SONIC AUTOMOTIVE INC
Form 424B3
June 12, 2013
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-188804

Offer to Exchange

Registered 5.00% Senior Subordinated Notes Due 2023, Series B

For All of Our Outstanding

Unregistered 5.00% Senior Subordinated Notes Due 2023, Series A

We are offering to exchange new registered 5.00% Senior Subordinated Notes Due 2023, Series B for all of our outstanding unregistered 5.00% Senior Subordinated Notes Due 2023, Series A.

The terms of the Series B notes will be identical in all material respects to the Series A notes except for certain transfer restrictions and registration rights relating to the Series A notes, and the right of the holders of Series A notes to receive additional interest under certain circumstances relating to the timing of this exchange offer.

If all of the Series A notes are exchanged for Series B notes in this exchange offer, we will have a single series of registered notes outstanding with an aggregate principal amount of $300.0 million.

We will not receive any proceeds from this exchange offer.

This exchange offer expires at 5:00 p.m., New York City time, on July 12, 2013, unless we extend it.

You should carefully review the procedures for tendering Series A notes under the caption The Exchange Offer in this prospectus. If you do not comply with these procedures, we are not obligated to exchange your Series A notes for Series B notes.

If you currently hold Series A notes and fail to validly tender them, then you will continue to hold unregistered Series A notes and your ability to transfer them will be subject to transfer restrictions, which could adversely affect your ability to transfer Series A notes.

The Series A notes were issued in a private offering on May 9, 2013. When issued, the Series B notes will be registered under the Securities Act of 1933, as amended, and will contain no legends restricting their transfer.

Although the Series B notes will be registered, we do not intend to list them on any securities exchange or market quotation system and, consequently, do not anticipate an active public market for the Series B notes.

Both acceptance and rejection of this exchange offer involve risks. Some of the risks associated with the exchange offer and an investment in the Series B notes offered through this prospectus are described under the caption Risk Factors beginning on page 11 of this prospectus and in our filings with the Securities and Exchange Commission incorporated by reference herein.

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

The date of this prospectus is June 11, 2013

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You should base your decision to participate in the exchange offer after considering all of the information contained in this prospectus and the information incorporated by reference herein. In making your investment decision, we have not authorized any other person to provide you with different or additional information. If anyone else provides you with different or additional information, you should not rely on it. We are not making an offer to sell or exchange the Series B notes (1) in any jurisdiction where the offer or sale is not permitted, (2) where the person making the offer is not qualified to do so or (3) to any person who cannot legally be offered the Series B notes. You should assume that the information appearing in this prospectus and the information incorporated by reference herein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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Nothing contained in or incorporated by reference into this prospectus is, or shall be relied upon as, a promise or representation as to past or future performance.

In making a decision whether to participate in the exchange offer, you must rely on your own examination of us and the terms of the exchange offer and the Series B notes, including the merits and risks involved. You should not consider any information in or incorporated by reference into this prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding participation in the exchange offer and an investment in the Series B notes.

We make no representation or warranty, express or implied, as to the accuracy or completeness of the information obtained from third party sources set forth herein or incorporated by reference into this prospectus, and nothing contained in this prospectus or incorporated by reference herein is, or shall be relied upon as, a promise or representation, whether as to past or future performance and may be filed as exhibits to our public filings.

No automobile manufacturer or distributor has been involved, directly or indirectly, in the preparation of this prospectus or in the offering being made hereby. No automobile manufacturer or distributor has been authorized to make any statements or representations in connection with the offering, and no automobile manufacturer or distributor has any responsibility for the accuracy or completeness of this prospectus or for the offering hereunder.

This offer may be withdrawn at any time prior to the closing of the offering, and the offering is subject to the terms of this prospectus.

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Laws in certain jurisdictions may restrict the distribution of this prospectus and the offer and sale or exchange of the Series B notes. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Series B notes and must obtain any consent, approval or permission required for your purchase, offer or sale of the Series B notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and we shall have no responsibility therefor.

Except as otherwise indicated or as the context otherwise requires, all references in this prospectus to the Company, we, us, , our, or Sonic m Sonic Automotive, Inc. and its subsidiaries.

MARKET AND INDUSTRY DATA

We obtained the industry, market and competitive position data included and incorporated by reference in this prospectus from our own internal estimates and research as well as from industry publications and research, surveys and studies conducted by third parties. Industry publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that each of these publications, studies and surveys is reliable, we have not independently verified industry, market and competitive position data from third-party sources. While we believe our internal business research is reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent source. Accordingly, investors should not place undue weight on the industry and market share data presented in this prospectus.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference herein contain numerous forward-looking statements. These forward looking statements address our future objectives, plans and goals, as well as our intent, beliefs and current expectations regarding future operating performance, and can generally be identified by words such as may, will, should, believe, expect, anticipate, intend, plan, foresee, similar words or phrases. Specific events addressed by these forward-looking statements include, but are not limited to:

- vehicle sales rates and same store sales growth;
- future liquidity trends or needs;
- our business and growth strategies;
- future covenant compliance;
- industry trends;

our financing plans and our ability to repay or refinance existing debt when due;

future acquisitions or dispositions;

level of fuel prices;

general economic trends, including employment rates and consumer confidence levels; and

remediation plans related to our internal control over financial reporting.

These forward-looking statements are based on our current estimates and assumptions and involve various risks and uncertainties. As a result, you are cautioned that these forward-looking statements are not guarantees of

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future performance and that actual results could differ materially from those projected in these forward-looking statements. Factors which may cause actual results to differ materially from our projections include those risks described in Risk Factors and elsewhere in this prospectus and our filings with the Securities and Exchange Commission (SEC or Commission) that are incorporated by reference into this prospectus, as well as:

- the number of new and used cars sold in the United States as compared to our expectations and the expectations of the market;
- our ability to generate sufficient cash flows or obtain additional financing to fund acquisitions, capital expenditures, our share repurchase program, dividends on our common stock and general operating activities;
- the reputation and financial condition of vehicle manufacturers whose brands we represent, the financial incentives vehicle manufacturers offer and their ability to design, manufacture, deliver and market their vehicles successfully;
- our relationships with manufacturers, which may affect our ability to obtain desirable new vehicle models in inventory or complete additional acquisitions;
- adverse resolutions of one or more significant legal proceedings against us or our dealerships;
- changes in laws and regulations governing the operation of automobile franchises, accounting standards, taxation requirements and environmental laws;
- general economic conditions in the markets in which we operate, including fluctuations in interest rates, employment levels, the level of consumer spending and consumer credit availability;
- high competition in the automotive retailing industry, which not only creates pricing pressures on the products and services we offer, but also on businesses we may seek to acquire;
- our ability to successfully integrate potential future acquisitions; and
- the rate and timing of overall economic recovery or decline.

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PROSPECTUS SUMMARY

This summary highlights selected information included in or incorporated by reference into this prospectus. The following summary does not contain all of the information that you should consider before deciding whether to participate in the exchange offer and is qualified in its entirety by the more detailed information appearing elsewhere in the prospectus and the financial statements and the documents incorporated by reference. You should carefully read the entire prospectus, including the Risk Factors section beginning on page 11 and risk factors incorporated by reference herein, before deciding whether to participate in the exchange offer. See Where You Can Find More Information About Sonic.

The Company

We are one of the largest automotive retailers in the United States. As of March 31, 2013, we operated 111 dealerships in 14 states, representing 25 different brands of cars and light trucks, and 20 collision repair centers. Our dealerships provide comprehensive services including (1) sales of both new and used cars and light trucks, (2) sales of replacement parts, performance of vehicle maintenance, manufacturer warranty repairs, paint and collision repair services and (3) arrangement of extended service contracts, financing, insurance and other aftermarket products for our automotive customers.

Our Class A common stock is traded on the New York Stock Exchange under the symbol SAH. Our principal executive offices are located at 4401 Colwick Road, Charlotte, North Carolina 28211, telephone (704) 566-2400. We were incorporated in Delaware in 1997.

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The Exchange Offer

Securities to be Exchanged	On May 9, 2013, we issued $300.0 million in aggregate principal amount of 5.00% Senior Subordinated Notes due 2023, Series A in a private offering that was exempt from the registration requirements of the Securities Act of 1933, as amended. We entered into a registration rights agreement with the initial purchasers in the private offering in which we agreed, among other things, to complete this exchange offer within 270 days of the issuance of the Series A notes. As of the date of this prospectus, there is $300.0 million in aggregate principal amount of Series A notes outstanding.
The Exchange Offer	We are offering to exchange all of our outstanding Series A notes for a like principal amount of our registered 5.00% Senior Subordinated Notes due 2023, Series B. The terms of the Series B notes will be identical in all material respects to the Series A notes except for certain transfer restrictions and registration rights relating to the Series A notes and the right of the holders of Series A notes to receive additional interest under certain circumstances relating to the timing of this exchange offer. The Series A notes are governed by the terms of an indenture dated as of May 9, 2013. The Series B notes will be governed by the terms of the same indenture.
Resales of Series B Notes Without Further Registration; Prospectus Delivery	Based on Commission staff interpretations given to other, unrelated issuers in other exchange offers, we believe that holders of the Series B notes who are not broker-dealers, can offer for resale, resell and otherwise transfer the Series B notes without complying with the registration and prospectus delivery requirements of the Securities Act, if:

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

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

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

Restrictions on Reales by Broker-Dealers

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

Expiration Date; Extension of Tender Period; Termination; and Amendment

This exchange offer will expire at 5:00 p.m. New York City time on July 12, 2013, unless we extend it. You must tender your outstanding Series A notes prior to this time, if you want to participate in the exchange offer. We may terminate the exchange offer in the event of circumstances described on page 30 under the caption The Exchange Offer . We have the right to amend any of the terms of the exchange offer subject to our obligations under the registration rights agreement.

Procedures for Tendering Series A Notes

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

- properly complete, sign and date the letter of transmittal, including all other documents required by the letter of transmittal; have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and mail or deliver that letter of transmittal and other required documents to the exchange agent at the address listed below under Exchange Agent on or before the expiration date; or

- if the Series A notes are tendered under the book-entry transfer procedures described below, transmit to the exchange agent on or before the expiration date an agent s message.

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

- the exchange agent must receive certificates representing your Series A notes, along with the letter of transmittal, on or before the expiration date; or

- the exchange agent must receive a timely confirmation of book-entry transfer of the Series A notes into the exchange agent s account at DTC under the procedure for book-entry transfers

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	described below, along with the letter of transmittal or a properly transmitted agent s message, on or before the expiration date; or the holder must comply with the guaranteed delivery procedures described below. Do not send letters of transmittal or certificates representing Series A notes to us or DTC. Send these documents only to the exchange agent.
Special Procedures for Beneficial Owners	If you own a beneficial interest in Series A notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your interest in the Series A notes in the exchange offer, please contact the registered holder as soon as possible and instruct the registered holder to tender on your behalf and to comply with the procedures for tendering Series A notes described in this prospectus and the letter of transmittal.
Guaranteed Delivery Procedures for Tendering Series A Notes	If you cannot deliver any necessary documentation or comply with the applicable procedures under DTC standard operating procedures for electronic tenders on or before the expiration date, you may tender your Series A notes according to the guaranteed delivery procedures set forth under the caption The Exchange Offer Guaranteed Delivery Procedures.
Exchange Offer; Registration Rights	Under a registration rights agreement executed as part of the sale of the Series A notes, we and the guarantors agreed to use our reasonable best efforts to exchange the Series A notes for Series B notes registered under the Securities Act on or prior to 270 days after the issue date of the Series A notes; or file under certain circumstances a shelf registration statement to cover resales of the Series A notes and to cause the registration statement to be declared effective by the Commission. If we fail to satisfy these obligations, we have agreed to pay liquidated damages (in the form of additional interest) to holders of the Series A notes under certain circumstances. See The Exchange Offer. This exchange offer is intended to satisfy our obligations under the registration rights agreement. If you are eligible to participate in the exchange offer and do not tender your Series A notes, you will not be entitled to any exchange or registration rights with respect to the Series A notes except in limited circumstances.
Withdrawal	Your tender of Series A notes pursuant to this exchange offer may be withdrawn at any time before the exchange offer expires. Withdrawals may not be rescinded. If you change your mind again, you may tender your Series A notes again by following the exchange offer procedures before the exchange offer expires.

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Accrued Interest	Interest on the Series B notes will accrue from the most recent interest payment date on which interest was paid on the Series A notes or, if no interest has been paid on the Series A notes, from May 9, 2013.
Delivery of Series B Notes	We will deliver Series B notes by book-entry transfer promptly after the expiration date. If we do not accept any of your outstanding Series A notes for exchange, we will return them to you promptly after the expiration or termination of the exchange offer without any expense to you.
No Appraisal Rights	No appraisal rights are available to holders of Series A notes in connection with the exchange offer. If you do not tender your Series A notes or we reject your tender, you will not be entitled to any further registration rights under the registration rights agreement except under limited circumstances. Your unexchanged Series A notes will, however, remain outstanding and entitled to the benefits of the indenture.
United States Federal Income Tax Considerations	Your exchange of Series A notes for Series B notes should not be a taxable exchange for United States federal income tax purposes. You should not recognize any taxable gain or loss or any interest income as result of the exchange.
Exchange Agent	U.S. Bank National Association
Legal Requirements to Exchange Offer	There are no federal or state regulatory requirements that must be complied with in connection with the exchange offer, other than registration under the Securities Act of the Series B notes and the related guarantees.
Use of Proceeds	We will not receive any proceeds from the issuance of the Series B notes.
Legal Limitation	We are not making any offer to sell, nor are we soliciting and offer to buy, securities in any jurisdiction in which the offer or sale is not permitted.

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Summary of the Series B Notes

The following is a brief summary of certain terms of the Series B notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more complete description of the terms of the Series B notes, see Description of Notes beginning on page 32.

Issuer	Sonic Automotive, Inc., a Delaware corporation
Notes Offered	$300.0 million principal amount of 5.00% Senior Subordinated Notes due 2023, Series B. The terms of these notes will be identical in all material respects to the Series A notes and will vote as a single class with any Series A notes that remain outstanding following this offering for purposes of taking actions and exercising rights under the indenture.
Maturity	May 15, 2023, unless earlier redeemed or repurchased.
Interest	5.00% per year on the principal amount. Interest will be payable semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2013.
Guarantees	The Series B notes will be unconditionally guaranteed, jointly and severally, on a senior subordinated basis by all of our operative domestic subsidiaries.
Ranking	The Series B notes and the guarantees will be unsecured senior subordinated obligations. Accordingly, they will rank: • behind all of our and the guarantors existing and future senior debt, whether or not secured, and structurally subordinated to the obligations of our non-guarantor subsidiaries; • equally with all of our and the guarantors existing and future senior subordinated obligations that do not expressly provide that they are subordinated to the Series B notes; and • ahead of any of our and the guarantors existing and future debt that expressly provides that it is subordinated to the Series B notes and will be effectively senior to all of our debt that is not guaranteed by our subsidiaries. Assuming all Series A notes are exchanged for Series B notes in this offering and that the net proceeds of the offering of the Series A notes had been applied to redeem all of our 9.0% Senior Subordinated Notes due 2018 (the 9.0% Notes), as of March 31, 2013, excluding floor plan debt, the Series B notes would have been subordinated to approximately $222.2 million of senior debt of certain of the guarantors and equal in right of payment to approximately $200.0 million of senior subordinated debt. We also would have had up to an additional $101.6 million available for additional borrowings under our

syndicated revolving credit facility, all of which would be senior to the Series B notes and secured.

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	In addition, our non-guarantor subsidiaries would have had $9.9 million of debt (other than intercompany liabilities and trade payables) to which the Series B notes would have been structurally subordinated.
Repurchase upon Change of Control	If we undergo a change of control (as defined in this prospectus under Description of Notes Purchase of Series B Notes Upon a Change of Control), subject to certain conditions, you will have the option to require us to purchase all or any portion of your Series B notes for cash. The change of control purchase price will be 101% of the principal amount of the Series B notes to be purchased plus accrued and unpaid interest to but excluding the change of control purchase date.
Optional Redemption	On or after May 15, 2018 and prior to the maturity date, we may redeem some or all of the Series B notes at any time at the redemption prices described in Description of Notes Optional Redemption, plus accrued and unpaid interest to but excluding the redemption date. Before May 15, 2018, we may redeem some or all of the Series B notes at par plus the applicable premium set forth in Description of Notes Certain Definitions plus accrued and unpaid interest to but excluding the redemption date. On or before May 15, 2016, we may redeem up to 35% of the aggregate principal amount of the Series B notes with the proceeds from certain equity offerings at 105% of the aggregate principal amount, plus accrued and unpaid interest to but excluding the redemption date.
Basic Covenants of Indenture	The indenture, among other things, restricts our and our restricted subsidiaries ability to: incur additional debt; pay dividends and make distributions; incur liens; make specified types of investments; apply net proceeds from certain asset sales; engage in transactions with our affiliates; merge or consolidate;

restrict dividends or other payments from restricted subsidiaries;

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	issue guarantees of and pledges for debt; sell preferred stock of restricted subsidiaries; and sell, assign, transfer, lease, convey or dispose of assets. These covenants are subject to a number of important exceptions, limitations and qualifications that are described under Description of Notes Certain Covenants.
Trustee	U.S. Bank National Association.
Absence of Market for the Series B Notes	The Series B notes are a new issue of securities with no established trading market. We currently do not intend to apply to list the Series B notes on any securities exchange or market quotation system. Accordingly, we cannot assure you as to the development or liquidity of any market for the Series B notes.
Risk Factors	You should carefully consider the information set forth in the section of this prospectus entitled Risk Factors as well as the other information included in or incorporated by reference into this prospectus before deciding whether to participate in the exchange offer.

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Summary Consolidated Financial and Operating Data

The summary consolidated income statement data for the years ended December 31, 2010, 2011 and 2012 and the summary consolidated balance sheet data as of December 31, 2011 and 2012 are derived from our consolidated financial statements, which are incorporated by reference into this prospectus from our Annual Report on Form 10-K for the year ended December 31, 2012 (the Form 10-K). The summary consolidated balance sheet data as of December 31, 2010 are derived from our consolidated financial statements as of and for the year ended December 31, 2010, which are not included in or incorporated by reference into this prospectus. The summary consolidated balance sheet data as of March 31, 2012 are derived from Sonic s unaudited interim financial statements, which are not included or incorporated by reference into this prospectus. The summary consolidated income statement data for the three months ended March 31, 2012 and March 31, 2013, and the summary consolidated balance sheet data as of March 31, 2013, are derived from Sonic s unaudited interim financial statements, which are incorporated by reference into this prospectus from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (the Form 10-Q). In the opinion of management, these unaudited financial statements reflect all adjustments necessary for a fair presentation of Sonic s results of operations and financial condition. All such adjustments are of a normal recurring nature. The results for interim periods are not necessarily indicative of the results to be expected for the entire fiscal year. This summary consolidated financial and operating data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes thereto, which are incorporated by reference into this prospectus.

We have accounted for all of our dealership acquisitions using the purchase method of accounting and, as a result, we do not include in our consolidated financial statements the results of operations of acquired dealerships prior to the date they were acquired. The Summary Consolidated Financial and Operating Data discussed below reflects the results of operations and financial position of each of the dealerships acquired prior to March 31, 2013. As a result of the effects of our acquisitions and other potential factors in the future, the Summary Consolidated Financial and Operating Data set forth below is not necessarily indicative of our results of operations and financial position in the future or the results of operations and financial position that would have resulted had such acquisitions occurred at the beginning of the periods presented below.

The following financial data for all periods presented reflects our reclassification of franchises between continuing operations and discontinued operations as of March 31, 2013, which we performed in accordance with the provisions of Presentation of Financial Statements in the ASC and is reflected in the Form 10-K.

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	Year Ended December 31,			Three Months Ended March 31,	
	2010	2011	2012	2012	2013
			(dollars in thousands)		
Income Statement Data:					
Revenues:					
New vehicles	$ 3,513,842	$ 4,088,098	$ 4,715,924	$ 1,031,390	$ 1,143,056
Used vehicles	1,679,927	1,930,852	2,053,477	501,864	526,182
Wholesale vehicles	142,169	167,075	183,326	43,673	51,792
Total vehicles	5,335,938	6,186,025	6,952,727	1,576,927	1,721,030
Parts, service and collision repair	1,068,885	1,125,672	1,162,319	292,555	296,642
Finance, insurance and other	173,313	209,109	250,422	57,584	65,494
Total revenues	6,578,136	7,520,806	8,365,468	1,927,066	2,083,166
Cost of sales	(5,513,571)	(6,362,195)	(7,130,315)	(1,623,312)	(1,770,146)
Gross profit	1,064,565	1,158,611	1,235,153	303,754	313,020
Selling, general and administrative expenses	(846,592)	(899,424)	(949,026)	(237,149)	(245,824)
Impairment charges	(249)	(200)	(440)	(1)	(15)
Depreciation and amortization	(33,687)	(39,446)	(45,285)	(10,895)	(12,134)
Operating income / (loss)	184,037	219,541	240,402	55,709	55,047
Other income (expense):					
Interest expense, floor plan	(20,239)	(18,405)	(19,454)	(4,263)	(5,213)
Interest expense, other, net	(73,179)	(66,857)	(60,090)	(16,409)	(14,359)
Other income (expense), net	(7,527)	(1,017)	(19,625)	20	95
Total other income (expense)	(100,945)	(86,279)	(99,169)	(20,652)	(19,477)
Income (loss) from continuing operations before taxes	83,092	133,262	141,233	35,057	35,570
Provision for income taxes benefit (expense)	15,770	(51,731)	(49,972)	(13,912)	(13,873)
Income (loss) from continuing operations	98,862	81,531	91,261	21,145	21,697
Income (loss) from discontinued operations	(8,933)	(5,277)	(2,160)	(647)	(406)
Net income (loss)	$ 89,929	$ 76,254	89,101	$ 20,498	$ 21,291
Other Financial Data:					
Ratio of earnings to fixed charges(a)	1.6x	2.1x	2.3x	2.2x	2.3x
Balance Sheet Data (at end of period):					
Cash and cash equivalents	$ 21,842	$ 1,913	$ 3,371	$ 2,360	$ 4,247
Inventories	903,221	863,133	1,177,966	986,095	1,142,023
Total assets	2,250,764	2,335,232	2,776,722	2,415,578	2,687,964
Notes payable floor plan	861,985	868,341	1,179,218	911,983	1,106,553
Total long-term debt(b)	555,451	547,619	629,385	557,080	639,297
Stockholders equity	464,695	522,742	526,545	545,323	541,219

(a) For purposes of the ratio of earnings to fixed charges: 1) earnings consist of income before provision for income taxes plus fixed charges (excluding capitalized interest) and 2) fixed charges consist of interest expensed and capitalized, amortization of debt discount and expense relating to indebtedness and the portion of rental expense representative of the interest factor attributable to leases for rental property. The ratio of earnings to fixed charges is calculated by adding fixed charges to income before income taxes and minority interest and dividing the sum by fixed charges.

(b) Long-term debt, including current portion. See our consolidated financial statements and the related notes which are incorporated by reference into this prospectus from the Form 10-K and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.

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RISK FACTORS

This section describes some, but not all, of the risks of participating in the exchange offer and an investment in our Series B notes. Before making a decision as to whether to participate in the exchange offer, you should also carefully consider the risk factors described below, the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2012 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, which are incorporated by reference herein, and the risks described in our other filings with the SEC that are incorporated by reference herein.

Risks Related to the Exchange Offer

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

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

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

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

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

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

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

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under the Securities Act and applicable state securities laws, or offered and sold pursuant to an exemption from such requirements. We do not intend to register the Series A notes under the Securities Act. In addition, if you exchange your Series A notes in the exchange offer for the purpose of participating in a distribution of the Series B notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. To the extent Series A notes are tendered and accepted in the exchange offer, the trading market, if any, for the Series A notes would be adversely affected.

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

We will issue the Series B notes in exchange for the Series A notes pursuant to this exchange offer only after we have timely received the Series A notes, along with a properly completed and duly executed letter of transmittal and all other required documents. Therefore, if you want to tender your Series A notes in exchange for Series B notes, you should allow sufficient time to ensure timely delivery. Neither we nor the exchange agent is under any duty to give notification of defects or irregularities with respect to the tender of Series A notes for exchange. The exchange offer will expire at 5:00 p.m., New York City time, on July 12, 2013, or on a later extended date and time as we may decide. Series A notes that are not tendered or are tendered but not accepted for exchange will, following the expiration date and the consummation of this exchange offer, continue to be subject to the existing restrictions upon transfer thereof. In general, the Series A notes may not be offered or sold, unless registered under the Securities Act or except pursuant to an exemption from or in a transaction not subject to, the Securities Act. In addition, if you are still holding any Series A notes after the expiration date and the exchange offer has been consummated, subject to certain exceptions, you will not be entitled to any rights to have such Series A notes registered under the Securities Act or to any similar rights under the registration rights agreement subject to limited exceptions, if applicable. We do not currently anticipate that we will register the Series A notes under the Securities Act.

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

Risks Related to the Series B Notes

Our significant indebtedness could materially adversely affect our financial health, limit our ability to finance future acquisitions and capital expenditures and prevent us from fulfilling our obligations under the Series B notes.

As of March 31, 2013, after giving pro forma effect for the issuance of the Series A notes and the application of the net proceeds from that offering to redeem the 9.0% Notes, we had total principal indebtedness of $732.1 million, excluding up to an additional $101.6 million that we had available for additional borrowings under our syndicated revolving credit facility based on the borrowing base calculation (as of March 31, 2013) and $1,106.6 million of outstanding indebtedness under our floor plan facilities.

Our substantial indebtedness could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations under the Series B notes;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, research and development efforts and other general corporate purposes;

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limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

place us at a competitive disadvantage compared to our competitors that have less debt; and

limit our ability to borrow additional funds for capital expenditures, acquisitions, working capital or other purposes.

In addition, certain of our debt bears interest at variable rates. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. While we may enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk.

Despite our current indebtedness levels, we and our subsidiaries may be able to incur substantially more debt and take other actions that could diminish our ability to make payments on the Series B notes when due. This could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, including under our existing credit facilities, subject to the restrictions contained in our debt instruments existing at the time such indebtedness is incurred. The terms of the indenture governing the notes permit the incurrence of additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions subject to certain conditions, any of which could have the effect of diminishing our ability to make payments on the Series B notes when due. The terms of the instruments governing our subsidiaries indebtedness may also permit such actions.

Our repayment obligations under the Series B notes will be junior to our obligations under senior indebtedness, including our syndicated credit agreement (the 2011 Revolving Credit Facility) and syndicated floor plan credit facilities (the 2011 Floor Plan Facilities, which we refer to together with the 2011 Revolving Credit Facility as the 2011 Credit Facilities), and the obligations of our non-guarantor subsidiaries. The guarantors repayment obligations under the guarantees will be junior to their senior indebtedness.

The payment of the principal of, premium, if any, and interest on the Series B notes will be subordinated to the prior payment in full of all of our existing and future senior indebtedness. In the event of a liquidation, dissolution, reorganization or any similar proceeding, our assets will be available to pay obligations on the Series B notes only after senior indebtedness has been paid in full. Therefore, there may not be sufficient assets to pay amounts due on all or any of the Series B notes.

In addition, we may not:

pay principal of, premium, if any, interest on or any other amounts owing in respect of the Series B notes;

make any deposit pursuant to defeasance provisions; or

purchase, redeem or otherwise retire the Series B notes,

if any senior indebtedness is not paid when due or any other default on senior indebtedness occurs and the maturity of such indebtedness is accelerated in accordance with its terms unless, in any case, the default has been cured or waived, and the acceleration has been rescinded or the senior indebtedness has been repaid in full.

Moreover, under certain circumstances, if any non-payment default exists with respect to senior indebtedness, we may not make any payments on the Series B notes for a specified time, unless such default is

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cured or waived, any acceleration of such indebtedness has been rescinded or such indebtedness has been repaid in full. See If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Series B notes.

The Series B notes and the guarantees will be unsecured senior subordinated obligations. Accordingly, they will be:

- subordinated to all of our and the guarantors existing and future senior debt, whether or not secured and structurally subordinated to the obligations of our non-guarantor subsidiaries;

- *pari passu* with all of our and the guarantors existing and future senior subordinated obligations that do not expressly provide that they are subordinated to the Series B notes and will be effectively senior to all of our debt that is not guaranteed by our subsidiaries; and

- senior to any of our and the guarantors existing and future debt that expressly provides that it is subordinated to the Series B notes.

Assuming all Series A notes are exchanged for Series B notes and the completion of the redemption of the 9.0% Notes, as of March 31, 2013, excluding floor plan debt, the Series B notes would have been subordinated to approximately $222.2 million of senior debt of certain of the guarantors and equal in right of payment to approximately $200.0 million of senior subordinated debt. In addition, our non-guarantor subsidiaries would have had $9.9 million of debt (other than intercompany liabilities and trade payables) to which the Series B notes would have been structurally subordinated.

The Series B notes will not be secured by any of our assets or assets of the guarantors. Our bilateral floor plan indebtedness is secured by substantially all of the assets of our subsidiaries that receive financing under the respective arrangements. Our construction/mortgage indebtedness is secured by the property acquired with borrowings under such indebtedness.

The indebtedness under our 2011 Credit Facilities is secured by a pledge of substantially all of our assets and the assets of substantially all of our domestic subsidiaries, as well as a pledge of the franchise agreements and stock or equity interests of our dealership franchise subsidiaries, except for those dealership franchise subsidiaries where the applicable manufacturer prohibits such a pledge, in which cases the stock or equity interests of the dealership franchise subsidiary is subject to an escrow arrangement with the administrative agent. Substantially all of our domestic subsidiaries also guarantee our obligations under the 2011 Credit Facilities. See Description of Other Indebtedness 2011 Credit Facilities.

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

A significant portion of our outstanding indebtedness and the indebtedness of our subsidiaries is secured by substantially all of our and our subsidiaries consolidated assets. As a result of these security interests, such assets would be available to satisfy claims of our creditors, including holders of the Series B notes, if we were to become insolvent only to the extent the value of such assets exceeded the amount of our secured and our subsidiaries indebtedness and other obligations. In addition, the existence of these security interests may adversely affect our financial flexibility.

Indebtedness under our 2011 Credit Facilities is secured by a lien on substantially all of our and our subsidiaries assets, including pledges of all or a portion of the capital stock of certain of our subsidiaries. The Series B notes are unsecured and therefore do not have the benefit of such collateral. Accordingly, if an event of

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default were to occur under our 2011 Credit Facilities, the senior secured creditors under such facilities would have a prior right to our and our subsidiaries assets, to the exclusion of our unsecured creditors, including the holders of the Series B notes. In that event, our and our subsidiaries assets would first be used to repay in full all indebtedness and other obligations secured by them, resulting in all or a portion of our and our subsidiaries assets being unavailable to satisfy the claims of our unsecured indebtedness, including the Series B notes. The creditors under these secured facilities would have a prior claim on such assets in the event of our bankruptcy, insolvency, liquidation or reorganization, and we might not have sufficient funds to pay all of our creditors and holders of our unsecured indebtedness, including holders of the Series B notes, might receive less, ratably, than the holders of our senior secured debt and all of our subsidiaries debt, and might not be fully paid, or might not be paid at all, even when the holders of our senior secured debt and all of our subsidiaries debt receive full payment for their claims. In that event, holders of our unsecured indebtedness, including holders of the Series B notes, would not be entitled to receive any of our assets or the proceeds therefrom. The pledge of these assets and other restrictions may limit our flexibility in raising capital for other purposes. Because substantially all of our assets are pledged under our 2011 Credit Facilities, our ability to incur additional secured indebtedness or to sell or dispose of assets to raise capital may be impaired, which could have a material adverse effect on our financial flexibility.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Series B notes.

Any default under the agreements governing our indebtedness, including a default under our 2011 Credit Facilities that is not waived by the required lenders, could result in our inability to pay principal, premium, if any, and interest on the Series B notes and substantially decrease the market value of the Series B notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including our 2011 Credit Facilities), we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our 2011 Credit Facilities could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we may seek protection under the bankruptcy code.

If our future operating performance declines to the extent that we are unable to meet our financial covenants under the 2011 Credit Facilities, we may need to request waivers from the required lenders under our 2011 Credit Facilities to avoid being in default. If we are unable to obtain a waiver from the required lenders, we would be in default under our 2011 Credit Facilities, the lenders could exercise their rights as described above, and we may seek protection under the bankruptcy code. See Description of Other Indebtedness 2011 Credit Facilities and Description of Notes.

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

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

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To service our debt, we will require a significant amount of cash, which may not be available to us.

Our ability to make payments on, or repay or refinance, our debt, including the Series B notes, and to fund planned capital expenditures and our research and development efforts, will depend largely upon our future operating performance. Our future performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on the satisfaction of the covenants in our 2011 Credit Facilities and our other debt agreements, including the indenture governing the Series B notes and the indenture governing the 7.0% Notes, and other agreements we may enter into in the future. In particular, we will need to maintain certain financial ratios under our 2011 Credit Facilities.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our 2011 Credit Facilities or from other sources in an amount sufficient to enable us to pay our debt, including the Series B notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the Series B notes, on or before maturity.

We cannot assure you that we will be able to refinance any of our debt, including our 2011 Credit Facilities, on commercially reasonable terms or at all. In particular, our 2011 Credit Facilities and the 7.0% Notes mature, or may otherwise be subject to repurchase at the option of the holders, prior to the maturity of the Series B notes. If we were unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as sales of assets, sales of equity and/or negotiations with our lenders to restructure the applicable debt. Our 2011 Credit Facilities, the indenture governing the Series B notes and the indenture governing the 7.0% Notes may restrict, or market or business conditions may limit, our ability to do some of these things.

The agreements governing our debt, including the Series B notes, the 7.0% Notes and our 2011 Credit Facilities, contain various covenants that impose restrictions on us that may affect our ability to operate our business and to make payments on the Series B notes.

The 2011 Credit Facilities, the indenture governing the Series B notes and the indenture governing the 7.0% Notes impose, and future financing agreements are likely to impose, operating and financial restrictions on our activities. These restrictions require us to comply with or maintain certain financial tests and ratios, including a consolidated liquidity ratio, a consolidated fixed charge coverage ratio and a consolidated total senior secured debt to EBITDA ratio.

In addition, the agreements limit or prohibit our ability to, among other things:

- incur, assume or permit to exist additional indebtedness, guaranty obligations or hedging arrangements;
- incur liens or agree to negative pledges in other agreements;
- make loans and investments;
- declare dividends, make payments or redeem or repurchase capital stock;
- limit the ability of our subsidiaries to enter into agreements restricting dividends and distributions;
- engage in mergers, acquisitions and other business combinations;
- prepay, redeem or purchase certain indebtedness including the Series B notes;

amend or otherwise alter the terms of our organizational documents, our indebtedness including the notes and other material agreements;

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sell assets or engage in receivables securitizations;

transact with affiliates; and

alter the business that we conduct.

These restrictions on our ability to operate our business could seriously harm our business by, among other things, limiting our ability to take advantage of financing, merger and acquisition and other corporate opportunities. See Description of Other Indebtedness and Description of Notes.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants and maintain these financial tests and ratios. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity of the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations, including our obligations under the Series B notes. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing. We cannot assure you that we will be granted waivers or amendments to these agreements if for any reason we are unable to comply with these agreements or that we will be able to refinance our debt on terms acceptable to us, or at all.

We may not have the ability to raise the funds necessary to purchase the Series B notes upon a change of control, and our future debt may contain limitations on our ability to repurchase the Series B notes.

Holders of the Series B notes will have the right to require us to repurchase the Series B notes upon the occurrence of a change of control at 101% of their principal amount plus accrued and unpaid interest, as described under Description of Notes Purchase of Series B Notes Upon a Change of Control in this prospectus.

However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Series B notes. In addition, our ability to repurchase the Series B notes may be limited by law or by agreements governing our then outstanding indebtedness. Our failure to repurchase Series B notes at a time when the repurchase is required by the indenture would constitute an event of default under the indenture. An event of default under the indenture or the change of control itself could also lead to a default under agreements governing our existing or future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Series B notes.

Some significant restructuring transactions may not constitute a change of control, in which case we would not be obligated to offer to repurchase the Series B notes.

Upon the occurrence of a change of control, you have the right to require us to repurchase your Series B notes. However, the change of control provisions will not afford protection to holders of Series B notes in the event of certain other transactions that could adversely affect the notes. For example, transactions such as leveraged recapitalizations, refinancings, restructurings, or acquisitions initiated by us may not constitute a change of control requiring us to repurchase the Series B notes. In the event of any such transaction, the holders would not have the right to require us to repurchase the Series B notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of Series B notes.

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Our credit ratings may not reflect the risks of investing in the Series B notes and any downgrade of our credit ratings generally may cause the trading price of the Series B notes to fall.

The Series B notes will be rated by at least one nationally recognized statistical rating organization. The ratings of our Series B notes will primarily reflect our financial strength and will change in accordance with the rating of our financial strength. Any rating is not a recommendation to purchase, sell or hold any particular security, including the Series B notes. These ratings do not comment as to market price or suitability for a particular investor. In addition, ratings at any time may be lowered or withdrawn in their entirety. The ratings of the Series B notes may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, the Series B notes.

If one or more rating agencies that rate the Series B notes reduces their rating in the future, or announces their intention to put the Series B notes on credit watch, the market price of the Series B notes could be harmed. Future downgrades of our credit ratings in general could cause also the trading price of the Series B notes to decrease and increase our corporate borrowing costs.

Provisions in the indenture for the Series B notes may deter or prevent a business combination that may be favorable to you.

If a change of control occurs prior to the maturity date of the Series B notes, holders of the Series B notes will have the right, at their option, to require us to repurchase all or a portion of their Series B notes. In addition, the indenture for the Series B notes prohibits us from engaging in certain mergers or acquisitions unless, among other things, the surviving entity assumes our obligations under the Series B notes. These and other provisions could prevent or deter a third party from acquiring us even where the acquisition could be beneficial to you.

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

Our obligations under the Series B notes will be guaranteed by all of our domestic operating subsidiaries. If a court were to find, pursuant to federal bankruptcy or state fraudulent transfer laws or otherwise, that:

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

the court could avoid or subordinate the guarantee in favor of the guarantor s other creditors. Among other things, a legal challenge of a guarantee on fraudulent conveyance grounds may focus on the benefits, if any, realized by the guarantor as a result of our issuance of the Series B notes and be subject to a claim that, because the guarantees were incurred for the benefit of Sonic, and only indirectly for the benefit of the

guarantors, the

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obligations of the guarantors under the guarantees were incurred for less than reasonably equivalent value or fair consideration. If a party challenging the validity of the guarantees were successful, any payment by that guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor, or to a fund for the benefit of the creditors of the guarantor.

The measure of insolvency of the guarantor for these purposes will vary depending upon the law of the relevant jurisdiction. Generally, however, a company would be considered insolvent:

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

We cannot assure you what standards a court would apply to determine whether a guarantor was insolvent at the relevant time. To the extent that a guarantee were to be avoided as a fraudulent conveyance or held unenforceable for any other reason, holders of the Series B notes would cease to have any claim in respect of the guarantor and would be creditors solely of ours and other guarantors whose guarantees had not been avoided or held unenforceable. In this event, the claims of the holders of the Series B notes against the issuer of an invalid guarantee would be subject to the prior payment in full of all liabilities of the guarantor thereunder. There can be no assurance that, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Series B notes relating to the voided guarantees.

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

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

There is currently no market for the Series B notes. We cannot assure you that an active trading market will develop for the Series B notes.

The Series B notes are a new issue of securities. There is no established trading market for the Series B notes. We do not intend to apply for listing of the Series B notes on any securities exchange or market quotation system. The liquidity of, and trading market for, the Series B notes also may be adversely affected by general declines in the market or by declines in the market for similar securities or a decline in our share price. Such declines may adversely affect such liquidity and trading markets independent of our financial performance and prospects.

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Risks Related to the Company

We may have material weaknesses and significant deficiencies in the internal controls over financial reporting which may not be adequately remediated and may adversely affect our ability to publish accurate financial statements on a timely basis.

A material weakness is a control deficiency, or a combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of annual or interim financial statements will not be prevented or detected. As previously announced, during the process of completing the audit of our financial statements for the period ended December 31, 2012, we identified control deficiencies that, in the aggregate, represent a material weakness related to the inadequate design and operating effectiveness of controls related to the recording of new and used vehicle revenues and related accounts receivable and the design of vehicle inventory valuation controls. Although the amount of new and used vehicle revenue, accounts receivable and vehicle inventory adjustments identified are immaterial, the absence of sufficient controls creates the risk that a material error in our new and used vehicle revenue, accounts receivable or vehicle inventory accounts would not be prevented or detected.

We have initiated a thorough review of our new and used vehicle revenue, accounts receivable and vehicle inventory processes and controls to verify that sufficient personnel resources and appropriate supervision are in place to properly address accounting matters in our accounting and reporting. We are in the process of remediating the internal control deficiencies identified above, and the audit committee of our Board of Directors will monitor the remediation plan and progress. Management s remediation efforts include hiring additional accounting personnel, implementing training programs for our existing accounting and reporting personnel, revising our policies and providing appropriate training on the policies or engaging a third-party firm to assist us in developing appropriate remedial measures. In addition, under the direction of the audit committee, we will continue to review and make necessary changes to the overall design of our internal control environment, as well as to policies and procedures to improve the overall effectiveness of internal control over financial reporting. As we continue to evaluate and work to improve our internal control over financial reporting, we may determine it is necessary to take additional measures to address control deficiencies.

Because of inherent limitations, our internal control over financial reporting may not prevent or detect misstatements, errors or omissions. Any evaluation of the effectiveness of internal control in future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with our policies or procedures may deteriorate. We cannot be certain whether we will identify other control deficiencies in future periods that may constitute one or more material weaknesses or significant deficiencies in our internal control over financial reporting. If we fail to maintain the adequacy of our internal controls, including any failure to implement or difficulty in implementing required new or improved controls, our business and results of operations could be harmed, the results of operations we report could be subject to adjustments, we could incur further remediation costs, we could fail to be able to provide reasonable assurance as to our financial results or the effectiveness of our internal controls or fail to meet our reporting obligations under the terms of our debt agreements, including the indenture governing the Series B notes, on a timely basis and there could be a material adverse effect on the price of the Series B notes.

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SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated income statement data for the three months ended March 31, 2012 and 2013 and the selected consolidated balance sheet data as of March 31, 2013 are derived from our interim unaudited consolidated financial statements, which are incorporated by reference into this prospectus from the Form 10-Q. The selected consolidated balance sheet data as of March 31, 2012 is derived from our interim unaudited consolidated financial statements, which are not incorporated by reference into this prospectus. The selected consolidated income statement data for the years ended December 31, 2010, 2011 and 2012 and the selected consolidated balance sheet data as of December 31, 2011 and 2012 are derived from our consolidated financial statements, which are incorporated by reference into this prospectus from the Form 10-K. The selected consolidated income statement data for the years ended December 31, 2008 and 2009 and the selected consolidated balance sheet data as of December 31, 2008, 2009 and 2010 are derived from our audited consolidated financial statements as of and for such years, which are not included in or incorporated by reference into this prospectus. In the opinion of management, these unaudited financial statements reflect all adjustments necessary for a fair presentation of Sonic s results of operations and financial condition. All such adjustments are of a normal recurring nature. The results for interim periods are not necessarily indicative of the results to be expected for the entire fiscal year. This selected consolidated financial and operating data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes thereto, which are incorporated by reference into this prospectus from the Form 10-K.

We have accounted for all of our dealership acquisitions using the purchase method of accounting and, as a result, we do not include in our consolidated financial statements the results of operations of acquired dealerships prior to the date they were acquired. The Selected Consolidated Financial and Operating Data discussed below reflects the results of operations and financial position of each of the dealerships acquired prior to March 31, 2013. As a result of the effects of our acquisitions and other potential factors in the future, the Selected Consolidated Financial and Operating Data set forth below is not necessarily indicative of our results of operations and financial position in the future or the results of operations and financial position that would have resulted had such acquisitions occurred at the beginning of the periods presented below.

The following financial data for all periods reflects our classification of dealerships between continuing operations and discontinued operations as of March 31, 2013, which we performed in accordance with the provisions of Presentation of Financial Statements in the ASC.

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(amounts in thousands)	Year Ended December 31,					Three Months Ended March 31,	
	2008	2009	2010	2011	2012	2012	2013
Revenues:							
New vehicles	$ 3,806,435	$ 3,095,613	$ 3,513,842	$ 4,088,098	$ 4,715,924	$ 1,031,390	$ 1,143,056
Used vehicles	1,254,242	1,366,697	1,679,927	1,930,852	2,053,477	501,864	526,182
Wholesale vehicles	253,770	139,557	142,169	167,075	183,326	43,673	51,792
Total vehicles	5,314,447	4,601,867	5,335,938	6,186,025	6,952,727	1,576,927	1,721,030
Parts, service and collision repair	1,031,871	1,011,210	1,068,885	1,125,672	1,162,319	292,555	296,642
Finance, insurance and other	169,823	146,930	173,313	209,109	250,422	57,584	65,494
Total revenues	6,516,141	5,760,007	6,578,136	7,520,806	8,365,468	1,927,066	2,083,166
Cost of sales:							
New vehicles	(3,553,835)	(2,885,177)	(3,284,550)	(3,826,739)	(4,437,575)	(967,673)	(1,076,586)
Used vehicles	(1,144,431)	(1,248,867)	(1,546,979)	(1,790,994)	(1,910,023)	(462,467)	(488,152)
Wholesale vehicles	(259,076)	(144,333)	(146,629)	(172,281)	(189,301)	(43,439)	(52,995)
Total vehicles	(4,957,342)	(4,278,377)	(4,978,158)	(5,790,014)	(6,536,899)	(1,473,579)	(1,617,733)
Parts, service and collision repair	(514,187)	(500,561)	(535,413)	(572,181)	(593,416)	(149,733)	(152,413)
Total cost of sales	(5,471,529)	(4,778,938)	(5,513,571)	(6,362,195)	(7,130,315)	(1,623,312)	(1,770,146)
Gross profit	1,044,612	981,070	1,064,565	1,158,611	1,235,153	303,754	313,020
Selling, general and administrative expenses	(850,922)	(779,405)	(846,592)	(899,424)	(949,026)	(237,149)	(245,824)
Impairment charges	(809,986)	(22,341)	(249)	(200)	(440)	(1)	(15)
Depreciation and amortization	(31,695)	(33,371)	(33,687)	(39,446)	(45,285)	(10,895)	(12,134)
Operating income (loss)	(647,991)	145,953	184,037	219,541	240,402	55,709	55,047
Other income (expense):							
Interest expense, floor plan	(40,748)	(18,720)	(20,239)	(18,405)	(19,454)	(4,263)	(5,213)
Interest expense, other, net	(67,756)	(88,015)	(73,179)	(66,857)	(60,090)	(16,409)	(14,359)
Other income (expense), net	740	(6,681)	(7,527)	(1,017)	(19,625)	20	95
Total other income (expense)	(107,764)	(113,416)	(100,945)	(86,279)	(99,169)	(20,652)	(19,477)
Income (loss) from continuing operations before taxes	(755,755)	32,537	83,092	133,262	141,233	35,057	35,570
Provision for income taxes - benefit (expense)	121,896	27,498	15,770	(51,731)	(49,972)	(13,912)	(13,873)
Income (loss) from continuing operations	(633,859)	60,035	98,862	81,531	91,261	21,145	21,697
Discontinued operations:							
Income (loss) from operations and the sale of dealerships	(75,878)	(54,889)	(12,908)	(10,101)	(4,484)	(1,176)	(738)
Income tax benefit (expense)	17,388	26,402	3,975	4,824	2,324	529	332
Income (loss) from discontinued operations	(58,490)	(28,487)	(8,933)	(5,277)	(2,160)	(647)	(406)
Net income (loss)	$ (692,349)	$ 31,548	$ 89,929	$ 76,254	$ 89,101	$ 20,498	$ 21,291
Ratio of earnings to fixed charges (a)	$ (757,298)(b)	1.2x	1.6x	2.1x	2.3x	2.2x	2.3x
Balance Sheet Data (at end of period):							
Total assets	$ 2,405,545	$ 2,068,855	$ 2,250,764	$ 2,335,232	$ 2,776,722	$ 2,415,578	$ 2,687,964
Total long-term debt (c)	738,447	576,141	555,451	547,619	629,385	557,080	639,297
Total long-term liabilities (including long-term debt)	809,579	717,193	689,532	673,238	744,610	680,044	760,053
Stockholders equity	197,523	368,752	464,695	522,742	526,545	545,323	541,219

(a)

For the purposes of the ratio of earnings to fixed charges: 1) earnings consist of income before provision for income taxes plus fixed charges (excluding capitalized interest) and 2) fixed charges consist of interest expensed and capitalized, amortization of debt discount and expense relating to indebtedness and the portion of rental expenses representative of the interest factor attributable to leases for rental property. The ratio of earnings to fixed charges is calculated by adding fixed charges (excluding capitalized interest) to income before income taxes and dividing the sum by fixed charges.

(b) Reflects deficiency of earnings available to cover fixed charges for the year ended December 31, 2008. Because of the deficiency, ratio information is not provided.

(c) Long-term debt, including current portion. See our consolidated financial statements and the related notes which are incorporated by reference into this registration statement from the Form 10-K and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.

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THE EXCHANGE OFFER

Background and Reasons for the Exchange Offer

We issued the Series A notes that are subject to this exchange offer on May 9, 2013 in a transaction exempt from the registration requirements of the Securities Act. Simultaneously with the sale of the Series A notes that are subject to this exchange offer, we entered into a registration rights agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the initial purchasers, under which we agreed to offer to exchange the Series A notes for publicly tradeable notes having identical terms to those of the Series A notes.

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

(a) to file with the Commission a registration statement with respect to the exchange offer for the Series B notes,

(b) to cause the exchange offer registration statement to be declared effective under the Securities Act,

(c) to keep the exchange offer registration statement effective until the closing of this exchange offer and

(d) to cause the exchange offer to be consummated on or before February 3, 2014.

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

Promptly after this registration statement has been declared effective, we will offer the Series B notes in exchange for surrender of the Series A notes. We will keep the exchange offer open for not less than 30 days (or longer if required by applicable law) after the date notice of the exchange offer is mailed to the holders of the Series A notes. For each Series A note validly tendered to us pursuant to the exchange offer and not withdrawn by the holder thereof, the holder of each Series A note will receive a Series B note having a principal amount equal to that of the tendered Series A note. Interest on each Series B note will accrue from the last date on which interest was paid on the tendered Series A note in exchange therefor or, if no interest has been paid on the Series A note, from May 9, 2013.

Based on an interpretation of the Securities Act by the staff of the Commission set forth in several no action letters to third parties, and subject to the immediately following sentence, we believe that the Series B notes issued pursuant to the exchange offer may be offered for resale, resold and otherwise transferred by holders thereof without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any purchaser of Series A notes who is an affiliate of Sonic (within the meaning of Rule 405 of the Securities Act) or who intends to participate in the exchange offer for the purpose of distributing the Series B notes (a) will not be able to rely on the interpretation by the staff of the Commission set forth in the no-action letters of the Commissions staff, (b) will not be able to tender Series A notes in the exchange offer and (c) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the Series A notes, unless such sale or transfer is made pursuant to an exemption from such requirements.

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

(a) it is neither an affiliate of Sonic nor a broker/dealer tendering Series A notes acquired directly from Sonic for its own account,

(b) any Series B notes to be received by it were acquired in the ordinary course of its business, and

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(c) it has no arrangement or understanding with any person to participate in the exchange offer for the purpose of a distribution of such Series B Notes.

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

If any changes in law or the applicable interpretations of the staff of the Commission do not permit us to effect the exchange offer, or if for any other reason the Exchange Offer Registration Statement is not consummated within 270 days of the date of original issue of the Series A notes, or upon the request of any of the initial purchasers with respect to Series A notes not eligible to be exchanged for Series B notes, or if a holder of the Series A notes is not permitted by applicable law to participate in the exchange offer or elects to participate in the exchange offer but does not receive freely tradable Series B notes pursuant to the exchange offer (other than due solely to the status of such holder as an affiliate of ours within the meaning of the Securities Act), we will, at our cost,

(a) as promptly as practicable, file with the Commission a shelf registration statement covering resales of the Series A notes,

(b) use our commercially reasonable efforts to cause the shelf registration statement to be declared effective under the Securities Act by the 270th day after the original issue of the Series A notes and

(c) use our commercially reasonable efforts to keep effective the shelf registration statement for a period of two years after the original issue of the Series A notes (or for such shorter period that will terminate when all of the Series A notes covered by the shelf registration statement have been sold pursuant thereto, become eligible for resale under Rule 144 without regard to volume, manner of sale or other restrictions contained in Rule 144, or cease to be outstanding).

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

In the event that the exchange offer is not consummated or a shelf registration statement is not declared effective, in either case, on or prior to the 270th day following the date of original issue of the Series A notes (either such event, a Registration Default), the interest rate borne by the Series A notes will be increased by 0.25% per annum upon the occurrence of each Registration Default, which increased rate will further increase by 0.25% each 90-day period that such additional interest continues to accrue under any Registration Default, with an aggregate maximum increase in the interest rate equal to one percent (1%) per annum. If the shelf registration statement is declared effective but becomes unusable by the holders for more than 30 days in the aggregate in any consecutive 12 month period, the interest rate borne by the Series A notes will be increased by 0.25% for the

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first 90 day period beginning on the 31st day the shelf registration statement becomes unusable and will increase by an additional 0.25% at the beginning of each subsequent 90 day period with an aggregate maximum increase in the interest rate equal to one (1%) per annum. Following the cure of all Registration Defaults or the shelf registration statement becoming usable, the accrual of additional interest will cease and the interest rate will revert to the original rate.

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

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

- any person in whose name the Series A notes are registered on our books; and
- any person whose Series A notes are held of record by DTC or its nominee and who wants to deliver these Series A notes by book-entry transfer at DTC.

Terms of the Exchange Offer

We are offering to exchange $300.0 million in aggregate principal amount of our 5.00% Senior Subordinated Notes due 2023, Series B that have been registered under the Securities Act for a like principal amount of our outstanding unregistered 5.00% Senior Subordinated Notes due 2023, Series A.

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

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

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

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

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

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

Expiration Date; Amendments

The exchange offer will expire at 5:00 p.m., New York City time, on July 12, 2013, unless we, in our sole discretion, extend the exchange offer. The term expiration date means July 12, 2013, unless we extend the exchange offer, in which case the term expiration date means the latest date to which the exchange offer is extended. If we determine to extend the exchange offer, we will notify the exchange agent of any extension by oral or written notice and give each registered holder notice of the extension by means of a press release or other public announcement before 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. We reserve the right, in our sole discretion, to extend the exchange offer or to amend or terminate the exchange offer if any of the conditions described below under Conditions have not been satisfied or waived by giving oral or written notice to the exchange agent of the extension, amendment or termination. Further, we reserve the right, in our sole discretion, to amend the terms of the exchange offer in any manner. We will notify you as promptly as practicable of any extension, amendment or termination.

Any extension, termination or amendment will be followed as promptly as practicable by oral or written notice. If the exchange offer is amended in a manner determined by us to constitute a material change, we will promptly disclosure the amendment in a manner reasonably calculated to inform the holders of the Series A notes of the amendment. The exchange offer will then be extended so at least five business days remain from the date of such amendment until the expiration date. Depending upon the significance of any other amendment, we may extend the exchange offer as required by law if it otherwise would expire during the extension period.

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

Procedures for Tendering Series A Notes

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

- properly complete, sign and date the letter of transmittal, including all other documents required by the letter of transmittal; have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and mail or deliver that letter of transmittal and other required documents to the exchange agent at the address listed below under Exchange Agent on or before the expiration date; or

- if the Series A notes are tendered under the book-entry transfer procedures described below, transmit to the exchange agent on or before the expiration date an agent s message.

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

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

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

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

Only a holder of Series A notes may tender Series A notes in the exchange offer. Holders may also request their respective duly authorized brokers, dealers, commercial banks, trust companies or nominees to effect a tender for the holders.

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

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

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

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

- a member of a registered national securities exchange;
- a member of the Financial Industry Regulatory Authority, Inc.;
- a commercial bank or trust company having an office or correspondent in the United States; or

another eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act.

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

If the letter of transmittal or any Series A notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or

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representative capacity, these persons should so indicate when signing. Unless waived by us, they should also submit evidence satisfactory to us of their authority to so act. If you wish to tender Series A notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you should promptly instruct the registered holder to tender on your behalf.

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

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

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

- the Series B notes acquired in the exchange offer are being acquired in the ordinary course of business of the person receiving the Series B notes;
- you have no arrangement or understanding with any person to participate in the exchange offer for the purpose of a distribution of such Series B Notes; and
- you are not our affiliate, as defined under Rule 405 of the Securities Act, or a broker/dealer tendering Series A notes acquired directly from us for its own account.

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

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

Acceptance of Series A Notes for Exchange; Delivery of Series B Notes

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

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

In all cases, we will issue Series B notes for Series A notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives (1) certificates for your Series A notes or a timely confirmation of book-entry transfer of your Series A notes into the exchange agent s account at DTC and (2) a

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

Book-Entry Transfer

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

Guaranteed Delivery Procedures

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

(1) the tender is made through an eligible institution;

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

(3) the exchange agent receives the properly completed and executed letter of transmittal as well as certificates representing all tendered Series A notes in proper form for transfer, or a book-entry confirmation, and all other documents required by the letter of transmittal within three New York Stock Exchange trading days after the expiration date.

Withdrawal Rights

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

specify the name of the person who tendered the Series A notes to be withdrawn;

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

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

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

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

Conditions

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

(1) any action or proceeding is instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer which, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer; or

(2) the exchange offer, or the making of any exchange by a holder of Series A notes, would violate any applicable law or applicable interpretation by the staff of the SEC.

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

Exchange Agent

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

U.S. Bank National Association

60 Livingston Avenue

St. Paul, MN 55107

Attention: Specialized Finance

(800) 934-6802 (telephone)

(651) 466-7372 (facsimile)

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

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

certified mail, by hand or overnight delivery service.

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The exchange agent is also the trustee under the indenture governing the Series A and Series B notes, as well as the indentures governing our other outstanding notes. We may from time to time enter into other commercial relationships with the exchange agent.

Fees and Expenses

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

Transfer Taxes

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

Consequences of Failure to Exchange Series A Notes

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

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

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

Accounting Treatment

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

Regulatory Approvals

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

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DESCRIPTION OF NOTES

The 5.00% Senior Subordinated Notes due 2023, Series B (the Series B notes) will be issued under an Indenture (the Indenture) among Sonic, the Guarantors and U.S. Bank National Association, as trustee (the Trustee). The Series A notes were issued under the same Indenture. The terms of the Series A and Series B notes include those stated in the Indenture and those made a part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act). Parenthetical references to Section mean the applicable section of the Indenture.

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

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

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

Brief Description of the Series B Notes and Guarantees

The Series B notes:

(a) will be issued in the aggregate principal amount of up to $300.0 million;

(b) are general unsecured obligations of the Company;

(c) are subordinated in right of payment to all existing and future Senior Indebtedness of the Company, including our 2011 Credit Facilities;

(d) are *pari passu* in right of payment with any existing and future senior subordinated Indebtedness of the Company, including our 9.0% Senior Subordinated Notes due 2018 (which the Company expects to redeem with a portion of the proceeds from the offering of the notes) and our 7.00% Senior Subordinated Notes due 2022; and

(e) are guaranteed by the Guarantors.

The Guarantees:

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

Each Guarantee of the Series B notes:

(a) is a general unsecured obligation of the Guarantor;

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(b) is subordinated in right of payment to all existing and future Senior Guarantor Indebtedness of the Guarantor; and

(c) is *pari passu* in right of payment with any future senior subordinated Indebtedness of the Guarantor.

Principal, Maturity and Interest

The Series B notes issued in this exchange offer will mature on May 15, 2023, will be issued in up to $300,000,000 aggregate principal amount, subject to the Company s ability to issue additional Series B notes of the same series as the Series B notes, and will be unsecured senior subordinated obligations of the Company. As described in The Exchange Offer , we have agreed to exchange all $300.0 million outstanding Series A notes for $300 million of Series B notes. Each Series B note will bear interest at the rate of 5.00% per annum from the date of its issuance or from the most recent interest payment date to which interest has been paid on the Series A notes accepted for exchange payable semiannually in arrears on May 15 and November 15 in each year, commencing November 15, 2013, to the person in whose name the Series B note (or any predecessor note) is registered at the close of business on the May 1 or November 1 next preceding such interest payment date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. (Sections 202, 301 and 309) Interest will cease to accrue on a Series B note upon its maturity, redemption or repurchase by us on the terms and subject to the conditions specified in the Indenture.

If any interest payment date, maturity date, redemption date or purchase date of a Series B note falls on a day that is not a business day, the required payment of principal and interest will be made on the next succeeding business day as if made on the date that the payment was due and no interest will accrue on that payment for the period from and after that interest payment date, maturity date, redemption date or purchase date, as the case may be, to the date of that payment on the next succeeding business day.

We may from time to time, without notice to or the consent of the holders of the Series B notes, create and issue further notes ranking equally with the Series B notes in all respects, subject to the limitations described under the caption Certain Covenants *Limitation on Indebtedness*. The total amount of Series B notes which may be issued under the Indenture is unlimited. Any further Series B notes may be consolidated and form a single series with the Series B notes, vote together with the Series B notes and have the same terms as to status, redemption or otherwise as the Series B notes, although any further Series B notes that are not fungible for U.S. federal income tax purposes with the Series B notes being issued hereby (and any other further notes) will trade under a separate CUSIP number from the Series B notes being issued hereby (and any such other further notes) (and will also be treated as a separate class for transfers and exchanges). References to notes in this Description of Notes include these additional notes if they are in the same series, unless the context requires otherwise.

Issuance and Methods of Receiving Payments on the Series B Notes

Principal of, premium, if any, and interest on the Series B notes will be payable, and the Series B notes will be exchangeable and transferable, at the office or agency of the Company in The City of New York maintained for such purposes (which initially will be the corporate trust office of the Trustee); *provided, however,* that payment of interest may be made at the option of the Company by check mailed to the Person entitled thereto as shown on the security register. (Sections 301, 305 and 1002) The Series B notes will be issued only in fully registered form without coupons, in denominations of $2,000 and any integral multiple of $1,000. (Section 302) No service charge will be made for any registration of transfer, exchange or redemption of Series B notes, except in certain circumstances for any tax or other governmental charge that may be imposed in connection therewith. (Section 305)

Subsidiary Guarantees

Payment of the Series B notes will be guaranteed by the Guarantors, jointly and severally, fully and unconditionally, on a senior subordinated basis. The Guarantors are comprised of all of the direct and indirect

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

The obligations of each Guarantor under its Guarantee are limited to the maximum amount that would not render the Guarantors obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of state law. By virtue of this limitation, a Guarantor s obligations under its Guarantee could be significantly less than amounts payable with respect to the notes, or a Guarantor may have effectively no obligation under its Guarantee. See Risk Factors Risks Related to the Series B Notes The guarantees may not be enforceable because of fraudulent conveyance laws. Each Guarantor that makes a payment or distribution under its Guarantee shall be entitled to a contribution from any other Guarantor in a *pro rata* amount based on the net assets of each Guarantor determined in accordance with GAAP.

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

Optional Redemption

The Series B notes will be subject to redemption at any time on or after May 15, 2018 at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days prior notice, in amounts of $1,000 or an integral multiple thereof, at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning May 15 of the years indicated below:

Year	Redemption Price
2018	102.500%
2019	101.667%
2020	100.833%
2021	100.000%

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

In addition, at any time and from time to time on or prior to May 15, 2016, the Company may redeem up to an aggregate of 35% of the aggregate principal amount of the Series B notes issued under the Indenture at a redemption price equal to 105% of the aggregate principal amount of the Series B notes redeemed, plus accrued and unpaid interest, if any, to the redemption date with Net Cash Proceeds from the issuance of any Qualified Capital Stock, *provided,* that

- at least 65% of the aggregate principal amount of the Series B notes issued under the Indenture must remain outstanding immediately after any such redemption; and

- the redemption must occur no later than 60 days after such issuance and sale of Qualified Capital Stock.

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At any time and from time to time on or prior to May 15, 2018, the Company may redeem all or a part of the Series B notes, upon not less than 15 nor more than 60 days notice, at a redemption price equal to 100% of the principal amount of the Series B notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

Selection of Notes to be Redeemed

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

Sinking Fund

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

Purchase of Series B Notes Upon a Change of Control

General

If a Change of Control shall occur at any time, then each holder of Series B notes shall have the right to require that the Company purchase such holder s Series B notes in whole or in part in integral multiples of $1,000, at a purchase price (the Change of Control Purchase Price) in cash in an amount equal to 101% of the aggregate principal amount of such Series B notes, plus accrued and unpaid interest, if any, to the date of purchase (the Change of Control Purchase Date), pursuant to the offer described below (the Change of Control Offer) and in accordance with the other procedures set forth in the Indenture.

Procedure

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

(1) that a Change of Control has occurred or will occur and the date of the event;

(2) the circumstances and relevant facts regarding the Change of Control (including, but not limited to, information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control);

(3) the purchase price and the purchase date which shall be fixed by the Company on a business day no earlier than 30 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act;

(4) that any Series B note not tendered will continue to accrue interest;

(5) that, unless the Company defaults in the payment of the Change of Control Purchase Price, any Series B notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and

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(6) certain other procedures that a holder of Series B notes must follow to accept a Change of Control Offer or to withdraw such acceptance. (Section 1014)

Stipulations

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

In addition to the obligations of the Company under the Indenture with respect to the Series B notes and our indentures governing our other outstanding notes in the event of a Change of Control, all of the Company s Indebtedness under any Inventory Facility, any Credit Facility and certain Mortgage Loans, leases and interest rate swap arrangements also contain an event of default upon a Change of Control as defined therein which obligates the Company to repay amounts outstanding under such indebtedness upon an acceleration of the Indebtedness issued thereunder. In addition, a Change of Control could result in a termination or nonrenewal of one or more of the Company s franchise agreements or its other agreements with the Manufacturers.

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

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

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

The Company will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer. To the extent that provisions of any securities laws or regulations conflict with the provisions of this covenant, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this covenant by virtue thereof.

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

You should note that case law suggests that, in the event that incumbent directors are replaced as a result of a contested election, the Company may nevertheless avoid triggering a Change of Control under a clause similar to this provision if the outgoing directors were to approve the new directors for the purpose of such Change of Control clause.

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Ranking

General

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

Payment Stoppages

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

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

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

(i) the 179th day after such commencement;

(ii) the date on which such Non-payment Default (and all other Non-payment Defaults as to which notice is given after such Payment Blockage Period is initiated) is cured, waived or ceases to exist or on which such Designated Senior Indebtedness is discharged or paid in full; or

(iii) the date on which such Payment Blockage Period (and all Non-payment Defaults as to which notice is given after such Payment Blockage Period is initiated) shall have been terminated by written notice to the Company or the Trustee from the Senior Representative initiating such Payment Blockage Period.

After the occurrence of any of the dates set forth in clauses (i), (ii) or (iii), the Company will promptly resume making any and all required payments in respect of the Series B notes, including any missed payments. In no event will a Payment Blockage Period extend beyond 179 days from the date of the receipt by the Company and the Trustee of the notice initiating such Payment Blockage Period (such 179-day period referred to as the Initial Period). Any number of notices of Non-payment Defaults may be given during the Initial Period;

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provided that during any period of 365 consecutive days only one Payment Blockage Period, during which payment of principal of, premium, if any, or interest on, the Series B notes may not be made, may commence and the duration of such period may not exceed 179 days. No Non-payment Default with respect to Designated Senior Indebtedness that existed or was continuing on the date of the commencement of any Payment Blockage Period will be, or can be, made the basis for the commencement of a second Payment Blockage Period, whether or not within a period of 365 consecutive days, unless such default has been cured or waived for a period of not less than 90 consecutive days.

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

Liquidation/Insolvency

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

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

Guarantees

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

Related Definitions

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

(i) Indebtedness evidenced by the Series B notes or Series A notes;

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(ii) Indebtedness evidenced by our 9.0% Senior Subordinated Notes due 2018;

(iii) Indebtedness evidenced by our 7.00% Senior Subordinated Notes due 2022;

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

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

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

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

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

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

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

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

Designated Senior Indebtedness means (i) all Senior Indebtedness under any Inventory Facility, any Mortgage Loans or any Credit Facility and (ii) any other Senior Indebtedness which at the time of determination has an aggregate principal amount outstanding of at least $25.0 million and which is specifically designated in the instrument evidencing such Senior Indebtedness or the agreement under which such Senior Indebtedness arises as Designated Senior Indebtedness by the Company.

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

(i) Indebtedness evidenced by the Guarantees or the Guarantees with respect to the Series A notes;

(ii) Indebtedness evidenced by the guarantees with respect to our 9.0% Senior Subordinated Notes due 2018;

(iii) Indebtedness evidenced by the guarantees with respect to our 7.00% Senior Subordinated Notes due 2022;

(iv) Indebtedness that is subordinated or junior in right of payment to any Indebtedness of any Guarantor;

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

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

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

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

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

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

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

Certain Covenants

The Indenture contains, among others, the following covenants:

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

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

(i) Indebtedness of the Company and the Guarantors under any Credit Facility in an aggregate principal amount at any one time outstanding, not to exceed the greater of (a) $550.0 million or (b) 20% of the Company s Consolidated Tangible Assets, in any case under any Credit Facility or in respect of letters of credit thereunder;

(ii) Indebtedness of the Company and the Guarantors under Mortgage Loans in an amount not to exceed $275.0 million at any time outstanding;

(iii) Indebtedness of the Company and the Guarantors under any Inventory Facility, whether or not an Inventory Facility under any Credit Facility;

(iv)

Indebtedness of the Company or any Restricted Subsidiary outstanding on the Issue Date and not otherwise referred to in this definition of Permitted Indebtedness ;

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(v) Indebtedness of the Company owing to a Restricted Subsidiary; *provided* that any Indebtedness of the Company owing to a Restricted Subsidiary that is not a Guarantor is made pursuant to an intercompany note and is unsecured and is subordinated in right of payment from and after such time as the Series B notes shall become due and payable (whether at Stated Maturity, acceleration or otherwise) to the payment and performance of the Company s obligations under the Series B notes; *provided, further,* that any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to a Restricted Subsidiary) shall be deemed to be an incurrence of such Indebtedness by the Company or other obligor not permitted by this clause (v);

(vi) Indebtedness of a Restricted Subsidiary owing to the Company or another Restricted Subsidiary; *provided* that any such Indebtedness is made pursuant to an intercompany note; *provided, further,* that (a) any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to the Company or a Restricted Subsidiary) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (vi), and (b) any transaction pursuant to which any Restricted Subsidiary, which has Indebtedness owing to the Company or any other Restricted Subsidiary, ceases to be a Restricted Subsidiary shall be deemed to be the incurrence of Indebtedness by such Restricted Subsidiary that is not permitted by this clause (vi);

(vii) guarantees of any Restricted Subsidiary made in accordance with the provisions of *Limitation on Issuances of Guarantees of and Pledges for Indebtedness ; provided* that the Indebtedness of the Company or any Restricted Subsidiary subject to such guarantee was permitted to be incurred;

(viii) obligations of the Company or any Guarantor entered into in the ordinary course of business (a) pursuant to Interest Rate Agreements designed to protect the Company or any Restricted Subsidiary against fluctuations in interest rates in respect of Indebtedness of the Company or any Restricted Subsidiary as long as such obligations do not exceed the aggregate principal amount of such Indebtedness then outstanding, (b) under any Currency Hedging Agreements, relating to (i) Indebtedness of the Company or any Restricted Subsidiary and/or (ii) obligations to purchase or sell assets or properties, in each case, incurred in the ordinary course of business of the Company or any Restricted Subsidiary; *provided, however,* that such Currency Hedging Agreements do not increase the Indebtedness or other obligations of the Company or any Restricted Subsidiary outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder or (c) under any Commodity Price Protection Agreements which do not increase the amount of Indebtedness or other obligations of the Company or any Restricted Subsidiary outstanding other than as a result of fluctuations in commodity prices or by reason of fees, indemnities and compensation payable thereunder;

(ix) Indebtedness of the Company or any Restricted Subsidiary represented by Capital Lease Obligations or Purchase Money Obligations or other Indebtedness incurred or assumed in connection with the acquisition or development of real or personal, movable or immovable, property in each case incurred for the purpose of financing or refinancing all or any part of the purchase price or cost of construction or improvement of property used in the business of the Company, in an aggregate principal amount pursuant to this clause (ix) not to exceed the greater of (a) $50.0 million and (b) 2% of the Company s Consolidated Tangible Assets outstanding at any time; *provided* that the principal amount of any Indebtedness permitted under this clause (ix) did not in each case at the time of incurrence exceed the Fair Market Value, as determined by the Company in good faith, of the acquired or constructed asset or improvement so financed;

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(x) obligations arising from agreements by the Company or a Restricted Subsidiary to provide for indemnification, customary purchase price closing adjustments, earn-outs or other similar obligations, in each case, incurred in connection with the acquisition or disposition of any business or assets of a Restricted Subsidiary;

(xi) Indebtedness in the ordinary course of business to support the Company s or a Restricted Subsidiary s insurance or self-insurance obligations for workers compensation and other similar insurance coverages;

(xii) guarantees by the Company or a Guarantor of Indebtedness of a Restricted Subsidiary that was permitted to be incurred under the covenant described under the caption *Limitation on Indebtedness*;

(xiii) any renewals, extensions, substitutions, refundings, refinancings or replacements (collectively, a refinancing) of any Indebtedness incurred pursuant to the first paragraph of this covenant or described in clause (iv) (other than the 9.0% Senior Subordinated Notes due 2018 to be redeemed with proceeds from the sale of the Series B notes) or clause (xviii) below of this definition of Permitted Indebtedness, including any successive refinancings so long as the borrower under such refinancing is the Company or, if not the Company, the same as the borrower of the Indebtedness being refinanced and the aggregate principal amount of Indebtedness represented thereby (or if such Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof, the original issue price of such Indebtedness plus any accreted value attributable thereto since the original issuance of such Indebtedness) does not exceed the initial principal amount of such Indebtedness plus the lesser of (I) the stated amount of any premium or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing and (A) in the case of any refinancing of Indebtedness that is Subordinated Indebtedness, such new Indebtedness is made subordinated to the Series B notes at least to the same extent as the Indebtedness being refinanced and (B) in the case of Pari Passu Indebtedness or Subordinated Indebtedness, as the case may be, such refinancing does not reduce the Average Life to Stated Maturity or the Stated Maturity of such Indebtedness;

(xiv) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided, however,* that such Indebtedness is extinguished within five business days of occurrence;

(xv) Indebtedness of the Company to the extent the net proceeds thereof are promptly deposited to (a) defease the Series B notes as described under the caption Defeasance or Covenant Defeasance of Indenture or (b) redeem the Series B notes, as described under the caption Optional Redemption ;

(xvi) shares of Preferred Stock of a Restricted Subsidiary issued to the Company or a Wholly-Owned Restricted Subsidiary of the Company; *provided* that any subsequent transfer of any such shares of Preferred Stock (except to the Company or a Wholly-Owned Restricted Subsidiary of the Company) shall be deemed to be an issuance of Preferred Stock that was not permitted by this clause (xvi);

(xvii) Indebtedness of the Company and its Restricted Subsidiaries or any Guarantor in addition to that described in clauses (i) through (xvi) above and clause (xviii) below, and any renewals,

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extensions, substitutions, refinancings or replacements of such Indebtedness, so long as the aggregate principal amount of all such Indebtedness shall not exceed $75.0 million outstanding at any one time in the aggregate; and

(xviii) Indebtedness of the Company pursuant to the Series A notes (and Series B notes issued in exchange therefor) and Indebtedness of any Guarantor pursuant to a Guarantee of the Series A notes (and any Guarantee of the Series B notes issued in exchange therefor).

For purposes of determining compliance with this Limitation on Indebtedness covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness permitted by this covenant, the Company in its sole discretion shall classify or reclassify such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types. The Company may also divide and classify such item of Indebtedness in more than one of the types of Indebtedness described above. Accrual of interest, accretion or amortization of original issue discount and the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on any Redeemable Capital Stock or Preferred Stock in the form of additional shares of the same class of Redeemable Capital Stock or Preferred Stock will not be deemed to be an incurrence of Indebtedness for purposes of this covenant provided, in each such case, that the amount thereof as accrued over time is included in the Consolidated Fixed Charge Coverage Ratio of the Company.

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

(i) declare or pay any dividend on, or make any distribution to holders of, any shares of the Company s Capital Stock (other than dividends or distributions payable solely in shares of its Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock);

(ii) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, the Company s Capital Stock or any Capital Stock of any Affiliate of the Company, including any Subsidiary of the Company (other than Capital Stock of any Restricted Subsidiary of the Company), or options, warrants or other rights to acquire such Capital Stock;

(iii) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to any scheduled principal payment, sinking fund payment or maturity, any Subordinated Indebtedness, other than the repurchase of Subordinated Indebtedness with a maturity date within one year of the date of repurchase;

(iv) declare or pay any dividend or distribution on any Capital Stock of any Restricted Subsidiary to any Person (other than:

(a) to the Company or any of its Wholly-Owned Restricted Subsidiaries; or

(b) dividends or distributions made by a Restricted Subsidiary:

(1) organized as a partnership, limited liability company or similar pass-through entity to the holders of its Capital Stock in amounts sufficient to satisfy the tax liabilities arising from their ownership of such Capital Stock; or

(2) on a pro rata basis to all stockholders of such Restricted Subsidiary); or

(v) make any Investment in any Person (other than any Permitted Investments)

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

(1) immediately before and immediately after giving effect to such proposed Restricted Payment on a *pro forma* basis, no Default or Event of Default shall have occurred and be continuing and such Restricted Payment shall not be an event which is, or after notice or lapse of time or both, would be, an event of default under the terms of any Indebtedness of the Company or its Restricted Subsidiaries;

(2) immediately before and immediately after giving effect to such Restricted Payment on a *pro forma* basis, the Company could incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) under the provisions described under *Limitation on Indebtedness;* and

(3) after giving effect to the proposed Restricted Payment, the aggregate amount of all such Restricted Payments declared or made after March 12, 2010 and all Designation Amounts does not exceed the sum of:

(A) 50% of the aggregate Consolidated Net Income of the Company accrued on a cumulative basis during the period beginning January 1, 2010 and ending on the last day of the Company s last fiscal quarter ending prior to the date of the Restricted Payment, or, if such aggregate cumulative Consolidated Net Income shall be a loss, minus 100% of such loss;

(B) the aggregate Net Cash Proceeds and the Fair Market Value of assets other than cash received after March 12, 2010 by the Company either (x) as capital contributions in the form of common equity to the Company or (y) from the issuance or sale (other than to any of its Subsidiaries) of Qualified Capital Stock of the Company or any options, warrants or rights to purchase such Qualified Capital Stock of the Company (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness as set forth below in clause (ii) or (iii) of paragraph (b) below) (and excluding the Net Cash Proceeds and the Fair Market Value of assets other than cash received from the issuance of Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);

(C) the aggregate Net Cash Proceeds and the Fair Market Value of assets other than cash received after March 12, 2010 by the Company (other than from any of its Subsidiaries) upon the exercise of any options, warrants or rights to purchase Qualified Capital Stock of the Company (and excluding the Net Cash Proceeds and the Fair Market Value of assets other than cash received from the exercise of any options, warrants or rights to purchase Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);

(D) the aggregate Net Cash Proceeds and the Fair Market Value of assets other than cash received after March 12, 2010 by the Company from the conversion or exchange, if any, of debt securities or Redeemable Capital Stock of the Company or its Restricted Subsidiaries into or for Qualified Capital Stock of the Company plus, to the extent such debt securities or Redeemable Capital Stock were issued after March 12, 2010, upon the conversion or exchange of such debt securities or Redeemable Capital Stock, the aggregate of Net Cash Proceeds and the Fair Market Value of assets other than cash received from their original issuance (and excluding the Net Cash Proceeds and the Fair Market Value of assets other than cash received from the conversion or exchange of debt securities or Redeemable Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);

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(E) (a) in the case of the disposition or repayment of any Investment constituting a Restricted Payment made after March 12, 2010, an amount (to the extent not included in Consolidated Net Income) equal to (a) the lesser of (i) the return of capital with respect to such Investment and (ii) the initial amount of such Investment, in either case, less the cost of the disposition of such Investment and net of taxes, and (b) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary for purposes of the Indenture (in each case, as long as the designation of such Subsidiary as an Unrestricted Subsidiary was deemed a Restricted Payment), the Fair Market Value of the Company s interest in such Subsidiary provided that such amount shall not in any case exceed the amount of the Restricted Payment deemed made at the time the Subsidiary was designated as an Unrestricted Subsidiary; and

(F) any amount which previously qualified as a Restricted Payment on account of any Guarantee entered into by the Company or any Restricted Subsidiary; *provided,* that such Guarantee has not been called upon and the obligation arising under such Guarantee no longer exists.

As of March 31, 2013, we would have had approximately $113.5 million available for Restricted Payments based on the foregoing paragraphs.

(b) Notwithstanding the foregoing, and in the case of clauses (ii) through (iv) below, so long as no Default or Event of Default is continuing or would arise therefrom, the foregoing provisions shall not prohibit the following actions (each of clauses (i) through (iv) and (vii) through (xiii) being referred to as a Permitted Payment):

(i) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment was permitted by the provisions of paragraph (a) of this Section and such payment shall have been deemed to have been paid on the date of declaration and shall not have been deemed a Permitted Payment for purposes of the calculation required by paragraph (a) of this Section;

(ii) the repurchase, redemption, or other acquisition or retirement for value of any shares of any class of Capital Stock of the Company in exchange for, including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip, or out of the Net Cash Proceeds of a substantially concurrent issuance and sale for cash (other than to a Subsidiary) of, other shares of Qualified Capital Stock of the Company; provided that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clause (3)(C) of paragraph (a) of this Section;

(iii) the repurchase, redemption, defeasance, retirement or acquisition for value or payment of principal of any Subordinated Indebtedness or Redeemable Capital Stock in exchange for, or in an amount not in excess of the Net Cash Proceeds of, a substantially concurrent issuance and sale for cash (other than to any Subsidiary of the Company) of any Qualified Capital Stock of the Company, provided that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock are excluded from clause (3)(C) of paragraph (a) of this Section;

(iv) the repurchase, redemption, defeasance, retirement, refinancing, acquisition for value or payment of principal of any Subordinated Indebtedness (other than Redeemable Capital Stock) (a refinancing) through the substantially concurrent issuance of new Subordinated Indebtedness of the Company, *provided* that any such new Subordinated Indebtedness

(1) shall be in a principal amount that does not exceed the principal amount so refinanced (or, if such Subordinated Indebtedness provides for an amount less than the principal amount

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thereof to be due and payable upon a declaration of acceleration thereof, then such lesser amount as of the date of determination), plus the lesser of (I) the stated amount of any premium or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing;

(2) has an Average Life to Stated Maturity greater than the remaining Average Life to Stated Maturity of the Series B notes;

(3) has a Stated Maturity for its final scheduled principal payment later than the Stated Maturity for the final scheduled principal payment of the Series B notes; and

(4) is expressly subordinated in right of payment to the Series B notes at least to the same extent as the Subordinated Indebtedness to be refinanced;

(v) the purchase, redemption, or other acquisition or retirement for value of any class of Capital Stock of the Company from employees, former employees, directors or former directors of the Company or any Subsidiary in an amount not to exceed $2.0 million in the aggregate in any twelve-month period plus the aggregate cash proceeds received by the Company during such twelve-month period from any reissuance of Capital Stock by the Company to members of management of the Company or any Restricted Subsidiary; provided that the Company may carry over and make in a subsequent twelve-month period, in addition to the amount otherwise permitted for such twelve-month period, the amount of such purchase, redemptions or other acquisitions for value permitted to have been made but not made in any preceding twelve-month period; provided that the aggregate repurchases, redemptions or other acquisitions or retirements for value does not exceed $4.0 million in any twelve-month period;

(vi) the repurchase, redemption or other acquisition or retirement for value of Capital Stock of the Company issued pursuant to acquisitions by the Company to the extent required by or needed to comply with the requirements of any of the Manufacturers with which the Company or a Restricted Subsidiary is a party to a franchise agreement;

(vii) the payment of the contingent purchase price or the payment of the deferred purchase price, including holdbacks (and the receipt of any corresponding consideration therefor), of an acquisition to the extent any such payment would be deemed a Restricted Payment and would otherwise have been permitted by the Indenture at the time of such acquisition;

(viii) the repurchase of Capital Stock of the Company issued to sellers of businesses acquired by the Company or its Restricted Subsidiaries, in an amount not to exceed $5.0 million during the term of the Indenture;

(ix) the repurchase of Capital Stock deemed to occur upon exercise of stock options to the extent that shares of such Capital Stock represent a portion of the exercise price of such options;

(x) the payment of cash in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible or exercisable for Capital Stock of the Company;

(xi) payments or distributions to stockholders pursuant to appraisal rights required under applicable law in connection with any consolidation, merger or transfer of assets that complies with the covenant described under the caption Consolidation,

Merger or Sale of Assets ;

(xii) the making of any Restricted Payments after the date of the Indenture not exceeding in the aggregate $100.0 million; *provided* that no Default or Event of Default shall have occurred and be continuing immediately after such transaction; and

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(xiii) the payment of cash dividends on the Company s Qualified Capital Stock in the aggregate amount per fiscal quarter up to or equal to $0.10 per share for each share of the Company s Qualified Capital Stock outstanding as of the quarterly record date for dividends payable in respect of such fiscal quarter (as such amount shall be adjusted for changes in the capitalization of the Company upon recapitalizations, reclassifications, stock splits, stock dividends, reverse stock splits, stock consolidations and similar transactions, *provided, however,* in the event a Change of Control occurs, the aggregate amounts permitted to be paid in cash dividends per fiscal quarter shall not exceed the aggregate amounts of such cash dividends paid in the same fiscal quarter most recently occurring prior to such Change of Control, *provided, further,* that for purposes of this exception, shares of Qualified Capital Stock issued for less than fair market value (other than shares issued pursuant to options or otherwise in accordance with the Company s stock option, employee stock purchase or other equity compensation plans) shall not be deemed outstanding; *provided, further* that no Default or Event of Default shall have occurred and be continuing immediately after such transaction. (Section 1009)

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

(a) such transaction or series of related transactions is on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that would be available in a comparable transaction in arm s-length dealings with an unrelated third party;

(b) with respect to any transaction or series of related transactions involving aggregate value in excess of $5.0 million, the Company delivers an officers certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (a) above or such transaction or series of related transactions is approved by a majority of the Disinterested Directors of the Board of Directors of the Company, or in the event there is only one Disinterested Director, by such Disinterested Director; and

(c) with respect to any transaction or series of related transactions involving aggregate value in excess of $15.0 million, either (i) such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the Board of Directors of the Company, or in the event there is only one Disinterested Director, by such Disinterested Director, or (ii) the Company delivers to the Trustee a written opinion of an investment banking firm of national standing or other recognized independent expert with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required stating that the transaction or series of related transactions or the consideration being paid is fair to the Company or such Restricted Subsidiary from a financial point of view;

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

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

(ii) any transaction permitted as a Restricted Payment pursuant to the covenant described in *Limitation on Restricted Payments* ;

(iii) the payment of customary fees to directors of the Company and its Restricted Subsidiaries;

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(iv) any transaction with any officer or member of the Board of Directors of the Company involving indemnification arrangements;

(v) loans or advances to officers of the Company in the ordinary course of business not to exceed $1.0 million in any calendar year; and

(vi) any transactions undertaken pursuant to any contractual obligations in existence on the Issue Date and any renewals, replacements or modifications of such obligations (pursuant to new transactions or otherwise) on terms no less favorable than could be received from an unaffiliated third party. (Section 1010)

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

(A) securing any Indebtedness which became Indebtedness pursuant to a transaction permitted under Consolidation, Merger, Sale of Assets or securing Acquired Indebtedness which was created prior to (and not created in connection with, or in contemplation of) the incurrence of such Pari Passu Indebtedness or Subordinated Indebtedness (including any assumption, guarantee or other liability with respect thereto by any Restricted Subsidiary) and which Indebtedness is permitted under the provisions of *Limitation on Indebtedness ;* or

(B) securing any Indebtedness incurred in connection with any refinancing, renewal, substitutions or replacements of any such Indebtedness described in clause (A), so long as the aggregate principal amount of Indebtedness represented thereby (or if such Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof, the original issue price of such Indebtedness plus any accreted value attributable thereto since the original issuance of such Indebtedness) is not increased by such refinancing by an amount greater than the lesser of:

(i) the stated amount of any premium or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced; or

(ii) the amount of premium or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing,

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

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

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

(A) cash or Cash Equivalents;

(B) the assumption of Senior Indebtedness or Senior Guarantor Indebtedness by the party acquiring the assets from the Company of any Restricted Subsidiary;

(C) Replacement Assets;

(D) Designated Noncash Consideration; or

(E) a combination of any of the foregoing; and

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

(b) If:

(A) all or a portion of the Net Cash Proceeds of any Asset Sale are not required to be applied to repay permanently any Senior Indebtedness or Senior Guarantor Indebtedness then outstanding as required by the terms thereof;

(B) the Company determines not to apply such Net Cash Proceeds to the permanent prepayment of such Senior Indebtedness or Senior Guarantor Indebtedness; or

(C) if no such Senior Indebtedness or Senior Guarantor Indebtedness that requires prepayment is then outstanding (or such prepayment is waived);

then the Company or a Restricted Subsidiary may within 365 days of the Asset Sale invest the Net Cash Proceeds in Replacement Assets. The amount of such Net Cash Proceeds not used or invested within 365 days of the Asset Sale as set forth in this paragraph constitutes Excess Proceeds. The Company or such Restricted Subsidiary will be deemed to have complied with its obligations under this paragraph (b) if it enters into a binding commitment to acquire Replacement Assets prior to 365 days after the receipt of the applicable Net Cash Proceeds and such acquisition of Replacement Assets is consummated prior to 545 days after the date of receipt of the applicable Net Cash Proceeds; *provided* that upon any abandonment or termination of such commitment, the Net Cash Proceeds not so applied shall constitute Excess Proceeds and be applied as set forth below.

(c) When the aggregate amount of Excess Proceeds exceeds $50.0 million or more, the Company will apply the Excess Proceeds to the repayment of the Series B notes and any other Pari Passu Indebtedness outstanding with similar provisions requiring the Company to make an offer to purchase such Indebtedness with the proceeds from any Asset Sale as follows:

(A) the Company will make an offer to purchase (an Offer) to all holders of the Series B notes in accordance with the procedures set forth in the Indenture in the maximum principal amount (expressed

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as a multiple of $1,000) of Series B notes that may be purchased out of an amount (the Note Amount) equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Series B notes, and the denominator of which is the sum of the outstanding principal amount of the Series B notes and such Pari Passu Indebtedness (subject to proration in the event such amount is less than the aggregate Offered Price (as defined herein) of all Series B notes tendered) and

(B) to the extent required by such Pari Passu Indebtedness to permanently reduce the principal amount of such Pari Passu Indebtedness, the Company will make an offer to purchase or otherwise repurchase or redeem Pari Passu Indebtedness (a Pari Passu Offer) in an amount (the Pari Passu Debt Amount) equal to the excess of the Excess Proceeds over the Note Amount.

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

(d) If the Company becomes obligated to make an Offer pursuant to clause (c) above, unless an Offer has been previously made prior to the expiration of the 365-day period, the Series B notes and the Pari Passu Indebtedness shall be purchased by the Company, at the option of the holders thereof, in whole or in part in integral multiples of $1,000, on a date that is not earlier than 30 days and not later than 60 days from the date the notice of the Offer is given to holders, or such later date as may be necessary for the Company to comply with the requirements under the Exchange Act.

(e) The Indenture will provide that the Company will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with an Offer. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of its compliance with such securities laws or regulations. (Section 1012)

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

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

(A) such guarantee need not be secured unless required pursuant to *Limitation on Liens*,

(B) if such Indebtedness is by its terms Senior Indebtedness, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be senior to such Restricted Subsidiary s Guarantee of the Series B notes to the same extent as such Senior Indebtedness is senior to the Series B notes and

(C) if such Indebtedness is by its terms expressly subordinated to the Series B notes, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated to such Restricted Subsidiary s Guarantee of the Series B notes at least to the same extent as such Indebtedness is subordinated to the Series B notes.

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

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

The Indenture does not treat (i) unsecured Indebtedness as subordinated or junior to secured Indebtedness merely because it is unsecured or (ii) Senior Indebtedness as subordinated or junior to any other Senior Indebtedness merely because it has a junior priority with respect to the same collateral.

Limitation on Subsidiary Preferred Stock. The Company will not permit

(a) any Restricted Subsidiary of the Company to issue, sell or transfer any Preferred Stock, except for (i) Preferred Stock issued or sold to, held by or transferred to the Company or a Wholly Owned Restricted Subsidiary and (ii) Preferred Stock issued by a Person prior to the time

(A) such Person becomes a Restricted Subsidiary,

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(B) such Person merges with or into a Restricted Subsidiary or

(C) a Restricted Subsidiary merges with or into such Person;

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

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

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

(i) pay dividends or make any other distribution on its Capital Stock or any other interest or participation in or measured by its profits,

(ii) pay any Indebtedness owed to the Company or any other Restricted Subsidiary,

(iii) make any Investment in the Company or any other Restricted Subsidiary or

(iv) transfer any of its properties or assets to the Company or any other Restricted Subsidiary,

except for:

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

(b) any encumbrance or restriction, with respect to a Restricted Subsidiary that was not a Restricted Subsidiary of the Company on the Issue Date, in existence at the time such Person becomes a Restricted Subsidiary of the Company and not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary, *provided* that such encumbrances and restrictions are not applicable to the Company or any Restricted Subsidiary or the properties or assets of the Company or any Restricted Subsidiary other than such Subsidiary which is becoming a Restricted Subsidiary;

(c) customary provisions contained in an agreement that has been entered into for the sale or other disposition of all or substantially all of the Capital Stock or assets of a Restricted Subsidiary; *provided however* that the restrictions are applicable only to such Restricted Subsidiary or assets;

(d) any encumbrance or restriction existing under or by reason of applicable law or any requirement of any regulatory body;

(e) customary provisions restricting subletting or assignment of any lease governing any leasehold interest of any Restricted Subsidiary;

(f) covenants in franchise agreements with Manufacturers customary for franchise agreements in the automobile retailing industry;

(g) any encumbrance or restriction contained in any Purchase Money Obligations for property to the extent such restriction or encumbrance restricts the transfer of such property;

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(h) any encumbrances or restrictions in security agreements securing Indebtedness (other than Subordinated Indebtedness) of a Guarantor (including any Credit Facility or any Inventory Facility) (to the extent that such Liens are otherwise incurred in accordance with *Limitation on Liens)* that restrict the transfer of property subject to such agreements, *provided* that any such encumbrance or restriction is released to the extent the underlying Lien is released or the related Indebtedness is repaid;

(i) covenants in Inventory Facilities customary for inventory and floor plan financing in the automobile retailing industry;

(j) any encumbrance related to assets acquired by or merged into or consolidated with the Company or any Restricted Subsidiary so long as such encumbrance was not entered into in contemplation of the acquisition, merger or consolidation transaction;

(k) customary non-assignment provisions contained in (a) any lease governing a leasehold interest or (b) any supply, license or other agreement entered into in the ordinary course of business of the Company or any of its Restricted Subsidiaries;

(l) Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant described above under the caption Limitations on Liens that limit the right of the debtor to dispose of the assets subject to such Liens;

(m) restrictions on cash or other deposits or net worth imposed by customers or vendors under contracts entered into in the ordinary course of business;

(n) restrictions contained in any other indenture or instrument governing debt or preferred securities that are not materially more restrictive, taken as a whole, than those contained in the Indenture governing the Series B notes; and

(o) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (a), (b), (j) or in this clause (o), *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement evidencing the Indebtedness so extended, renewed, refinanced or replaced. (Section 1016)

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

(a) no Default shall have occurred and be continuing at the time of or after giving effect to such Designation;

(b) the Company would be permitted to make a Permitted Investment or an Investment at the time of Designation (assuming the effectiveness of such Designation) pursuant to the first paragraph of *Limitation on Restricted Payments* above in an amount (the Designation Amount) equal to the greater of (1) the net book value of the Company s interest in such Subsidiary calculated in accordance with GAAP or (2) the Fair Market Value of the Company s interest in such Subsidiary as determined in good faith by the Company s Board of Directors;

(c) the Company would be permitted under the Indenture to incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the covenant described under *Limitation on Indebtedness* at the time of such Designation (assuming the effectiveness of such Designation);

(d) such Unrestricted Subsidiary does not own any Capital Stock in any Restricted Subsidiary of the Company which is not simultaneously being designated an Unrestricted Subsidiary;

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(e) such Unrestricted Subsidiary is not liable, directly or indirectly, with respect to any Indebtedness other than Unrestricted Subsidiary Indebtedness, *provided* that an Unrestricted Subsidiary may provide a Guarantee for the Series B notes; and

(f) such Unrestricted Subsidiary is not a party to any agreement, contract, arrangement or understanding at such time with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company or, in the event such condition is not satisfied, the value of such agreement, contract, arrangement or understanding to such Unrestricted Subsidiary shall be deemed a Restricted Payment.

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

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

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

(a) no Default shall have occurred and be continuing at the time of and after giving effect to such Revocation;

(b) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if incurred at such time, have been permitted to be incurred for all purposes of the Indenture; and

(c) unless such redesignated Subsidiary shall not have any Indebtedness outstanding (other than Indebtedness that would be Permitted Indebtedness), immediately after giving effect to such proposed Revocation, and after giving pro forma effect to the incurrence of any such Indebtedness of such redesignated Subsidiary as if such Indebtedness was incurred on the date of the Revocation, the Company could incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the covenant described under *Limitation on Indebtedness.*

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

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

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(i) transmit by mail to all holders, as their names and addresses appear in the security register, without cost to such holders; and

(ii) file with the Trustee copies of the annual reports, quarterly reports and other documents which the Company and such Guarantor would have been required to file with the Commission pursuant to Sections 13(a) or 15(d) of the Exchange Act if the Company and such Guarantor were subject to either of such Sections; and

(y) if filing such documents by the Company and such Guarantor with the Commission is not permitted under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective holder at the Company s cost.

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

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

(i) payment of principal, premium and interest;

(ii) maintenance of an office or agency in The City of New York;

(iii) arrangements regarding the handling of money held in trust;

(iv) maintenance of corporate existence;

(v) payment of taxes and other claims;

(vi) maintenance of properties; and

(vii) maintenance of insurance.

Consolidation, Merger, Sale of Assets

The Company

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

(i) either (a) the Company will be the continuing corporation (in the case of a consolidation or merger involving the Company) or (b) the Person (if other than the Company) formed by such consolidation or

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into which the Company is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries on a Consolidated basis (the Surviving Entity) will be a corporation, partnership, limited liability company, trust or other entity duly organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and such Person expressly assumes, by a supplemental indenture, in a form reasonably satisfactory to the Trustee, all the obligations of the Company under the Series B notes, the Indenture and the Registration Rights Agreement, as the case may be, and the Series B notes, the Indenture and the Registration Rights Agreement (to the extent any obligations remain under the Registration Rights Agreement) will remain in full force and effect as so supplemented;

(ii) immediately before and immediately after giving effect to such transaction on a *pro forma* basis (and treating any Indebtedness not previously an obligation of the Company or any of its Restricted Subsidiaries which becomes the obligation of the Company or any of its Restricted Subsidiaries as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(iii) immediately before and immediately after giving effect to such transaction on a *pro forma* basis (on the assumption that the transaction occurred on the first day of the four-quarter period for which financial statements are available ending immediately prior to the consummation of such transaction with the appropriate adjustments with respect to the transaction being included in such *pro forma* calculation), the Company (or the Surviving Entity if the Company is not the continuing obligor under the Indenture) could incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) under the provisions of Certain Covenants *Limitation on Indebtedness*;

(iv) at the time of the transaction, each Guarantor, if any, unless it is the other party to the transactions described above, will have by supplemental indenture confirmed that its Guarantee shall apply to such Person s obligations under the Indenture and under the Series B notes;

(v) at the time of the transaction if any of the property or assets of the Company or any of its Restricted Subsidiaries would thereupon become subject to any Lien, the provisions of Certain Covenants *Limitation on Liens* are complied with; and

(vi) at the time of the transaction the Company or the Surviving Entity will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an officers certificate and an opinion of counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, transfer, lease or other transaction and the supplemental indenture in respect thereof comply with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with. (Section 801)

The Guarantors

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

(i) either (a) the Guarantor will be the continuing entity, in the case of a consolidation or merger involving the Guarantor or (b) the Person (if other than the Guarantor) formed by such consolidation or into

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which such Guarantor is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of the properties and assets of the Guarantor and its Restricted Subsidiaries on a Consolidated basis (the Surviving Guarantor Entity) is duly organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and such Person expressly assumes, by a supplemental indenture, in a form reasonably satisfactory to the Trustee, all the obligations of such Guarantor under its Guarantee of the Series B notes, the Indenture and the Registration Rights Agreement and such Guarantee, Indenture and Registration Rights Agreement (to the extent any obligations remain under the Registration Rights Agreements) will remain in full force and effect;

(ii) immediately before and immediately after giving effect to such transaction on a *pro forma* basis, no Default or Event of Default will have occurred and be continuing; and

(iii) at the time of the transaction such Guarantor or the Surviving Guarantor Entity will have delivered, or caused to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an officers certificate and an opinion of counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, lease or other transaction and the supplemental indenture in respect thereof comply with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with.

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

In the event of any transaction described in and complying with the conditions listed in the two immediately preceding subsections in which the Company or any Guarantor, as the case may be, is not the continuing corporation, the successor Person formed or remaining or to which such transfer, sale, assignment, conveyance, lease or other transaction is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or such Guarantor, as the case may be, under the Indenture, the Series B notes and/or the related Guarantees, as the case may be, and the Company or any Guarantor, as the case may be, shall be discharged from all obligations and covenants under the Indenture and the Series B notes or its Guarantee, as the case may be. (Section 802)

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

Events of Default

An Event of Default will occur under the Indenture if:

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

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

(3) (a) there shall be a default in the performance, or breach, of any covenant or agreement of the Company or any Guarantor under the Indenture or any Guarantee (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in clause (1), (2) or

in clause (b), (c) or (d) of this clause (3)) and such default or breach shall continue for a period of 60 days after written notice (30 days in the case of a default in the covenants described under Certain Covenants *Limitation on Indebtedness* or *Limitation on Restricted Payments*) has been given, by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Series B notes;

(b) there shall be a default in the performance or breach of the provisions described in Consolidation, Merger, Sale of Assets ;

(c) the Company shall have failed to consummate an Offer in accordance with the provisions of Certain Covenants *Limitation on Sale of Assets* ; or

(d) the Company shall have failed to consummate a Change of Control Offer in accordance with the provisions of Purchase of Series B Notes Upon a Change of Control ;

(4) one or more defaults, individually or in the aggregate, shall have occurred under any of the agreements, indentures or instruments under which the Company or any Restricted Subsidiary then has outstanding Indebtedness in excess of $50.0 million in principal amount, individually or in the aggregate, and either (a) such default results from the failure to pay such Indebtedness at its stated final maturity or (b) such default or defaults resulted in the acceleration of the maturity of such Indebtedness;

(5) any Guarantee of a Significant Restricted Subsidiary which is a Guarantor shall for any reason cease to be, or shall for any reason be asserted in writing by any Significant Restricted Subsidiary which is a Guarantor or the Company not to be, in full force and effect and enforceable in accordance with its terms, except to the extent contemplated by the Indenture and any such Guarantee, if such default continues for a period of 30 days after written notice has been given (x) to the Company by the Trustee or (y) to the Company and the Trustee by the holders of not less than 25% in aggregate principal amount of the Series B notes then outstanding;

(6) one or more final judgments, orders or decrees (not subject to appeal) of any court or regulatory or administrative agency for the payment of money in excess of $50.0 million, either individually or in the aggregate (exclusive of any portion of any such payment covered by insurance or indemnification), shall be rendered against the Company, any Guarantor or any Restricted Subsidiary or any of their respective properties and shall not be discharged or fully bonded and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect;

(7) there shall have been the entry by a court of competent jurisdiction of (a) a decree or order for relief in respect of the Company or any Significant Restricted Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or (b) a decree or order:

(i) adjudging the Company or any Significant Restricted Subsidiary bankrupt or insolvent;

(ii) seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any Significant Restricted Subsidiary under any applicable federal or state law;

(iii) appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any Significant Restricted Subsidiary or of any substantial part of their respective properties; or

(iv) ordering the winding up or liquidation of their respective affairs, and any such decree or order for relief shall continue to be in effect, or any such other decree or order shall be unstayed and in effect, for a period of 60 consecutive days; or

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(8) (a) the Company or any Significant Restricted Subsidiary commences a voluntary case or proceeding under any applicable Bankruptcy Law or any other case or proceeding to be adjudicated bankrupt or insolvent;

(b) the Company or any Significant Restricted Subsidiary consents to the entry of a decree or order for relief in respect of the Company or such Significant Restricted Subsidiary in an involuntary case or proceeding under any applicable Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against it;

(c) the Company or any Significant Restricted Subsidiary files a petition or answer or consent seeking reorganization or relief under any applicable federal or state law;

(d) the Company or any Significant Restricted Subsidiary

(i) consents to the filing of such petition or the appointment of, or taking possession by, a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or such Significant Restricted Subsidiary or of any substantial part of their respective properties;

(ii) makes an assignment for the benefit of creditors; or

(iii) admits in writing its inability to pay its debts generally as they become due; or

(e) the Company or any Significant Restricted Subsidiary takes any corporate action in furtherance of any such actions in this paragraph (8). (Section 501)

Result of Events of Default

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

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

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

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

(ii) all overdue interest on all Series B no