

**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): May 13, 2009 (May 7, 2009)

SONIC AUTOMOTIVE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-13395
(Commission File Number)

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

6415 Idlewild Road, Suite 109
Charlotte, North Carolina 28212
(Address of principal executive offices)

28212
(Zip Code)

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

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 May 7, 2009, Sonic Automotive, Inc. (the "Company") entered into an Indenture between the Company, the guarantors party thereto and U.S. Bank National Association, as trustee (the "Indenture"), under which the Company issued \$85,627,000 aggregate principal amount of 6.00% Senior Secured Second Lien Convertible Notes due 2012 in two series (i.e., Series A and Series B) (the "New Notes") which are fully and unconditionally guaranteed on a senior basis by substantially all of the direct and indirect operative domestic subsidiaries of the Company. As reported on the Current Report on Form 8-K filed by the Company on May 4, 2009 (the "May 4 Form 8-K"), the New Notes and shares of Class A common stock (as described below) were issued in exchange for approximately \$89.5 million aggregate principal amount of the Company's 5.25% Convertible Senior Subordinated Notes due May 2009 (the "Existing Notes") pursuant to a privately negotiated transaction with certain holders of the Existing Notes in full satisfaction of the Existing Notes at their maturity on May 7, 2009. The Company repaid the remaining Existing Notes in full at maturity in cash.

The New Notes bear interest at 6.00% per year and mature on May 15, 2012, unless earlier converted, redeemed or repurchased by the Company. Interest is payable semi-annually on May 1 and November 1 of each year, beginning on November 1, 2009, to holders of record at the close of business on April 15 or October 15, as the case may be, immediately preceding each such interest payment date.

The Indenture contains restrictive covenants that limit among other things, the ability of the Company and certain of its subsidiaries to incur additional indebtedness, pay dividends and make distributions on common and preferred stock, make other restricted payments, make investments, incur liens, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets and enter into certain transactions with affiliates, in each case, subject to exclusions, and other customary covenants. The redemption and repurchase terms of the New Notes are described in the May 4 Form 8-K, and such descriptions are incorporated by reference herein. The Indenture also contains other customary terms and conditions and provides for events of default that are generally customary, but includes, among other things, a default for the Company's failure to obtain shareholder approval for a conversion price per share of \$4.00 for the Series A notes, as described below.

The New Notes will be convertible by holders into shares of Class A common stock at any time on or after August 25, 2011. At such time, the holders of the Series A notes may convert their notes into Class A common stock representing up to approximately 19.9% of our outstanding shares of Class A common stock (after giving effect to the Direct Shares and the shares into which Series B notes are convertible), or approximately 6,295,482 shares, which is based on the maximum number of shares that may be issued without requiring the Company to seek shareholder approval under Rule 312.03 of the NYSE Listed Company Manual. Holders of Series B notes may also convert their notes on or after August 25, 2011, in multiples of \$1,000 principal amount, into Class A common stock at a price per share of \$8.00, or a conversion rate of 125 shares per \$1,000 principal amount of Series B notes, which equals an aggregate of 837,500 shares of Class A common stock.

The Series A notes are subject to certain adjustments, including upon the issuance of certain securities in the future that are convertible at a per share price that is below market on the date of issuance or below \$4.00. Only with respect to the Series A notes, upon receipt of shareholder approval, the conversion price shall be adjusted to \$4.00 per share, or a conversion rate of 250 shares per \$1,000 principal amount of Series A notes. The Company has agreed to use its reasonable best efforts to cause to obtain, as promptly as practicable after the issue date, the necessary approval of the adjustment of the conversion price to \$4.00 per share within 90 days, subject to an extension if the preliminary proxy statement in connection with the shareholder approval is reviewed by the Securities and Exchange Commission. Failure to obtain shareholder approval of the \$4.00 conversion price will result in a default under the indenture governing the New Notes. The Company's Chairman and Chief Executive Officer O. Bruton Smith, who directly and indirectly controls 74.7% of the total voting power of the Company, has announced that he will vote in favor of approving the full conversion rate for the New Notes.

Any Series B note holder may elect to exchange its Series B notes for Series A notes for a like aggregate principal amount at any time after such Series B note holder receives notice from the Company that a registration statement relating to such Series A notes has been declared effective.

The New Notes are secured by a second priority lien on substantially all of the Company's assets that secure the Company's Credit Agreement, dated February 17, 2006, with Bank of America, N.A. and the other lenders party thereto on a first priority basis in accordance with (i) the Security Agreement, dated May 7, 2009, between the Company, the subsidiaries party thereto and U.S. Bank National Association, as collateral agent (the "Collateral Agent") and (ii) the Securities Pledge Agreement, dated May 7, 2009, between the Company, the subsidiaries party thereto and the Collateral Agent, and is subject to an intercreditor agreement, dated May 7, 2009, among Bank of America, N.A., as first lien agent, U.S. Bank National Association, as second lien agent, and the Company and the subsidiaries party thereto. The collateral securing the New Notes will not include certain restricted equity interests pursuant to a Security Agreement (Escrowed Equity), dated May 7, 2009, between the Company, the subsidiaries party thereto and the Collateral Agent.

On May 7, 2009, the Company entered into registration rights agreements pursuant to which it has agreed to register the New Notes and the Direct Shares (as defined below). The Company has also agreed to register the Equity Offering Shares (as defined below) upon request, as reported on the May 4 Form 8-K.

The foregoing descriptions of the Indenture, each of the registration rights agreements, each of the security documents and the intercreditor agreement are qualified in their entirety by references to each such Indenture, registration rights agreement, security document and intercreditor agreement. The security documents are filed as exhibits hereto and the Company will furnish copies of the Indenture, the form of New Notes, the registration rights agreements and the intercreditor agreement to the Commission upon request.

Item 2.01 Completion of Acquisition or Disposition of Assets.

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

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 above is incorporated by reference.

Item 3.02 Unregistered Sales of Equity Securities.

On May 7, 2009, the Company issued 860,723 shares of Class A common stock (the "Direct Shares") valued at a price of \$4.58 per share (the value was based on the closing stock price for the five consecutive trading days immediately prior to May 4, 2009) in respect of the exchange described above for the Existing Notes. The Company also issued 487,796 shares of Class A common stock (the "Equity Offering Shares") on May 7, 2009 at a price equal to \$5.74 per share (the closing stock price per share on May 4, 2009, the date the stock purchase agreements were entered into) primarily to certain of its directors and members of the Company's management in a private placement as reported on the May 4 Form 8-K. The issuances and sales of the Direct Shares and Equity Offering Shares on May 7, 2009, as well as the New Notes, were exempt from registration under the Securities Act of 1933 pursuant to Rule 506 of Regulation D under the Securities Act of 1933, as amended. The disclosure required by this item and included in Item 1.01 above and the May 4 Form 8-K is incorporated by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 4.1 Security Agreement, dated as of May 7, 2009, among Sonic Automotive, Inc., the subsidiaries party thereto and U.S. Bank National Association, as collateral agent.
- 4.2 Securities Pledge Agreement, dated as of May 7, 2009, among Sonic Automotive, Inc., the subsidiaries party thereto and U.S. Bank National Association, as collateral agent.
- 4.3 Security Agreement (Escrowed Equity), dated as of May 7, 2009, among Sonic Automotive, Inc., the subsidiaries party thereto and U.S. Bank National Association, as collateral agent.

SIGNATURES

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

Dated: May 13, 2009

SONIC AUTOMOTIVE, INC.

By: /s/ Stephen K. Coss

Stephen K. Coss

Senior Vice President and General Counsel

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
4.1	Security Agreement, dated as of May 7, 2009, among Sonic Automotive, Inc., the subsidiaries party thereto and U.S. Bank National Association, as collateral agent.
4.2	Securities Pledge Agreement, dated as of May 7, 2009, among Sonic Automotive, Inc., the subsidiaries party thereto and U.S. Bank National Association, as collateral agent.
4.3	Security Agreement (Escrowed Equity), dated as of May 7, 2009, among Sonic Automotive, Inc., the subsidiaries party thereto and U.S. Bank National Association, as collateral agent.

THIS AGREEMENT OR INSTRUMENT AND THE RIGHTS AND OBLIGATIONS EVIDENCED HEREBY ARE SUBJECT TO THAT CERTAIN INTERCREDITOR AGREEMENT DATED AS OF MAY 7, 2009, AMONG BANK OF AMERICA, N.A., AS FIRST LIEN AGENT, U.S. BANK NATIONAL ASSOCIATION, AS SECOND LIEN AGENT, SONIC AUTOMOTIVE, INC. AND THE SUBSIDIARIES OF SONIC AUTOMOTIVE, INC. PARTY THERETO (THE "INTERCREDITOR AGREEMENT"), AND EACH PARTY TO OR HOLDER OF THIS AGREEMENT OR INSTRUMENT, BY ITS ACCEPTANCE HEREOF, IRREVOCABLY AGREES TO BE BOUND BY THE PROVISIONS OF THE INTERCREDITOR AGREEMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Security Agreement") is made and entered into as of May 7, 2009 by SONIC AUTOMOTIVE, INC., a Delaware corporation (the "Company" and a "Grantor"), **EACH OF THE UNDERSIGNED SUBSIDIARIES OF THE COMPANY AND EACH OTHER PERSON WHO SHALL BECOME A PARTY HERETO BY EXECUTION OF A JOINDER AGREEMENT** (each a "Grantor", and collectively with the Company, the "Grantors"), and U.S. BANK NATIONAL ASSOCIATION, as collateral agent (together with any successor, the "Collateral Agent") for the Trustee (as defined below) and each Holder (collectively with the Collateral Agent, the "Secured Parties"). All capitalized terms used but not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture (as defined below).

WITNESSETH:

WHEREAS, 6.00% Senior Secured Convertible Notes due 2012 of the Company (the "Securities"), in the original aggregate principal amount of \$85,627,000.00 will be issued pursuant to the Indenture, dated as of May 7, 2009 (as amended, modified, supplemented, restated or amended and restated from time to time, the "Indenture"), among the Company, the Guarantors and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, each Guarantor has, pursuant to the Indenture, unconditionally guaranteed the Secured Obligations (as defined below);

WHEREAS, the Company and each other Grantor will materially benefit from the issuance of the Securities; and

WHEREAS, it is a condition to the issuance and sale of the Securities that the Grantors execute and deliver this Security Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

1. Certain Definitions. Terms used in this Security Agreement, not otherwise expressly defined herein or in the Indenture, and for which meanings are provided in the Uniform Commercial Code of the State of New York (the "UCC"), shall have such meanings.

2. Grant of Security Interest. Each Grantor hereby grants as collateral security for the payment, performance and satisfaction of all of the Indenture Obligations and the payment and performance of its obligations and liabilities (whether now existing or hereafter arising) hereunder or under any other Note Document to which it is now or hereafter becomes a party (such Indenture Obligations, obligations and liabilities of the Grantors referred to collectively as the "Secured Obligations"), to the Collateral Agent for the benefit of the Secured Parties a continuing security interest in and to, and collaterally assigns to the Collateral Agent for the benefit of the Secured Parties, all of the personal property and trade fixtures of such Grantor or in which such Grantor has or may have or acquire an interest or the power to transfer rights therein, whether now owned or existing or hereafter created, acquired or arising and wheresoever located, including the following:

(a) All accounts, and including accounts receivable, contracts, bills, acceptances, choses in action, and other forms of monetary obligations at any time owing to such Grantor arising out of property sold, leased, licensed, assigned or otherwise disposed of or for services rendered or to be rendered by such Grantor, and all of such Grantor's rights with respect to any property represented thereby, whether or not delivered, property returned by customers and all rights as an unpaid vendor or lienor, including rights of stoppage in transit and of recovering possession by proceedings including replevin and reclamation (collectively referred to hereinafter as "Accounts");

(b) All new and used vehicle inventory (including all inventory consisting of new or used automobiles or trucks with a gross vehicle weight of less than 16,000 pounds) in which such Grantor now or at any time hereafter may have an interest, whether or not the same is in transit or in the constructive, actual or exclusive occupancy or possession of such Grantor or is held by such Grantor or by others for such Grantor's account (all of the foregoing, collectively referred to hereinafter as "Vehicle Inventory");

(c) All other inventory, including all goods manufactured or acquired for sale or lease, and any piece goods, raw materials, work in process and finished merchandise, component materials, and all supplies, goods, incidentals, office supplies, packaging materials and any and all items used or consumed in the operation of the business of such Grantor or which may contribute to the finished product or to the sale, promotion and shipment thereof, in which such Grantor now or at any time hereafter may have an interest, whether or not the same is in transit or in the constructive, actual or exclusive occupancy or possession of such Grantor or is held by such Grantor or by others for such Grantor's account, (together with the Vehicle Inventory, collectively referred to hereinafter as "Inventory");

(d) All goods, including all machinery, equipment, motor vehicles, parts, supplies, apparatus, appliances, tools, patterns, molds, dies, blueprints, fittings, furniture, furnishings, trade fixtures and articles of tangible personal property of every description, and all computer programs embedded in any of the foregoing and all supporting information relating to such computer programs (collectively referred to hereinafter as "Equipment");

(e) Any right of such Grantor in (i) contracts in transit relating to any Vehicle Inventory (including any Vehicle Inventory that has been sold, leased or otherwise

disposed of by such Grantor), (ii) any written or oral agreement of any finance company or other Person to provide financing for, or to pay all or any portion of the purchase price of any Vehicle Inventory (including any Vehicle Inventory that has been sold, leased or otherwise disposed of by such Grantor) or (iii) any amount to be received under such contracts or agreements (collectively referred to hereinafter as "Contracts In Transit");

(f) All other general intangibles, including all rights now or hereafter accruing to such Grantor under contracts, leases, agreements or other instruments, including all contracts or contract rights to perform or receive services, to purchase or sell goods (including the Vehicle Inventory) or to hold or use land or facilities, and to enforce all rights thereunder, all causes of action, corporate or business records, inventions, patents and patent rights, rights in mask works, designs, trade names and trademarks and all goodwill associated therewith, trade secrets, trade processes, copyrights, licenses, permits, franchises, customer lists, computer programs and software, all internet domain names and registration rights thereto, all internet websites and the content thereof, all payment intangibles, all claims under guaranties, tax refund claims, all rights and claims against carriers and shippers, leases, all claims under insurance policies, all interests in general and limited partnerships, limited liability companies, and other Persons not constituting Investment Property (as defined below), all rights to indemnification and all other intangible personal property and intellectual property of every kind and nature, (together with the Contracts-In-Transit, collectively referred to hereinafter as "General Intangibles");

(g) All deposit accounts, including demand, time, savings, passbook, or other similar accounts maintained with any bank by or for the benefit of such Grantor (collectively referred to hereinafter as "Deposit Accounts");

(h) All chattel paper, including tangible chattel paper, electronic chattel paper, or any hybrid thereof (collectively referred to hereinafter as "Chattel Paper");

(i) All investment property, including all securities, security entitlements, securities accounts, commodity contracts and commodity accounts of or maintained for the benefit of such Grantor, but excluding pledged equity interests subject to either (y) the Securities Pledge Agreement, dated as of the date hereof (as amended, modified, supplemented, restated or amended and restated from time to time, the "Pledge Agreement"), among the grantors party thereto and the Collateral Agent or (z) the Security Agreement (Escrowed Equity), dated as of the date hereof (as amended, modified, supplemented, restated or amended and restated from time to time, the "Security Agreement (Escrowed Equity)"), among the grantors party thereto and the Collateral Agent, and the other property excluded by the proviso at the end of this Section 2 (collectively referred to hereinafter as "Investment Property");

(j) All instruments, including all promissory notes (collectively referred to hereinafter as "Instruments");

(k) All documents, including manufacturer statements of origin, certificates of origin, and certificates of title or ownership relating to any Vehicle Inventory, warehouse

receipts, bills of lading and other documents of title (collectively referred to hereinafter as "Documents");

(l) All rights to payment or performance under letters of credit including rights to proceeds of letters of credit ("Letter-of-Credit Rights"), and all guaranties, endorsements, Liens, other Guarantee obligations or supporting obligations of any Person securing or supporting the payment, performance, value or liquidation of any of the foregoing (collectively, with Letter-of-Credit Rights, referred to hereinafter as "Supporting Obligations");

(m) The commercial tort claims identified on Schedule 8(h) hereto, as such Schedule may be supplemented from time to time in accordance with the terms hereof (collectively referred to hereinafter as "Commercial Tort Claims");

(n) All books and records relating to any of the foregoing (including customer data, credit files, ledgers, computer programs, printouts, and other computer materials and records (and all media on which such data, files, programs, materials and records are or may be stored)); and

(o) All proceeds, products and replacements of, accessions to, and substitutions for, any of the foregoing, including without limitation, proceeds of insurance policies insuring any of the foregoing;

All of the property and interests in property described in subsections (a) through (o) are herein collectively referred to as the "Collateral"; provided, however, that Collateral shall not include any Excluded Property. Notwithstanding the foregoing, the grant of a security interest and collateral assignment under this Section 2 shall not extend to any of the following (collectively, "Excluded Property"): (A) any Franchise Agreement (as defined in the Credit Facility as of the date hereof), Framework Agreement (as defined in the Credit Facility as of the date hereof) or similar manufacturer agreement to the extent that any such Franchise Agreement (as defined in the Credit Facility as of the date hereof), Framework Agreement (as defined in the Credit Facility as of the date hereof) or similar manufacturer agreement is not assignable or capable of being encumbered as a matter of law or by the terms applicable thereto (unless any such restriction on assignment or encumbrance is ineffective under the UCC or other applicable law), without the consent of the applicable party thereto, (B) the Restricted Equity Interests (as defined in the Security Agreement (Escrowed Equity)) to the extent that applicable law or terms of the applicable Franchise Agreement (as defined in the Credit Facility as of the date hereof), Framework Agreement (as defined in the Credit Facility as of the date hereof) or similar manufacturer agreement would prohibit the pledge or encumbrance thereof (unless any such restriction on assignment or encumbrance is ineffective under the UCC or other applicable law), without the consent of the applicable party thereto, (C) any property financed by manufacturer-affiliated finance companies pursuant to an Inventory Facility permitted to be incurred under the Indenture and that secures such obligations on a first priority basis, (D) any pledges of stock or other equity interests of a Guarantor to the extent that Rule 3-16 of Regulation S-X under the Securities Act requires or would require (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, that would require) the filing with the SEC of separate financial statements of such Guarantor that are not otherwise required to be filed, but only to the extent necessary to not be subject to such requirement, (E) equity interests in Unrestricted

Subsidiaries (subject to future grants under the terms of the Indenture), (F) any pledge of more than 65% of the total outstanding voting stock issued by any Subsidiary organized under the laws of a jurisdiction other than the United States, (G) any Permitted Real Estate Indebtedness Collateral (as defined on Exhibit A), (H) any other real property or (I) any other assets excluded from, or that (for any other reason) are not included in, the Collateral securing the Credit Facility from time to time after the date hereof; provided, that (i) if any of the foregoing property described in clauses (A) through (I) ceases to be "Excluded Property" by its terms, such property shall no longer constitute Excluded Property and shall automatically be deemed to be Collateral under this Security Agreement and each other Note Document, as applicable, (ii) if any material property becomes "Excluded Property" by the operation of clause (I) above, the Company shall promptly notify the Collateral Agent of such property and (iii) if any real property ever secures the Credit Facility on a first-priority basis, such real property shall be Collateral and the relevant Grantor shall cause such real property to secure the Secured Obligations on a second-priority basis with mortgage, real estate trust deed or similar instruments of Lien containing terms no more restrictive to the relevant Grantor than in the first-priority basis.

3. Perfection. (a) As of the date of execution of this Security Agreement or Joinder Agreement by each Grantor, as applicable (with respect to each Grantor, its "Applicable Date"), such Grantor shall have:

(i) furnished the Collateral Agent with duly authorized financing statements in form, number and substance suitable for filing, sufficient under applicable law, and satisfactory to the Collateral Agent in order that upon the filing of the same the Collateral Agent, for the benefit of the Secured Parties, shall have a duly perfected security interest in all Collateral in which a security interest can be perfected by the filing of financing statements; and

(ii) delivered to the Collateral Agent, or an agent or bailee of the Collateral Agent, all Collateral with respect to which either a security interest can be perfected only by possession or a security interest perfected by possession shall have priority as against Persons not having possession, and including in the case of Instruments, Documents, and Investment Property in the form of certificated securities, duly executed endorsements or stock powers in blank, as the case may be, affixed thereto in form and substance acceptable to the Collateral Agent and sufficient under applicable law so that the Collateral Agent, for the benefit of the Secured Parties, shall have a security interest in all such Collateral perfected by possession;

with the effect that the Liens conferred in favor of the Collateral Agent shall be and remain duly perfected and subject only, to the extent applicable, to Permitted Liens. All financing statements (including all amendments thereto and continuations thereof), certificates, stock powers and other documents furnished in connection with the creation, enforcement, protection, perfection or priority of the Collateral Agent's security interest in Collateral, including such items as are described above in this Section 3, are sometimes referred to herein as "Perfection Documents". The delivery of possession of items of or evidencing Collateral, causing other Persons to execute and deliver Perfection Documents as appropriate, the filing or recordation of Perfection Documents, the establishment of control over items of Collateral, and the taking of such other actions as may be necessary or advisable in the determination of the Collateral Agent to create, enforce, protect, perfect, or establish or maintain the priority of, the security interest of the

Collateral Agent for the benefit of the Secured Parties in the Collateral is sometimes referred to herein as "Perfection Action".

(b) Notwithstanding anything to the contrary in this Security Agreement or any other Note Document, (i) no Grantor shall be required to deliver to the Collateral Agent, or an agent or bailee of the Collateral Agent, any motor-vehicle certificate of title or any other document of title and (ii) no Grantor shall be required to enter into, or to obtain for the benefit of the Collateral Agent or any Holder, any deposit account control agreement, securities account control agreement, issuer acknowledgement of the Collateral Agent's interest in Letter-of-Credit Rights, agreements regarding the control of electronic Chattel Paper (or the electronic components of hybrid Chattel Paper), acknowledgements of warehousemen or bailees or other agreements or instruments, with or from third parties, similar to any of the foregoing.

4. Second Priority Nature of Liens. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent pursuant to this Security Agreement shall be a second priority lien on and security interest in the Collateral to the extent provided in the Intercreditor Agreement and the exercise of any right or remedy by the Collateral Agent hereunder is subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Security Agreement, the terms of the Intercreditor Agreement shall govern and control. Notwithstanding anything herein to the contrary, prior to the Discharge of the First Lien Debt (as defined in the Intercreditor Agreement), the requirements of this Security Agreement to physically deliver any Collateral to the Collateral Agent or to cause the Collateral Agent to obtain control of any such Collateral shall be deemed satisfied by delivery of such Collateral to the First Lien Agent (as defined in the Intercreditor Agreement), as agent and bailee of the Collateral Agent, or by causing the First Lien Agent, as agent and bailee of the Collateral Agent, to obtain control of such Collateral, as applicable, in accordance with the Intercreditor Agreement.

5. Maintenance of Security Interest; Further Assurances.

(a) Each Grantor will from time to time at its own expense, deliver specific assignments of Collateral or such other Perfection Documents, and take such other or additional Perfection Action, as may be required by the terms of the Indenture in connection with the administration or enforcement of this Security Agreement or related to the Collateral or any part thereof in order to carry out the terms of this Security Agreement, to perfect, protect, maintain the priority of or enforce the Collateral Agent's security interest in the Collateral, subject only to Permitted Liens, or otherwise to better assure and confirm unto the Collateral Agent its rights, powers and remedies for the benefit of the Secured Parties hereunder. Without limiting the foregoing, each Grantor hereby irrevocably authorizes the Collateral Agent to file (with, or to the extent permitted by applicable law, without the signature of the Grantor appearing thereon) financing statements (including amendments thereto and initial financing statements in lieu of continuation statements) or other Perfection Documents (including copies thereof) showing such Grantor as "debtor" at such time or times and in all filing offices as the Collateral Agent may from time to time determine to be necessary or advisable to perfect or protect the rights of the Collateral Agent and the Secured Parties hereunder, or otherwise to give effect to the transactions herein contemplated. Each Grantor hereby irrevocably ratifies and acknowledges the Collateral Agent's authority to have effected

filings of Perfection Documents made by the Collateral Agent prior to its Applicable Date.

(b) With respect to any and all Collateral, each Grantor agrees to do and cause to be done all things necessary to perfect, maintain the priority of and keep in full force the security interest granted in favor of the Collateral Agent for the benefit of the Secured Parties, including, but not limited to, the prompt payment upon demand therefor by the Collateral Agent of all fees and expenses (including documentary stamp, excise or intangibles taxes) incurred in connection with the preparation, delivery, or filing of any Perfection Document or the taking of any Perfection Action to perfect, protect or enforce a security interest in Collateral in favor of the Collateral Agent for the benefit of the Secured Parties, subject only to Permitted Liens. All amounts not so paid when due shall constitute additional Secured Obligations and (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the then applicable interest rate borne by the Securities.

(c) Each Grantor agrees to maintain among its books and records appropriate notations or evidence of, and to make or cause to be made appropriate disclosure upon its financial statements of, the security interest granted hereunder to the Collateral Agent for the benefit of the Secured Parties.

(d) Each Grantor agrees that, in the event any proceeds (other than goods) of Collateral shall be or become commingled with other property not constituting Collateral, then such proceeds may, to the extent permitted by law, be identified by application of the lowest intermediate balance rule to such commingled property.

6. Preservation and Protection of Collateral.

(a) The Collateral Agent shall be under no duty or liability with respect to the collection, protection or preservation of the Collateral, or otherwise. Each Grantor shall be responsible for the safekeeping of its Collateral, and in no event shall the Collateral Agent have any responsibility for (i) any loss or damage thereto or destruction thereof occurring or arising in any manner or fashion from any cause, (ii) any diminution in the value thereof, or (iii) any act or default of any carrier, warehouseman, bailee or forwarding agency thereof or other Person in any way dealing with or handling such Collateral.

(b) No Grantor shall permit any such items having an aggregate value in excess of \$1,000,000 to become a fixture to real property (other than any signage fixture attached in the ordinary course of business or unless such Grantor has granted the Collateral Agent for the benefit of the Secured Parties a Lien on such real property) or accessions to other personal property.

(c) Each Grantor agrees (i) to pay prior to delinquency all taxes, charges and assessments against the Collateral in which it has any interest, unless being contested in good faith by appropriate proceedings diligently conducted and against which adequate reserves have been established in accordance with GAAP applied on a basis consistent with the application of GAAP in the audited financial statements of the Company and

evidenced to the satisfaction of the Collateral Agent and provided that all enforcement proceedings in the nature of levy or foreclosure are effectively stayed, and (ii) to cause to be terminated and released all Liens (other than Permitted Liens) on the Collateral. Upon the failure of any Grantor to so pay or contest such taxes, charges, or assessments, or cause such Liens to be terminated, the Collateral Agent at its option may pay or contest any of them or amounts relating thereto (the Collateral Agent having the sole right to determine the legality or validity and the amount necessary to discharge such taxes, charges, Liens or assessments) but shall not have any obligation to make any such payment or contest. All sums so disbursed by the Collateral Agent, including fees, charges and disbursements of counsel ("Attorney Costs"), court costs, expenses and other charges related thereto, shall be payable on demand by the applicable Grantor to the Collateral Agent and shall be additional Secured Obligations secured by the Collateral, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall bear interest at the then applicable interest rate borne by the Securities.

7. Status of Grantors and Collateral Generally. Each Grantor represents and warrants to, and covenants with, the Collateral Agent for the benefit of the Secured Parties, with respect to itself and the Collateral as to which it has or acquires any interest, that:

(a) It is at its Applicable Date (or as to Collateral acquired after its Applicable Date will be upon the acquisition of the same) and, except as permitted by the Indenture and subsection (b) of this Section 7, will continue to be, the owner of the Collateral, free and clear of all Liens, other than the security interest hereunder in favor of the Collateral Agent for the benefit of the Secured Parties and Permitted Liens, and that it will at its own cost and expense defend such Collateral and any products and proceeds thereof against all claims and demands of all Persons (other than holders of Permitted Liens) to the extent of their claims permitted under the Indenture at any time claiming the same or any interest therein adverse to the Secured Parties. Upon the failure of any Grantor to so defend, the Collateral Agent may do so at its option but shall not have any obligation to do so. All sums so disbursed by the Collateral Agent, including reasonable Attorney Costs, court costs, expenses and other charges related thereto, shall be payable on demand by the applicable Grantor to the Collateral Agent and shall be additional Secured Obligations secured by the Collateral, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall bear interest at the then applicable interest rate borne by the Securities.

(b) It shall not (i) sell, assign, transfer, lease, license or otherwise dispose of any of, or grant any option with respect to, the Collateral, except for dispositions permitted by the Indenture or (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral except for the security interests created by this Security Agreement and Permitted Liens, or (iii) take any other action in connection with any of the Collateral that would materially impair the value of the interest or rights of such Grantor in the Collateral taken as a whole or that would materially impair the interest or rights of the Collateral Agent for the benefit of the Secured Parties, except with respect to any action not prohibited by the Indenture.

(c) It has full power, legal right and lawful authority to enter into this Security Agreement (and any Joinder Agreement applicable to it) and to perform its terms, including the grant of the security interests in the Collateral herein provided for.

(d) No authorization, consent, approval or other action by, and no notice to or filing with, any governmental authority or any other Person which has not been given or obtained, as the case may be, is required either (i) for the grant by such Grantor of the security interests granted hereby or for the execution, delivery or performance of this Security Agreement (or any Joinder Agreement) by such Grantor, or (ii) for the perfection of or the exercise by the Collateral Agent, on behalf of the Secured Parties, of its rights and remedies hereunder, except for actions required by the Uniform Commercial Codes of applicable jurisdictions (which UCC-1 financing statement filings will be made substantially concurrently with the execution of this Security Agreement), and federal statutes regarding copyrights, patents and trademarks, to perfect and exercise remedies with respect to the security interest conferred hereunder.

(e) No effective financing statement or other Perfection Document similar in effect, nor any other Perfection Action, covering all or any part of the Collateral purported to be granted or taken by or on behalf of such Grantor (or by or on behalf of any other Person and which remains effective as against all or any part of the Collateral) has been filed in any recording office, delivered to another Person for filing (whether upon the occurrence of a contingency or otherwise), or otherwise taken, as the case may be, except such as pertain to Permitted Liens and such as may have been filed for the benefit of, delivered to, or taken in favor of, the Collateral Agent for the benefit of the Secured Parties in connection with the security interests conferred hereunder.

(f) Schedule 7(f) attached hereto contains true and complete information as to each of the following: (i) the exact legal name of each Grantor as it appears in its organizational documents as of its Applicable Date and at any time during the five (5) year period ending as of its Applicable Date (the "Covered Period"), (ii) the jurisdiction of formation and form of organization of each Grantor, and the identification number of such Grantor in its jurisdiction of formation (if any) and (iii) each address of the chief executive office of each Grantor as of its Applicable Date and at any time during the Covered Period. No Grantor shall change its name, change its jurisdiction of formation (whether by reincorporation, merger or otherwise) or change the location of its chief executive office, except in each case upon giving not less than thirty (30) days' prior written notice to the Collateral Agent and taking or causing to be taken at such Grantor's expense all such Perfection Action, including the delivery of such Perfection Documents, as may be reasonably requested by the Collateral Agent to perfect or protect, or maintain the perfection and priority of, the Lien of the Collateral Agent for the benefit of the Secured Parties in Collateral contemplated hereunder.

(g) No Grantor shall engage in any consignment transaction in respect of any of the Collateral, whether as consignee or consignor.

(h) No Grantor shall cause, suffer or permit any of the tangible personal property Collateral (i) to be evidenced by any document of title (except for shipping documents as necessary or customary to effect the receipt of such Collateral or the

delivery of such Collateral to such Grantor or to customers, in each case in the ordinary course of business, and motor vehicle certificates of title).

8. Inspection. The Collateral Agent (by any of its officers, employees and agents), on behalf of the Secured Parties, shall have the right, upon prior notice to an executive officer of any Grantor, and at any reasonable times during such Grantor's usual business hours, to inspect the Collateral, all records related thereto (and to make extracts or copies from such records), and the premises upon which any of the Collateral is located, to discuss such Grantor's affairs and finances with any Person (other than Persons obligated on any Accounts ("Account Debtors") except as expressly otherwise permitted in the Indenture) and to verify with any Person other than (except as expressly otherwise permitted in the Indenture) Account Debtors the amount, quality, quantity, value and condition of, or any other matter relating to, the Collateral and, if an Event of Default has occurred and is continuing, to discuss such Grantor's affairs and finances with such Grantor's Account Debtors and to verify the amount, quality, value and condition of, or any other matter relating to, the Collateral with such Account Debtors. If an Event of Default has occurred and is continuing, the Collateral Agent may at any time and from time to time employ and maintain on such Grantor's premises a custodian selected by the Collateral Agent who shall have full authority to do all acts necessary to protect the Collateral Agent's (for the benefit of the Secured Parties) interest. All expenses incurred by the Collateral Agent, on behalf of the Secured Parties, by reason of the employment of such custodian shall be paid by such Grantor on demand from time to time and shall be added to the Secured Obligations secured by the Collateral, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall bear interest at the then applicable interest rate borne by the Securities.

9. Specific Collateral.

(a) **Accounts.** With respect to its Accounts whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Collateral Agent for the benefit of the Secured Parties that:

(i) Such Grantor shall keep accurate and complete records of its Accounts.

(ii) From time to time, at the Collateral Agent's request, the Company shall provide the Collateral Agent with a schedule of Accounts in excess of \$1,000,000 describing all Accounts created or acquired by all Grantors ("Schedule of Accounts"); provided, however, that the Company's failure to execute and deliver any such Schedule of Accounts shall not affect or limit the Collateral Agent's security interest or other rights in and to any Accounts for the benefit of the Secured Parties.

(b) **Inventory.** With respect to its Inventory whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Collateral Agent for the benefit of the Secured Parties that:

(i) Such Grantor shall keep accurate and complete records itemizing and describing (1) with respect to its Vehicle Inventory, each new and used

vehicle, including the year, make, model, cost, price, location and Vehicle Identification Number, and (2) with respect to all Inventory, the kind, type, location and quantity of such Inventory, its cost therefor and the selling price of Inventory held for sale, and the daily withdrawals therefrom and additions thereto.

(ii) Such Grantor shall furnish to the Collateral Agent from time to time, at the Collateral Agent's request, a current schedule of Inventory (including Vehicle Inventory) based upon its most recent physical inventory and its daily inventory records.

(iii) Each Grantor shall conduct a physical inventory no less frequently than annually, and shall furnish to the Collateral Agent such other documents and reports thereof as the Collateral Agent shall reasonably request with respect to the Inventory during the continuance of any Event of Default.

(c) **Equipment.** With respect to its Equipment whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Collateral Agent for the benefit of the Secured Parties that:

(i) Such Grantor, as soon as practicable following a request therefor by the Collateral Agent during the continuance of any Event of Default, shall deliver to the Collateral Agent any and all evidence of ownership of any of the Equipment (including without limitation certificates of title and applications for title).

(ii) Such Grantor shall maintain accurate, itemized records describing the kind, type, quality, quantity and value of its Equipment and shall furnish the Collateral Agent upon request, during the continuance of any Default or Event of Default, with a current schedule containing the foregoing information.

(d) **Supporting Obligations.** With respect to its Supporting Obligations whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Collateral Agent for the benefit of the Secured Parties that:

(i) Such Grantor shall (A) furnish to the Collateral Agent from time to time at the Collateral Agent's request, a current list identifying in reasonable detail each Supporting Obligation relating to any Collateral from a single obligor in excess of \$1,000,000 and (B) upon the request of the Collateral Agent from time to time during the continuance of any Default or Event of Default, deliver to the Collateral Agent, or an agent or bailee of the Collateral Agent, the originals of all documents evidencing or constituting Supporting Obligations, together with such other documentation (executed as appropriate by the Grantor) and information as may be necessary to enable the Collateral Agent to realize upon the Supporting Obligations in accordance with their respective terms or transfer the Supporting Obligations as may be permitted under the Indenture or by applicable law.

(ii) With respect to each transferable letter of credit giving rise to Letter-of-Credit Rights that has an aggregate stated amount available to be drawn in excess of \$500,000, such Grantor shall, at the Collateral Agent's request, during the continuance of any Default or Event of Default, deliver to the Collateral Agent, or an agent or bailee of the Collateral Agent, a duly executed, undated transfer form in blank sufficient in form and substance under the terms of the related letter of credit to effect, upon completion and delivery to the letter of credit issuer together with any required fee, the transfer of such letter of credit to the transferee identified in such form. Each Grantor hereby expressly authorizes the Collateral Agent following the occurrence and during the continuance of any Event of Default to complete and tender each such transfer form as transferor in its own name or in the name, place and stead of the Grantor in order to effect any such transfer, either to the Collateral Agent or to another transferee, as the case may be, in connection with any sale or other disposition of Collateral or for any other purpose permitted under the Indenture or by applicable law.

(e) **Investment Property.** With respect to its Investment Property whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Collateral Agent for the benefit of the Secured Parties that:

(i) Any certificated securities shall be delivered to the Collateral Agent, or its agent or bailee, together with duly executed undated stock powers endorsed in blank pertaining thereto.

(ii) All dividends and other distributions with respect to any of the Investment Property shall be subject to the security interest conferred hereunder, provided, however, that cash dividends paid to a Grantor as record owner of the Investment Property may be disbursed to and retained by such Grantor.

(iii) So long as no Event of Default shall have occurred and be continuing, each Grantor shall be entitled to exercise all voting and other rights and powers pertaining to Investment Property for all purposes not inconsistent with the terms hereof or the Indenture.

(iv) Upon the occurrence and during the continuance of any Event of Default, at the option of the Collateral Agent upon notice to the relevant Grantor, all rights of the Grantors to exercise the voting or consensual rights and powers which it is authorized to exercise pursuant to clause (iii) immediately above shall cease and the Collateral Agent may thereupon (but shall not be obligated to), at its request, cause such Collateral to be registered in the name of the Collateral Agent or its nominee or agent for the benefit of the Secured Parties and/or exercise such voting or consensual rights and powers as appertain to ownership of such Collateral, and to that end each Grantor hereby appoints the Collateral Agent as its proxy, with full power of substitution, to vote and exercise all other rights as a shareholder with respect to such Investment Property upon the occurrence and during the continuance of any Event of Default, which proxy is coupled with an interest and is irrevocable until the termination of this Security Agreement, and

each Grantor hereby agrees to provide such further proxies as the Collateral Agent may request; provided, however, that the Collateral Agent in its discretion may from time to time refrain from exercising, and shall not be obligated to exercise, any such voting or consensual rights or such proxy.

(f) **Chattel Paper.** With respect to its Chattel Paper whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Collateral Agent for the benefit of the Secured Parties that to the extent so expressly required by the Indenture:

(i) Such Grantor shall at all times retain sole physical possession of the originals of all Chattel Paper (other than electronic Chattel Paper and the electronic components of hybrid Chattel Paper); provided, however, that (x) upon the request of the Collateral Agent upon the occurrence and during the continuance of any Default or Event of Default, such Grantor shall immediately deliver physical possession of such Chattel Paper to the Collateral Agent or its designee, and (y) in the event that there shall be created more than one original counterpart of any physical document that alone or in conjunction with any other physical or electronic document constitutes Chattel Paper, then such counterparts shall be numbered consecutively starting with "1" and such Grantor shall retain the counterpart numbered "1".

(ii) Upon the occurrence and during the continuance of any Event of Default, at the request of the Collateral Agent, such Grantor shall promptly and conspicuously legend all counterparts of all tangible Chattel Paper substantially as follows: "A SECURITY INTEREST IN THIS CHATTEL PAPER HAS BEEN GRANTED TO U.S. BANK NATIONAL ASSOCIATION, FOR ITSELF AND AS COLLATERAL AGENT FOR CERTAIN HOLDERS PURSUANT TO A SECURITY AGREEMENT DATED AS OF MAY 7, 2009, AS AMENDED FROM TIME TO TIME. EXCEPT WITH RESPECT TO THE SECURITY AGREEMENT DATED AS OF FEBRUARY 17, 2006 (OR OTHERWISE WITH RESPECT TO A CREDIT FACILITY) AND THE SECURITY INTEREST GRANTED TO BANK OF AMERICA, N.A. FOR ITSELF AND FOR CERTAIN LENDERS IN CONNECTION THEREWITH, NO SECURITY INTEREST OR OTHER INTEREST IN FAVOR OF ANY OTHER PERSON MAY BE CREATED BY THE TRANSFER OF PHYSICAL POSSESSION OF THIS CHATTEL PAPER OR OF ANY COUNTERPART HEREOF EXCEPT BY OR WITH THE CONSENT OF THE AFORESAID COLLATERAL AGENT AS PROVIDED IN SUCH SECURITY AGREEMENT". Upon the occurrence or during the continuance of any Event of Default, such Grantor shall not create or acquire any electronic Chattel Paper (including the electronic components of hybrid Chattel Paper), unless, prior to such acquisition or creation, it shall have taken such Perfection Action as the Collateral Agent may require to perfect by control the security interest of the Collateral Agent for the benefit of the Secured Parties in such Collateral.

(iii) Other than in the ordinary course of business and in keeping with reasonable and customary practice, no Grantor shall amend, modify, waive or

terminate any provision of, or fail to exercise promptly and diligently each material right or remedy conferred under or in connection with, any Chattel Paper, in any case in such a manner as could reasonably be expected to materially adversely affect the value of affected Chattel Paper as collateral.

(g) **Instruments.** With respect to its Instruments whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Collateral Agent for the benefit of the Secured Parties that:

(i) Such Grantor shall maintain at all times, and, upon the request of the Collateral Agent, furnish to the Collateral Agent a current list identifying in reasonable detail Instruments of which such Grantor is the payee or holder and having a face amount payable in excess of \$1,000,000 in the aggregate from any single Person.

(ii) Such Grantor shall, upon the request of the Collateral Agent, deliver to the Collateral Agent, or an agent or bailee of the Collateral Agent, the originals of all such Instruments, together with duly executed undated endorsements in blank affixed thereto and such other documentation and information as may be necessary to enable the Collateral Agent to realize upon the Instruments in accordance with their respective terms or transfer the Instruments as may be permitted under the Indenture or by applicable law.

(iii) Other than in the ordinary course of business and in keeping with reasonable and customary practice, no Grantor shall amend, modify, waive or terminate any provision of, or fail to exercise promptly and diligently each material right or remedy conferred under or in connection with, any Instrument, in any case in such a manner as could reasonably be expected to materially adversely affect the value of affected Instrument as collateral.

(h) **Commercial Tort Claims.** With respect to its Commercial Tort Claims whether now existing or hereafter created or acquired and wheresoever located, each Grantor represents, warrants and covenants to the Collateral Agent for the benefit of the Secured Parties that:

(i) Schedule 8(h) attached hereto contains a true and complete list of all Commercial Tort Claims in which any Grantor has an interest and which have been identified by a Grantor as of its Applicable Date, and as to which the Grantor believes in good faith there exists the possibility of recovery (including by way of settlement) of monetary relief in excess of \$1,000,000 ("Grantor Claims"). Each Grantor shall furnish to the Collateral Agent, quarterly within fifteen (15) days after the end of each fiscal quarter of the Company, and upon request by the Collateral Agent, a certificate of an officer of such Grantor referring to this Section 8(h) and (x) identifying all Grantor Claims that are not then described on Schedule 8(h) attached hereto and stating that each of such additional Grantor Claims shall be deemed added to such Schedule 8(h) and shall constitute a Commercial Tort Claim, a Grantor Claim, and additional Collateral hereunder, and (y) summarizing the status or disposition of any Grantor Claims that have

been settled, or have been made the subject of any binding mediation, judicial or arbitral proceeding, or any judicial or arbitral order on the merits, or that have been abandoned. With respect to each such additional Grantor Claim, such Grantor Claim shall be and become part of the Collateral hereunder from the date such claim is identified to the Collateral Agent as provided above without further action.

(ii) The Collateral Agent is hereby authorized (but shall not be obligated to) at the expense of the applicable Grantor to execute and file such additional financing statements or amendments to previously filed financing statements, and take such other action as it may deem necessary or advisable to perfect the Lien on such additional Grantor Claims conferred hereunder, and the Grantor shall, if required by applicable law or otherwise at the request of the Collateral Agent, execute and deliver such Perfection Documents and take such other Perfection Action to perfect or protect the Lien of the Collateral Agent for the benefit of the Secured Parties in such additional Grantor Claims conferred hereunder.

10. Casualty and Liability Insurance Required.

(a) Each Grantor will keep the Collateral continuously insured against such risks as are customarily insured against by businesses of like size and type engaged in the same or similar operations.

(b) Each insurance policy obtained in satisfaction of the requirements of Section 9(a):

(i) may be provided by blanket policies now or hereafter maintained by each or any Grantor or by the Borrower;

(ii) shall be issued by such insurer (or insurers) as shall be financially responsible and of recognized standing;

(iii) shall be in such form and have such provisions (including, without limitation, the loss payable clause, the waiver of subrogation clause, the deductible amount, if any, and the standard mortgagee endorsement clause) as are generally considered standard provisions for the type of insurance involved.

(iv) shall prohibit cancellation or substantial modification, termination or lapse in coverage by the insurer without at least thirty (30) days' prior written notice to the Collateral Agent, except for non-payment of premium, as to which such policies shall provide for at least ten (10) days' prior written notice to the Collateral Agent; and

(v) without limiting the generality of the foregoing, all insurance policies where applicable under Section 9(a) carried on the Collateral shall name the Collateral Agent, for the benefit of the Secured Parties, as second loss payee and the Collateral Agent and Holders as parties insured thereunder in respect of any claim for payment.

(c) Prior to expiration of any such policy, such Grantor shall furnish the Collateral Agent with evidence that the policy or certificate has been renewed or replaced or is no longer required by this Security Agreement.

(d) Each Grantor hereby makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent), for the benefit of the Secured Parties, as such Grantor's true and lawful attorney (and agent-in-fact) for the purpose of making, settling and adjusting claims under such policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item or payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect to such policies of insurance, which appointment is coupled with an interest and is irrevocable; provided, however, that the powers pursuant to such appointment shall be exercisable only upon the occurrence and during the continuance of any Event of Default.

11. Rights and Remedies Upon Event of Default Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent shall have the following rights and remedies on behalf of the Secured Parties in addition to any rights and remedies set forth elsewhere in the Indenture, this Security Agreement or any other Note Document, all of which may be exercised with or, if allowed by law, without notice to a Grantor:

(a) All of the rights and remedies of a secured party under the UCC or under other applicable law, all of which rights and remedies shall be cumulative, and none of which shall be exclusive, to the extent permitted by law, in addition to any other rights and remedies contained in the Indenture, this Security Agreement or any other Note Document;

(b) The right to foreclose the Liens and security interests created under this Security Agreement by any available judicial procedure or without judicial process;

(c) The right to (i) enter upon the premises of a Grantor through self-help and without judicial process, without first obtaining a final judgment or giving such Grantor notice or opportunity for a hearing on the validity of the Collateral Agent's claim and without any obligation to pay rent to such Grantor, or any other place or places where any Collateral is located and kept, and remove the Collateral therefrom to the premises of the Collateral Agent or any agent of the Collateral Agent, for such time as the Collateral Agent may desire, in order effectively to collect or liquidate the Collateral, (ii) require such Grantor or any bailee or other agent of such Grantor to assemble the Collateral and make it available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties, and (iii) notify any or all Persons who have possession of or control over any Collateral of the occurrence of any Event of Default and other appropriate circumstances, and exercise control over and take possession or custody of any or all Collateral in the possession, custody or control of such other Persons;

(d) The right to (i) exercise all of a Grantor's rights and remedies with respect to the collection of Accounts, Chattel Paper, Instruments, Supporting Obligations and General Intangibles (collectively, "Payment Collateral"), including the right to demand

payment thereof and enforce payment, by legal proceedings or otherwise; (ii) settle, adjust, compromise, extend or renew all or any Payment Collateral or any legal proceedings pertaining thereto; (iii) discharge and release all or any Payment Collateral; (iv) take control, in any manner, of any item of payment or proceeds constituting Collateral; (v) prepare, file and sign a Grantor's name on any proof of claim in bankruptcy, notice of Lien, assignment or satisfaction of Lien or similar document in any action or proceeding adverse to any obligor under any Payment Collateral or otherwise in connection with any Payment Collateral; (vi) endorse the name of a Grantor upon any chattel paper, document, instrument, invoice, freight bill, bill of lading or similar document or agreement relating to any Collateral; (vii) use the information recorded on or contained on a Grantor's internet website or otherwise in any data processing equipment and computer hardware and software relating to any Collateral to which a Grantor has access; (viii) open such Grantor's mail and collect any and all amounts due to such Grantor from any Account Debtors or other obligor in respect of Payment Collateral; (ix) take over such Grantor's post office boxes or make other arrangements as the Collateral Agent, on behalf of the Secured Parties, deems necessary to receive such Grantor's mail, including notifying the post office authorities to change the address for delivery of such Grantor's mail to such address as the Collateral Agent, on behalf of the Secured Parties, may designate; (x) notify any or all Account Debtors or other obligor on any Payment Collateral that such Payment Collateral has been assigned to the Collateral Agent for the benefit of the Secured Parties and that Collateral Agent has a security interest therein for the benefit of the Secured Parties (provided that the Collateral Agent may at any time give such notice to an Account Debtor that is a department, agency or authority of the United States government); each Grantor hereby agrees that any such notice, in the Collateral Agent's sole discretion, may (but need not) be sent on such Grantor's stationery, in which event such Grantor shall co-sign such notice with the Collateral Agent if requested to do so by the Collateral Agent; and (xi) do all acts and things and execute all documents necessary, in Collateral Agent's sole discretion, to collect the Payment Collateral; and

(e) The right to sell all or any Collateral in its then existing condition, or after any further manufacturing or processing thereof, at such time or times, at public or private sale or sales, with such notice as may be required by law, in lots or in bulk, for cash or on credit, with or without representations and warranties, all as the Collateral Agent, in its sole discretion, may deem advisable. The Collateral Agent shall have the right to conduct such sales on a Grantor's premises or elsewhere and shall have the right to use a Grantor's premises without charge for such sales for such time or times as the Collateral Agent may see fit. The Collateral Agent may, if it deems it reasonable, postpone or adjourn any sale of the Collateral from time to time by an announcement at the time and place of such postponed or adjourned sale, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor agrees that the Collateral Agent has no obligation to preserve rights to the Collateral against prior parties or to marshal any Collateral for the benefit of any Person. The Collateral Agent for the benefit of the Secured Parties is hereby granted an irrevocable fully paid license or other right (including each Grantor's rights under any license or any franchise agreement), each of which shall remain in full force and effect until the termination of this Security Agreement, to use, without charge, each of the labels, patents, copyrights, names, trade secrets, trade names, trademarks and advertising matter,

or any property of a similar nature owned or licensed by any Grantor, as it pertains to the Collateral, in completing production of, advertising for sale and selling any Collateral. If any of the Collateral shall require repairs, maintenance, preparation or the like, or is in process or other unfinished state, the Collateral Agent shall have the right, but shall not be obligated, to perform such repairs, maintenance, preparation, processing or completion of manufacturing for the purpose of putting the same in such saleable form as the Collateral Agent shall deem appropriate, but the Collateral Agent shall have the right to sell or dispose of the Collateral without such processing and no Grantor shall have any claim against the Collateral Agent for the value that may have been added to such Collateral with such processing. In addition, each Grantor agrees that in the event notice is necessary under applicable law, written notice mailed to such Grantor in the manner specified herein ten (10) days prior to the date of public sale of any of the Collateral or prior to the date after which any private sale or other disposition of the Collateral will be made shall constitute commercially reasonable notice to such Grantor. All notice is hereby waived with respect to any of the Collateral which threatens to decline speedily in value or is of a type customarily sold on a recognized market. The Collateral Agent may purchase all or any part of the Collateral at public or, if permitted by law, private sale, free from any right of redemption which is hereby expressly waived by such Grantor and, in lieu of actual payment of such purchase price, may set off the amount of such price against the Secured Obligations. Each Grantor recognizes that the Collateral Agent may be unable to effect a public sale of certain of the Collateral by reason of certain prohibitions contained in the Securities Act, and applicable state law, and may be otherwise delayed or adversely affected in effecting any sale by reason of present or future restrictions thereon imposed by governmental authorities ("Affected Collateral"), and that as a consequence of such prohibitions and restrictions the Collateral Agent may be compelled (i) to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire Affected Collateral for their own account, for investment and not with a view to the distribution or resale thereof, or (ii) to seek regulatory approval of any proposed sale or sales, or (iii) to limit the amount of Affected Collateral sold to any Person or group. Each Grantor agrees and acknowledges that private sales so made may be at prices and upon terms less favorable to such Grantor than if such Affected Collateral was sold either at public sales or at private sales not subject to other regulatory restrictions, and that the Collateral Agent has no obligation to delay the sale of any Affected Collateral for the period of time necessary to permit the Grantor or any other Person to register or otherwise qualify them under or exempt them from any applicable restriction, even if such Grantor or other Person would agree to register or otherwise qualify or exempt such Affected Collateral so as to permit a public sale under the Securities Act or applicable state law. Each Grantor further agrees, to the extent permitted by applicable law, that the use of private sales made under the foregoing circumstances to dispose of Affected Collateral shall be deemed to be dispositions in a commercially reasonable manner. Each Grantor hereby acknowledges that a ready market may not exist for Affected Collateral that is not traded on a national securities exchange or quoted on an automated quotation system.

The net cash proceeds resulting from the collection, liquidation, sale, or other disposition of the Collateral shall be applied first to the expenses (including all Attorneys' Costs) of retaking, holding, storing, processing and preparing for sale, selling, collecting, liquidating and the like, and then to the satisfaction of all Secured Obligations in accordance with the terms of

Section 406 of the Indenture. Each Grantor shall be liable to the Collateral Agent, for the benefit of the Secured Parties, and shall pay to the Collateral Agent, for the benefit of the Secured Parties, on demand any deficiency which may remain after such sale, disposition, collection or liquidation of the Collateral.

12. Attorney-in-Fact. Each Grantor hereby appoints the Collateral Agent as the Grantor's attorney-in-fact for the purposes of carrying out the provisions of this Security Agreement and taking any action and executing any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest; provided, that the Collateral Agent shall have and may exercise rights under this power of attorney only upon the occurrence and during the continuance of any Event of Default. Without limiting the generality of the foregoing, upon the occurrence and during the continuance of any Event of Default, the Collateral Agent shall have the right and power:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (a) above;

(c) to endorse such Grantor's name on any checks, notes, drafts or any other payment relating to or constituting proceeds of the Collateral which comes into the Collateral Agent's possession or the Collateral Agent's control, and deposit the same to the account of the Collateral Agent, for the benefit of the Secured Parties, on account and for payment of the Secured Obligations;

(d) to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent, for the benefit of the Secured Parties, with respect to any of the Collateral; and

(e) to execute, in connection with any sale or other disposition of Collateral provided for herein, any endorsement, assignments, or other instruments of conveyance or transfer with respect thereto.

13. Reinstatement. The granting of a security interest in the Collateral and the other provisions hereof shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by any Secured Party or is repaid by any Secured Party in whole or in part in good faith settlement of a pending or threatened avoidance claim, whether upon the insolvency, bankruptcy or reorganization of any Grantor or otherwise, all as though such payment had not been made. The provisions of this Section 12 shall survive repayment of all of the Secured Obligations and the termination or expiration of this Security Agreement in any manner.

14. Certain Waivers by the Grantors. Each Grantor waives to the extent permitted by applicable law (a) any right to require any Secured Party or any other obligee of the Secured

Obligations to (x) proceed against any Person or entity, including without limitation any Grantor, (y) proceed against or exhaust any Collateral or other collateral for the Secured Obligations, or (z) pursue any other remedy in its power; (b) any defense arising by reason of any disability or other defense of any other Person, or by reason of the cessation from any cause whatsoever of the liability of any other Person or entity, (c) any right of subrogation, and (d) any right to enforce any remedy which any Secured Party or any other obligee of the Secured Obligations now has or may hereafter have against any other Person and any benefit of and any right to participate in any collateral or security whatsoever now or hereafter held by the Collateral Agent for the benefit of the Secured Parties. Each Grantor authorizes the Collateral Agent and the Trustee without notice (except notice required by applicable law or the Indenture) or demand and without affecting its liability hereunder, under the Indenture or under the other Note Documents from time to time to: (i) take and hold security, other than the Collateral herein described, for the payment of such Secured Obligations or any part thereof, and exchange, enforce, waive and release the Collateral herein described or any part thereof or any such other security; and (ii) apply such Collateral or other security and direct the order or manner of sale thereof as the Collateral Agent or the Trustee in its discretion may determine.

The Collateral Agent may at any time deliver (without representation, recourse or warranty) the Collateral or any part thereof to a Grantor and the receipt thereof by such Grantor shall be a complete and full acquittance for the Collateral so delivered, and the Collateral Agent shall thereafter be discharged from any liability or responsibility therefor.

15. Continued Powers. Until the termination of this Security Agreement, the power of sale and other rights, powers and remedies granted to the Collateral Agent for the benefit of the Secured Parties hereunder shall continue to exist and may, after the occurrence and during the continuance of any Event of Default, be exercised by the Collateral Agent at any time and from time to time irrespective of the fact that any of the Secured Obligations or any part thereof may have become barred by any statute of limitations or that any part of the liability of any Grantor may have ceased.

16. Other Rights. The rights, powers and remedies given to the Collateral Agent for the benefit of the Secured Parties by this Security Agreement shall be in addition to all rights, powers and remedies given to the Collateral Agent or any Secured Party under the Indenture or any other Note Document or by virtue of any statute or rule of law. Any forbearance or failure or delay by the Collateral Agent in exercising any right, power or remedy hereunder shall not be deemed to be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power and remedy of the Secured Parties shall continue in full force and effect until such right, power or remedy is specifically waived in accordance with the terms of the Indenture.

17. Limitation on Duty in Respect of Collateral. (a) Beyond the exercise of reasonable care in the custody and preservation thereof, neither the Collateral Agent nor the Trustee will have any duty as to any Collateral in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Collateral Agent will be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession or control if such Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any

Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by the Collateral Agent in good faith or by reason of any act or omission by the Collateral Agent pursuant to instructions from the Collateral Agent, except to the extent that such liability arises from the Collateral Agent's gross negligence, bad faith or willful misconduct. The Trustee shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. The Trustee shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence, bad faith or willful misconduct on the part of the Trustee, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of the Company to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral.

(b) To the extent that applicable law imposes duties on Collateral Agent to exercise remedies in a commercially reasonable manner, each Grantor acknowledges and agrees that it is not commercially unreasonable for the Collateral Agent (i) to fail to incur expenses reasonably deemed significant by the Collateral Agent to prepare Collateral for disposition or otherwise to complete raw material or work-in-process into finished goods or other finished products for disposition, (ii) to fail to exercise collection remedies against Grantors or other Persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (iii) to exercise collection remedies against Grantors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (iv) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (v) to contact other Persons, whether or not in the same business as the Grantors, for expressions of interest in acquiring all or any portion of the Collateral, (vi) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (vii) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (viii) to dispose of assets in wholesale rather than retail markets, (ix) to disclaim disposition warranties, including, without limitation, any warranties of title, (x) to purchase insurance or credit enhancements to insure the Collateral Agent against risks of loss, collection or disposition of Collateral, or to provide to the Collateral Agent a guaranteed return from the collection or disposition of Collateral or (xi) to the extent deemed appropriate by the Collateral Agent, to obtain the services of brokers, investment bankers, consultants and other professionals to assist the Collateral Agent in the collection or disposition of any of the Collateral. Each Grantor acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by the Collateral Agent would not be commercially unreasonable in the Collateral Agent's exercise of remedies against the Collateral and that other actions or omissions by the Collateral Agent shall not be deemed commercially unreasonable solely on account of not being specifically referred to in this Section.

18. Special Provisions Relating to the Collateral Agent

The following provisions shall govern the Collateral Agent's rights, powers, obligations and duties under this Security Agreement and the other Note Documents, notwithstanding anything herein to the contrary:

(a) With respect to this Security Agreement, the Collateral Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Security Agreement. No implied covenants or obligations shall be read into this Security Agreement.

(b) The Collateral Agent shall not be personally liable or accountable to any Person, under any circumstances except for its own grossly negligent action, grossly negligent failure to act or willful misconduct. The Collateral Agent shall take any action permitted to be taken by it hereunder at the direction of the Trustee, and the Collateral Agent shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the written instructions provided by the Trustee; provided the Collateral Agent shall not be required to take any action hereunder or pursuant to any written instruction delivered in accordance with the provisions hereof if the Collateral Agent shall have reasonably determined, or shall have been advised in writing by counsel, that such action is contrary to the terms hereof or is otherwise contrary to law.

(c) The Collateral Agent shall incur no liability to anyone in acting upon any signature, written instrument, or notice reasonably believed by it to be genuine and reasonably believed by it to be signed by the proper party or parties and need not investigate any fact or matter in any such document as long as the Collateral Agent has otherwise satisfied its obligations under this Security Agreement.

(d) The Collateral Agent shall receive as compensation for its services hereunder such fees as have been separately agreed to between it and the Company on or before the date hereof, and the Trustee shall not be liable for the payment of such fees.

(e) The Company and the Grantors, jointly and severally, shall indemnify, protect, save and hold the Collateral Agent, its officers, directors, shareholders and employees (each an "Indemnified Person") harmless against any and all loss, liability, obligation, damage, claim, penalty, tax (excluding any taxes on the Collateral Agent on, or measured by, any compensation received by the Collateral Agent) or expense of any kind or nature whatsoever arising out of or in connection with this Security Agreement and each of the other Note Documents, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its rights, powers or duties hereunder (each of the foregoing, a "Claim"); provided, however, the Grantors shall not be required to indemnify, protect, save and hold any Indemnified Person harmless from any Claim (or portion thereof) resulting from gross negligence or willful misconduct on its part. Upon the Collateral Agent becoming aware of the occurrence of an event that results in any loss, liability or expense to an Indemnified Person, the Collateral Agent shall promptly send written notice thereof to the Grantors. The indemnities contained in this Section 18 shall survive the resignation or termination of the Collateral Agent and the termination of this Security Agreement.

(f) The Collateral Agent shall have no obligation to institute, conduct or defend any litigation under this Security Agreement or in relation to this Security Agreement, at the request, order or direction of the Trustee or any other Person unless such requesting party shall have first offered the Collateral Agent security or indemnity satisfactory to the Collateral Agent against any and all costs, expenses (including Attorney Costs) and liabilities that may be incurred herein or thereby and such requesting party so instructs the Collateral Agent.

(g) The Collateral Agent may resign as Collateral Agent hereunder upon 90 days' prior written notice to the Grantors and the Trustee, such resignation to become effective only upon the appointment of a successor Collateral Agent by the Trustee. The Trustee shall appoint a successor Collateral Agent within ten (10) days prior to the expiration of the 90-day period referred to above. If no successor Collateral Agent is named as provided herein then the Collateral Agent may petition any court of competent jurisdiction for the appointment of its successor.

(h) Prior to the occurrence of a Default, the Company (with the written consent of the Trustee (acting with or without the consent of the Company)) is authorized to remove the Collateral Agent hereunder and appoint a successor. Following the occurrence of any Default, the Trustee acting alone is authorized to remove the Collateral Agent hereunder and appoint a successor. No such removal in either case shall be effective until a successor Collateral Agent has been appointed and has accepted such appointment. No Grantor shall terminate this Security Agreement without the written consent of the Trustee.

19. Anti-Marshaling Provisions. The right is hereby given by each Grantor to the Collateral Agent, for the benefit of the Secured Parties, to make releases (whether in whole or in part) of all or any part of the Collateral agreeable to the Collateral Agent without notice to, or the consent, approval or agreement of other parties and interests, including junior lienors, which releases shall not impair in any manner the validity of or priority of the Liens and security interests in the remaining Collateral conferred hereunder, nor release any Grantor from personal liability for the Secured Obligations. Notwithstanding the existence of any other security interest in the Collateral held by the Collateral Agent, for the benefit of the Secured Parties, the Collateral Agent shall have the right to determine the order in which any or all of the Collateral shall be subjected to the remedies provided in this Security Agreement. Each Grantor hereby waives any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law, the Indenture, this Security Agreement or any other Note Document.

20. Entire Agreement. This Security Agreement and each Joinder Agreement, together with the Indenture and the other Note Documents and the Intercreditor Agreement, constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, agreements and understandings, inducements, commitments or conditions, express or implied, oral or written, except as contained in such documents. The express terms hereof and of the Joinder Agreements control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof or thereof. Neither this Security Agreement nor any Joinder Agreement nor any portion or provision hereof or thereof may be changed, altered, modified, supplemented, discharged,

canceled, terminated, or amended orally or in any manner other than as provided in the Indenture.

21. Third Party Reliance. Each Grantor hereby consents and agrees that all issuers of or obligors in respect of any Collateral, and all securities intermediaries, warehousemen, bailees, public officials and other Persons having any interest in, possession of, control over or right, privilege, duty or discretion in respect of, any Collateral shall be entitled to accept the provisions hereof and of the Joinder Agreements as conclusive evidence of the right of the Collateral Agent, on behalf of the Secured Parties, to exercise its rights hereunder or thereunder with respect to the Collateral, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by any Grantor or any other Person to any of such Persons.

22. Binding Agreement; Assignment. This Security Agreement and each Joinder Agreement, and the terms, covenants and conditions hereof and thereof, shall be binding upon and inure to the benefit of the parties hereto, and to their respective successors and assigns, except that no Grantor shall be permitted to assign this Security Agreement, any Joinder Agreement or any interest herein or therein or, except as expressly permitted herein or in the Indenture, in the Collateral or any part thereof or interest therein. All references herein to the Collateral Agent and to the Secured Parties (including Holders of Securities) shall include any successor thereof or permitted assignee, and any other obligees from time to time of the Secured Obligations.

23. Release of Liens.

(a) If any part of the Collateral is sold, transferred or otherwise disposed of in compliance with the requirements of the Indenture, then in each such case, such Collateral shall automatically be released from the Liens and security interest granted to the Collateral Agent for the benefit of the Secured Parties under this Security Agreement. Upon any Grantor's request, the Collateral Agent shall (upon receipt of a written certification of an officer of the Company, which states that the Collateral Agent has received all documents, if any, required by the Trust Indenture Act (if the Trust Indenture Act is then applicable to the Indenture) and the Indenture) promptly execute and deliver to such Grantor, at such Grantor's expense, all UCC termination statements, releases and similar documents that such Grantor shall reasonably request to terminate of record, or otherwise give appropriate notice of the termination of, any Lien conferred hereunder in connection with the making of such sales, dispositions or other transfers; provided, that the Collateral Agent shall not be required to take any action or execute or deliver any document if doing so would violate the terms of the Intercreditor Agreement or the Indenture.

(b) If all or substantially all of the Collateral is required to be released in accordance with the Indenture with the consent of the Holders, then in each such case, at the request and expense of any Grantor, the Collateral Agent, having received the consent of the requisite Holders as required under the Indenture, will (upon receipt of a written certification of a Responsible Officer of the Company that the Trustee has received all documents, if any, required by the Trust Indenture Act (if the Trust Indenture Act is then applicable to the Indenture) and the Indenture) duly release from the security interest created hereby and, with respect to Collateral in the physical possession of the Collateral

Agent, deliver to such Grantor (without recourse and without representation or warranty) such of the Collateral as is then being (or has been) so released and has not theretofore been released pursuant to this Security Agreement, and execute and deliver to such Grantor, at such Grantor's expense, all UCC termination statements, releases and similar documents that such Grantor shall reasonably request to terminate of record, or otherwise give appropriate notice of the termination of, any Lien conferred hereunder in connection with such release of all or substantially all of the Collateral; provided, that the Collateral Agent shall not be required to take any action or execute or deliver any document if doing so would violate the terms of the Intercreditor Agreement or the Indenture.

24. Severability. The provisions of this Security Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

25. Counterparts. This Security Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Security Agreement to produce or account for more than one such counterpart executed by the Grantor against whom enforcement is sought.

26. Termination. Subject to the provisions of Section 12, this Security Agreement and each Joinder Agreement, and all obligations of the Grantors hereunder (excluding those obligations and liabilities that expressly survive such termination) shall terminate without delivery of any instrument or performance of any act by any party when the Second Priority Liens have been released, in whole, in accordance with the terms and conditions of Section 1505 of the Indenture. Upon such termination of this Security Agreement, the Collateral Agent shall, at the request and sole expense of the Grantors, promptly deliver to the Grantors such termination statements and take such further actions as the Grantors may reasonably request to terminate of record, or otherwise to give appropriate notice of the termination of, any Lien conferred hereunder.

27. Notices. Any notice required or permitted hereunder shall be given in accordance with Section 106 of the Indenture.

28. Joinder. Each Person who shall at any time execute and deliver to the Collateral Agent a Joinder Agreement (including each Person required to deliver a Joinder Agreement pursuant to Section 913(b) of the Indenture) shall thereupon irrevocably, absolutely and unconditionally become a party hereto and obligated hereunder as a Grantor and shall have thereupon pursuant to Section 2 hereof granted a security interest in and collaterally assigned to the Collateral Agent for the benefit of the Secured Parties all Collateral in which it has at its Applicable Date or thereafter acquires any interest or the power to transfer, and all references in the Indenture, this Security Agreement and the other Note Documents to the Grantors or to the parties to this Security Agreement shall be deemed to include such Person as a Grantor hereunder. Each Joinder Agreement shall be accompanied by the Supplemental Schedules referred to therein, appropriately completed with information relating to the Grantor executing such Joinder Agreement and its property. Each of the applicable Schedules attached hereto shall

be deemed amended and supplemented without further action by such information reflected on the Supplemental Schedules attached to each Joinder Agreement.

29. Governing Law; Waivers.

(a) THIS SECURITY AGREEMENT AND EACH JOINDER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE; PROVIDED THAT (i) WITH RESPECT TO THOSE INSTANCES IN WHICH THE APPLICABLE CHOICE OF LAWS RULES OF SUCH STATE, INCLUDING SECTION 9-301 OF THE UCC, REQUIRE THAT THE MANNER OF CREATION OF A SECURITY INTEREST IN SPECIFIC COLLATERAL OR THE MANNER OR EFFECT OF PERFECTION OR NONPERFECTION OR THE RULES GOVERNING PRIORITY OF SECURITY INTERESTS ARE TO BE GOVERNED BY THE LAWS OF ANOTHER JURISDICTION, THEN THE LAWS OF SUCH OTHER JURISDICTION SHALL GOVERN SUCH MATTERS AND (ii) IN THOSE INSTANCES IN WHICH THE LAWS OF THE JURISDICTION IN WHICH COLLATERAL IS LOCATED GOVERN MATTERS PERTAINING TO THE METHODS AND EFFECT OF REALIZING ON COLLATERAL, SUCH LAWS SHALL BE GIVEN EFFECT WITH RESPECT TO SUCH MATTERS.

(b) EACH GRANTOR HEREBY EXPRESSLY AND IRREVOCABLY AGREES AND CONSENTS THAT ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY JOINDER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN MAY BE INSTITUTED IN ANY STATE OR FEDERAL COURT SITTING IN NEW YORK COUNTY, STATE OF NEW YORK, UNITED STATES OF AMERICA AND, BY THE EXECUTION AND DELIVERY OF THIS SECURITY AGREEMENT OR A JOINDER AGREEMENT, EXPRESSLY WAIVES ANY OBJECTION THAT IT MAY HAVE NOW OR HEREAFTER TO THE LAYING OF THE VENUE OR TO THE JURISDICTION OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(c) EACH GRANTOR AGREES THAT SERVICE OF PROCESS MAY BE MADE BY PERSONAL SERVICE OF A COPY OF THE SUMMONS AND COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING, OR BY REGISTERED OR CERTIFIED MAIL (POSTAGE PREPAID) TO THE ADDRESS OF SUCH PARTY PROVIDED IN SECTION 26 OR BY ANY OTHER METHOD OF SERVICE PROVIDED FOR UNDER THE APPLICABLE LAWS IN EFFECT IN THE STATE OF NORTH CAROLINA.

(d) NOTHING CONTAINED IN SUBSECTIONS (b) OR (c) HEREOF SHALL PRECLUDE THE COLLATERAL AGENT FROM BRINGING ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS

SECURITY AGREEMENT OR ANY JOINDER AGREEMENT OR THE INDENTURE OR ANY OTHER NOTE DOCUMENT IN THE COURTS OF ANY PLACE WHERE ANY OTHER PARTY OR ANY OF SUCH PARTY'S PROPERTY OR ASSETS MAY BE FOUND OR LOCATED. TO THE EXTENT PERMITTED BY THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, EACH GRANTOR HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT AND EXPRESSLY WAIVES, IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING, THE JURISDICTION OF ANY OTHER COURT OR COURTS WHICH NOW OR HEREAFTER, BY REASON OF ITS PRESENT OR FUTURE DOMICILE, OR OTHERWISE, MAY BE AVAILABLE UNDER APPLICABLE LAW.

(e) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO THIS SECURITY AGREEMENT OR ANY JOINDER AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THE FOREGOING, EACH PARTY HEREBY AGREES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND HEREBY EXPRESSLY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PERSON MAY HAVE TO TRIAL BY JURY IN ANY SUCH ACTION, SUIT OR PROCEEDING.

(f) EACH GRANTOR HEREBY EXPRESSLY WAIVES ANY OBJECTION IT MAY HAVE THAT ANY COURT TO WHOSE JURISDICTION IT HAS SUBMITTED PURSUANT TO THE TERMS HEREOF IS AN INCONVENIENT FORUM.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be made, executed and delivered by their duly authorized officers as of the day and year first above written.

COMPANY:

SONIC AUTOMOTIVE, INC.

By: /s/ Stephen K. Coss
Name: Stephen K. Coss, Senior VP,
Title: General Counsel, and Secretary

OTHER GRANTORS:

**ARNGAR, INC.
AUTOBAHN, INC.
AVALON FORD, INC.
CORNERSTONE ACCEPTANCE CORPORATION
FAA AUTO FACTORY, INC.
FAA BEVERLY HILLS, INC.
FAA CAPITOL F, INC.
FAA CAPITOL N, INC.
FAA CONCORD H, INC.
FAA CONCORD T, INC.
FAA DUBLIN N, INC.
FAA DUBLIN VWD, INC.
FAA HOLDING CORP.
FAA LAS VEGAS H, INC.
FAA POWAY G, INC.
FAA POWAY H, INC.
FAA POWAY T, INC.
FAA SAN BRUNO, INC.
FAA SANTA MONICA V, INC.
FAA SERRAMONTE H, INC.
FAA SERRAMONTE L, INC.
FAA SERRAMONTE, INC.
FAA STEVENS CREEK, INC.
FAA TORRANCE CPJ, INC.
FIRSTAMERICA AUTOMOTIVE, INC.
FORT MILL FORD, INC.
FORT MYERS COLLISION CENTER, LLC
FRANCISCAN MOTORS, INC.
FRONTIER OLDSMOBILE-CADILLAC, INC.
KRAMER MOTORS INCORPORATED**

By: /s/ Stephen K. Coss
Name: Stephen K. Coss
Title: Secretary

Signature Page to Security Agreement

L DEALERSHIP GROUP, INC.
MARCUS DAVID CORPORATION
MASSEY CADILLAC, INC.
MOUNTAIN STATES MOTORS CO., INC.
ONTARIO L, LLC
ROYAL MOTOR COMPANY, INC.
SAI AL HC1, INC.
SAI AL HC2, INC.
SAI ANN ARBOR IMPORTS, LLC (as successor by merger with
Sonic-Ann Arbor Imports, Inc.)
SAI ATLANTA B, LLC (as successor by merger with Sonic - Global
Imports, L.P.)
SAI BROKEN ARROW C, LLC (f/k/a and converted from
Speedway Chevrolet, Inc.)
SAI CHARLOTTE M, LLC
SAI COLUMBUS MOTORS, LLC (f/k/a and converted from Sonic
Automotive-1400 Automall Drive, Columbus, Inc.)
SAI COLUMBUS VWK, LLC (f/k/a and converted from Sonic
Automotive-1455 Automall Drive, Columbus, Inc.)
SAI FL HC2, INC.
SAI FL HC3, INC.
SAI FL HC4, INC.
SAI FL HC6, INC.
SAI FL HC7, INC.
SAI FORT MYERS B, LLC (f/k/a and converted from Sonic - FM,
Inc.)
SAI FORT MYERS H, LLC (f/k/a and converted from Sonic -
Freeland, Inc.)
SAI FORT MYERS M, LLC (f/k/a Sonic - FM Automotive, LLC)
SAI FORT MYERS VW, LLC (f/k/a and converted from Sonic -
FM VW, Inc.)
SAI IRONDALE IMPORTS, LLC (f/k/a and converted from Sonic
- Williams Imports, Inc.)
SAI LONG BEACH B, INC.
SAI MD HC1, INC.
SAI MONROVIA B, INC.
SAI MONTGOMERY B, LLC (f/k/a and converted from Sonic
Montgomery B, Inc.)
SAI MONTGOMERY BCH, LLC (f/k/a and converted from Cobb
Pontiac-Cadillac, Inc.)
SAI MONTGOMERY CH, LLC (f/k/a and converted from Capitol
Chevrolet and Imports, Inc.)
SAI NASHVILLE CSH, LLC (f/k/a Sonic-Crest Cadillac, LLC)
SAI NASHVILLE H, LLC (f/k/a Sonic-Crest H, LLC)

By: /s/ Stephen K. Coss

Name: Stephen K. Coss

Title: Secretary

Signature Page to Security Agreement

SAI NASHVILLE M, LLC (f/k/a Sonic Nashville M, LLC)
SAI NASHVILLE MOTORS, LLC
SAI OK HC1, INC., an Oklahoma corporation
SAI OKLAHOMA CITY C, LLC (f/k/a and converted from Sonic – West Reno Chevrolet, Inc.)
SAI OKLAHOMA CITY H, LLC (f/k/a and converted from Sonic – Bethany H, Inc.)
SAI ORLANDO CS, LLC (f/k/a and converted from Sonic – North Cadillac, Inc.)
SAI RIVERSIDE C, LLC (f/k/a and converted from Sonic – Riverside, Inc.)
SAI ROCKVILLE IMPORTS, LLC (as successor by merger with Sonic-Rockville Imports, Inc.)
SAI TN HC1, LLC
SAI TN HC2, LLC
SAI TN HC3, LLC
SAI TULSA N, LLC (f/k/a and converted from Riverside Nissan, Inc.)
SANTA CLARA IMPORTED CARS, INC.
SONIC – 2185 CHAPMAN RD., CHATTANOOGA, LLC
SONIC – CALABASAS V, INC.
SONIC – CARSON F, INC.
SONIC – COAST CADILLAC, INC.
SONIC – DENVER T, INC.
SONIC – DOWNEY CADILLAC, INC.
SONIC – ENGLEWOOD M, INC.
SONIC – FORT MILL DODGE, INC.
SONIC – HARBOR CITY H, INC.
SONIC - LAS VEGAS C EAST, LLC
SONIC - LAS VEGAS C WEST, LLC
SONIC - LLOYD NISSAN, INC.
SONIC - LLOYD PONTIAC - CADILLAC, INC.
SONIC – LONE TREE CADILLAC, INC.
SONIC – LS, LLC
SONIC – MANHATTAN FAIRFAX, INC.
SONIC – MASSEY CHEVROLET, INC.
SONIC – MASSEY PONTIAC BUICK GMC, INC.
SONIC – NEWSOME CHEVROLET WORLD, INC.
SONIC - NEWSOME OF FLORENCE, INC.
SONIC - NORTH CHARLESTON DODGE, INC.
SONIC - NORTH CHARLESTON, INC.
SONIC – SANFORD CADILLAC, INC.
SONIC – SHOTTENKIRK, INC.
SONIC – STEVENS CREEK B, INC.

By: /s/ Stephen K. Coss

Name: Stephen K. Coss

Title: Secretary

Signature Page to Security Agreement

SONIC - WILLIAMS CADILLAC, INC.
SONIC AGENCY, INC.
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, INC.
SONIC AUTOMOTIVE - 1720 MASON AVE., DB, LLC
SONIC AUTOMOTIVE - 6008 N. DALE MABRY, FL, INC.
SONIC AUTOMOTIVE - 9103 E. INDEPENDENCE, NC, LLC
SONIC AUTOMOTIVE 2752 LAURENS RD., GREENVILLE,
INC.
SONIC AUTOMOTIVE 5260 PEACHTREE INDUSTRIAL
BLVD., LLC
SONIC AUTOMOTIVE F&I, LLC
SONIC AUTOMOTIVE OF CHATTANOOGA, LLC
SONIC AUTOMOTIVE OF NASHVILLE, LLC
SONIC AUTOMOTIVE OF NEVADA, INC. (including as
successor by merger with Sonic Automotive of Tennessee, Inc.)
SONIC AUTOMOTIVE SUPPORT, LLC
SONIC AUTOMOTIVE WEST, LLC
SONIC AUTOMOTIVE-3700 WEST BROAD STREET,
COLUMBUS, INC.
SONIC AUTOMOTIVE-4000 WEST BROAD STREET,
COLUMBUS, INC.
SONIC CALABASAS M, INC.
SONIC DEVELOPMENT, LLC
SONIC DIVISIONAL OPERATIONS, LLC
SONIC FREMONT, INC.
SONIC OF TEXAS, INC.
SONIC RESOURCES, INC.
SONIC SANTA MONICA M, INC.
SONIC SANTA MONICA S, INC.
SONIC TYSONS CORNER H, INC.
SONIC TYSONS CORNER INFINITI, INC.
SONIC WALNUT CREEK M, INC.
SONIC WILSHIRE CADILLAC, INC.
SONIC-BUENA PARK H, INC.
SONIC-CALABASAS A, INC.
SONIC-CAPITOL CADILLAC, INC.
SONIC-CAPITOL IMPORTS, INC.
SONIC-CARSON LM, INC.
SONIC-PLYMOUTH CADILLAC, INC.
SONIC-SATURN OF SILICON VALLEY, INC.
SONIC-SERRAMONTE I, INC.
SONIC-VOLVO LV, LLC (as successor by merger with Sonic
Automotive Servicing Company, LLC)
SONIC-WEST COVINA T, INC.

By: /s/ Stephen K. Coss

Name: Stephen K. Coss

Title: Secretary

Signature Page to Security Agreement

SRE ALABAMA - 2, LLC
SRE ALABAMA- 5, LLC
SRE CALIFORNIA - 1, LLC
SRE CALIFORNIA - 2, LLC
SRE CALIFORNIA - 4, LLC
SRE COLORADO - 1, LLC
SRE FLORIDA- 1, LLC
SRE FLORIDA - 2, LLC
SRE HOLDING, LLC
SRE NORTH CAROLINA - 2, LLC
SRE OKLAHOMA-1, LLC
SRE OKLAHOMA-2, LLC
SRE OKLAHOMA-5, LLC
SRE SOUTH CAROLINA-3, LLC
SRE SOUTH CAROLINA - 4, LLC
SRE TENNESSEE-4, LLC
SRE VIRGINIA – 1, LLC
SREALESTATE ARIZONA - 2, LLC
SREALESTATE ARIZONA - 3, LLC
STEVENS CREEK CADILLAC, INC.
TOWN AND COUNTRY FORD, INCORPORATED
VILLAGE IMPORTED CARS, INC.
WINDWARD, INC.
Z MANAGEMENT, INC.

By: /s/ Stephen K. Coss

Name: Stephen K. Coss

Title: Secretary

SAI CLEARWATER T, LLC (f/k/a and converted from Sonic Automotive-Clearwater, Inc.)

By: SAI FL HC2, INC.,
as Sole Member

By: /s/ Stephen K. Coss

Name: Stephen K. Coss

Title: Secretary

SAI COLUMBUS T, LLC (f/k/a and converted from Sonic Automotive-1500 Automall Drive, Columbus, Inc.)

By: SONIC AUTOMOTIVE, INC.,
as Sole Member

By: /s/ Stephen K. Coss

Name: Stephen K. Coss

Title: Secretary

SAI IRONDALE L, LLC (f/k/a Sonic – Williams Motors, LLC)

By: SAI AL HC2, INC.,
as Sole Member

By: /s/ Stephen K. Coss
Name: Stephen K. Coss
Title: Secretary

SAI OKLAHOMA CITY T, LLC (f/k/a and converted from
Wrangler Investments, Inc.)

SAI TULSA T, LLC (f/k/a and converted from Sonic – Oklahoma T,
Inc.)

By: SAI OK HC1, INC.,
as Sole Member

By: /s/ Stephen K. Coss
Name: Stephen K. Coss
Title: Secretary

SAI ROCKVILLE L, LLC (as successor by merger with Sonic-
Rockville Motors, Inc.)

By: SAI MD HC1, INC.,
as Sole Member

By: /s/ Stephen K. Coss
Name: Stephen K. Coss
Title: Secretary

SAI GEORGIA, LLC (f/k/a and converted from Sonic Automotive
of Georgia, Inc.)

By: SONIC AUTOMOTIVE OF NEVADA, INC.,
as Sole Member

By: /s/ Stephen K. Coss
Name: Stephen K. Coss
Title: Secretary

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SAI GA HC1, LP
SONIC PEACHTREE INDUSTRIAL BLVD., L.P.
SONIC – STONE MOUNTAIN T, L.P.

By: SAI GEORGIA, LLC, as Sole General Partner

By: **SONIC AUTOMOTIVE OF NEVADA, INC.,**
as Sole Member

By: /s/ Stephen K. Coss

Name: Stephen K. Coss

Title: Secretary

PHILPOTT MOTORS, LTD.
SONIC ADVANTAGE PA, L.P.
SONIC AUTOMOTIVE OF TEXAS, L.P.
SONIC AUTOMOTIVE – 3401 N. MAIN, TX, L.P.
SONIC AUTOMOTIVE – 4701 I-10 EAST, TX, L.P.
SONIC – CADILLAC D, L.P.
SONIC – CAMP FORD, L.P.
SONIC – CARROLLTON V, L.P.
SONIC-CLEAR LAKE VOLKSWAGEN, L.P.
SONIC – FORT WORTH T, L.P.
SONIC – FRANK PARRA AUTOPLEX, L.P.
SONIC HOUSTON JLR, L.P.
SONIC HOUSTON LR, L.P.
SONIC – HOUSTON V, L.P.
SONIC-JERSEY VILLAGE VOLKSWAGEN, L.P.
SONIC – LUTE RILEY, L.P.
SONIC – MESQUITE HYUNDAI, L.P.
SONIC MOMENTUM B, L.P.
SONIC MOMENTUM JVP, L.P.
SONIC MOMENTUM VWA, L.P.
SONIC – READING, L.P.
SONIC – RICHARDSON F, L.P.
SONIC – UNIVERSITY PARK A, L.P.
SRE TEXAS – 1, L.P.
SRE TEXAS – 2, L.P.
SRE TEXAS – 3, L.P.
SRE TEXAS – 4, L.P.
SRE TEXAS – 5, L.P.
SRE TEXAS – 6, L.P.
SRE TEXAS – 7, L.P.
SRE TEXAS – 8, L.P.

By: **SONIC OF TEXAS, INC.,**
as Sole General Partner

By: /s/ Stephen K. Coss

Name: Stephen K. Coss

Title: Secretary

Signature Page to Security Agreement

SONIC – LS CHEVROLET, L.P.

By: SONIC – LS, LLC,
as Sole General Partner

By: /s/ Stephen K. Coss
Name: Stephen K. Coss
Title: Secretary

Signature Page to Security Agreement

COLLATERAL AGENT:

U.S. BANK NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ Richard Prokosch

Name: Richard Prokosch

Title: Vice President

[Security Agreement]

EXHIBIT A

“Permitted Real Estate Indebtedness Collateral” means the applicable real property (the “Premises”) used by a Subsidiary of the Company for the operation of a vehicle dealership or a business ancillary thereto, together with real property rights, improvements, fixtures (other than trade fixtures), insurance payments, leases and rents related thereto and proceeds thereof, including, but not limited to:

(a) all buildings, structures, improvements, parking areas, landscaping, fixtures (other than “trade fixtures”) now or hereafter erected on or attached to the Premises; including but without being limited to all of the following to the extent affixed to the Premises: all heating, air conditioning and incinerating apparatus, all boilers, piping and plumbing fixtures, water heaters, cooling, ventilating and sprinkling systems, fire extinguishing apparatus, gas and electric fixtures, carpeting, floor coverings, underpadding, partitions, built-in mirrors, screens, storm sash, awnings, and shrubbery and plants, all of which property mentioned in this clause (a) shall be deemed part of the realty and not severable wholly or in part without material injury to the freehold of the Premises (all of the foregoing together with replacements and additions thereto are referred to herein as “Improvements”);

(b) all contracts, contract rights (including without limitation the right to payment thereunder), agreements and documents of any nature relating to the design, construction, operation and/or maintenance of the Improvements including, without limitations, all guaranties and warranties related thereto, and all work product created pursuant to any of the foregoing;

(c) all compensation, awards, damages, rights of action and proceeds, including interest thereon and/or the proceeds of any policies of insurance therefor, arising out of or relating to (i) a taking or damaging of the Premises or Improvements thereon by reason of any public or private improvement, condemnation proceeding (including change of grade), sale or transfer in lieu of condemnation, or fire, earthquake or other casualty, or (ii) any injury to or decrease in the value of the Premises or the Improvements for any reason whatsoever;

(d) return premiums or other payments upon any insurance any time provided with respect to the Premises and Improvements for the benefit of or naming the fee mortgagee, and refunds or rebates of real-property taxes or assessments on the Premises;

(e) all written and oral leases and rental agreements (including extensions, renewals and subleases thereof, all of the foregoing being referred to collectively herein as the “Leases”) now or hereafter entered into with respect to the Premises, and including, without limitation, all rents, issues, income, profits and other revenues and income therefrom and from the renting, leasing or bailment of Improvements (and all accounts into which the foregoing are deposited), all lease guaranties, and all rights and claims of any kind that a Subsidiary may have against any tenant under the Leases or in connection with the termination or rejection of the applicable Leases in a bankruptcy or insolvency proceeding;

(f) all books, records, surveys, reports and other documents related to the Premises, the Improvements, the applicable Leases, or other items of collateral described herein; and

(g) all additions, accessions, replacements, substitutions and proceeds of the collateral described herein, including but not limited to lease and real estate proceeds and other amounts relating to the use, disposition, or sale of the collateral described herein which proceeds or other amounts are characterized as general intangibles.

Schedule 7(f)

GRANTOR INFORMATION

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
1. Sonic Automotive, Inc.	Delaware Corporation 2714319	The chief executive office for all entities is 6415 Idlewild Road, Suite 109 Charlotte, NC
2. Arngar, Inc.	North Carolina Corporation 0005612	
3. Autobahn, Inc.	California Corporation C1548941	
4. Avalon Ford, Inc.	Delaware Corporation 0896102	
5. Cornerstone Acceptance Corporation	Florida Corporation 593532504	
6. FAA Auto Factory, Inc.	California Corporation C2058910	
7. FAA Beverly Hills, Inc.	California Corporation C2069519	
8. FAA Capitol F, Inc.	California Corporation C2207446	
9. FAA Capitol N, Inc.	California Corporation C2054429	
10. FAA Concord H, Inc.	California Corporation C2004304	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
11. FAA Concord T, Inc.	California Corporation C0613543	
12. FAA Dublin N, Inc.	California Corporation C2007600	
13. FAA Dublin VWD, Inc.	California Corporation C2007571	
14. FAA Holding Corp.	California Corporation C2174202	
15. FAA Las Vegas H, Inc.	Nevada Corporation C13186-1999	
16. FAA Poway G, Inc.	California Corporation C2069464	
17. FAA Poway H, Inc.	California Corporation C2006230	
18. FAA Poway T, Inc.	California Corporation C2006232	
19. FAA San Bruno, Inc.	California Corporation C2004303	
20. FAA Santa Monica V, Inc.	California Corporation C2165877	
21. FAA Serramonte, Inc.	California Corporation C2004221	
22. FAA Serramonte H, Inc.	California Corporation C2069465	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
23. FAA Serramonte L, Inc.	California Corporation C2004222	
24. FAA Stevens Creek, Inc.	California Corporation C2004216	
25. FAA Torrance CPJ, Inc.	California Corporation C2165823	
26. FirstAmerica Automotive, Inc.	Delaware Corporation 2761294	
27. Fort Mill Ford, Inc.	South Carolina Corporation	
28. Fort Myers Collision Center, LLC	Florida Limited Liability Company 593659948	
29. Franciscan Motors, Inc.	California Corporation C1532758	
30. Frontier Oldsmobile-Cadillac, Inc.	North Carolina Corporation 0233650	
31. Kramer Motors Incorporated	California Corporation C0392185	
32. L Dealership Group, Inc.	Texas Corporation 151278900	
33. Marcus David Corporation	North Carolina Corporation 0272880	
34. Massey Cadillac, Inc.	Tennessee Corporation 0230052	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
35. Mountain States Motors Co., Inc.	Colorado Corporation 19911043766	
36. Ontario L, LLC	California Limited Liability Company 200330110050	
37. Philpott Motors, Ltd.	Texas Limited Partnership 12223010	
38. Royal Motor Company, Inc.	Alabama Corporation D/C 134-171	
39. SAI AL HC1, Inc.	Alabama Corporation D/C 206-272	
40. SAI AL HC2, Inc.	Alabama Corporation D/C 199-217	
41. SAI Ann Arbor Imports, LLC	Michigan Limited Liability Company E15303	
42. SAI Atlanta B, LLC	Georgia Limited Liability Company 08083814	
43. SAI Broken Arrow C, LLC	Oklahoma Limited Liability Company 3512215667	
44. SAI Charlotte M, LLC	North Carolina Limited Liability Company 0433486	
45. SAI Clearwater T, LLC	Florida Limited Liability Company L08000116713	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
46. SAI Columbus Motors, LLC	Ohio Limited Liability Company CP13127	
47. SAI Columbus T, LLC	Ohio Limited Liability Company CP13128	
48. SAI Columbus VWK, LLC	Ohio Limited Liability Company CP13130	
49. SAI FL HC2, Inc.	Florida Corporation P98000016038	
50. SAI FL HC3, Inc.	Florida Corporation P98000064012	
51. SAI FL HC4, Inc.	Florida Corporation P98000064009	
52. SAI FL HC6, Inc.	Florida Corporation 593552436	
53. SAI FL HC7, Inc.	Florida Corporation 592214873	
54. SAI Fort Myers B, LLC	Florida Limited Liability Company L08000116712	
55. SAI Fort Myers H, LLC	Florida Limited Liability Company L08000116710	
56. SAI Fort Myers M, LLC	Florida Limited Liability Company 593535971	
57. SAI Fort Myers VW, LLC	Florida Limited Liability Company L08000116709	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
58. SAI GA HC1, LP	Georgia Limited Partnership 0224680	
59. SAI Georgia, LLC	Georgia Limited Liability Company 08094603	
60. SAI Irondale Imports, LLC	Alabama Limited Liability Company 428-744	
61. SAI Irondale L, LLC	Alabama Corporation DLL 662-073	
62. SAI Long Beach B, Inc.	California Corporation C2998588	
63. SAI MD HC1, Inc.	Maryland Corporation D05310776	
64. SAI Monrovia B, Inc.	California Corporation CA # C2979304	
65. SAI Montgomery B, LLC	Alabama Limited Liability Company 428-746	
66. SAI Montgomery BCH, LLC	Alabama Limited Liability Company 428-745	
67. SAI Montgomery CH, LLC	Alabama Limited Liability Company 428-747	
68. SAI Nashville CSH, LLC	Tennessee Limited Liability Company 0336183	
69. SAI Nashville H, LLC	Tennessee Limited Liability Company 0336180	
70. SAI Nashville M, LLC	Tennessee Limited Liability Company 0336182	
71. SAI Nashville Motors, LLC	Tennessee Limited Liability Company 0566970	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
72. SAI OK HC1, Inc.	Oklahoma Corporation 1900632183	
73. SAI Oklahoma City C, LLC	Oklahoma Limited Liability Company 3512215668	
74. SAI Oklahoma City H, LLC	Oklahoma Limited Liability Company 3512215666	
75. SAI Oklahoma City T, LLC	Oklahoma Limited Liability Company 3512215664	
76. SAI Orlando CS, LLC	Florida Limited Liability Company L08000116711	
77. SAI Riverside C, LLC	Oklahoma Limited Liability Company 3512215685	
78. SAI Rockville Imports, LLC	Maryland Limited Liability Company W12791083	
79. SAI Rockville L, LLC	Maryland Limited Liability Company W12796074	
80. SAI TN HC1, Inc.	Tennessee Corporation 0336184	
81. SAI TN HC2, LLC	Tennessee Limited Liability Company 0336185	
82. SAI TN HC3, Inc.	Tennessee Corporation 0336181	
83. SAI Tulsa N, LLC	Oklahoma Limited Liability Company 3512215684	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
84. SAI Tulsa T, LLC	Oklahoma Limited Liability Company 3512215671	
85. Santa Clara Imported Cars, Inc.	California Corporation C0587296	
86. Sonic – 2185 Chapman Rd., Chattanooga, LLC	Tennessee Limited Liability Company 0366281	
87. Sonic Advantage PA, L.P	Texas Limited Partnership 800235623	
88. Sonic Agency, Inc.	Michigan Corporation 35010C	
89. Sonic Automotive - 1720 Mason Ave., DB, Inc.	Florida Corporation 593523303	
90. Sonic Automotive - 1720 Mason Ave., DB, LLC	Florida Limited Liability Company 571072509	
91. Sonic Automotive 2752 Laurens Rd., Greenville, Inc.	South Carolina Corporation	
92. Sonic Automotive - 3401 N. Main, TX, L.P.	Texas Limited Partnership 11376510	
93. Sonic Automotive-3700 West Broad Street, Columbus, Inc.	Ohio Corporation CP13131	
94. Sonic Automotive-4000 West Broad Street, Columbus, Inc.	Ohio Corporation CP13126	
95. Sonic Automotive - 4701 I-10 East, TX, L.P.	Texas Limited Partnership 11345010	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
96. Sonic Automotive 5260 Peachtree Industrial Blvd., LLC	Georgia Limited Liability Company K734665	
97. Sonic Automotive - 6008 N. Dale Mabry, FL, Inc.	Florida Corporation 593535965	
98. Sonic Automotive - 9103 E. Independence, NC, LLC	North Carolina Limited Liability Company 0470751	
99. Sonic Automotive F&I, LLC	Nevada Limited Liability Company LLC8620-1999	
100. Sonic Automotive of Chattanooga, LLC	Tennessee Limited Liability Company 0336188	
101. Sonic Automotive of Nashville, LLC	Tennessee Limited Liability Company 0336186	
102. Sonic Automotive of Nevada, Inc.	Nevada Corporation C18014-1997	
103. Sonic Automotive of Texas, L.P.	Texas Limited Partnership 11324210	
104. Sonic Automotive Support, LLC	Nevada Limited Liability Company LLC19412-2003	
105. Sonic Automotive West, LLC	Nevada Limited Liability Company LLC9139-1999	
106. Sonic-Buena Park H, Inc.	California Corporation C2356456	
107. Sonic – Cadillac D, L.P.	Texas Limited Partnership 800061917	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
108. Sonic-Calabasas A, Inc.	California Corporation C2413759	
109. Sonic Calabasas M, Inc.	California Corporation C2975101	
110. Sonic – Calabasas V, Inc.	California Corporation C2501983	
111. Sonic – Camp Ford, L.P.	Texas Limited Partnership 12312610	
112. Sonic-Capitol Cadillac, Inc.	Michigan Corporation 26619C	
113. Sonic-Capitol Imports, Inc.	South Carolina Corporation	
114. Sonic – Carrollton V, L.P.	Texas Limited Partnership 13894610	
115. Sonic – Carson F, Inc.	California Corporation C2375909	
116. Sonic – Carson LM, Inc.	California Corporation C2375100	
117. Sonic-Clear Lake Volkswagen, L.P.	Texas Limited Partnership 800207889	
118. Sonic – Coast Cadillac, Inc.	California Corporation C2124569	
119. Sonic – Denver T, Inc.	Colorado Corporation 20021350687	
120. Sonic Development, LLC	North Carolina Limited Liability Company 0483658	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
121. Sonic Divisional Operations, LLC	Nevada Limited Liability Company LLC26157-2004	
122. Sonic – Downey Cadillac, Inc.	California Corporation C2375896	
123. Sonic – Englewood M, Inc.	Colorado Corporation 20021021611	
124. Sonic – Fort Mill Dodge, Inc.	South Carolina Corporation	
125. Sonic – Fort Worth T, L.P.	Texas Limited Partnership 13920710	
126. Sonic – Frank Parra Autoplex, L.P.	Texas Limited Partnership 800079059	
127. Sonic Fremont, Inc.	California Corporation C2935225	
128. Sonic – Harbor City H, Inc.	California Corporation C2356454	
129. Sonic Houston JLR, LP	Texas Limited Partnership 800735509	
130. Sonic Houston LR, L.P.	Texas Limited Partnership 800236309	
131. Sonic – Houston V, LP	Texas Limited Partnership 15286810	
132. Sonic–Jersey Village Volkswagen, L.P.	Texas Limited Partnership 800207902	
133. Sonic - Las Vegas C East, LLC	Nevada Limited Liability Company LLC7435-2000	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
134. Sonic - Las Vegas C West, LLC	Nevada Limited Liability Company LLC7434-2000	
135. Sonic - Lloyd Nissan, Inc.	Florida Corporation 593560057	
136. Sonic - Lloyd Pontiac - Cadillac, Inc.	Florida Corporation 593560058	
137. Sonic – Lone Tree Cadillac, Inc.	Colorado Corporation 20021021609	
138. Sonic – LS Chevrolet, L.P.	Texas Limited Partnership 11958210	
139. Sonic – LS, LLC	Delaware Limited Liability Company 3440418	
140. Sonic - Lute Riley, L.P.	Texas Limited Partnership 11869810	
141. Sonic - Manhattan Fairfax, Inc.	Virginia Corporation 0521177-6	
142. Sonic – Massey Chevrolet, Inc.	California Corporation C2375359	
143. Sonic – Massey Pontiac Buick GMC, Inc.	Colorado Corporation 20021021616	
144. Sonic – Mesquite Hyundai, L.P.	Texas Limited Partnership 800087803	
145. Sonic Momentum B, L.P.	Texas Limited Partnership 800235477	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
146. Sonic Momentum JVP, L.P.	Texas Limited Partnership 800235475	
147. Sonic Momentum VWA, L.P.	Texas Limited Partnership 800207910	
148. Sonic - Newsome Chevrolet World, Inc.	South Carolina Corporation	
149. Sonic - Newsome of Florence, Inc.	South Carolina Corporation	
150. Sonic - North Charleston Dodge, Inc.	South Carolina Corporation	
151. Sonic - North Charleston, Inc.	South Carolina Corporation	
152. Sonic of Texas, Inc.	Texas Corporation 150782300	
153. Sonic Peachtree Industrial Blvd., L.P.	Georgia Limited Partnership K739239	
154. Sonic – Plymouth Cadillac, Inc.	Michigan Corporation 26618C	
155. Sonic - Reading, L.P.	Texas Limited Partnership 12032210	
156. Sonic Resources, Inc.	Nevada Corporation C24652-2001	
157. Sonic – Richardson F, L.P.	Texas Limited Partnership 14037410	
158. Sonic – Sanford Cadillac, Inc.	Florida Corporation 010595473	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
159. Sonic Santa Monica M, Inc.	California Corporation C2727452	
160. Sonic Santa Monica S, Inc.	California Corporation C2788444	
161. Sonic-Saturn of Silicon Valley, Inc.	California Corporation C2547838	
162. Sonic-Serramonte I, Inc.	California Corporation C2469221	
163. Sonic - Shottenkirk, Inc.	Florida Corporation 593575773	
164. Sonic - Stevens Creek B, Inc.	California Corporation C0723787	
165. Sonic – Stone Mountain T, L.P.	Georgia Limited Partnership 0342795	
166. Sonic Tysons Corner H, Inc.	Virginia ID #0645231	
167. Sonic Tysons Corner Infiniti, Inc.	Virginia ID # 0645232	
168. Sonic – University Park A, L.P.	Texas Limited Partnership 13748310	
169. Sonic-Volvo LV, LLC	Nevada Limited Liability Company LLC6829-1999	
170. Sonic Walnut Creek M, Inc.	California Corporation C2508517	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
171. Sonic–West Covina T, Inc.	California Corporation C2356455	
172. Sonic - Williams Cadillac, Inc.	Alabama Corporation D/C 199-219	
173. Sonic Wilshire Cadillac, Inc.	California Corporation C2882071	
174. SRE Alabama-2, LLC	Alabama Limited Liability Company 670-275	
175. SRE Alabama-5, LLC	Alabama Limited Liability Company DLL 691-622	
176. SRE California-1, LLC	California Limited Liability Company 200202910110	
177. SRE California-2, LLC	California Limited Liability Company 200202910111	
178. SRE California-4, LLC	California Limited Liability Company 200202810144	
179. SRE Colorado-1, LLC	Colorado Limited Liability Company 20021330518	
180. SRE Florida-1, LLC	Florida Limited Liability Company L00000006050	
181. SRE Florida-2, LLC	Florida Limited Liability Company L00000006045	
182. SRE Holding, LLC	North Carolina Corporation 551475	
183. SRE North Carolina-2, LLC	North Carolina Limited Liability Company 682830	
184. SRE Oklahoma-1, LLC	Oklahoma Limited Liability Company 3500697104	
185. SRE Oklahoma –2, LLC	Oklahoma Limited Liability Company 3500697105	

I. Name	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
186. SRE Oklahoma-5, LLC	Oklahoma Limited Liability Company 3500697108	
187. SRE South Carolina-3, LLC	South Carolina Limited Liability Company N/A	
188. SRE South Carolina-4, LLC	South Carolina Limited Liability Company N/A	
189. SRE Tennessee – 4, LLC	Tennessee Limited Liability Company 0450279	
190. SRE Texas-1, L.P	Texas Limited Partnership 00135233-10	
191. SRE Texas-2, L.P.	Texas Limited Partnership 00135234-10	
192. SRE Texas-3, L.P.	Texas Limited Partnership 00135235-10	
193. SRE Texas-4, L.P.	Texas Limited Partnership 800048705	
194. SRE Texas – 5, L.P.	Texas Limited Partnership 800048740	
195. SRE Texas-6, L.P.	Texas Limited Partnership 80000448741	
196. SRE Texas-7, L.P.	Texas Limited Partnership 800048742	
197. SRE Texas-8, L.P.	Texas Limited Partnership 800048743	
198. SRE Virginia – 1, LLC	Virginia Limited Liability Company S050246-0	
199. SRealEstate Arizona-2, LLC	Arizona Limited Liability Company L-0951252-2	
200. SRealEstate Arizona-3, LLC	Arizona Limited Liability Company L-0951282-8	

I. <u>Name</u>	II. Jurisdiction of Formation/Form of Equity/I.D. Number	III. Address of Chief Executive Office
201. Stevens Creek Cadillac, Inc.	California Corporation C1293380	
202. Town and Country Ford, Incorporated	North Carolina Corporation 0148959	
203. Village Imported Cars, Inc.	Maryland Corporation D00308593d	
204. Windward, Inc.	Hawaii Corporation 41788D1FPD	
205. Z Management, Inc.	Colorado Corporation 19911043768	

Schedule 8(h)

COMMERCIAL TORT CLAIMS

Sonic Automotive, Inc. v. Mercedes-Benz USA, LLC, (08-CVS-4259) pending in the North Carolina Business Court.

THIS AGREEMENT OR INSTRUMENT AND THE RIGHTS AND OBLIGATIONS EVIDENCED HEREBY ARE SUBJECT TO THAT CERTAIN INTERCREDITOR AGREEMENT DATED AS OF MAY 7, 2009, AMONG BANK OF AMERICA, N.A., AS FIRST LIEN AGENT, U.S. BANK NATIONAL ASSOCIATION, AS SECOND LIEN AGENT, SONIC AUTOMOTIVE, INC. AND THE SUBSIDIARIES OF SONIC AUTOMOTIVE, INC. PARTY THERETO (THE "INTERCREDITOR AGREEMENT"), AND EACH PARTY TO OR HOLDER OF THIS AGREEMENT OR INSTRUMENT, BY ITS ACCEPTANCE HEREOF, IRREVOCABLY AGREES TO BE BOUND BY THE PROVISIONS OF THE INTERCREDITOR AGREEMENT

SECURITIES PLEDGE AGREEMENT

THIS SECURITIES PLEDGE AGREEMENT (this "Pledge Agreement") is made and entered into as of May 7, 2009 by SONIC AUTOMOTIVE, INC., a Delaware corporation (the "Company" and a "Pledgor"), EACH OF THE UNDERSIGNED SUBSIDIARIES OF THE COMPANY AND EACH OTHER PERSON WHO SHALL BECOME A PARTY HERETO BY EXECUTION OF A JOINDER AGREEMENT (each a "Pledgor", and collectively with the Company, the "Pledgors"), and U.S. BANK NATIONAL ASSOCIATION, as collateral agent (together with any successor, the "Collateral Agent") for the Trustee (as defined below) and each Holder (collectively with the Collateral Agent, the "Secured Parties"). All capitalized terms used but not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture (as defined below).

WITNESSETH:

WHEREAS, 6.00% Senior Secured Convertible Notes due 2012 of the Company (the "Securities"), in the original aggregate principal amount of \$85,627,000.00 will be issued pursuant to the Indenture, dated as of May 7, 2009 (as amended, modified, supplemented, restated or amended and restated from time to time, the "Indenture"), among the Company, the Guarantors and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, each Guarantor has, pursuant to the Indenture, unconditionally guaranteed the Secured Obligations (as defined below);

WHEREAS, the Company and each other Pledgor will materially benefit from the issuance of the Securities; and

WHEREAS, it is a condition to the issuance and sale of the Securities that the Pledgors execute and deliver this Pledge Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

1. Pledge of Pledged Interests: Other Collateral.

(a) Each Pledgor hereby grants, pledges and collaterally assigns to the Collateral Agent for the benefit of the Secured Parties a security interest in all of the following items of property in which it now has or may at any time hereafter acquire an interest or the power to transfer rights therein, and wheresoever located as collateral security for the payment, performance and satisfaction of all of the Indenture Obligations and the payment and performance of each Pledgor's obligations and liabilities (whether now existing or hereafter arising) hereunder or under any other Note Document to which it is now or hereafter becomes a party (such Indenture Obligations, obligations and liabilities of the Pledgors referred to collectively as the "Secured Obligations"):

(i) all of the Capital Stock of certain of its Subsidiaries as more particularly described on Schedule I attached hereto (collectively, the "Pledged Interests") (such Subsidiaries, together with all other Subsidiaries whose Capital Stock are required to be subject to this Pledge Agreement from time to time, are hereinafter referred to collectively as the "Pledged Subsidiaries");

(ii) all money, securities, security entitlements and other investment property, dividends, rights, general intangibles and other property at any time and from time to time (x) declared or distributed in respect of or in exchange for or on conversion of any Pledged Interest, or (y) by its or their terms exchangeable or exercisable for or convertible into any Pledged Interest;

(iii) all other property of whatever character or description, including money, securities, security entitlements and other investment property, and general intangibles hereafter delivered to the Collateral Agent in substitution for or as an addition to any of the foregoing;

(iv) all securities accounts to which may at any time be credited any or all of the foregoing or any proceeds thereof and all certificates and instruments representing or evidencing any of the foregoing or any proceeds thereof; and

(v) all proceeds of any of the foregoing.

All such Pledged Interests, certificates, instruments, cash, securities, interests, dividends, rights and other property referred to in clauses (i) through (v) of this Section 1 are herein collectively referred to as the "Collateral"; provided, however, that Collateral shall not include any Excluded Property (as defined in the Security Agreement, dated as of the date hereof (as amended, modified, supplemented, restated or amended and restated from time to time, the "Security Agreement"), among the grantors party thereto and the Collateral Agent).

(b) Subject to Section 11(a) and Section 2, each Pledgor agrees to deliver all certificates, instruments or other documents representing any Collateral to the Collateral Agent, or an agent or bailee of the Collateral Agent, at such location as the Collateral Agent shall from time to time designate by written notice pursuant to Section 23 for its

custody at all times until termination of this Pledge Agreement, together with such instruments of assignment and transfer as requested by the Collateral Agent.

(c) Each Pledgor agrees to execute and deliver, or cause to be executed and delivered by other Persons, at Pledgor's expense, all share certificates, documents, instruments, agreements, financing statements (and amendments thereto and continuations thereof), assignments or other writings to carry out the terms of this Pledge Agreement or to protect or enforce the Collateral Agent's Lien and security interest in the Collateral hereunder granted to the Collateral Agent for the benefit of the Secured Parties and further agrees to do and cause to be done upon the Collateral Agent's request, at Pledgor's expense, all things necessary or advisable to perfect and keep in full force and effect the Lien in the Collateral hereunder granted to the Collateral Agent for the benefit of the Secured Parties, including the prompt payment of all out-of-pocket fees and expenses incurred in connection with any filings made to perfect or continue the Lien and security interest in the Collateral hereunder granted in favor of the Collateral Agent for the benefit of the Secured Parties.

(d) All filing fees, advances, charges, costs and expenses (including fees, charges and disbursements of counsel ("Attorney Costs")), incurred or paid by the Collateral Agent or any Holder in exercising any right, power or remedy conferred by this Pledge Agreement, or in the enforcement thereof, shall become a part of the Secured Obligations secured hereunder and shall be paid to the Collateral Agent for the benefit of the Secured Parties by the Pledgor in respect of which the same was incurred immediately upon demand therefor, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the then applicable interest rate borne by the Securities.

(e) Each Pledgor agrees to register and cause to be registered the interest of the Collateral Agent, for the benefit of the Secured Parties, in the Collateral on its own books and records and the registration books of each of the Pledged Subsidiaries.

(f) Notwithstanding anything to the contrary in this Pledge Agreement or any other Note Document, no Pledgor shall be required to deliver to the Collateral Agent, or an agent or bailee of the Collateral Agent, any of the items described in Section 3(b) of the Security Agreement.

2. Second Priority Nature of Liens.

Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent pursuant to this Pledge Agreement shall be a second priority lien on and security interest in the Collateral to the extent provided in the Intercreditor Agreement and the exercise of any right or remedy by the Collateral Agent hereunder is subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Pledge Agreement, the terms of the Intercreditor Agreement shall govern and control. Notwithstanding anything herein to the contrary, prior to the Discharge of the First Lien Debt (as defined in the Intercreditor Agreement), the requirements of this Pledge

Agreement to physically deliver any Collateral to the Collateral Agent shall be deemed satisfied by delivery of such Collateral to the First Lien Agent (as defined in the Intercreditor Agreement), as agent and bailee of the Collateral Agent, in accordance with the Intercreditor Agreement.

3. Status of Pledged Interests. Each Pledgor hereby represents, warrants and covenants to the Collateral Agent for the benefit of the Secured Parties, with respect to itself and the Collateral as to which it has or acquires any interest, that:

(a) All of the Pledged Interests are, as of the date of execution of this Pledge Agreement or Joinder Agreement by each Pledgor pledging such Pledged Interests (such date as applicable with respect to each Pledgor, its "Applicable Date"), and shall at all times thereafter be validly issued and outstanding, fully paid and non-assessable, are accurately described on Schedule I, and (except as set forth on Schedule I) constitute all of the issued and outstanding Capital Stock of each Pledged Subsidiary.

(b) The Pledgor is as at its Applicable Date and shall at all times thereafter (subject to dispositions permitted under the Indenture) be the sole record and beneficial owner of the Pledged Interests, free and clear of all Liens, charges, equities, options, hypothecations, encumbrances and restrictions on pledge or transfer, including transfer of voting rights (other than Permitted Liens), the pledge hereunder and applicable restrictions pursuant to federal and state and applicable foreign securities laws). Without limiting the foregoing, the Pledged Interests are not and will not be subject to any voting trust, shareholders agreement, right of first refusal, voting proxy, power of attorney or other similar arrangement (other than the rights hereunder in favor of the Collateral Agent and any such rights granted in connection with Permitted Liens).

(c) At no time shall any Pledged Interests (i) be held or maintained in the form of a security entitlement or credited to any securities account and (ii) which constitute a "security" (or as to which the related Pledged Subsidiary has elected to have treated as a "security") under Article 8 of the Uniform Commercial Code of the State of North Carolina or of any other jurisdiction whose laws may govern (the "UCC") be maintained in the form of uncertificated securities. With respect to Pledged Interests that are "securities" under the UCC, or as to which the issuer has elected at any time to have such interests treated as "securities" under the UCC, such Pledged Interests are, and shall at all times be, represented by the share certificates listed on Schedule I hereto, which share certificates, with stock powers duly executed in blank by the Pledgor, have been delivered to the Collateral Agent, or an agent or bailee of the Collateral Agent, or are being delivered to the Collateral Agent, or an agent or bailee of the Collateral Agent, simultaneously herewith or, in the case of Additional Interests as defined in Section 22, shall be delivered pursuant to Section 22. In addition, with respect to all Pledged Interests, including Pledged Interests that are not "securities" under the UCC and as to which the applicable Pledged Subsidiary has not elected to have such interests treated as "securities" under the UCC, the Pledgor has at its Applicable Date delivered to the Collateral Agent (or has previously delivered to the Collateral Agent or, in case of Additional Interests shall deliver pursuant to Section 22) Uniform Commercial Code financing statements (or appropriate amendments thereto) duly authorized by the Pledgor and naming the Collateral Agent for the benefit of the Secured Parties as "secured party,"

in form, substance and number sufficient in the reasonable opinion of the Collateral Agent to be filed in all UCC filing offices and in all jurisdictions in which filing is necessary or advisable to perfect in favor of the Collateral Agent for the benefit of the Secured Parties the Lien on such Pledged Interests, together with all required filing fees. Without limiting the foregoing provisions of this Section 3(c), with respect to any Pledged Interests issued by any Subsidiary organized under the laws of a jurisdiction other than the United States (a "Foreign Subsidiary"), Pledgor shall deliver or cause to be delivered, (i) in addition to or in substitution for all or any of the foregoing items, as the Collateral Agent may elect, such other instruments, certificates, agreements, notices, filings, and other documents, and take or cause to be taken such other action, as necessary or advisable under the laws of the jurisdiction of formation of such Foreign Subsidiary, to grant, perfect and protect as a Lien in such Collateral in favor of the Collateral Agent for the benefit of the Secured Parties, and (ii) an opinion of counsel reasonably acceptable in form and substance to the Collateral Agent issued by a law firm licensed to practice law in such foreign jurisdiction.

(d) It has full corporate power, legal right and lawful authority to execute this Pledge Agreement (and any Joinder Agreement applicable to it) and to pledge, assign and transfer its Pledged Interests in the manner and form hereof.

(e) The pledge, assignment and delivery of its Pledged Interests (along with undated stock powers executed in blank, financing statements and other agreements referred to in Section 3(c) hereof) to the Collateral Agent, or an agent or bailee of the Collateral Agent, for the benefit of the Secured Parties pursuant to this Pledge Agreement (or any Joinder Agreement) creates or continues, as applicable, a valid and perfected security interest in such Pledged Interests in favor of the Collateral Agent for the benefit of the Secured Parties, securing the payment of the Secured Obligations, assuming, in the case of the Pledged Interests which constitute certificated "securities" under the UCC, continuous and uninterrupted possession by or on behalf of the Collateral Agent. The Pledgor will at its own cost and expense defend the Secured Parties' right, title and security interest in and to the Collateral against the claims and demands of all persons whomsoever.

(f) Except as otherwise expressly provided herein or pursuant to a disposition permitted under the Indenture, none of the Pledged Interests (nor any interest therein or thereto) shall be sold, transferred or assigned without the Collateral Agent's prior written consent, which may be withheld for any reason.

(g) It shall at all times cause the Pledged Interests of such Pledgor that constitute "securities" (or as to which the issuer elects to have treated as "securities") under the UCC to be represented by the certificates now and hereafter delivered to the Collateral Agent, or an agent or bailee of the Collateral Agent, in accordance with Sections 1, 3 and 22 hereof and that it shall cause each of the Pledged Subsidiaries as to which it is the Pledgor not to issue any Capital Stock, or securities convertible into, or exchangeable or exercisable for, Capital Stock, at any time during the term of this Pledge Agreement unless the Pledged Interests of such Pledge Subsidiary are issued solely to either (y) such Pledgor who shall immediately comply with Sections 3 and 22 hereof with

respect to such property or (z) the Company or another Guarantor who shall immediately pledge such additional Capital Stock to the Collateral Agent for the benefit of the Secured Parties pursuant to Section 22 or 24 hereof, as applicable, on substantially identical terms as are contained herein and deliver or cause to be delivered the appropriate documents described in Section 3(c) hereof to the Collateral Agent, or an agent or bailee of the Collateral Agent, and take such further actions as necessary to perfect a security interest in such Capital Stock.

(h) The exact legal name and address, type of Person, jurisdiction of formation, jurisdiction of formation identification number (if any), and location of the chief executive office of each Pledgor is as specified on Schedule II attached hereto. No Pledgor shall change its name, jurisdiction of formation (whether by reincorporation, merger or otherwise), or the location of its chief executive office, except upon giving not less than thirty (30) days' prior written notice to the Collateral Agent and taking or causing to be taken all such action at such Pledgor's expense as may be reasonably requested by the Collateral Agent to perfect or maintain the perfection of the Lien of the Collateral Agent in Collateral.

4. Preservation and Protection of Collateral: Collateral Agent.

(a) The Collateral Agent shall be under no duty or liability with respect to the collection, protection or preservation of the Collateral, or otherwise, beyond the use of reasonable care in the custody and preservation thereof while in its possession. The rights, privileges, protections, immunities and indemnities in favor of the Collateral Agent in the Security Agreement shall be incorporated herein by reference and shall form a part of this Pledge Agreement.

(b) Each Pledgor agrees to pay when due all taxes, charges, Liens and assessments against the Collateral in which it has an interest, unless being contested in good faith by appropriate proceedings diligently conducted and against which adequate reserves have been established in accordance with GAAP applied on a basis consistent with that used in preparing the audited financial statements of the Company and provided that all enforcement proceedings in the nature of levy or foreclosure are effectively stayed. Upon the failure of any Pledgor to so pay or contest such taxes, charges, Liens or assessments, or upon the failure of any Pledgor to pay any amount pursuant to Section 1(c), the Collateral Agent at its option may pay or contest any of them (the Collateral Agent having the sole right to determine the legality or validity and the amount necessary to discharge such taxes, charges, Liens or assessments) but shall not have any obligation to make any such payment or contest. All sums so disbursed by the Collateral Agent, including Attorney Costs, court costs, expenses and other charges related thereto, shall be payable on demand by the applicable Pledgor to the Collateral Agent and shall be additional Secured Obligations secured by the Collateral, and any amounts not so paid on demand (in addition to other rights and remedies resulting from such nonpayment) shall bear interest from the date of demand until paid in full at the then applicable interest rate borne by the Securities.

(c) Each Pledgor hereby (i) irrevocably authorizes the Collateral Agent to (but the Collateral Agent shall have no duty to) file (with, or to the extent permitted by applicable law, without the signature of the Pledgor appearing thereon) financing statements (including amendments thereto and continuations and copies thereof) showing such Pledgor as “debtor” at such time or times and in all filing offices as the Collateral Agent may from time to time reasonably determine to be necessary or advisable to perfect or protect the rights of the Collateral Agent and the Secured Parties hereunder, or otherwise to give effect to the transactions herein contemplated, and (ii) irrevocably ratifies and acknowledges all such actions taken by or on behalf of the Collateral Agent prior to the Applicable Date.

5. Default. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent is given full power and authority, then or at any time thereafter, to sell, assign, deliver or collect the whole or any part of the Collateral, or any substitute therefor or any addition thereto, in one or more sales, with or without any previous demands or demand of performance or, to the extent permitted by law, notice or advertisement, in such order as the Collateral Agent may elect; and any such sale may be made either at public or private sale at the Collateral Agent’s place of business or elsewhere, either for cash or upon credit or for future delivery, at such price or prices as the Collateral Agent may reasonably deem fair; and the Collateral Agent or any other Secured Party may be the purchaser of any or all Collateral so sold and hold the same thereafter in its own right free from any claim of any Pledgor or right of redemption. Demands of performance, advertisements and presence of property and sale and notice of sale are hereby waived to the extent permissible by law. Any sale hereunder may be conducted by an auctioneer or any officer or agent of the Collateral Agent. Each Pledgor recognizes that the Collateral Agent may be unable to effect a public sale of the Collateral by reason of certain prohibitions contained in the Securities Act, and applicable state law, and may be otherwise delayed or adversely affected in effecting any sale by reason of present or future restrictions thereon imposed by governmental authorities, and that as a consequence of such prohibitions and restrictions the Collateral Agent may be compelled (i) to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof, or (ii) to seek regulatory approval of any proposed sale or sales, or (iii) to limit the amount of Collateral sold to any Person or group. Each Pledgor agrees and acknowledges that private sales so made may be at prices and upon terms less favorable to such Pledgor than if such Collateral was sold either at public sales or at private sales not subject to other regulatory restrictions, and that the Collateral Agent has no obligation to delay the sale of any of the Collateral for the period of time necessary to permit the Pledged Subsidiary to register or otherwise qualify the Collateral, even if such Pledged Subsidiary would agree to register or otherwise qualify such Collateral for public sale under the Securities Act or applicable state law. Each Pledgor further agrees, to the extent permitted by applicable law, that the use of private sales made under the foregoing circumstances to dispose of the Collateral shall be deemed to be dispositions in a commercially reasonable manner. Each Pledgor hereby acknowledges that a ready market may not exist for the Pledged Interests if they are not traded on a national securities exchange or quoted on an automated quotation system and agrees and acknowledges that in such event the Pledged Interests may be sold for an amount less than a pro rata share of the fair market value of the Pledged Subsidiary’s assets minus its liabilities. In addition to the foregoing,

the Secured Parties may exercise such other rights and remedies as may be available under the Indenture or any Note Document, at law (including without limitation the UCC) or in equity.

6. Proceeds of Sale. As a result of the collection, liquidation, sale, or other disposition of the Collateral by the Collateral Agent or the First Lien Agent (as defined in the Intercreditor Agreement) upon the exercise of any remedy with respect to the Collateral during the continuance of any Event of Default, the net cash proceeds shall be applied first to the expenses (including all Attorney Costs) of retaking, holding, storing, processing and preparing for sale, selling, collecting, liquidating and the like, and then to the satisfaction of all Secured Obligations in accordance with the terms of Section 406 of the Indenture. Each Pledgor shall be liable to the Collateral Agent, for the benefit of the Secured Parties, and shall pay to the Collateral Agent, for the benefit of the Secured Parties, on demand any deficiency which may remain after such sale, disposition, collection or liquidation of the Collateral.

7. Presentments, Demands and Notices. The Collateral Agent shall not be under any duty or obligation whatsoever to make or give any presentments, demands for performances, notices of nonperformance, protests, notice of protest or notice of dishonor in connection with any obligations or evidences of indebtedness held thereby as collateral, or in connection with any obligations or evidences of indebtedness which constitute in whole or in part the Secured Obligations secured hereunder.

8. Attorney-in-Fact. Each Pledgor hereby appoints the Collateral Agent as the Pledgor's attorney-in-fact for the purposes of carrying out the provisions of this Pledge Agreement and taking any action and executing any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest; provided, that the Collateral Agent shall have and may exercise rights under this power of attorney only upon the occurrence and during the continuance of an Event of Default. Without limiting the generality of the foregoing, upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall have the right and power to receive, endorse and collect all checks and other orders for the payment of money made payable to any Pledgor representing any dividend, interest payment, principal payment or other distribution payable or distributable in respect to the Collateral or any part thereof and to give full discharge for the same.

9. Reinstatement. The granting of a security interest in the Collateral and the other provisions hereof shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by any Secured Party or is repaid by any Secured Party in whole or in part in good faith settlement of a pending or threatened avoidance claim, whether upon the insolvency, bankruptcy or reorganization of any Pledgor or any other Guarantor or otherwise, all as though such payment had not been made. The provisions of this Section 9 shall survive repayment of all of the Secured Obligations and the termination or expiration of this Pledge Agreement in any manner.

10. Waiver by the Pledgors. Each Pledgor waives to the extent permitted by applicable law (a) any right to require any Secured Party or any other obligee of the Secured Obligations to (i) proceed against any Person or entity, including without limitation the Company or any Guarantor, (ii) proceed against or exhaust any Collateral or other collateral for the

Secured Obligations, or (iii) pursue any other remedy in its power, (b) any defense arising by reason of any disability or other defense of any other Person, or by reason of the cessation from any cause whatsoever of the liability of any other Person or entity, (c) any right of subrogation, (d) any right to enforce any remedy which any Secured Party or any other obligee of the Secured Obligations now has or may hereafter have against any other Person and any benefit of and any right to participate in any collateral or security whatsoever now or hereafter held by the Collateral Agent for the benefit of the Secured Parties. Each Pledgor authorizes the Collateral Agent and the Trustee without notice (except notice required by applicable law) or demand and without affecting its liability under the Indenture, this Pledge Agreement or any other Security Document from time to time to: (x) take and hold security, other than the Collateral herein described, for the payment of such Secured Obligations or any part thereof, and exchange, enforce, waive and release the Collateral herein described or any part thereof or any such other security; and (y) apply such Collateral or other security and direct the order or manner of sale thereof as the Collateral Agent or the Trustee in its discretion may determine.

The Collateral Agent may at any time deliver (without representation, recourse or warranty) the Collateral or any part thereof to a Pledgor and the receipt thereof by such Pledgor shall be a complete and full acquittance for the Collateral so delivered, and the Collateral Agent shall thereafter be discharged from any liability or responsibility therefor.

11. Dividends and Voting Rights.

(a) All dividends and other distributions with respect to any of the Pledged Interests shall be subject to the pledge hereunder, provided, however, that cash dividends paid to a Pledgor as record owner of the Pledged Interests, to the extent permitted by the Indenture to be declared and paid, may be retained by such Pledgor.

(b) So long as no Event of Default shall have occurred and be continuing, the registration of the Collateral in the name of each Pledgor as record and beneficial owner shall not be changed and each Pledgor shall be entitled to exercise all voting and other rights and powers pertaining to the Collateral for all purposes not inconsistent with the terms hereof or the Indenture.

(c) Upon the occurrence and during the continuance of any Event of Default, at the option of the Collateral Agent, all rights of each of the Pledgors to exercise the voting or consensual rights and powers which it is authorized to exercise pursuant to subsection (b) above shall cease and the Collateral Agent may thereupon (but shall not be obligated to), at its request, cause such Collateral to be registered in the name of the Collateral Agent or its nominee or agent for the benefit of the Secured Parties and/or exercise such voting or consensual rights and powers as appertain to ownership of such Collateral, and to that end each Pledgor hereby appoints the Collateral Agent as its proxy, with full power of substitution, to vote and exercise all other rights as a shareholder with respect to such Pledged Interests hereunder upon the occurrence and during the continuance of any Event of Default, which proxy is coupled with an interest and is irrevocable until the termination of this Pledge Agreement, and each Pledgor hereby agrees to provide such further proxies as the Collateral Agent may request; provided, however, that the Collateral Agent in its discretion may from time to time refrain from

exercising, and shall not be obligated to exercise, any such voting or consensual rights or such proxy.

12. Continued Powers. Until the termination of this Pledge Agreement, the power of sale and other rights, powers and remedies granted to the Collateral Agent for the benefit of the Secured Parties hereunder shall continue to exist and may, at any time after the occurrence and during the continuance of an Event of Default, be exercised by the Collateral Agent at any time and from time to time irrespective of the fact that any of the Secured Obligations or any part thereof may have become barred by any statute of limitations or that any part of the liability of any Pledgor may have ceased.

13. Other Rights. The rights, powers and remedies given to the Collateral Agent for the benefit of the Secured Parties by this Pledge Agreement shall be in addition to all rights, powers and remedies given to the Collateral Agent or any Secured Party under the Indenture or any other Note Document or by virtue of any statute or rule of law. Any forbearance or failure or delay by the Collateral Agent in exercising any right, power or remedy hereunder shall not be deemed to be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof; and every right, power and remedy of the Secured Parties shall continue in full force and effect until such right, power or remedy is specifically waived in accordance with the terms of the Indenture.

14. Anti-Marshaling Provisions. The right is hereby given by each Pledgor to the Collateral Agent, for the benefit of the Secured Parties, to make releases (whether in whole or in part) of all or any part of the Collateral agreeable to the Collateral Agent without notice to, or the consent, approval or agreement of other parties and interests, including junior lienors, which releases shall not impair in any manner the validity of or priority of the Liens and security interests in the remaining Collateral conferred hereunder, nor release any Pledgor from personal liability for the Secured Obligations. Notwithstanding the existence of any other security interest in the Collateral held by the Collateral Agent, for the benefit of the Secured Parties, the Collateral Agent shall have the right to determine the order in which any or all of the Collateral shall be subjected to the remedies provided in this Pledge Agreement. Each Pledgor hereby waives any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided in the Indenture or in any Note Document.

15. Entire Agreement. This Pledge Agreement and each Joinder Agreement, together with the Indenture, the Intercreditor Agreement and the other Note Documents, constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, agreements and understandings, inducements, commitments or conditions, express or implied, oral or written, except as herein contained. The express terms hereof and of the Joinder Agreements control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof and thereof. Neither this Pledge Agreement nor any Joinder Agreement nor any portion or provision hereof or thereof may be changed, altered, modified, supplemented, discharged, canceled, terminated, or amended orally or in any manner other than as provided in the Indenture.

16. Further Assurances. Each Pledgor agrees at its own expense to do such further acts and things, and to execute and deliver, and cause to be executed and delivered as may be necessary or advisable to give effect thereto, such additional conveyances, assignments, financing statements, documents, certificates, stock powers, agreements and instruments, in connection with the administration or enforcement of this Pledge Agreement or any Joinder Agreement or related to the Collateral or any part thereof or in order better to assure and confirm unto the Collateral Agent its rights, powers and remedies for the benefit of the Secured Parties hereunder or thereunder. Each Pledgor hereby consents and agrees that the Pledged Subsidiaries and all other Persons, shall be entitled to accept the provisions hereof and of the Joinder Agreements as conclusive evidence of the right of the Collateral Agent, on behalf of the Secured Parties, to exercise its rights, privileges, and remedies hereunder and thereunder with respect to the Collateral, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by any Pledgor or any other Person to any of such Pledged Subsidiaries or other Persons.

17. Binding Agreement; Assignment. This Pledge Agreement and each Joinder Agreement, and the terms, covenants and conditions hereof and thereof, shall be binding upon and inure to the benefit of the parties hereto, and to their respective successors and assigns, except that no Pledgor shall be permitted to assign this Pledge Agreement, any Joinder Agreement or any interest herein or therein or in the Collateral, or any part thereof or interest therein, or otherwise pledge, encumber or grant any option with respect to the Collateral, or any part thereof, or any cash or property held by the Collateral Agent as Collateral under this Pledge Agreement. All references herein to the Collateral Agent and to the Secured Parties (including Holders of Securities) shall include any successor thereof or permitted assignee, and any other obligees from time to time of the Secured Obligations.

18. Release of Liens.

(a) If any part of the Collateral is sold, transferred or otherwise disposed of in compliance with the requirements of the Indenture, then in each such case, such Collateral shall automatically be released from the Liens and security interest granted to the Collateral Agent for the benefit of the Secured Parties under this Pledge Agreement. Upon any Pledgor's request, the Collateral Agent shall (upon receipt of a written certification of an officer of the Company, which states that the Collateral Agent has received all documents, if any, required by the Trust Indenture Act (if the Trust Indenture Act is then applicable to the Indenture) and the Indenture) promptly execute and deliver to such Pledgor, at such Pledgor's expense, all UCC termination statements, releases and similar documents that such Pledgor shall reasonably request to terminate of record, or otherwise give appropriate notice of the termination of, any Lien conferred hereunder in connection with the making of such sales, dispositions or other transfers or such Lien releases; provided, that the Collateral Agent shall not be required to take any action or execute or deliver any document if doing so would violate the terms of the Intercreditor Agreement or the Indenture.

(b) If all or substantially all of the Collateral is required to be released in accordance with the Indenture with the consent of the Holders, then in each such case, at the request and expense of any Pledgor, the Collateral Agent, having received the consent

of the requisite Holders as required under the Indenture, will (upon receipt of a written certification of a Responsible Officer of the Company that the Trustee has received all documents, if any, required by the Trust Indenture Act (if the Trust Indenture Act is then applicable to the Indenture) and the Indenture) duly release from the security interest created hereby and, with respect to Collateral in the physical possession of the Collateral Agent, deliver to such Pledgor (without recourse and without representation or warranty) such of the Collateral as is then being (or has been) so released and has not theretofore been released pursuant to this Pledge Agreement, and execute and deliver to such Pledgor, at such Pledgor's expense, all UCC termination statements, releases and similar documents that such Pledgor shall reasonably request to terminate of record, or otherwise give appropriate notice of the termination of, any Lien conferred hereunder in connection with such release of all or substantially all of the Collateral; provided, that the Collateral Agent shall not be required to take any action or execute or deliver any document if doing so would violate the terms of the Intercreditor Agreement or the Indenture.

19. Severability. The provisions of this Pledge Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Pledge Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

20. Counterparts. This Pledge Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Pledge Agreement to produce or account for more than one such counterpart executed by the Pledgor against whom enforcement is sought.

21. Termination. Subject to the provisions of Section 9, this Pledge Agreement and each Joinder Agreement, and all obligations of the Pledgors hereunder (excluding those obligations and liabilities that expressly survive such termination) shall terminate without delivery of any instrument or performance of any act by any party when the Second Priority Liens have been released, in whole, in accordance with the terms and conditions of Section 1505 of the Indenture. Upon such termination of this Pledge Agreement, the Collateral Agent shall, at the sole expense of the Pledgors, promptly deliver to the Pledgors the certificates evidencing its shares of Pledged Interests (and any other property received as a dividend or distribution or otherwise in respect of such Pledged Interests to the extent then held by the Collateral Agent as additional Collateral hereunder), together with any cash then constituting the Collateral not then sold or otherwise disposed of in accordance with the provisions hereof, and take such further actions at the request of the Pledgors as may be necessary to effect the same.

22. Additional Interests. If any Pledgor shall at any time acquire or hold any additional Pledged Interests, including any Pledged Interests issued by any Subsidiary not listed on Schedule I hereto which are required to be subject to a Lien pursuant to this Pledge Agreement by the terms hereof or of any provision of the Indenture (any such shares being referred to herein as the "Additional Interests"), such Pledgor shall deliver to the Collateral Agent for the benefit of the Secured Parties (i) a Pledge Agreement Supplement in the form of Exhibit A hereto with respect to such Additional Interests duly completed and executed by such Pledgor and (iii) any other document required in connection with such Additional Interests as

described in Section 3(c). Each Pledgor shall comply with the requirements of this Section 22, as promptly as practical upon the acquisition of any such Additional Interests; provided, however, that the failure to comply with the provisions of this Section 22 shall not impair the Lien on Additional Interests conferred hereunder.

23. Notices. Any notice required or permitted hereunder shall be given in accordance with Section 106 of the Indenture.

24. Joinder. Each Person who shall at any time execute and deliver to the Collateral Agent a Joinder Agreement (including each Person required to deliver a Joinder Agreement pursuant to Section 913(b) of the Indenture) shall thereupon irrevocably, absolutely and unconditionally become a party hereto and obligated hereunder as a Pledgor and shall have thereupon pursuant to Section 1 hereof granted a security interest in and collaterally assigned and pledged to the Collateral Agent for the benefit of the Secured Parties all Pledged Interests which it has at its Applicable Date or thereafter acquires any interest or the power to transfer, and all references in the Indenture and any other Note Document to the Pledgors or to the parties to this Pledge Agreement shall be deemed to include such Person as a Pledgor hereunder. Each Joinder Agreement shall be accompanied by the Supplemental Schedules referred to therein, appropriately completed with information relating to the Pledgor executing such Joinder Agreement and its property. Each of the applicable Schedules attached hereto shall be deemed amended and supplemented without further action by such information reflected on the Supplemental Schedules to each Joinder Agreement.

25. Governing Law; Waivers.

(a) THIS PLEDGE AGREEMENT AND EACH JOINDER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

(b) EACH PLEDGOR HEREBY EXPRESSLY AND IRREVOCABLY AGREES AND CONSENTS THAT ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS PLEDGE AGREEMENT OR ANY JOINDER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN MAY BE INSTITUTED IN ANY STATE OR FEDERAL COURT SITTING IN NEW YORK COUNTY, STATE OF NEW YORK, UNITED STATES OF AMERICA AND, BY THE EXECUTION AND DELIVERY OF THIS PLEDGE AGREEMENT OR A JOINDER AGREEMENT, EXPRESSLY WAIVES ANY OBJECTION THAT IT MAY HAVE NOW OR HEREAFTER TO THE LAYING OF THE VENUE OR TO THE JURISDICTION OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(c) EACH PLEDGOR AGREES THAT SERVICE OF PROCESS MAY BE MADE BY PERSONAL SERVICE OF A COPY OF THE SUMMONS AND

COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING, OR BY REGISTERED OR CERTIFIED MAIL (POSTAGE PREPAID) TO THE ADDRESS OF SUCH PLEDGOR PROVIDED IN SECTION 23 OR BY ANY OTHER METHOD OF SERVICE PROVIDED FOR UNDER THE APPLICABLE LAWS IN EFFECT IN THE STATE OF NORTH CAROLINA.

(d) NOTHING CONTAINED IN SUBSECTIONS (b) OR (c) HEREOF SHALL PRECLUDE THE COLLATERAL AGENT FROM BRINGING ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS PLEDGE AGREEMENT OR ANY JOINDER AGREEMENT OR THE OTHER NOTE DOCUMENTS IN THE COURTS OF ANY PLACE WHERE ANY PLEDGOR OR ANY OF SUCH PLEDGOR'S PROPERTY OR ASSETS MAY BE FOUND OR LOCATED. TO THE EXTENT PERMITTED BY THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, EACH PLEDGOR HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT AND EXPRESSLY WAIVES, IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING, OBJECTION TO THE EXERCISE OF JURISDICTION OVER IT AND ITS PROPERTY BY ANY SUCH OTHER COURT OR COURTS WHICH NOW OR HEREAFTER, BY REASON OF ITS PRESENT OR FUTURE DOMICILE, OR OTHERWISE, MAY BE AVAILABLE UNDER APPLICABLE LAW.

(e) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO THIS PLEDGE AGREEMENT OR ANY JOINDER AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THE FOREGOING, EACH PARTY HEREBY AGREES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PERSON MAY HAVE TO TRIAL BY JURY IN ANY SUCH ACTION, SUIT OR PROCEEDING.

(f) EACH PLEDGOR HEREBY EXPRESSLY WAIVES ANY OBJECTION IT MAY HAVE THAT ANY COURT TO WHOSE JURISDICTION IT HAS SUBMITTED PURSUANT TO THE TERMS HEREOF IS AN INCONVENIENT FORUM.

IN WITNESS WHEREOF, the parties have duly executed this Pledge Agreement on the day and year first written above.

PLEDGORS:

SONIC AUTOMOTIVE, INC.

By: /s/ Stephen K. Coss
Name: Stephen K. Coss, Senior VP,
Title: General Counsel, and Secretary

**FAA HOLDING CORP.
FIRSTAMERICA AUTOMOTIVE, INC.
L DEALERSHIP GROUP, INC.
SAI AL HC1, INC.
SAI FL HC3, INC.
SAI FL HC4, INC.
SAI FL HC7, INC.
SAI MD HCI, INC.
SAI OK HC1, INC.
SAI TN HC1, LLC
SAI TN HC2, LLC
SONIC AUTOMOTIVE OF NEVADA, INC.
SONIC AUTOMOTIVE WEST, LLC
SONIC AUTOMOTIVE – 1720 MASON AVE., DB, INC.
SONIC – LS, LLC
SONIC OF TEXAS, INC.
SRE HOLDING, LLC
Z MANAGEMENT, INC.**

By: /s/ Stephen K. Coss
Name: Stephen K. Coss, Secretary
Title: _____

SAI GEORGIA, LLC (f/k/a and converted from Sonic Automotive of Georgia, Inc.)

By: SONIC AUTOMOTIVE OF NEVADA, INC.,
as Sole Member

By: /s/ Stephen K. Coss
Name: Stephen K. Coss, Secretary
Title: _____

SONIC PEACHTREE INDUSTRIAL BLVD., L.P.

By: SAI GEORGIA, LLC, as Sole General Partner

By: SONIC AUTOMOTIVE OF NEVADA, INC., as
Sole Member

By: /s/ Stephen K. Coss

Name: Stephen K. Coss, Secretary

Title: _____

COLLATERAL AGENT:

U.S. BANK NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ Richard Prokosch

Name: Richard Prokosch

Title: Vice President

[Securities Pledge Agreement]

EXHIBIT A

PLEDGE AGREEMENT SUPPLEMENT

THIS PLEDGE AGREEMENT SUPPLEMENT (as from time to time amended, revised, modified, supplemented or amended and restated, this "Supplement"), dated as of _____, _____ is made by _____, a _____ corporation (the "Pledgor"), and **U.S. BANK NATIONAL ASSOCIATION**, as Collateral Agent for each of the Holders and the Trustee (as described in the Pledge Agreement referred to below) now or hereafter party to the Indenture or a Holder of the Notes (each as defined in the Pledge Agreement referred to below). All capitalized terms used but not otherwise defined herein shall have the respective meanings assigned thereto in the Pledge Agreement (as defined below).

WHEREAS, the Pledgor is required under the terms of that certain Securities Pledge Agreement dated as of May 7, 2009 executed by the Pledgor (among others), or to which the Pledgor has been joined as a party pursuant to a Joinder Agreement, in favor of the Collateral Agent for the benefit of the Secured Parties (as from time to time amended, revised, modified, supplemented or amended and restated, the "Pledge Agreement"), to cause certain Pledged Interests held by it and listed on Annex A to this Supplement (the "Additional Interests") to be specifically identified as subject to the Pledge Agreement; and

WHEREAS, a material part of the consideration given in connection with issuance and sale of the Notes was the obligation of the Pledgor to pledge to the Collateral Agent for the benefit of the Secured Parties the Additional Interests, whether then owned or subsequently acquired or created; and

WHEREAS, the Pledgor has acquired rights in the Additional Interests and desires to pledge, and evidence its prior pledge, to the Collateral Agent for the benefit of the Secured Parties all of the Additional Interests in accordance with the terms of the Indenture and the Pledge Agreement;

NOW, THEREFORE, the Pledgor hereby agrees as follows with the Collateral Agent, for the benefit of the Secured Parties:

The Pledgor hereby reaffirms and acknowledges the pledge and collateral assignment to, and the grant of security interest in, the Additional Interests contained in the Pledge Agreement and pledges and collaterally assigns to the Collateral Agent for the benefit of the Secured Parties, and grants to the Collateral Agent for the benefit of the Secured Parties a lien and security interest in, the Additional Interests and all of the following:

(a) all money, securities, security entitlements and other investment property, dividends, rights, general intangibles and other property at any time and from time to time (x) declared or distributed in respect of or in exchange for or on conversion of any or all of the Additional Interests or (y) by its or their terms exchangeable or exercisable for or convertible into any Additional Interest or other Pledged Interest;

(b) all other property of whatever character or description, including money, securities, security entitlements and other investment property, and general intangibles

hereafter delivered to the Collateral Agent in substitution for or as an addition to any of the foregoing;

(c) all securities accounts to which may at any time be credited any or all of the foregoing or any proceeds thereof and all certificates and instruments representing or evidencing any of the foregoing or any proceeds thereof; and

(d) all proceeds of any of the foregoing; provided, however, that such pledge and collateral assignment and grant of a Lien and security interest does not extend to any Excluded Property.

The Pledgor hereby acknowledges, agrees and confirms by its execution of this Supplement that the Additional Interests constitute "Pledged Interests" under and are subject to the Pledge Agreement, and the items of property referred to in clauses (a) through (d) above (the "Additional Collateral") shall collectively constitute "Collateral" under and are subject to the Pledge Agreement; provided, however, that Additional Collateral shall not include any Excluded Property. Each of the representations and warranties with respect to Pledged Interests and Collateral contained in the Pledge Agreement is hereby made by the Pledgor with respect to the Additional Interests and the Additional Collateral, respectively. The Pledgor further represents and warrants that Annex A attached to this Supplement contains a true, correct and complete description of the Additional Interests, and that all other documents required to be furnished to the Collateral Agent pursuant to Section 3(c) of the Pledge Agreement in connection with the Additional Collateral have been delivered or are being delivered simultaneously herewith to the Collateral Agent. The Pledgor further acknowledges that Schedule I to the Pledge Agreement shall be deemed, as to it, to be supplemented as of the date hereof to include the Additional Interests as described on Annex A to this Supplement.

The Pledgor irrevocably waives notice of acceptance of this Supplement and acknowledges that the Secured Obligations are and shall be deemed to be incurred, made and maintained, in reliance on this Supplement.

IN WITNESS WHEREOF, the Pledgor has caused this Supplement to be duly executed by its authorized officer as of the day and year first above written.

PLEDGOR:

By: _____

Name: _____

Title: _____

ANNEX A
(to Pledge Agreement Supplement of _____ dated _____)

Additional Interests

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Additional Interest</u>	<u>Total Amount of Class or Type of Additional Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
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SCHEDULE I

Name of Pledgor	Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary	Class or Type of Pledged Interest	Total Amount of Class or Type of Pledged Interests Authorized	Total Amount of Class or Type Outstanding	Total Amount Pledged	Certificate Number (if applicable)	Par Value (if applicable)	Name of Transfer Agent (if any)
FAA Holding Corp.	1. L Dealership Group, Inc. Texas Corporation 151278900	Common Stock	1,000	1,000	1,000	8	\$ 0.01	
FirstAmerica Automotive, Inc.	2. FAA Auto Factory, Inc. California Corporation C2058910	Common Stock	100,000	10,000	10,000	2	N/A	
FirstAmerica Automotive, Inc.	3. FAA Capitol F, Inc. California Corporation C2207446	Common Stock	100,000	10,000	10,000	1	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
FirstAmerica Automotive, Inc.	4. FAA Dublin VWD, Inc. California Corporation C2007571	Common Stock	100,000	10,000	10,000	2	N/A	
FirstAmerica Automotive, Inc.	5. FAA Holding Corp. California Corporation C2174202	Common Stock	100,000	10,000	10,000	2	N/A	
FirstAmerica Automotive, Inc.	6. FAA Poway G, Inc. California Corporation C2069464	Common Stock	100,000	10,000	10,000	2	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
FirstAmerica Automotive, Inc.	7. FAA Santa Monica V, Inc. California Corporation C2165877	Common Stock	100,000	10,000	10,000	2	N/A	
FirstAmerica Automotive, Inc.	8. FAA Torrance CPJ, Inc. California Corporation C2165823	Common Stock	100,000	10,000	10,000	2	N/A	
FirstAmerica Automotive, Inc.	9. Sonic – Coast Cadillac, Inc. California Corporation C2124569	Common Stock	100,000	10,000	10,000	2	N/A	
L Dealership Group, Inc.	10. Autobahn, Inc. California Corporation C1548941	Common Stock	1,000,000	400,000	400,000	2	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
L Dealership Group, Inc.	11. Stevens Creek Cadillac, Inc.	Common Stock (Class A)	750,000	230,000	230,000	10	N/A	
	California Corporation C1293380	Common Stock (Class B)	250,000	-0-	-0-	N/A	N/A	
SAI AL HC1, Inc.	12. SAI Montgomery CH, LLC	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
	Alabama Limited Liability Company 428-747							
SAI AL HC1, Inc.	13. SAI Montgomery BCH, LLC	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
	Alabama Limited Liability Company 428-745							

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
SAI FL HC3, Inc.	14. SAI Orlando CS, LLC Florida Limited Liability Company L08000116711	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SAI FL HC4, Inc.	15. SAI Fort Myers VW, LLC Florida Limited Liability Company L08000116709	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SAI FL HC7, Inc.	16. SAI Fort Myers M, LLC Florida Limited Liability Company 98000002089	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
SAI Georgia, LLC	17. SAI GA HC1, LP Georgia Limited Partnership 0224680	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.		Limited Partner Interest		99.00%	99.00%			
SAI Georgia, LLC	18. Sonic Peachtree Industrial Blvd., L.P. Georgia Limited Partnership K739239	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.		Limited Partner Interest		99.00%	99.00%			
SAI MD HC1, Inc.	19. SAI Rockville Imports, LLC Maryland Limited Liability Company W12796074	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
SAI OK HC1, Inc.	20. SAI Broken Arrow C, LLC Oklahoma Limited Liability Company 3512215667	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SAI OK HC1, Inc.	21. SAI Oklahoma City C, LLC Oklahoma Limited Liability Company 3512215668	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SAI OK HC1, Inc.	22. SAI Riverside C, LLC Oklahoma Limited Liability Company 3512215685	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
SAI TN HC1, LLC	23. SAI Nashville CSH, LLC Tennessee Limited Liability Company 0336183	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SAI TN HC1, Inc.	24. SAI Nashville M, LLC Tennessee Limited Liability Company 0336182	LLC Interest (Class A Units)	1	1	1	N/A	N/A	
SAI TN HC1, Inc.		LLC Interest (Class B Units)	99	99	99			
SAI TN HC2, LLC	25. SAI Nashville Motors, LLC Tennessee Limited Liability Company 0566970	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	26. Arngar, Inc. North Carolina Corporation 0005612	Common Stock	100,000	1,333	1,333	14	N/A	
Sonic Automotive, Inc.	27. Cornerstone Acceptance Corporation Florida Corporation 593532504	Common Stock	1,000	100	100	2	N/A	
Sonic Automotive, Inc.	28. FirstAmerica Automotive, Inc. Delaware Corporation 2761294	Common Stock	1,000	100	100	2	\$ 1.00	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	29. Fort Mill Ford, Inc. South Carolina Corporation	Common Stock	10,000	2,700	2,700	13	N/A	
Sonic Automotive, Inc.	30. Fort Myers Collision Center, LLC Florida Limited Liability Company 593659948	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive, Inc.	31. Frontier Oldsmobile-Cadillac, Inc. North Carolina Corporation 0233650	Common Stock	200,000	200	200	4	\$ 0.50	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	32. Massey Cadillac, Inc. Tennessee Corporation 0230052	Common Stock	1,000	100	100	5	N/A	
Sonic Automotive, Inc.	33. Royal Motor Company, Inc. Alabama Corporation D/C 134-171	Common Stock	100,000	100	100	5	\$ 0.10	
Sonic Automotive, Inc.	34. SAI AL HC1, Inc. Alabama Corporation D/C 206-272	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	35. SAI AL HC2, Inc. Alabama Corporation D/C 199-217	Common Stock	1,000	100	100	1	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	36. SAI Charlotte M, LLC North Carolina Limited Liability Company 0433486	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive, Inc.	37. SAI Columbus Motors, LLC Ohio Limited Liability Company CP13127	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive, Inc.	38. SAI Columbus VWK, LLC Ohio Limited Liability Company CP13130	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	39. SAI FL HC2, Inc. Florida Corporation P98000016038	Common Stock	1,000	100	100	2	N/A	
Sonic Automotive, Inc.	40. SAI FL HC3, Inc. Florida Corporation P98000064012	Common Stock	1,000	100	100	2	N/A	
Sonic Automotive, Inc.	41. SAI FL HC4, Inc. Florida Corporation P98000064009	Common Stock	1,000	100	100	2	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	42. SAI FL HC6, Inc. Florida Corporation 593552436	Common Stock	1,000	100	100	2	N/A	
Sonic Automotive, Inc.	43. SAI FL HC7, Inc. Florida Corporation 592214873	Common Stock	500	500	500	21	\$ 1.00	
Sonic Automotive, Inc.	44. SAI MD HC1, Inc. Maryland Corporation D05310776	Common Stock	1,000	100	100	2	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	45. Sonic Agency, Inc. Michigan Corporation 35010C	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	46. Sonic Automotive F&I, LLC Nevada Limited Liability Company LLC8620-1999	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive, Inc.	47. Sonic Automotive of Nevada, Inc. Nevada Corporation C18014-1997	Common Stock	10,000	1,000	1,000	1	\$ 0.01	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	48. Sonic Automotive Support, LLC Nevada Limited Liability Company LLC19412-2003	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive, Inc.	49. Sonic Automotive West, LLC Nevada Limited Liability Company LLC9139-1999	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive, Inc.	50. Sonic Automotive - 1720 Mason Ave., DB, Inc. Florida Corporation 593523303	Common Stock	1,000	100	100	1	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	51. Sonic Automotive-3700 West Broad Street, Columbus, Inc. Ohio Corporation CP13131	Common Stock	1,000	100	100	1	\$ 0.01	
Sonic Automotive, Inc.	52. Sonic Automotive-4000 West Broad Street, Columbus, Inc. Ohio Corporation CP13126	Common Stock	1,000	100	100	1	\$ 0.01	
Sonic Automotive, Inc.	53. Sonic Automotive - 6008 N. Dale Mabry, FL, Inc. Florida Corporation 593535965	Common Stock	1,000	100	100	1	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	54. Sonic Calabasas M, Inc. California Corporation C2975101	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	55. Sonic – Calabasas V, Inc. California Corporation C2501983	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	56. Sonic–Capitol Cadillac, Inc. Michigan Corporation 26619C	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	57. Sonic–Capitol Imports, Inc. South Carolina Corporation	Common Stock	1,000	100	100	1	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	58. Sonic – Carson F, Inc. California Corporation C2375909	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	59. Sonic – Carson LM, Inc. California Corporation C2375100	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	60. Sonic Development, LLC North Carolina Limited Liability Company 0483658	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	61. Sonic Divisional Operations, LLC Nevada Limited Liability Company LLC26157-2004	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive, Inc.	62. Sonic – Downey Cadillac, Inc. California Corporation C2375896	Common Stock	1,000	100	100	2	N/A	
Sonic Automotive, Inc.	63. Sonic – Englewood M, Inc. Colorado Corporation 20021021611	Common Stock	1,000	100	100	1	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	64. Sonic – Fort Mill Dodge, Inc. South Carolina Corporation	Common Stock	1,000	1,000	1,000	3	N/A	
Sonic Automotive, Inc.	65. Sonic Fremont, Inc. California Corporation C2935225	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	66. Sonic - Las Vegas C East, LLC Nevada Limited Liability Company LLC7435-2000	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	67. Sonic - Las Vegas C West, LLC Nevada Limited Liability Company LLC7434-2000	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive, Inc.	68. Sonic - Lloyd Pontiac - Cadillac, Inc. Florida Corporation 593560058	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	69. Sonic - Lone Tree Cadillac, Inc. Colorado Corporation 20021021609	Common Stock	1,000	100	100	1	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	70. Sonic – Massey Chevrolet, Inc. California Corporation C2375359	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	71. Sonic – Massey Pontiac Buick GMC, Inc. Colorado Corporation 20021021616	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	72. Sonic - Newsome Chevrolet World, Inc. South Carolina Corporation	Common Stock	1,000	100	100	2	N/A	
Sonic Automotive, Inc.	73. Sonic - North Charleston, Inc. South Carolina Corporation	Common Stock	1,000	100	100	1	N/A	

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Sonic Automotive, Inc.	74. Sonic - North Charleston Dodge, Inc. South Carolina Corporation	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	75. Sonic of Texas, Inc. Texas Corporation 150782300	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	76. Sonic - Plymouth Cadillac, Inc. Michigan Corporation 26618C	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	77. Sonic Resources, Inc. Nevada Corporation C24652-2001	Common Stock	1,000	100	100	2	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	78. Sonic – Sanford Cadillac, Inc. Florida Corporation 010595473	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	79. Sonic Santa Monica M, Inc. California Corporation C2727452	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	80. Sonic Santa Monica S, Inc. California Corporation C2788444	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	81. Sonic–Saturn of Silicon Valley, Inc. California Corporation C2547838	Common Stock	1,000	100	100	1	N/A	

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Sonic Automotive, Inc.	82. Sonic-Volvo LV, LLC Nevada Limited Liability Company LLC6829-1999	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive, Inc.	83. Sonic Walnut Creek M, Inc. California Corporation C2508517	Common Stock	1,000	100	100	2	N/A	
Sonic Automotive, Inc.	84. Sonic - Williams Cadillac, Inc. Alabama Corporation D/C 199-219	Common Stock	1,000	100	100	1	N/A	

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Sonic Automotive, Inc.	85. Sonic Wilshire Cadillac, Inc. California Corporation C2882071	Common Stock	1,000	100	100	1	N/A	
Sonic Automotive, Inc.	86. SRE Holding, LLC North Carolina Limited Liability Company 551475	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive, Inc.	87. Town and Country Ford, Incorporated North Carolina Corporation 0148959	Common Stock	2,000	471.25	471.25	75	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic Automotive, Inc.	88. Village Imported Cars, Inc. Maryland Corporation D00308593d	Common Stock	3,000	1,567	1,567	13	N/A	
Sonic Automotive, Inc.	89. Z Management, Inc. Colorado Corporation 19911043768	Common Stock	500,000	30,000	30,000	3	\$ 10.00	
Sonic Automotive, Inc.	90. SAI OK HCl, Inc.	Common Stock	1,000	400	100	2	N/A	
Sonic Automotive of Nevada, Inc.	Oklahoma Corporation 1900632183	Common Stock			297	3		
SAI Georgia, LLC		Common Stock			3	4		

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Sonic Automotive of Nevada, Inc.	91. SAI Georgia, LLC Georgia Limited Liability Company 08094603	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	92. SAI TN HC1, LLC Tennessee Limited Liability Company 0336184	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	93. SAI TN HC2, LLC Tennessee Limited Liability Company 0336185	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

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Sonic Automotive of Nevada, Inc.	94. SAI TN HC3, LLC Tennessee Limited Liability Company 0336184	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
Sonic Automotive - 1720 Mason Ave., DB, Inc.	95. Sonic Automotive - 1720 Mason Ave., DB, LLC Florida Limited Liability Company 571072509	LLC Interest (Units)	100	100	100	N/A	N/A	
Sonic – LS, LLC	96. Sonic – LS Chevrolet, L.P.	General Partner Interest	N/A	.10%	.10%	N/A	N/A	
Sonic Automotive West, LLC	Texas Limited Partnership 11958210	Limited Partner Interest	N/A	99.90%	99.90%			

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Sonic of Texas, Inc.	97. Sonic Advantage PA, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800235623	Limited Partner Interest	N/A	99.00%	99.00%			
Sonic of Texas, Inc.	98. Sonic Automotive of Texas, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 11324210	Limited Partner Interest	N/A	99.00%	99.00%			
Sonic of Texas, Inc.	99. Sonic Automotive - 3401 N. Main, TX, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 11376510	Limited Partner Interest	N/A	99.00%	99.00%			

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Sonic of Texas, Inc.	100. Sonic Automotive - 4701 I-10 East, TX, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 11345010	Limited Partner Interest	N/A	99.00%	99.00%			
Sonic of Texas, Inc.	101. Sonic – Cadillac D, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800061917	Limited Partner Interest	N/A	99.00%	99.00%			

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Sonic of Texas, Inc.	102. Sonic – Camp Ford, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 12312610	Limited Partner Interest	N/A	99.00%	99.00%			
Sonic of Texas, Inc.	103. Sonic – Carrollton V, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 13894610	Limited Partner Interest	N/A	99.00%	99.00%			
Sonic of Texas, Inc.	104. Sonic–Clear Lake Volkswagen, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800207889	Limited Partner Interest	N/A	99.00%	99.00%			

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Sonic of Texas, Inc.	105. Sonic – Frank Parra Autoplex, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800079059	Limited Partner Interest	N/A	99.00%	99.00%			
Sonic of Texas, Inc.	106. Sonic Houston JLR, LP	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800735509	Limited Partner Interest		99.00%	99.00%			
Sonic of Texas, Inc.	107. Sonic Houston LR, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800236309	Limited Partner Interest	N/A	99.00%	99.00%			

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Sonic of Texas, Inc.	108. Sonic – Houston V, L.P	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 15286810	Limited Partner Interest	N/A	99.00%	99.00%			
Sonic of Texas, Inc.	109. Sonic–Jersey Village Volkswagen, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800207902	Limited Partner Interest	N/A	99.00%	99.00%			
Sonic of Texas, Inc.	110. Sonic – LS, LLC Delaware Limited Liability Company 3440418	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

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Sonic of Texas, Inc.	111. Sonic – Mesquite Hyundai, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800087803	Limited Partner Interest	N/A	99.00%	99.00%			
Sonic of Texas, Inc.	112. Sonic Momentum JVP, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800235475	Limited Partner Interest	N/A	99.00%	99.00%			
Sonic of Texas, Inc.	113. Sonic Momentum VWA, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800207910	Limited Partner Interest	N/A	99.00%	99.00%			

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Sonic of Texas, Inc.	114. Sonic - Reading, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 12032210	Limited Partner Interest	N/A	99.00%	99.00%			
Sonic of Texas, Inc.	115. Sonic – Richardson F, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 14037410	Limited Partner Interest	N/A	99.00%	99.00%			
Sonic of Texas, Inc.	116. Sonic – University Park A, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 13748310	Limited Partner Interest	N/A	99.00%	99.00%			

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic of Texas, Inc.	117. SRE Texas-1, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 13523310	Limited Partner Interest		99.00%	99.00%			
Sonic of Texas, Inc.	118. SRE Texas-2, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 13523410	Limited Partner Interest		99.00%	99.00%			
Sonic of Texas, Inc.	119. SRE Texas-3, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 13523510	Limited Partner Interest		99.00%	99.00%			

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic of Texas, Inc.	120. SRE Texas-4, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800048705	Limited Partner Interest		99.00%	99.00%			
Sonic of Texas, Inc.	121. SRE Texas – 5, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800048740	Limited Partner Interest		99.00%	99.00%			
Sonic of Texas, Inc.	122. SRE Texas-6, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800048741	Limited Partner Interest		99.00%	99.00%			

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Sonic of Texas, Inc.	123. SRE Texas – 7, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800048742	Limited Partner Interest		99.00%	99.00%			
Sonic of Texas, Inc.	124. SRE Texas-8, L.P.	General Partner Interest	N/A	1.00%	1.00%	N/A	N/A	
Sonic Automotive of Nevada, Inc.	Texas Limited Partnership 800048743	Limited Partner Interest		99.00%	99.00%			
Sonic Peachtree Industrial Blvd., L.P.	125. Sonic Automotive 5260 Peachtree Industrial Blvd., LLC Georgia Limited Liability Company K734665	LLC Interest (Units)	100	100	100	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
SRE Holding, LLC	126. SRE Alabama – 2, LLC Alabama Limited Liability Company 670-275	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SRE Holding, LLC	127. SRE Alabama-5, LLC Alabama Limited Liability Company DLL691-622	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SRE Holding, LLC	128. SRealEstate Arizona-2, LLC Arizona Limited Liability Company L09512522	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
SRE Holding, LLC	129. SRealEstate Arizona-3, LLC Arizona Limited Liability Company L09512828	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SRE Holding, LLC	130. SRE California – 1, LLC California Limited Liability Company 200202910110	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SRE Holding, LLC	131. SRE California-2, LLC California Limited Liability Company 200202910111	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
SRE Holding, LLC	132. SRE California – 4, LLC California Limited Liability Company 200202810144	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SRE Holding, LLC	133. SRE Colorado – 1, LLC Colorado Limited Liability Company 20021330518	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SRE Holding, LLC	134. SRE Florida-1, LLC Florida Limited Liability Company L00000006050	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
SRE Holding, LLC	135. SRE Florida-2, LLC Florida Limited Liability Company L00000006045	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SRE Holding, LLC	136. SRE North Carolina-2, LLC North Carolina Limited Liability Company 682830	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SRE Holding, LLC	137. SRE Oklahoma-1, LLC Oklahoma Limited Liability Company 3500697104	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
SRE Holding, LLC	138. SRE Oklahoma – 2, LLC Oklahoma Limited Liability Company 3500697105	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SRE Holding, LLC	139. SRE Oklahoma-5, LLC Oklahoma Limited Liability Company 3500697108	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SRE Holding, LLC	140. SRE South Carolina-3, LLC South Carolina Limited Liability Company	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
SRE Holding, LLC	141. SRE South Carolina – 4, LLC South Carolina Limited Liability Company	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SRE Holding, LLC	142. SRE Tennessee - 4, LLC Tennessee Limited Liability Company 0450279	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	
SRE Holding, LLC	143. SRE Virginia - 1, LLC Virginia Limited Liability Company SO50246-0	LLC Interest	N/A	100.00%	100.00%	N/A	N/A	

<u>Name of Pledgor</u>	<u>Name, Jurisdiction of Formation and Type of Entity of Pledged Subsidiary</u>	<u>Class or Type of Pledged Interest</u>	<u>Total Amount of Class or Type of Pledged Interests Authorized</u>	<u>Total Amount of Class or Type Outstanding</u>	<u>Total Amount Pledged</u>	<u>Certificate Number (if applicable)</u>	<u>Par Value (if applicable)</u>	<u>Name of Transfer Agent (if any)</u>
Z Management, Inc.	144. Mountain States Motors Co., Inc. Colorado Corporation 19911043766	Common Stock	500,000	30,000	30,000	1	\$ 10.00	

SCHEDULE II

<u>Name and Address of Pledgor</u>	<u>Type of Person</u>	<u>Jurisdiction of Formation of Pledgor</u>	<u>Jurisdiction of Formation Identification Number</u>
FAA Holding Corp. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	California	C2174202
FirstAmerica Automotive, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Delaware	2761294
L Dealership Group, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Texas	151278900
SAI AL HC1, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Alabama	206-272
SAI FL HC3, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Florida	P98000064012
SAI FL HC4, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Florida	P98000064009
SAI FL HC7, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Florida	F86660
SAI Georgia, LLC 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Limited Liability Company	Georgia	08094603
SAI MD HC1, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Maryland	D05310776
SAI OK HC1, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Oklahoma	1900632183
SAI TN HC1, LLC 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Limited Liability Company	Tennessee	0336184
SAI TN HC2, LLC 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Limited Liability Company	Tennessee	0336185
Sonic Automotive, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Delaware	2714319

<u>Name and Address of Pledgor</u>	<u>Type of Person</u>	<u>Jurisdiction of Formation of Pledgor</u>	<u>Jurisdiction of Formation Identification Number</u>
Sonic Automotive of Nevada, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Nevada	C18014-1997
Sonic Automotive – 1720 Mason Ave., DB, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Florida	593523303
Sonic Automotive West, LLC 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Nevada	LLC9139-1999
Sonic – LS, LLC 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Limited Liability Company	Delaware	3440418
Sonic of Texas, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Texas	150782300
Sonic Peachtree Industrial Blvd., L.P. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Limited Partnership	Georgia	K739239
SRE Holding, LLC 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Limited Liability Company	North Carolina	551475
Z Management, Inc. 6415 Idlewild Road, Suite 109 Charlotte, NC 28212	Corporation	Colorado	19911043768

THIS AGREEMENT OR INSTRUMENT AND THE RIGHTS AND OBLIGATIONS EVIDENCED HEREBY ARE SUBJECT TO THAT CERTAIN INTERCREDITOR AGREEMENT DATED AS OF MAY 7, 2009, AMONG BANK OF AMERICA, N.A., AS FIRST LIEN AGENT, U.S. BANK NATIONAL ASSOCIATION, AS SECOND LIEN AGENT, SONIC AUTOMOTIVE, INC. AND THE SUBSIDIARIES OF SONIC AUTOMOTIVE, INC. PARTY THERETO (THE “INTERCREDITOR AGREEMENT”), AND EACH PARTY TO OR HOLDER OF THIS AGREEMENT OR INSTRUMENT, BY ITS ACCEPTANCE HEREOF, IRREVOCABLY AGREES TO BE BOUND BY THE PROVISIONS OF THE INTERCREDITOR AGREEMENT

SECURITY AGREEMENT (ESCROWED EQUITY)

THIS SECURITY AGREEMENT (ESCROWED EQUITY) (this “Agreement”) is made and entered into as of May 7, 2009 by SONIC AUTOMOTIVE, INC., a Delaware corporation (the “Company” and a “Grantor”), **EACH OF THE UNDERSIGNED SUBSIDIARIES OF THE COMPANY AND EACH OTHER PERSON WHO SHALL BECOME A PARTY HERETO BY EXECUTION OF A JOINDER AGREEMENT** (each a “Grantor”, and collectively with the Company, the “Grantors”), and U.S. BANK NATIONAL ASSOCIATION, as collateral agent (together with any successor, the “Collateral Agent”) for the Trustee (as defined below) and each Holder (collectively with the Collateral Agent, the “Secured Parties”). All capitalized terms used but not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture (as defined below).

WITNESSETH:

WHEREAS, 6.00% Senior Secured Convertible Notes due 2012 of the Company (the “Securities”), in the original aggregate principal amount of \$85,627,000.00 will be issued pursuant to the Indenture, dated as of May 7, 2009 (as amended, modified, supplemented, restated or amended and restated from time to time, the “Indenture”), among the Company, the Guarantors and U.S. Bank National Association, as trustee (the “Trustee”);

WHEREAS, each Guarantor has, pursuant to the Indenture, unconditionally guaranteed the Secured Obligations (as defined below);

WHEREAS, the Company and each other Grantor will materially benefit from the issuance of the Securities;

WHEREAS, it is a condition to the issuance and sale of the Securities that the Grantors execute and deliver this Agreement;

WHEREAS, each Grantor has agreed to make all shares of Capital Stock of the Subsidiaries described on Schedule I (as such schedule may be supplemented from time to time) (collectively, the “Escrow Subsidiaries”) subject to the terms and provisions of this Agreement;

WHEREAS, the Capital Stock in the Escrow Subsidiaries is not permitted to be pledged under the terms of certain manufacturer agreements to which such Escrow Subsidiaries are parties (the “Restricted Equity Interests”);

WHEREAS, in lieu of a pledge by the Grantors to the Collateral Agent of the Restricted Equity Interests, the Grantors shall grant a security interest in certain Disposition Proceeds (as defined below) of such Restricted Equity Interests; and

WHEREAS, the Grantors have delivered or will deliver the Escrowed Shares (as defined below) into an escrow to be held by Bank of America, N.A. (and its successor or successors in such capacity, the "First Lien Agent") in accordance with the Escrow and Security Agreement, dated as of February 17, 2006 (as amended, restated, revised, modified, supplemented or amended and restated from time to time, the "First Lien Escrow and Security Agreement"), among the Company, certain Subsidiaries of the Company and the First Lien Agent.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE I

ESCROW

1.1 Escrow. So long as the First Lien Escrow and Security Agreement is in effect, each Grantor agrees to deliver to the First Lien Agent, or an agent or bailee of the First Lien Agent, in escrow ("Escrow") all of the issued and outstanding certificated shares of Capital Stock now or hereafter owned by such Grantor described on Schedule I attached hereto and incorporated herein by reference, as Schedule I may be amended or supplemented from time to time (collectively, the "Escrowed Shares").

1.2 Certain Escrow Aspects.

(a) The Grantors shall pay all income, withholding and any other taxes imposed on or measured by income which are attributable to income from the Escrowed Shares and the Disposition Proceeds for the time all or any part thereof are held in escrow hereunder, and shall file all tax and information returns applicable thereto. To the extent that the Collateral Agent becomes liable for the payment of taxes, including withholding taxes, in respect of income derived from the Escrowed Shares and Disposition Proceeds, the Collateral Agent may, but shall not be obligated, to pay such taxes. The Collateral Agent may withhold or offset from any amount payable by the Collateral Agent to the Grantors such amount as the Collateral Agent determines in its sole discretion to be sufficient to provide for the payment of such taxes; alternately any such amount paid by the Collateral Agent shall become a part of the Secured Obligations (as defined below). In addition, the Collateral Agent shall be indemnified and held harmless by the Grantors from and against any liability for such taxes and for any penalties or interest in respect of taxes on such investment income or payments in the manner provided in the Indenture.

(b) It is agreed that the Grantor shall retain all rights to dividends, all rights to vote and all other rights in respect of ownership of the Escrowed Shares, subject only to the Security Interest in the Disposition Proceeds Collateral (each as defined below); provided, that so long as the First Lien Escrow and Security Agreement is in effect, any certificated Restricted Equity Interests received as a dividend or other distribution in respect of Escrowed Shares shall be delivered to the First Lien Agent, or an agent or bailee of the First Lien Agent, in escrow for

the benefit of the First Lien Agent and the Collateral Agent to be held pursuant to the terms of the First Lien Escrow and Security Agreement.

(e) If a Discharge of the First Lien Debt (as defined in the Intercreditor Agreement) has occurred or the First Lien Agent is no longer acting as escrow agent pursuant to the First Lien Escrow and Security Agreement, then the parties hereto will negotiate in good faith to amend this Agreement so that the Collateral Agent will act as escrow agent on terms substantially similar, *mutatis mutandis*, to the terms under which the First Lien Agent previously acted as escrow agent under the First Lien Escrow and Security Agreement.

(d) Each of the Grantors agrees that the Restricted Equity Interests and the Restricted Disposition Proceeds shall be delivered to and held in the escrow account in accordance with the First Lien Escrow and Security Agreement, and shall not be transferred or otherwise disposed of except in accordance with the First Lien Escrow and Security Agreement and this Agreement. Each Grantor owning a Restricted Equity Interest or Restricted Disposition Proceeds shall not incur and shall not permit the incurrence of any consensual lien on any such Restricted Equity Interest or Restricted Disposition Proceeds except to secure First Lien Debt (as defined in the Intercreditor Agreement). The Grantor shall give the Collateral Agent prior notice of any resignation of the First Lien Agent as escrow agent under the First Lien Escrow and Security Agreement. Each Grantor party to the First Lien Escrow and Security Agreement shall use commercially reasonable efforts to cause the continuance of the escrow in accordance with the terms of the First Lien Escrow Agreement so long as the Discharge of the First Lien Debt (as defined in the Intercreditor Agreement) has not occurred, and if the First Lien Escrow and Security Agreement is terminated, will promptly deliver certificates representing the Restricted Equity Interests and the Restricted Disposition Proceeds to the Collateral Agent, or an agent or bailee of the Collateral Agent, to hold in escrow pursuant to a new escrow agreement as contemplated by Section 1.2(c).

ARTICLE II

GRANT OF SECURITY INTEREST

2.1 Assignment and Grant of Security. Each Grantor hereby grants as collateral security for the payment, performance and satisfaction of all of the Indenture Obligations and the payment and performance of its obligations and liabilities (whether now existing or hereafter arising) hereunder or under any other Note Document to which it is now or hereafter becomes a party (such Indenture Obligations, obligations and liabilities of the Grantors referred to collectively as the "Secured Obligations"), to the Collateral Agent for the benefit of the Secured Parties a continuing security interest in and to, and collaterally assigns to the Collateral Agent for the benefit of the Secured Parties (collectively, the "Security Interest") all rights, titles and interests which such Grantor now has or at any time in the future may acquire in the following (collectively, the "Disposition Proceeds"): (i) all purchase and sale agreements relating to any of the Restricted Equity Interests and all rights to secure payment thereunder; (ii) the net cash proceeds and all securities, general intangibles, contract rights, or any other proceeds whatsoever (other than shares of a Subsidiary which the Grantor is not obligated to pledge) which are received or from time to time receivable or otherwise distributed in respect of the transfer, sale, assignment, conveyance or other disposition of any kind (each, a "Disposition") of the Escrowed Shares or other Restricted Equity Interests and any other property substituted or exchanged

therefor (other than Restricted Disposition Proceeds and other shares of a Subsidiary which the Grantor is not obligated to pledge) including without limitation proceeds from any foreclosure sale or any other forced sale or liquidation or any sale or disposition arising or occurring pursuant to a plan in bankruptcy; and (iii) any and all proceeds or other sums payable and/or distributable with respect to, all or any of the Escrowed Shares or other Restricted Equity Interests and the other interests described in the preceding clauses (i), (ii) and (iii) hereof. Disposition Proceeds which constitute Restricted Equity Interests shall be referred to herein as "Restricted Disposition Proceeds" and shall not be included within the property subject to the Security Interest. The Disposition Proceeds subject to the Security Interest are referred to herein as the "Disposition Proceeds Collateral"; provided, however, that Disposition Proceeds Collateral shall not include any Excluded Property (as defined in the Security Agreement, dated as of the date hereof (as amended, modified, supplemented, restated or amended and restated from time to time, the "Security Agreement"), among the grantors party thereto and the Collateral Agent) and Excluded Property shall not be subject to the Security Interest.

2.2 Delivery of Certificated Disposition Proceeds. Upon any Disposition or conversion of all or a part of the Escrowed Shares or other Restricted Equity Interests (including without limitation any foreclosure sale, any other forced sale or any sale or disposition arising or occurring pursuant to a plan in bankruptcy), the Grantors shall deliver to the Collateral Agent, or an agent or bailee of the Collateral Agent, any certificated Disposition Proceeds, including duly executed instruments of transfer. The term "certificated" when used with the term "Disposition Proceeds" shall mean any such Disposition Proceeds which are evidenced or represented by a note, certificate, instrument, chattel paper or other written evidence of ownership or entitlement.

(b) Notwithstanding anything to the contrary in this Agreement or any other Note Document, no Grantor shall be required to deliver to the Collateral Agent, or an agent or bailee of the Collateral Agent, any of the items described in Section 3(b) of the Security Agreement.

2.3 Second Priority Nature of Liens.

Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent pursuant to this Agreement shall be a second priority lien on and security interest in the Disposition Proceeds Collateral to the extent provided in the Intercreditor Agreement and the exercise of any right or remedy by the Collateral Agent hereunder is subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control. Notwithstanding anything herein to the contrary, prior to the Discharge of the First Lien Debt, the requirements of this Agreement to physically deliver any Escrowed Shares or Disposition Proceeds to the Collateral Agent shall be deemed satisfied by delivery of such Escrowed Shares or Disposition Proceeds to the First Lien Agent as agent and bailee of the Collateral Agent in accordance with the Intercreditor Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties. Each Grantor represents and warrants as follows:

(a) This Agreement and the grant of the Security Interest pursuant hereto creates a valid security interest in the Disposition Proceeds securing the payment of the Secured Obligations, and upon taking possession thereof, the filing of financing statements in accordance with the UCC, and/or any other necessary actions to perfect such security interest, such security interest in such Disposition Proceeds will be duly perfected; and all filings and other actions necessary or desirable to perfect and protect such security interest and such priority have been duly taken (or will be taken).

(b) No consent of any other Person and no authorization, approval or other action by, and no notice to or filing with, any governmental authority is required (i) for the grant by Grantors of the Security Interest in the Disposition Proceeds or for the execution, delivery, performance or enforceability of this Agreement by the Grantors, (ii) for the perfection or maintenance of the Security Interest in the Disposition Proceeds created hereby except for the taking of possession thereof, the UCC filings or any other action required by the UCC or other applicable perfection statutes, or (iii) for the exercise by the Collateral Agent or any Secured Party of the rights provided for in this Agreement or the remedies in respect of the Disposition Proceeds pursuant to this Agreement.

(c) The Grantors are, individually or collectively, as applicable, the legal and beneficial owners of the Escrowed Shares and other Restricted Equity Interests; all of the Escrowed Shares and other Restricted Equity Interests currently outstanding and described on Schedule I are duly authorized and issued, fully paid and non-assessable, and all documentary, stamp or other taxes or fees owing in connection with the issuance thereof have been paid; to the knowledge of the Grantors, no dispute, right of setoff, counterclaim or defense exists with respect to all or any part of the Escrowed Shares or other Restricted Equity Interests; the Escrowed Shares and other Restricted Equity Interests are free and clear of all Liens, mortgages, pledges, charges, security interests or other encumbrances, options, warrants, puts, calls and other rights of third persons, and restrictions, other than Permitted Liens, restrictions on transferability imposed by this Agreement, the Indenture, the other Note Documents, the applicable Franchise Agreement (as defined in the Credit Facility as in effect on the date hereof), the applicable Framework Agreement (as defined in the Credit Facility as in effect on the date hereof) and applicable state and federal securities laws; neither this Agreement, the Indenture nor any of the other Note Documents creates or requires the creation or the granting by any Grantor of a Security Interest in the Escrowed Shares and other Restricted Equity Interests.

(d) The original certificates representing all of the certificated Escrowed Shares and the certificated Restricted Equity Interests have been delivered to the First Lien Agent in escrow in accordance with the terms of the First Lien Escrow and Security Agreement. The Restricted Equity Interests described on Schedule I constitute (i) all of the issued and outstanding capital stock of each of the Escrow Subsidiaries as of the date hereof, and (ii) the indicated number of shares and/or ownership interest percentages of the entities as shown on Schedule I; none of the Escrow Subsidiaries have issued, nor are there outstanding, any options, warrants or other rights in favor of any Grantor or any other Person to acquire the Escrowed Shares or other Restricted Equity Interests or any capital stock of any of the Escrow Subsidiaries.

(e) This Agreement constitutes a legal, valid and binding obligation of each Grantor enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principals of equity; each Grantor has the corporate or partnership, as the case may be, power and authority and the legal right to execute and deliver, to perform its obligations under, and to (i) deliver the Escrowed Shares into the Escrow, and (ii) to grant the Security Interest in the Disposition Proceeds Collateral pursuant to this Agreement, and each Grantor has taken all necessary, corporate, limited liability company or partnership, as the case may be, action to authorize its execution, delivery and performance of the delivery of the Escrowed Shares into Escrow and the grant of the security interest in the Disposition Proceeds Collateral pursuant to this Agreement.

(f) The execution, delivery and performance of this Agreement will not (i) conflict with or result in any breach or contravention of any contractual obligation of any Grantor, including any agreement between a Grantor and any manufacturer or distributor, (ii) violate any law, or (iii) result in the creation or imposition of any Lien on any of the properties or revenues of any Grantor pursuant to any applicable law or contractual obligation of any Grantor, except as contemplated hereby.

(g) No action, suit or proceeding of or before any governmental authority is pending or, to the knowledge of Grantors, threatened by or against any Grantor or against any of its properties or revenues with respect to this Agreement or any of the transactions contemplated hereby.

(h) There are no conditions precedent to the effectiveness of this Agreement that have not been satisfied or waived.

ARTICLE IV

COVENANTS

Grantors covenant and agree as follows:

4.1 Further Assurances. (a) Each Grantor agrees that, where any agreement existing as of the date hereof or hereafter to which such Grantor is a party contains any restriction prohibiting such Grantor from (i) transferring the Escrowed Shares into Escrow, or (ii) granting the Security Interest in the Disposition Proceeds Collateral, such Grantor will obtain or use its best efforts to obtain the necessary consent to or waiver of such restriction from any Person so as to enable such Grantor to effectively transfer the Escrowed Shares into Escrow and grant to Collateral Agent such Security Interest in the Disposition Proceeds Collateral.

(b) Each Grantor will from time to time at its expense promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or desirable, in order to perfect and protect the Security Interest granted or purported to be granted hereby or in any Joinder Agreement, in the Disposition Proceeds Collateral, in the priority thereof, or to create or preserve the full benefits of this Agreement and the rights and powers of Collateral Agent herein or in any Joinder Agreement, or to enable Collateral Agent to exercise and enforce its rights and remedies hereunder or thereunder with respect to any of the

Disposition Proceeds Collateral. Without limiting the generality of the foregoing, upon written request by Collateral Agent, each Grantor will: (i) if the Disposition Proceeds Collateral are certificated, deliver to Collateral Agent, or an agent or bailee of the Collateral Agent, such certificated Disposition Proceeds Collateral duly endorsed and accompanied by duly executed instruments of transfer or assignment; and (ii) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary, in order to perfect and preserve the Security Interest granted or purported to be granted hereby with respect to any and all such Disposition Proceeds Collateral.

(c) Each Grantor hereby authorizes Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Disposition Proceeds Collateral without the signature of such Grantor where and to the extent permitted by applicable law. A photocopy or other reproduction of this Agreement or any financing statement covering the Disposition Proceeds Collateral or any part thereof shall be sufficient as a financing statement where and to the extent permitted by applicable law.

(d) Each Grantor will furnish to Collateral Agent from time to time, upon the written request of Collateral Agent, statements and schedules further identifying and describing the Disposition Proceeds Collateral and such other reports in connection with the Disposition Proceeds Collateral, as Collateral Agent may reasonably request.

(e) In addition to such other information as shall be specifically provided for herein, Grantors shall furnish to Collateral Agent such other information with respect to the Disposition Proceeds Collateral as Collateral Agent may reasonably request from time to time in connection with the Disposition Proceeds Collateral, or the protection, preservation, maintenance or enforcement of the Security Interest or the Disposition Proceeds Collateral, including, without limitation, all documents and things in Grantors' possession, or subject to its demand for possession, related to the Disposition Proceeds Collateral.

(f) Except with respect to any transaction permitted by the Indenture, no Grantor will make any Disposition of the Escrowed Shares or other Restricted Equity Interests (whether certificated or uncertificated) or any part thereof, or create directly or indirectly any security interest or otherwise encumber (other than Permitted Liens and any restriction imposed by any Franchise Agreement (as defined in the Credit Facility as in effect on the date hereof) or any Framework Agreement (as defined in the Credit Facility as in effect on the date hereof) to which the Grantor is a party) any of the Escrowed Shares or other Restricted Equity Interests, or permit any of the Escrowed Shares or other Restricted Equity Interests to ever be or become subject to any warrant, put, option or other rights of third Persons or any attachment, execution, sequestration or other legal or equitable process, or any security interest or encumbrance of any kind (other than Permitted Liens).

(g) The Grantors shall enforce or secure in the name of Collateral Agent, for the benefit of the Secured Parties, the performance of each and every obligation, term, covenant, condition and agreement relating to any certificated Disposition Proceeds Collateral, and the Grantors shall appear in and defend any action or proceeding arising under, occurring out of or in any manner connected therewith and upon request by the Collateral Agent, the Grantors will do so in the name of the Collateral Agent and on behalf of the Secured Parties, but at the expense of the Grantors, and the Grantors shall pay all costs and expenses of the Collateral Agent and the

Secured Parties, including, but not limited to, attorneys' fees and disbursements ("Attorney Costs"), in any action or proceeding in which the Secured Parties may appear.

(h) Upon the request of the Collateral Agent, each Grantor shall allow the Collateral Agent to inspect all records of such Grantor relating to the Escrowed Shares and/or the Disposition Proceeds Collateral, and to make and take away copies of such records.

(i) Upon the request of the Collateral Agent, each Grantor shall promptly notify the Collateral Agent of any material change in any fact or circumstance warranted or represented by such Grantor in this Agreement or in any other writing furnished by such Grantor to the Collateral Agent in connection with the Escrowed Shares or this Agreement.

(j) Upon the request of the Collateral Agent, each Grantor shall promptly notify the Collateral Agent of any claim, action or proceeding affecting title to the Escrowed Shares, or any part thereof, the Disposition Proceeds Collateral, or the Security Interest, and at the request of the Collateral Agent, appear in and defend, at the Grantors' expense, any such action or proceeding.

(k) The Grantors (jointly and severally) shall promptly pay to the Collateral Agent the amount of all reasonable costs and expenses of the Collateral Agent and/or the Secured Parties, including, but not limited to, reasonable Attorney Costs, incurred by the Collateral Agent or the Secured Parties in connection with this Agreement and the enforcement of the rights of the Collateral Agent or the Secured Parties hereunder, in accordance with the Indenture.

(l) At no time shall any Escrowed Shares or other Restricted Equity Interests (i) be held or maintained in the form of a security entitlement or credited to any securities account and (ii) which constitute a "security" (or as to which the related Escrow Subsidiary has elected to have treated as a "security") under Article 8 of the Uniform Commercial Code of the State of New York or of any other jurisdiction whose laws may govern (the "UCC") be maintained in the form of uncertificated securities.

4.2 Conversions; etc. Should the Escrowed Shares, or any part thereof, ever be in any manner converted by any of the Escrow Subsidiaries into another property of the same or another type or any money or other proceeds ever be paid or delivered to any Grantor as a result of such Grantor's rights in the Escrowed Shares, then in any such event (except as otherwise provided herein), (i) (in the case of property other than Restricted Equity Interests) all such property, money and other proceeds shall be and/or become part of the Disposition Proceeds Collateral, and (ii) (in the case of Restricted Equity Interests) such property shall be delivered in accordance with the First Lien Escrow and Security Agreement (so long as such agreement is in effect). Without limiting the generality of the foregoing, each Grantor hereby agrees that the shares of capital stock of the surviving corporation in any merger or consolidation involving any of the Escrow Subsidiaries or any of the Escrowed Shares shall be deemed to constitute Disposition Proceeds Collateral (or, if applicable, Restricted Disposition Proceeds) if the surviving Escrow Subsidiary ceases to be either a direct or indirect wholly owned Subsidiary of the Company.

4.3 Preservation of Escrowed Shares. Neither the Collateral Agent nor the Secured Parties shall have any responsibility for or obligation or duty with respect to all or any part of the Escrowed Shares or other Restricted Equity Interests or any Disposition Proceeds Collateral or

any matter or proceeding arising out of or relating thereto, including, without limitation, beyond the use of reasonable care in the custody and preservation thereof while in its possession, any obligation or duty to collect any sums due in respect thereof or to protect or preserve any rights against prior parties or any other rights pertaining thereto, it being understood and agreed that the Grantors shall be responsible generally for the preservation of all rights in the Escrowed Shares, the other Restricted Equity Interests and the Disposition Proceeds Collateral.

4.4 Rights of Parties Before the Occurrence of an Event of Default.

(a) Exercising Rights and Receipt of Cash Proceeds Prior to an Event of Default Unless and until any Event of Default shall occur and be continuing:

(i) With respect to all Disposition Proceeds Collateral, subject to the other provisions of this Agreement, the Grantors shall be entitled to receive all cash dividends or interest paid in respect of or attributable to such Disposition Proceeds Collateral and any and all other Distributions. As used herein "Distributions" shall mean the declaration or payment of any dividend or other distribution on or with respect to such Disposition Proceeds Collateral, and any other payment made with respect to such Disposition Proceeds Collateral other than in respect of a Disposition thereof.

(ii) With respect to all Disposition Proceeds Collateral, each Grantor shall have the right to vote and give consents with respect to all such Disposition Proceeds Collateral owned by it and to consent to, ratify, or waive notice of any and all meetings and take such other action as it deems appropriate to protect or further its interests in respect thereof, provided that such right shall in no case be exercised for any purpose contrary to, or in violation of, any of the terms or provisions of this Agreement, the Securities, the Indenture, or any other Note Document.

(iii) The relevant Grantor shall be entitled to receive and retain the cash purchase price for any sale of Restricted Equity Interests that is permitted under the Indenture and shall not be required to deliver such cash to the Collateral Agent pursuant to any provision hereof.

(b) Exercising Rights in Disposition Proceeds Collateral After the Occurrence of an Event of Default Upon the occurrence and during the continuance of an Event of Default, at the option of the Collateral Agent, without the consent of any Grantor, the Collateral Agent may:

(i) At any time vote or consent in respect of any Disposition Proceeds Collateral and authorize any such Disposition Proceeds Collateral to be voted and such consents to be given, ratify and waive notice of any and all meetings, and take such other action as shall seem desirable to the Collateral Agent, in its sole discretion, to protect or further the interests of the Collateral Agent and the Secured Parties in respect of any such Disposition Proceeds Collateral as though it were the outright owner thereof, and, each Grantor hereby irrevocably constitutes and appoints the Collateral Agent, after the occurrence and during the continuance of an Event of Default, its sole proxy and attorney-in-fact, with full power of substitution to vote and act with respect to any and all

such Disposition Proceeds Collateral standing in the name of such Grantor or with respect to which such Grantor is entitled to vote and act. The proxy and power of attorney herein granted are coupled with interests, are irrevocable, and shall continue throughout the term of this Agreement;

(ii) In respect of any Disposition Proceeds Collateral, join in and become a party to any plan of recapitalization, reorganization or readjustment (whether voluntary or involuntary) as shall seem desirable to the Collateral Agent in respect of any such Disposition Proceeds Collateral, and deposit any such Disposition Proceeds Collateral under any such plan; make any exchange, substitution, cancellation or surrender of such Disposition Proceeds Collateral required by any such plan and take such action with respect to any such Disposition Proceeds Collateral as may be required by any such plan or for the accomplishment thereof and no such disposition, exchange, substitution, cancellation or surrender shall be deemed to constitute a release of such Disposition Proceeds Collateral from the Security Interest of this Agreement;

(iii) Receive for application as provided in Section 406 of the Indenture all payments of whatever kind made upon or with respect to any Disposition Proceeds Collateral; and

(iv) Subject to the provisions of Section 4.4(c) hereof transfer or endorse into its name, or into the name or names of its nominee or nominees, all or any of the Disposition Proceeds Collateral.

(c) Right of Sale of Disposition Proceeds Collateral After the Occurrence of an Event of Default Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent may sell, without recourse to judicial proceedings, by way of one or more contracts, with the right (except at private sale) to bid for and buy, free from any right of redemption, any Disposition Proceeds Collateral upon ten (10) days' notice (which notice is agreed to be reasonable notice for the purposes hereof) to the Grantors of the time and place of sale, for cash, upon credit or for future delivery, at the Collateral Agent's option and in the Collateral Agent's complete discretion:

(i) At public sale, including a sale at any broker's board or exchange; or

(ii) At private sale in any manner which will not require the Disposition Proceeds Collateral, or any part thereof, to be registered in accordance with the Securities Act or any other law or regulation, at the best price reasonably obtainable by the Collateral Agent at any such private sale or other disposition in the manner mentioned above.

The Collateral Agent is also hereby authorized, but not obligated, to take such actions, give such notices, obtain such consents, and do such other things as the Collateral Agent may deem required or appropriate in the event of sale or disposition of such Disposition Proceeds Collateral. Each Grantor understands that the Collateral Agent may in its sole discretion approach a restricted number of potential purchasers and that a sale under such circumstances may yield a lower price for such Disposition Proceeds Collateral, or any portion thereof, than

would otherwise be obtainable if the same were registered and sold in the open market. Each Grantor agrees (A) that in the event the Collateral Agent shall so sell such Disposition Proceeds Collateral, or any portion thereof, at such private sale or sales, the Collateral Agent shall have the right to rely upon the advice and opinion of any member firm of a national securities exchange as to the best price reasonably obtainable upon such a private sale thereof (any expense borne by the Collateral Agent in obtaining such advice to be paid by the Grantors as an expense related to the exercise by the Collateral Agent of its rights hereunder), and (B) that such reliance shall be conclusive evidence that the Collateral Agent handled such matter in a commercially reasonable manner. No Secured Party shall be under any obligation to take any steps to permit such Disposition Proceeds Collateral to be sold at a public sale or to delay a sale to permit the Escrow Subsidiaries to register such Disposition Proceeds Collateral for public sale under the Securities Act or applicable state securities law. In case of any sale by the Collateral Agent of the Disposition Proceeds Collateral on credit or for future delivery, the Disposition Proceeds Collateral sold may be retained by the Collateral Agent until the selling price is paid by the purchaser, but the Collateral Agent shall incur no liability in case of failure of the purchaser to take up and pay for the Disposition Proceeds Collateral so sold. In case of any such failure, such Disposition Proceeds Collateral so sold may be again similarly sold. In connection with the sale of the Disposition Proceeds Collateral, the Collateral Agent is authorized, but not obligated, to limit prospective purchasers to the extent deemed necessary or desirable by the Collateral Agent to render such sale exempt from the registration requirements of the Securities Act and any applicable state securities laws, and no sale so made in good faith by the Collateral Agent shall be deemed not to be "commercially reasonable" because so made. In no event, however, shall the Collateral Agent or any Secured Party have any right to sell, foreclose upon, or compel the sale of any Escrowed Shares.

(d) Other Rights After an Event of Default Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent, at its election, may with respect to all Disposition Proceeds Collateral exercise any and all rights available to a secured party under the UCC or the Uniform Commercial Code as enacted in any other applicable jurisdiction, in addition to any and all other rights afforded hereunder, under the Indenture, the Securities, under the other Note Documents, at law, in equity or otherwise.

(e) Application of Proceeds. Any and all Disposition Proceeds Collateral, including cash proceeds and the proceeds from the disposition as hereinabove provided, received by Holders or any part thereof shall be applied as provided in Section 406 of the Indenture.

4.5 Right to File as Financing Statement. The Collateral Agent shall have the right at any time to execute and file this Agreement as a financing statement, but the failure of the Collateral Agent to do so shall not impair the validity or enforceability of this Agreement or the Security Interest.

4.6 Restricted Disposition Shares; No Control by Collateral Agent or Holders.

(a) Notwithstanding anything herein to the contrary, the Collateral Agent shall not have, or be deemed to have, a security interest in any Restricted Disposition Proceeds or the Escrowed Shares, but the Collateral Agent shall have, and is hereby granted, a security interest in Disposition Proceeds Collateral (the "Subsequent Proceeds") of Restricted Disposition Proceeds so long as such Subsequent Proceeds are not themselves Restricted Disposition Proceeds. Any

Restricted Disposition Proceeds delivered to the Collateral Agent, or an agent or bailee of the Collateral Agent, are to be held in Escrow by or on behalf of the Collateral Agent and will be deemed to be Escrowed Shares for purposes of this Agreement.

(b) Notwithstanding anything herein to the contrary, this Agreement, the Indenture and the other Note Documents, and the transactions contemplated hereby and thereby, do not and will not, constitute, create or have the effect of constituting or creating, directly or indirectly, the actual or practical ownership of any of the Escrow Subsidiaries by the Collateral Agent or any Secured Party, or control, affirmative or negative, direct or indirect, by the Collateral Agent or any Secured Party over the management or any other aspect of the day-to-day operation of the Escrow Subsidiaries, which ownership and control remains exclusively and at all times in each of the Escrow Subsidiaries.

4.7 Agreement to Supplement. Each Grantor acknowledges and agrees that this Agreement shall be amended and supplemented from time to time to specifically include a description of all Escrowed Shares subject hereto subsequent to the date hereof. The Collateral Agent shall have a valid security interest in all additional Disposition Proceeds which come into existence after the date hereof, whether or not reflected on a supplement to Schedule I. The Grantor hereby agrees to execute, deliver and cause the filing of all stock powers, financing statements and other documents and to take such further action as deemed necessary in the Collateral Agent's reasonable discretion with respect to each such additional Escrowed Shares and Disposition Proceeds to ensure each Grantor's compliance hereunder with respect thereto.

4.8 Reinstatement. The granting of a security interest in the Disposition Proceeds Collateral and the other provisions hereof shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by any Secured Party or is repaid by any Secured Party in whole or in part in good faith settlement of a pending or threatened avoidance claim, whether upon the insolvency, bankruptcy or reorganization of any Grantor or any other Guarantor or otherwise, all as though such payment had not been made. The provisions of this Section 4.8 shall survive repayment of all of the Secured Obligations and the termination or expiration of this Agreement in any manner.

4.9 Certain Waivers by the Grantors. Each Grantor waives to the extent permitted by applicable law (a) any right to require any Secured Party or any other obligee of the Secured Obligations to (x) proceed against any Person or entity, including without limitation any Guarantor, (y) proceed against or exhaust the Disposition Proceeds Collateral or other collateral for the Secured Obligations, or (z) pursue any other remedy in its power, (b) any defense arising by reason of any disability or other defense of any other Person, or by reason of the cessation from any cause whatsoever of the liability of any other Person or entity, (c) any right of subrogation, and (d) any right to enforce any remedy which any Secured Party or any other obligee of the Secured Obligations now has or may hereafter have against any other Person and any benefit of and any right to participate in any collateral or security whatsoever now or hereafter held by the Collateral Agent for the benefit of the Secured Parties. Each Grantor authorizes the Collateral Agent and the Trustee without notice (except notice required by applicable law or the Indenture) or demand and without affecting its liability under the Indenture, this Agreement or any other Note Document from time to time to: (i) take and hold security, other than the Disposition Proceeds Collateral herein described, for the payment of such Secured

Obligations or any part thereof, and exchange, enforce, waive and release the Disposition Proceeds Collateral herein described or any part thereof or any such other security; and (ii) apply such Disposition Proceeds Collateral or other security and direct the order or manner of sale thereof as the Collateral Agent or the Trustee in its discretion may determine.

The Collateral Agent may at any time deliver (without representation, recourse or warranty) the Disposition Proceeds Collateral or any part thereof to a Grantor and the receipt thereof by such Grantor shall be a complete and full acquittance for the Disposition Proceeds Collateral so delivered, and the Collateral Agent shall thereafter be discharged from any liability or responsibility therefor.

4.10 Continued Powers. Until the termination of this Agreement, the power of sale and other rights, powers and remedies granted to the Collateral Agent for the benefit of the Secured Parties hereunder shall continue to exist and may be exercised by the Collateral Agent at any time and from time to time irrespective of the fact that any of the Secured Obligations or any part thereof may have become barred by any statute of limitations or that any part of the liability of any Grantor may have ceased.

4.11 Other Rights. The rights, powers and remedies given to the Collateral Agent for the benefit of the Secured Parties by this Agreement shall be in addition to all rights, powers and remedies given to the Collateral Agent or any Secured Party under the Indenture or any other Note Document or by virtue of any statute or rule of law. Any forbearance, failure or delay by the Collateral Agent in exercising any right, power or remedy hereunder shall not be deemed to be a waiver of such right, power or remedy, and any single or partial exercise of any right, power or remedy hereunder shall not preclude the further exercise thereof, and every right, power and remedy of the Secured Parties shall continue in full force and effect until such right, power or remedy is specifically waived in accordance with the terms of the Indenture.

4.12 Anti-Marshaling Provisions. The right is hereby given by each Grantor to the Collateral Agent, for the benefit of the Secured Parties, to make releases (whether in whole or in part) of all or any part of the Disposition Proceeds Collateral agreeable to the Collateral Agent without notice to, or the consent, approval or agreement of other parties and interests, including junior lienors, which releases shall not impair in any manner the validity of or priority of the Liens and security interests in the remaining Disposition Proceeds conferred hereunder, nor release any Grantor from personal liability for the Secured Obligations. Notwithstanding the existence of any other security interest in the Disposition Proceeds held by the Collateral Agent, for the benefit of the Secured Parties, the Collateral Agent shall have the right to determine the order in which any or all of the Disposition Proceeds shall be subjected to the remedies provided in this Agreement. Each Grantor hereby waives any and all rights to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein or in any other Note Document or the Indenture.

4.13 Entire Agreement. This Agreement and each Joinder Agreement, together with the Indenture and the other Note Documents and the Intercreditor Agreement, constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior negotiations, agreements and understandings, inducements, commitments or conditions, express or implied, oral or written, except as herein contained. The express terms hereof and of the Joinder Agreements control and supersede any course of

performance or usage of the trade inconsistent with any of the terms hereof and thereof. Neither this Agreement nor any Joinder Agreement nor any portion or provision hereof or thereof may be changed, altered, modified, supplemented, discharged, canceled, terminated, or amended orally or in any manner other than as provided in the Indenture.

4.14 Reliance. Each Grantor hereby consents and agrees that all Persons shall be entitled to accept the provisions hereof and of the Joinder Agreements as conclusive evidence of the right of the Collateral Agent, on behalf of the Secured Parties, to exercise its rights, privileges, and remedies hereunder and thereunder with respect to the Disposition Proceeds, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by any Grantor or any other Person to any Persons.

4.15 Binding Agreement; Assignment. This Agreement and each Joinder Agreement, and the terms, covenants and conditions hereof and thereof, shall be binding upon and inure to the benefit of the parties hereto, and to their respective successors and assigns, except that no Grantor shall be permitted to assign this Agreement, any Joinder Agreement or any interest herein or therein. All references herein to the Collateral Agent and to the Secured Parties (including the Holders of Securities) shall include any successor thereof or permitted assignee, and any other obligees from time to time of the Secured Obligations.

4.16 Release of Liens.

(a) If any of the Escrowed Securities or any part of the Disposition Proceeds is sold, transferred or otherwise disposed of in compliance with the requirements of the Indenture, then in each such case, such Escrowed Shares or Disposition Proceeds shall automatically be released from (to the extent relevant) the Liens and security interest granted to the Collateral Agent for the benefit of the Secured Parties under this Agreement. If all or any of the Escrowed Securities or the Disposition Proceeds are required to be released in accordance with the Indenture, then in each such case, such Escrowed Shares or Disposition Proceeds shall automatically be released from (to the extent relevant) the Liens and security interest granted to the Collateral Agent for the benefit of the Secured Parties under this Agreement. Upon any Grantor's request, the Collateral Agent shall (upon receipt of a written certification of an officer of the Company, which states that the Collateral Agent has received all documents, if any, required by the Trust Indenture Act (if the Trust Indenture Act is then applicable to the Indenture) and the Indenture) promptly execute and deliver to such Grantor, at such Grantor's expense, all UCC termination statements, releases and similar documents that such Grantor shall reasonably request to terminate of record, or otherwise give appropriate notice of the termination of, any Lien conferred hereunder in connection with the making of such sales, dispositions or other transfers or such Lien releases; provided, that the Collateral Agent shall not be required to take any action or execute or deliver any document if doing so would violate the terms of the Intercreditor Agreement or the Indenture.

(b) If all or substantially all of the Escrowed Securities or Disposition Proceeds are required to be released in accordance with the Indenture with the consent of the Holders, then in each such case, at the request and expense of any Grantor, the Collateral Agent, having received the consent of the requisite Holders as required under the Indenture, will (upon receipt of a written certification of a Responsible Officer of the Company that the Trustee has received all documents, if any, required by the Trust Indenture Act (if the Trust Indenture Act is then

applicable to the Indenture) and the Indenture) duly release from the security interest created hereby and, with respect to Escrowed Securities or Disposition Proceeds in the physical possession of the Collateral Agent, deliver to such Grantor (without recourse and without representation or warranty) such of the Escrowed Securities or Disposition Proceeds as are then being (or have been) so released and have not theretofore been released pursuant to this Agreement, and execute and deliver to such Grantor, at such Grantor's expense, all UCC termination statements, releases and similar documents that such Grantor shall reasonably request to terminate of record, or otherwise give appropriate notice of the termination of, any Lien conferred hereunder in connection with such release of all or substantially all of the Escrowed Securities or Disposition Proceeds; provided, that the Collateral Agent shall not be required to take any action or execute or deliver any document if doing so would violate the terms of the Intercreditor Agreement or the Indenture.

4.17 Collateral Agent.

The rights, privileges, protections, immunities and indemnities in favor of the Collateral Agent in the Security Agreement shall be incorporated herein by reference and shall form part of this Agreement.

4.18 Severability. The provisions of this Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

4.19 Counterparts. This Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart executed by the Grantor against whom enforcement is sought.

4.20 Termination. Subject to the provisions of Section 4.8, this Agreement and each Joinder Agreement, and all obligations of the Grantors hereunder (excluding those obligations and liabilities that expressly survive such termination) shall terminate without delivery of any instrument or performance of any act by any party when the Second Priority Liens have been released, in whole, in accordance with the terms and conditions of Section 1505 of the Indenture. Upon such termination of this Agreement, the Collateral Agent shall, at the sole expense of the Grantors, promptly deliver to the Grantors the Escrowed Shares, all other certificated Restricted Equity Interests and the Disposition Proceeds Collateral and take such actions at the request of the Grantors as may be necessary to effect the same.

4.21 Notices. Any notice required or permitted hereunder shall be given in accordance with Section 106 of the Indenture.

4.22 Joinder. Each Person who shall at any time execute and deliver to the Collateral Agent a Joinder Agreement (including each Person required to deliver a Joinder Agreement pursuant to Section 913(b) of the Indenture) shall thereupon irrevocably, absolutely and unconditionally become a party hereto and obligated hereunder to the extent required pursuant to such Joinder Agreement as a Grantor and shall have thereupon pursuant to Section 1 hereof

granted a security interest in and collaterally assigned and pledged to the Collateral Agent for the benefit of the Secured Parties all Disposition Proceeds which it has at its Applicable Date or thereafter acquires any interest or the power to transfer, and all references herein, in any other Note Document and in the Indenture to the Grantors or to the parties to this Agreement shall be deemed to include such Person as a Grantor hereunder. Each Joinder Agreement shall be accompanied by the Supplemental Schedules referred to therein, appropriately completed with information relating to the Grantor executing such Joinder Agreement and its property. Each of the applicable Schedules attached hereto shall be deemed amended and supplemented without further action by such information reflected on the Supplemental Schedules to each Joinder Agreement.

4.23 Survival of Representations.

All representations and warranties contained herein shall survive the delivery of documents referred to herein or secured hereby.

4.24 Governing Law; Waivers.

(a) THIS AGREEMENT AND EACH JOINDER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

(b) EACH GRANTOR HEREBY EXPRESSLY AND IRREVOCABLY AGREES AND CONSENTS THAT ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY JOINDER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN MAY BE INSTITUTED IN ANY STATE OR FEDERAL COURT SITTING IN NEW YORK COUNTY, STATE OF NEW YORK, UNITED STATES OF AMERICA AND, BY THE EXECUTION AND DELIVERY OF THIS AGREEMENT OR A JOINDER AGREEMENT, EXPRESSLY WAIVES ANY OBJECTION THAT IT MAY HAVE NOW OR HEREAFTER TO THE LAYING OF THE VENUE OR TO THE JURISDICTION OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(c) EACH GRANTOR AGREES THAT SERVICE OF PROCESS MAY BE MADE BY PERSONAL SERVICE OF A COPY OF THE SUMMONS AND COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING, OR BY REGISTERED OR CERTIFIED MAIL (POSTAGE PREPAID) TO THE ADDRESS OF SUCH GRANTOR PROVIDED IN SECTION 4.21 OR BY ANY OTHER METHOD OF SERVICE PROVIDED FOR UNDER THE APPLICABLE LAWS IN EFFECT IN THE STATE OF NEW YORK.

(d) NOTHING CONTAINED IN SUBSECTIONS (b) OR (c) HEREOF SHALL PRECLUDE THE COLLATERAL AGENT FROM BRINGING ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY JOINDER AGREEMENT OR THE OTHER NOTE

DOCUMENTS IN THE COURTS OF ANY PLACE WHERE ANY GRANTOR OR ANY OF SUCH GRANTOR'S PROPERTY OR ASSETS MAY BE FOUND OR LOCATED. TO THE EXTENT PERMITTED BY THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, EACH GRANTOR HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT AND EXPRESSLY WAIVES, IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING, OBJECTION TO THE EXERCISE OF JURISDICTION OVER IT AND ITS PROPERTY BY ANY SUCH OTHER COURT OR COURTS WHICH NOW OR HEREAFTER, BY REASON OF ITS PRESENT OR FUTURE DOMICILE, OR OTHERWISE, MAY BE AVAILABLE UNDER APPLICABLE LAW.

(e) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO THIS AGREEMENT OR ANY JOINDER AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THE FOREGOING, EACH PARTY HEREBY AGREES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PERSON MAY HAVE TO TRIAL BY JURY IN ANY SUCH ACTION, SUIT OR PROCEEDING.

(f) EACH GRANTOR HEREBY EXPRESSLY WAIVES ANY OBJECTION IT MAY HAVE THAT ANY COURT TO WHOSE JURISDICTION IT HAS SUBMITTED PURSUANT TO THE TERMS HEREOF IS AN INCONVENIENT FORUM.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the day and year first written above.

GRANTORS:

SONIC AUTOMOTIVE, INC.

By: /s/ Stephen K. Coss
Name: Stephen K. Coss, Senior VP,
Title: General Counsel, and Secretary

**FAA HOLDING CORP.
FIRSTAMERICA AUTOMOTIVE, INC.
L DEALERSHIP GROUP, INC.
SAI AL HC1, INC.
SAI AL HC2, INC.
SAI FL HC2, INC.
SAI FL HC4, INC.
SAI MD HC1, INC.
SAI OK HC1, INC.
SAI TN HC3, LLC
SONIC AUTOMOTIVE OF NEVADA, INC.
SONIC OF TEXAS, INC.**

By: /s/ Stephen K. Coss
Name: Stephen K. Coss, Secretary
Title: _____

SAI GEORGIA, LLC

**By: SONIC AUTOMOTIVE OF NEVADA, INC.,
as Sole Member**

By: /s/ Stephen K. Coss
Name: Stephen K. Coss, Secretary
Title: _____

COLLATERAL AGENT:

U.S. BANK NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ Richard Prokosch

Name: Richard Prokosch

Title: Vice President

[Security Agreement (Escrowed Equity)]

SCHEDULE I

Escrowed Shares

GRANTOR	ESCROW SUBSIDIARIES	TYPE OF SHARES	NO. OF SHARES	CERT. NO.(S)
FAA Holding Corp.	1. FAA Las Vegas H, Inc. Nevada Corporation C13186-1999	Common Stock	10,000	2
FAA Holding Corp.	2. Kramer Motors Incorporated California Corporation C0392185	Common Stock	250	10
FirstAmerica Automotive, Inc.	3. FAA Beverly Hills, Inc. California Corporation C2069519	Common Stock	10,000	2
FirstAmerica Automotive, Inc.	4. FAA Capitol N, Inc. California Corporation C2054429	Common Stock	10,000	2
FirstAmerica Automotive, Inc.	5. FAA Concord H, Inc. California Corporation C2004304	Common Stock	10,000	2
FirstAmerica Automotive, Inc.	6. FAA Concord T, Inc. California Corporation C0613543	Common Stock	1,000	5

<u>GRANTOR</u>	<u>ESCROW SUBSIDIARIES</u>	<u>TYPE OF SHARES</u>	<u>NO. OF SHARES</u>	<u>CERT. NO.(S)</u>
FirstAmerica Automotive, Inc.	7. FAA Dublin N, Inc. California Corporation C2007600	Common Stock	10,000	2
FirstAmerica Automotive, Inc.	8. FAA Poway H, Inc. California Corporation C2006230	Common Stock	10,000	2
FirstAmerica Automotive, Inc.	9. FAA Poway T, Inc. California Corporation C2006232	Common Stock	10,000	2
FirstAmerica Automotive, Inc.	10. FAA San Bruno, Inc. California Corporation C2004303	Common Stock	10,000	2
FirstAmerica Automotive, Inc.	11. FAA Serramonte, Inc. California Corporation C2004221	Common Stock	10,000	3
FirstAmerica Automotive, Inc.	12. FAA Serramonte H, Inc. California Corporation C2069465	Common Stock	10,000	2

<u>GRANTOR</u>	<u>ESCROW SUBSIDIARIES</u>	<u>TYPE OF SHARES</u>	<u>NO. OF SHARES</u>	<u>CERT. NO.(S)</u>
FirstAmerica Automotive, Inc.	13. FAA Serramonte L, Inc. California Corporation C2004222	Common Stock	10,000	2
FirstAmerica Automotive, Inc.	14. FAA Stevens Creek, Inc. California Corporation C2004216	Common Stock	10,000	2
L Dealership Group, Inc.	15. Franciscan Motors, Inc. California Corporation C1532758	Common Stock	700,000	10
L Dealership Group, Inc.	16. Santa Clara Imported Cars, Inc. California Corporation C0587296	Common Stock	1,082	10
L Dealership Group, Inc.	17. Sonic - Stevens Creek B, Inc. California Corporation C0723787	Common Stock	300,000	10
L Dealership Group, Inc.	18. Windward, Inc. Hawaii Corporation 41788D1FPD	Common Stock	140,500	10

<u>GRANTOR</u>	<u>ESCROW SUBSIDIARIES</u>	<u>TYPE OF SHARES</u>	<u>NO. OF SHARES</u>	<u>CERT. NO.(S)</u>
SAI AL HC1, Inc.	19. SAI Montgomery B, LLC Alabama Limited Liability Company 428-746	LLC Interest	100.00%	N/A
SAI AL HC2, Inc.	20. SAI Irondale Imports, LLC Alabama Limited Liability Company 428-744	Common Stock	100.00%	N/A
SAI AL HC2, Inc.	21. SAI Irondale L, LLC Alabama Limited Liability Company 662-073	LLC Interest	100.00%	N/A
SAI FL HC2, Inc.	22. SAI Clearwater T, LLC Florida Limited Liability Company L08000116713	LLC Interest	100.00%	N/A
SAI FL HC2, Inc.	23. SAI Fort Myers B, LLC Florida Limited Liability Company L08000116712	LLC Interest	100.00%	N/A
SAI FL HC4, Inc.	24. SAI Fort Myers H, LLC Florida Limited Liability Company L08000116710	LLC Interest	100.00%	N/A
SAI MD HC1, Inc.	25. SAI Rockville L, LLC Maryland Limited Liability Company W12791083	LLC Interest	100.00%	N/A

<u>GRANTOR</u>	<u>ESCROW SUBSIDIARIES</u>	<u>TYPE OF SHARES</u>	<u>NO. OF SHARES</u>	<u>CERT. NO.(S)</u>
SAI OK HC1, Inc.	26. SAI Atlanta B, LLC Georgia Limited Liability Company 08083814	LLC Interest	100.00%	N/A
SAI OK HC1, Inc.	27. SAI Oklahoma City – H, LLC. Oklahoma Limited Liability Company 3512215666	LLC Interest	100.00%	N/A
SAI OK HC1, Inc.	28. SAI Oklahoma City T, LLC Oklahoma Limited Liability Company 3512215664	LLC Interest	100.00%	N/A
SAI OK HC1, Inc.	29. SAI Tulsa N, LLC Oklahoma Limited Liability Company 3512215684	LLC Interest	100.00%	N/A
SAI OK HC1, Inc.	30. SAI Tulsa T, LLC Oklahoma Limited Liability Company 3512215671	LLC Interest	100.00%	N/A
SAI TN HC3, LLC	31. SAI Nashville H, LLC Tennessee Limited Liability Company 0336180	LLC Interest (Class A Units)	1	N/A
SAI TN HC3, LLC		LLC Interest (Class B Units)	99	
Sonic Automotive, Inc.	32. Avalon Ford, Inc. Delaware Corporation 0896102	Common Stock	4,164	17

<u>GRANTOR</u>	<u>ESCROW SUBSIDIARIES</u>	<u>TYPE OF SHARES</u>	<u>NO. OF SHARES</u>	<u>CERT. NO.(S)</u>
Sonic Automotive, Inc.	33. Marcus David Corporation North Carolina Corporation 0272880	Common Stock	579,000	8
Sonic Automotive, Inc.	34. Ontario L, LLC California Limited Liability Company 200330110050	LLC Interest	100.00%	N/A
Sonic Automotive, Inc.	35. SAI Ann Arbor Imports, LLC Michigan Limited Liability Company E15303	LLC Interest	100.00%	N/A
Sonic Automotive, Inc.	36. SAI Columbus T, LLC Ohio Limited Liability Company CP13128	LLC Interest	100.00%	N/A
Sonic Automotive, Inc.	37. SAI Long Beach B, Inc. California Corporation C2998588	Common Stock	100	1
Sonic Automotive, Inc.	38. SAI Monrovia B, Inc. California Corporation C2979304	Common Stock	100	1

<u>GRANTOR</u>	<u>ESCROW SUBSIDIARIES</u>	<u>TYPE OF SHARES</u>	<u>NO. OF SHARES</u>	<u>CERT. NO.(S)</u>
Sonic Automotive, Inc.	39. Sonic Automotive 2752 Laurens Rd., Greenville, Inc. South Carolina Corporation	Common Stock	100	1
Sonic Automotive, Inc.	40. Sonic Automotive - 9103 E. Independence, NC, LLC North Carolina Limited Liability Company 0470751	LLC Interest	100.00%	N/A
Sonic Automotive, Inc.	41. Sonic-Buena Park H, Inc. California Corporation C2356456	Common Stock	100	1
Sonic Automotive, Inc.	42. Sonic-Calabasas A, Inc. California Corporation C2413759	Common Stock	100	1
Sonic Automotive, Inc.	43. Sonic - Denver T, Inc. Colorado Corporation 20021350687	Common Stock	100	1
Sonic Automotive, Inc.	44. Sonic - Harbor City H, Inc. California Corporation C2356454	Common Stock	100	1
Sonic Automotive, Inc.	45. Sonic - Lloyd Nissan, Inc. Florida Corporation 593560057	Common Stock	100	1

<u>GRANTOR</u>	<u>ESCROW SUBSIDIARIES</u>	<u>TYPE OF SHARES</u>	<u>NO. OF SHARES</u>	<u>CERT. NO.(S)</u>
Sonic Automotive, Inc.	46. Sonic - Manhattan Fairfax, Inc. Virginia Corporation 0521177-6	Common Stock	100	1
Sonic Automotive, Inc.	47. Sonic - Newsome of Florence, Inc. South Carolina Corporation	Common Stock	100	1
Sonic Automotive, Inc.	48. Sonic-Serramonte I, Inc. California Corporation C2469221	Common Stock	100	1
Sonic Automotive, Inc.	49. Sonic - Shottenkirk, Inc. Florida Corporation 593575773	Common Stock	100	1
Sonic Automotive, Inc.	50. Sonic Tysons Corner H, Inc. Virginia Corporation 0645231-2	Common Stock	100	1
Sonic Automotive, Inc.	51. Sonic Tysons Corner Infiniti, Inc. Virginia Corporation 0645232-0	Common Stock	100	1
Sonic Automotive, Inc.	52. Sonic-West Covina T, Inc. California Corporation C2356455	Common Stock	100	1

<u>GRANTOR</u>	<u>ESCROW SUBSIDIARIES</u>	<u>TYPE OF SHARES</u>	<u>NO. OF SHARES</u>	<u>CERT. NO.(S)</u>
SAI Georgia, LLC	53. Sonic – Stone Mountain T, L.P. Georgia Limited Partnership 0342795	General Partner Interest	1.00%	N/A
Sonic Automotive of Nevada, Inc.		Limited Partner Interest	99.00%	
Sonic Automotive of Nevada, Inc.	54. Sonic Automotive of Chattanooga, LLC Tennessee Limited Liability Company 0336188	LLC Interest (Class A Units)	1	N/A
Sonic Automotive of Nevada, Inc.		LLC Interest (Class B Units)	99	
Sonic Automotive of Nevada, Inc.	55. Sonic Automotive of Nashville, LLC Tennessee Limited Liability Company 0336186	LLC Interest (Class A Units)	1	N/A
Sonic Automotive of Nevada, Inc.		LLC Interest (Class B Units)	99	
Sonic Automotive of Nevada, Inc.	56. Sonic – 2185 Chapman Rd., Chattanooga, LLC Tennessee Limited Liability Company 0366281	LLC Interest (Class A Units)	1	N/A
Sonic Automotive of Nevada, Inc.		LLC Interest (Class B Units)	99	
Sonic of Texas, Inc.	57. Philpott Motors, Ltd. Texas Limited Partnership 12223010	General Partner Interest	1.00%	
Sonic Automotive of Nevada, Inc.		Limited Partner Interest	99.00%	N/A

<u>GRANTOR</u>	<u>ESCROW SUBSIDIARIES</u>	<u>TYPE OF SHARES</u>	<u>NO. OF SHARES</u>	<u>CERT. NO.(S)</u>
Sonic of Texas, Inc.	58. Sonic – Fort Worth T, L.P. Texas Limited Partnership 13920710	General Partner Interest	1.00%	N/A
Sonic Automotive of Nevada, Inc.		Limited Partner Interest	99.00%	
Sonic of Texas, Inc.	59. Sonic - Lute Riley, L.P. Texas Limited Partnership 11869810	General Partner Interest	1.00%	N/A
Sonic Automotive of Nevada, Inc.		Limited Partner Interest	99.00%	
Sonic of Texas, Inc.	60. Sonic Momentum B, L.P. Texas Limited Partnership 800235477	General Partner Interest	1.00%	N/A
Sonic Automotive of Nevada, Inc.		Limited Partner Interest	99.00%	