and Valuation" below
Option Type:	Call
Buyer:	Counterparty
Seller:	BofA
Shares:	Class A common stock of Counterparty, par value USD 0.01 per Share (Exchange symbol '**SAH**")
Number of Options:	75,000. For the avoidance of doubt, the Number of Options shall be reduced by any Options exercised by Counterparty. In no event will the Number of Options be less than zero.
Option Entitlement:	As of any date, a number equal to the Conversion Rate as of such date (as defined in the Indenture, but without regard to any adjustments to the Conversion Rate pursuant to Section 1701(c), 1701(d) or 1704(b) of the Indenture), for each Convertible Note.
Strike Price:	USD 24.14
Premium:	USD 12,900,000
Premium Payment Date:	November 23, 2005
Exchange:	The New York Stock Exchange
Related Exchange(s):	The principal exchange(s) for options contracts or futures contracts, if any, with respect to the Shares

Exercise and Valuation:

Exercise Period(s):	Notwithstanding the Equity Definitions, each period commencing on the date a notice of conversion is submitted to Counterparty by a holder of Convertible Notes

	to and including the Exchange Business Day immediately following receipt of such notice;*provided* that if by October 30, 2010 Counterparty has specified November 30, 2010 as a redemption date for the Convertible Notes pursuant to the terms of the Indenture, there shall be a single Exercise Period for Exerciseable Options with respect to any Convertible Notes surrendered for conversion following Counterparty's notice of such redemption and the final day of such Exercise Period shall be the Exchange Business Day immediately preceding the redemption date.
Exerciseable Options:	In respect of each Exercise Period, a number of Options equal to fifty percent of the number of Convertible Notes surrendered to Counterparty for conversion with respect to such Exercise Period but no greater than the Number of Options.
Expiration Time:	The Valuation Time.
Expiration Date:	November 29, 2010 or if such date is not a Business Day, the immediately preceding Business Day.
Multiple Exercise:	Applicable, as described under Exerciseable Options above.
Automatic Exercise:	Applicable; and means that the Exerciseable Options in respect of each Exercise Period shall be deemed to be exercised on the Expiration Date for such Exercise Period; *provided* that such Exerciseable Options shall be deemed exercised only to the extent that Counterparty has provided a Notice of Exercise to BofA.
Notice of Exercise:	Notwithstanding anything to the contrary in the Equity Definitions, in order to exercise any Options, Counterparty must notify BofA (in writing or orally) at least one Exchange Business Day prior to the first day of the Cash Settlement Averaging Period for the Options being exercised of (i) the number of such Options and (ii) the first day of the Cash Settlement Averaging Period and the Settlement Date; *provided* that if Counterparty has specified November 30, 2010 as a redemption date for the Convertible Notes pursuant to the terms of the Indenture, such notice may be given on or prior to the Expiration Date for such Exerciseable Options and need only specify the number of such Exerciseable Options.
Valuation Time:	At the close of trading of the regular trading session on the Exchange; *provided* that if the principal trading session is extended, the Calculation Agent shall determine the Valuation Time in its reasonable discretion.

Market Disruption Event:	Section 4.3(a)(ii) is hereby amended by adding after the words "or Share Basket Transaction" in the first line thereof a phrase "a failure by the Exchange or Related Exchange to open for trading during its regular trading session or" and replacing the phrase "during the one-half hour period that ends at the relevant Valuation Time" with the phrase "prior to 1:00 p.m. on such Exchange Business Day of an aggregate one half hour period".

Settlement Terms:

Settlement Method:	Net Share Settlement
Net Share Settlement:	BofA will deliver to Counterparty, on the Settlement Date, a number of Shares equal to the Net Shares in respect of an Option exercise. In no event will the Net Shares be less than zero.
Net Shares:	In respect of any Option exercised or deemed exercised, for each Option, a number of Shares equal to (i) the Option Entitlement multiplied by (ii) the sum of the quotients, for each Valid Day during the Cash Settlement Averaging Period for such Option, of (A) the Relevant Price on such Valid Day, less the Strike Price, divided by (B) the Relevant Price on such Valid Day, divided by (iii) 25. BofA will deliver cash in lieu of any fractional Shares valued at the Revelant Price on such Valid Day; *provided*, *however*, that if the calculation contained in clause (A) above results in a negative number, such number shall be replaced with the number "zero".
Valid Day:	An Exchange Business Day on which the Exchange is open for trading during its regular trading session and there is no Market Disruption Event with respect to the Shares.
Relevant Price:	In respect of any Option exercised or deemed exercised, the per Share volume-weighted average price for each of the 25 consecutive Valid Days during the Cash Settlement Averaging Period as displayed under the heading "Bloomberg VWAP" on Bloomberg page SAH <equity> AQR (or any successor thereto) in respect of the period from 9:30 a.m. to 4:00 p.m. (New York City time) on such Valid Day (or if such volume-weighted average price is unavailable, the market value of one Share on such Valid Day, as determined by the Calculation Agent using a volume-weighted method).
Cash Settlement Averaging Period:	For any Exercisable Options, the 25 consecutive Valid Days commencing on and including the second Exchange Business Day following the receipt by Counterparty of a notice of voluntary conversion by a holder of the corresponding Convertible Notes; *provided*

	that, if Counterparty has specified November 30, 2010 as a redemption date for the Convertible Notes pursuant to the terms of the Indenture by October 30, 2010, for any Exercisable Options that correspond to Convertible Notes surrendered for conversion following the issuance by Counterparty of the notice of such redemption, the 25 consecutive Valid Days commencing on the first scheduled Exchange Business Day following the redemption date.
Settlement Date:	For any Exerciseable Options relating to the conversion of Convertible Notes, the settlement date for Shares to be delivered under such Convertible Notes under the terms of the Indenture.
Other Applicable Provisions:	The provisions of Sections 6.6, 6.7, 6.8, 6.9 and 6.10 of the Equity Definitions will be applicable, except that all references in such provisions to "Physically-Settled" shall be read as references to "Net Share Settled". "Net Share Settled" in relation to any Option means that Net Share Settlement is applicable to that Option.
Failure to Deliver:	Applicable

3. Additional Terms applicable to the Transaction:

Adjustments applicable to the Transaction:

Potential Adjustment Events:	Notwithstanding Section 9.1(e) of the Equity Definitions, a "Potential Adjustment Event" means any occurrence of any event or condition, as set forth in Section 1704 of the Indenture that would result in an adjustment to the Conversion Rate of the Convertible Notes; provided that in no event shall there be any adjustment hereunder as a result of an adjustment to the Conversion Rate pursuant to Section 1701(c), 1701(d) or 1704(b) of the Indenture.
Method of Adjustment:	Calculation Agent Adjustment, and means that, notwithstanding Section 9.1(c) of the Equity Definitions, upon any adjustment to the Conversion Rate of the Convertible Notes pursuant to the Indenture (other than Section 1701(c), 1701(d) or 1704(b) of the Indenture), the Calculation Agent will make a corresponding adjustment to any one or more of the Strike Price, Number of Options, the Option Entitlement and any other variable relevant to the exercise, settlement or payment for the Transaction.

Extraordinary Events applicable to the Transaction:

Merger Events:	Notwithstanding Section 9.2(a) of the Equity Definitions, a "Merger Event" means the occurrence of any event or condition set forth in Section 1705 of the Indenture.

Consequence of Merger Events:	Notwithstanding Section 9.3 of the Equity Definitions, upon the occurrence of a Merger Event, the Calculation Agent shall make a corresponding adjustment in respect of any adjustment under the Indenture to any one or more of the nature of the Shares, Strike Price, Number of Options, the Option Entitlement and any other variable relevant to the exercise, settlement or payment for the Transaction; *provided however* that such adjustment shall (a) assume that, in the case of a "Public Acquirer Change of Control" (as defined in the Indenture), the Counterparty does not make the election provided in Section 1701(d) of the Indenture and (b) be made without regard to any adjustment to the Conversion Rate for the issuance of additional shares as set forth in Section 1701(c) of the Indenture.
Additional Termination Events:	If an event of default with respect to Counterparty shall occur under the terms of the Convertible Notes as set forth in Section 501 of the Indenture, then such event shall constitute an Additional Termination Event applicable to this Transaction and, with respect to such event (i) Counterparty shall be deemed to be the sole Affected Party and the Transaction shall be the sole affected transaction and (ii) BofA shall be the party entitled to designate an Early Termination Date pursuant to Section 6(b) of the Agreement. For the avoidance of doubt, the provisions of paragraph 9(r) shall apply to any amount that is payable by BofA to Counterparty pursuant to this Section 3.
4. Calculation Agent:	BofA, whose calculations and determinations shall be made in good faith and in a commercially reasonable manner, including with respect to calculations and determinations that are made in its sole discretion.

5. Account Details:

(a) Account for payments to Counterparty:

Bank Name:	Bank of America
Bank Address:	Jacksonville, FL
Routing Nbr Wires Only:	XXXX
Account Name:	Sonic Automotive, Inc
Account No:	XXXX

Account for delivery of Shares to Counterparty:

Sonic Automotive, Inc.
c/o Wachovia account #XXXX to be settled via DWAC

(b) Account for payments to BofA:

Bank of America, N.A.

San Francisco, CA
SWIFT: BOFAUS65
Bank Routing: XXXX
Account Name: Bank of America
Account No. : XXXX

Account for delivery of Shares from BofA:

DTC XXXX
Acct Name: Bank of America NA
Acct #: XXXX

6. Offices:

The Office of Counterparty for the Transaction is: Inapplicable, Counterparty is not a Multibranch Party.

The Office of BofA for the Transaction is: Charlotte

Bank of America, N.A.
c/o Banc of America Securities LLC
Equity Financial Products
9 West 57th Street, 40th Floor
New York, NY 10019
Telephone No.: 212-583-8142
Facsimile No.: 212-326-9882

7. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Counterparty:

Sonic Automotive, Inc.
6415 Idlewild Rd, Suite 109
Charlotte NC 28212
Attention: Greg D. Young
Chief Accounting Officer
Telephone No.: (704) 566-2400
Facsimile No.: (704) 566-6031

(b) Address for notices or communications to BofA:

Bank of America, N.A.
c/o Banc of America Securities LLC
Equity Financial Products
Attention: Legal Department
9 West 57th Street, 40th Floor
New York, NY 10019
Facsimile No.: 212-326-8610

8. Representations and Warranties of Counterparty

The representations and warranties of Counterparty set forth in Section 1 of the Purchase Agreement (the '**Purchase Agreement**') dated as of November 18, 2005 among Counterparty, Banc of America Securities LLC, J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, the

"**Underwriters**") are true and correct and are hereby deemed to be repeated to BofA as if set forth herein. Counterparty hereby further represents and warrants to BofA that:

(a) Counterparty has all necessary corporate power and authority to execute, deliver and perform its obligations in respect of this Transaction; such execution, delivery and performance have been duly authorized by all necessary corporate action on Counterparty's part; and this Confirmation has been duly and validly executed and delivered by Counterparty and constitutes its valid and binding obligation, enforceable against Counterparty in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity) and except that rights to indemnification and contribution thereunder may be limited by federal or state securities laws or public policy relating thereto.

(b) Neither the execution and delivery of this Confirmation nor the incurrence or performance of obligations of Counterparty hereunder will conflict with or result in (i) a breach of the certificate of incorporation or by-laws (or any equivalent documents) of Counterparty, (ii) any applicable law or regulation, (iii) any material order, writ, injunction or decree of any court or governmental authority or agency, or (iv) any agreement or instrument to which Counterparty or any of its "significant subsidiaries" (as defined in Regulation S-X) is a party or by which Counterparty or any of its "significant subsidiaries" (as defined in Regulation S-X) is bound or to which Counterparty or any of its "significant subsidiaries" (as defined in Regulation S-X) is subject, a breach of which would have a material adverse effect on Counterparty's ability to perform under this Confirmation, or constitute a default under, or result in the creation of any lien under, any such agreement or instrument, or breach or constitute a default under any agreements and contracts of Counterparty and its "significant subsidiaries" (as defined in Regulation S-X) filed as exhibits to Counterparty's Annual Report on Form 10-K for the year ended December 31, 2004, incorporated by reference in the Prospectus.

(c) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required in connection with the execution, delivery or performance by Counterparty of this Confirmation, except such as have been obtained or made and such as may be required under the Securities Act of 1933, as amended (the "**Securities Act**") or state securities laws.

(d) It is an "eligible contract participant" (as such term is defined in Section 1(a)(12) of the Commodity Exchange Act, as amended (the "**CEA**") because one or more of the following is true:

Counterparty is a corporation, partnership, proprietorship, organization, trust or other entity and:

(A) Counterparty has total assets in excess of USD 10,000,000;

(B) the obligations of Counterparty hereunder are guaranteed, or otherwise supported by a letter of credit or keepwell, support or other agreement, by an entity of the type described in Section 1a(12)(A)(i) through (iv), 1a(12)(A)(v)(I), 1a(12)(A)(vii) or 1a(12)(C) of the CEA; or

(C) Counterparty has a net worth in excess of USD 1,000,000 and has entered into this Agreement in connection with the conduct of Counterparty's business or to manage the risk associated with an asset or liability owned or incurred or reasonably likely to be owned or incurred by Counterparty in the conduct of Counterparty's business.

(e) Each of it and its affiliates is not, on the date hereof, in possession of any material non-public information with respect to Counterparty.

9. Other Provisions:

(a) *Opinions*. Counterparty shall deliver to BofA an opinion of counsel, dated as of the Trade Date, with respect to the matters set forth in Sections 8(a) through (d) of this Confirmation.

(b) *Amendment*. If the Underwriters exercise their right to purchase additional Convertible Notes as set forth therein, then, at the discretion of Counterparty, BofA and Counterparty will either enter into a new confirmation or amend this Confirmation to provide for such increase in Convertible Notes (but on pricing terms acceptable to BofA and Counterparty) (such additional confirmation or amendment to this Confirmation to provide for the payment by Counterparty to BofA of the additional premium related thereto).

(c) *No Reliance, etc.* Each party represents that (i) it is entering into the Transaction evidenced hereby as principal (and not as agent or in any other capacity); (ii) neither the other party nor any of its agents are acting as a fiduciary for it; (iii) it is not relying upon any representations except those expressly set forth in the Agreement or this Confirmation; (iv) it has not relied on the other party for any legal, regulatory, tax, business, investment, financial, and accounting advice, and it has made its own investment, hedging, and trading decisions based upon its own judgment and upon any view expressed by the other party or any of its agents; and (v) it is entering into this Transaction with a full understanding of the terms, conditions and risks thereof and it is capable of and willing to assume those risks.

(d) *Share De-listing Event.* If at any time during the period from and including the Trade Date, to and including the Expiration Date, the Shares cease to be listed or quoted on the Exchange (a "**Share De-listing**") for any reason (other than a Merger Event as a result of which the shares of common stock underlying the Options are listed or quoted on The New York Stock Exchange, The American Stock Exchange or the NASDAQ National Market (or their respective successors) (the "**Successor Exchange**")) and are not immediately re-listed or quoted as of the date of such de-listing on the Successor Exchange, then such event shall constitute an Additional Termination Event hereunder; *provided* that (i) Counterparty shall be the sole Affected Party with respect to such event and (ii) BofA shall have the right to designate an Early Termination Date with respect thereto.

(e) *Repurchase Notices.* Counterparty shall, on any day on which Counterparty effects any repurchase of Shares, promptly give BofA a written notice of such repurchase (a "**Repurchase Notice**") on such day if following such repurchase, the number of outstanding Shares as determined on such day is (i) less than 2.6 million or (ii) more than 350,000 less than the number of Shares included in the immediately preceding Repurchase Notice. Counterparty agrees to indemnify and hold harmless BofA and its affiliates and their respective officers, directors, employees, affiliates, advisors, agents

and controlling persons (each, an "**Indemnified Person**") from and against any and all losses (including losses relating to BofA's hedging activities as a consequence of becoming, or of the risk of becoming, a Section 16 "insider", including without limitation, any forbearance from hedging activities or cessation of hedging activities and any losses in connection therewith with respect to this Transaction), claims, damages, judgments, liabilities and expenses (including reasonable attorney's fees), joint or several, which an Indemnified Person may become subject to, as a result of Counterparty's failure to provide BofA with a Repurchase Notice on the day and in the manner specified in this Section 9(e), and to reimburse, within 30 days, upon written request, each of such Indemnified Persons for any reasonable legal or other expenses incurred in connection with investigating, preparing for, providing testimony or other evidence in connection with or defending any of the foregoing. If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against the Indemnified Person as a result of Counterparty's failure to provide BofA with a Repurchase Notice in accordance with this paragraph, such Indemnified Person shall promptly notify Counterparty in writing, and Counterparty, upon request of the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others Counterparty may designate in such proceeding and shall pay the reasonable fees and expenses of such counsel related to such proceeding. Counterparty shall not be liable for any settlement of any proceeding contemplated by this paragraph that is effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, Counterparty agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Counterparty shall not, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding contemplated by this paragraph that is in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding on terms reasonably satisfactory to such Indemnified Person. If the indemnification provided for in this paragraph (e) is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then Counterparty under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities. The remedies provided for in this paragraph (e) are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity. The indemnity and contribution agreements contained in this paragraph (e) shall remain operative and in full force and effect regardless of the termination of this Transaction.

(f) *Regulation M*. Counterparty was not on the Trade Date and is not on the date hereof engaged in a distribution, as such term is used in Regulation M under the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), of any securities of Counterparty, other than (i) a distribution meeting the requirements of the exception set forth in sections 101(b)(10) and 102(b)(7) of Regulation M and (ii) the distribution of the Convertible Notes. Counterparty shall not, until the fifth Exchange Business Day immediately following the Trade Date, engage in any such distribution.

(g) *No Manipulation*. Counterparty is not entering into this Transaction to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for the Shares).

(h) *Number of Repurchased Shares.* Counterparty represents that it could have purchased Shares, in an amount equal to the product of the Number of Options and the Option Entitlement, on the Exchange or otherwise, in compliance with applicable law, its organizational documents and any orders, decrees, contractual agreements binding upon Counterparty, on the Trade Date.

(i) *Board Authorization.* Each of this Transaction and the issuance of the Convertible Notes was approved by Counterparty's board of directors and, prior to any exercise of Options hereunder, Counterparty's board of directors will have duly authorized any repurchase of Shares pursuant to this Transaction. Counterparty further represents that there is no internal policy, whether written or oral, of Counterparty that would prohibit Counterparty from entering into any aspect of this Transaction, including, but not limited to, the purchases of Shares to be made pursuant hereto.

(j) *Transfer or Assignment*. Neither party may transfer any of its rights or obligations under this Transaction without the prior written consent of the non-transferring party; *provided* that if, as determined at BofA's sole discretion, (x) its "beneficial ownership" (within the meaning of Section 16 of the Exchange Act and rules promulgated thereunder) exceeds 8% of Counterparty's outstanding Shares or (y) the product of the Number of Options and the Option Entitlement exceeds 15% of Counterparty's outstanding Shares, BofA may transfer or assign a number of Options sufficient to reduce such "beneficial ownership" to 7.5% or such product to 14.5%, as the case may be, to any third party with a rating for its long term, unsecured and unsubordinated indebtedness of A+ or better by Standard and Poor's Rating Group, Inc. or its successor ("**S&P**"), or A1 or better by Moody's Investor Service, Inc. ("**Moody's**") or, if either S&P or Moody's ceases to rate such debt, at least an equivalent rating or better by a substitute agency rating mutually agreed by Counterparty and BofA. If, in the discretion of BofA, BofA is unable to effect such transfer or assignment after its commercially reasonable efforts on pricing terms reasonably acceptable to BofA and within a time period reasonably acceptable to BofA, BofA may designate any Exchange Business Day as an Early Termination Date with respect to a portion (the "**Terminated Portion**") of this Transaction, such that its "beneficial ownership" following such partial termination will be equal to or less than 8%, or the product of the Number of Options and the Option Entitlement will be less than 15.0%, as the case may be. In the event that BofA so designates an Early Termination Date with respect to a portion of this Transaction, a payment shall be made pursuant to Section 6 of the Agreement and Section 9(m) hereof as if (i) an Early Termination Date had been designated in respect of a Transaction having terms identical to this Transaction and a Number of Options equal to the Terminated Portion, (ii) Counterparty shall be the sole Affected Party with respect to such partial termination and (iii) such Transaction shall be the only Terminated Transaction (and, for the avoidance of doubt, the provisions of Section 9(o) shall apply to any amount that is payable by BofA to Counterparty pursuant to this sentence). Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing BofA to purchase, sell, receive or deliver any shares or other securities to or from Counterparty, BofA may designate any of its affiliates to purchase, sell, receive or deliver such shares or other securities and otherwise to perform BofA's obligations in respect of this Transaction and any such designee may assume such obligations. BofA shall be discharged of its obligations to Counterparty to the extent of any such performance.

(k) *Staggered Settlement*. BofA may, by notice to Counterparty on or prior to any Settlement Date (a "**Nominal Settlement Date**"), elect to deliver the Shares on two or more dates (each, a "**Staggered Settlement Date**") as follows:

(a) in such notice, BofA will specify to Counterparty the related Staggered Settlement Dates (the first of which will be such Nominal Settlement Date and the last of which will be no later than the twentieth (20^{th}) Exchange Business Day following such Nominal Settlement Date) and the number of Shares that it will deliver on each Staggered Settlement Date on a payment versus delivery basis;

(b) the aggregate number of Shares that BofA will deliver to Counterparty hereunder on all such Staggered Settlement Dates will equal the number of Shares that BofA would otherwise be required to deliver on such Nominal Settlement Date; and

(c) if the Net Share Settlement terms set forth above were to apply on the Nominal Settlement Date, then the Net Share Settlement terms will apply on each Staggered Settlement Date, except that the Net Shares will be allocated among such Staggered Settlement Dates as specified by BofA in the notice referred to in clause (a) above.

(l) *Damages*. Neither party shall be liable under Section 6.10 of the Equity Definitions for special, indirect or consequential damages, even if informed of the possibility thereof.

(m) *Additional Provisions*.

(i) Notwithstanding Section 6(e) of the Agreement or Section 9.7 of the Equity Definitions, if, with respect to the transactions contemplated hereunder, (A) an Early Termination Date with respect to any Event of Default or any Termination Date, (B) a Merger Date with respect to any Merger Event (for the purpose of this provision, solely relating to the Merger Event contemplated by Section 9.2(a)(iii) of the Equity Definitions and which event shall not result from any action taken by, or within the control of, Counterparty), or (C) a date as of which Section 9.6(c)(ii)(A) or Section 9.6(c)(ii)(B) of the Equity Definitions applies with respect to any Extraordinary Event shall occur (any such date, the "**Relevant Date**"), then in lieu of calculating any payments hereunder pursuant to Section 6(e) of the Agreement or Section 9.7 of the Equity Definitions, as applicable, the Calculation Agent, in its sole discretion, shall determine the amount payable by BofA to Counterparty, on the following basis:

(1) such Relevant Date shall be the sole Exercise Date hereunder and Automatic Exercise shall be applicable to the Number of Options;

(2) the Settlement Method shall be Net Share Settlement,

(3) BofA shall deliver to Counterparty the Net Share Settlement Amount on the Settlement Date with respect to such Relevant Date; and

(4) Net Share Settlement Amount shall mean the number of Shares equal to the sum of (A) a fraction (x) the numerator of which is the product of (a) the Strike Price Differential on such Relevant Date, (b) the Number of Options and (c) the Option Entitlement, and (y) the denominator of which is the Relevant Price on such date and (B) the product of (x) the additional Shares per Option (the "**Additional Shares**") determined by reference to the table attached as Annex A hereto based on the date on which such Relevant Date occurs and the Relevant Price on such date, (y) the Number of Options, and (z) the Option Entitlement.

(5) with respect to the determination of Additional Shares, if the actual Relevant Price is between two Relevant Price amounts in the table or the Relevant Date is between two Relevant Dates in the table, the Additional Shares shall be determined by a straight-line interpolation between the number of Additional Shares set forth for the next higher and next lower Relevant Price amounts and the two nearest Relevant Dates, as applicable, based on a 365-day year.

(6) with respect to any adjustment to the terms of the Transaction, the Calculation Agent, in its reasonable discretion, shall correspondingly adjust the Additional Shares and/or the Relevant Prices (as set forth in the table in Annex A hereto) as of any date of such adjustments. For the avoidance of doubt, any adjustment made to the Additional Shares and/or the Relevant Prices (each as set forth in the table in Annex A hereto) shall be consistent with (i) the adjustments made pursuant to the provisions of this Section 9(m)(iv) if such adjustments were the result of an event which was outside of Counterparty's control, and (ii) the adjustments made to pursuant to the applicable provisions of this Confirmation if such adjustments were the result of an event which was within Counterparty's control.

(ii) For the avoidance of doubt, for the purposes of any calculation made by the Calculation Agent with respect to this Transaction pursuant to Section 9.1(c) of the Equity Definitions and relating to any Potential Adjustment Event that is within Counterparty's control, such calculations shall be made based upon the Calculation Agent's determination of the fair market value of the Shares or Options under the then prevailing circumstances, such determination may factor in any loss or cost incurred in connection with our terminating, liquidating, or re-establishing hedge positions relating to the Shares in connection with the Transaction and the Calculation Agent shall, in its sole discretion, make corresponding adjustments to the Additional Shares contained in Annex A hereto and, if applicable, to the Reference Prices contained in such Annex A.

(n) *Setoff*. In addition to and without limiting any rights of set-off that a party hereto may have as a matter of law, pursuant to contract or otherwise, upon the occurrence of an Early Termination Event, BofA shall have the right to set off any obligation that it may have to Counterparty under this Confirmation, including without limitation any obligation to make any payment of cash or delivery of Shares to Counterparty, against any obligation Counterparty may have to BofA under any other agreement between BofA and Counterparty relating to Shares (each such contract or agreement, a "**Separate Agreement**"), including without limitation any obligation to make a payment of cash or a delivery of Shares or any other property or securities. For this purpose, BofA shall be entitled to convert any obligation (or the relevant portion of such obligation) denominated in one currency into another currency at the rate of exchange at which it would be able to purchase the relevant amount of such currency, and to convert any obligation to deliver any non-cash property into an obligation to deliver cash in an amount calculated by reference to the market value of such property as of the Early Termination Date, as determined by the Calculation Agent in its sole discretion; *provided* that in the case of a set-off of any obligation to release or deliver assets against any right to receive fungible assets, such obligation and right shall be set off in kind and; *provided further* that in determining the value of any obligation to deliver Shares, the value at any time of such obligation shall be determined by reference to the market value of the Shares at such time, as determined in good faith by the Calculation Agent. If an obligation is unascertained at the time of any such set-off, the Calculation Agent may in good faith estimate the amount or value of such obligation, in which case set-off will be effected in respect of that estimate, and the relevant party shall account to the other party at the time such obligation or right is ascertained.

(o) *Status of Claims in Bankruptcy*. BofA acknowledges and agrees that this confirmation is not intended to convey to BofA rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Counterparty; provided, however, that nothing herein shall limit or shall be deemed to limit BofA's right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to this Confirmation and the Agreement; and provided further, that nothing herein shall limit or shall be deemed to limit BofA's rights in respect of any transaction other than the Transaction

(p) *Alternative Calculations and Payment on Early Termination and on Certain Extraordinary Events*. If in respect of this Transaction, an amount is payable by BofA to Counterparty (i) pursuant to Section 9.7 of the Equity Definitions or (ii) pursuant to Section 6(d)(ii) of the Agreement (a "**Payment Obligation**"), Counterparty may request BofA to satisfy any such Payment Obligation by the Share Termination Alternative (as defined below) (except that Counterparty shall not make such an election in the event of a Nationalization or Insolvency or a Merger Event, in each case, in which the consideration to be paid to holders of Shares consists solely of cash, or an Event of Default in which Counterparty is the Defaulting Party or a Termination Event in which Counterparty is the Affected Party, other than an Event of Default of the type described in (x) Section 5(a)(iii), (v), (vi), (vii) or (viii) of the Agreement or (y) a Termination Event of the type described in Section 5(b)(i), (ii), (iii), (iv), (v) or (vi) of the Agreement, in the case of both (x) and (y), that resulted from an event or events outside Counterparty's control) and shall give irrevocable telephonic notice to BofA, confirmed in writing within one Currency Business Day, no later than 12:00 p.m. New York local time on the Merger Date, the date of the occurrence of the Nationalization or Insolvency or the Early Termination Date, as applicable; *provided* that if Counterparty does not validly request BofA to satisfy its Payment Obligation by the Share Termination Alternative, BofA shall have the right, in its sole discretion, to satisfy its Payment Obligation by the Share Termination Alternative. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (1) separate amounts shall be calculated as set forth in Section 6(e) with respect to (i) this Transaction and (ii) all other Transactions, and (2) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Share Termination Alternative:	Applicable and means that BofA shall deliver to Counterparty the Share Termination Delivery Property on the date when the Payment Obligation would otherwise be due pursuant to Section 9.7 of the Equity Definitions or Section 6(d)(ii) and 6(e) of the Agreement, as applicable (the "**Share Termination Payment Date**"), in satisfaction of the Payment Obligation in the manner reasonably requested by Counterparty free of payment.
Share Termination Delivery Property:	A number of Share Termination Delivery Units, as calculated by the Calculation Agent, equal to the Payment Obligation divided by the Share Termination Unit

	Price. The Calculation Agent shall adjust the Share Termination Delivery Property by replacing any fractional portion of a security therein with an amount of cash equal to the value of such fractional security based on the values used to calculate the Share Termination Unit Price.
Share Termination Unit Price:	The value to BofA of property contained in one Share Termination Delivery Unit on the date such Share Termination Delivery Units are to be delivered as Share Termination Delivery Property, as determined by the Calculation Agent in its discretion by commercially reasonable means and notified by the Calculation Agent to BofA at the time of notification of the Payment Obligation.
Share Termination Delivery Unit:	One Share or, if a Merger Event has occurred and a corresponding adjustment to this Transaction has been made, a unit consisting of the number or amount of each type of property received by a holder of one Share (without consideration of any requirement to pay cash or other consideration in lieu of fractional amounts of any securities) in such Merger Event, as determined by the Calculation Agent.
Failure to Deliver:	Applicable
Other applicable provisions:	If this Transaction is to be Share Termination Settled, the provisions of Sections 6.6, 6.7, 6.8, 6.9 and 6.10 (as modified above) of the Equity Definitions will be applicable, except that all references in such provisions to "Physically-Settled" shall be read as references to "Share Termination Settled" and all references to "Shares" shall be read as references to "Share Termination Delivery Units". "Share Termination Settled" in relation to this Transaction means that Share Termination Settlement is applicable to this Transaction.

(q) *Governing Law*. New York law (without reference to choice of law doctrine).

(r) *Waiver of Jury Trial*. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Transaction. Each party (i) certifies that no representative, agent or attorney of either party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Transaction, as applicable, by, among other things, the mutual waivers and certifications provided herein.

(s) *Tax Disclosure*. Effective from the date of commencement of discussions concerning the Transaction, Counterparty and each of its employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to Counterparty relating to such tax treatment and tax structure.

(t) *Right to Extend*. BofA may extend any Settlement Date or any other date of delivery by BofA, with respect to some or all of the Options hereunder, if BofA determines, in its discretion, that such extension is reasonably necessary to enable BofA to effect purchases of Shares in connection with its hedging activity hereunder in a manner that would, if BofA were Counterparty or an affiliated purchaser of Counterparty, be in compliance with applicable legal and regulatory requirements.

(u) *Registration/Private Placement Procedures*. Counterparty hereby agrees that if, in the good faith reasonable judgment of BofA, the Shares ("**Hedge Shares**") acquired by BofA for the purpose of hedging its obligations pursuant to this Transaction cannot be sold in the public market by BofA without registration under the Securities Act, Counterparty shall, at its election, either (i) in order to allow BofA to sell the Hedge Shares in a registered offering, make available to BofA an effective registration statement under the Securities Act and enter into an agreement, in form and substance satisfactory to BofA, substantially in the form of a underwriting agreement customary for a registered secondary offering; *provided however*, that if BofA, in its sole reasonable discretion, is not satisfied with access to due diligence materials, the results of its due diligence investigation, or the procedures and documentation for the registered offering referred to above, then clause (ii) or clause (iii) of this Section 9(u) shall apply at the election of Counterparty, (ii) in order to allow BofA to sell the Hedge Shares in a private placement (a "**Private Placement Settlement**"), enter into a private placement agreement substantially similar to private placement purchase agreements customary for private placements of equity securities, in form and substance reasonably satisfactory to BofA using commercially reasonable judgments (in which case, the Calculation Agent shall make any adjustments to the terms of this Transaction which are necessary, in its reasonable judgment, to compensate BofA for any discount from the public market price of the Shares incurred on the sale of Hedge Shares in a private placement); *provided* that Counterparty may not elect a Private Placement Settlement if, on the date of its election, it has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(2) of the Securities Act for the sale by Counterparty to BofA (or any affiliate designated by BofA) of the Hedge Shares or the exemption pursuant to Section 4(1) or Section 4(3) of the Securities Act for resales of the Hedge Shares by BofA (or any such affiliate of BofA), or (iii) purchase the Hedge Shares from BofA at the Closing Price on such Trading Days, and in the amounts, requested by BofA.

Counterparty hereby agrees (a) to check this Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by BofA) correctly sets forth the terms of the agreement between BofA and Counterparty with respect to the Transaction, by manually signing this Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to Chris Hutmaker, Facsimile No. 212-326-9882.

Yours faithfully,

Bank of America, N.A.

By: /s/ Eric P. Hambleton

Eric P. Hambleton
Title: Authorized Signatory

Agreed and Accepted
as of the Trade Date:

Sonic Automotive, Inc.

By: /s/ Stephen K. Coss

Authorized Signatory
Name: Stephen K. Coss

Annex A

Relevant Date	Relevant Price									
	$5.00 or less	$10.00	$15.00	$20.00	$25.00	$30.00	$35.00	$40.00	$45.00	$50.00 or more
5/30/2006	0.6275	3.4800	7.1494	10.6618	12.3180	8.2642	5.7055	3.9940	2.7946	1.9208
11/30/2006	0.4174	2.8473	6.3432	9.8627	11.6038	7.6578	5.2056	3.5905	2.4747	1.6724
5/30/2007	0.2549	2.2454	5.5222	9.0282	10.8527	7.0214	4.6847	3.1741	2.1488	1.4230
11/30/2007	0.1346	1.6641	4.6564	8.1189	10.0272	6.3239	4.1190	2.7278	1.8048	1.1646
5/30/2008	0.0581	1.1345	3.7679	7.1443	9.1321	5.5709	3.5160	2.2602	1.4517	0.9055
11/30/2008	0.0175	0.6684	2.8432	6.0668	8.1285	4.7339	2.8593	1.7647	1.0893	0.6492
5/30/2009	0.0028	0.3080	1.9187	4.8849	7.0039	3.8083	2.1552	1.2541	0.7323	0.4093
11/30/2009	0.0001	0.0795	1.0080	3.5193	5.6613	2.7356	1.3868	0.7370	0.3995	0.2056
5/30/2010	0.0000	0.0035	0.2632	1.9333	3.9873	1.4884	0.6036	0.2822	0.1456	0.0711
11/30/2010	0.0000	0.0000	0.0000	0.0955	1.2245	0.0991	0.0442	0.0294	0.0182	0.0093
1/5/2011	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Exhibit 10.2

EXECUTION COPY

JPMorgan Chase Bank, National Association
P.O. Box 161
60 Victoria Embankment
London EC4Y 0JP
England

November 18, 2005

To: **Sonic Automotive, Inc.**
6415 Idlewild Rd, Suite 109
Charlotte NC 28212
Attention: Greg D. Young
Chief Accounting Officer
Telephone No.: (704) 566-2400
Facsimile No.: (704) 566-6031

Re: Call Option Transaction

Reference:

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between JPMorgan Chase Bank, National Association, London Branch ("**JPMorgan**"), and Sonic Automotive, Inc. ("**Counterparty**") on the Trade Date specified below (the "**Transaction**"). This letter agreement constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below. This Confirmation shall replace any previous letter and serve as the final documentation for this Transaction.

The definitions and provisions contained in the 1996 ISDA Equity Derivatives Definitions (the "**Equity Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Equity Definitions and this Confirmation, this Confirmation shall govern. Certain defined terms used herein have the meanings assigned to them in the Prospectus Supplement dated November 18, 2005 to the Prospectus dated August 16, 2002 (as so supplemented, the "**Prospectus**") (relating to the USD 150,000,000 principal amount of 4.25% Convertible Senior Subordinated Notes due 2015, (the "**Convertible Notes**" and each USD 1,000 principal amount of Convertible Notes, a "**Convertible Note**") issued by Counterparty pursuant to an Indenture dated as of November 18, 2005, 2005 between Counterparty and U.S. Bank National Association, as trustee, as supplemented (the "**Indenture"**). In the event of any inconsistency among the terms defined in the Prospectus, the Indenture and this Confirmation, this Confirmation shall govern.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

1. This Confirmation evidences a complete and binding agreement between JPMorgan and Counterparty as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement

(the "**Agreement**") as if JPMorgan and Counterparty had executed an agreement in such form (but without any Schedule except for the election that (i) the laws of the State of New York be the governing law, (ii) United States dollars be the Termination Currency and (iii) with respect to Counterparty, the definition of "Specified Transaction" be amended such that "Specified Transaction" shall mean any transaction or transactions which would otherwise be deemed to be a "Specified Transaction" pursuant to the terms of the Agreement where the aggregate principal amount of such Specified Transaction or Transactions shall be not less than USD 25 million) on the Trade Date. In the event of any inconsistency between provisions of that Agreement and this Confirmation, this Confirmation will prevail for the purpose of the Transaction to which this Confirmation relates. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	November 18, 2005
Option Style:	"Modified American", as set forth under "Exercise and Valuation" below
Option Type:	Call
Buyer:	Counterparty
Seller:	JPMorgan
Shares:	Class A common stock of Counterparty, par value USD 0.01 per Share (Exchange symbol '**SAH**")
Number of Options:	75,000. For the avoidance of doubt, the Number of Options shall be reduced by any Options exercised by Counterparty. In no event will the Number of Options be less than zero.
Option Entitlement:	As of any date, a number equal to the Conversion Rate as of such date (as defined in the Indenture, but without regard to any adjustments to the Conversion Rate pursuant to Section 1701(c), 1701(d) or 1704(b) of the Indenture), for each Convertible Note.
Strike Price:	USD 24.14
Premium:	USD 12,900,000.00
Premium Payment Date:	November 23, 2005
Exchange:	The New York Stock Exchange
Related Exchange(s):	The principal exchange(s) for options contracts or futures contracts, if any, with respect to the Shares

Exercise and Valuation:

Exercise Period(s):	Notwithstanding the Equity Definitions, each period commencing on the date a notice of conversion is submitted to Counterparty by a holder of Convertible Notes to and including the Exchange Business Day immediately following receipt of such notice; provided that if by October 30, 2010 Counterparty has specified November 30, 2010 as a redemption date for the Convertible Notes pursuant to the terms of the Indenture, there shall be a single Exercise Period for Exerciseable Options with respect to any Convertible Notes surrendered for conversion following Counterparty's notice of such redemption and the final day of such Exercise Period shall be the Exchange Business Day immediately preceding the redemption date.
Exerciseable Options:	In respect of each Exercise Period, a number of Options equal to fifty percent of the number of Convertible Notes surrendered to Counterparty for conversion with respect to such Exercise Period but no greater than the Number of Options.
Expiration Time:	The Valuation Time.
Expiration Date:	November 29, 2010 or if such date is not a Business Day, the immediately preceding Business Day.
Multiple Exercise:	Applicable, as described under Exerciseable Options above.
Automatic Exercise:	Applicable; and means that the Exerciseable Options in respect of each Exercise Period shall be deemed to be exercised on the Expiration Date for such Exercise Period; provided that such Exerciseable Options shall be deemed exercised only to the extent that Counterparty has provided a Notice of Exercise to JPMorgan.
Notice of Exercise:	Notwithstanding anything to the contrary in the Equity Definitions, in order to exercise any Options, Counterparty must notify JPMorgan (in writing or orally) at least one Exchange Business Day prior to the first day of the Cash Settlement Averaging Period for the Options being exercised of (i) the number of such Options and (ii) the first day of the Cash Settlement Averaging Period and the Settlement Date; provided that if Counterparty has specified November 30, 2010 as a redemption date for the Convertible Notes pursuant to the terms of the Indenture, such notice may be given on or prior to the Expiration Date for such Exerciseable Options and need only specify the number of such Exerciseable Options.

Valuation Time:	At the close of trading of the regular trading session on the Exchange; *provided* that if the principal trading session is extended, the Calculation Agent shall determine the Valuation Time in its reasonable discretion.
Market Disruption Event:	Section 4.3(a)(ii) is hereby amended by adding after the words "or Share Basket Transaction" in the first line thereof a phrase "a failure by the Exchange or Related Exchange to open for trading during its regular trading session or" and replacing the phrase "during the one-half hour period that ends at the relevant Valuation Time" with the phrase "prior to 1:00 p.m. on such Exchange Business Day of an aggregate one half hour period".

Settlement Terms:

Settlement Method:	Net Share Settlement
Net Share Settlement:	JPMorgan will deliver to Counterparty, on the Settlement Date, a number of Shares equal to the Net Shares in respect of an Option exercise. In no event will the Net Shares be less than zero.
Net Shares:	In respect of any Option exercised or deemed exercised, for each Option, a number of Shares equal to (i) the Option Entitlement multiplied by (ii) the sum of the quotients, for each Valid Day during the Cash Settlement Averaging Period for such Option, of (A) the Relevant Price on such Valid Day, less the Strike Price, divided by (B) the Relevant Price on such Valid Day, divided by (iii) 25. JPMorgan will deliver cash in lieu of any fractional Shares valued at the Revelant Price on such Valid Day; *provided, however*, that if the calculation contained in clause (A) above results in a negative number, such number shall be replaced with the number "zero".
Valid Day:	An Exchange Business Day on which the Exchange is open for trading during its regular trading session and there is no Market Disruption Event with respect to the Shares.
Relevant Price:	In respect of any Option exercised or deemed exercised, the per Share volume-weighted average price for each of the 25 consecutive Valid Days during the Cash

	Settlement Averaging Period as displayed under the heading "Bloomberg VWAP" on Bloomberg page SAH <equity> AQR (or any successor thereto) in respect of the period from 9:30 a.m. to 4:00 p.m. (New York City time) on such Valid Day (or if such volume-weighted average price is unavailable, the market value of one Share on such Valid Day, as determined by the Calculation Agent using a volume-weighted method).
Cash Settlement Averaging Period:	For any Exercisable Options, the 25 consecutive Valid Days commencing on and including the second Exchange Business Day following the receipt by Counterparty of a notice of voluntary conversion by a holder of the corresponding Convertible Notes; *provided that*, if Counterparty has specified November 30, 2010 as a redemption date for the Convertible Notes pursuant to the terms of the Indenture by October 30, 2010, for any Exercisable Options that correspond to Convertible Notes surrendered for conversion following the issuance by Counterparty of the notice of such redemption, the 25 consecutive Valid Days commencing on the first scheduled Exchange Business Day following the redemption date.
Settlement Date:	For any Exerciseable Options relating to the conversion of Convertible Notes, the settlement date for Shares to be delivered under such Convertible Notes under the terms of the Indenture.
Other Applicable Provisions:	The provisions of Sections 6.6, 6.7, 6.8, 6.9 and 6.10 of the Equity Definitions will be applicable, except that all references in such provisions to "Physically-Settled" shall be read as references to "Net Share Settled". "Net Share Settled" in relation to any Option means that Net Share Settlement is applicable to that Option.
Failure to Deliver:	Applicable

3. Additional Terms applicable to the Transaction:

Adjustments applicable to the Transaction:

Potential Adjustment Events:	Notwithstanding Section 9.1(e) of the Equity Definitions, a "Potential Adjustment Event" means any occurrence of any event or condition, as set forth in Section 1704 of the Indenture that would result in an adjustment to the Conversion Rate of the Convertible Notes; provided that in no event shall there be any adjustment hereunder as a result of an adjustment to the Conversion Rate pursuant to Section 1701(c), 1701(d) or 1704(b) of the Indenture.

Method of Adjustment:	Calculation Agent Adjustment, and means that, notwithstanding Section 9.1(c) of the Equity Definitions, upon any adjustment to the Conversion Rate of the Convertible Notes pursuant to the Indenture (other than Section 1701(c), 1701(d) or 1704(b) of the Indenture), the Calculation Agent will make a corresponding adjustment to any one or more of the Strike Price, Number of Options, the Option Entitlement and any other variable relevant to the exercise, settlement or payment for the Transaction.

Extraordinary Events applicable to the Transaction:

Merger Events:	Notwithstanding Section 9.2(a) of the Equity Definitions, a "Merger Event" means the occurrence of any event or condition set forth in Section 1705 of the Indenture.
Consequence of Merger Events:	Notwithstanding Section 9.3 of the Equity Definitions, upon the occurrence of a Merger Event, the Calculation Agent shall make a corresponding adjustment in respect of any adjustment under the Indenture to any one or more of the nature of the Shares, Strike Price, Number of Options, the Option Entitlement and any other variable relevant to the exercise, settlement or payment for the Transaction; provided however that such adjustment shall (a) assume that, in the case of a "Public Acquirer Change of Control" (as defined in the Indenture), the Counterparty does not make the election provided in Section 1701(d) of the Indenture and (b) be made without regard to any adjustment to the Conversion Rate for the issuance of additional shares as set forth in Section 1701(c) of the Indenture.
Additional Termination Events:	If an event of default with respect to Counterparty shall occur under the terms of the Convertible Notes as set forth in Section 501 of the Indenture, then such event shall constitute an Additional Termination Event applicable to this Transaction and, with respect to such event (i) Counterparty shall be deemed to be the sole Affected Party and the Transaction shall be the sole affected transaction and (ii) JPMorgan shall be the party entitled to designate an Early Termination Date pursuant to Section 6(b) of the Agreement. For the avoidance of doubt, the provisions of paragraph 9(r) shall apply to any amount that is payable by JPMorgan to Counterparty pursuant to this Section 3.
4. Calculation Agent:	JPMorgan, whose calculations and determinations shall be made in good faith and in a commercially reasonable manner, including with respect to calculations and determinations that are made in its sole discretion.

5. Account Details:

(a) Account for payments to Counterparty:

Bank Name:	Bank of America
Bank Address:	Jacksonville, FL
Routing Nbr Wires Only:	XXXX
Account Name:	Sonic Automotive, Inc
Account No:	XXXX

Account for delivery of Shares to Counterparty:

Sonic Automotive, Inc.
c/o Wachovia account #XXXX to be settled via DWAC

(b) Account for payments to JPMorgan:

JPMorgan Chase Bank, N.A., New York
ABA: XXXX
Favour: JPMorgan Chase Bank, N.A. – London
A/C: XXXX

Account for delivery of Shares from JPMorgan:

DTC XXXX

6. Offices:

The Office of Counterparty for the Transaction is: Inapplicable, Counterparty is not a Multibranch Party.

The Office of JPMorgan for the Transaction is: New York

JPMorgan Chase Bank, National Association
London Branch
P.O. Box 161
60 Victoria Embankment
London EC4Y 0JP
England

7. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Counterparty:

Sonic Automotive, Inc.
6415 Idlewild Rd, Suite 109
Charlotte NC 28212
Attention: Greg D. Young
Chief Accounting Officer
Telephone No.: (704) 566-2400
Facsimile No.: (704) 566-6031

(b) Address for notices or communications to JPMorgan:
JPMorgan Chase Bank, National Association
277 Park Avenue, 11th Floor
New York, NY 10172
Attention: Nathan Lulek
EDG Corporate Marketing
Telephone No.: (212) 622-2262
Facsimile No.: (212) 622-8091

8. Representations and Warranties of Counterparty

The representations and warranties of Counterparty set forth in Section 1 of the Purchase Agreement (the '**Purchase Agreement**') dated as of November 18, 2005 among Counterparty, Banc of America Securities LLC, J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, the "**Underwriters**") are true and correct and are hereby deemed to be repeated to JPMorgan as if set forth herein. Counterparty hereby further represents and warrants to JPMorgan that:

(a) Counterparty has all necessary corporate power and authority to execute, deliver and perform its obligations in respect of this Transaction; such execution, delivery and performance have been duly authorized by all necessary corporate action on Counterparty's part; and this Confirmation has been duly and validly executed and delivered by Counterparty and constitutes its valid and binding obligation, enforceable against Counterparty in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity) and except that rights to indemnification and contribution thereunder may be limited by federal or state securities laws or public policy relating thereto.

(b) Neither the execution and delivery of this Confirmation nor the incurrence or performance of obligations of Counterparty hereunder will conflict with or result in (i) a breach of the certificate of incorporation or by-laws (or any equivalent documents) of Counterparty, (ii) any applicable law or regulation, (iii) any material order, writ, injunction or decree of any court or governmental authority or agency, or (iv) any agreement or instrument to which Counterparty or any of its "significant subsidiaries" (as defined in Regulation S-X) is a party or by which Counterparty or any of its "significant subsidiaries" (as defined in Regulation S-X) is bound or to which Counterparty or any of its "significant subsidiaries" (as defined in Regulation S-X) is subject, a breach of which would have a material adverse effect on Counterparty's ability to perform under this Confirmation, or constitute a default under, or result in the creation of any lien under, any such agreement or instrument, or breach or constitute a default under any agreements and contracts of Counterparty and its "significant subsidiaries" (as defined in Regulation S-X) filed as exhibits to Counterparty's Annual Report on Form 10-K for the year ended December 31, 2004, incorporated by reference in the Prospectus.

(c) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required in connection with the execution, delivery or performance by Counterparty of this Confirmation, except such as have been obtained or made and such as may be required under the Securities Act of 1933, as amended (the "**Securities Act**") or state securities laws.

(d) It is an "eligible contract participant" (as such term is defined in Section 1(a)(12) of the Commodity Exchange Act, as amended (the "**CEA**") because one or more of the following is true:

Counterparty is a corporation, partnership, proprietorship, organization, trust or other entity and:

(A) Counterparty has total assets in excess of USD 10,000,000;

(B) the obligations of Counterparty hereunder are guaranteed, or otherwise supported by a letter of credit or keepwell, support or other agreement, by an entity of the type described in Section 1a(12)(A)(i) through (iv), 1a(12)(A)(v)(I), 1a(12)(A)(vii) or 1a(12)(C) of the CEA; or

(C) Counterparty has a net worth in excess of USD 1,000,000 and has entered into this Agreement in connection with the conduct of Counterparty's business or to manage the risk associated with an asset or liability owned or incurred or reasonably likely to be owned or incurred by Counterparty in the conduct of Counterparty's business.

(e) Each of it and its affiliates is not, on the date hereof, in possession of any material non-public information with respect to Counterparty.

9. Other Provisions:

(a) *Opinions*. Counterparty shall deliver to JPMorgan an opinion of counsel, dated as of the Trade Date, with respect to the matters set forth in Sections 8(a) through (d) of this Confirmation.

(b) *Amendment*. If the Underwriters exercise their right to purchase additional Convertible Notes as set forth therein, then, at the discretion of Counterparty, JPMorgan and Counterparty will either enter into a new confirmation or amend this Confirmation to provide for such increase in Convertible Notes (but on pricing terms acceptable to JPMorgan and Counterparty) (such additional confirmation or amendment to this Confirmation to provide for the payment by Counterparty to JPMorgan of the additional premium related thereto).

(c) *No Reliance, etc.* Each party represents that (i) it is entering into the Transaction evidenced hereby as principal (and not as agent or in any other capacity); (ii) neither the other party nor any of its agents are acting as a fiduciary for it; (iii) it is not relying upon any representations except those expressly set forth in the Agreement or this Confirmation; (iv) it has not relied on the other party for any legal, regulatory, tax, business, investment, financial, and accounting advice, and it has made its own investment, hedging, and trading decisions based upon its own judgment and upon any

view expressed by the other party or any of its agents; and (v) it is entering into this Transaction with a full understanding of the terms, conditions and risks thereof and it is capable of and willing to assume those risks.

(d) *Share De-listing Event.* If at any time during the period from and including the Trade Date, to and including the Expiration Date, the Shares cease to be listed or quoted on the Exchange (a "**Share De-listing**") for any reason (other than a Merger Event as a result of which the shares of common stock underlying the Options are listed or quoted on The New York Stock Exchange, The American Stock Exchange or the NASDAQ National Market (or their respective successors) (the "**Successor Exchange**")) and are not immediately re-listed or quoted as of the date of such de-listing on the Successor Exchange, then such event shall constitute an Additional Termination Event hereunder; *provided* that (i) Counterparty shall be the sole Affected Party with respect to such event and (ii) JPMorgan shall have the right to designate an Early Termination Date with respect thereto.

(e) *Repurchase Notices.* Counterparty shall, on any day on which Counterparty effects any repurchase of Shares, promptly give JPMorgan a written notice of such repurchase (a "**Repurchase Notice**") on such day if following such repurchase, the number of outstanding Shares as determined on such day is (i) less than 2.6 million or (ii) more than 350,000 less than the number of Shares included in the immediately preceding Repurchase Notice. Counterparty agrees to indemnify and hold harmless JPMorgan and its affiliates and their respective officers, directors, employees, affiliates, advisors, agents and controlling persons (each, an "**Indemnified Person**") from and against any and all losses (including losses relating to JPMorgan's hedging activities as a consequence of becoming, or of the risk of becoming, a Section 16 "insider", including without limitation, any forbearance from hedging activities or cessation of hedging activities and any losses in connection therewith with respect to this Transaction), claims, damages, judgments, liabilities and expenses (including reasonable attorney's fees), joint or several, which an Indemnified Person may become subject to, as a result of Counterparty's failure to provide JPMorgan with a Repurchase Notice on the day and in the manner specified in this Section 9(e), and to reimburse, within 30 days, upon written request, each of such Indemnified Persons for any reasonable legal or other expenses incurred in connection with investigating, preparing for, providing testimony or other evidence in connection with or defending any of the foregoing. If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against the Indemnified Person as a result of Counterparty's failure to provide JPMorgan with a Repurchase Notice in accordance with this paragraph, such Indemnified Person shall promptly notify Counterparty in writing, and Counterparty, upon request of the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others Counterparty may designate in such proceeding and shall pay the reasonable fees and expenses of such counsel related to such proceeding. Counterparty shall not be liable for any settlement of any proceeding contemplated by this paragraph that is effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, Counterparty agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Counterparty shall not, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding contemplated by this paragraph that is in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought

hereunder by such Indemnified Person, unless such settlement includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding on terms reasonably satisfactory to such Indemnified Person. If the indemnification provided for in this paragraph (e) is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then Counterparty under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities. The remedies provided for in this paragraph (e) are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity. The indemnity and contribution agreements contained in this paragraph (e) shall remain operative and in full force and effect regardless of the termination of this Transaction.

(f) *Regulation M*. Counterparty was not on the Trade Date and is not on the date hereof engaged in a distribution, as such term is used in Regulation M under the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), of any securities of Counterparty, other than (i) a distribution meeting the requirements of the exception set forth in sections 101(b)(10) and 102(b)(7) of Regulation M and (ii) the distribution of the Convertible Notes. Counterparty shall not, until the fifth Exchange Business Day immediately following the Trade Date, engage in any such distribution.

(g) *No Manipulation*. Counterparty is not entering into this Transaction to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for the Shares).

(h) *Number of Repurchased Shares*. Counterparty represents that it could have purchased Shares, in an amount equal to the product of the Number of Options and the Option Entitlement, on the Exchange or otherwise, in compliance with applicable law, its organizational documents and any orders, decrees, contractual agreements binding upon Counterparty, on the Trade Date.

(i) *Board Authorization*. Each of this Transaction and the issuance of the Convertible Notes was approved by Counterparty's board of directors and, prior to any exercise of Options hereunder, Counterparty's board of directors will have duly authorized any repurchase of Shares pursuant to this Transaction. Counterparty further represents that there is no internal policy, whether written or oral, of Counterparty that would prohibit Counterparty from entering into any aspect of this Transaction, including, but not limited to, the purchases of Shares to be made pursuant hereto.

(j) *Transfer or Assignment*. Neither party may transfer any of its rights or obligations under this Transaction without the prior written consent of the non-transferring party; *provided* that if, as determined at JPMorgan's sole discretion, (x) its "beneficial ownership" (within the meaning of Section 16 of the Exchange Act and rules promulgated thereunder) exceeds 8% of Counterparty's outstanding Shares or (y) the product of the Number of Options and the Option Entitlement exceeds 15% of Counterparty's outstanding Shares, JPMorgan may transfer or assign a number of Options sufficient to reduce such "beneficial ownership" to 7.5% or such product to 14.5%, as the case may be, to any third party with a rating for its long term, unsecured and unsubordinated indebtedness of A+ or better by Standard and Poor's Rating Group, Inc. or its successor

("**S&P**"), or A1 or better by Moody's Investor Service, Inc. ("**Moody's**") or, if either S&P or Moody's ceases to rate such debt, at least an equivalent rating or better by a substitute agency rating mutually agreed by Counterparty and JPMorgan. If, in the discretion of JPMorgan, JPMorgan is unable to effect such transfer or assignment after its commercially reasonable efforts on pricing terms reasonably acceptable to JPMorgan and within a time period reasonably acceptable to JPMorgan, JPMorgan may designate any Exchange Business Day as an Early Termination Date with respect to a portion (the "**Terminated Portion**") of this Transaction, such that its "beneficial ownership" following such partial termination will be equal to or less than 8%, or the product of the Number of Options and the Option Entitlement will be less than 15.0%, as the case may be. In the event that JPMorgan so designates an Early Termination Date with respect to a portion of this Transaction, a payment shall be made pursuant to Section 6 of the Agreement and Section 9(n) hereof as if (i) an Early Termination Date had been designated in respect of a Transaction having terms identical to this Transaction and a Number of Options equal to the Terminated Portion, (ii) Counterparty shall be the sole Affected Party with respect to such partial termination and (iii) such Transaction shall be the only Terminated Transaction (and, for the avoidance of doubt, the provisions of Section 9(p) shall apply to any amount that is payable by JPMorgan to Counterparty pursuant to this sentence). Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing JPMorgan to purchase, sell, receive or deliver any shares or other securities to or from Counterparty, JPMorgan may designate any of its affiliates to purchase, sell, receive or deliver such shares or other securities and otherwise to perform JPMorgan's obligations in respect of this Transaction and any such designee may assume such obligations. JPMorgan shall be discharged of its obligations to Counterparty to the extent of any such performance.

(k) *Staggered Settlement*. JPMorgan may, by notice to Counterparty on or prior to any Settlement Date (a "**Nominal Settlement Date**"), elect to deliver the Shares on two or more dates (each, a "**Staggered Settlement Date**") as follows:

(a) in such notice, JPMorgan will specify to Counterparty the related Staggered Settlement Dates (the first of which will be such Nominal Settlement Date and the last of which will be no later than the twentieth (20^{th}) Exchange Business Day following such Nominal Settlement Date) and the number of Shares that it will deliver on each Staggered Settlement Date on a payment versus delivery basis;

(b) the aggregate number of Shares that JPMorgan will deliver to Counterparty hereunder on all such Staggered Settlement Dates will equal the number of Shares that JPMorgan would otherwise be required to deliver on such Nominal Settlement Date; and

(c) if the Net Share Settlement terms set forth above were to apply on the Nominal Settlement Date, then the Net Share Settlement terms will apply on each Staggered Settlement Date, except that the Net Shares will be allocated among such Staggered Settlement Dates as specified by JPMorgan in the notice referred to in clause (a) above.

(l) *Damages*. Neither party shall be liable under Section 6.10 of the Equity Definitions for special, indirect or consequential damages, even if informed of the possibility thereof.

(m) *Role of Agent.* Each party agrees and acknowledges that J.P. Morgan Securities Inc., an affiliate of JPMorgan ("**JPMSI**"), has acted solely as agent and not as principal with respect to this Transaction and (ii) JPMSI has no obligation or liability, by way of guaranty, endorsement or otherwise, in any manner in respect of this Transaction (including, if applicable, in respect of the settlement thereof). Each party agrees it will look solely to the other party (or any guarantor in respect thereof) for performance of such other party's obligations under this Transaction.

(n) *Additional Provisions*.

(i) Notwithstanding Section 6(e) of the Agreement or Section 9.7 of the Equity Definitions, if, with respect to the transactions contemplated hereunder, (A) an Early Termination Date with respect to any Event of Default or any Termination Date, (B) a Merger Date with respect to any Merger Event (for the purpose of this provision, solely relating to the Merger Event contemplated by Section 9.2(a)(iii) of the Equity Definitions and which event shall not result from any action taken by, or within the control of, Counterparty), or (C) a date as of which Section 9.6(c)(ii)(A) or Section 9.6(c)(ii)(B) of the Equity Definitions applies with respect to any Extraordinary Event shall occur (any such date, the "**Relevant Date**"), then in lieu of calculating any payments hereunder pursuant to Section 6(e) of the Agreement or Section 9.7 of the Equity Definitions, as applicable, the Calculation Agent, in its sole discretion, shall determine the amount payable by JPMorgan to Counterparty, on the following basis:

(1) such Relevant Date shall be the sole Exercise Date hereunder and Automatic Exercise shall be applicable to the Number of Options;

(2) the Settlement Method shall be Net Share Settlement,

(3) JPMorgan shall deliver to Counterparty the Net Share Settlement Amount on the Settlement Date with respect to such Relevant Date; and

(4) Net Share Settlement Amount shall mean the number of Shares equal to the sum of (A) a fraction (x) the numerator of which is the product of (a) the Strike Price Differential on such Relevant Date, (b) the Number of Options and (c) the Option Entitlement, and (y) the denominator of which is the Relevant Price on such date and (B) the product of (x) the additional Shares per Option (the "**Additional Shares**") determined by reference to the table attached as Annex A hereto based on the date on which such Relevant Date occurs and the Relevant Price on such date, (y) the Number of Options, and (z) the Option Entitlement.

(5) with respect to the determination of Additional Shares, if the actual Relevant Price is between two Relevant Price amounts in the table or the Relevant Date is between two Relevant Dates in the table, the Additional Shares shall be determined by a straight-line interpolation between the number of Additional Shares set forth for the next higher and next lower Relevant Price amounts and the two nearest Relevant Dates, as applicable, based on a 365-day year.

(6) with respect to any adjustment to the terms of the Transaction, the Calculation Agent, in its reasonable discretion, shall correspondingly adjust the Additional Shares and/or the Relevant Prices (as set forth in the table in Annex A hereto) as of any date of such adjustments. For the avoidance of doubt, any adjustment made to the Additional Shares and/or the Relevant Prices (each as set forth in the table in Annex A hereto)

shall be consistent with (i) the adjustments made pursuant to the provisions of this Section 9(m)(iv) if such adjustments were the result of an event which was outside of Counterparty's control, and (ii) the adjustments made to pursuant to the applicable provisions of this Confirmation if such adjustments were the result of an event which was within Counterparty's control.

(ii) For the avoidance of doubt, for the purposes of any calculation made by the Calculation Agent with respect to this Transaction pursuant to Section 9.1(c) of the Equity Definitions and relating to any Potential Adjustment Event that is within Counterparty's control, such calculations shall be made based upon the Calculation Agent's determination of the fair market value of the Shares or Options under the then prevailing circumstances, such determination may factor in any loss or cost incurred in connection with our terminating, liquidating, or re-establishing hedge positions relating to the Shares in connection with the Transaction and the Calculation Agent shall, in its sole discretion, make corresponding adjustments to the Additional Shares contained in Annex A hereto and, if applicable, to the Reference Prices contained in such Annex A.

(o) *Setoff.* In addition to and without limiting any rights of set-off that a party hereto may have as a matter of law, pursuant to contract or otherwise, upon the occurrence of an Early Termination Event, JPMorgan shall have the right to set off any obligation that it may have to Counterparty under this Confirmation, including without limitation any obligation to make any payment of cash or delivery of Shares to Counterparty, against any obligation Counterparty may have to JPMorgan under any other agreement between JPMorgan and Counterparty relating to Shares (each such contract or agreement, a "**Separate Agreement**"), including without limitation any obligation to make a payment of cash or a delivery of Shares or any other property or securities. For this purpose, JPMorgan shall be entitled to convert any obligation (or the relevant portion of such obligation) denominated in one currency into another currency at the rate of exchange at which it would be able to purchase the relevant amount of such currency, and to convert any obligation to deliver any non-cash property into an obligation to deliver cash in an amount calculated by reference to the market value of such property as of the Early Termination Date, as determined by the Calculation Agent in its sole discretion; *provided* that in the case of a set-off of any obligation to release or deliver assets against any right to receive fungible assets, such obligation and right shall be set off in kind and; *provided further* that in determining the value of any obligation to deliver Shares, the value at any time of such obligation shall be determined by reference to the market value of the Shares at such time, as determined in good faith by the Calculation Agent. If an obligation is unascertained at the time of any such set-off, the Calculation Agent may in good faith estimate the amount or value of such obligation, in which case set-off will be effected in respect of that estimate, and the relevant party shall account to the other party at the time such obligation or right is ascertained.

(p) *Status of Claims in Bankruptcy.* JPMorgan acknowledges and agrees that this confirmation is not intended to convey to JPMorgan rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Counterparty; *provided, however*, that nothing herein shall limit or shall be deemed to limit JPMorgan's right to pursue remedies in the

event of a breach by Counterparty of its obligations and agreements with respect to this Confirmation and the Agreement; and*provided further*, that nothing herein shall limit or shall be deemed to limit JPMorgan's rights in respect of any transaction other than the Transaction

(q) *Alternative Calculations and Payment on Early Termination and on Certain Extraordinary Events.* If in respect of this Transaction, an amount is payable by JPMorgan to Counterparty (i) pursuant to Section 9.7 of the Equity Definitions or (ii) pursuant to Section 6(d)(ii) of the Agreement (a "**Payment Obligation**"), Counterparty may request JPMorgan to satisfy any such Payment Obligation by the Share Termination Alternative (as defined below) (except that Counterparty shall not make such an election in the event of a Nationalization or Insolvency or a Merger Event, in each case, in which the consideration to be paid to holders of Shares consists solely of cash, or an Event of Default in which Counterparty is the Defaulting Party or a Termination Event in which Counterparty is the Affected Party, other than an Event of Default of the type described in (x) Section 5(a)(iii), (v), (vi), (vii) or (viii) of the Agreement or (y) a Termination Event of the type described in Section 5(b)(i), (ii), (iii), (iv), (v) or (vi) of the Agreement, in the case of both (x) and (y), that resulted from an event or events outside Counterparty's control) and shall give irrevocable telephonic notice to JPMorgan, confirmed in writing within one Currency Business Day, no later than 12:00 p.m. New York local time on the Merger Date, the date of the occurrence of the Nationalization or Insolvency or the Early Termination Date, as applicable; *provided* that if Counterparty does not validly request JPMorgan to satisfy its Payment Obligation by the Share Termination Alternative, JPMorgan shall have the right, in its sole discretion, to satisfy its Payment Obligation by the Share Termination Alternative. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (1) separate amounts shall be calculated as set forth in Section 6(e) with respect to (i) this Transaction and (ii) all other Transactions, and (2) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Share Termination Alternative:	Applicable and means that JPMorgan shall deliver to Counterparty the Share Termination Delivery Property on the date when the Payment Obligation would otherwise be due pursuant to Section 9.7 of the Equity Definitions or Section 6(d)(ii) and 6(e) of the Agreement, as applicable (the "**Share Termination Payment Date**"), in satisfaction of the Payment Obligation in the manner reasonably requested by Counterparty free of payment.
Share Termination Delivery Property:	A number of Share Termination Delivery Units, as calculated by the Calculation Agent, equal to the Payment Obligation divided by the Share Termination Unit Price. The Calculation Agent shall adjust the Share Termination Delivery Property by replacing any fractional portion of a security therein with an amount of cash equal to the

	value of such fractional security based on the values used to calculate the Share Termination Unit Price.
Share Termination Unit Price:	The value to JPMorgan of property contained in one Share Termination Delivery Unit on the date such Share Termination Delivery Units are to be delivered as Share Termination Delivery Property, as determined by the Calculation Agent in its discretion by commercially reasonable means and notified by the Calculation Agent to JPMorgan at the time of notification of the Payment Obligation.
Share Termination Delivery Unit:	One Share or, if a Merger Event has occurred and a corresponding adjustment to this Transaction has been made, a unit consisting of the number or amount of each type of property received by a holder of one Share (without consideration of any requirement to pay cash or other consideration in lieu of fractional amounts of any securities) in such Merger Event, as determined by the Calculation Agent.
Failure to Deliver:	Applicable
Other applicable provisions:	If this Transaction is to be Share Termination Settled, the provisions of Sections 6.6, 6.7, 6.8, 6.9 and 6.10 (as modified above) of the Equity Definitions will be applicable, except that all references in such provisions to "Physically-Settled" shall be read as references to "Share Termination Settled" and all references to "Shares" shall be read as references to "Share Termination Delivery Units". "Share Termination Settled" in relation to this Transaction means that Share Termination Settlement is applicable to this Transaction.

(r) *Governing Law.* New York law (without reference to choice of law doctrine).

(s) *Waiver of Jury Trial.* Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Transaction. Each party (i) certifies that no representative, agent or attorney of either party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Transaction, as applicable, by, among other things, the mutual waivers and certifications provided herein.

(t) *Tax Disclosure*. Effective from the date of commencement of discussions concerning the Transaction, Counterparty and each of its employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to Counterparty relating to such tax treatment and tax structure.

(u) *Right to Extend.* JPMorgan may extend any Settlement Date or any other date of delivery by JPMorgan, with respect to some or all of the Options hereunder, if JPMorgan determines, in its discretion, that such extension is reasonably necessary to enable JPMorgan to effect purchases of Shares in connection with its hedging activity hereunder in a manner that would, if JPMorgan were Counterparty or an affiliated purchaser of Counterparty, be in compliance with applicable legal and regulatory requirements.

(v) *Registration/Private Placement Procedures.* Counterparty hereby agrees that if, in the good faith reasonable judgment of JPMorgan, the Shares ("**Hedge Shares**") acquired by JPMorgan for the purpose of hedging its obligations pursuant to this Transaction cannot be sold in the public market by JPMorgan without registration under the Securities Act, Counterparty shall, at its election, either (i) in order to allow JPMorgan to sell the Hedge Shares in a registered offering, make available to JPMorgan an effective registration statement under the Securities Act and enter into an agreement, in form and substance satisfactory to JPMorgan, substantially in the form of a underwriting agreement customary for a registered secondary offering; *provided however*, that if JPMorgan, in its sole reasonable discretion, is not satisfied with access to due diligence materials, the results of its due diligence investigation, or the procedures and documentation for the registered offering referred to above, then clause (ii) or clause (iii) of this Section 9(v) shall apply at the election of Counterparty, (ii) in order to allow JPMorgan to sell the Hedge Shares in a private placement (a "**Private Placement Settlement**"), enter into a private placement agreement substantially similar to private placement purchase agreements customary for private placements of equity securities, in form and substance reasonably satisfactory to JPMorgan using commerically reasonable judgments (in which case, the Calculation Agent shall make any adjustments to the terms of this Transaction which are necessary, in its reasonable judgment, to compensate JPMorgan for any discount from the public market price of the Shares incurred on the sale of Hedge Shares in a private placement); *provided* that Counterparty may not elect a Private Placement Settlement if, on the date of its election, it has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(2) of the Securities Act for the sale by Counterparty to JPMorgan (or any affiliate designated by JPMorgan) of the Hedge Shares or the exemption pursuant to Section 4(1) or Section 4(3) of the Securities Act for resales of the Hedge Shares by JPMorgan (or any such affiliate of JPMorgan), or (iii) purchase the Hedge Shares from JPMorgan at the Closing Price on such Trading Days, and in the amounts, requested by JPMorgan.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Confirmation and returning it to EDG Confirmation Group, J.P. Morgan Securities Inc., 277 Park Avenue, 11th Floor, New York, NY 10172-3401, or by fax on **212 622 8519**.

Very truly yours,

J.P. Morgan Securities Inc., as agent for JPMorgan Chase Bank, National Association

By: /s/ Sudheer Tegulapalle

Authorized Signatory
Name: Sudheer Tegulapalle
Vice President

Accepted and confirmed
as of the Trade Date:

Sonic Automotive, Inc.

By: /s/ Stephen K. Coss

Authorized Signatory
Name: Stephen K. Coss

Annex A

Relevant Date	Relevant Price									
	$5.00 or less	$10.00	$15.00	$20.00	$25.00	$30.00	$35.00	$40.00	$45.00	$50.00 or more
5/30/2006	0.6275	3.4800	7.1494	10.6618	12.3180	8.2642	5.7055	3.9940	2.7946	1.9208
11/30/2006	0.4174	2.8473	6.3432	9.8627	11.6038	7.6578	5.2056	3.5905	2.4747	1.6724
5/30/2007	0.2549	2.2454	5.5222	9.0282	10.8527	7.0214	4.6847	3.1741	2.1488	1.4230
11/30/2007	0.1346	1.6641	4.6564	8.1189	10.0272	6.3239	4.1190	2.7278	1.8048	1.1646
5/30/2008	0.0581	1.1345	3.7679	7.1443	9.1321	5.5709	3.5160	2.2602	1.4517	0.9055
11/30/2008	0.0175	0.6684	2.8432	6.0668	8.1285	4.7339	2.8593	1.7647	1.0893	0.6492
5/30/2009	0.0028	0.3080	1.9187	4.8849	7.0039	3.8083	2.1552	1.2541	0.7323	0.4093
11/30/2009	0.0001	0.0795	1.0080	3.5193	5.6613	2.7356	1.3868	0.7370	0.3995	0.2056
5/30/2010	0.0000	0.0035	0.2632	1.9333	3.9873	1.4884	0.6036	0.2822	0.1456	0.0711
11/30/2010	0.0000	0.0000	0.0000	0.0955	1.2245	0.0991	0.0442	0.0294	0.0182	0.0093
1/5/2011	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

EXHIBIT 10.3

EQUITY FINANCIAL PRODUCTS GROUP

EXECUTION COPY

Bank of America, N.A.
c/o Banc of America Securities LLC
9 West 57th Street
New York, NY 10019

November 18, 2005

To: **Sonic Automotive, Inc.**
6415 Idlewild Rd, Suite 109
Charlotte NC 28212
Attention: Greg D. Young
Chief Accounting Officer
Telephone No.: (704) 566-2400
Facsimile No.: (704) 566-6031

Re: Warrants

The purpose of this letter agreement is to confirm the terms and conditions of the Warrants issued by **Sonic Automotive, Inc.** (the "**Company**") to Bank of America, N.A. ("**BofA**") on the Trade Date specified below (the "**Transaction**"). This letter agreement constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below. This Confirmation shall replace any previous letter and serve as the final documentation for this Transaction.

The definitions and provisions contained in the 1996 ISDA Equity Derivatives Definitions (the "**Equity Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Equity Definitions and this Confirmation, this Confirmation shall govern. This Transaction shall be deemed to be a Share Option Transaction within the meaning set forth in the Equity Definitions.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

1. This Confirmation evidences a complete and binding agreement between BofA and Company as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "**Agreement**") as if BofA and Company had executed an agreement in such form (but without any Schedule except (i) for the election of the laws of the State of New York as the governing law, (ii) United States dollars as the Termination Currency on the Trade Date, (iii) that Cross-Default (as defined in Section 5(a)(vi) of the Agreement) shall apply to Company and (iii) with respect to Company, the definition of "Specified Transaction" shall be amended such that "Specified Transaction" shall mean any transaction or transactions which would otherwise be a deemed to be "Specified Transaction" pursuant to the terms of the Agreement where the aggregate principal amount of such Specified Transaction or Transactions shall be not less than USD 25 million). In the event of any inconsistency between provisions of that Agreement and this Confirmation, this Confirmation will prevail for the purpose of the Transaction to which this Confirmation relates. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	November 18, 2005
Warrants:	Equity call warrants, each giving the holder the right to purchase one Share at the Strike Price, subject to the Settlement Terms set forth below. For the purposes of the Equity Definitions, each reference to a Warrant shall be deemed to be a reference to a Call Option.
Warrant Style:	European
Buyer:	BofA
Seller:	Company
Shares:	Class A common stock of Company, par value USD 0.01 per Share (Exchange symbol "**SAH**")
Number of Warrants:	3,261,707, subject to adjustments provided herein.
Daily Number of Warrants:	For any day, the Number of Warrants on such day, divided by the remaining number of Expiration Dates (including such day) and rounded down to the nearest whole number to account for any fractional Daily Number of Warrants.
Warrant Entitlement:	One Share per Warrant
Strike Price:	USD 33.00
Premium:	USD 4,350,000.00
Premium Payment Date:	November 23, 2005
Exchange:	The New York Stock Exchange
Related Exchange(s):	The principal exchange(s) for options contracts or futures contracts, if any, with respect to the Shares

Exercise and Valuation:

Expiration Time:	The Valuation Time
Expiration Dates:	Each Exchange Business Day in the period beginning on and including the First Expiration Date and ending on and including the 119th Exchange Business Day following the First Expiration Date shall be an "Expiration Date" for a number of Warrants equal to the Daily Number of Warrants on such date. Notwithstanding the foregoing and anything to the contrary in the Equity Definitions, if a Market Disruption Event occurs on any Expiration Date (including the First Expiration Date), the Calculation Agent shall make adjustments, if applicable, to the Daily Number of Warrants for which such day shall be an

	Expiration Date and shall designate an Exchange Business Day or a number of Exchange Business Days as the Expiration Date(s) for the remaining Daily Number of Warrants or a portion thereof for the original Expiration Date; *provided* that if such Expiration Date has not occurred pursuant to this clause as of the eighth Exchange Business Day following the last scheduled Expiration Date under this Transaction, the Calculation Agent shall have the right to declare such Exchange Business Day to be the final Expiration Date and the Calculation Agent shall determine its good faith estimate of the fair market value for the Shares as of the Valuation Time on that eighth Exchange Business Day or on any subsequent Exchanged Business Day, as the Calculation Agent shall determine using commercially reasonable means.
First Expiration Date:	April 5, 2011, subject to Market Disruption Event below.
Automatic Exercise:	Applicable; and means that, a number of Warrants for each Expiration Date equal to the Daily Number of Warrants (as adjusted pursuant to the terms hereof) for such Expiration Date will be deemed to be automatically exercised.
Market Disruption Event:	Section 4.3(a)(ii) is hereby amended by adding after the words "or Share Basket Transaction" in the first line thereof a phrase "a failure by the Exchange or Related Exchange to open for trading during its regular trading session or" and replacing the phrase "during the one-half hour period that ends at the relevant Valuation Time" with the phrase "at any time during the regular trading session on the Exchange or any Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours".
Valuation applicable to each Warrant:	
Valuation Time:	At the close of trading of the regular trading session on the Exchange; *provided* that if the principal trading session is extended, the Calculation Agent shall determine the Valuation Time in its reasonable discretion.
Valuation Date:	Each Exercise Date. Notwithstanding anything to the contrary in the Equity Definitions, if there is a Market Disruption Event on any Valuation Date, then the Calculation Agent shall determine the Settlement Price for such Valuation Date on the basis of its good faith estimate of the market value for the relevant Shares on such Valuation Date.
Settlement Terms applicable to the Transaction:	
Method of Settlement:	Net Share Settlement; and means that, on each Settlement Date, Company shall deliver to BofA, the Share Delivery Quantity of Shares for such Settlement Date to the account specified hereto free of payment through the Clearance System.

Share Delivery Quantity:	For any Settlement Date, a number of Shares, as calculated by the Calculation Agent, equal to the Net Share Settlement Amount for such Settlement Date *divided by* the Settlement Price on the Valuation Date in respect of such Settlement Date, *plus* cash in lieu of any fractional shares (based on such Settlement Price).
Net Share Settlement Amount:	For any Settlement Date, an amount equal to the product of (i) the Number of Warrants being exercised on the relevant Exercise Date (or in the case of any exercise (including any Automatic Exercise) on an Expiration Date, the Daily Number of Warrants for such Expiration Date), (ii) the Strike Price Differential for such Settlement Date and (iii) the Warrant Entitlement.
Strike Price Differential:	(a) If the Settlement Price for any Valuation Date is greater than the Strike Price, an amount equal to the excess of such Settlement Price over the Strike Price; or (b) If such Settlement Price is less than or equal to the Strike Price, zero.
Settlement Price:	For any Valuation Date, the per Share volume-weighted average prices for such Valuation Date as displayed under the heading "Bloomberg VWAP" on Bloomberg page SAH <equity> AQR (or any successor thereto) in respect of the period from 9:30 a.m. to 4:00 p.m. (New York City time) on such Valuation Date (or if such volume-weighted average price is unavailable, the market value of one Share on such Valuation Date, as determined by the Calculation Agent).
Settlement Date:	For any Exercise Date, the date defined as such in Section 6.2 of the Equity Definitions, subject to Section 9(q)(i) hereof.
Failure to Deliver:	Inapplicable
Other Applicable Provisions:	The provisions of Sections 6.6, 6.7, 6.8, 6.9 and 6.10 of the Equity Definitions will be applicable, except that all references in such provisions to "Physically-Settled" shall be read as references to "Net Share Settled". "Net Share Settled" in relation to any Warrant means that Net Share Settlement is applicable to that Warrant.

3. Additional Terms applicable to the Transaction:

Adjustments applicable to the Warrants:

Method of Adjustment:	Calculation Agent Adjustment. For avoidance of doubt, in making any adjustments under the Equity Definitions, the Calculation Agent may adjust the Strike Price, the Number of Warrants, the Daily Number of Warrants and the Warrant Entitlement. Notwithstanding the foregoing, any cash dividends or distributions, whether or not extraordinary, shall be governed by Section 9(l) of this Confirmation and not by Section 9.1(c) of the Equity Definitions.

Extraordinary Events applicable to the Transaction:

Consequence of Merger Events

(a) Share-for-Share:	Alternative Obligation; *provided* that the Calculation Agent will determine if the Merger Event affects the theoretical value of the Transaction, and, if so, BofA, in its sole commercially reasonable discretion, may elect to make adjustments to the Strike Price and any other term necessary to reflect the characteristics (including volatility, dividend practice, borrow cost, policy and liquidity) of the New Shares. Notwithstanding the foregoing, Cancellation and Payment shall apply in the event the New Shares are not publicly traded on a United States national securities exchange or quoted on the NASDAQ National Market.
(b) Share-for-Other:	Cancellation and Payment
(c) Share-for-Combined:	Cancellation and Payment
Nationalization or Insolvency:	Cancellation and Payment

For the avoidance of doubt, the provisions of Section 9(o) shall apply to any amount that is payable by Company to BofA pursuant to Extraordinary Events applicable to the Transaction.

4. Calculation Agent:	BofA, whose calculations and determinations shall be made in good faith and in a commercially reasonable manner, including with respect to calculations and determinations that are made in its sole discretion.

5. Account Details:

(a) Account for payments to Company:

Bank Name:	Bank of America
Bank Address:	Jacksonville, FL
Routing Nbr Wires Only:	XXXX
Account Name:	Sonic Automotive, Inc
Account No:	XXXX

Account for delivery of Shares to Company:

Sonic Automotive, Inc.
c/o Wachovia account #XXXX to be settled via DWAC

(b) Account for payments to BofA:

Bank of America, N.A.
San Francisco, CA
SWIFT: BOFAUS65
Bank Routing: XXXX
Account Name: Bank of America
Account No. : XXXX

Account for delivery of Shares from BofA:

DTC XXXX
Acct Name: Bank of America NA
Acct #: XXXX

6. Offices:

The Office of Company for the Transaction is: Inapplicable, Company is not a Multibranch Party.

The Office of BofA for the Transaction is: Charlotte

Bank of America, N.A.
c/o Banc of America Securities LLC
Equity Financial Products
9 West 57th Street, 40th Floor
New York, NY 10019
Telephone No.: 212-583-8142
Facsimile No.: 212-326-9882

7. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Company:

Sonic Automotive, Inc.
6415 Idlewild Rd, Suite 109
Charlotte NC 28212
Attention: Greg D. Young
Chief Accounting Officer
Telephone No.: (704) 566-2400
Facsimile No.: (704) 566-6031

(b) Address for notices or communications to BofA:

c/o Banc of America Securities LLC
Equity Financial Products
Attention: Legal Department
9 West 57th Street, 40th Floor
New York, NY 10019
Facsimile No.: 212-326-8610

8. Representations and Warranties of Company

The representations and warranties of Company set forth in Section 1 of the Purchase Agreement (the "**Purchase Agreement**") dated as of November 18, 2005 among Company, Banc of America Securities LLC, J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, the "**Underwriters**") are true and correct and are hereby deemed to be repeated to BofA as if set forth herein. Company hereby further represents and warrants to BofA that:

(a) Company has all necessary corporate power and authority to execute, deliver and perform its obligations in respect of this Transaction; such execution, delivery and performance have been duly authorized by all necessary corporate action on Company's part; and this Confirmation has been duly and validly executed and delivered by Company and constitutes its valid and binding obligation, enforceable against Company in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity) and except that rights to indemnification and contribution thereunder may be limited by federal or state securities laws or public policy relating thereto.

(b) Neither the execution and delivery of this Confirmation nor the incurrence or performance of obligations of Company hereunder will conflict with or result in (i) a breach of the certificate of incorporation or by-laws (or any equivalent documents) of Company, (ii) any applicable law or regulation, (iii) any material order, writ, injunction or decree of any court or governmental authority or agency, or (iv) any agreement or instrument to which Company or any of its "significant subsidiaries" (as defined in Regulation S-X) is a party or by which Company or any of its "significant subsidiaries" (as defined in Regulation S-X) is bound or to which Company or any of its "significant subsidiaries" (as defined in Regulation S-X) is subject, a breach of which would have a material adverse effect on Company's ability to perform under this Confirmation, or constitute a default under, or result in the creation of any lien under, any such agreement or instrument, or breach or constitute a default under any agreements and contracts of Company and the "significant subsidiaries" (as defined in Regulation S-X) filed as exhibits to Company's Annual Report on Form 10-K for the year ended December 31, 2004, incorporated by reference in the Prospectus.

(c) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required in connection with the execution, delivery or performance by Company of this Confirmation, except such as have been obtained or made and such as may be required under the Securities Act of 1933 (the "**Securities Act**") or state securities laws.

(d) The Shares of Company initially issuable upon exercise of the Warrant by the net share settlement method (the "**Warrant Shares**") have been reserved for issuance by all required corporate action of Company. The Warrant Shares have been duly authorized and, when delivered against payment therefor (which may include Net Share Settlement in lieu of cash) and otherwise as contemplated by the terms of the Warrant following the exercise of the Warrant in accordance with the terms and conditions of the Warrant, will be validly issued, fully-paid and non-assessable, and the issuance of the Warrant Shares will not be subject to any preemptive or similar rights.

(e) Company is an "eligible contract participant" (as such term is defined in Section 1(a)(12) of the Commodity Exchange Act, as amended (the "**CEA**") because one or more of the following is true:

Company is a corporation, partnership, proprietorship, organization, trust or other entity and:

(A) Company has total assets in excess of USD 10,000,000;

(B) the obligations of Company hereunder are guaranteed, or otherwise supported by a letter of credit or keepwell, support or other agreement, by an entity of the type described in Section 1a(12)(A)(i) through (iv), 1a(12)(A)(v)(I), 1a(12)(A)(vii) or 1a(12)(C) of the CEA; or

(C) Company has a net worth in excess of USD 1,000,000 and has entered into this Agreement in connection with the conduct of Company's business or to manage the risk associated with an asset or liability owned or incurred or reasonably likely to be owned or incurred by Company in the conduct of Company's business.

(f) Company and each of its affiliates is not, on the date hereof, in possession of any material non-public information with respect to Company.

9. Other Provisions:

(a) *Opinions*. Company shall deliver an opinion of counsel, dated as of the Trade Date, to BofA with respect to the matters set forth in Sections 8(a) through (e) of this Confirmation.

(b) *Amendment*. If the Underwriters exercise their right to receive additional Convertible Notes pursuant to the underwriters' option to purchase additional Convertible Notes, then, at the discretion of Company, BofA and Company will either enter into a new confirmation or amend this Confirmation to provide for such increase in Convertible Notes (but on pricing terms acceptable to BofA and Company) (such additional confirmation or amendment to this Confirmation to provide for the payment by Company to BofA of the additional premium related thereto).

(c) *No Reliance, etc.* Each party represents that (i) it is entering into the Transaction evidenced hereby as principal (and not as agent or in any other capacity); (ii) neither the other party or parties nor any of its or their agents are acting as a fiduciary for it; (iii) it is not relying upon any representations except those expressly set forth in the Agreement or this Confirmation; (iv) it has not relied on the other party or parties for any legal, regulatory, tax, business, investment, financial, and accounting advice, and it has made its own investment, hedging, and trading decisions based upon its own judgment and not upon any view expressed by the other party or parties or any of its or their agents; and (v) it is entering into this Transaction with a full understanding of the terms, conditions and risks thereof and it is capable of and willing to assume those risks.

(d) *Share De-listing Event.* If at any time during the period from and including the Trade Date, to and including the Final Expiration Date, the Shares cease to be listed or quoted on the Exchange (a "**Share De-listing**") for any reason (other than a Merger Event as a result of which the shares of common stock underlying the Options are listed or quoted on The New York Stock Exchange, The American Stock Exchange or the NASDAQ National Market (or their respective successors) (the "**Successor Exchange**")) and are not immediately re-listed or quoted as of the date of such de-listing on the Successor Exchange, then such event shall constitute an Additional Termination Event hereunder; *provided* that (i) Company shall be the sole Affected Party with respect to such event and (ii) BofA shall have the right to designate an Early Termination Date with respect thereto.

(e) *Repurchase Notices*. Company shall, on any day on which Company effects any repurchase of Shares, promptly give BofA a written notice of such repurchase (a "**Repurchase Notice**") on such day if following such repurchase, the number of outstanding Shares on such day, subject to any adjustments provided herein, is (i) less than 2.6 million or (ii) more than 350,000 less than the number of Shares included in the immediately preceding Repurchase Notice. Company agrees to indemnify and hold harmless BofA and its affiliates and their respective officers, directors, employees, affiliates, advisors, agents and controlling persons (each, an "**Indemnified Person**") from and against any and all losses (including losses relating to BofA's hedging activities as a consequence of becoming, or of the risk of becoming, a Section 16 "insider", including without limitation, any forbearance from hedging activities or cessation of hedging activities and any

losses in connection therewith with respect to this Transaction), claims, damages, judgments, liabilities and expenses (including reasonable attorney's fees), joint or several, which an Indemnified Person actually may become subject to, a result of Company's failure to provide BofA with a Repurchase Notice on the day and in the manner specified in this Section 9(e), and to reimburse, within 30 days, upon written request, each of such Indemnified Persons for any reasonable legal or other expenses incurred in connection with investigating, preparing for, providing testimony or other evidence in connection with or defending any of the foregoing. If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against the Indemnified Person as a result of Company's failure to provide BofA with a Repurchase Notice in accordance with this paragraph, such Indemnified Person shall promptly notify Company in writing, and Company, upon request of the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others Company may designate in such proceeding and shall pay the reasonable fees and expenses of such counsel related to such proceeding. Company shall not be liable for any settlement of any proceeding contemplated by this paragraph that is effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, Company agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Company shall not, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding contemplated by this paragraph that is in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding on terms reasonably satisfactory to such Indemnified Person. If the indemnification provided for in this paragraph (e) is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then Company under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities. The remedies provided for in this paragraph (e) are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity. The indemnity and contribution agreements contained in this paragraph (e) shall remain operative and in full force and effect regardless of the termination of this Transaction.

(f) *Regulation M*. Company was not on the Trade Date and is not on the date hereof engaged in a distribution, as such term is used in Regulation M under the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), of any securities of Company, other than (i) a distribution meeting the requirements of the exception set forth in sections 101(b)(10) and 102(b)(7) of Regulation M and (ii) the distribution of the Convertible Notes. Company shall not, until the fifth Exchange Business Day immediately following the Trade Date, engage in any such distribution.

(g) *No Manipulation*. Company is not entering into this Transaction to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for the Shares).

(h) *Board Authorization*. Company represents that it is authorized to enter into the Transaction. Company further represents that there is no internal policy, whether written or oral, of Company that would prohibit Company from entering into any aspect of this Transaction, including, but not limited to, the issuance of Shares to be made pursuant hereto.

(i) *Transfer or Assignment*. Company may not transfer any of its rights or obligations under this Transaction without the prior written consent of BofA except in transactions contemplated by Section 3(a). BofA may transfer or assign all or any portion of its rights or obligations under this

Transaction without consent of Company. If BofA, in its sole discretion, determines that, (x) its "beneficial ownership" (within the meaning of Section 16 of the Exchange Act and rules promulgated thereunder) exceeds 8% or more of Company's outstanding Shares or (y) the product of the Number of Warrants and the Warrant Entitlement exceeds 15% of Company's outstanding Shares, and, in its sole discretion, BofA is unable after its commercially reasonable efforts to effect a transfer or assignment on pricing terms and in a time period reasonably acceptable to BofA that would reduce its "beneficial ownership" to 7.5% or such product to 14.5%, as the case may be, BofA may designate any Exchange Business Day as an Early Termination Date with respect to a portion (the "**Terminated Portion**") of this Transaction, such that the its "beneficial ownership" following such partial termination will be equal to or less than 8%, or the product of the Number of Warrants and the Warrant Entitlement will be less than 15.0%, as the case may be. In the event that BofA so designates an Early Termination Date with respect to a portion of this Transaction, a payment shall be made pursuant to Section 6 of the Agreement and Section 9(l) hereof as if (i) an Early Termination Date had been designated in respect of a Transaction having terms identical to this Transaction and a Number of Warrants equal to the Terminated Portion, (ii) Company shall be the sole Affected Party with respect to such partial termination and (iii) such Transaction shall be the only Terminated Transaction (and, for the avoidance of doubt, the provisions of Section 9(o) shall apply to any amount that is payable by Company to BofA pursuant to this sentence). For the avoidance of doubt, if BofA assigns or terminates any Warrants hereunder, each Daily Number of Warrants not previously settled shall be reduced proportionally, as calculated by the Calculation Agent. Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing BofA to purchase, sell, receive or deliver any shares or other securities to or from Company, BofA may designate any of its affiliates to purchase, sell, receive or deliver such shares or other securities and otherwise to perform BofA's obligations in respect of this Transaction and any such designee may assume such obligations. BofA shall be discharged of its obligations to Company to the extent of any such performance.

(j) *Damages*. Neither party shall be liable under Section 6.10 of the Equity Definitions for special, indirect or consequential damages, even if informed of the possibility thereof.

(k) *Dividends*. If at any time during the period from and including the Trade Date, to but excluding the Expiration Date, an ex-dividend date for a cash dividend occurs with respect to the Shares (an "**Ex-Dividend Date**"), and that dividend is greater than the Regular Dividend on a per Share basis then the Calculation Agent will adjust the Strike Price, the Number of Warrants, the Daily Number of Warrants and the Warrant Entitlement to preserve the fair value of the Warrant to BofA after taking into account such dividend; provided that to the extent such adjustment affects the Strike Price, the Calculation Agent shall make a corresponding adjustment to the Additional Shares (as defined below) as of the date of such adjustment. "**Regular Dividend**" shall mean USD 0.12 per Share per quarter.

(l) *Additional Provisions*.

(i) The first paragraph of Section 9.1(c) of the Equity Definitions is hereby amended to read as follows: (c) 'If "Calculation Agent Adjustment" is specified as the method of adjustment in the Confirmation of a Share Option Transaction, then following the declaration by the Issuer of the terms of any Potential Adjustment Event, other than any Potential Adjustment Event resulting from the occurrence of an event which is outside of Company's control, the Calculation Agent will determine whether such Potential Adjustment Event has a material effect on the theoretical value of the relevant Shares or Warrants and, if so, will (i) make appropriate adjustment(s), if any, to any one or more of:' and, the sentence immediately preceding Section 9.1(c)(ii) is hereby amended by deleting the words "diluting or concentrative".

(ii) Section 9.1(e)(vi) of the Equity Definitions is hereby amended by deleting the words "other similar" between "any" and "event"; deleting the words "diluting or concentrative" and replacing them with "material"; and adding the following words at the end of the sentence "or Warrants".

(iii) Section 9.6(a)(ii) of the Equity Definitions is hereby amended by (1) deleting from the third line thereof the word "or" after the word "official" and inserting a comma therefor, and (2) deleting the period at the end of subsection (ii) thereof and inserting the following words therefor " or (C) at BofA's option, the occurrence of any of the events specified in Section 5(a)(vii) (1) through (9) of the ISDA Master Agreement with respect to that Issuer."

(iv) Notwithstanding Section 6(e) of the Agreement or Section 9.7 of the Equity Definitions, if, with respect to the Transaction contemplated hereunder, (A) an Early Termination Date with respect to any Event of Default or any Termination Date, (B) a Merger Date with respect to any Merger Event (for the purpose of this provision, solely relating to the Merger Event contemplated by Section 9.2(a)(iii) of the Equity Definitions and which event shall not result from any action taken by, or within the control of, Company), or (C) a date as of which Section 9.6(c)(ii)(A) or Section 9.6(c)(ii)(B) of the Equity Definitions applies with respect to any Extraordinary Event shall occur (any such date, the "**Relevant Date**"), then in lieu of calculating any payments hereunder pursuant to Section 6(e) of the Agreement or Section 9.7 of the Equity Definitions, as applicable, the Calculation Agent, in its sole discretion, shall determine the amount payable by Company to BofA on the following basis:

(1) such Relevant Date shall be the sole Exercise Date hereunder and Automatic Exercise shall be applicable to the Number of Warrants;

(2) the Settlement Method shall be Net Share Settlement;

(3) Company shall deliver to BofA the Net Share Settlement Amount on the Settlement Date with respect to such Relevant Date; and

(4) Net Share Settlement Amount shall mean the number of Shares equal to the sum of (A) a fraction (x) the numerator of which is the product of (a) the Strike Price Differential on such Relevant Date, (b) the Number of Warrants and (c) the Warrant Entitlement, and (y) the denominator of which is the Relevant Price on such date and (B) the product of (x) the additional Shares per Warrant (the "**Additional Shares**") determined by reference to the table attached as Annex A hereto based on the date on which such Relevant Date occurs and the Relevant Price on such date, (y) the Number of Warrants, and (z) the Warrant Entitlement.

(5) with respect to the determination of Additional Shares, if the actual Relevant Price is between two Relevant Price amounts in the table or the Relevant Date is between two Relevant Dates in the table, the Additional Shares shall be determined by a straight-line interpolation between the number of Additional Shares set forth for the next higher and next lower Relevant Price amounts and the two nearest Relevant Dates, as applicable, based on a 365-day year.

(6) with respect to any adjustment to the terms of the Transaction, the Calculation Agent, in its reasonable discretion, all correspondingly adjust the Additional Shares and/or the Relevant Prices (each as set forth in the table in Annex A hereto) as of any date of such adjustments. For the avoidance of doubt, any adjustment made to the Additional Shares and/or the Relevant Prices (each as set forth in the table in Annex A hereto) shall be consistent with (i) the adjustments made pursuant to the provisions of this Section 9(l)(iv)

if such adjustments were the result of an event which was outside of Company's control, and (ii) the adjustments made to pursuant to the applicable provisions of this Confirmation if such adjustments were the result of an event which was within Company's control.

(v) For the avoidance of doubt, for the purposes of any calculation made by the Calculation Agent, with respect to this Transaction pursuant to Section 9.1(c) of the Equity Definitions and relating to any Potential Adjustment Event that is within Company's control, such calculations shall be made based upon the Calculation Agent's determination of the fair market value of the Shares or Warrants under the then prevailing circumstances, such determination may factor in any loss or cost incurred in connection with our terminating, liquidating, or re-establishing hedge positions relating to the Shares in connection with the Transaction and the Calculation Agent shall, in its sole discretion, make corresponding adjustments to the Additional Shares (as defined below) contained in Annex A hereto and, if applicable, to the Reference Prices contained in such Annex A.

(m) *No Collateral or Setoff*. Notwithstanding any provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Company hereunder are not secured by any collateral. Obligations under this Transaction shall not be set off by Company against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise. Any provision in the Agreement with respect to the satisfaction of Company's payment obligations to the extent of BofA's payment obligations to Company in the same currency and in the same Transaction (including, without limitation Section 2(c) thereof) shall not apply to Company and, for the avoidance of doubt, Company shall fully satisfy such payment obligations notwithstanding any payment obligation to Company by BofA in the same currency and in the same Transaction. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (1) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (a) this Transaction and (b) all other Transactions, and (2) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

(n) *Status of Claims in Bankruptcy*. BofA acknowledges and agrees that this confirmation is not intended to convey to BofA rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Company; *provided, however*, that nothing herein shall limit or shall be deemed to limit BofA's right to pursue remedies in the event of a breach by Company of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit BofA's rights in respect of any transaction other than the Transaction.

(o) *Alternative Calculations and Payment on Early Termination and on Certain Extraordinary Events*. If, in respect of this Transaction, an amount is payable by Company to BofA, (i) pursuant to Section 9.7 of the Equity Definitions (except in the event of a Nationalization or Insolvency or a Merger Event, in each case, in which the consideration to be paid to holders of Shares consists solely of cash) or (ii) pursuant to Section 6(d)(ii) of the Agreement (except in the event of an Event of Default in which Company is the Defaulting Party or a Termination Event in which Company is the Affected Party, other than an Event of Default of the type described in (x) Section 5(a)(iii), (v), (vi), (vii) or (viii) of the Agreement or (y) a Termination Event of the type described in Section 5(b)(i), (ii), (iii), (iv), (v) or (vi) of the Agreement, in the case of both (x) and (y), that resulted from an event or events outside Company's control) (a "**Payment Obligation**"), Company may, in its sole discretion, satisfy any such Payment Obligation by the Share Termination Alternative (as defined below) and shall give irrevocable telephonic notice to BofA, confirmed in writing within one Currency Business Day, no later than 12:00 p.m. New York local

time on the Merger Date, the date of the occurrence of the Nationalization or Insolvency, or Early Termination Date, as applicable; *provided* that if Company does not validly elect to satisfy its Payment Obligation by the Share Termination Alternative, BofA shall have the right to require Company to satisfy its Payment Obligation by the Share Termination Alternative. Notwithstanding the foregoing, Company's or BofA's right to elect satisfaction of a Payment Obligation in the Share Termination Alternative as set forth in this clause shall only apply to Transactions under this Confirmation and, notwithstanding anything to the contrary in the Agreement, (1) separate amounts shall be calculated with respect to (a) Transactions hereunder and (b) all other Transactions under the Agreement, and (2) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement, subject to, in the case of clause (a), Company's Share Termination Alternative right hereunder.

Share Termination Alternative:	Applicable and means that Company shall deliver to BofA the Share Termination Delivery Property on the date (the "**Share Termination Payment Date**") when the Payment Obligation would otherwise be due, subject to paragraph (q)(i) below, in satisfaction, subject to paragraph (q)(ii) below, of the Payment Obligation in the manner reasonably requested by BofA free of payment.
Share Termination Delivery Property:	A number of Share Termination Delivery Units, as calculated by the Calculation Agent, equal to the Payment Obligation divided by the Share Termination Unit Price. The Calculation Agent shall adjust the Share Termination Delivery Property by replacing any fractional portion of a security therein with an amount of cash equal to the value of such fractional security based on the values used to calculate the Share Termination Unit Price.
Share Termination Unit Price:	The value to BofA of property contained in one Share Termination Delivery Unit on the date such Share Termination Delivery Units are to be delivered as Share Termination Delivery Property, as determined by the Calculation Agent in its discretion by commercially reasonable means and notified by the Calculation Agent to Company at the time of notification of the Payment Obligation. In the case of a Private Placement of Share Termination Delivery Units that are Restricted Shares (as defined below) as set forth in paragraph (q)(i) below, the Share Termination Unit Price shall be determined by the discounted price applicable to such Share Termination Delivery Units. In the case of a Registered Settlement in Share Termination Delivery Units that are Restricted Shares (as defined below) as set forth in paragraph (q)(ii) below, the Share Termination Unit Price shall be the Settlement Price on the Merger Date, the date of the occurrence of the Nationalization or Insolvency, or Early Termination Date, as applicable.

Share Termination Delivery Unit:	In the case of a Termination Event or Event of Default, one Share or, in the case of Nationalization or Insolvency or a Merger Event, a unit consisting of the number or amount of each type of property received by a holder of one Share (without consideration of any requirement to pay cash or other consideration in lieu of fractional amounts of any securities) in such Nationalization or Insolvency or such Merger Event. If such Merger Event involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash.
Failure to Deliver:	Inapplicable
Other applicable provisions:	If this Transaction is to be Share Termination Settled, the provisions of Sections 6.6, 6.7, 6.8, 6.9 and 6.10 (as modified above) of the Equity Definitions will be applicable, except that all references in such provisions to "Physically-Settled" shall be read as references to "Share Termination Settled" and all references to "Shares" shall be read as references to "Share Termination Delivery Units". "Share Termination Settled" in relation to this Transaction means that Share Termination Settlement is applicable to this Transaction.

(p) *Registration/Private Placement Procedures*. If, in the reasonable opinion of BofA, following any delivery of Shares or Share Termination Delivery Property to BofA hereunder, such Shares or Share Termination Delivery Property would be in the hands of BofA subject to any applicable restrictions with respect to any registration or qualification requirement or prospectus delivery requirement for such Shares or Share Termination Delivery Property pursuant to any applicable federal or state securities law (including, without limitation, any such requirement arising under Section 5 of the Securities Act as a result of such Shares or Share Termination Delivery Property being "restricted securities", as such term is defined in Rule 144 under the Securities Act, or as a result of the sale of such Shares or Share Termination Delivery Property being subject to paragraph (c) of Rule 145 under the Securities Act) (such Shares or Share Termination Delivery Property, "**Restricted Shares**"), then delivery of such Restricted Shares shall be effected pursuant to either clause (i) or (ii) below at each election of Company, unless BofA waives the need for the registration/private placement procedures set forth in (i) and (ii) below. Notwithstanding the foregoing, solely in respect of any Daily Number of Warrants exercised or deemed exercised on any Expiration Date, Company shall elect, 30 days prior to the first Settlement Date for the first Expiration Date, a Private Placement Settlement or Registered Settlement for all deliveries of Restricted Shares for all such Expiration Dates which election shall be applicable to all Settlement Dates for such Warrants and the procedures in clause (i) or clause (ii) below shall apply for all such delivered Restricted Shares on an aggregate basis commencing after the final Settlement Date for such Warrants. The Calculation Agent shall make reasonable adjustments to settlement terms and provisions under this Confirmation to reflect a single Private Placement or Registered Settlement for such aggregate Restricted Shares delivered hereunder.

(i) If Company elects to settle the Transaction pursuant to this clause (i) (each, a '**Private Placement Settlement**"), then delivery of Restricted Shares by Company shall be effected

in customary private placement procedures with respect to such Restricted Shares reasonably acceptable to BofA; *provided* that Company may not elect a Private Placement Settlement if, on the date of its election, it has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(2) of the Securities Act for the sale by Company to BofA (or any affiliate designated by BofA) of the Restricted Shares or the exemption pursuant to Section 4(1) or Section 4(3) of the Securities Act for resales of the Restricted Shares by BofA (or any such affiliate of BofA). The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to BofA, due diligence rights (for BofA or any designated buyer of the Restricted Shares by BofA), opinions and certificates, and such other documentation as is customary for private placement agreements, all reasonably acceptable to BofA. In the case of a Private Placement Settlement, BofA shall determine whether the discount to the Share Termination Unit Price (in the case of settlement in Share Termination Delivery Units pursuant to paragraph (q) above) or any Settlement Price (in the case of settlement in Shares pursuant to Section 2 above) applicable to such Restricted Shares in a commercially reasonable manner is appropriate and appropriately adjust the number of such Restricted Shares to be delivered to BofA hereunder; *provided* that in no event such number shall be greater than 25 million (the "**Maximum Amount**"). Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the second Exchange Business Day following notice by BofA to Company, of such applicable discount and the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Share Termination Payment Date (in the case of settlement in Share Termination Delivery Units pursuant to paragraph (q) above) or on the Settlement Date for such Restricted Shares (in the case of settlement in Shares pursuant to Section 2 above).

In the event Company shall not have delivered the full number of Restricted Shares otherwise applicable as a result of the proviso above relating to the Maximum Amount (such deficit, the "**Deficit Restricted Shares**"), Company shall be continually obligated to deliver, from time to time until the full number of Deficit Restricted Shares have been delivered pursuant to this paragraph, Restricted Shares when, and to the extent, that (i) Shares are repurchased, acquired or otherwise received by Company or any of its subsidiaries after the Trade Date (whether or not in exchange for cash, fair value or any other consideration), (ii) authorized and unissued Shares reserved for issuance in respect of other transactions prior to such date which prior to such Settlement Date become no longer so reserved and (iii) Company additionally authorizes Shares that are not dedicated to or reserved for other transactions. Company shall immediately notify BofA of the occurrence of any of the foregoing events (including the number of Shares subject to clause (i), (ii) or (iii) and the corresponding number of Restricted Shares to be delivered) and promptly deliver such Restricted Shares thereafter.

(ii) If Company elects to settle the Transaction pursuant to this clause (ii) (each, a "**Registration Settlement**"), then Company shall promptly (but in any event no later than the beginning of the Resale Period) file and use its reasonable best efforts to make effective under the Securities Act a registration statement or supplement or amend an outstanding registration statement in form and substance reasonably satisfactory to BofA, to cover the resale of such Restricted Shares in accordance with customary resale registration procedures, including covenants, conditions, representations, underwriting discounts (if applicable), commissions (if applicable), indemnities, due diligence rights, opinions and certificates, and such other documentation as is customary for equity resale underwriting agreements, all reasonably acceptable to BofA. If BofA, in its sole

reasonable discretion, is not satisfied with such procedures and documentation Private Placement, Settlement shall apply. If BofA is satisfied with such procedures and documentation, it shall sell the Restricted Shares pursuant to such registration statement during a period (the "**Resale Period**") commencing on the Exchange Business Day following delivery of such Restricted Shares (which, for the avoidance of doubt, shall be (x) any Settlement Date in the case of an exercise of Warrants prior to the first Expiration Date pursuant to Section 2 above, (y) the Share Termination Payment Date in case of settlement in Share Termination Delivery Units pursuant to paragraph (q) above or (z) the Settlement Date in respect of the final Expiration Date for all Daily Number of Warrants) and ending on the earliest of (i) the Exchange Business Day on which BofA completes the sale of all Restricted Shares or, in the case of settlement in Share Termination Delivery Units, a sufficient number of Restricted Shares so that the realized net proceeds of such sales exceed the Payment Obligation (as defined above), (ii) the date upon which all Restricted Shares have been sold or transferred pursuant to Rule 144 (or similar provisions then in force) or Rule 145(d)(1) or (2) (or any similar provision then in force) under the Securities Act and (iii) the date upon which all Restricted Shares may be sold or transferred by a non-affiliate pursuant to Rule 144(k) (or any similar provision then in force) or Rule 145(d)(3) (or any similar provision then in force) under the Securities Act. If the Payment Obligation exceeds the realized net proceeds from such resale, Company shall transfer to BofA by the open of the regular trading session on the Exchange on the Exchange Trading Day immediately following the last day of the Resale Period the amount of such excess (the "**Additional Amount**") in cash or in a number of Shares ("**Make-whole Shares**") in an amount that, based on the Settlement Price on the last day of the Resale Period (as if such day was the "Valuation Date" for purposes of computing such Settlement Price), has a dollar value equal to the Additional Amount. The Resale Period shall continue to enable the sale of the Make-whole Shares. If Company elects to pay the Additional Amount in Shares, the requirements and provisions for Registration Settlement shall apply. This provision shall be applied successively until the Additional Amount is equal to zero. In no event shall Company deliver a number of Restricted Shares greater than the Maximum Amount.

(iii) Without limiting the generality of the foregoing, Company agrees that any Restricted Shares delivered to BofA, as purchaser of such Restricted Shares, (i) may be transferred by and among BofA and its affiliates and Company shall effect such transfer without any further action by BofA and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after any Settlement Date for such Restricted Shares, Company shall promptly remove, or cause the transfer agent for such Restricted Shares to remove, any legends referring to any such restrictions or requirements from such Restricted Shares upon delivery by BofA (or such affiliate of BofA) to Company or such transfer agent of seller's and broker's representation letters customarily delivered by BofA in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by BofA (or such affiliate of BofA).

If the Private Placement Settlement or the Registration Settlement shall not be effected as set forth in clauses (i) or (ii), as applicable, then failure to effect such Private Placement Settlement or such Registration Settlement shall constitute an Event of Default with respect to which Company shall be the Defaulting Party.

(q) *Limit on Beneficial Ownership*. Notwithstanding any other provisions hereof, BofA may not exercise any Warrant hereunder, and Automatic Exercise shall not apply with respect thereto, to

the extent (but only to the extent) that such receipt would result in BofA directly or indirectly beneficially owning (as such term is defined for purposes of Section 13(d) of the Exchange Act) at any time in excess of 9.0% of the outstanding Shares. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that such delivery would result in BofA directly or indirectly so beneficially owning in excess of 9.0% of the outstanding Shares. If any delivery owed to BofA hereunder is not made, in whole or in part, as a result of this provision, Company's obligation to make such delivery shall not be extinguished and Company shall make such delivery as promptly as practicable after, but in no event later than one Business Day after, BofA gives notice to Company that such delivery would not result in BofA directly or indirectly so beneficially owning in excess of 9.0% of the outstanding Shares.

(r) *Share Deliveries*. Company acknowledges and agrees that, to the extent the holder of this Warrant is not then an affiliate and has not been an affiliate for 90 days (it being understood that BofA will not be considered an affiliate under this Section 9(r) solely by reason of its receipt of Shares pursuant to this Transaction), and otherwise satisfies all holding period and other requirements of Rule 144 of the Securities Act applicable to it, any delivery of Shares or Share Termination Property hereunder at any time after 2 years from the Trade Date shall be eligible for resale under Rule 144(k) of the Securities Act and Company agrees to promptly remove, or cause the transfer agent for such Shares or Share Termination Property, to remove, any legends referring to any restrictions on resale under the Securities Act from the Shares or Share Termination Property. Company further agrees, for any delivery of Shares or Share Termination Property hereunder at any time after 1 year from the Trade Date but within 2 years of the Trade Date, to the to the extent the holder of this Warrant then satisfies the holding period and other requirements of Rule 144 of the Securities Act, to promptly remove, or cause the transfer agent for such Restricted Share to remove, any legends referring to any such restrictions or requirements from such Restricted Shares. Such Restricted Shares will be de-legended upon delivery by BofA (or such affiliate of BofA) to Company or such transfer agent of customary seller's and broker's representation letters in connection with resales of restricted securities pursuant to Rule 144 of the Securities Act, without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by BofA (or such affiliate of BofA). Company further agrees that any delivery of Shares or Share Termination Delivery Property prior to the date that is 1 year from the Trade Date, may be transferred by and among BofA and its affiliates and Company shall effect such transfer without any further action by BofA. Notwithstanding anything to the contrary herein, Company agrees that any delivery of Shares or Share Termination Delivery Property shall be effected by book-entry transfer through the facilities of DTC, or any successor depositary, if at the time of delivery, such class of Shares or class of Share Termination Delivery Property is in book-entry form at DTC or such successor depositary. Notwithstanding anything to the contrary herein, to the extent the provisions of Rule 144 of the Securities Act or any successor rule are amended, or the applicable interpretation thereof by the Securities and Exchange Commission or any court change after the Trade Date, the agreements of Company herein shall be deemed modified to the extent necessary, in the opinion of outside counsel of Company, to comply with Rule 144 of the Securities Act, including Rule 144(k) as in effect at the time of delivery of the relevant Shares or Share Termination Property.

(s) *Additional Termination Events*. Any of the following events will a constitute an Additional Termination Event under the Agreement permitting BofA to terminate the Transaction with Company as the sole Affected Party and the Transaction as the sole Affected Transaction:

(i) a Hedging Disruption Event occurs. "Hedging Disruption Event" means with respect to BofA, as determined in its reasonable discretion, the inability or impracticality, due to market illiquidity, illegality, lack of hedging transactions or credit worthy market participants or other similar events, to establish, re-establish or maintain any transactions

necessary or advisable to hedge, directly or indirectly, the equity price risk of entering into and performing under the Transaction on terms including costs reasonable to BofA or an affiliate in its reasonable discretion, including the event that at any time BofA reasonably concludes that it or any of its affiliates are unable to establish, re-establish or maintain a full hedge of its position in respect of the Transaction through share borrowing arrangements on terms including costs deemed reasonable to BofA in its reasonable discretion. For the avoidance of doubt, the parties hereto agree that if (i) BofA reasonably determines that it is unable to borrow Shares to hedge its exposure with respect to the Transaction at a stock loan rebate rate equal to or in excess of zero; or (ii) the prevailing stock loan rebate rate for the Shares, as determined by the Calculation Agent, is less than zero, an Additional Termination Event under the Agreement shall occur with Company as the sole Affected Party and the Transaction as the sole Affected Transaction;

(ii) any "person" or "group" within the meaning of Section 13(d) of the Exchange Act other than Company, any of its subsidiaries or its employee benefit plans or a Smith Holder, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate "beneficial owner", as defined in Rule 13d-3 under the Exchange Act, of the common equity of Company representing more than 50% of the voting power of such common equity. "**Smith Holder**" means (1) Mr. O. Bruton Smith and his guardians, conservators, committees, or attorneys-in-fact; (2) lineal descendants of Mr. Smith ("**Descendants**") and their respective guardians, conservators, committees or attorneys-in-fact; or (3) each Family Controlled Entity. "**Family Controlled Entity**" means (1) any not-for-profit corporation if at least 80% of its board of directors is composed of Smith holders and/or Descendants; (2) any other corporation if at least 80% of the value of its outstanding equity is directly or indirectly owned by Smith holders; (3) any partnership if at least 80% of the value of the partnership interests are directly or indirectly owned by Smith holders; (4) any limited liability or similar company if at least 80% of the value of Company is directly or indirectly owned by Smith holders; or (5) any trusts created for the benefit of Mr. O. Bruton Smith and his guardians, conservators, committees, or attorneys-in-fact or Descendant of Mr. Smith and their respective guardians, conservators, committees or attorneys-in-fact;

(iii) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of Company and its subsidiaries, taken as a whole, to any person other than one of its subsidiaries;

(iv) any payment is made in respect of a tender offer or exchange offer for the Shares, to the extent that the cash and value of any other consideration included in the payment per share exceeds the last reported sale price of the Shares on the trading day immediately succeeding the last date on which the tenders or exchanges may be made pursuant to such tender or exchange offer; or

(v) the shareholders of Company approve any plan or proposal to liquidate or dissolve Company.

For the avoidance of doubt, the provisions of Section 9(o) shall apply to any amount that is payable by Company to BofA pursuant to this Section 9(s).

(t) *Governing Law*. New York law (without reference to choice of law doctrine).

(u) *Waiver of Jury Trial*. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Transaction, as applicable, by, among other things, the mutual waivers and certifications provided herein.

(v) *Tax Disclosure*. Effective from the date of commencement of discussions concerning the Transaction, Company and each of its employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to Company relating to such tax treatment and tax structure.

Company hereby agrees (a) to check this Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified and (b) to confirm that the foregoing (in the exact form provided by BofA) correctly sets forth the terms of the agreement between BofA and Company with respect to the Transaction, by manually signing this Confirmation or this page hereof as evidence of agreement to such terms and providing the other information requested herein and immediately returning an executed copy to Chris Hutmaker, Facsimile No. 212-326-9882.

Yours faithfully,

Bank of America, N.A.

By: /s/ Eric P. Hambleton

Authorized Signatory:
Title: Eric P. Hambleton
Authorized Signatory

Agreed and Accepted
as of the Trade Date:

Sonic Automotive, Inc.

By: /s/ Stephen K. Coss

Authorized Signatory
Name: Stephen K. Coss

Annex A

Relevant Date	Relevant Price									
	$5.00 or less	$10.00	$15.00	$20.00	$25.00	$30.00	$35.00	$40.00	$45.00	$50.00 or more
5/30/2006	0.0066	0.0462	0.1080	0.1751	0.2393	0.2978	0.2927	0.2206	0.1693	0.1313
11/30/2006	0.0042	0.0363	0.0925	0.1573	0.2214	0.2809	0.2772	0.2069	0.1572	0.1209
5/30/2007	0.0025	0.0274	0.0776	0.1394	0.2030	0.2633	0.2612	0.1927	0.1448	0.1103
11/30/2007	0.0013	0.0194	0.0626	0.1207	0.1833	0.2444	0.2439	0.1774	0.1315	0.0988
5/30/2008	0.0006	0.0127	0.0484	0.1017	0.1627	0.2243	0.2255	0.1610	0.1174	0.0868
11/30/2008	0.0002	0.0073	0.0348	0.0822	0.1407	0.2025	0.2054	0.1433	0.1022	0.0740
5/30/2009	0.0000	0.0035	0.0226	0.0626	0.1175	0.1789	0.1835	0.1241	0.0859	0.0606
11/30/2009	0.0000	0.0012	0.0122	0.0428	0.0921	0.1524	0.1588	0.1026	0.0680	0.0461
5/30/2010	0.0000	0.0002	0.0046	0.0242	0.0651	0.1226	0.1308	0.0787	0.0488	0.0312
11/30/2010	0.0000	0.0000	0.0007	0.0083	0.0355	0.0866	0.0965	0.0505	0.0275	0.0160
5/30/2011	0.0000	0.0000	0.0000	0.0003	0.0069	0.0399	0.0506	0.0173	0.0069	0.0038
9/23/2011	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

EXHIBIT 10.4

EXECUTION COPY

JPMorgan Chase Bank, National Association
P.O. Box 161
60 Victoria Embankment
London EC4Y 0JP
England

November 18, 2005

To: **Sonic Automotive, Inc.**
6415 Idlewild Rd, Suite 109
Charlotte NC 28212
Attention: Greg D. Young
Chief Accounting Officer
Telephone No.: (704) 566-2400
Facsimile No.: (704) 566-6031

Re: Warrants

The purpose of this letter agreement is to confirm the terms and conditions of the Warrants issued by **Sonic Automotive, Inc.** (the "**Company**") to JPMorgan Chase Bank, National Association, London Branch ("**JPMorgan**") on the Trade Date specified below (the "**Transaction**"). This letter agreement constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below. This Confirmation shall replace any previous letter and serve as the final documentation for this Transaction.

The definitions and provisions contained in the 1996 ISDA Equity Derivatives Definitions (the "**Equity Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Equity Definitions and this Confirmation, this Confirmation shall govern. This Transaction shall be deemed to be a Share Option Transaction within the meaning set forth in the Equity Definitions.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

1. This Confirmation evidences a complete and binding agreement between JPMorgan and Company as to the terms of the Transaction to which this Confirmation relates. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "**Agreement**") as if JPMorgan and Company had executed an agreement in such form (but without any Schedule except (i) for the election of the laws of the State of New York as the governing law, (ii) United States dollars as the Termination Currency on the Trade Date, (iii) that Cross-Default (as defined in Section 5(a)(vi) of the Agreement) shall apply to Company and (iii) with respect to Company, the definition of "Specified Transaction" shall be amended such that "Specified Transaction" shall mean any transaction or transactions which would otherwise be a deemed to be "Specified Transaction" pursuant to the terms of the Agreement where the aggregate principal amount of such Specified Transaction or Transactions shall be not less than USD 25 million). In the event of any inconsistency between provisions of that Agreement and this Confirmation, this Confirmation will prevail for the purpose of the Transaction to which this Confirmation relates. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	November 18, 2005
Warrants:	Equity call warrants, each giving the holder the right to purchase one Share at the Strike Price, subject to the Settlement Terms set forth below. For the purposes of the Equity Definitions, each reference to a Warrant shall be deemed to be a reference to a Call Option.
Warrant Style:	European
Buyer:	JPMorgan
Seller:	Company
Shares:	Class A common stock of Company, par value USD 0.01 per Share (Exchange symbol "**SAH**")
Number of Warrants:	3,261,707, subject to adjustments provided herein.
Daily Number of Warrants:	For any day, the Number of Warrants on such day, divided by the remaining number of Expiration Dates (including such day) and rounded down to the nearest whole number to account for any fractional Daily Number of Warrants.
Warrant Entitlement:	One Share per Warrant
Strike Price:	USD 33.00
Premium:	USD 4,350,000.00
Premium Payment Date:	November 23, 2005
Exchange:	The New York Stock Exchange
Related Exchange(s):	The principal exchange(s) for options contracts or futures contracts, if any, with respect to the Shares

Exercise and Valuation:

Expiration Time:	The Valuation Time
Expiration Dates:	Each Exchange Business Day in the period beginning on and including the First Expiration Date and ending on and including the 119th Exchange Business Day following the First Expiration Date shall be an "Expiration Date" for a number of Warrants equal to the Daily Number of Warrants on such date.

	Notwithstanding the foregoing and anything to the contrary in the Equity Definitions, if a Market Disruption Event occurs on any Expiration Date (including the First Expiration Date), the Calculation Agent shall make adjustments, if applicable, to the Daily Number of Warrants for which such day shall be an Expiration Date and shall designate an Exchange Business Day or a number of Exchange Business Days as the Expiration Date(s) for the remaining Daily Number of Warrants or a portion thereof for the original Expiration Date; provided that if such Expiration Date has not occurred pursuant to this clause as of the eighth Exchange Business Day following the last scheduled Expiration Date under this Transaction, the Calculation Agent shall have the right to declare such Exchange Business Day to be the final Expiration Date and the Calculation Agent shall determine its good faith estimate of the fair market value for the Shares as of the Valuation Time on that eighth Exchange Business Day or on any subsequent Exchanged Business Day, as the Calculation Agent shall determine using commercially reasonable means.
First Expiration Date:	April 5, 2011, subject to Market Disruption Event below.
Automatic Exercise:	Applicable; and means that, a number of Warrants for each Expiration Date equal to the Daily Number of Warrants (as adjusted pursuant to the terms hereof) for such Expiration Date will be deemed to be automatically exercised.
Market Disruption Event:	Section 4.3(a)(ii) is hereby amended by adding after the words "or Share Basket Transaction" in the first line thereof a phrase "a failure by the Exchange or Related Exchange to open for trading during its regular trading session or" and replacing the phrase "during the one-half hour period that ends at the relevant Valuation Time" with the phrase "at any time during the regular trading session on the Exchange or any Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours".
Valuation applicable to each Warrant:	
Valuation Time:	At the close of trading of the regular trading session on the Exchange; *provided* that if the principal trading session is extended, the Calculation Agent shall determine the Valuation Time in its reasonable discretion.
Valuation Date:	Each Exercise Date. Notwithstanding anything to the contrary in the Equity Definitions, if there is a Market Disruption Event on any Valuation Date, then the Calculation Agent shall determine the Settlement Price for such Valuation Date on the basis of its good faith estimate of the market value for the relevant Shares on such Valuation Date.

Settlement Terms applicable to the Transaction:

Method of Settlement:	Net Share Settlement; and means that, on each Settlement Date, Company shall deliver to JPMorgan, the Share Delivery Quantity of Shares for such Settlement Date to the account specified hereto free of payment through the Clearance System.
Share Delivery Quantity:	For any Settlement Date, a number of Shares, as calculated by the Calculation Agent, equal to the Net Share Settlement Amount for such Settlement Date *divided* by the Settlement Price on the Valuation Date in respect of such Settlement Date, *plus* cash in lieu of any fractional shares (based on such Settlement Price).
Net Share Settlement Amount:	For any Settlement Date, an amount equal to the product of (i) the Number of Warrants being exercised on the relevant Exercise Date (or in the case of any exercise (including any Automatic Exercise) on an Expiration Date, the Daily Number of Warrants for such Expiration Date), (ii) the Strike Price Differential for such Settlement Date and (iii) the Warrant Entitlement.
Strike Price Differential:	(a) If the Settlement Price for any Valuation Date is greater than the Strike Price, an amount equal to the excess of such Settlement Price over the Strike Price; or (b) If such Settlement Price is less than or equal to the Strike Price, zero.
Settlement Price:	For any Valuation Date, the per Share volume-weighted average prices for such Valuation Date as displayed under the heading "Bloomberg VWAP" on Bloomberg page SAH <equity> AQR (or any successor thereto) in respect of the period from 9:30 a.m. to 4:00 p.m. (New York City time) on such Valuation Date (or if such volume-weighted average price is unavailable, the market value of one Share on such Valuation Date, as determined by the Calculation Agent).
Settlement Date:	For any Exercise Date, the date defined as such in Section 6.2 of the Equity Definitions, subject to Section 9(r)(i) hereof.
Failure to Deliver:	Inapplicable
Other Applicable Provisions:	The provisions of Sections 6.6, 6.7, 6.8, 6.9 and 6.10 of the Equity Definitions will be applicable, except that all references in such provisions to "Physically-Settled" shall be read as references to "Net Share Settled". "Net Share Settled" in relation to any Warrant means that Net Share Settlement is applicable to that Warrant.

3. Additional Terms applicable to the Transaction:

Adjustments applicable to the Warrants:

Method of Adjustment:	Calculation Agent Adjustment. For avoidance of doubt, in making any adjustments under the Equity Definitions, the Calculation Agent may adjust the Strike Price, the Number of Warrants, the Daily Number of Warrants and the Warrant Entitlement. Notwithstanding the foregoing, any cash dividends or distributions, whether or not extraordinary, shall be governed by Section 9(l) of this Confirmation and not by Section 9.1(c) of the Equity Definitions.

Extraordinary Events applicable to the Transaction:

Consequence of Merger Events

(a) Share-for-Share:	Alternative Obligation; *provided* that the Calculation Agent will determine if the Merger Event affects the theoretical value of the Transaction, and, if so, JPMorgan, in its sole commercially reasonable discretion, may elect to make adjustments to the Strike Price and any other term necessary to reflect the characteristics (including volatility, dividend practice, borrow cost, policy and liquidity) of the New Shares. Notwithstanding the foregoing, Cancellation and Payment shall apply in the event the New Shares are not publicly traded on a United States national securities exchange or quoted on the NASDAQ National Market.
(b) Share-for-Other:	Cancellation and Payment
(c) Share-for-Combined:	Cancellation and Payment
Nationalization or Insolvency:	Cancellation and Payment

For the avoidance of doubt, the provisions of Section 9(p) shall apply to any amount that is payable by Company to JPMorgan pursuant to Extraordinary Events applicable to the Transaction.

4. Calculation Agent:	JPMorgan, whose calculations and determinations shall be made in good faith and in a commercially reasonable manner, including with respect to calculations and determinations that are made in its sole discretion.

5. Account Details:

(a) Account for payments to Company:

Bank Name:	Bank of America
Bank Address:	Jacksonville, FL
Routing Nbr Wires Only:	XXXX
Account Name:	Sonic Automotive, Inc
Account No:	XXXX

Account for delivery of Shares to Company:

Sonic Automotive, Inc.
c/o Wachovia account #XXXX to be settled via DWAC

(b) Account for payments to JPMorgan:

JPMorgan Chase Bank, N.A., New York
ABA: XXXX
Favour: JPMorgan Chase Bank, N.A. – London
A/C: XXXX

Account for delivery of Shares from JPMorgan:

DTC XXXX

6. Offices:

The Office of Company for the Transaction is: Inapplicable, Company is not a Multibranch Party.

The Office of JPMorgan for the Transaction is: New York

JPMorgan Chase Bank, National Association
London Branch
P.O. Box 161
60 Victoria Embankment
London EC4Y 0JP
England

7. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Company:

Sonic Automotive, Inc.
6415 Idlewild Rd, Suite 109
Charlotte NC 28212
Attention: Greg D. Young
Chief Accounting Officer
Telephone No.: (704) 566-2400
Facsimile No.: (704) 566-6031

(b) Address for notices or communications to JPMorgan:

277 Park Avenue, 11th Floor
New York, NY 10172
Attention: Nathan Lulek
EDG Corporate Marketing
Telephone No.: (212) 622-2262
Facsimile No.: (212) 622-8091

8. Representations and Warranties of Company

The representations and warranties of Company set forth in Section 1 of the Purchase Agreement (the '**Purchase Agreement**") dated as of November 18, 2005 among Company, Banc of America Securities LLC, J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, the "**Underwriters**") are true and correct and are hereby deemed to be repeated to JPMorgan as if set forth herein. Company hereby further represents and warrants to JPMorgan that:

(a) Company has all necessary corporate power and authority to execute, deliver and perform its obligations in respect of this Transaction; such execution, delivery and performance have been duly authorized by all necessary corporate action on Company's part; and this Confirmation has been duly and validly executed and delivered by Company and constitutes its valid and binding obligation, enforceable against Company in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity) and except that rights to indemnification and contribution thereunder may be limited by federal or state securities laws or public policy relating thereto.

(b) Neither the execution and delivery of this Confirmation nor the incurrence or performance of obligations of Company hereunder will conflict with or result in (i) a breach of the certificate of incorporation or by-laws (or any equivalent documents) of Company, (ii) any applicable law or regulation, (iii) any material order, writ, injunction or decree of any court or governmental authority or agency, or (iv) any agreement or instrument to which Company or any of its "significant subsidiaries" (as defined in Regulation S-X) is a party or by which Company or any of its "significant subsidiaries" (as defined in Regulation S-X) is bound or to which Company or any of its "significant subsidiaries" (as defined in Regulation S-X) is subject, a breach of which would have a material adverse effect on Company's ability to perform under this Confirmation, or constitute a default under, or result in the creation of any lien under, any such agreement or instrument, or breach or constitute a default under any agreements and contracts of Company and the "significant subsidiaries" (as defined in Regulation S-X) filed as exhibits to Company's Annual Report on Form 10-K for the year ended December 31, 2004, incorporated by reference in the Prospectus.

(c) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required in connection with the execution, delivery or performance by Company of this Confirmation, except such as have been obtained or made and such as may be required under the Securities Act of 1933 (the "**Securities Act**") or state securities laws.

(d) The Shares of Company initially issuable upon exercise of the Warrant by the net share settlement method (the '**Warrant Shares**") have been reserved for issuance by all required corporate action of Company. The Warrant Shares have been duly authorized and, when delivered against payment therefor (which may include Net Share Settlement in lieu of cash) and otherwise as contemplated by the terms of the Warrant following the exercise of the Warrant in accordance with the terms and conditions of the Warrant, will be validly issued, fully-paid and non-assessable, and the issuance of the Warrant Shares will not be subject to any preemptive or similar rights.

(e) Company is an "eligible contract participant" (as such term is defined in Section 1(a)(12) of the Commodity Exchange Act, as amended (the "**CEA**") because one or more of the following is true:

Company is a corporation, partnership, proprietorship, organization, trust or other entity and:

(A) Company has total assets in excess of USD 10,000,000;

(B) the obligations of Company hereunder are guaranteed, or otherwise supported by a letter of credit or keepwell, support or other agreement, by an entity of the type described in Section 1a(12)(A)(i) through (iv), 1a(12)(A)(v)(I), 1a(12)(A)(vii) or 1a(12)(C) of the CEA; or

(C) Company has a net worth in excess of USD 1,000,000 and has entered into this Agreement in connection with the conduct of Company's business or to manage the risk associated with an asset or liability owned or incurred or reasonably likely to be owned or incurred by Company in the conduct of Company's business.

(f) Company and each of its affiliates is not, on the date hereof, in possession of any material non-public information with respect to Company.

9. Other Provisions:

(a) *Opinions*. Company shall deliver an opinion of counsel, dated as of the Trade Date, to JPMorgan with respect to the matters set forth in Sections 8(a) through (e) of this Confirmation.

(b) *Amendment*. If the Underwriters exercise their right to receive additional Convertible Notes pursuant to the underwriters' option to purchase additional Convertible Notes, then, at the discretion of Company, JPMorgan and Company will either enter into a new confirmation or amend this Confirmation to provide for such increase in Convertible Notes (but on pricing terms acceptable to JPMorgan and Company) (such additional confirmation or amendment to this Confirmation to provide for the payment by Company to JPMorgan of the additional premium related thereto).

(c) *No Reliance, etc.* Each party represents that (i) it is entering into the Transaction evidenced hereby as principal (and not as agent or in any other capacity); (ii) neither the other party or parties nor any of its or their agents are acting as a fiduciary for it; (iii) it is not relying upon any representations except those expressly set forth in the Agreement or this Confirmation; (iv) it has not relied on the other party or parties for any legal, regulatory, tax, business, investment, financial, and accounting advice, and it has made its own investment, hedging, and trading decisions based upon its own judgment and not upon any view expressed by the other party or parties or any of its or their agents; and (v) it is entering into this Transaction with a full understanding of the terms, conditions and risks thereof and it is capable of and willing to assume those risks.

(d) *Share De-listing Event.* If at any time during the period from and including the Trade Date, to and including the Final Expiration Date, the Shares cease to be listed or quoted on the Exchange (a "**Share De-listing**") for any reason (other than a Merger Event as a result of which the shares of common stock underlying the Options are listed or quoted on The New York Stock Exchange, The American Stock Exchange or the NASDAQ National Market (or their respective successors) (the "**Successor Exchange**")) and are not immediately re-listed or quoted as of the date of such de-listing on the Successor Exchange, then such event shall constitute an Additional Termination Event hereunder; *provided* that (i) Company shall be the sole Affected Party with respect to such event and (ii) JPMorgan shall have the right to designate an Early Termination Date with respect thereto.

(e) *Repurchase Notices.* Company shall, on any day on which Company effects any repurchase of Shares, promptly give JPMorgan a written notice of such repurchase (a "**Repurchase Notice**") on such day if following such repurchase, the number of outstanding Shares on such day, subject to any adjustments provided herein, is (i) less than 2.6 million or (ii) more than 350,000 less than the number of Shares included in the immediately preceding Repurchase Notice. Company agrees to indemnify and hold harmless JPMorgan and its affiliates and their respective officers, directors, employees, affiliates, advisors, agents and controlling persons (each, an "**Indemnified Person**") from and against any and all losses (including losses relating to JPMorgan's hedging activities as a consequence of becoming, or of the risk of becoming, a Section 16 "insider", including without limitation, any forbearance from hedging activities or cessation of hedging activities and any losses in connection therewith with respect to this Transaction), claims, damages, judgments, liabilities and expenses (including reasonable attorney's fees), joint or several, which an Indemnified Person actually may become subject to, a result of Company's failure to provide JPMorgan with a Repurchase Notice on the day and in the manner specified in this Section 9(e), and to reimburse, within 30 days, upon written request, each of such Indemnified Persons for any reasonable legal or other expenses incurred in connection with investigating, preparing for, providing testimony or other evidence in connection with or defending any of the foregoing. If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against the Indemnified Person as a result of Company's failure to provide JPMorgan with a Repurchase Notice in accordance with this paragraph, such Indemnified Person shall promptly notify Company in writing, and Company, upon request of the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others Company may designate in such proceeding and shall pay the reasonable fees and expenses of such counsel related to such proceeding. Company shall not be liable for any settlement of any proceeding contemplated by this paragraph that is effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, Company agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Company shall not, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding contemplated by this paragraph that is in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding on terms reasonably satisfactory to such Indemnified Person. If the indemnification provided for in this paragraph (e) is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then Company under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities. The remedies provided for in this paragraph (e) are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity. The indemnity and contribution agreements contained in this paragraph (e) shall remain operative and in full force and effect regardless of the termination of this Transaction.

(f) *Regulation M*. Company was not on the Trade Date and is not on the date hereof engaged in a distribution, as such term is used in Regulation M under the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), of any securities of Company, other than (i) a distribution meeting the requirements of the exception set forth in sections 101(b)(10) and 102(b)(7) of Regulation M and (ii) the distribution of the Convertible Notes. Company shall not, until the fifth Exchange Business Day immediately following the Trade Date, engage in any such distribution.

(g) *No Manipulation*. Company is not entering into this Transaction to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for the Shares).

(h) *Board Authorization*. Company represents that it is authorized to enter into the Transaction. Company further represents that there is no internal policy, whether written or oral, of Company that would prohibit Company from entering into any aspect of this Transaction, including, but not limited to, the issuance of Shares to be made pursuant hereto.

(i) *Transfer or Assignment*. Company may not transfer any of its rights or obligations under this Transaction without the prior written consent of JPMorgan except in transactions contemplated by Section 3(a). JPMorgan may transfer or assign all or any portion of its rights or obligations under this Transaction without consent of Company. If JPMorgan, in its sole discretion, determines that, (x) its "beneficial ownership" (within the meaning of Section 16 of the Exchange Act and rules promulgated thereunder) exceeds 8% or more of Company's outstanding Shares or (y) the product of the Number of Warrants and the Warrant Entitlement exceeds 15% of Company's outstanding Shares, and, in its sole discretion, JPMorgan is unable after its commercially reasonable efforts to effect a transfer or assignment on pricing terms and in a time period reasonably acceptable to JPMorgan that would reduce its "beneficial ownership" to 7.5% or such product to 14.5%, as the case may be, JPMorgan may designate any Exchange Business Day as an Early Termination Date with respect to a portion (the "**Terminated Portion**") of this Transaction, such that the its "beneficial ownership" following such partial termination will be equal to or less than 8%, or the product of the Number of Warrants and the Warrant Entitlement will be less than 15.0%, as the case may be. In the event that JPMorgan so designates an Early Termination Date with respect to a portion of this Transaction, a payment shall be made pursuant to Section 6 of the Agreement and Section 9(m) hereof as if (i) an Early Termination Date had been designated in respect of a Transaction having terms identical to this Transaction and a Number of Warrants equal to the Terminated Portion, (ii) Company shall be the sole Affected Party with respect to such partial termination and (iii) such Transaction shall be the only Terminated Transaction (and, for the avoidance of doubt, the provisions of Section 9(p) shall apply to any amount that is payable by Company to JPMorgan pursuant to this sentence). For the avoidance of doubt, if JPMorgan assigns or terminates any Warrants hereunder, each Daily Number of Warrants not previously settled shall be reduced proportionally, as calculated by the Calculation Agent. Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing JPMorgan to purchase, sell, receive or deliver any shares or other securities to or from Company, JPMorgan may designate any of its affiliates to purchase, sell, receive or deliver such shares or other securities and otherwise to perform JPMorgan's obligations in respect of this Transaction and any such designee may assume such obligations. JPMorgan shall be discharged of its obligations to Company to the extent of any such performance.

(j) *Damages*. Neither party shall be liable under Section 6.10 of the Equity Definitions for special, indirect or consequential damages, even if informed of the possibility thereof.

(k) *Dividends*. If at any time during the period from and including the Trade Date, to but excluding the Expiration Date, an ex-dividend date for a cash dividend occurs with respect to the Shares (an "**Ex-Dividend Date**"), and that dividend is greater than the Regular Dividend on a per Share basis then the Calculation Agent will adjust the Strike Price, the Number of Warrants, the Daily Number

of Warrants and the Warrant Entitlement to preserve the fair value of the Warrant to JPMorgan after taking into account such dividend; *provided* that to the extent such adjustment affects the Strike Price, the Calculation Agent shall make a corresponding adjustment to the Additional Shares (as defined below) as of the date of such adjustment. "**Regular Dividend**" shall mean USD 0.12 per Share per quarter.

(l) *Role of Agent.* Each party agrees and acknowledges that J.P. Morgan Securities Inc., an affiliate of JPMorgan ("**JPMSI**"), has acted solely as agent and not as principal with respect to this Transaction and (ii) JPMSI has no obligation or liability, by way of guaranty, endorsement or otherwise, in any manner in respect of this Transaction (including, if applicable, in respect of the settlement thereof). Each party agrees it will look solely to the other party (or any guarantor in respect thereof) for performance of such other party's obligations under this Transaction.

(m) *Additional Provisions*.

(i) The first paragraph of Section 9.1(c) of the Equity Definitions is hereby amended to read as follows: (c) 'If "Calculation Agent Adjustment" is specified as the method of adjustment in the Confirmation of a Share Option Transaction, then following the declaration by the Issuer of the terms of any Potential Adjustment Event, other than any Potential Adjustment Event resulting from the occurrence of an event which is outside of Company's control, the Calculation Agent will determine whether such Potential Adjustment Event has a material effect on the theoretical value of the relevant Shares or Warrants and, if so, will (i) make appropriate adjustment(s), if any, to any one or more of:' and, the sentence immediately preceding Section 9.1(c)(ii) is hereby amended by deleting the words "diluting or concentrative".

(ii) Section 9.1(e)(vi) of the Equity Definitions is hereby amended by deleting the words "other similar" between "any" and "event"; deleting the words "diluting or concentrative" and replacing them with "material"; and adding the following words at the end of the sentence "or Warrants".

(iii) Section 9.6(a)(ii) of the Equity Definitions is hereby amended by (1) deleting from the third line thereof the word "or" after the word "official" and inserting a comma therefor, and (2) deleting the period at the end of subsection (ii) thereof and inserting the following words therefor " or (C) at JPMorgan's option, the occurrence of any of the events specified in Section 5(a)(vii) (1) through (9) of the ISDA Master Agreement with respect to that Issuer."

(iv) Notwithstanding Section 6(e) of the Agreement or Section 9.7 of the Equity Definitions, if, with respect to the Transaction contemplated hereunder, (A) an Early Termination Date with respect to any Event of Default or any Termination Date, (B) a Merger Date with respect to any Merger Event (for the purpose of this provision, solely relating to the Merger Event contemplated by Section 9.2(a)(iii) of the Equity Definitions and which event shall not result from any action taken by, or within the control of, Company), or (C) a date as of which Section 9.6(c)(ii)(A) or Section 9.6(c)(ii)(B) of the Equity Definitions applies with respect to any Extraordinary Event shall occur (any such date, the "**Relevant Date**"), then in lieu of calculating any payments hereunder pursuant to Section 6(e) of the Agreement or Section 9.7 of the Equity Definitions, as applicable, the Calculation Agent, in its sole discretion, shall determine the amount payable by Company to JPMorgan on the following basis:

(1) such Relevant Date shall be the sole Exercise Date hereunder and Automatic Exercise shall be applicable to the Number of Warrants;

(2) the Settlement Method shall be Net Share Settlement;

(3) Company shall deliver to JPMorgan the Net Share Settlement Amount on the Settlement Date with respect to such Relevant Date; and

(4) Net Share Settlement Amount shall mean the number of Shares equal to the sum of (A) a fraction (x) the numerator of which is the product of (a) the Strike Price Differential on such Relevant Date, (b) the Number of Warrants and (c) the Warrant Entitlement, and (y) the denominator of which is the Relevant Price on such date and (B) the product of (x) the additional Shares per Warrant (the "**Additional Shares**") determined by reference to the table attached as Annex A hereto based on the date on which such Relevant Date occurs and the Relevant Price on such date, (y) the Number of Warrants, and (z) the Warrant Entitlement.

(5) with respect to the determination of Additional Shares, if the actual Relevant Price is between two Relevant Price amounts in the table or the Relevant Date is between two Relevant Dates in the table, the Additional Shares shall be determined by a straight-line interpolation between the number of Additional Shares set forth for the next higher and next lower Relevant Price amounts and the two nearest Relevant Dates, as applicable, based on a 365-day year.

(6) with respect to any adjustment to the terms of the Transaction, the Calculation Agent, in its reasonable discretion, all correspondingly adjust the Additional Shares and/or the Relevant Prices (each as set forth in the table in Annex A hereto) as of any date of such adjustments. For the avoidance of doubt, any adjustment made to the Additional Shares and/or the Relevant Prices (each as set forth in the table in Annex A hereto) shall be consistent with (i) the adjustments made pursuant to the provisions of this Section 9(m)(iv) if such adjustments were the result of an event which was outside of Company's control, and (ii) the adjustments made to pursuant to the applicable provisions of this Confirmation if such adjustments were the result of an event which was within Company's control.

(v) For the avoidance of doubt, for the purposes of any calculation made by the Calculation Agent, with respect to this Transaction pursuant to Section 9.1(c) of the Equity Definitions and relating to any Potential Adjustment Event that is within Company's control, such calculations shall be made based upon the Calculation Agent's determination of the fair market value of the Shares or Warrants under the then prevailing circumstances, such determination may factor in any loss or cost incurred in connection with our terminating, liquidating, or re-establishing hedge positions relating to the Shares in connection with the Transaction and the Calculation Agent shall, in its sole discretion, make corresponding adjustments to the Additional Shares (as defined below) contained in Annex A hereto and, if applicable, to the Reference Prices contained in such Annex A.

(n) *No Collateral or Setoff*. Notwithstanding any provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Company hereunder are not secured by any collateral. Obligations under this Transaction shall not be set off by Company against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise. Any provision in the Agreement with respect to the satisfaction of Company's payment obligations to the extent of JPMorgan's payment obligations to Company in the same currency and in the same Transaction (including, without limitation Section 2(c) thereof) shall not apply to Company and, for the avoidance of doubt, Company shall fully satisfy such payment obligations notwithstanding any

payment obligation to Company by JPMorgan in the same currency and in the same Transaction. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (1) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (a) this Transaction and (b) all other Transactions, and (2) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

(o) *Status of Claims in Bankruptcy*. JPMorgan acknowledges and agrees that this confirmation is not intended to convey to JPMorgan rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Company; *provided, however*, that nothing herein shall limit or shall be deemed to limit JPMorgan's right to pursue remedies in the event of a breach by Company of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit JPMorgan's rights in respect of any transaction other than the Transaction.

(p) *Alternative Calculations and Payment on Early Termination and on Certain Extraordinary Events*. If, in respect of this Transaction, an amount is payable by Company to JPMorgan, (i) pursuant to Section 9.7 of the Equity Definitions (except in the event of a Nationalization or Insolvency or a Merger Event, in each case, in which the consideration to be paid to holders of Shares consists solely of cash) or (ii) pursuant to Section 6(d)(ii) of the Agreement (except in the event of an Event of Default in which Company is the Defaulting Party or a Termination Event in which Company is the Affected Party, other than an Event of Default of the type described in (x) Section 5(a)(iii), (v), (vi), (vii) or (viii) of the Agreement or (y) a Termination Event of the type described in Section 5(b)(i), (ii), (iii), (iv), (v) or (vi) of the Agreement, in the case of both (x) and (y), that resulted from an event or events outside Company's control) (a "**Payment Obligation**"), Company may, in its sole discretion, satisfy any such Payment Obligation by the Share Termination Alternative (as defined below) and shall give irrevocable telephonic notice to JPMorgan, confirmed in writing within one Currency Business Day, no later than 12:00 p.m. New York local time on the Merger Date, the date of the occurrence of the Nationalization or Insolvency, or Early Termination Date, as applicable; *provided* that if Company does not validly elect to satisfy its Payment Obligation by the Share Termination Alternative, JPMorgan shall have the right to require Company to satisfy its Payment Obligation by the Share Termination Alternative. Notwithstanding the foregoing, Company's or JPMorgan's right to elect satisfaction of a Payment Obligation in the Share Termination Alternative as set forth in this clause shall only apply to Transactions under this Confirmation and, notwithstanding anything to the contrary in the Agreement, (1) separate amounts shall be calculated with respect to (a) Transactions hereunder and (b) all other Transactions under the Agreement, and (2) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement, subject to, in the case of clause (a), Company's Share Termination Alternative right hereunder.

Share Termination Alternative:	Applicable and means that Company shall deliver to JPMorgan the Share Termination Delivery Property on the date (the "**Share Termination Payment Date**") when the Payment Obligation would otherwise be due, subject to paragraph (q)(i) below, in satisfaction, subject to paragraph (q)(ii) below, of the Payment Obligation in the manner reasonably requested by JPMorgan free of payment.
Share Termination Delivery Property:	A number of Share Termination Delivery Units, as calculated by the Calculation Agent, equal to the

	Payment Obligation divided by the Share Termination Unit Price. The Calculation Agent shall adjust the Share Termination Delivery Property by replacing any fractional portion of a security therein with an amount of cash equal to the value of such fractional security based on the values used to calculate the Share Termination Unit Price.
Share Termination Unit Price:	The value to JPMorgan of property contained in one Share Termination Delivery Unit on the date such Share Termination Delivery Units are to be delivered as Share Termination Delivery Property, as determined by the Calculation Agent in its discretion by commercially reasonable means and notified by the Calculation Agent to Company at the time of notification of the Payment Obligation. In the case of a Private Placement of Share Termination Delivery Units that are Restricted Shares (as defined below) as set forth in paragraph (q)(i) below, the Share Termination Unit Price shall be determined by the discounted price applicable to such Share Termination Delivery Units. In the case of a Registered Settlement in Share Termination Delivery Units that are Restricted Shares (as defined below) as set forth in paragraph (q)(ii) below, the Share Termination Unit Price shall be the Settlement Price on the Merger Date, the date of the occurrence of the Nationalization or Insolvency, or Early Termination Date, as applicable.
Share Termination Delivery Unit:	In the case of a Termination Event or Event of Default, one Share or, in the case of Nationalization or Insolvency or a Merger Event, a unit consisting of the number or amount of each type of property received by a holder of one Share (without consideration of any requirement to pay cash or other consideration in lieu of fractional amounts of any securities) in such Nationalization or Insolvency or such Merger Event. If such Merger Event involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash.
Failure to Deliver:	Inapplicable
Other applicable provisions:	If this Transaction is to be Share Termination Settled, the provisions of Sections 6.6, 6.7, 6.8, 6.9 and 6.10 (as modified above) of the Equity Definitions will be applicable, except that all references in such provisions to "Physically-Settled" shall be read as references to "Share Termination Settled" and all references to "Shares" shall be read as references to "Share Termination Delivery Units". "Share Termination Settled" in relation to this Transaction means that Share Termination Settlement is applicable to this Transaction.

(q) *Registration/Private Placement Procedures*. If, in the reasonable opinion of JPMorgan, following any delivery of Shares or Share Termination Delivery Property to JPMorgan hereunder, such Shares or Share Termination Delivery Property would be in the hands of JPMorgan subject to any applicable restrictions with respect to any registration or qualification requirement or prospectus delivery requirement for such Shares or Share Termination Delivery Property pursuant to any applicable federal or state securities law (including, without limitation, any such requirement arising under Section 5 of the Securities Act as a result of such Shares or Share Termination Delivery Property being "restricted securities", as such term is defined in Rule 144 under the Securities Act, or as a result of the sale of such Shares or Share Termination Delivery Property being subject to paragraph (c) of Rule 145 under the Securities Act) (such Shares or Share Termination Delivery Property, "**Restricted Shares**"), then delivery of such Restricted Shares shall be effected pursuant to either clause (i) or (ii) below at each election of Company, unless JPMorgan waives the need for the registration/private placement procedures set forth in (i) and (ii) below. Notwithstanding the foregoing, solely in respect of any Daily Number of Warrants exercised or deemed exercised on any Expiration Date, Company shall elect, 30 days prior to the first Settlement Date for the first Expiration Date, a Private Placement Settlement or Registered Settlement for all deliveries of Restricted Shares for all such Expiration Dates which election shall be applicable to all Settlement Dates for such Warrants and the procedures in clause (i) or clause (ii) below shall apply for all such delivered Restricted Shares on an aggregate basis commencing after the final Settlement Date for such Warrants. The Calculation Agent shall make reasonable adjustments to settlement terms and provisions under this Confirmation to reflect a single Private Placement or Registered Settlement for such aggregate Restricted Shares delivered hereunder.

(i) If Company elects to settle the Transaction pursuant to this clause (i) (each, a "**Private Placement Settlement**"), then delivery of Restricted Shares by Company shall be effected in customary private placement procedures with respect to such Restricted Shares reasonably acceptable to JPMorgan; *provided* that Company may not elect a Private Placement Settlement if, on the date of its election, it has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(2) of the Securities Act for the sale by Company to JPMorgan (or any affiliate designated by JPMorgan) of the Restricted Shares or the exemption pursuant to Section 4(1) or Section 4(3) of the Securities Act for resales of the Restricted Shares by JPMorgan (or any such affiliate of JPMorgan). The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to JPMorgan, due diligence rights (for JPMorgan or any designated buyer of the Restricted Shares by JPMorgan), opinions and certificates, and such other documentation as is customary for private placement agreements, all reasonably acceptable to JPMorgan. In the case of a Private Placement Settlement, JPMorgan shall determine whether the discount to the Share Termination Unit Price (in the case of settlement in Share Termination Delivery Units pursuant to paragraph (q) above) or any Settlement Price (in the case of settlement in Shares pursuant to Section 2 above) applicable to such Restricted Shares in a commercially reasonable manner is appropriate and appropriately adjust the number of such Restricted Shares to be delivered

to JPMorgan hereunder; *provided* that in no event such number shall be greater than 25 million (the "**Maximum Amount**"). Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the second Exchange Business Day following notice by JPMorgan to Company, of such applicable discount and the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Share Termination Payment Date (in the case of settlement in Share Termination Delivery Units pursuant to paragraph (q) above) or on the Settlement Date for such Restricted Shares (in the case of settlement in Shares pursuant to Section 2 above).

In the event Company shall not have delivered the full number of Restricted Shares otherwise applicable as a result of the proviso above relating to the Maximum Amount (such deficit, the "**Deficit Restricted Shares**"), Company shall be continually obligated to deliver, from time to time until the full number of Deficit Restricted Shares have been delivered pursuant to this paragraph, Restricted Shares when, and to the extent, that (i) Shares are repurchased, acquired or otherwise received by Company or any of its subsidiaries after the Trade Date (whether or not in exchange for cash, fair value or any other consideration), (ii) authorized and unissued Shares reserved for issuance in respect of other transactions prior to such date which prior to such Settlement Date become no longer so reserved and (iii) Company additionally authorizes Shares that are not dedicated to or reserved for other transactions. Company shall immediately notify JPMorgan of the occurrence of any of the foregoing events (including the number of Shares subject to clause (i), (ii) or (iii) and the corresponding number of Restricted Shares to be delivered) and promptly deliver such Restricted Shares thereafter.

(ii) If Company elects to settle the Transaction pursuant to this clause (ii) (each, a "**Registration Settlement**"), then Company shall promptly (but in any event no later than the beginning of the Resale Period) file and use its reasonable best efforts to make effective under the Securities Act a registration statement or supplement or amend an outstanding registration statement in form and substance reasonably satisfactory to JPMorgan, to cover the resale of such Restricted Shares in accordance with customary resale registration procedures, including covenants, conditions, representations, underwriting discounts (if applicable), commissions (if applicable), indemnities, due diligence rights, opinions and certificates, and such other documentation as is customary for equity resale underwriting agreements, all reasonably acceptable to JPMorgan. If JPMorgan, in its sole reasonable discretion, is not satisfied with such procedures and documentation Private Placement, Settlement shall apply. If JPMorgan is satisfied with such procedures and documentation, it shall sell the Restricted Shares pursuant to such registration statement during a period (the "**Resale Period**") commencing on the Exchange Business Day following delivery of such Restricted Shares (which, for the avoidance of doubt, shall be (x) any Settlement Date in the case of an exercise of Warrants prior to the first Expiration Date pursuant to Section 2 above, (y) the Share Termination Payment Date in case of settlement in Share Termination Delivery Units pursuant to paragraph (q) above or (z) the Settlement Date in respect of the final Expiration Date for all Daily Number of Warrants) and ending on the earliest of (i) the Exchange Business Day on which JPMorgan completes the sale of all Restricted Shares or, in the case of settlement in Share Termination Delivery Units, a sufficient number of Restricted Shares so that the realized net proceeds of such sales exceed the Payment Obligation (as defined above), (ii) the date upon which all Restricted Shares have been sold or transferred pursuant to Rule 144 (or similar provisions then in force) or Rule

145(d)(1) or (2) (or any similar provision then in force) under the Securities Act and (iii) the date upon which all Restricted Shares may be sold or transferred by a non-affiliate pursuant to Rule 144(k) (or any similar provision then in force) or Rule 145(d)(3) (or any similar provision then in force) under the Securities Act. If the Payment Obligation exceeds the realized net proceeds from such resale, Company shall transfer to JPMorgan by the open of the regular trading session on the Exchange on the Exchange Trading Day immediately following the last day of the Resale Period the amount of such excess (the "**Additional Amount**") in cash or in a number of Shares ("**Make-whole Shares**") in an amount that, based on the Settlement Price on the last day of the Resale Period (as if such day was the "Valuation Date" for purposes of computing such Settlement Price), has a dollar value equal to the Additional Amount. The Resale Period shall continue to enable the sale of the Make-whole Shares. If Company elects to pay the Additional Amount in Shares, the requirements and provisions for Registration Settlement shall apply. This provision shall be applied successively until the Additional Amount is equal to zero. In no event shall Company deliver a number of Restricted Shares greater than the Maximum Amount.

(iii) Without limiting the generality of the foregoing, Company agrees that any Restricted Shares delivered to JPMorgan, as purchaser of such Restricted Shares, (i) may be transferred by and among JPMorgan and its affiliates and Company shall effect such transfer without any further action by JPMorgan and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after any Settlement Date for such Restricted Shares, Company shall promptly remove, or cause the transfer agent for such Restricted Shares to remove, any legends referring to any such restrictions or requirements from such Restricted Shares upon delivery by JPMorgan (or such affiliate of JPMorgan) to Company or such transfer agent of seller's and broker's representation letters customarily delivered by JPMorgan in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by JPMorgan (or such affiliate of JPMorgan).

If the Private Placement Settlement or the Registration Settlement shall not be effected as set forth in clauses (i) or (ii), as applicable, then failure to effect such Private Placement Settlement or such Registration Settlement shall constitute an Event of Default with respect to which Company shall be the Defaulting Party.

(r) *Limit on Beneficial Ownership*. Notwithstanding any other provisions hereof, JPMorgan may not exercise any Warrant hereunder, and Automatic Exercise shall not apply with respect thereto, to the extent (but only to the extent) that such receipt would result in JPMorgan directly or indirectly beneficially owning (as such term is defined for purposes of Section 13(d) of the Exchange Act) at any time in excess of 9.0% of the outstanding Shares. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that such delivery would result in JPMorgan directly or indirectly so beneficially owning in excess of 9.0% of the outstanding Shares. If any delivery owed to JPMorgan hereunder is not made, in whole or in part, as a result of this provision, Company's obligation to make such delivery shall not be extinguished and Company shall make such delivery as promptly as practicable after, but in no event later than one Business Day after, JPMorgan gives notice to Company that such delivery would not result in JPMorgan directly or indirectly so beneficially owning in excess of 9.0% of the outstanding Shares.

(s) *Share Deliveries*. Company acknowledges and agrees that, to the extent the holder of this Warrant is not then an affiliate and has not been an affiliate for 90 days (it being understood that JPMorgan will not be considered an affiliate under this Section 9(s) solely by reason of its receipt of Shares pursuant to this Transaction), and otherwise satisfies all holding period and other requirements of Rule 144 of the Securities Act applicable to it, any delivery of Shares or Share Termination Property hereunder at any time after 2 years from the Trade Date shall be eligible for resale under Rule 144(k) of the Securities Act and Company agrees to promptly remove, or cause the transfer agent for such Shares or Share Termination Property, to remove, any legends referring to any restrictions on resale under the Securities Act from the Shares or Share Termination Property. Company further agrees, for any delivery of Shares or Share Termination Property hereunder at any time after 1 year from the Trade Date but within 2 years of the Trade Date, to the to the extent the holder of this Warrant then satisfies the holding period and other requirements of Rule 144 of the Securities Act, to promptly remove, or cause the transfer agent for such Restricted Share to remove, any legends referring to any such restrictions or requirements from such Restricted Shares. Such Restricted Shares will be de-legended upon delivery by JPMorgan (or such affiliate of JPMorgan) to Company or such transfer agent of customary seller's and broker's representation letters in connection with resales of restricted securities pursuant to Rule 144 of the Securities Act, without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by JPMorgan (or such affiliate of JPMorgan). Company further agrees that any delivery of Shares or Share Termination Delivery Property prior to the date that is 1 year from the Trade Date, may be transferred by and among JPMorgan and its affiliates and Company shall effect such transfer without any further action by JPMorgan. Notwithstanding anything to the contrary herein, Company agrees that any delivery of Shares or Share Termination Delivery Property shall be effected by book-entry transfer through the facilities of DTC, or any successor depositary, if at the time of delivery, such class of Shares or class of Share Termination Delivery Property is in book-entry form at DTC or such successor depositary. Notwithstanding anything to the contrary herein, to the extent the provisions of Rule 144 of the Securities Act or any successor rule are amended, or the applicable interpretation thereof by the Securities and Exchange Commission or any court change after the Trade Date, the agreements of Company herein shall be deemed modified to the extent necessary, in the opinion of outside counsel of Company, to comply with Rule 144 of the Securities Act, including Rule 144(k) as in effect at the time of delivery of the relevant Shares or Share Termination Property.

(t) *Additional Termination Events*. Any of the following events will a constitute an Additional Termination Event under the Agreement permitting JPMorgan to terminate the Transaction with Company as the sole Affected Party and the Transaction as the sole Affected Transaction:

(i) a Hedging Disruption Event occurs. "Hedging Disruption Event" means with respect to JPMorgan, as determined in its reasonable discretion, the inability or impracticality, due to market illiquidity, illegality, lack of hedging transactions or credit worthy market participants or other similar events, to establish, re-establish or maintain any transactions necessary or advisable to hedge, directly or indirectly, the equity price risk of entering into and performing under the Transaction on terms including costs reasonable to JPMorgan or an affiliate in its reasonable discretion, including the event that at any time JPMorgan reasonably concludes that it or any of its affiliates are unable to establish, re-establish or maintain a full hedge of its position in respect of the Transaction through share borrowing arrangements on terms including costs deemed reasonable to JPMorgan in its reasonable discretion. For the avoidance of doubt, the parties hereto agree that if (i) JPMorgan reasonably determines that it is unable to borrow Shares to hedge its exposure with respect to the Transaction at a stock loan rebate rate equal to or in excess of zero; or

(ii) the prevailing stock loan rebate rate for the Shares, as determined by the Calculation Agent, is less than zero, an Additional Termination Event under the Agreement shall occur with Company as the sole Affected Party and the Transaction as the sole Affected Transaction;

(ii) any "person" or "group" within the meaning of Section 13(d) of the Exchange Act other than Company, any of its subsidiaries or its employee benefit plans or a Smith Holder, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate "beneficial owner", as defined in Rule 13d-3 under the Exchange Act, of the common equity of Company representing more than 50% of the voting power of such common equity. "**Smith Holder**" means (1) Mr. O. Bruton Smith and his guardians, conservators, committees, or attorneys-in-fact; (2) lineal descendants of Mr. Smith ("**Descendants**") and their respective guardians, conservators, committees or attorneys-in-fact; or (3) each Family Controlled Entity. "**Family Controlled Entity**" means (1) any not-for-profit corporation if at least 80% of its board of directors is composed of Smith holders and/or Descendants; (2) any other corporation if at least 80% of the value of its outstanding equity is directly or indirectly owned by Smith holders; (3) any partnership if at least 80% of the value of the partnership interests are directly or indirectly owned by Smith holders; (4) any limited liability or similar company if at least 80% of the value of Company is directly or indirectly owned by Smith holders; or (5) any trusts created for the benefit of Mr. O. Bruton Smith and his guardians, conservators, committees, or attorneys-in-fact or Descendant of Mr. Smith and their respective guardians, conservators, committees or attorneys-in-fact;

(iii) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of Company and its subsidiaries, taken as a whole, to any person other than one of its subsidiaries;

(iv) any payment is made in respect of a tender offer or exchange offer for the Shares, to the extent that the cash and value of any other consideration included in the payment per share exceeds the last reported sale price of the Shares on the trading day immediately succeeding the last date on which the tenders or exchanges may be made pursuant to such tender or exchange offer; or

(v) the shareholders of Company approve any plan or proposal to liquidate or dissolve Company.

For the avoidance of doubt, the provisions of Section 9(p) shall apply to any amount that is payable by Company to JPMorgan pursuant to this Section 9(t).

(u) *Governing Law.* New York law (without reference to choice of law doctrine).

(v) *Waiver of Jury Trial.* Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Transaction, as applicable, by, among other things, the mutual waivers and certifications provided herein.

(w) *Tax Disclosure*. Effective from the date of commencement of discussions concerning the Transaction, Company and each of its employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to Company relating to such tax treatment and tax structure.

JPMorgan

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Confirmation and returning it to EDG Confirmation Group, J.P. Morgan Securities Inc., 277 Park Avenue, 11th Floor, New York, NY 10172-3401, or by fax on **212 622 8519**.

Very truly yours,

J.P. Morgan Securities Inc., as agent for
JPMorgan Chase Bank, National Association

By: /s/ Sudheer Tegulapalle

Authorized Signatory:
Name: Sudheer Tegulapalle
Vice President

Accepted and confirmed
as of the Trade Date:

Sonic Automotive, Inc.

By: /s/ Stephen K. Coss

Authorized Signatory
Name: Stephen K. Coss

Annex A

Relevant Date	Relevant Price									
	$5.00 or less	$10.00	$15.00	$20.00	$25.00	$30.00	$35.00	$40.00	$45.00	$50.00 or more
5/30/2006	0.0066	0.0462	0.1080	0.1751	0.2393	0.2978	0.2927	0.2206	0.1693	0.1313
11/30/2006	0.0042	0.0363	0.0925	0.1573	0.2214	0.2809	0.2772	0.2069	0.1572	0.1209
5/30/2007	0.0025	0.0274	0.0776	0.1394	0.2030	0.2633	0.2612	0.1927	0.1448	0.1103
11/30/2007	0.0013	0.0194	0.0626	0.1207	0.1833	0.2444	0.2439	0.1774	0.1315	0.0988
5/30/2008	0.0006	0.0127	0.0484	0.1017	0.1627	0.2243	0.2255	0.1610	0.1174	0.0868
11/30/2008	0.0002	0.0073	0.0348	0.0822	0.1407	0.2025	0.2054	0.1433	0.1022	0.0740
5/30/2009	0.0000	0.0035	0.0226	0.0626	0.1175	0.1789	0.1835	0.1241	0.0859	0.0606
11/30/2009	0.0000	0.0012	0.0122	0.0428	0.0921	0.1524	0.1588	0.1026	0.0680	0.0461
5/30/2010	0.0000	0.0002	0.0046	0.0242	0.0651	0.1226	0.1308	0.0787	0.0488	0.0312
11/30/2010	0.0000	0.0000	0.0007	0.0083	0.0355	0.0866	0.0965	0.0505	0.0275	0.0160
5/30/2011	0.0000	0.0000	0.0000	0.0003	0.0069	0.0399	0.0506	0.0173	0.0069	0.0038
9/23/2011	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000