GOODSON PONTIAC GMC LLC
Form 424B3
May 21, 2013
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Filed pursuant to Rule 424(b)(3)

Registration No. 333-187364

PROSPECTUS

$550,000,000

5.75% Senior Subordinated Exchange Notes due 2022

EXCHANGE OFFER FOR

5.75% SENIOR SUBORDINATED NOTES DUE 2022

Penske Automotive Group, Inc. is offering, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, to exchange an aggregate principal amount of up to $550,000,000 of new registered 5.75% senior subordinated notes due 2022 (which we refer to as the exchange notes) for an equal principal amount of our outstanding unregistered 5.75% senior subordinated notes due 2022. When we refer to old notes, we are referring to the outstanding unregistered 5.75% senior subordinated notes due 2022. The exchange notes will represent the same debt as the old notes and we will issue the exchange notes under the same indenture.

The exchange offer expires at 5:00 p.m., New York City time,

on June 19, 2013, unless extended.

Terms of the Exchange Offer

- All old notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer will be exchanged for an equal principal amount of exchange notes.

- You may withdraw tendered old notes at any time prior to the expiration of the exchange offer.

- The terms of the exchange notes are identical in all material respects (including principal amount, interest rate, maturity and redemption rights) to the old notes for which they may be exchanged, except that the exchange notes generally will not be subject to transfer restrictions or be entitled to registration rights.

- Certain of our subsidiaries will guarantee our obligations under the exchange notes, including the payment of principal of, premium, if any, and interest on the exchange notes. These guarantees of the exchange notes will be senior subordinated unsecured obligations of the subsidiary guarantors. Additional subsidiaries will be required to guarantee the exchange notes, and the guarantees of the subsidiary guarantors will terminate, in each case in the circumstances described under Description of Exchange Notes Note Guarantees.

- The exchange of old notes for exchange notes generally will not be a taxable event for U.S. federal income tax purposes. See the discussion under the caption Material United States Federal Income Tax Considerations.

- There is no existing market for the exchange notes to be issued, and we do not intend to apply for listing or quotation on any securities exchange or market.

See Risk Factors beginning on page 8 for a discussion of the factors you should consider in connection with the exchange offer.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is May 21, 2013

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References to Additional Information

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. You may obtain, without charge, documents that we file with the Securities and Exchange Commission (SEC or Commission) and incorporated by reference into this prospectus by requesting the documents, in writing or by telephone, from the SEC or from:

Penske Automotive Group, Inc.
2555 Telegraph Road
Bloomfield Hills, Michigan 48302
Attention: Shane M. Spradlin, Esq.
Telephone: (248) 648-2500

If you would like to request copies of these documents, please do so by June 11, 2013 in order to receive them before the expiration of the exchange offer. See Where You Can Find More Information.

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In this prospectus, the terms Penske Automotive and the Company refer to Penske Automotive Group, Inc.; the term subsidiary guarantors refers to those subsidiaries of Penske Automotive that guarantee the exchange notes and the old notes; we, us and our refer to Penske Automotive and its subsidiaries (including the subsidiary guarantors); and notes refers to the old notes and the exchange notes collectively.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state or other jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date printed on the front of this prospectus.

Any broker-dealer who holds old notes that were acquired for its own account as a result of market-making activities or other trading activities (other than old notes acquired directly from us), may exchange such old notes pursuant to the exchange offer; however, such broker-dealer may be deemed to be an underwriter within the meaning of the Securities Act of 1933, as amended or the Securities Act, and must, therefore, deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the exchange notes received by such broker-dealer in the exchange offer, which prospectus delivery requirement may be satisfied by the delivery by such broker-dealer of this prospectus. We have agreed that, for a period of as long as 180 days after the expiration date of the exchange offer, we will amend or supplement this prospectus in order to expedite or facilitate the disposition of any exchange notes by such broker-dealers. See Plan of Distribution.

Manufacturer disclaimer

No domestic or foreign manufacturer or distributor or any of their affiliates has been involved, directly or indirectly, in the preparation of this prospectus or in the exchange offer being made hereby. No automobile manufacturer or

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distributor or any of their affiliates has made or been authorized to make any statements or representations in connection with this prospectus, no manufacturer or distributor or any of their affiliates has provided any information or materials that were used in connection with the prospectus, and no automobile manufacturer or distributor or any of their affiliates has any responsibility for the accuracy or completeness of this prospectus or for the exchange offer.

Forward-looking statements

This prospectus and the documents incorporated by reference in this prospectus include, and public statements by our directors, officers and other employees may include, forward-looking statements. Forward-looking statements generally can be identified by the use of terms such as may, will, should, expect, anticipate, believe, intend, plan, estimate, predict, potential, forecast, continue or variation of these terms in the negative. Forward-looking statements include statements regarding our current plans, forecasts, estimates, beliefs or expectations, including, without limitation, statements with respect to:

- our future financial and operating performance;
- future acquisitions and dispositions;
- future potential capital expenditures and securities repurchases;
- our ability to realize cost savings and synergies;
- our ability to respond to economic cycles;
- trends in the automotive retail industry and in the general economy in the various countries in which we operate;
- our ability to access the remaining availability under our credit agreements;
- our liquidity;

- performance of joint ventures, including Penske Truck Leasing Co., L.P. (PTL);
- future foreign exchange rates;
- the outcome of various legal proceedings;
- results of self-insurance plans;
- trends affecting our future financial condition or results of operations; and
- our business strategy.

Forward-looking statements involve known and unknown risks and uncertainties and are not assurances of future performance. Actual results may differ materially from anticipated results due to a variety of factors, including the factors identified in the Risk Factors section included elsewhere in this prospectus and in our filings with the SEC, which are incorporated by reference herein. Important factors that could cause actual results to differ materially from our expectations include the following:

- our business and the automotive retail industry in general are susceptible to adverse economic conditions, including changes in interest rates, foreign exchange rates, consumer demand, consumer confidence, fuel prices, unemployment rates and credit availability;

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- the number of new and used vehicles sold in our markets;

- automobile manufacturers exercise significant control over our operations, and we depend on them and continuation of our franchise agreements in order to operate our business;

- we depend on the success, popularity and availability of the brands we sell, and adverse conditions affecting one or more automobile manufacturers, including the adverse impact on the vehicle and parts supply chain due to natural disasters or other disruptions that interrupt the supply of vehicles and parts to us, may negatively impact our revenues and profitability;

- a restructuring of any significant automotive manufacturers or automotive suppliers;

- our dealership operations may be affected by severe weather or other periodic business interruptions;

- we have substantial risk of loss not covered by insurance;

- we may not be able to satisfy our capital requirements for acquisitions, dealership renovation projects, financing the purchase of our inventory, or refinancing of our debt when it becomes due;

- our level of indebtedness may limit our ability to obtain financing generally and may require that a significant portion of our cash flow be used for debt service;

- higher interest rates may significantly increase our variable rate interest costs and, because many customers finance their vehicle purchases, decrease vehicle sales;

- non-compliance with the financial ratios and other covenants under our credit agreements and operating leases;

- our operations outside of the U.S. subject our profitability to fluctuations relating to changes in foreign currency valuations;

- import product restrictions and foreign trade risks that may impair our ability to sell foreign vehicles profitably;

- with respect to PTL, changes in the financial health of its customers, labor strikes or work stoppages by its employees, a reduction in PTL s asset utilization rates and industry competition which could impact distributions to us;

- we are dependent on continued availability of our information technology systems;

- if we lose key personnel, especially our Chief Executive Officer, or are unable to attract additional qualified personnel;

- new or enhanced regulations relating to automobile dealerships;

- changes in tax, financial or regulatory rules or requirements;

- we are subject to numerous legal and administrative proceedings which, if the outcomes are adverse to us, could have a material adverse effect on our business;

- if state dealer laws in the U.S. are repealed or weakened, our automotive dealerships may be subject to increased competition and may be more susceptible to termination, non-renewal or renegotiation of their franchise agreements; and

- some of our directors and officers may have conflicts of interest with respect to certain related party

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transactions and other business interests.

We urge you to carefully consider these factors and the information described under Risk Factors in evaluating all forward-looking statements regarding our business. We caution you not to place undue reliance on the forward-looking statements contained in this prospectus. All forward-looking statements attributable to us are qualified in their entirety by this cautionary statement. Except to the extent required by the federal securities laws and SEC rules and regulations, we have no intention or obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise.

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Summary

This summary highlights information more fully described elsewhere in this prospectus and in the documents incorporated by reference in this prospectus. Because it is a summary, it is not complete and does not contain all the information that is important to you. You should read the entire prospectus and the documents incorporated in the prospectus by reference carefully. In addition, all references in this prospectus to either *franchises or dealerships are to the dealerships operated by us in accordance with our separate franchise agreements with a particular automobile manufacturer to sell that manufacturer s brand of vehicle at one of our facilities. Each of our facilities may contain multiple franchises or dealerships at one particular location.*

Penske Automotive Group, Inc.

We are the second largest automotive retailer headquartered in the U.S. as measured by the $13.2 billion in total revenue we generated in 2012. As of December 31, 2012, we operated 344 retail automotive franchises, of which 173 franchises are located in the U.S. and 171 franchises are located outside of the U.S. The franchises outside the U.S. are located primarily in the U.K. In 2012, we retailed and wholesaled more than 402,000 vehicles. We are diversified geographically, with 64% of our total revenues in 2012 generated in the U.S. and Puerto Rico and 36% generated outside the U.S. We offer approximately 40 vehicle brands, with 96% of our total retail revenue in 2012 generated from brands of non-U.S. based manufacturers, and 70% generated from premium brands, such as Audi, BMW, Mercedes-Benz and Porsche. Each of our dealerships offers a wide selection of new and used vehicles for sale. In addition to selling new and used vehicles, we generate higher-margin revenue at each of our dealerships through maintenance and repair services and the sale and placement of third-party finance and insurance products, third-party extended service and maintenance contracts and replacement and aftermarket automotive products.

We were incorporated in Delaware in December 1990 and began dealership operations in October 1992. Our executive offices are located at 2555 Telegraph Road, Bloomfield Hills, MI 48302. Our telephone number is (248) 648-2500.

Summary Terms of the Exchange Offer

The following is a brief summary of the terms of the exchange offer. For a more complete description of the exchange offer, see Exchange Offer.

The exchange offer	We are offering to exchange up to $550,000,000 in aggregate principal amount of our exchange notes, for an equal principal amount of the old notes.
Expiration of the exchange offer; Withdrawal of tender	The exchange offer will expire at 5:00 p.m., New York City time, on June 19, 2013, or a later date and time to which we may extend it. We do not currently intend to extend the expiration of the exchange offer. You may withdraw your tender of old notes in the exchange offer at any time before the expiration of the exchange offer. Any old notes not accepted for exchange for any reason will be returned without expense to you promptly after the expiration or termination of the exchange offer.

Conditions to the exchange offer	The exchange offer is not conditioned upon any minimum aggregate principal amount of old notes being tendered for exchange. The exchange offer is subject to customary conditions, which we may waive. See Exchange Offer Conditions for more information regarding the conditions to the exchange offer.
Procedures for tendering exchange notes	To tender old notes held in book-entry form through the Depository Trust Company, or DTC, you must transfer your old notes into the exchange agent s account in accordance with DTC s Automated Tender Offer Program, or ATOP, system. In lieu of delivering a letter of transmittal to the exchange agent, a computer-generated message,

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	in which the holder of the old notes acknowledges and agrees to be bound by the terms of the letter of transmittal, must be transmitted by DTC on behalf of a holder and received by the exchange agent before 5:00 p.m., New York City time, on the expiration date. In all other cases, a letter of transmittal must be manually executed and received by the exchange agent before 5:00 p.m., New York City time, on the expiration date. By signing, or agreeing to be bound by, the letter of transmittal, you will represent to us that, among other things: • any exchange notes to be received by you will be acquired in the ordinary course of your business; • you have no arrangement, intent or understanding with any person to participate in the distribution of the exchange notes (within the meaning of the Securities Act); • you are not our affiliate (as defined in Rule 405 under the Securities Act); and • if you are a broker-dealer that will receive exchange notes for your own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities, you will deliver or make available a prospectus in connection with any resale of the exchange notes.
Special procedures for beneficial owners	If you are a beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you want to tender old notes in the exchange offer, you should contact the registered owner promptly and instruct the registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, before completing and executing the letter of transmittal and delivering your old notes, either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the registered holder. See Exchange Offer Procedures for Tendering.
Guaranteed delivery procedures	If you wish to tender your old notes, and time will not permit your required documents to reach the exchange agent by the expiration date, or the procedure for book-entry transfer cannot be completed on time, you may tender your old notes under the procedures described under Exchange Offer Guaranteed Delivery Procedures.
Consequences of failure to exchange	Any old notes that are not tendered in the exchange offer, or that are not accepted in the exchange, will remain subject to the restrictions on transfer. Since the old notes have not been registered under the U.S. federal securities laws, you will not be able to offer or sell the old notes except under an exemption from the registration requirements of the Securities Act or unless the old notes are registered under the Securities Act. Upon the completion of the exchange offer, we will have no further obligations, except under limited circumstances, to provide for registration of the old notes under the U.S. federal securities laws. See Exchange Offer Consequences of Failure to Tender.
Certain U.S. federal income tax considerations	The exchange of old notes for exchange notes in the exchange offer generally will not constitute a taxable exchange for U.S. federal

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	income tax purposes. See Material United States Federal Income Tax Considerations.
Transferability	Under existing interpretations of the Securities Act by the staff of the SEC contained in several no-action letters to third parties, and subject to the immediately following sentence, we believe that the exchange notes will generally be freely transferable by holders after the exchange offer without further compliance with the registration and prospectus delivery requirements of the Securities Act (subject to certain representations required to be made by each holder of old notes, as set forth under Exchange Offer Procedures for Tendering). However, any holder of old notes who: • is one of our affiliates (as defined in Rule 405 under the Securities Act), • does not acquire the exchange notes in the ordinary course of business, • distributes, intends to distribute, or has an arrangement or understanding with any person to distribute the exchange notes as part of the exchange offer, or • is a broker-dealer who purchased old notes from us in the initial offering of the old notes for resale pursuant to Rule 144A or Regulation S or any other available exemption under the Securities Act, will not be able to rely on the interpretations of the staff of the SEC, will not be permitted to tender old notes in the exchange offer and, in the absence of any exemption, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes. Our belief that transfers of exchange notes would be permitted without registration or prospectus delivery under the conditions described above is based on SEC interpretations given to other, unrelated issuers in similar exchange offers. We cannot assure you that the SEC would make a similar interpretation with respect to our exchange offer. We will not be responsible for or indemnify you against any liability you may incur under the Securities Act. Each broker-dealer that receives exchange notes for its own account under the exchange offer in exchange for old notes that were acquired by the broker-dealer as a result of market-making or other trading activity must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. See Plan of Distribution.
Use of proceeds	We will not receive any cash proceeds from the issuance of the exchange notes pursuant to the exchange offer.
Exchange agent	The Bank of New York Mellon Trust Company, N.A. is the exchange agent for the exchange offer. The address and telephone number of the exchange agent are set forth under Exchange Offer Exchange Agent.

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Summary Terms of the Exchange Notes

The summary below describes the principal terms of the exchange notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Exchange Notes section of this prospectus contains a more detailed description of the terms and conditions of the exchange notes.

The exchange notes will be identical in all material respects to the old notes for which they have been exchanged, except:

- the offer and sale of the exchange notes will have been registered under the Securities Act, and thus the exchange notes generally will not be subject to the restrictions on transfer applicable to the old notes or bear restrictive legends,

- the exchange notes will not be entitled to registration rights, and

- the exchange notes will not have the right to earn additional interest under circumstances relating to our registration obligations.

Issuer	Penske Automotive Group, Inc.
Exchange notes offered	$550,000,000 aggregate principal amount of 5.75% senior subordinated notes due 2022.
Maturity date	October 1, 2022.
Interest rate	5.75% per year.
Interest payment dates	April 1 and October 1, commencing on April 1, 2013.
Guarantees	All of our existing wholly owned domestic subsidiaries and certain future domestic subsidiaries, jointly and severally, will guarantee the exchange notes on an unsecured senior subordinated basis. Our existing non-wholly owned domestic subsidiaries and our foreign subsidiaries will not guarantee the exchange notes. See Description of Exchange Notes Guarantees.
Ranking	The exchange notes will be our direct, unsecured senior subordinated obligations and will be: • junior in right of payment to all of our existing and future senior debt; • equal in right of payment to all of our existing and future unsecured senior subordinated debt; • senior in right of payment to any of our future subordinated debt;

- effectively junior in right of payment to all of our existing and any of our future secured debt, to the extent of the value of the assets securing such debt; and

- effectively junior in right of payment to all existing and future indebtedness and liabilities, including trade payables, of our subsidiaries that do not guarantee the exchange notes, including all of our foreign subsidiaries and our non-wholly owned domestic subsidiaries.

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	As of December 31, 2012, we had approximately $937.5 million of total long-term debt outstanding and $2.1 billion of floor plan notes payable outstanding, and our guarantor subsidiaries had outstanding $1.7 billion of senior indebtedness, excluding inter-company debt and guarantees under the U.S. Credit Agreement. We also had $450.3 million of additional senior debt capacity under our U.S. and U.K. Credit Agreements. Our non-guarantor subsidiaries had $857.5 million of senior debt and other liabilities excluding inter- company liabilities. The foregoing amounts do not include trade payables of our subsidiaries.
Optional redemption	We may redeem some or all of the notes at any time on or after October 1, 2017 at the redemption prices set forth under Description of Exchange Notes-Optional Redemption. In addition, prior to October 1, 2015, we may also redeem up to 40% of the aggregate principal amount of the notes, using the proceeds of certain equity offerings. We may also redeem some or all of the notes at any time prior to October 1, 2017 at a redemption price equal to 100% of the principal amount of the notes redeemed plus a make-whole premium. The redemption prices are described under Description of Exchange Notes Optional Redemption.
Change of control	If we experience specific kinds of changes of control, we will be required to make an offer to purchase the exchange notes at a purchase price of 101% of the principal amount thereof, plus accrued but unpaid interest to the purchase date. See Description of Exchange Notes Purchase of Exchange Notes Upon a Change of Control. We may not have sufficient funds to purchase the notes upon a change of control and the terms of other debt agreements may prohibit us from purchasing the notes.
Certain covenants	The indenture governing the exchange notes restricts our ability and the ability of our restricted subsidiaries to, among other things: • incur additional indebtedness; • make certain distributions, investments and other restricted payments; • create certain liens; • sell assets; • enter into transactions with affiliates; • create restrictions on our ability to receive dividends or other payments from restricted subsidiaries; • create or designate unrestricted subsidiaries; and • merge, consolidate or transfer all or substantially all of our assets. These covenants are subject to important exceptions and qualifications described under Description of Exchange Notes.
Forms and denominations	We will issue the exchange notes in fully registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof. Each of the exchange notes will be represented by one or more global securities registered in the name of a nominee of DTC. You will hold beneficial interests in the exchange notes through DTC, and DTC and its direct and indirect participants will record your beneficial interest in their books. Except under limited circumstances, we will not issue certificated exchange notes.

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Absence of public market for the exchange notes	The exchange notes generally are freely transferable but are also new securities for which there is not initially a market. Accordingly, there can be no assurance as to the development or liquidity of any market for the exchange notes.
Risk factors	See Risk Factors for a discussion of some of the key factors you should carefully consider before deciding to exchange your old notes for exchange notes.

Selected Consolidated Financial Data

The following table sets forth our selected historical consolidated financial and other data as of and for each of the five years in the period ended December 31, 2012, which has been derived from our audited consolidated financial statements. During the periods presented, we made a number of acquisitions and have included the results of operations of the acquired dealerships from the date of acquisition. As a result, our period to period results of operations vary depending on the dates of the acquisitions. Accordingly, this selected financial data is not necessarily comparable or indicative of our future results. During the periods presented, we also sold or made available for sale certain dealerships which have been treated as discontinued operations in accordance with generally accepted accounting principles. You should read this selected consolidated financial data in conjunction with our audited consolidated financial statements and related footnotes incorporated by reference into this prospectus.

	Year Ended December 31,				
	2012(1)	**2011(2)**	**2010(3)**	**2009(4)**	**2008 (5)**
	(In millions, except per share data)				
Income Statement Data:					
Total revenues	$ 13,163.5	$ 11,127.5	$ 9,943.4	$ 8,716.2	$ 10,518.6
Gross profit	2,012.9	1,761.8	1,585.3	1,459.0	1,626.1
Income(loss) from continuing operations attributable to Penske Automotive Group common stockholders(6)	193.0	174.8	121.1	77.6	(434.0)
Net income(loss) attributable to Penske Automotive Group common stockholders	185.5	176.9	108.3	76.5	(420.0)
Ratio of earnings to fixed charges(7)	3.0	2.8	2.2	1.8	
Cash dividends per share	$ 0.46	$ 0.24	$	$	$ 0.36
Balance Sheet Data (at each of period):					
Total assets	$ 5,379.0	$ 4,499.4	$ 4,066.9	$ 3,793.2	$ 3,959.1
Floor plan notes payable (including non-trade)	2,125.0	1,635.2	1,353.5	1,115.7	1,370.0
Long-term debt	937.5	850.2	776.1	946.4	1,063.4
Total equity attributable to Penske Automotive Group common stockholders	1,304.2	1,145.1	1,050.7	951.7	813.8

(1) Includes charges of $17.8 million ($13.0 million after-tax), or $0.14 per share, relating to costs associated with the repurchase and redemption of our 7.75% senior subordinated notes.

(2) Includes benefit of $17.0 million, or $0.19 per share, from the resolution of certain tax items in the U.K. offset by a reduction in U.K. deferred tax assets of $6.0 million, or $0.07 per share.

(3) Includes gains of $5.3 million ($3.6 million after-tax), or $0.04 per share, and $1.6 million ($1.1 million after-tax), or $0.01 per share, relating to a gain on the sale of an investment and the repurchase of $155.7 million aggregate principal amount of our 3.5% senior subordinated convertible notes, respectively, offset by a charge of $4.1 million ($2.8 million after-tax), or $0.03 per share, associated with costs related to franchise closure and relocation costs.

(4) Includes a gain of $10.4 million ($6.5 million after-tax), or $0.07 per share, relating to the repurchase of $68.7 million aggregate principal amount of our 3.5% senior subordinated convertible notes and charges of $5.2

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million ($3.4 million after-tax), or $0.04 per share, relating to costs associated with the termination of the acquisition of the Saturn brand, our election to close three franchises in the U.S. and charges relating to our interest rate hedges of variable rate floor plan notes payable as a result of decreases in our vehicle inventories, and resulting decreases in outstanding floor plan notes payable, below hedged levels.

(5) Includes charges of $661.9 million ($505.2 million after-tax), or $5.37 per share, including $643.5 million ($493.2 million after-tax), or $5.25 per share, relating to goodwill and franchise asset impairments, as well as, an additional $18.4 million ($12.0 million after-tax), or $0.13 per share, of dealership consolidation and relocation costs, severance costs, other asset impairment charges, costs associated with the termination of an acquisition agreement, and insurance deductibles relating to damage sustained at our dealerships in the Houston market during Hurricane Ike.

(6) Excludes income from continuing operations attributable to non-controlling interests of $1.6 million, $1.4 million, $1.1 million, $0.5 million, and $1.1 million in 2012, 2011, 2010, 2009, and 2008, respectively.

(7) For the purpose of determining the ratio of earnings to fixed charges, earnings consist of income from continuing operations before minority interests, income taxes and fixed charges. Fixed charges consist of interest expense (including amortization of deferred financing costs), capitalized interest, and an estimate of the interest included in rent expense. In the year ended December 31, 2008, earnings were insufficient to cover fixed charges by $569.6 million due to a non-cash impairment charge of $643.5 million.

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Risk Factors

If any of the following risks actually occur, our business, financial condition, results of operations or prospects may suffer. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business, financial condition, results of operations and prospects. If any of these risks occur, we may be unable to repay the principal of, premium, if any, and interest on the exchange notes, and you could lose all or part of your investment.

Risks Relating to the Exchange Notes

Our substantial amount of debt and lease commitments may limit our ability to obtain financing for acquisitions, make us more vulnerable to adverse economic conditions and make it more difficult for us to make payments on the notes and our other debt and lease obligations.

We have a substantial amount of debt. As of December 30, 2012, we had approximately $937.5 million of total long-term debt outstanding and $2.1 billion of floor plan notes payable outstanding. We also had $325.0 million of additional debt capacity under our U.S. Credit Agreement and $125.3 million available under our U.K. Credit Agreement, assuming the borrowing conditions of these facilities were met.

Our debt instruments, including our credit agreements and the indenture governing the notes, also permit us to incur additional debt in the future. Any such additional debt could be senior to the notes. In addition, we may incur significant indebtedness in connection with any acquisitions or similar transactions. If we incur additional debt in the future, the risks associated with our substantial indebtedness would intensify.

We have historically structured our operations so as to minimize our ownership of real property. As a result, we lease or sublease substantially all of our dealerships properties and other facilities. These leases are generally for a period of between five and 20 years, and are typically structured to include renewal options at our election. Our total rent obligations under those leases, including extension periods we may exercise at our discretion and assuming constant consumer price indices, is currently estimated to be approximately $4.8 billion.

Our substantial debt and lease commitments could have important consequences to you. For example, they could:

- make it more difficult for us to obtain additional financing in the future for our acquisitions and operations, working capital requirements, capital expenditures, debt service or other general corporate requirements;

- require us to dedicate a substantial portion of our cash flows from operations to the repayment of our debt and the interest associated with our debt rather than to other areas of our business;

- limit our operating flexibility due to financial and other restrictive covenants, including restrictions on incurring additional debt, creating liens on our properties, making acquisitions or paying dividends;

- make it more difficult for us to satisfy our obligations with respect to the notes;

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

- make us more vulnerable in the event of adverse economic and industry conditions or a downturn in our business.

Our ability to meet our debt service and lease obligations depends on our future financial and operating performance, which will be impacted by general economic conditions and by financial, business and other competitive factors, many of which are beyond our control. These factors could include operating difficulties, increased operating costs, competition, regulatory developments and delays in implementing our business strategies. Our ability to meet our debt service and lease obligations may depend in significant part on the extent to which we can successfully implement our business strategy. We may not be able to implement our business strategy and the anticipated results of our strategy may not be realized.

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If our business does not generate sufficient cash flow from operations or future sufficient borrowings are not available to us under our credit agreements or from other sources we might not be able to service our debt and lease commitments, including the notes, or to fund our other liquidity needs. If we are unable to service our debt and lease commitments, due to inadequate liquidity or otherwise, we may have to delay or cancel acquisitions, sell equity securities, sell assets or restructure or refinance our debt. We might not be able to sell our equity securities, sell our assets or restructure or refinance our debt on a timely basis or on satisfactory terms or at all. In addition, the terms of our existing or future franchise agreements, agreements with manufacturers or debt agreements, including the indenture governing the notes and our existing and future credit agreements, may prohibit us from pursuing any of these alternatives.

To service our debt, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on our debt, including these exchange notes, and to refinance our debt and fund planned capital expenditures will depend on our ability to generate cash in the future. This ability, to some extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We believe our cash flow from operating activities and our existing capital resources, including the liquidity provided by our credit agreements and our floor plan financing arrangements, will be sufficient to fund our operations and commitments for the next twelve months. We cannot assure you, however, that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our revolving credit facilities in an amount sufficient to pay our debt, including these exchange notes, or to fund our other liquidity needs. We may need to refinance some or all of our debt, including these exchange notes, on or before maturity, sell assets, reduce or delay capital expenditures or seek additional equity financing. We cannot assure you that efforts to refinance any of our debt will be successful.

Our significant debt and other commitments expose us to a number of risks, including:

Cash requirements for debt and lease obligations. A significant portion of the cash flow we generate must be used to service the interest and principal payments relating to our various financial commitments, including $2.1 billion of floor plan notes payable, $937.5 million of long-term debt and $4.8 billion of future lease commitments (including extension periods and assuming constant consumer price indices), as of December 31, 2012. A sustained or significant decrease in our operating cash flows could lead to an inability to meet our debt service requirements or to a failure to meet specified financial and operating covenants included in certain of our agreements. If this were to occur, it may lead to a default under one or more of our commitments. In the event of a default for this reason, or any other reason, the potential result could be the acceleration of amounts due, which could have a significant and adverse effect on us.

Availability. Because we finance the majority of our operating and strategic initiatives using a variety of commitments, including floor plan notes payable and revolving credit facilities, we are dependent on continued availability of these sources of funds. If these agreements are terminated or we are unable to access them because of a breach of financial or operating covenants or otherwise, we will likely be materially affected.

Interest rate variability. The interest rates we are charged on a substantial portion of our debt, including the floor plan notes payable we issue to purchase the majority of our inventory, are variable, increasing or decreasing based on changes in certain published interest rates. Increases to

such interest rates would likely result in significantly higher interest expense for us, which would negatively affect our operating results. Because many of our customers finance their vehicle purchases, increased interest rates may also decrease vehicle sales, which would negatively affect our operating results.

The exchange notes will be junior to our senior debt and the guarantees will be junior to guarantor senior debt.

The exchange notes will be unsecured senior subordinated obligations and will be junior to all of our existing and future senior debt, including debt under our credit facilities and floor plan financing. As of December 31, 2012, we and our subsidiaries had senior debt of approximately $3.1 billion including $2.1 billion of floor plan notes payable, and total senior subordinated debt of approximately $550.0 million, consisting of the notes. We also had $325.0

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million of additional debt capacity under our U.S. Credit Agreement and $125.3 million of additional debt capacity under our U.K. Credit Agreement.

Substantially all of our wholly owned domestic subsidiaries will guarantee the exchange notes. These guarantees will be unsecured senior subordinated obligations and will be junior to all existing and future senior debt of the guarantors. As of December 31, 2012, the guarantors had outstanding $1.7 billion of senior debt (not including inter-company debt, trade payables and subsidiary guarantees of debt under our U.S. Credit Agreement) ranking senior to the senior subordinated guarantees. We may also incur significant additional senior debt under the terms of our credit facilities and floor plan financing. If we become bankrupt, liquidate or dissolve, our assets would be available to pay obligations on the exchange notes only after our senior debt has been paid. Similarly, if one of our guarantor subsidiaries becomes bankrupt, liquidates or dissolves, that subsidiary s assets would be available to pay obligations on its guarantee only after payments have been made on its senior debt.

If we fail to pay any of our senior debt, we may make payments on the exchange notes only if either we first pay our senior debt or the holders of certain senior debt waive the payment default. Moreover, if any non-payment default exists under our senior debt, we may not make any cash payments on the exchange notes for a period of up to 179 days in any 360-day period, unless we cure the non-payment default, the holders of the senior debt waive the default or rescind acceleration of the debt or we repay the debt in full. In the event of a non-payment default, we may not have sufficient assets to pay amounts due on the exchange notes.

In the event of a bankruptcy, liquidation, reorganization or similar proceeding relating to us, holders of the exchange notes will participate ratably with all of our general unsecured creditors. However, until all of our senior debt is repaid, amounts otherwise payable to holders of the exchange notes in a bankruptcy or similar proceeding must be paid to holders of senior debt first. Therefore, note holders may receive less, ratably, than our other general unsecured creditors in any such proceeding. In any of these cases, we may not have sufficient funds to pay all of our creditors, including the holders of the exchange notes.

The exchange notes will be structurally junior to the liabilities of our current and future non-guarantor subsidiaries.

The notes are effectively junior to all existing and future debt and other liabilities of our subsidiaries that are not guarantors, including all of our foreign subsidiaries and existing non-wholly owned domestic subsidiaries. As of December 31, 2012, our non-guarantor subsidiaries had approximately $857.5 million of debt and other liabilities outstanding, not including inter-company liabilities. In addition, as of December 31, 2012 our U.K. Credit Agreement had $125.3 million of available capacity. In addition, our future domestic subsidiaries may not be required to guarantee the exchange notes until certain conditions are met. If one of these non-guarantor subsidiaries becomes bankrupt, liquidates or dissolves, that non-guarantor subsidiary s assets would not be available to us or the holders of the exchange notes until after payments have been made on all of its liabilities. As a result, the payment of principal, premium and interest on the exchange notes is structurally subordinated in right of payment to all debt and liabilities of the non-guarantor subsidiaries and, therefore, if our assets are insufficient to pay the exchange notes in full, the assets of the non-guarantor subsidiaries may not be available to pay the exchange notes.

The exchange notes are not secured by any of our assets. However, our credit agreements and floor plan financing are secured by substantially all of our assets. As a result, if we become insolvent, secured lenders will have a prior claim on our assets.

The exchange notes are not secured by any of our assets. However, our floor plan financing is secured by substantially all of our subsidiaries assets, and our credit agreements are secured by substantially all of our assets and a pledge of the capital stock of many of our subsidiaries. Additionally, the terms of the indenture and our existing credit facilities permit us to incur additional secured debt in the future. Accordingly, in addition to the contractual subordination described elsewhere in this prospectus, the payment of principal, premium and interest on the exchange notes is effectively subordinated in right of payment to all of our secured debt with respect to the assets securing such secured debt, and the payment under the guarantees is effectively subordinated in right of payment to all secured debt of the guarantors to the extent of the assets securing such guarantees.

If we become insolvent or are liquidated, or if payment under any of the instruments governing our secured debt is accelerated, the lenders under these instruments will be entitled to exercise the remedies available to a secured lender under applicable law and pursuant to instruments governing such debt. In that event, because the exchange

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notes will not be secured by any of our assets, it is possible that there will be no assets remaining from which claims of holders of the exchange notes can be satisfied or, if any assets remain, the remaining assets might be insufficient to satisfy those claims in full.

As of December 31, 2012, we had $383.4 million of secured debt (not including our floor plan debt), and the ability to incur up to $450.3 million of additional secured debt under our U.S. Credit Agreement and our U.K. Credit Agreement. As of December 31, 2012, the guarantors had outstanding $1.7 billion of secured debt (including floor plan debt but not including subsidiary guarantees of debt under our U.S. Credit Agreement).

The agreements governing our debt contain various covenants that limit our discretion in the operation of our business, could prohibit us from engaging in transactions we believe to be beneficial and could lead to the acceleration of our debt.

Our existing and future debt agreements impose and will impose operating and financial restrictions on our activities. These restrictions require us to comply with or maintain certain financial tests and ratios and restrict our ability and our subsidiaries ability to:

- incur additional debt;
- create liens;
- make acquisitions;
- redeem and/or prepay certain debt;
- sell preferred stock of subsidiaries or other assets;
- make certain investments;
- enter new lines of business;

- engage in consolidations, mergers and acquisitions;

- repurchase or redeem capital stock;

- guarantee obligations;

- engage in certain transactions with affiliates; and

- pay dividends and make other distributions.

Our credit agreements also require us to comply with certain financial ratios that could harm our business by restricting our ability to, among other things, take advantage of financing, mergers and acquisitions and other corporate opportunities.

Failure to comply with covenants to our existing or future financing agreements could result in cross- defaults under some of our financing agreements which could jeopardize our ability to pay the exchange notes.

Various risks, uncertainties and events beyond our control could affect our ability to comply with the covenants in our existing and future financing agreements, such as those in our indenture and U.S. and U.K. Credit Agreements, and maintain the financial tests and ratios required by our financing agreements. 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, including the indenture governing the exchange notes. A default would permit lenders to cease lending to us, accelerate debt repayment under these agreements and foreclose upon any collateral securing that debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations, including our obligations under the exchange notes. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might

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significantly impair our ability to obtain other financing. We also may amend the provisions and limitations of our credit facilities from time to time without the consent of the holders of exchange notes.

Our debt agreements contain prepayment or acceleration rights at the election of the holders upon a covenant default or change of control, which acceleration rights, if exercised, could constitute an event of default under the exchange notes. It is possible that we would be unable to fulfill all of these obligations and make payments on the exchange notes simultaneously.

We may be unable to purchase the exchange notes upon a change of control, which would cause defaults under the exchange notes and our other debt agreements.

Holders of the exchange notes may require us to repurchase the exchange notes for cash following the occurrence of a change of control at a purchase price equal to 101% of the principal amount of the exchange notes, plus accrued interest. We are limited by our U.S. Credit Agreement, and may be prohibited under future financing agreements, from purchasing any of these exchange notes prior to their stated maturity. In such circumstances, we will be required to repay or obtain the requisite consent from the affected lenders to permit the repurchase of such exchange notes. If we are unable to repay all of such debt or are unable to obtain the necessary consents, we will be unable to repurchase the exchange notes, which would constitute an event of default under the exchange notes, which itself would also constitute a default under our credit agreements, our other notes and our other existing financing arrangements, and could constitute a default under the terms of any future debt that we may incur. In addition, we may not have sufficient funds available at the time we are required to repurchase the exchange notes.

We could enter into various transactions, such as acquisitions, refinancings, recapitalizations or other highly leveraged transactions, which would not constitute a change of control under the terms of the exchange notes, but which could nevertheless adversely affect holders of the exchange notes.

Under the terms of the exchange notes, a variety of acquisition, refinancing, recapitalization or other highly leveraged transactions would not be considered change of control transactions. As a result, we could enter into any such transactions without being required to make an offer to repurchase the exchange notes even though the transaction could increase the total amount of our outstanding debt, adversely affect our capital structure or credit ratings or otherwise materially adversely affect the holders of the exchange notes.

We are a holding company and as a result rely on payments from our subsidiaries in order to meet our cash needs and service our debt, including the exchange notes. Our subsidiaries may not be able to distribute the necessary funds to us and this could adversely affect our ability to make payments on the exchange notes.

As a holding company without independent means of generating operating revenues, we depend on dividends, distributions and other payments, including payments of management fees, from our subsidiaries to fund our obligations and to meet our cash needs. If the operating results of our subsidiaries at any given time are insufficient to make distributions to us, we would be unable to make payments on the exchange notes. Our expenses include salaries of our executive officers, insurance, professional fees and debt or interest payments. Most of our subsidiaries are subject to restrictions on the payment of dividends under certain circumstances pursuant to their franchise agreements, dealer agreements, other agreements with manufacturers and floor plan agreements. For example, most of the agreements contain minimum working capital or net worth requirements and some manufacturers dealer agreements specifically prohibit distribution to us if the distribution would cause the dealership to

fail to meet such manufacturer s capitalization guidelines, including net working capital. These restrictions limit our ability to apply profits generated from one subsidiary for use in other subsidiaries or, in some cases, at the parent company.

Additionally, many of the floor plan lending agreements for our dealership subsidiaries include limitations on the subsidiary s ability to make distributions of its property or assets other than in the ordinary course of business or make loans or other advances of funds. Furthermore, our foreign subsidiaries and existing domestic non-wholly owned subsidiaries, who are subject to the limitations described above on their ability to distribute or transfer funds, will not guarantee the exchange notes and certain future subsidiaries will not be required to guarantee the exchange notes until certain conditions are met. See Description of Exchange Notes Guarantees. If our subsidiaries are unable to make distributions available to us, we may be unable to make payments on the exchange notes.

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Federal and state statutes allow courts, under specific circumstances, to void guarantees of the exchange notes. In such event, holders of exchange notes would be structurally subordinated to creditors of the issuer of the voided guarantee.

Federal and state statutes allow courts, under specific circumstances, to void guarantees, subordinate claims under the guarantees to the guarantor s other debt or take other action detrimental to holders of the guarantees of exchange notes. Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, the guarantees made by our subsidiaries could be voided or subordinated to other debt if, among other things:

- any subsidiary guarantor issued the guarantee to delay, hinder or defraud present or future creditors; or

- any subsidiary guarantor received less than reasonably equivalent value or fair consideration for issuing such subsidiary guarantee and, at the time it issued its subsidiary guarantee, any subsidiary guarantor:

- was insolvent or rendered insolvent by reason of such incurrence; or

- was engaged in a business or transaction for which such guarantor s remaining unencumbered assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature; or

- was a defendant in an action for money damages, or had a judgment for money damages docketed against it if, in either case, after final judgment, the judgment is unsatisfied.

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 exchange notes. The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a subsidiary guarantor would be considered insolvent if, at the time it incurred the debt,

- the sum of its debts is greater than the fair value of all of its assets;

- the present fair saleable value of its assets was less than the amount that would be required in order to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or

- it could not pay or is generally not paying its debts as they become due.

There is no way to predict with certainty what standards a court would apply to determine whether a guarantor was solvent at the relevant time. It is possible that a court could view the issuance of guarantees as a fraudulent conveyance. To the extent that a guarantee were to be voided as a fraudulent conveyance or were to be held unenforceable for any other reason, holders of the exchange notes would cease to have any claim in respect of the guarantor and would be creditors solely of ours and of the guarantors whose guarantees had not been avoided or held unenforceable. In this event, the claims of the holders of the exchange notes against the issuer of an invalid guarantee would be subject to the prior payment in full of all other liabilities of the guarantor thereunder. After providing for all prior claims, there may not be sufficient assets to satisfy the claims of the holders of the exchange notes relating to the voided guarantees. Although each guarantee entered into by a subsidiary will contain a provision intended to limit that guarantor s liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect those guarantees from being voided under fraudulent transfer law, or may reduce that guarantor s obligation to an amount that effectively makes its guarantee worthless. In a Florida bankruptcy case, this kind of provision was found to be unenforceable and, as a result, the subsidiary guarantees in that case were found to be fraudulent conveyances. We do not know if that case will be followed if there is litigation on this point under the indenture. However, if it is followed, the risk that the guarantees will be found to be fraudulent conveyances will be significantly increased. This Florida bankruptcy case is currently on appeal.

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The guarantees may be released under certain circumstances 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.

Your ability to transfer the exchange notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the exchange notes.

The exchange notes will constitute a new issue of securities for which there is no established trading market. We do not intend to have the exchange notes listed on a national securities exchange or to arrange for quotation on any automated dealer quotation systems. We cannot assure you as to the development of any trading market for the exchange notes. We also cannot assure you that you will be able to sell your exchange notes at a particular time or that the prices that you receive when you sell will be favorable. We also cannot assure you as to the level of liquidity of the trading market for the exchange notes. The liquidity of any market for the exchange notes will depend on a number of factors, including:

- the number of holders of exchange notes,
- our operating performance and financial condition,
- the market for similar securities,
- the interest of securities dealers in making a market in the exchange notes, and
- prevailing interest rates.

Historically, the market for debt securities similar to the exchange notes has been subject to disruptions that have caused substantial volatility in the prices of those securities. We cannot assure you that the market, if any, for the exchange notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which you may sell your exchange notes. Therefore, we cannot assure you that you will be able to sell your exchange notes at a particular time or that the price you receive when you sell will be favorable.

If you do not exchange your old notes, they may be difficult to resell.

It may be difficult for you to sell old notes that are not exchanged in the exchange offer, since any old notes not exchanged will continue to be subject to the restrictions on transfer described in the legend on the global security representing the outstanding old notes. These restrictions on transfer exist because we issued the old notes pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. Generally, any old notes that are not exchanged for exchange notes will remain restricted securities. Accordingly, those old notes may not be offered or sold, unless registered under the Securities Act and applicable state securities laws, or except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws.

Risks Relating to Automotive Manufacturers

Macro-economic conditions. Our performance is impacted by general economic conditions overall, and in particular by economic conditions in the markets in which we operate. These economic conditions include: levels of new and used vehicle sales; availability of consumer credit; changes in consumer demand; consumer confidence levels; fuel prices; personal discretionary spending levels; interest rates; and unemployment rates. When the worldwide economy faltered and the worldwide automotive industry experienced significant operational and financial difficulties in 2008 and 2009, we were adversely affected, and we expect a similar relationship between general economic and industry conditions and our performance in the future.

Automotive manufacturers exercise significant control over us. Each of our dealerships operates under franchise and other agreements with automotive manufacturers or related distributors. These agreements govern almost every aspect of the operation of our dealerships, and give manufacturers the discretion to terminate or not renew our franchise agreements for a variety of reasons, including certain events outside our control such as accumulation of our stock by third parties. Without franchise agreements, we would be unable to sell new vehicles or perform manufacturer authorized warranty service. If a significant number of our franchise agreements are terminated or are not renewed, we would be materially affected.

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Restructuring, bankruptcy or other adverse condition affecting a significant automotive manufacturer or supplier. Our success depends on the overall success of the automotive industry generally, and in particular on the success of the brands of vehicles that each of our dealerships sell. In 2012, revenue generated at our BMW/MINI, Audi/Volkswagen/Porsche/Bentley, Toyota/Lexus/Scion, Honda/Acura, and Mercedes-Benz/Sprinter/smart dealerships represented 26%, 19%, 14%, 13%, and 11% respectively, of our total revenues. Significant adverse events, such as the reduced 2011 new vehicle production by Japanese automotive manufacturers caused by the significant production and supply chain disruptions resulting from the earthquake and tsunami that struck Japan in March 2011, or future events that interrupt vehicle or parts supply to our dealerships, would likely have a significant and adverse impact on the industry as a whole, including us, particularly if the events relate to any of the manufacturers whose franchises generate a significant percentage of our revenue.

Our business is very competitive. We generally compete with: other franchised automotive dealerships in our markets; private market buyers and sellers of used vehicles; Internet-based vehicle brokers; national and local service and repair shops and parts retailers; and automotive manufacturers (in certain markets). Purchase decisions by consumers when shopping for a vehicle are extremely price sensitive. The level of competition in the market generally, coupled with increasing price transparency resulting from increased use of the Internet by consumers, can lead to lower selling prices and related profits. If there is a prolonged drop in retail prices, new vehicle sales are allowed to be made over the Internet without the involvement of franchised dealers, or if dealerships are able to effectively use the Internet to sell outside of their markets, our business could be materially adversely affected.

Property loss, business interruption or other liabilities. Our business is subject to substantial risk of loss due to: the significant concentration of property values, including vehicle and parts inventories, at our operating locations; claims by employees, customers and third parties for personal injury or property damage; and fines and penalties in connection with alleged violations of regulatory requirements. While we have insurance for many of these risks, we retain risk relating to certain of these perils and certain perils are not covered by our insurance. Certain insurers have limited available property coverage in response to the natural catastrophes experienced in recent years. If we experience significant losses that are not covered by our insurance, whether due to adverse weather conditions or otherwise, or we are required to retain a significant portion of a loss, it could have a significant and adverse effect on us.

Leverage. Our significant debt and other commitments expose us to a number of risks, including:

Cash requirements for debt and lease obligations. A significant portion of the cash flow we generate must be used to service the interest and principal payments relating to our various financial commitments, including $2.1 billion of floor plan notes payable, $937.5 million of non-vehicle long-term debt and $4.8 billion of future lease commitments (including extension periods and assuming constant consumer price indices). A sustained or significant decrease in our operating cash flows could lead to an inability to meet our debt service or lease requirements or to a failure to meet specified financial and operating covenants included in certain of our agreements. If this were to occur, it may lead to a default under one or more of our commitments and potentially the acceleration of amounts due, which could have a significant and adverse effect on us.

Availability. Because we finance the majority of our operating and strategic initiatives using a variety of commitments, including floor plan notes payable and revolving credit facilities, we are dependent on continued availability of these sources of funds. If these agreements are terminated or we are unable to access them because of a breach of financial or operating covenants or otherwise, we will likely be materially affected.

Interest rate variability. The interest rates we are charged on a substantial portion of our debt, including the floor plan notes payable we issue to purchase the majority of our inventory, are variable, increasing or decreasing based on changes in certain published interest rates. Increases to such interest rates would likely result in significantly higher interest expense for us, which would negatively affect our operating results. Because many of our customers finance their vehicle purchases, increased interest rates may also decrease vehicle sales, which would negatively affect our operating results.

International operations. We have significant operations outside the U.S. that expose us to changes in foreign exchange rates and to the impact of economic and political conditions in the markets where we operate. As exchange rates fluctuate, our results of operations as reported in U.S. dollars fluctuate. For example, if the U.S. dollar were to strengthen against the U.K. pound, our U.K. results of operations would translate into less U.S. dollar reported

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results. Any significant or prolonged increase in the value of the U.S. dollar, particularly as compared to the U.K. pound, could result in a significant and adverse effect on our reported results.

Joint ventures. We have significant investments in a variety of joint ventures, including retail automotive operations in Germany and Italy, and a 9.0% ownership interest in PTL. We expect to receive annual operating distributions from each such venture, and, in the case of PTL, to realize U.S tax savings as a result of our investment. These benefits may not be realized if the joint ventures do not perform as expected, or if changes in tax, financial or regulatory requirements negatively impact the results of the joint venture operations. Our ability to dispose of these investments may be limited. In addition, because PTL is engaged in different businesses than we are, its performance may vary significantly from ours.

Performance of sublessees. In connection with the sale, relocation and closure of certain of our franchises, we have entered into a number of third-party sublease agreements. The rent paid by our sub-tenants on such properties in 2012 totaled approximately $11.5 million. In the aggregate, we remain ultimately liable for approximately $194.6 million of such lease payments including payments relating to all available renewal periods. We rely on our sub-tenants to pay the rent and maintain the properties covered by these leases. In the event a subtenant does not perform under the terms of their lease with us, we could be required to fulfill such obligations, which could have a significant and adverse effect on us.

Information Technology. Our information systems are fully integrated into our operations and we rely on them to operate effectively, including with respect to: electronic communications and data transfer protocols with manufacturers and other vendors; customer relationship management; sales and service scheduling; data storage; and financial and operational reporting. The majority of our systems are licensed from third parties, the most significant of which are provided by one supplier in the U.S. and one supplier in the U.K. The failure of our information systems to perform as designed or the failure to protect the integrity of these systems could disrupt our business operations, impact sales and results of operations, expose us to customer or third-party claims, or result in adverse publicity.

Cybersecurity. We collect, process, and retain sensitive and confidential customer information in the normal course of our business. Despite the security measures we have in place and any additional measures we may implement in the future, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, human errors, acts of vandalism, or other events. Any security breach or event resulting in the misappropriation, loss, or other unauthorized disclosure of confidential information, whether by us directly or our third-party service providers, could damage our reputation, expose us to the risks of litigation and liability, disrupt our business, or otherwise affect our results of operations.

Key personnel. We believe that our success depends to a significant extent upon the efforts and abilities of our senior management, and in particular upon Roger Penske who is our Chairman and Chief Executive Officer. To the extent Mr. Penske, or other key personnel, were to depart from our Company unexpectedly, our business could be significantly disrupted.

Regulatory issues. We are subject to a wide variety of regulatory activities, including:

Governmental regulations, claims and legal proceedings. Governmental regulations affect almost every aspect of our business, including the fair treatment of our employees, wage and hour issues, and our financing activities with customers. We could also be susceptible to claims or related actions if we fail to operate our business in accordance with applicable laws. Claims arising out of actual or alleged violations of law which may be asserted against us or any of our dealers by individuals, through class actions, or by governmental entities in civil or criminal investigations and proceedings, may expose us to substantial monetary damages which may adversely affect us.

The Dodd-Frank Wall Street Reform and Consumer Protection Act established a new consumer financial protection agency (the CFPB) with broad regulatory powers. Although automotive dealers are generally excluded from the CFPB s regulatory authority, the CFPB has announced its intention to regulate automotive financing through its regulation of automotive finance companies and other financial institutions. We cannot predict at this time the outcome of any regulatory initiative by the CFPB. In the event of regulation restricting our ability to generate revenue from arranging financing for our customers, we could be adversely affected.

Vehicle Requirements. Federal and state governments in our markets have increasingly placed restrictions and limitations on the vehicles sold in the market in an effort to combat perceived negative environmental effects. For example, in the U.S., vehicle manufacturers are subject to federally mandated corporate average fuel economy standards which will increase substantially through 2025. Furthermore, numerous states, including California, have adopted or are considering requiring the sale of specified numbers of zero-emission vehicles. Significant increases in fuel economy requirements and new federal or state restrictions on emissions on

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vehicles and automobile fuels in the U.S. could adversely affect prices of and demand for the new vehicles that we sell.

Franchise laws in the U.S. In the U.S., state law generally provides protections to franchised automotive dealers from discriminatory practices by manufacturers and from unreasonable termination or non-renewal of their franchise agreements. If these franchise laws are repealed or amended, manufacturers may have greater flexibility to terminate or not renew our franchises. Franchised automotive dealers in the European Union operate without such protections.

Environmental regulations. We are subject to a wide range of environmental laws and regulations, including those governing: discharges into the air and water; the operation and removal of storage tanks; and the use, storage and disposal of hazardous substances. In the normal course of our operations we use, generate and dispose of materials covered by these laws and regulations. We face potentially significant costs relating to claims, penalties and remediation efforts in the event of non-compliance with existing and future laws and regulations.

Accounting rules and regulations. The Financial Accounting Standards Board is currently evaluating several significant changes to generally accepted accounting standards in the U.S., including the rules governing the accounting for leases. Any such changes could significantly affect our reported financial position, earnings and cash flows. In addition, the Securities and Exchange Commission is currently considering adopting rules that would require us to prepare our financial statements in accordance with International Financial Reporting Standards, which could also result in significant changes to our reported financial position, earnings and cash flows.

Related parties. Our two largest stockholders, Penske Corporation and its affiliates (Penske Corporation) and Mitsui & Co and its affiliates (Mitsui), together beneficially own approximately 53% of our outstanding common stock. The presence of such significant shareholders results in several risks, including:

Our principal stockholders have substantial influence. Penske Corporation and Mitsui have entered into a stockholders agreement pursuant to which they have agreed to vote together as to the election of our directors. As a result, Penske Corporation has the ability to control the composition of our Board of Directors, which may allow them to control our affairs and business. This concentration of ownership, coupled with certain provisions contained in our agreements with manufacturers, our certificate of incorporation, and our bylaws, could discourage, delay or prevent a change in control of us.

Some of our directors and officers may have conflicts of interest with respect to certain related party transactions and other business interests. Roger Penske, our Chairman and Chief Executive Officer and a director, and Robert H. Kurnick, Jr., our President and a director, hold the same offices at Penske Corporation. Each of these officers is paid much of their compensation by Penske Corporation. The compensation they receive from us is based on their efforts on our behalf, however, they are not required to spend any specific amount of time on our matters. One of our directors, Richard J. Peters also serves as a director of Penske Corporation.

Penske Corporation has pledged its shares of common stock to secure a loan facility. Penske Corporation has pledged all of its shares of our common stock as collateral to secure a loan facility. A default by Penske Corporation could result in the foreclosure on those shares by the lenders, after which the lenders could attempt to sell those shares on the open market. Any such change in ownership and/or sale could materially impact the market price of our common stock. See below Penske Corporation ownership levels.

Penske Corporation ownership levels. Certain of our agreements have clauses that are triggered in the event of a material change in the level of ownership of our common stock by Penske Corporation, such as our trademark agreement between us and Penske Corporation that governs our use of the Penske name which can be terminated 24 months after the date that Penske Corporation no longer owns at least 20% of our voting stock. We may not be able to renegotiate such agreements on terms that are acceptable to us, if at all, in the event of a significant change in Penske Corporation s ownership.

We have a significant number of shares of common stock eligible for future sale. Penske Corporation and Mitsui own approximately 53% of our common stock and each has two demand registration rights that could result

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in a substantial number of shares being introduced for sale in the market. We also have a significant amount of authorized but unissued shares. The introduction of any of these shares into the market could have a material adverse effect our stock price.

Indemnification Agreement.

We hold a 9.0% limited partnership interest in PTL. In May 2012, PTL refinanced a significant amount of its indebtedness. As part of that refinancing, we and the other PTL partners created a new company (Holdings), which issued $700 million of 3.8% senior unsecured notes due 2019 to certain investors through an offering pursuant to Rule 144A of the Securities Act of 1933, as amended (the Holdings Bonds). A wholly-owned subsidiary of Holdings contributed $700 million derived from the net proceeds from the offering of the Holdings Bonds and a portion of its cash on hand to PTL in exchange for a 21.5% limited partner interest in PTL. PTL used the $700 million of funds to reduce its outstanding debt owed to GECC. GECC agreed to be a co-obligor of the Holdings Bonds in order to achieve lower interest rates on the Holdings Bonds. We have agreed to indemnify GECC for 9.0% of any principal or interest that GECC is required to pay as co-obligor, and pay GECC an annual fee of approximately $0.95 million for acting as co-obligor. The maximum amount of our potential obligations to GECC under this agreement are 9% of the required principal repayment due in 2019 (which is expected to be $63.1 million) and 9% of interest payments under the Holdings Bonds, plus fees and default interest, if any.

We have also granted GECC a first priority security interest in our newly issued Holdings interests and their related distributions. In the event of a default by us under this agreement, GECC is entitled to retain or sell our Holdings interests and any distributions related to those interests, in addition to any other remedies available to GECC. As described below, although we do not currently expect to make material payments to GECC under this agreement, this outcome cannot be predicted with certainty. We expect that distributions from PTL to Holdings, or, if necessary, capital contributions from the PTL partners, will be sufficient to pay the interest payments on the Holdings Bonds. It is not currently expected that at maturity of the Holdings Bonds in 2019, absent voluntary contributions by the PTL partners, Holdings will have received distributions from PTL sufficient to pay the principal of the notes. Accordingly, the PTL partners may need to make additional capital contributions to Holdings at maturity, seek additional equity financing or refinance all or a portion of the Holdings Bonds in order to satisfy the principal amount of those notes. Such additional financing may not be available at terms satisfactory to the members, if at all.

Use of Proceeds

We will not receive cash proceeds from the issuance of the exchange notes under the exchange offer. In consideration for issuing the exchange notes in exchange for old notes as described in this prospectus, we will receive old notes of equal principal amount. The old notes surrendered in exchange for the exchange notes will be retired and cancelled.

Exchange Offer

In connection with the issuance of the old notes on August 28, 2012, we entered into a registration rights agreement with the initial purchasers, which provides for the exchange offer. The exchange offer will permit eligible holders of old notes to exchange the old notes for the exchange notes, which are identical in all material respects to the old notes, except that:

- the exchange notes have been registered under the U.S. federal securities laws and will not bear any legend restricting their transfer;

- the exchange notes bear a different CUSIP number than the old notes;

- the exchange notes will not be subject to transfer restrictions or entitled to registration rights; and

- the holders of the exchange notes will not be entitled to certain rights under the registration rights agreement.

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The exchange notes will evidence the same debt as the old notes. Holders of exchange notes will be entitled to the benefits of the indenture, under which the old notes were issued. In connection with the exchange offer, neither the Delaware General Corporation Law nor the indenture governing the old notes gives you any appraisal or dissenters rights nor any other right to seek monetary damages in court. We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement and the applicable requirements of the Exchange Act and the related SEC rules and regulations.

General

We are making the exchange offer to comply with our contractual obligations under the registration rights agreement. Except under limited circumstances, upon completion of the exchange offer, our obligations with respect to the registration of the old notes will terminate.

We agreed, pursuant to the registration rights agreement that:

(1) the Company and the Guarantors would file an exchange offer registration statement with the Commission and would use their commercially reasonable efforts to have the exchange offer registration statement declared effective by the Commission;

(2) unless the exchange offer would not be permitted by applicable law or Commission policy, the Company and the Guarantors would:

(a) commence the exchange offer; and

(b) issue exchange notes in exchange for all old notes tendered prior thereto in the exchange offer; and

(c) use commercially reasonable efforts to keep the exchange offer registration statement effective until the closing of the exchange offer; and

(d) use commercially reasonable efforts to cause the exchange offer to be consummated by August 28, 2013.

For each old note surrendered to us pursuant to the exchange offer, we will issue the holder of such old note, promptly after the expiration date, an exchange note having a principal amount equal to that of the surrendered old note. Interest on each exchange note will accrue from the last interest payment date on which interest was paid on the old note surrendered in exchange therefore or, if no interest has been paid on the old

note, from the date of its original issue.

In connection with the issuance of the old notes, we arranged for the old notes to be issued in the form of global notes through the facilities of DTC acting as depositary. The exchange notes will also be issued in the form of global notes registered in the name of DTC or its nominee and each beneficial owner s interest in it will be transferable in book-entry form through DTC.

Old notes that are not tendered for exchange or are tendered but not accepted in connection with the exchange offer will remain outstanding and be entitled to the benefits of the indenture under which they were issued, including accrual of interest, but, subject to a limited exception, will not be entitled to any registration rights under the applicable registration rights agreement. See Consequences of Failure to Tender.

We will be deemed to have accepted validly tendered old notes when and if we have given oral or written notice to the exchange agent of our acceptance. The exchange agent will act as agent for the tendering holders for the purpose of receiving the exchange notes from us. If any tendered old notes are not accepted for exchange because of an invalid tender, the occurrence of other events described in this prospectus or otherwise, we will return the certificates for any unaccepted old notes, at our expense, to the tendering holder promptly after the expiration of the exchange offer.

The exchange offer is not being made to, nor will we accept tenders for exchange from, holders of the old notes in any jurisdiction in which the exchange offer or its acceptance would not be in compliance with the securities or blue sky laws of that jurisdiction.

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Eligibility; Transferability

We are making this exchange offer in reliance on interpretations of the staff of the SEC set forth in several no-action letters. However, we have not sought our own no-action letter. Based upon these interpretations, we believe that you, or any other person receiving exchange notes, may offer for resale, resell or otherwise transfer such exchange notes without complying with the registration and prospectus delivery requirements of the U.S. federal securities laws, if:

- you are, or the person or entity receiving such exchange notes is, acquiring such exchange notes in the ordinary course of business;

- you do not, nor does any such person or entity, have an arrangement or understanding with any person or entity to participate in any distribution of the exchange notes (within the meaning of the Securities Act);

- you are not, nor is any such person or entity, our affiliate, as such term is defined under Rule 405 under the Securities Act; and

- you are not acting on behalf of any person or entity who could not truthfully make these statements.

To participate in the exchange offer, you must represent as the holder of old notes that each of these statements is true.

Any holder of old notes who is our affiliate or who intends to participate in the exchange offer for the purpose of distributing the exchange notes:

- will not be able to rely on the interpretation of the staff of the SEC set forth in the no-action letters described above; and

- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the exchange notes, unless the sale or transfer is made pursuant to an exemption from those requirements.

Each broker-dealer that receives exchange notes in exchange for old notes acquired for its own account through market-making or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. The letter of transmittal states that by acknowledging that it will deliver, and by delivering, a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resale of the exchange notes received in exchange for the old notes where such old notes were acquired by such

broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of as long as 180 days after the expiration date of the exchange offer, we will amend or supplement this prospectus in order to expedite or facilitate the disposition of any exchange notes by such broker-dealers.

Expiration of the Exchange Offer; Extensions; Amendments

The exchange offer will expire at 5:00 p.m., New York City time, on June 19, 2013, or the expiration date, unless we extend the exchange offer. To extend the exchange offer, we will notify the exchange agent and issue a press release regarding such extension before 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. We reserve the right to extend the exchange offer and, in connection with such extension, delay accepting any tendered old notes, provided that any such extension and delay will only occur in a manner consistent with Rule 14e-1(c) of the Securities Exchange Act of 1934, as amended (the Exchange Act). If any of the conditions described below under the heading Conditions has not been satisfied, we reserve the right to terminate the exchange offer. We also reserve the right to amend the terms of the exchange offer in any manner. We will give oral or written notice of such delay, extension, termination or amendment to the exchange agent.

If we amend the exchange offer in a manner that we consider material, we will disclose such amendment by means of a prospectus supplement, and we will extend the exchange offer for a period of five to ten business days.

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If we determine to make a public announcement of any delay, extension, amendment or termination of the exchange offer, we will do so by making a timely release through an appropriate news agency.

If we delay accepting any old notes or terminate the exchange offer, we promptly will return any old notes deposited, pursuant to the exchange offer as required by Rule 14e-1(c) under the Securities Exchange Act of 1934, as amended (the Exchange Act).

Conditions

Notwithstanding any other term of the exchange offer, we will not be required to accept for exchange, or issue any exchange notes for, any old notes, and may terminate or amend the exchange offer if, prior to the expiration of the exchange offer:

- we determine that the exchange offer violates any law, statute, rule, regulation or interpretation by the staff of the SEC or any order of any governmental agency or court of competent jurisdiction; or

- any action or proceeding is instituted or threatened in any court or by or before any governmental agency relating to the exchange offer which, in our judgment, could reasonably be expected to impair our ability to proceed with the exchange offer.

The conditions listed above are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any of these conditions. Prior to the expiration of the exchange offer, we may waive these conditions in our reasonable discretion in whole or in part. All the conditions of the exchange offer, other than those related to the receipt of governmental approval necessary to consumate the offer, must be satisfied or waived prior to the expiration date of the offer.

In addition, we will not accept for exchange any old notes tendered, and no exchange notes will be issued in exchange for those old notes, if at any time any stop order is threatened or issued with respect to the registration statement of which this prospectus is a part for the exchange offer and the exchange notes or the qualification of the indenture under the Trust Indenture Act of 1939. In any such event, we must use commercially reasonable best efforts to obtain the withdrawal of any stop order as soon as practicable.

In addition, we will not be obligated to accept for exchange the old notes of any holder that has not made to us the representations described under Eligibility; Transferability and Plan of Distribution.

Procedures for Tendering

We have forwarded to you, along with this prospectus, a letter of transmittal relating to this exchange offer. A holder need not submit a letter of transmittal if the holder tenders old notes in accordance with the procedures mandated by DTC s ATOP. To tender old notes without submitting a letter of transmittal, the electronic instructions sent to DTC and transmitted to the exchange agent must contain your acknowledgment of receipt of, and your agreement to be bound by and to make all of the representations contained in the letter of transmittal. In all other cases, a letter of transmittal must be manually executed and delivered as described in this prospectus.

Only a holder of record of old notes may tender old notes in the exchange offer. To tender in the exchange offer, a holder must comply with all applicable procedures of DTC and either:

- complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal, have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires and deliver the letter of transmittal or facsimile to the exchange agent prior to the expiration date, or

- in lieu of delivering a letter of transmittal, instruct DTC to transmit on behalf of the holder a computer-generated message to the exchange agent in which the holder of the old notes acknowledges and agrees to be bound by the terms of the letter of transmittal, which computer-generated message must be received by the exchange agent prior to 5:00 p.m., New York City time, on the expiration date.

In addition, either:

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- the exchange agent must receive the old notes along with the letter of transmittal,

- with respect to the old notes, the exchange agent must receive, before expiration of the exchange offer, timely confirmation of book-entry transfer of old notes into the exchange agent s account at DTC, according to the procedure for book-entry transfer described below under DTC Book Entry Transfer , or

- the holder must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at the address set forth below under Exchange Agent before expiration of the exchange offer. To receive confirmation of valid tender of old notes, a holder should contact the exchange agent at the telephone number listed under Exchange Agent.

The tender by a holder that is not withdrawn before expiration of the exchange offer will constitute an agreement between that holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and the letter of transmittal. If a holder completing a letter of transmittal tenders less than all of the old notes held by this holder, this tendering holder should fill in the applicable box of the letter of transmittal. The amount of old notes delivered to the exchange agent will be deemed to have been tendered unless otherwise indicated.

The method of delivery of old notes and the letter of transmittal and all other required documents to the exchange agent is at the election and sole risk of the holder. Instead of delivery by mail, you should use an overnight or hand delivery service. In all cases, you should allow for sufficient time to ensure delivery to the exchange agent before the expiration of the exchange offer. You may request your broker, dealer, commercial bank, trust company or nominee to effect these transactions for you.

You should not send any note, letter of transmittal or other required document to us.

Any beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct it to tender on the owner s behalf. If the beneficial owner wishes to tender on its own behalf, it must, prior to completing and executing the letter of transmittal and delivering its old notes, either:

- make appropriate arrangements to register ownership of the old notes in the owner s name, or

- obtain a properly completed bond power from the registered holder of old notes.

The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date.

If the applicable letter of transmittal is signed by the record holder(s) of the old notes tendered, the signature must correspond with the name(s) written on the face of the old notes without alteration, enlargement or any change whatsoever. If the applicable letter of transmittal is signed by a participant in DTC, the signature must correspond with the name as it appears on the security position listing as the holder of the old notes.

Generally, a signature on a letter of transmittal or a notice of withdrawal must be guaranteed by an eligible guarantor institution. Eligible guarantor institutions include banks, brokers, dealers, municipal securities dealers, municipal securities brokers, government securities dealers, government securities brokers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations. The signature need not be guaranteed by an eligible guarantor institution if the old notes are tendered:

- by a registered holder 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 the letter of transmittal is signed by a person other than the registered holder of any old notes, the old notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered

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holder as the registered holder s name appears on the old notes and an eligible guarantor institution must guarantee the signature on the bond power.

If the letter of transmittal or any old notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless we waive this requirement, they should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

We will determine in our sole discretion all questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of the tendered old notes. Our determination will be final and binding. We reserve the absolute right to reject any old notes not properly tendered or any old notes the acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular old 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 old notes must be cured within the time that we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of old notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of old notes will not be deemed made until those defects or irregularities have been cured or waived. Any old notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the exchange agent without cost to the tendering holder, unless otherwise provided in the letter of transmittal promptly following the expiration date.

In all cases, we will issue exchange notes for old notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

- the old notes or a timely book-entry confirmation that the old notes have been transferred into the exchange agent s account at DTC, and

- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent s message.

Holders should receive copies of the applicable letter of transmittal with the prospectus. A holder may obtain copies of the applicable letter of transmittal for the old notes from the exchange agent at its offices listed under Exchange Agent.

By signing the letter of transmittal, or causing DTC to transmit an agent s message to the exchange agent, each tendering holder of old notes will, among other things, make the representations in the letter of transmittal described under Eligibility; Transferability.

DTC Book-Entry Transfer

The exchange agent will make a request to establish an account with respect to the old notes at DTC for purposes of the exchange offer within three business days after the date of this prospectus.

With respect to the old notes, the exchange agent and DTC have confirmed that any financial institution that is a participant in DTC may utilize the DTC ATOP procedures to tender old notes.

With respect to the old notes, any participant in DTC may make book-entry delivery of old notes by causing DTC to transfer the old notes into the exchange agent s account in accordance with DTC s ATOP procedures for transfer.

However, the exchange for the old notes so tendered will only be made after a book-entry confirmation of such book-entry transfer of old notes into the exchange agent s account, and timely receipt by the exchange agent of an agent s message and any other documents required by the letter of transmittal. The term agent s message means a message, transmitted by DTC and received by the exchange agent and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgment from a participant tendering old notes that are the

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subject of the book-entry confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce that agreement against the participant.

Guaranteed Delivery Procedures

Holders wishing to tender their old notes but whose old notes are not immediately available or who cannot deliver their old notes, the letter of transmittal or any other required documents to the exchange agent or cannot comply with the applicable procedures described above before expiration of the exchange offer may tender if:

- the tender is made through an eligible guarantor institution, as described above under Procedures for Tendering,

- before expiration of the exchange offer, the exchange agent receives from the eligible guarantor institution either a properly completed and duly executed notice of guaranteed delivery, by facsimile transmission, mail or hand delivery, or a properly transmitted agent s message and notice of guaranteed delivery, in each case:

- setting forth the name and address of the holder and the registered number(s) and the principal amount of old notes tendered,

- stating that the tender is being made by guaranteed delivery, and

- guaranteeing that, within three New York Stock Exchange trading days after expiration of the exchange offer, the letter of transmittal, or facsimile thereof, together with the old notes or a book-entry transfer confirmation and any other documents required by the letter of transmittal, will be deposited by the eligible guarantor institution with the exchange agent, and

- the exchange agent receives the properly completed and executed letter of transmittal, or facsimile thereof, as well as all tendered old notes in proper form for transfer or a book-entry transfer confirmation, and all other documents required by the letter of transmittal, within three New York Stock Exchange trading days after expiration of the exchange offer.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their old notes according to the guaranteed delivery procedures set forth above.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, holders of old notes may withdraw their tenders at any time before expiration of the exchange offer, in which event, we will return the old notes, at our expense, to the tendering holder promptly after expiration of the exchange offer.

For a withdrawal to be effective, the exchange agent must receive a computer-generated notice of withdrawal transmitted by DTC on behalf of the holder in accordance with the standard operating procedures of DTC, or a written notice of withdrawal, which may be by facsimile transmission or letter, at one of the addresses set forth below under Exchange Agent.

Any notice of withdrawal must:

- specify the name of the person having tendered the old notes to be withdrawn,

- identify the old notes to be withdrawn (including the certificate number(s) of the outstanding notes physically delivered) and principal amount of such notes, or, in the case of notes transferred by book-entry transfer, the name of the account at DTC, and

- be signed by the holder in the same manner as the original signature on the letter of transmittal by which such old notes were tendered, with any required signature guarantees, or be accompanied by documents of

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transfer sufficient to have the trustee with respect to the old notes register the transfer of such old notes into the name of the person withdrawing the tender.

If old notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn old notes and otherwise comply with the procedures of the facility.

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

A holder may obtain a form of the notice of withdrawal from the exchange agent at its offices listed under Exchange Agent.

Exchange Agent

The Bank of New York Mellon Trust Company, N.A. has been appointed as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal and requests for the notice of guaranteed delivery or notice of withdrawal to the exchange agent addressed as follows:

To: The Bank of New York Mellon Trust Company, N.A. (as Exchange Agent)

By Mail, Overnight Courier or Hand:

The Bank of New York Mellon Trust Company, N.A, as Exchange Agent

c/o The Bank of New York Mellon Corporation

Corporate Trust Operations- Reorganization Unit

111 Sanders Creek Parkway

East Syracuse, NY 13057

Attn: Chris Landers

By Facsimile Transmission (for Eligible Institutions Only):

732-667-9408

Confirm by Telephone:

315-414-3362

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SHOWN ABOVE OR TRANSMISSION VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY OF THE LETTER OF TRANSMITTAL.

Fees and Expenses

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail. However, we may make additional solicitations by telephone or in person by our and our affiliates officers and regular employees.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses.

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Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of old notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- exchange notes are to be delivered to, or issued in the name of, any person other than the registered holder of the old notes so exchanged,

- tendered old notes are registered in the name of any person other than the person signing the letter of transmittal, or

- a transfer tax is imposed for any reason other than the exchange of old notes under the exchange offer.

If satisfactory evidence of payment of transfer taxes imposed as a result of any of the circumstances listed above is not submitted with the letter of transmittal, the amount of any transfer taxes will be billed to the tendering holder.

Accounting Treatment

We will record the exchange notes at the same carrying value as the old notes as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes upon completion of the exchange offer.

Consequences of Failure to Tender

All untendered old notes will remain subject to the restrictions on transfer provided for in the old notes and the indenture. Generally, the old notes that are not exchanged for exchange notes pursuant to the exchange offer will remain restricted securities. Accordingly, such old notes may be resold only:

- to us (upon redemption thereof or otherwise),

- pursuant to a registration statement that has been declared effective under the Securities Act,

- for so long as the old notes are eligible for resale pursuant to Rule l44A, to a person the holder of the old notes and any person acting on its behalf reasonably believes is a qualified institutional buyer as defined in Rule l44A, that purchases for its own account or for the account of another qualified institutional buyer, in each case to whom notice is given that the transfer is being made in reliance on Rule l44A, or

- pursuant to any other available exemption from the registration requirements of the Securities Act (in which case we and the trustee shall have the right to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the trustee), in each case subject to compliance with any applicable foreign, state or other securities laws.

Upon completion of the exchange offer, due to the restrictions on transfer of the old notes and the absence of such restrictions applicable to the exchange notes, it is likely that the market, if any, for old notes will be relatively less liquid than the market for exchange notes. Consequently, holders of old notes who do not participate in the exchange offer could experience significant diminution in the value of their old notes, compared to the value of the exchange notes. The holders of old notes not tendered will have no further registration rights, except that, under limited circumstances, we may be required to file a shelf registration statement for a continuous offer of old notes.

Governing Law

The indenture, the exchange notes and old notes are governed by, and construed in accordance with, the laws of the State of New York.

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Description of Exchange Notes

You can find the definitions of certain terms used in this description under the subheading Certain Definitions. In this description, the word Company refers only to Penske Automotive Group, Inc. and not to any of its subsidiaries., the term old notes refers to the outstanding 5.75% senior subordinated notes due 2022, the term Exchange Notes or exchange notes refers to the notes offered hereby and the term notes or Notes refers to the old notes and the exchange notes.

The Company issued the old notes, and will issue the exchange notes, under an Indenture (the Indenture) among itself, the Guarantors and The Bank of New York Mellon Trust Company, N.A., as trustee (the Trustee). The terms of the Exchange Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act).

The following description is a summary of the material provisions of the Indenture. It does not restate those agreements in their entirety. We urge you to read the Indenture because it, and not this description, defines your rights as holders of the Exchange Notes. Certain defined terms used in this description but not defined below under the caption Certain Definitions have the meanings assigned to them in the Indenture.

Brief Description of the Exchange Notes and Guarantees

The Exchange Notes

The Exchange Notes:

- will initially be issued in the aggregate principal amount of $550.0 million;
- are general unsecured obligations of the Company;
- are subordinated in right of payment to all existing and future Senior Debt of the Company;
- are *pari passu* in right of payment with any existing and future senior subordinated Debt of the Company; and

- are guaranteed by the Guarantors.

The Guarantees

The Exchange Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior subordinated basis by all of the direct and indirect, wholly owned Domestic Subsidiaries of the Company as of the Issue Date. The Company s existing non-wholly owned Domestic Subsidiaries will not guarantee the Exchange Notes. Future Domestic Subsidiaries that guarantee other Debt of the Company and its Subsidiaries will guarantee the Exchange Notes; *provided* that certain future Domestic Subsidiaries will not need to guarantee the Exchange Notes if the Consolidated Tangible Assets of all such non-guarantors do not exceed 1% of the Consolidated Tangible Assets of the Company. In addition, the Company s Foreign Subsidiaries will not guarantee the Exchange Notes. Each Guarantee will rank equally with the Guarantor s existing and future unsecured senior subordinated Debt.

Each Guarantee of the Notes:

- is a general unsecured obligation of the Guarantor;

- is subordinated in right of payment to all existing and future Senior Guarantor Debt of the Guarantor; and

- is *pari passu* in right of payment with all existing and future senior subordinated Debt of the Guarantor.

Under the circumstances described below under the definition of Unrestricted Subsidiaries, the Company will be permitted to designate certain of its Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture. Unrestricted Subsidiaries will not guarantee the Exchange Notes.

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Principal, Maturity and Interest

The Exchange Notes will mature on October 1, 2022, will be initially issued in $550.0 million aggregate principal amount, subject to the Company s ability to issue additional exchange notes which may be of the same series as these Exchange Notes as described below, and will be unsecured senior subordinated obligations of the Company. As described in Registration Rights; Additional Interest we have agreed to exchange the old notes for $550.0 million of Exchange Notes which will have the same terms as the old notes and will be issued under the Indenture. Each Note will bear interest at the rate set forth on the cover page of this prospectus from the date of issuance or from the most recent interest payment date to which interest has been paid, payable semiannually in arrears on April 1 and October 1 in each year, commencing April 1, 2013, to the Person in whose name the Note (or any predecessor Note) is registered at the close of business on the March 15 or September 15 next preceding such interest payment date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Company may from time to time, without notice to or the consent of the holders of Exchange Notes, create and issue further Exchange Notes ranking equally with the Exchange Notes in all respects, subject to the limitations described under the caption Certain Covenants *Limitations on Debt.* Any further Exchange Notes may be consolidated and form a single series with the Exchange Notes, vote together with the Exchange Notes and have the same terms as to status, redemption or otherwise as the Exchange Notes. References to Exchange Notes in this Description of Exchange Notes include these additional Exchange Notes, unless the context requires otherwise.

Issuance and Methods of Receiving Payments on the Exchange Notes

Principal of, premium, if any, and interest on the Exchange Notes will be payable, and the Exchange Notes will be exchangeable and transferable, at the office or agency of the Company 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 to it as shown on the security register. The Exchange Notes will be issued only in fully registered form without coupons, in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof. No service charge will be made for any registration of transfer, exchange or redemption of Exchange Notes, except in certain circumstances for any tax or other governmental charge that may be imposed in connection with the transfer, exchange or redemption.

Paying Agent and Registrar for the Exchange Notes

The Trustee will initially act as Paying Agent and Registrar. The Company may change the Paying Agent or Registrar without prior notice to the Holders, and the Company or any of its Subsidiaries may act as Paying Agent or Registrar.

Transfer and Exchange

Each Note may be transferred or exchanged in accordance with the Indenture. The Registrar and the Trustee may require a holder of Exchange Notes, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a holder to pay any taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Note selected for redemption.

Also, the Company is not required to transfer or exchange any Note for a period of 15 days before a selection of Exchange Notes to be redeemed.

The registered holder of a Note will be treated as the owner of it for all purposes.

Note Guarantees

Payment of the Exchange Notes is 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 wholly owned Domestic Subsidiaries of the Company as of the Issue Date. The Company s existing non-wholly owned Domestic Subsidiaries will not guarantee the Exchange Notes. Future Domestic Subsidiaries that guarantee other Debt of the Company and its Subsidiaries will guarantee the Exchange Notes; *provided* that certain future Domestic Subsidiaries will not need to guarantee the Exchange Notes if the Consolidated Tangible Assets of all such non-guarantors do not exceed 1% of the Consolidated Tangible Assets of the Company. In addition, the Company s Foreign Subsidiaries

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will not guarantee the Exchange Notes. Substantially all of the Company s operations are conducted through its Subsidiaries. If the Company defaults in payment of the principal of, premium, if any, or interest on the Exchange Notes, each of the Guarantors will be fully and unconditionally, jointly and severally obligated to duly and punctually pay it.

The obligations of each Guarantor under its Guarantee are limited to the maximum amount which, after (1) giving effect to all other contingent and fixed liabilities of such Guarantor, and (2) giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under the Indenture, will result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under Federal or state law. 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. In a Florida Bankruptcy case, this kind of provision was found to be unenforceable and, as a result, the subsidiary guarantees in that case were found to be fraudulent conveyances. We do not know if that case will be followed if there is litigation on this point under the indenture. However, if it is followed, the risk that that guarantees will be found to be fraudulent conveyances will be significantly increased. This Florida Bankruptcy case is currently on appeal. See Risk Factors *Federal and state statutes allow courts, under specific circumstances, to void guarantees of the exchange notes. In such event, holders of notes would be structurally subordinated to creditors of the issuer of the voided guarantee.*

Notwithstanding the foregoing, in certain circumstances a Guarantee of a Guarantor may be released pursuant to the provisions of subsection (d) under the caption Certain Covenants *Future Guarantees.* The Company also may be required to cause a future Restricted Subsidiary to become a Guarantor by executing and delivering a supplemental indenture providing for the guarantee of payment of the Exchange Notes by such Restricted Subsidiary on the basis provided in the Indenture. See Certain Covenants *Future Guarantees.*

Optional Redemption

At any time prior to October 1, 2017, the Company may redeem the Exchange Notes, in whole or in part, on not less than 30 nor more than 60 days prior notice, in amounts of $2,000 or an integral multiple of $1,000 in excess thereof, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest thereon, if any, to, the date of redemption (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

The Exchange Notes will be subject to redemption at any time on or after October 1, 2017, 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 $2,000 or an integral multiple of $1,000 in excess thereof, at the following redemption prices (expressed as percentages 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), if redeemed during the 12-month period beginning October 1 of the years indicated below:

Year	Redemption Price
2017	102.875%
2018	101.917%
2019	100.958%
2020 and thereafter	100.000%

In addition, at any time prior to October 1, 2015, the Company, at its option, may use the net cash proceeds of one or more Equity Offerings to redeem up to an aggregate of 40% of the aggregate principal amount of the Exchange Notes issued under the Indenture at a redemption price equal to 105.750% of the aggregate principal amount of the Exchange Notes redeemed, plus 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). At least 60% of the aggregate principal amount of Exchange Notes issued under the Indenture must remain outstanding immediately after the occurrence of such redemption. In order to effect this redemption, the Company must mail a notice of redemption no later than 30 days after the closing of the related Equity Offering and must complete such redemption within 90 days of the closing of the Equity Offering.

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Any redemption may, at the Company s discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an Equity Offering, other offering or other corporate transaction or event.

If less than all of the Exchange Notes are to be redeemed, the Trustee shall select the Exchange Notes on a pro rata basis, by lot or by any other method the Trustee shall deem fair and reasonable; *provided,* that Exchange Notes redeemed in part shall be redeemed only in amounts of $2,000 or integral multiples of $1,000 in excess thereof (subject, in each instance, if applicable, to the procedures of The Depository Trust Company (DTC) or any other Depositary).

Mandatory Redemption

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Exchange Notes.

Purchase of Exchange Notes Upon a Change of Control

General

If a Change of Control shall occur at any time, then each holder of Exchange Notes shall have the right to require that the Company purchase such holder s Exchange Notes in whole or in part in amounts of $2,000 or integral multiples of $1,000 in excess thereof, at a purchase price (the Change of Control Purchase Price) in cash in an amount equal to 101% of the principal amount of such Exchange 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 Exchange Notes, by first-class mail, postage prepaid (or such other method prescribed by DTC or any other Depositary), 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 such 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; provided that the purchase date may not occur prior to the Change of Control;

(4) that any 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 Exchange Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and

(6) certain other procedures that a holder of Exchange Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

Stipulations

If a Change of Control Offer is made, there can be no assurance that the Company will have available funds

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sufficient to pay the Change of Control Purchase Price for all or any of the Exchange Notes that might be delivered by holders of the Exchange 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 Exchange 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 Exchange Notes in the event of a change of control, the Credit Agreement also contains an event of default upon a change of control as defined in the Credit Agreement which obligates the Company to repay amounts outstanding under such agreement upon an acceleration of the Debt incurred under the Credit Agreement. The Credit Agreement also restricts the Company from repurchasing the Exchange Notes upon a Change of Control. In addition, some of the Restricted Subsidiaries Floor Plan Facilities contain an event of default upon a change of control (as defined in those facilities) of the Company or the relevant Restricted Subsidiary which obligates such Restricted Subsidiaries to repay amounts outstanding under such agreements upon such a change of control. 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 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 Exchange Notes elected to exercise their rights under the Indenture and the Company elected to contest such election, it is unclear 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 Exchange 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 Exchange Notes the right to require the Company to repurchase the Exchange 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 Exchange Notes, if such transaction is not 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 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 the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

The Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times 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 Exchange Notes validly tendered and not withdrawn under such Change of Control Offer or (2) a notice of redemption has been given for all of the Exchange Notes pursuant to the Indenture as described above under the caption Optional Redemption, unless and until there is a default in payment of the applicable redemption price.

You should note that case law suggests that holders of the Exchange Notes may not be entitled to require the Company to purchase their Exchange Notes in certain circumstances involving a significant change in the composition of the board of directors of the Company, including in connection with a proxy contest where the board of directors of the Company does not endorse a dissident slate of directors but approves them as directors.

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Ranking

General

The payment of the Indenture Obligations will be subordinated, as set forth in the Indenture, in right of payment, to the prior payment in full in cash (or as otherwise agreed to by the holders of Senior Debt) of all Senior Debt. The Exchange Notes will be senior subordinated Debt of the Company ranking *pari passu* with all other existing and future senior subordinated Debt of the Company and senior to all existing and future Subordinated Debt of the Company. The Exchange Notes will be effectively subordinated to all secured Debt of the Company to the extent of the assets securing such Debt and structurally subordinated to all of the liabilities of the Company s Subsidiaries that do not guarantee the Exchange Notes.

The Company s existing non-wholly owned Domestic Subsidiaries will not guarantee the Exchange Notes. Future Domestic Subsidiaries that guarantee other Debt of the Company and its Subsidiaries will guarantee the Exchange Notes; *provided* that certain future Domestic Subsidiaries will not need to guarantee the Exchange Notes if the Consolidated Tangible Assets of all such non-guarantors do not exceed 1% of the Consolidated Tangible Assets of the Company. In addition, the Company s Foreign Subsidiaries have not and will not guarantee the Exchange Notes. See Note Guarantees. At December 31, 2012, the Company and its Subsidiaries had approximately $937.5 million of total long-term Debt outstanding and $2.1 billion of floor plan notes payable outstanding. The Company also had $325.0 million of additional Debt capacity under the U.S. Credit Agreement and $125.3 million of additional Debt capacity under the U.K. Credit Agreement. In addition, the Guarantors had outstanding $1.7 billion of Senior Guarantor Debt (not including inter-company Debt and subsidiary guarantees of Debt under the Credit Agreement). The Company s non-guarantor Subsidiaries had approximately $857.5 million of Debt and other liabilities (not including inter-company liabilities).

Payment Stoppages

Upon the occurrence and during the continuance of any default in the payment of any Designated Senior Debt (whether upon maturity, mandatory prepayment, acceleration or otherwise) beyond any applicable grace period, no payment (other than payments previously made or set aside pursuant to the provisions described under the caption Defeasance or Covenant Defeasance) or distribution of any assets of the Company or any Subsidiary of any kind or character (excluding certain Permitted Junior Payments) may be made on account of the Indenture Obligations or on account of the purchase, redemption, defeasance or other acquisition of or in respect of, the Indenture Obligations unless and until such default shall have been cured or waived or shall have ceased to exist or such Designated Senior Debt shall have been discharged or paid in full in cash or as otherwise agreed to by the holders of Designated Senior Debt after which the Company shall resume making any and all required payments in respect of the Indenture Obligations, 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 Debt pursuant to which the maturity thereof may then be accelerated (a Non-payment Default) and after the receipt by a Responsible Officer of the Trustee (1) if Debt is outstanding under the Credit Agreement, from the agent thereunder and (2) if no Debt is outstanding under the Credit Agreement, from a representative of holders of any Designated Senior Debt, in each case, referred to as 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 the caption Defeasance or Covenant Defeasance) or distribution of any assets of the Company of any kind or character (excluding any Permitted Junior Payment) may be made by the Company or any Subsidiary on account of the Indenture Obligations or on account of the purchase, redemption, defeasance or other acquisition of, or in respect of, the Indenture Obligations 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:

(1) the 179th day after such commencement;

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(2) 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 Debt is discharged or paid in full in cash or as otherwise agreed to by the holders of Designated Senior Debt; or

(3) 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 and the Trustee from the Senior Representative initiating such Payment Blockage Period.

After the occurrence of any of the dates set forth in clauses (1), (2) or (3), the Company will promptly resume making any and all required payments in respect of the Exchange Notes, including any missed payments. In no event will a Payment Blockage Period extend beyond 179 days from the date of the receipt by the Company and the Trustee of the notice initiating such Payment Blockage Period (such 179-day period referred to as the Initial Period). Any number of notices of Non-payment Defaults may be given during the Initial Period; *provided* that during any period of 360 consecutive days only one Payment Blockage Period, during which payment of principal of, premium, if any, or interest on, the Exchange 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 Debt 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 360 consecutive days, unless such default has been cured or waived for a period of not less than 90 consecutive days (it being acknowledged that any subsequent action or any breach of a financial covenant for a period ending after the date of commencement of such Payment Blockage Period that, in either case, would give rise to an event of default pursuant to any provision under which an event of default previously existed or was continuing shall constitute a new event of default for this purpose).

If the Company fails to make any payment on the Exchange 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 Exchange 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, then and in any such event all amounts due or to become due on or in respect of the Senior Debt must first be paid in full in cash (or as otherwise agreed to by the holders of Senior Debt) before any payment or distribution, excluding Permitted Junior Payments, is made on account of the Indenture Obligations or on account of the purchase, redemption, defeasance or other acquisition of or in respect of the Indenture Obligations (other than payments previously made or set aside pursuant to the provisions described under the caption Defeasance or Covenant Defeasance).

By reason of such subordination, in the event of liquidation or insolvency, creditors of the Company may recover more, ratably, than the holders of the Exchange Notes. Funds which would be otherwise payable to the holders of the Exchange Notes will be paid to the holders of the Senior Debt to the extent necessary to pay the Senior Debt in full in cash (or as otherwise agreed to by the holders of Senior Debt) and the Company may be unable to meet its obligations fully with respect to the Exchange 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 Debt of such Guarantor that is expressly subordinated to Senior Guarantor Debt. The Debt evidenced by the Guarantees will be subordinated to Senior Guarantor Debt to substantially the same extent as the Exchange Notes are subordinated to Senior Debt and during

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any period when payment on the Exchange Notes is blocked by Designated Senior Debt, payment on the Guarantees is similarly blocked.

Related Definitions

Senior Debt means the principal of, premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy law, whether or not such interest is allowed or allowable under such proceeding) on any Debt of the Company and all other monetary obligations of every kind or nature (including but not limited to fees, indemnities and expenses) due on or in connection with any such Debt (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 Debt, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Debt shall not be senior in right of payment to the Exchange Notes. Notwithstanding the foregoing, Senior Debt shall (x) include the Credit Agreement and the Floor Plan Facilities and any Interest Rate Agreement, Currency Hedging Agreement and Commodity Price Protection Agreement of the Company to the extent the Company is a party thereto and (y) not include:

(1) Debt evidenced by the Exchange Notes;

(2) Debt that, by its express terms or by the express terms of the agreement or instrument creating or evidencing the same or pursuant to which the same is outstanding, is subordinate or junior in right of payment to any Debt of the Company;

(3) Debt 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;

(4) Debt which is represented by Redeemable Capital Stock;

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

(6) Debt of the Company to a Subsidiary or any other Affiliate of the Company (other than Mitsui & Co. (USA), Inc. and Mitsui & Co., Ltd. and any of their affiliates) or any of such Affiliate s Subsidiaries;

(7) to the extent it might constitute Debt, amounts owing for goods, materials or services purchased in the ordinary course of business (other than Floor Plan Facilities) or consisting of trade accounts payable owed or owing by the Company (other than Floor Plan Facilities), and amounts owed by the Company for compensation to employees or services rendered to the Company;

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

(9) Debt evidenced by any guarantee of any Subordinated Debt or *Pari Passu* Debt.

Designated Senior Debt means (1) all Senior Debt under the Credit Agreement and (2) any other Senior Debt which at the time of determination has an aggregate principal amount outstanding of at least $50 million and which is specifically designated in the instrument evidencing such Senior Debt or the agreement under which such Senior Debt arises as Designated Senior Debt by the Company.

Senior Guarantor Debt means the principal of, premium, if any, and interest (including interest accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy law, whether or not such interest is allowed or allowable under such proceeding) on any Debt of any Guarantor and all other monetary obligations of every kind or nature (including but not limited to fees, indemnities and expenses) due on or in connection with any such Debt (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, without giving effect to any reduction in the amount of such Debt necessary to render the obligation of any Guarantor with respect thereto (as obligor, guarantor or otherwise) not voidable or avoidable under applicable law, unless, in the case of any particular Debt, the instrument creating or evidencing the same or pursuant to which the same is

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outstanding expressly provides that such Debt shall not be senior in right of payment to any Guarantee. Notwithstanding the foregoing, Senior Guarantor Debt shall (x) include all borrowings of each Guarantor under, and all guarantees by each Guarantor of, the Credit Agreement and the Floor Plan Facilities and any Interest Rate Agreement, Currency Hedging Agreement and Commodity Price Protection Agreement of such Guarantor and (y) not include:

(1) Debt evidenced by the Guarantees or the Guarantees with respect to the Exchange Notes;

(2) Debt that, by its express terms or by the express terms of the agreement or instrument creating or evidencing the same or pursuant to which the same is outstanding, is subordinated or junior in right of payment to any Debt of such Guarantor;

(3) Debt which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code, is without recourse to such Guarantor; (4) Debt which is represented by Redeemable Capital Stock;

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

(6) Debt of such Guarantor to a Subsidiary or any other Affiliate of the Company (other than Mitsui & Co. (USA), Inc. and Mitsui & Co., Ltd. and any of their affiliates) or any of such Affiliate s Subsidiaries;

(7) to the extent it might constitute Debt, amounts owing for goods, materials or services purchased in the ordinary course of business (other than Floor Plan Facilities) or consisting of trade accounts payable owed or owing by such Guarantor (other than Floor Plan Facilities), and amounts owed by such Guarantor for compensation to employees or services rendered to such Guarantor;

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

(9) Debt evidenced by any guarantee of any Subordinated Debt or *Pari Passu* Debt.

Effectiveness of Certain Covenants

If on any date following the Issue Date:

(1) the Exchange Notes are rated Baa3 or better by Moody s and BBB- or better by S&P (or, if either such entity ceases to rate the Exchange Notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act selected by the Company as a replacement agency); and

(2) no Default or Event of Default shall have occurred and be continuing,

then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions in this prospectus will be suspended:

(1) Certain Covenants *Limitation on Debt*;

(2) Certain Covenants *Limitation on Restricted Payments*;

(3) Certain Covenants *Limitation on Transactions with Affiliates*;

(4) Certain Covenants *Limitation on Sale of Assets*;

(5) paragraphs (a), (b) and (c) of Certain Covenants *Future Guarantees*;

(6) Certain Covenants *Limitation on Senior Subordinated Debt*;

(7) Certain Covenants *Limitation on Dividends and Other Payment Restrictions Affecting Subsidiarie*s;

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and

(8) clause (3) of Consolidation, Merger, Sale of Assets *The Company*.

During any period that the foregoing covenants have been suspended, the board of directors of the Company may not designate any of the Company s Subsidiaries as Unrestricted Subsidiaries pursuant to the definition of Unrestricted Subsidiaries.

Notwithstanding the foregoing, if the rating assigned by either such rating agency should subsequently decline to below Baa3 or BBB-, respectively, the foregoing covenants will be reinstated as of and from the date of such rating decline. Any Debt incurred during the period when the covenants are suspended will be classified as having been incurred pursuant to paragraph (a) of Certain Covenants *Limitation on Debt* or one of the clauses of the paragraph (b) of such covenant. To the extent such Debt would not be so permitted to be incurred, such Debt will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4) of paragraph (b) under Certain Covenants *Limitation on Debt*. Calculations under the reinstated Limitation on Restricted Payments covenant will be made as if the Limitation on Restricted Payments covenant had been in effect since the date of the Indenture. However, no Default or Event of Default will be deemed to have occurred as a result of any actions taken by the Company or its Restricted Subsidiaries during the period when the covenants are suspended.

Certain covenants

The Indenture contains, among others, the following covenants:

Limitation on Debt

(a) 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 Debt (including any Acquired Debt), unless such Debt is incurred by the Company or any Guarantor 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 Debt taken as one period is at least equal to or greater than 2.00:1.

(b) 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 Debt):

(1) Debt of the Company or any Restricted Subsidiary under the Credit Agreement, any Credit Facility or the U.K. Credit Agreement, in an aggregate principal amount at any one time outstanding not to exceed $1.25 billion in any case under these agreements or in respect of

letters of credit under these agreements;

(2) Debt of the Company or any Restricted Subsidiary under any Inventory Facility;

(3) Debt of the Company pursuant to the Exchange Notes and Debt of any Guarantor pursuant to a Guarantee of the Exchange Notes;

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

(5) Debt of the Company owing to a Restricted Subsidiary; provided that any Debt of the Company owing to a Restricted Subsidiary that is not a Guarantor is unsecured and is subordinated in right of payment from and after such time as the Exchange 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 Exchange Notes; provided, further, that any disposition, pledge or transfer of any such Debt to a Person (other than a disposition, pledge or transfer to a Restricted Subsidiary or a pledge to a lender under a Credit Facility, provided that such lender has not commenced an enforcement action with respect thereto) shall be deemed to be an incurrence of such Debt by the Company or other obligor not permitted by this clause (5);

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(6) Debt of a Restricted Subsidiary owing to the Company or another Restricted Subsidiary; provided that any disposition, pledge or transfer of any such Debt to a Person (other than a disposition, pledge or transfer to the Company or a Restricted Subsidiary or a pledge to a lender under a Credit Facility, provided that such lender has not commenced an enforcement action with respect thereto) shall be deemed to be an incurrence of such Debt by the obligor not permitted by this clause (6);

(7) Guarantees of any Restricted Subsidiary made in accordance with the provisions of the covenant described under the caption Future Guarantees;

(8) Obligations of the Company or any Restricted Subsidiary (a) pursuant to Interest Rate Agreements related to Debt as long as such obligations do not exceed the aggregate principal amount of such Debt then outstanding, (b) under any Currency Hedging Agreements; provided, however, that such Currency Hedging Agreements do not increase the Debt 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 under such Currency Hedging Agreements or (c) under any Commodity Price Protection Agreements which do not increase the amount of Debt 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 under such Commodity Price Protection Agreements, and guarantees by Guarantors in respect thereof; provided that in the case of each of clauses (a), (b) and (c) such agreements are not entered into for speculative purposes;

(9) Debt of the Company or any Restricted Subsidiary represented by Capital Lease Obligations or Purchase Money Obligations or other Debt 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 (9) not to exceed the greater of (i) $75 million and (ii) 2% of the Company s Consolidated Total Assets outstanding at any time; provided that the principal amount of any Debt permitted under this clause (9) 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;

(10) 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;

(11) Debt incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, including letters of credit in respect of workers compensation claims, or other Debt with respect to reimbursement type obligations regarding workers compensation claims; provided that upon the drawing of such letters of credit, such obligations are reimbursed within 30 days following such drawing or incurrence or supported under the Credit Agreement, the U.K. Credit Agreement or any Credit Facility;

(12) Debt of Foreign Subsidiaries in the aggregate amount outstanding pursuant to this clause (12) at any time not to exceed (x) $450 million, plus (y) 10% of the Consolidated Tangible Assets of the Company, provided that Foreign Subsidiaries may not incur Debt pursuant to this clause (y) unless the Company can incur $1.00 of additional Debt (other than Permitted Debt) under paragraph (a) of this covenant after giving effect to such incurrence;

(13) Guarantees by the Company or a Restricted Subsidiary of Debt of the Company or a Restricted Subsidiary that was permitted to be incurred under this covenant;

(14) Any renewals, extensions, substitutions, refundings, refinancings or replacements (collectively, a refinancing) of any Debt incurred pursuant to paragraph (a) above or clauses (3), and this clause (14) of this definition of Permitted Debt, including any successive refinancings so long as:

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(A) the borrower under such refinancing is the Company or, if not the Company, the same as the borrower of the Debt being refinanced;

(B) the aggregate principal amount of Debt represented thereby (or if such Debt provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity of such Debt, the original issue price of such Debt plus any accreted value attributable thereto since the original issuance of such Debt) does not exceed the initial principal amount of such Debt 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 Debt being refinanced or (II) the amount of premium or other payment actually paid at such time to refinance the Debt, plus, in either case, the amount of the expenses of the Company incurred in connection with such refinancing;

(C) in the case of any refinancing of Debt that is Subordinated Debt, such new Debt is made subordinated to the Exchange Notes at least to the same extent as the Debt being refinanced; and

(D) in the case of *Pari Passu* Debt or Subordinated Debt, as the case may be, such new Debt

(x) has an Average Life to Stated Maturity greater than the remaining Average Life to Stated Maturity of (i) the Exchange Notes or (ii) the Debt to be refinanced, and

(y) has a Stated Maturity for its final scheduled principal payment later than the Stated Maturity for the final scheduled principal payment of (i) the Exchange Notes or (ii) the Debt to be refinanced;

(15) Debt 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 Debt is extinguished within five business days of incurrence;

(16) obligations in respect of performance, bid, appeal and surety bonds and completion guarantees and similar obligations provided by the Company or any Restricted Subsidiary in the ordinary course of business;

(17) (x) Debt incurred or issued by the Company or any of its Restricted Subsidiaries to finance an acquisition and/or (y) Acquired Debt of the Company or any of its Restricted Subsidiaries; *provided* that after giving effect to such acquisition and the incurrence of such Debt, either (A) the Company can incur $1.00 of additional Debt (other than Permitted Debt) under paragraph (a) of this covenant, or (B) in the case of clause (y) only, the Company s Consolidated Fixed Charge Coverage Ratio would be equal to or greater than that in effect immediately prior to such acquisition;

(18) Debt of the Company to the extent the net proceeds thereof are promptly deposited to defease or to satisfy and discharge the Exchange Notes as described below under Defeasance or Covenant Defeasance or Satisfaction and Discharge, respectively;

(19) shares of Preferred Stock of a Restricted Subsidiary issued to the Company or a Restricted Subsidiary of the Company; provided that any subsequent transfer of any such shares of Preferred Stock (except to the Company or a Restricted Subsidiary or a pledge to a lender under a Credit Facility, provided that such lender has not commenced an enforcement action with respect thereto) shall be deemed to be an issuance of Preferred Stock that was not permitted by this clause (19); and

(20) Debt of the Company and its Restricted Subsidiaries, in addition to that described in clauses (1) through (19) above, and any renewals, extensions, substitutions, refinancings or replacements of such Debt, so long as the aggregate principal amount of all such Debt shall not exceed $100 million outstanding at any one time in the aggregate.

For purposes of determining compliance with this covenant, in the event that an item of Debt meets the criteria of

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more than one of the types of Debt described in clauses (1) through (20) above or is entitled to be incurred pursuant to the paragraph (a) of this covenant, the Company in its sole discretion may classify or reclassify such item of Debt and only be required to include the amount of such Debt as one of such types. Accrual of interest, accretion or amortization of original issue discount and the payment of interest on any Debt in the form of additional Debt 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 Debt 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.

Debt permitted by this Limitation on Debt covenant need not be permitted solely by reference to one provision permitting such Debt but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Debt.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Debt denominated in a foreign currency, the U.S. dollar-equivalent principal amount of such Debt incurred pursuant thereto shall be calculated based on the relevant currency exchange rate in effect on the date that such Debt was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Debt is incurred to extend, replace, refund, refinance, renew or defease other Debt denominated in a foreign currency, and such extension, replacement, refunding, refinancing, renewal or defeasance would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such extension, replacement, refunding, refinancing, renewal or defeasance, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Debt does not exceed the principal amount of such Debt being extended, replaced, refunded, refinanced, renewed or defeased.

Except as provided in the prior paragraph, the principal amount of any Debt incurred to extend, replace, refund, refinance, renew or defease other Debt, if incurred in a different currency from the Debt being extended, replaced, refunded, refinanced, renewed or defeased, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Debt is denominated that is in effect on the date of such extension, replacement, refunding, refinancing, renewal or defeasance.

Limitation on Restricted Payments

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

(1) 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);

(2) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, Capital Stock of the Company or any direct or indirect parent of the Company or options, warrants or other rights to acquire such Capital Stock;

(3) 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 Debt, except a repurchase, redemption, defeasance or retirement within one year of final maturity thereof;

(4) 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

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

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

(any of the foregoing actions described in clauses (1) through (5), 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), unless

(1) 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;

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

(3) after giving effect to the proposed Restricted Payment, the aggregate amount of all such Restricted Payments declared or made after the Reference Date 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 on the first day of the Company s fiscal quarter in which the Reference Date occurred 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 proceeds (including the Fair Market Value of property other than cash) received after the Reference Date 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 (except, in each case, for transactions described in clause (C) or (D) of this paragraph (a) and to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Debt as set forth below in clause or (3) of paragraph (b) below) (and excluding the Net Cash Proceeds 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 received after the Reference Date 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 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 received after the Reference Date 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 the Reference Date, upon the conversion or exchange of such debt securities or Redeemable Capital Stock, the aggregate of Net Cash Proceeds from their original issuance (and excluding the Net Cash Proceeds 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);

(E) (a) in the case of the disposition or repayment of any Investment constituting a Restricted Payment made after the Reference Date, an amount (to the extent not included in Consolidated Net Income) equal to the lesser of the return of capital with respect to such Investment and 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 (as

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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 June 30, 2012, the Company had approximately $580 million available to make Restricted Payments.

(b) Notwithstanding the foregoing, and in the case of clauses (2) through (14) 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 (1) through (14) being referred to as a Permitted Payment):

(1) 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 covenant and such payment shall have been deemed to have been paid on such date of declaration and shall not have been deemed a Permitted Payment for purposes of the calculation required by paragraph (a) of this covenant;

(2) 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)(B) of paragraph (a) of this covenant;

(3) the repurchase, redemption, defeasance, retirement or acquisition for value or payment of principal of any Subordinated Debt 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)(B) of paragraph (a) of this covenant;

(4) the repurchase, redemption, defeasance, retirement, refinancing, acquisition for value or payment of principal of any Subordinated Debt (other than Redeemable Capital Stock) (a refinancing) through the substantially concurrent issuance of new Subordinated Debt of the Company, but only to the extent that any such new Subordinated Debt:

(A) shall be in a principal amount that does not exceed the principal amount so refinanced (or, if such Subordinated Debt provides for an amount less than the principal amount 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 Debt being refinanced or (ii) the amount of premium or other payment actually paid at such time to refinance the Debt, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing;

(B) has an Average Life to Stated Maturity greater than the remaining Average Life to Stated Maturity of (i) the Exchange Notes or (ii) the Subordinated Debt to be refinanced;

(C) has a Stated Maturity for its final scheduled principal payment later than the Stated Maturity for the final scheduled principal payment of (i) the Exchange Notes or (ii) the Subordinated Debt to be refinanced; and

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(D) is expressly subordinated in right of payment to the Exchange Notes at least to the same extent as the Subordinated Debt to be refinanced;

(5) the purchase, redemption, or other acquisition or retirement for value of any class of Capital Stock of the Company from future, present or former directors, officers, employees or consultants of the Company or any Restricted Subsidiary in an amount not to exceed $5.0 million in the aggregate in any calendar year (and any portion of such $5.0 million not used in any calendar year may be carried forward to the next succeeding calendar year); provided that such amount may be increased by an amount not to exceed the cash proceeds from the sale of Capital Stock of the Company to directors, officers, employees or consultants of the Company or any of its Subsidiaries that occurs after the Issue Date (provided that the amount of such cash proceeds utilized for any such purchase, repurchase, redemption, retirement or other acquisition will not increase the amount available for Restricted Payments under clause (3) of the immediately preceding paragraph), plus

(6) 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;

(7) the payment of the contingent purchase price of an acquisition to the extent such payment would be deemed a Restricted Payment;

(8) the payment of the deferred purchase price or earn-outs, including holdbacks (and the receipt of any corresponding consideration therefor), of an acquisition to the extent such payment would have been permitted by the Indenture at the time of such acquisition;

(9) the repurchase of Capital Stock of the Company issued to sellers of businesses acquired by the Company or its Restricted Subsidiaries or in connection with joint ventures or other business transactions, in an amount not to exceed $10 million during the term of the Indenture;

(10) the payment of dividends on the Company s shares of Common Stock in the aggregate amount per fiscal year equal to $0.56 per share for each share of Common Stock (or any securities convertible into Common Stock to the extent they are entitled to such a dividend) of the Company outstanding as of the applicable record date for such dividends (as such $0.56 shall be adjusted for specified changes in the capitalization of the Company upon recapitalizations, reclassifications, stock splits, stock dividends, reverse stock splits, stock consolidations and similar transactions);

(11) the repurchase of Capital Stock deemed to occur upon (a) exercise of stock options to the extent that shares of such Capital Stock represent a portion of the exercise price of such options; and (b) the withholding of a portion of such Capital Stock to pay taxes associated therewith, and the purchase of fractional shares of Capital Stock of the Company or any Restricted Subsidiary arising out of stock dividends, splits or combinations or business combinations;

(12) the payment of dividends or distributions by UAG Connecticut I, LLC pursuant to the First Amended and Restated LLC Agreement, dated April 1, 2003, relating to UAG Connecticut I, LLC;

(13) the payment of cash in lieu of the issuance of Capital Stock in connection with the conversion, retirement, repurchase or redemption of any series of convertible debt securities of the Company or its Restricted Subsidiaries; and

(14) other Restricted Payments in an amount which, when taken together with all other Restricted Payments made pursuant to this clause (14), does not exceed $50 million.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment permitted pursuant to this covenant or a Permitted Investment meets the criteria of more than one of the categories of Restricted Payment described in clauses (1) through (14) above or one or more clauses of the definition of Permitted Investments, the Company shall be permitted to classify such Restricted Payment or Permitted Investment on the date it is made, or later reclassify all or a portion of such Restricted Payment or Permitted Investment, in any manner

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that complies with this covenant, and such Restricted Payment or Permitted Investment shall be treated as having been made pursuant to only one of such clauses of this covenant or of the definition of Permitted Investments.

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 involving aggregate consideration in excess of $5.0 million (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:

(a) such transaction or series of related transactions is on terms that are not materially 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 $10 million either (1) the Company delivers an officer s certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (a) above or (2) such transaction or series of related transactions is approved by either (x) 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 (y) the audit committee of the board of directors of the Company, which shall consist entirely of Disinterested Directors; and

(c) with respect to any transaction or series of related transactions involving aggregate value in excess of $25 million, either (1) such transaction or series of related transactions has been approved by either (x) 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 (y) the audit committee of the board of directors of the Company, which shall consist entirely of Disinterested Directors, or (2) 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 is fair to the Company or such Restricted Subsidiary from a financial point of view;

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

(1) 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;

(2) any transaction permitted as a Restricted Payment or Permitted Investment pursuant to the covenant described under the caption *Limitation on Restricted Payments;*

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

(4) any transaction with any officer or member of the board of directors of the Company involving indemnification arrangements;

(5) loans or advances to officers of the Company in the ordinary course of business not to exceed $1 million in any calendar year;

(6) agreements and transactions with customers, clients, suppliers or purchasers and sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the Indenture, which are fair to the Company or its Restricted Subsidiaries, or are on terms, taken as a whole, at least as favorable as might reasonably have been obtained at that time from a Person who is not an Affiliate of the Company;

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(7) transactions with joint ventures entered into in the ordinary course of business, *provided* that no other Affiliate of the Company (other than a Subsidiary thereof) directly or indirectly holds any Capital Stock of such joint venture;

(8) any sale, issuance or award of Qualified Capital Stock of the Company;

(9) any transaction with any Person (x) that is not an Affiliate of the Company immediately before the consummation of such transaction that becomes an Affiliate of the Company as a result of such transaction or (y) that is an Affiliate of the Company solely because the Company, directly or indirectly, owns Capital Stock in, or controls, such Person; or

(10) any transactions undertaken pursuant to any contractual obligations in existence on the Issue Date (as in effect on the Issue Date) or otherwise disclosed in this prospectus (or in any document incorporated by reference herein) relating to the offer and sale of the Exchange Notes 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.

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* Debt or Subordinated Debt, including any assumption, guarantee or other liability with respect thereto by any Restricted Subsidiary, upon any property or assets (including any inter-company 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 Exchange 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 Debt, prior or senior thereto, with the same relative priority as the Exchange Notes shall have with respect to such Subordinated Debt) the obligation or liability secured by such Lien except for Permitted Liens.

Notwithstanding the foregoing, any Lien securing the Exchange Notes granted pursuant to this covenant shall be automatically and unconditionally released and discharged upon the release by the holders of the *Pari Passu* Debt or the Subordinated Debt 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 Debt), at such time as the holders of all such Debt 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 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.

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

(1) at least 75% of the consideration from such Asset Sale consists of:

(A) cash or Cash Equivalents,

(B) the assumption of Senior Debt or Senior Guarantor Debt or other liabilities (other than Subordinated Debt) by the party acquiring the assets from the Company or any Restricted Subsidiary,

(C) Replacement Assets,

(D) Designated Noncash Consideration, or

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

(2) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at

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least equal to the Fair Market Value of the shares or assets subject to such Asset Sale;

provided that any notes, securities 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, sold or exchanged by the Company or such Restricted Subsidiary into cash at Fair Market Value within 90 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 applied to (1) the permanent repayment of any term Senior Debt or Senior Guarantor Debt then outstanding, (2) the repayment of any outstanding borrowings under any revolving credit facilities constituting Senior Debt or Senior Guarantor Debt and the corresponding reduction of commitments with respect thereto, or (3) the permanent reduction of Debt of a Restricted Subsidiary that is not a Guarantor; or

(B) no such Senior Debt or Senior Guarantor Debt which 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 to prepay Senior Debt or Senior Guarantor Debt 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 million or more, the Company will apply the Excess Proceeds to the repayment of the Exchange Notes and any other *Pari Passu* Debt outstanding with similar provisions requiring the Company to make an offer to purchase such Debt with the proceeds from any Asset Sale as follows:

(A) the Company will make an offer to purchase (an Offer) from all holders of the Exchange Notes in accordance with the procedures set forth in the Indenture in the maximum principal amount (expressed in amounts of $2,000 or integral multiples of $1,000 in excess thereof) of Exchange 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 Exchange Notes, and the denominator of which is the sum of the outstanding principal amount of the Exchange Notes and such *Pari Passu* Debt (subject to proration in the event such amount is less than the aggregate Offered Price (as defined herein) of all Exchange Notes tendered); and

(B) to the extent required by such *Pari Passu* Debt to permanently reduce the principal amount of such *Pari Passu* Debt, the Company will make an offer to purchase or otherwise repurchase or redeem *Pari Passu* Debt (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* Debt plus the amount of any premium required to be paid to repurchase such *Pari Passu* Debt. The offer price for the Exchange Notes will be payable in cash in an amount equal to 100% of the principal amount of the Exchange 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 Exchange Notes tendered pursuant to the Offer is less than the Note Amount relating to the tendered Exchange Notes or the aggregate amount of *Pari Passu* Debt 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 Exchange Notes and *Pari Passu* Debt surrendered by holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Exchange Notes to be purchased

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on a pro rata basis; provided, that, in the case of Exchange Notes issued in global form, beneficial interests in such Exchange Notes shall be repurchased on a *pro rata* basis based on amounts tendered only if such proration is consistent with the procedures of the applicable clearing system; otherwise, such beneficial interests shall be selected for repurchase in accordance with such procedures. Upon the completion of the purchase of all the Exchange 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, the Exchange Notes (in amounts of $2,000 and integral multiples of $1,000 in excess thereof), and the Pari Passu Debt shall be purchased by the Company, at the option of the holders thereof, in whole or in part, 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 the Asset Sales provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the Indenture by virtue of such compliance.

Future Guarantees

(a) The Company shall not cause any future Domestic Subsidiary, other than a Guarantor, directly or indirectly, to become a guarantor or an obligor with respect to any other Debt of the Company or any Subsidiary thereof incurred in the United States, unless such Subsidiary (a Future Guarantor) becomes a Guarantor under the Indenture at the times set forth below, except that (1) if such Debt is by its terms Senior Debt, any such assumption, guarantee or other liability of such Subsidiary with respect to such Debt shall be senior to such Subsidiary s Guarantee of the Exchange Notes to the same extent as such Senior Debt is senior to the Exchange Notes; and (2) if such Debt is by its terms expressly subordinated to the Exchange Notes, any such assumption, guarantee or other liability of such Subsidiary with respect to such Debt shall be subordinated to such Subsidiary s Guarantee of the Exchange Notes at least to the same extent as such Debt is subordinated to the Exchange Notes.

(b) Notwithstanding paragraph (a) above, any Non-Guarantor Restricted Subsidiary shall not be required to become a Future Guarantor under the Indenture if the Consolidated Tangible Assets of such Non-Guarantor Restricted Subsidiary, together with the Consolidated Tangible Assets of all other Non-Guarantor Restricted Subsidiaries, as of the date of the most recent quarterly or annual financial statements of the Company which are available, does not exceed, in the aggregate, 1% of the Consolidated Tangible Assets of the Company. To the extent that the collective Consolidated Tangible Assets of the Non-Guarantor Restricted Subsidiaries, as of the date of the creation of, acquisition of or Investment in a Non-Guarantor Restricted Subsidiary or as of the date of the most recent quarterly or annual financial statements of the Company which are available, exceeds 1% of the Consolidated Tangible Assets of the Company, the Company shall cause one or more of such Non-Guarantor Restricted Subsidiaries to become a Future Guarantor under the Indenture in accordance with the provisions of this covenant, such that the collective Consolidated Net Tangible Assets of all remaining Non-Guarantor Restricted Subsidiaries does not exceed 1% of the Consolidated Tangible Assets of the Company.

(c) The Company shall not be required to cause any Future Guarantors to become Guarantors until the earlier of such time as (A) the aggregate Consolidated Equity of all such future Domestic Subsidiaries who have not become Guarantors, but are required to become Future

Guarantors pursuant to paragraph (a) or (b) above, equals or exceeds $50.0 million and (B) twelve months shall have elapsed since the Company last caused Future Guarantors to become Guarantors under the Indenture. Up to a maximum of once per fiscal quarter, the Company shall cause each Subsidiary thereof that is required to become a Future Guarantor pursuant to paragraph (a) or above to (1) execute and deliver to the Trustee a supplemental indenture (in substantially the form attached to the Indenture) pursuant to which such Subsidiary shall become a party to the Indenture and thereby unconditionally guarantee all of the Company s obligations under the Exchange

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Notes and the Indenture on the terms set forth therein and (2) deliver to the Trustee an Opinion of Counsel that such supplemental indenture has been duly authorized, executed and delivered by such Subsidiary of the Company and constitutes a valid, binding and enforceable obligation of such Subsidiary (which opinion may be subject to customary assumptions and qualifications). Thereafter, such Subsidiary of the Company shall (unless released in accordance with the terms of the Indenture) be a Guarantor for all purposes of the Indenture.

(d) Notwithstanding the foregoing, each Guarantee by a Guarantor of the Exchange Notes shall provide by its terms that it shall be automatically and unconditionally released and discharged upon:

(1) any sale, exchange or transfer, to any Person not an Affiliate of the Company, of all or a majority of the Company s Capital Stock in, or all or substantially all the assets of, such Guarantor, which transaction is in compliance with the terms of the Indenture and pursuant to which transaction such Guarantor is released from all guarantees, if any, by it of other Debt of the Company or any of its Subsidiaries;

(2) the release by the holders of the other Debt of the Company of their guarantee of Debt by such Subsidiary (including any deemed release upon payment in full of all obligations under such Debt), at such time as (A) no other Debt of the Company has been guaranteed by such Subsidiary, or (B) the holders of all such other Debt of the Company or another Subsidiary which is guaranteed by such Subsidiary also release their guarantee by such Subsidiary (including any deemed release upon payment in full of all obligations under such Debt);

(3) the Company properly designating such Guarantor as a Non-Guarantor Restricted Subsidiary; *provided* that such Restricted Subsidiary is not required to issue a Guarantee of the Exchange Notes pursuant to paragraph (a) or (b) above;

(4) the Company properly designating such Subsidiary as an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture; or

(5) the Company exercising its legal defeasance option or covenant defeasance option as described under Defeasance or Covenant Defeasance or the Company s obligations under the Indenture being discharged in accordance with the terms of the Indenture as described under Satisfaction and Discharge.

Limitation on Senior Subordinated Debt

The Company will not, and will not permit or cause any Guarantor to, directly or indirectly, incur or otherwise permit to exist any Debt that is subordinate in right of payment to any Debt of the Company or such Guarantor, as the case may be, unless such Debt is also *pari passu* with the Exchange Notes or the Guarantee of such Guarantor or subordinated in right of payment to the Exchange Notes or such Guarantee at least to the same extent as the Exchange Notes or such Guarantee are subordinated in right of payment to Senior Debt or Senior Debt of such Guarantor, as the case may be, as set forth in the Indenture. For purposes of the foregoing, no Debt shall be deemed to be subordinated in right of payment to any other Debt solely by virtue of being unsecured or secured by a junior priority lien or by virtue of the fact that the holders of such Debt have entered into intercreditor agreements or other arrangements giving one or more such holders priority over the other holders in the collateral held

by them.

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:

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

(2) pay any Debt owed to the Company or any other Restricted Subsidiary,

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

(4) transfer any of its properties or assets to the Company or any other Restricted Subsidiary;

except:

(a) any encumbrance or restriction pursuant to an agreement in effect on the Issue Date (including without limitation the Credit Agreement and U.K. Credit Agreement in effect on the Issue Date);

(b) any encumbrance or restriction, with respect to a Restricted Subsidiary that is 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) any encumbrance or restriction pursuant to agreements with Manufacturers, dealerships or franchisees customary for agreements in the automobile 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;

(h) any encumbrances or restrictions in security agreements securing Debt of a Subsidiary (including any Inventory Facility) (to the extent that such Liens are otherwise incurred in accordance with the covenant described under the caption *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 Debt is repaid;

(i) any encumbrance or restriction pursuant to Inventory Facilities customary for inventory and floor plan financing in the automobile 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 (1) any lease governing a leasehold interest or (2) 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 Debt otherwise permitted to be incurred under the provisions of the covenant described above under the caption *Limitation 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 under contracts entered into in the ordinary course of business;

(n) restrictions contained in other Debt or Preferred Stock of the Company or any Restricted Subsidiary permitted to be incurred after the Issue Date pursuant to the provisions of the covenant described under

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Limitation on Debt or other agreements arising in the ordinary course of business and not related to Debt, *provided* that such restrictions will not materially affect the ability of the Company to make principal and interest payments on the Exchange Notes, as determined in good faith by a senior officer or the board of directors of the Company;

(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) and (p) 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 Debt so extended, renewed, refinanced or replaced;

(p) restrictions related solely to Foreign Subsidiaries and created in connection with Debt of such Foreign Subsidiaries incurred pursuant to clauses (12) and (20) of paragraph (b) of the covenant described under the caption Limitation on Debt ;

(q) encumbrances pursuant to the subordination provisions of any Debt permitted to be incurred by clause (5) of paragraph (b) of the covenant described under the caption Limitation on Debt ; and

(r) customary provisions in joint venture agreements and other similar agreements relating solely to such joint venture or similar entity.

Provision of Financial Statements

(a) Whether or not the Company is subject to Section 13(a) or 15(d) of the Exchange Act, the Company shall deliver to the Trustee on behalf of, and upon request make available to, the holders of Exchange Notes, within 30 days after the date by which the Company would have been required by the Commission s rules and regulations to file such documents if the Company were so subject, copies of all annual reports, quarterly reports and other documents which the Company would have been required to file with the Commission pursuant to Sections 13(a) or 15(d) if the Company were so subject; *provided* that any such reports and documents filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system (or any successor system) shall be deemed to be delivered to the Trustee and the holders of Exchange Notes.

(b) Delivery of such reports and documents to the Trustee is for informational purposes only and the Trustee s receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company s or any Guarantor s, as the case may be, compliance with any of its covenants under the Indenture (as to which the Trustee is entitled to rely exclusively on officer s certificates of the Company). The Trustee may assume that any reports required to be filed under paragraph (a) above have been filed with the Commission and shall have no obligation to verify any such filing.

(c) So long as any of the Exchange Notes remain outstanding, if at any time the Company is not subject to Section 13 or 15(d) under the Exchange Act, the Company will make available to any prospective purchaser of Exchange Notes or beneficial owner of Exchange 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 Exchange Notes for securities identical in all material respects which have been registered under the Securities Act or until such time as the holders of the Exchange Notes have disposed of such Exchange Notes pursuant to an effective registration statement under the Securities Act or until such time when the holders of the Exchange Notes, other than holders that are Affiliates of the Company, are able to sell all such Exchange Notes immediately without restriction pursuant to the provisions of Rule 144 under the Securities Act or any successor thereto.

(d) Any failure to comply with this covenant shall be automatically cured when the Company provides all required reports to the Trustee on behalf of the holders of Exchange Notes.

Additional Covenants

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

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(1) payment of principal, premium and interest;

(2) maintenance of an office or agency;

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

(4) maintenance of corporate existence; and

(5) payment of taxes and other claims.

Consolidation, Merger, Sale of Assets

The Company

The Company will not, in a single transaction or through a series of related transactions directly or indirectly, (x) consolidate with or merge with or into any other Person; or (y) sell, assign, convey, transfer, lease or otherwise dispose 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:

(1) 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 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, limited liability company, partnership, limited liability partnership or similar entity duly organized and validly existing under the laws of the United States of America, any state of the United States of America or the District of Columbia, and such Person expressly assumes, by a supplemental indenture, in a form reasonably satisfactory to the Trustee, all of the obligations of the Company under the Exchange Notes and the Indenture and the Registration Rights Agreement (as that term is defined under Exchange Offer; Registration Rights), as the case may be, and the Exchange Notes and the Indenture and the Registration Rights Agreement will remain in full force and effect as so supplemented;

(2) immediately after giving effect to such transaction on a pro forma basis (and treating any Debt 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;

(3) 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), either (A) the Company (or the Surviving Entity if the Company is not the continuing obligor under the Indenture) could incur $1.00 of additional Debt (other than Permitted Debt) under the covenant described under the caption Certain Covenants *Limitation on Debt;* or (B) the Consolidated Fixed Charge Coverage Ratio for the Company (or the Surviving Entity if the Company is not the continuing obligor under the Indenture) would be equal to or greater than such ratio for the Company immediately prior to such transaction;

(4) 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 Exchange Notes;

(5) 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 the covenant described under the caption Certain Covenants *Limitation on Liens* are complied with;

(6) if the Surviving Entity is not organized as a corporation after such transaction, a Restricted Subsidiary that

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is a corporation shall be a co-obligor of the Exchange Notes pursuant to a supplemental indenture to the Indenture in a form reasonably satisfactory to the Trustee; and

(7) 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 officer s certificate and an opinion of counsel, each to the effect that such consolidation, merger, sale, assignment, conveyance, transfer, lease or other transaction and the supplemental indenture in respect of such transaction comply with the Indenture and that all conditions precedent in the Indenture provided for relating to such transaction have been complied with.

An assumption of our obligations under the Exchange Notes and the Indenture by any such Persons might be deemed for U.S. federal income tax purposes to be an exchange of the Exchange Notes for new Exchange Notes by the beneficial owners thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the beneficial owner. You should consult your own tax advisors regarding the tax consequences of such an assumption.

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 directly or indirectly, (x) consolidate with or merge with or into any other Person (other than the Company or any Guarantor); or (y) sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of the properties and assets of the Guarantor and its Restricted Subsidiaries on a Consolidated basis to any Person or group of Persons (other than the Company or any Guarantor), unless at the time and after giving effect thereto:

(1) either:

(a) either (x) the Guarantor will be the continuing corporation, in the case of a consolidation or merger involving the Guarantor or (y) the Person (if other than the Guarantor) formed by such consolidation or into 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 of the United States of America 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 Exchange Notes, the Indenture and the Registration Rights Agreement and such Guarantee, Indenture and Registration Rights Agreement will remain in full force and effect; or

(b) such consolidation or merger or such sale, assignment, conveyance, transfer, lease or other disposition complies with the covenant described under the caption Certain Covenants *Limitation on Sale of Assets;*

(2) 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

(3) at the time of the transaction the Company, 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 officer s 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 (if applicable) 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 Exchange Notes is unconditionally released and discharged in accordance with paragraph (d) under the provisions of the covenant described under the caption Certain Covenants *Future Guarantees*.

In the event of any transaction (other than a transfer by lease) 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

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the continuing corporation, the successor Person formed or remaining or to which such transfer 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, and the Company or any Guarantor, as the case may be, shall be discharged from all obligations and covenants under the Indenture and the Exchange Notes or its Guarantee, as the case may be.

Clauses (2) and (3) of the paragraph under *The Company* and clause (2) of the paragraph under *The Guarantors* shall not apply to (a) any consolidation or merger or sale, assignment, conveyance, transfer, lease or other disposition of assets between or among the Company and any of its Restricted Subsidiaries, or any consolidation or merger of the Company or any of the Guarantors with or into an Affiliate incorporated in the United States, solely for the purpose of changing the entity s jurisdiction of incorporation or tax status.

An assumption of the obligations of a Guarantor under its Guarantee by a successor Person might be deemed for U.S. federal income tax purposes to cause an exchange of the Exchange Notes for new Exchange Notes by the beneficial owners thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the beneficial owner. You should consult your own tax advisors regarding the tax consequences of such an assumption.

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 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 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) of this clause (3)) and such default or breach shall continue for a period of 60 days after written notice has been given, by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Exchange Notes; or

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

(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 Significant Restricted Subsidiary then has outstanding Debt in excess of $50 million in principal amount, individually or in the aggregate, and either

(a) such default results from the failure to pay such Debt at its stated final maturity or

(b) such default or defaults have resulted in the acceleration of the final stated maturity of such Debt;

(5) any Guarantee by any Significant Restricted Subsidiary shall be held in any judicial proceeding to be unenforceable or invalid, or such Significant Restricted Subsidiary, or any Person acting on its behalf, shall deny or disaffirm in writing its obligations under its Guarantee, except to the extent contemplated by the Indenture and any such Guarantee;

(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 million, either individually or in the aggregate (exclusive of any portion of any such payment covered by insurance), shall be rendered against the Company or any Significant 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

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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;

(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

(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,

(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 clause (8).

Result of Events of Default

If an Event of Default (other than as specified in clauses (7) and (8) of the prior paragraph with respect to the Company) 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 Exchange 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 Exchange 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 Exchange Notes). Upon any such declaration, such principal, premium, if any, and interest (1) shall become due and payable immediately or (2) if the Credit Agreement is in effect, shall become due and payable upon the first to occur of an acceleration under the Credit Agreement or five business days after receipt of written notice of such declaration by the Company and the Senior Representative with respect to the Credit Agreement. If an Event of Default specified in clause (7) or (8) of the prior paragraph with respect to the Company occurs and is continuing,

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then all the Exchange Notes shall *ipso facto* become and be due and payable immediately in an amount equal to the principal amount of the Exchange Notes, together with accrued and unpaid interest, if any, to the date the Exchange 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 Exchange 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 Exchange 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:

(1) 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,

(2) all overdue interest on all Exchange Notes then outstanding,

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

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

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

(c) all Events of Default, other than the non-payment of principal of, premium, if any, and interest on the Exchange Notes which have become due solely by such declaration of acceleration, have been cured or waived as provided in the Indenture.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Waiver of Default by Noteholders

The holders of not less than a majority in aggregate principal amount of the Exchange Notes outstanding may on behalf of the holders of all outstanding Exchange Notes waive any past default under the Indenture and its consequences, except a default (i) in the payment of the principal of, premium, if any, or interest on any Note, which may only be waived with the consent of each holder of Exchange Notes affected or (ii) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the holders of all Exchange Notes affected by such modification or amendment.

Legal Rights of Noteholders

No holder of any of the Exchange Notes has any right to institute any proceedings with respect to the Indenture or any remedy thereunder, unless:

(1) the holders of at least 25% in aggregate principal amount of the outstanding Exchange Notes have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as Trustee under the Exchange Notes and the Indenture;

(2) the Trustee has failed to institute such proceeding within 15 days after receipt of such notice; and

(3) the Trustee, within such 15-day period, has not received directions inconsistent with such written request by holders of a majority in aggregate principal amount of the outstanding Exchange Notes.

Such limitations do not, however, apply to a suit instituted by a holder of a Note for the enforcement of the payment of the principal of, premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

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Notice to the Trustee

The Company is required to notify the Trustee within five business days of the obtaining knowledge of any Default. The Company is required to deliver to the Trustee, on or before a date not more than 120 days after the end of each fiscal year, a written statement as to compliance with the Indenture, including whether or not any Default has occurred.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Exchange Notes, the Indenture, the Guarantees, the Registration Rights Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Exchange Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Exchange Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Defeasance or Covenant Defeasance

The Company may, at its option and at any time, elect to have the obligations of the Company, any Guarantor and any other obligor upon the Exchange Notes discharged with respect to the outstanding Exchange Notes (defeasance). Such defeasance means that the Company, any such Guarantor and any other obligor under the Indenture shall be deemed to have paid and discharged the entire Debt represented by the outstanding Exchange Notes, except for:

(i) the rights of holders of such outstanding Exchange Notes to receive payments in respect of the principal of, premium, if any, and interest on such Exchange Notes when such payments are due,

(ii) the Company s obligations with respect to the Exchange Notes concerning issuing temporary Exchange Notes, registration of Exchange Notes, mutilated, destroyed, lost or stolen Exchange Notes, and the maintenance of an office or agency for payment and money for security payments held in trust,

(iii) the rights, powers, trusts, duties and immunities of the Trustee, and

(iv) the defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and any Guarantor released with respect to certain covenants that are described in the Indenture (covenant defeasance) and thereafter any omission to comply with such obligations shall not constitute a Default or an Event of Default with respect to the Exchange Notes. In the event covenant defeasance occurs, certain events (not including non-payment, bankruptcy and insolvency events) described under Events of Default will no longer constitute an Event of Default with respect to the Exchange Notes.

In order to exercise either defeasance or covenant defeasance,

(i) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Exchange Notes, cash in United States dollars, U.S. Government Obligations (as defined in the Indenture), or a combination of cash and U.S. Government Obligations, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants or a nationally recognized investment banking firm, to pay and discharge the principal of, premium, if any, and interest on the outstanding Exchange Notes on the Stated Maturity (or on any date after October 1, 2017 (such date being referred to as the Defeasance Redemption Date), if at or prior to electing either defeasance or covenant defeasance, the Company has delivered to the Trustee an irrevocable notice to redeem all of the outstanding Exchange Notes on the Defeasance Redemption Date);

(ii) in the case of defeasance, the Company shall have delivered to the Trustee an opinion of independent counsel in the United States stating that (A) the Company has received from, or there has been

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published by, the Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of independent counsel in the United States shall confirm that, the beneficial owners of the outstanding Exchange Notes will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;

(iii) in the case of covenant defeasance, the Company shall have delivered to the Trustee an opinion of independent counsel in the United States to the effect that the beneficial owners of the outstanding Exchange Notes will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as clauses (7) or (8) with respect to the Company under the first paragraph under the caption Events of Default are concerned, at any time during the period ending on the 91st day after the date of deposit (other than a Default which results from the borrowing of amounts to finance the defeasance and which borrowing does not result in a breach or violation of, or constitute a default under, any other material agreement or instrument to which the Company or any Restricted Subsidiary is a party or to which it is bound);

(v) such defeasance or covenant defeasance shall not cause the Trustee for the Exchange Notes to have a conflicting interest as defined in the Indenture and for purposes of the Trust Indenture Act with respect to any securities of the Company or any Guarantor;

(vi) such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a Default under, the Indenture or any other material agreement or instrument to which the Company, any Guarantor or any Restricted Subsidiary is a party or by which it is bound;

(vii) the Company will have delivered to the Trustee an opinion of independent counsel in the United States to the effect that (assuming that no holder of any Exchange Notes would be considered an insider of the Company under any applicable bankruptcy or insolvency law and assuming no intervening bankruptcy or insolvency of the Company between the date of deposit and the 91st day following the deposit) after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally;

(viii) the Company shall have delivered to the Trustee an officer s certificate stating that the deposit was not made by the Company with the intent of preferring the holders of the Exchange Notes or any Guarantee over the other creditors of the Company or any Guarantor with the intent of defeating, hindering, delaying or defrauding creditors of the Company, any Guarantor or others;

(ix) no event or condition shall exist that would prevent the Company from making payments of the principal of, premium, if any, and interest on the Exchange Notes on the date of such deposit or at any time ending on the 91st day after the date of such deposit; and

(x) the Company will have delivered to the Trustee an officer s certificate and an opinion of independent counsel, each stating that all conditions precedent provided for relating to either the defeasance or the covenant defeasance, as the case may be, have been complied with.

Modifications and Amendments

With Noteholder Consent

Modifications and amendments of the Indenture may be made by the Company, each Guarantor, if any, and the

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Trustee with the consent of the holders of at least a majority in aggregate principal amount of the Exchange Notes then outstanding; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby:

(i) change the Stated Maturity of the principal of, or any installment of interest on, or change to an earlier date any redemption date of, or waive a default in the payment of the principal of, premium, if any, or interest on, any such Note or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any such Note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date);

(ii) reduce the percentage in principal amount of such outstanding Exchange Notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver or compliance with certain provisions of the Indenture;

(iii) modify any of the provisions relating to supplemental indentures requiring the consent of holders or relating to the waiver of past defaults or relating to the waiver of certain covenants, except to increase the percentage of such outstanding Exchange Notes required for such actions or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each such Note affected thereby;

(iv) except as otherwise permitted under the caption Consolidation, Merger, Sale of Assets, consent to the assignment or transfer by the Company or any Guarantor of any of its rights and obligations under the Indenture;

(v) amend or modify any of the provisions of the Indenture relating to the subordination of the Exchange Notes or any Guarantee in any manner adverse to the holders of the Exchange Notes or any Guarantee; or

(vi) after the Company s obligation to purchase Exchange Notes arises under the Indenture, amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with the covenant described under the caption Purchase of Exchange Notes Upon a Change of Control or make and consummate an Offer with respect to any Asset Sale or Asset Sales in accordance with the covenant described under the caption Certain Covenants *Limitation on Sale of Assets*, including, in each case, amending, changing or modifying any definitions related thereto, but only to the extent such definitions relate thereto.

Without Noteholder Consent

Notwithstanding the foregoing, without the consent of any holders of the Exchange Notes, the Company, any Guarantor, any other obligor under the Exchange Notes and the Trustee may modify or amend the Indenture:

(a) to evidence the succession of another Person to the Company or a Guarantor or any other obligor upon the Exchange Notes, and the assumption by any such successor of the covenants of the Company or such Guarantor or obligor in the Indenture and in the Exchange Notes and in any Guarantee in accordance with the covenant described under the caption Consolidation, Merger, Sale of Assets;

(b) to add to the covenants of the Company, any Guarantor or any other obligor upon the Exchange Notes for the benefit of the holders of the Exchange Notes or to surrender any right or power conferred upon the Company or any Guarantor or any other obligor upon the Exchange Notes, as applicable, in the Indenture, in the Exchange Notes or in any Guarantee;

(c) to cure any ambiguity, or to correct or supplement any provision in the Indenture or in any supplemental indenture, the Exchange Notes or any Guarantee which may be defective or inconsistent with any other provision in the Indenture, the Exchange Notes or any Guarantee;

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(d) to make any change that would provide any additional rights or benefits to the holders of the Exchange Notes;

(e) to make any other provisions with respect to matters or questions arising under the Indenture, the Exchange Notes or any Guarantee; *provided* that, in each case, such provisions shall not adversely affect the interest of the holders of the Exchange Notes in any material respect;

(f) to comply with the requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act;

(g) to add a Guarantor under the Indenture;

(h) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture;

(i) to mortgage, pledge, hypothecate or grant a security interest in favor of the Trustee for the benefit of the holders of the Exchange Notes as additional security for the payment and performance of the Company s and any Guarantor s obligations under the Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Trustee pursuant to the Indenture or otherwise;

(j) to provide for the issuance of additional Exchange Notes under the Indenture in accordance with the limitations set forth in the Indenture;

(k) to provide for the issuance of exchange notes pursuant to the terms of the Indenture and the Registration Rights Agreement;

(l) to comply with the rules of any applicable securities depositary; or

(m) to conform the text of the Indenture or the Exchange Notes to any provision of this Description of Exchange Notes section of this prospectus.

The holders of a majority in aggregate principal amount of the Exchange Notes outstanding may waive compliance with certain restrictive covenants and provisions of the Indenture.

No amendment, modification or waiver of the Indenture shall adversely affect the rights of any holder of Senior Debt or Senior Guarantor Debt under the subordination provisions of the Indenture without the consent of such holder.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Exchange Notes as expressly provided for in the Indenture) as to all outstanding Exchange Notes under the Indenture when:

(a) either (i) all such Exchange Notes previously authenticated and delivered (except lost, stolen or destroyed Exchange Notes which have been replaced or paid or Exchange Notes whose payment has been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust as provided for in the Indenture) have been delivered to the Trustee for cancellation or (ii) all Exchange Notes not previously delivered to the Trustee for cancellation:

(x) have become due and payable by reason of the mailing of a notice or redemption or otherwise,

(y) will become due and payable at their Stated Maturity within one year, or

(z) have been or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense of the Company;

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and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount in United States dollars sufficient to pay and discharge the entire Debt on the Exchange Notes not theretofore delivered to the Trustee for cancellation, including the principal of, premium, if any, and accrued interest on, such Exchange Notes at such Maturity, Stated Maturity or redemption date;

(b) the Company or any Guarantor has paid or caused to be paid all other sums payable under the Indenture by the Company and any Guarantor; and

(c) the Company has delivered to the Trustee an officer s certificate and an opinion of independent counsel reasonably satisfactory to the Trustee each stating that (i) all conditions precedent under the Indenture relating to the satisfaction and discharge of such Indenture have been complied with and (ii) such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, the Indenture (other than that resulting from the borrowing of funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Debt and, in each case, the granting of Liens in connection therewith) or any other material agreement or instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound (except for such agreements or instruments which will be terminated or otherwise discharged substantially contemporaneously with, other than with respect to notice provisions, such deposit).

Governing Law

The Indenture, the Exchange Notes and any Guarantee will be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the conflicts of law principles thereof.

Concerning the Trustee

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue as Trustee with such conflict or resign as Trustee.

The holders of a majority in principal amount of the then outstanding Exchange Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs, which has not been cured, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Exchange Notes unless such holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Certain Definitions

Acquired Debt means Debt of a Person:

(1) existing at the time such Person becomes a Restricted Subsidiary, or

(2) assumed in connection with the acquisition of assets from such Person, in each case, other than Debt incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, as the case may be and is not recourse to any Person or assets other than such Person or its assets (including its Subsidiaries and their assets).

Acquired Debt shall be deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Restricted Subsidiary, as the case may be.

Affiliate means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this

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definition, control when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms controlling and controlled have meanings correlative to the foregoing.

Applicable Premium means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of:

(a) the present value at such redemption date of (i) the redemption price of such Note at October 1, 2017 (such redemption price being set forth in the table appearing above under Optional Redemption), plus (ii) all scheduled interest payments due on such Note from the redemption date through October 1, 2017 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate at such redemption date, plus 50 basis points over

(b) the principal amount of such Note.

Asset Sale means any sale, issuance, conveyance, transfer, lease or other disposition, including, without limitation, by way of merger, consolidation or sale and leaseback transaction (collectively, a transfer), directly or indirectly, in one or a series of related transactions, of:

(1) any Capital Stock of any Restricted Subsidiary (other than directors qualifying shares and transfers of Capital Stock required by a Manufacturer to the extent the Company does not receive cash or Cash Equivalents for such Capital Stock);

(2) all or substantially all of the properties and assets of any division or line of business of the Company or any Restricted Subsidiary; or

(3) any other properties or assets of the Company or any Restricted Subsidiary other than in the ordinary course of business.

For the purposes of this definition, the term Asset Sale shall not include any transfer of properties and assets:

(A) that is governed by the provisions described under the caption Consolidation, Merger, Sale of Assets,

(B) that is by the Company to any Restricted Subsidiary, or by any Restricted Subsidiary to the Company or any Restricted Subsidiary in accordance with the terms of the Indenture,

(C) that is of obsolete or unusable equipment or assets that are not useful in the business,

(D) that consists of defaulted receivables for collection or any sale, transfer or other disposition of defaulted receivables for collection,

(E) arising from foreclosures, condemnation or any similar action on assets or the granting of Liens not prohibited by the Indenture,

(F) the Fair Market Value of which in the aggregate does not exceed $15 million in any transaction or series of related transactions,

(G) that consists of any Permitted Investment or Restricted Payment permitted under the caption Certain Covenants *Limitation on Restricted Payments*,

(H) that constitutes a Change of Control,

(I) that is of cash or Cash Equivalents,

(J) that is of Capital Stock in, or Debt or other securities of, an Unrestricted Subsidiary,

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(K) arising from any financing transaction with respect to property built or acquired by the Company or any Restricted Subsidiary after the Issue Date, including without limitation any sale and leaseback transaction or asset securitization.

Average Life to Stated Maturity means, as of the date of determination with respect to any Debt, the quotient obtained by dividing (i) the sum of the products of (a) the number of years from the date of determination to the date or dates of each successive scheduled principal payment of such Debt multiplied by (b) the amount of each such principal payment by (ii) the sum of all such principal payments.

Bankruptcy Law means Title 11, United States Bankruptcy Code of 1978, as amended, or any similar United States federal or state law or foreign law relating to bankruptcy, insolvency, receivership, winding up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

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

Capital Stock of any Person means any and all shares, interests, participations, rights in or other equivalents, however designated, of such Person s capital stock or other equity interests, partnership interests (whether general or limited), any other interest or participation that confers on a Person that right to receive a share of the profits and losses of, or distributions of assets of (other than a distribution in respect of Debt), the issuing Person and any rights, warrants or options exchangeable for or convertible into such Capital Stock (other than debt securities convertible into Capital Stock).

Cash Equivalent means:

(1) United States Dollars or such local currencies held by the Company or any Restricted Subsidiary from time to time in the ordinary course of business;

(2) any evidence of Debt, maturing not more than one year after the date of acquisition (unless such securities are deposited to defease or satisfy and discharge any Debt), issued by the United States of America, or an instrumentality or agency thereof, and guaranteed fully as to principal, premium, if any, and interest by the United States of America;

(3) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers acceptances with maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank having capital and surplus of not less than $500 million in the case of U.S. banks and $100 million (or the U.S. dollar equivalent as of the date of determination) in the case of non-U.S. banks;

(4) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate or Subsidiary of the Company) organized and existing under the laws of the United States of America with a rating, at the time as of which any investment therein is made, of P-1 (or higher) according to Moody s or A-1 (or higher) according to S&P;

(5) any money market deposit accounts issued or offered by a domestic commercial bank having capital and surplus in excess of $500 million or a non-U.S. bank having capital and surplus in excess of $100 million; *provided* that the short term debt of such commercial bank has a rating, at the time of Investment, of P-1 (or higher) according to Moody s or A-1 (or higher) according to S&P;

(6) in the case of any investment by a Foreign Subsidiary or investments made in a country outside the United States of America, Cash Equivalents will also include (A) direct obligations of the sovereign nation (or any agency thereof) in which such Foreign Subsidiary is organized and is conducting business or obligations fully and unconditionally guaranteed by such sovereign nation (or agency thereof) and (B) investments denominated in the currency of the jurisdiction in which such Foreign Subsidiary is organized or has its principal place of business which are similar to the items specified in clauses (1) through (5) above, including, without limitation, any deposit with a bank that is a lender to such Foreign Subsidiary;

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(7) any repurchase agreement entered into with Mercedes-Benz Financial Services USA LLC (or with a commercial banking institution of the stature referred to in clause (3) above) which (A) is secured by a fully perfected security interest in any obligation of the type described in any of clauses (2) through (4) above and (B) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of Mercedes-Benz Financial Services USA LLC (or such commercial banking institution) thereunder;

(8) repurchase obligations for underlying securities of the types described in clauses (2) and (3) entered into with any financial institution meeting the qualifications specified in clause (3) above; and

(9) shares of money market mutual funds within the definition of Rule 2a-7 issued by the Commission under the Investment Company Act of 1940.

Change of Control means the occurrence of any of the following events:

(1) any person or group (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act or any successor provisions) other than the Company, any of its subsidiaries, any of its employee benefit plans, any of the Permitted Holders or any holding company which owns, directly or indirectly, 100% of the Voting Stock of the Company (so long as no Change of Control would otherwise have occurred in respect of the Voting Stock of such holding company), is or becomes the beneficial owner, directly or indirectly, through a purchase, merger or other acquisition transaction, of 50% or more of the total voting power of all classes of Voting Stock of the Company;

(2) the Company consolidates with, or merges with or into, another person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) or any person consolidates with or merges with or into the Company, or the Company conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any person (other than a direct or indirect wholly owned subsidiary of the Company), other than:

(a) any transaction pursuant to which holders of the Company s capital stock immediately prior to the transaction have the entitlement to exercise, directly or indirectly, 50% or more of the total voting power of all classes of Voting Stock of (i) the continuing or surviving person immediately after the transaction or (ii) any holding company which owns, directly or indirectly, 100% of the Voting Stock of the continuing or surviving person immediately after the transaction (so long as no Change of Control would otherwise have occurred in respect of the Voting Stock of such holding company); or

(b) any merger solely for the purpose of changing the Company s jurisdiction of formation and resulting in a reclassification, conversion or exchange of outstanding shares of common stock solely into shares of common stock of the surviving entity;

(3) during any consecutive two-year period, individuals who at the beginning of that two-year period constituted the board of directors of the Company (together with any new directors whose election to such board of directors, or whose nomination for election by stockholders, was approved by one or more Permitted Holders or by a vote of a majority of the directors then in office who were either directors at the beginning

of such period or whose election or nomination for election was previously so approved) cease for any reason (other than death) to constitute a majority of the board of directors of the Company then in office; or

(4) the Company approves a plan of liquidation or dissolution.

Beneficial ownership will be determined in accordance with Rule 13d-3 promulgated by the Commission under the Exchange Act. The term person includes any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Exchange Act.

Commission means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of the Indenture such Commission is not existing and performing the duties now assigned to it under the Securities Act, Exchange Act and Trust Indenture Act then the body

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performing such duties at such time.

Commodity Price Protection Agreement means any forward contract, commodity swap, commodity option or other similar financial agreement or arrangement relating to, or the value of which is dependent upon, fluctuations in commodity prices.

Common Stock means the Company s voting common stock, par value $0.0001, or any successor common stock thereto.

Company means Penske Automotive Group, Inc., a corporation incorporated under the laws of Delaware, until a successor Person shall have become such pursuant to the applicable provisions of the Indenture, and thereafter Company shall mean such successor Person.

Consolidated Equity of any Person means

(a) the Consolidated Tangible Assets of such Person, less

(b) the amount of any Debt of such Person incurred pursuant to a Floor Plan Facility.

Consolidated Fixed Charge Coverage Ratio of any Person means, for any period, the ratio of:

(a) the sum of Consolidated Net Income (Loss), and in each case to the extent deducted in computing Consolidated Net Income (Loss) for such period, Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-cash Charges for such period, of such Person and its Restricted Subsidiaries on a Consolidated basis, less all noncash items increasing Consolidated Net Income for such period in any prior period to

(b) the sum of Consolidated Interest Expense for such period and cash dividends paid on any Preferred Stock of such Person during such period,

in each case after giving pro forma effect to:

(i) the incurrence of the Debt giving rise to the need to make such calculation and (if applicable) the application of the net proceeds therefrom, including to refinance other Debt, as if such Debt was incurred, and the application of such proceeds occurred, on the first day of such period;

(ii) the incurrence, repayment or retirement of any other Debt by the Company and its Restricted Subsidiaries since the first day of such period as if such Debt was incurred, repaid or retired at the beginning of such period (except that, in making such computation, the amount of Debt under any revolving credit facility shall be computed based upon the average daily balance of such Debt during such period);

(iii) in the case of Acquired Debt or any acquisition occurring at the time of the incurrence of such Debt, the related acquisition (and any Consolidated Net Income (Loss) of such Person), assuming such acquisition had been consummated on the first day of such period; and

(iv) any acquisition or disposition by the Company and its Restricted Subsidiaries of any company or any business or any assets (including the Consolidated Net Income (Loss) of such Person), whether by merger, stock purchase or sale or asset purchase or sale, or any related repayment of Debt, in each case since the first day of such period, assuming such acquisition or disposition had been consummated on the first day of such period, including giving effect to any Pro Forma Cost Savings;

provided that

(i) in making such computation, the Consolidated Interest Expense attributable to interest on any Debt computed on a pro forma basis and (A) bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period (subject to any applicable Interest Rate Agreement) and (B) which was not outstanding during the period for which the computation is being made but which bears, at the option of such Person, a fixed or floating rate of interest,

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shall be computed by applying at the option of such Person either the fixed or floating rate and

(ii) in making such computation, the Consolidated Interest Expense of such Person attributable to interest on any Debt under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Debt during the applicable period.

Consolidated Income Tax Expense of any Person means, for any period, the provision for federal, state, local and foreign income taxes of such Person and its Consolidated Restricted Subsidiaries for such period as determined in accordance with GAAP.

Consolidated Interest Expense of any Person means, without duplication, for any period, the sum of

(a) the interest expense of such Person and its Restricted Subsidiaries for such period, on a Consolidated basis (other than interest expense under any Inventory Facility), including, without limitation,

(1) amortization of debt discount,

(2) the net cash costs paid under Interest Rate Agreements (including amortization of discounts),

(3) the interest portion of any deferred payment obligation,

(4) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing, and

(5) accrued interest, plus

(b) (1) the interest component of the Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period and (2) all capitalized interest of such Person and its Restricted Subsidiaries; plus

(c) the interest expense under any Debt guaranteed by such Person and any Restricted Subsidiary to the extent not included under clause (a)(4) above, whether or not paid by such Person or its Restricted Subsidiaries, but excluding, in the case of (a), (b) and (c), the amortization or write-off of deferred financing costs, plus

(d) dividend requirements of the Company and the Restricted Subsidiaries with respect to Redeemable Capital Stock, and with respect to Preferred Stock of Restricted Subsidiaries, in each case whether in cash or otherwise (except dividends payable solely in shares of Capital Stock (other than any Preferred Stock or Redeemable Capital Stock) of the Company or any Restricted Subsidiary).

Consolidated Net Income (Loss) of any Person means, for any period, the Consolidated net income (or loss) of such Person and its Restricted Subsidiaries for such period on a Consolidated basis as determined in accordance with GAAP, adjusted, to the extent included in calculating such net income (or loss), by excluding, without duplication,

(1) all extraordinary, non-recurring or unusual gains or losses net of taxes (less all fees and expenses relating thereto),

(2) the portion of net income (or loss) of such Person and its Restricted Subsidiaries on a Consolidated basis allocable to minority interests in unconsolidated Persons or Unrestricted Subsidiaries to the extent that cash dividends or distributions have not actually been received by such Person or one of its Consolidated Restricted Subsidiaries,

(3) any impairment charge or asset write-off pursuant to Accounting Standards Codification (ASC) Topic 350 and ASC Topic 360 and the amortization of intangibles arising pursuant to ASC Topic 350,

(4) any gain or loss, net of taxes, realized upon the termination of any employee pension benefit plan,

(5) the cumulative effect of a change in accounting principles,

(6) gains or losses, net of taxes (less all fees and expenses relating thereto), in respect of dispositions of assets

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other than in the ordinary course of business,

(7) solely for purposes of the covenant described under Certain Covenants *Limitation on Restricted Payments*, the net income of any Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders,

(8) non-cash gains and losses due solely to fluctuations in currency values or unrealized gains and losses with respect to hedging obligations or other derivative instruments pursuant to ASC 815 or otherwise,

(9) any non-cash compensation charge arising from the grant of or issuance of stock, stock options or other equity based awards,

(10) any restoration to net income of any contingency reserve, except to the extent provision for such reserve was made out of income accrued at any time following the Issue Date,

(11) the amortization or write-off of deferred financing fees and any expenses of bridge or other financing fees,

(12) any net gain arising from the acquisition of any securities or extinguishment, under GAAP, of any Debt of such Person, and

(13) any gain or loss, net of taxes, attributable to disposed, abandoned, transferred or closed assets or operations and any gain or loss, net of taxes, on disposal of disposed, abandoned, transferred or closed assets or operations (including, without limitation, assets or operations disposed of during such period).

For the sake of clarity, (x) any amounts restated for discontinued operations in the Company s consolidated financial statements shall not be recalculated under this definition and (y) any gain or loss, net of taxes, attributable to discontinued operations and any gain or loss, net of taxes, on disposal of discontinued operations (including, without limitation, operations disposed of during such period) shall be excluded from the calculation of Consolidated Net Income.

Consolidated Non-cash Charges of any Person means, for any period, the aggregate depreciation, amortization and other non-cash charges of such Person and its subsidiaries on a Consolidated basis for such period, as determined in accordance with GAAP, excluding any non-cash charge which requires an accrual or reserve for cash charges for any future period.

Consolidated Tangible Assets of any Person means (a) all the Consolidated Total Assets of such Person, less (b) the amount thereof constituting goodwill and other intangible assets as calculated in accordance with GAAP.

Consolidated Total Assets of any Person means all amounts that would be shown as assets on a consolidated balance sheet of such Person and its Restricted Subsidiaries prepared in accordance with GAAP.

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

Credit Agreement means the Third Amended and Restated Credit Agreement, dated as of October 30, 2008, among the Company, various financial institutions and Mercedes-Benz Financial Services USA LLC as agent for the lenders, as amended, as such agreement, in whole or in part, may have been or may be amended, renewed, extended, increased, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time, including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing.

Credit Facility means one or more debt facilities (including, without limitation, the Credit Agreement and the U.K. Credit Agreement), financings, commercial paper facilities or other debt instruments, indentures or agreements providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), notes or letters of credit, bank products or other debt obligations and, in each case, as such agreements may be amended,

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amended and restated, supplemented, modified, renewed, refunded, refinanced, replaced or otherwise restructured, in whole or in part from time to time (including increasing the amount of available borrowings thereunder or adding Restricted Subsidiaries of the Company as additional borrowers or guarantors thereunder) with respect to all or any portion of the Debt under such agreement or agreements or any successor or replacement agreement or agreements and whether by the same or any other agent, lender or group of lenders or other party.

Currency Hedging Agreements means one or more of the following agreements which shall be entered into by one or more financial institutions: foreign exchange contracts, currency swap agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency values.

Debt means, with respect to any Person, without duplication,

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

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

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

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

(5) all Capital Lease Obligations of such Person,

(6) all Debt referred to in clauses (1) through (5) above of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien, upon or with respect to property, including, without limitation, accounts and contract rights owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt,

(7) to the extent not otherwise included, any guarantee, other than by endorsement for collection or deposit in the ordinary course of business, of all or any part of any Debt of another Person,

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