

ASBURY AUTOMOTIVE GROUP INC  
Form DEF 14A  
April 08, 2005

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Asbury Automotive Group, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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**Asbury Automotive Group**  
**622 Third Avenue, 37<sup>th</sup> Floor**  
**New York, NY 10017**

April 7, 2005

Dear Stockholders,

On behalf of the Board of Directors and management of Asbury Automotive Group, Inc. (the "Company"), it is our pleasure to invite you to attend the Company's 2005 Annual Meeting of Stockholders. The meeting will be held on April 28, 2005, at 9:00 a.m. Eastern Standard Time, at The Grand Hyatt New York, Park Avenue at Grand Central Station, New York, New York.

The Notice of Annual Meeting and Proxy Statement accompanying this letter describe the business to be dealt with at the meeting. At the conclusion of the formal part of the meeting, a brief report on the Company's business will be presented and you will have an opportunity to ask management questions about the Company.

As you know, an important aspect of the annual meeting process is the vote by stockholders on corporate business. I urge you to exercise your rights as a stockholder to vote and participate in the process. Whether or not you plan to attend the meeting, **please read the enclosed proxy statement and complete, sign and date the enclosed proxy and return it as promptly as possible in the accompanying postage paid envelope.** This will ensure that your shares are represented at the meeting.

Sincerely,

Kenneth B. Gilman  
President and Chief Executive Officer

**YOUR VOTE IS IMPORTANT**

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**ASBURY AUTOMOTIVE GROUP, INC.  
622 THIRD AVENUE, 37TH FLOOR  
NEW YORK, NEW YORK 10017  
(212) 885-2500**

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD APRIL 28, 2005**

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To Our Stockholders:

The 2005 Annual Meeting of Stockholders of Asbury Automotive Group, Inc. (the "Company") will be held at The Grand Hyatt New York, Park Avenue at Grand Central Station, New York, New York, on April 28, 2005, at 9:00 a.m. Eastern Standard Time, for the purpose of considering and acting upon the following matters:

1. the election of four members of Class III of the Board of Directors to hold office until the 2008 Annual Meeting of Stockholders;
2. the ratification of the appointment of Deloitte & Touche LLP as independent auditors for the Company for the year ending December 31, 2005;

and such other matters as may properly come before the annual meeting or any adjournments thereof. The Board of Directors is not aware of any other business scheduled for the annual meeting. Any action may be taken on the foregoing proposals at the annual meeting on the date specified above, or on any date or dates to which the annual meeting may be adjourned.

Stockholders of record at the close of business on March 15, 2005 are the stockholders entitled to vote at the annual meeting, and any adjournments thereof. A complete list of stockholders entitled to vote at the meeting will be available for inspection by stockholders during normal business hours at the Company's corporate headquarters located at 622 Third Avenue, 37<sup>th</sup> Floor, New York, New York 10017, during the ten days prior to the meeting as well as at the meeting.

Your vote is important. Please sign and date the enclosed proxy, and return it promptly in the enclosed envelope to ensure your representation at the annual meeting. The proxy will not be used if you attend and vote at the meeting in person.

BY ORDER OF THE BOARD OF DIRECTORS,

Lynne A. Burgess  
Secretary

New York, New York  
April 7, 2005

**IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE THE COMPANY THE EXPENSE OF FURTHER REQUESTS FOR PROXIES TO ENSURE A QUORUM AT THE ANNUAL MEETING. A PRE-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.**

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**ASBURY AUTOMOTIVE GROUP, INC.**

622 THIRD AVENUE, 37TH FLOOR  
NEW YORK, NEW YORK 10017  
(212) 885-2500

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**PROXY STATEMENT**

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**ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON APRIL 28, 2005**

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This proxy statement is furnished in connection with the solicitation, on behalf of Asbury Automotive Group, Inc., a Delaware corporation (the "Company"), of proxies to be used at the Company's annual meeting of stockholders, to be held at The Grand Hyatt New York, Park Avenue at Grand Central Station, New York, New York, on April 28, 2005, at 9:00 a.m. Eastern Standard Time, and all adjournments of the meeting. The accompanying Notice of Meeting, this proxy statement and proxy card are first being mailed to stockholders on or about April 8, 2005. A copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2004 is included with these materials.

**ABOUT THE MEETING**

**What is the purpose of the annual meeting?**

At the annual meeting, stockholders are being asked to consider and vote upon the matters outlined in the accompanying Notice of Meeting, including:

PROPOSAL 1. Election of four members of Class III of the Board of Directors (the "Board") to hold office until the 2008 Annual Meeting of Stockholders; and

PROPOSAL 2. Ratification of the appointment of Deloitte & Touche LLP as independent auditors for the Company for the year ending December 31, 2005.

The stockholders will also transact any other business that may properly come before the meeting. Members of the Company's management team and representatives from Deloitte & Touche LLP will be present at the meeting to respond to appropriate questions from stockholders.

**Who is entitled to vote?**

The record date for the annual meeting was March 15, 2005. Only stockholders of record at the close of business on that date are entitled to notice of and to vote at the annual meeting. Attendance at the meeting will be limited to such stockholders of record, their proxies, beneficial owners having evidence of ownership on that date and invited guests of the Company.

The Company's sole outstanding capital stock is its common stock, par value \$0.01 per share. Except as otherwise required by law, or as described in this proxy statement, each holder of the Company's common stock is entitled to one vote per share on each matter submitted at the meeting. At the close of business on the record date there were 32,600,821 shares of the Company's common stock outstanding representing 32,600,821 votes eligible to be cast at the meeting by holders of the Company's capital stock.

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**What if my shares are held in "street name" by a broker?**

If you are the beneficial owner of shares held in "street name" by a broker, your broker, as the record holder of the shares, is required to vote those shares in accordance with your instructions. If you do not give instructions to your broker, your broker will be entitled to vote the shares with respect to the election of directors (Proposal 1) and the ratification of auditors (Proposal 2). Shares that a broker is not entitled to vote with respect to a proposal are sometimes called "broker non-votes." The treatment of broker non-votes is described in the following Q&A and below under "How will broker non-votes be treated?"

**How many shares must be present to hold the meeting?**

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of voting stock outstanding on the record date, determined by voting power, will constitute a quorum. Proxies received but marked as abstentions or broker non-votes (i.e., shares that your broker is not permitted to vote) will be included in the calculation of the number of shares considered to be present at the meeting.

**What if a quorum is not present at the meeting?**

If a quorum is not present at the scheduled time of the meeting, the chairman of the meeting may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given. An adjournment will have no effect on the business that may be conducted at the meeting.

**How do I vote?**

1. You may vote by mail. If you properly complete and sign the accompanying proxy card and return it in the enclosed envelope, it will be voted in accordance with your instructions. The enclosed envelope requires no additional postage if mailed in the United States. If your shares are held in "street name" by a broker or other nominee, you may also be able to give voting instructions by telephone or on the Internet. Please check the voting form provided by your broker or nominee to see if such options are available to you.

2. You may vote in person at the meeting. If you hold your shares of record and attend the annual meeting and wish to vote in person, you will be given a ballot at the annual meeting. However, if your shares are held in the name of your broker, bank or other nominee, you will need to obtain a proxy from the institution that holds your shares indicating that you were the beneficial owner of the Company's voting stock on March 15, 2005, the record date for voting at the annual meeting. Please contact your broker or other institution directly if you would like to obtain a proxy to vote your shares directly at the meeting. Even if you plan to attend the meeting, please sign and return your proxy card to ensure that your shares are represented. If you do attend the meeting, any votes you cast at the meeting will supersede your proxy.

**Can I change my vote after I submit my proxy?**

Yes, you may revoke your proxy and change your vote at any time before the polls close at the meeting by:

signing another proxy with a later date;

giving written notice of the revocation of your proxy to the Secretary of the Company prior to the annual meeting; or

voting in person at the annual meeting.



**How does the Board recommend I vote on the proposals?**

The Board recommends that you vote:

"FOR" Proposal 1: the election of four members of Class III of the Board of Directors to hold office until the 2008 Annual Meeting of Stockholders; (see page 7); and

"FOR" Proposal 2: the ratification of the appointment of Deloitte & Touche LLP as independent auditors for the Company for the year ending December 31, 2005 (see page 33).

**What if I do not specify how my shares are to be voted?**

If you submit an executed proxy but do not indicate any voting instructions, your shares will be voted FOR each of the proposals set forth in this proxy statement.

**Will any other business be conducted at the meeting?**

The Board knows of no other business that will be presented at the meeting. If any other proposal properly comes before the stockholders for a vote at the meeting, however, the proxy holders will vote your shares in accordance with their best judgment.

**How many votes are required to elect the director nominees?**

The affirmative vote of a plurality of the votes cast on this matter is required to elect the four nominees as directors. This means that the four nominees will be elected if they receive more affirmative votes than any other person. If you vote "Withheld" with respect to the election of one or more nominees, your shares will not be voted with respect to the person or persons indicated, although they will be counted for purposes of determining whether there is a quorum. Proxies will not be voted for a greater number of persons than the number of nominees named in this proxy statement.

**What happens if a nominee is unable to stand for election?**

If a nominee is unable to stand for election, the Board may either reduce the number of directors to be elected or cause a substitute nominee to be selected. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee, unless you have withheld authority.

**How many votes are required to ratify the appointment of the Company's independent auditors?**

The ratification of the appointment of Deloitte & Touche LLP as independent auditors for the Company for the year ending December 31, 2005 requires the affirmative vote of a majority of the voting power of the Company's common stock present at the meeting in person or by proxy and entitled to vote as of the record date.

**How will abstentions be treated?**

If you abstain from voting on a proposal, your shares will still be included for purposes of determining whether a quorum is present. Because directors are elected by a plurality of votes, an abstention will have no effect on the outcome of the vote and, therefore, is not offered as a voting option for Proposal 1. If you abstain from voting on Proposal 2, for which this option is available, your shares will be included in the number of shares voting on the proposal and, consequently, your abstention will have the same practical effect as a vote against the proposal.

**How will broker non-votes be treated?**

If your shares are held by a broker or other nominee in "street name," your broker will generally be prohibited from voting such shares on any matter other than the election of directors and the

ratification of the Company's auditors, unless you inform your broker how your shares should be voted. If you don't provide your instructions by properly completing and returning to your broker the enclosed voting card (or by voting by telephone or Internet, if your broker provides such services), such shares will be treated as "broker non-votes" with respect to any proposals raised at the meeting other than Proposals 1 and 2. Such shares will be included for purposes of calculating the presence of a quorum. Otherwise, shares represented by broker non-votes will be treated as shares not entitled to vote on a proposal.

**Who pays for the costs of soliciting proxies?**

The Company will pay the cost of soliciting proxies. The Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of voting stock. In addition to solicitation by mail, directors, officers and employees of the Company may solicit proxies personally or by facsimile, telegraph or telephone, without additional compensation.

**SECURITIES OWNED BY MANAGEMENT AND CERTAIN BENEFICIAL OWNERS**

The following table sets forth information with respect to the ownership of shares of the Company's common stock by each director and named executive officer listed in the Summary Compensation Table and by all directors and executive officers of the Company as a group. In addition, the table sets forth information about all other persons known to the Company to be the beneficial owner of more than five percent of the Company's common stock.

The following information is given as of March 15, 2005, the record date, and, in the case of percentage ownership information, is based on 32,600,821 shares of the Company's common stock outstanding on that date. Shares issuable upon exercise of options are deemed to be outstanding for the purpose of computing the percentage ownership and overall voting power of persons believed to beneficially own such securities, but have not been deemed to be outstanding for the purpose of computing the percentage ownership or overall voting power of any other persons. The number of shares beneficially owned by each director and executive officer is determined under rules promulgated by the Securities and Exchange Commission (the "SEC"), and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days after the record date through the exercise of any stock option or other right. Inclusion in the table below of such shares, however, does not constitute an admission that the director or named executive officer is a direct or indirect beneficial owner of such shares. Voting power in the table is computed with respect to a general election of directors. So far as is known to the Company, the persons listed below have sole voting and investment power with respect to the shares indicated as believed to be owned by them, except as noted.

Name of Beneficial Owner	Shares Beneficially Owned(1)	
	Number	%
<b>Principal Stockholders</b>		
Ripplewood Partners L.P.(2)	8,954,900	27.5%
Freeman Spogli(3)	8,595,843	26.4%
<b>Current Directors and Nominees</b>		
Janet M. Clarke(4)		*
Timothy C. Collins(5)		*
Michael J. Durham(6)	3,333	*
Kenneth B. Gilman(7)	827,659	2.5%
Thomas C. Israel(8)	75,833	*
Vernon E. Jordan, Jr.(9)	6,333	*
Philip F. Maritz(9)	6,333	*
Thomas F. McLarty, III(10)	454,114	1.4%
John M. Roth(11)		*
Ian K. Snow(5)		*
Charles B. Tomm(12)	425,798	1.3%
Jeffrey I. Wooley(13)	1,397,591	4.3%
<b>Named Executive Officers Who Are Not Directors</b>		
J. Gordon Smith(14)	33,333	*
Robert D. Frank, Jr.(15)	93,939	*
Lynne A. Burgess(16)	13,333	*
Philip R. Johnson(17)	42,638	*
All directors and executive officers of Asbury as a group (16 persons)	3,380,237	10.0%

(\*) Denotes less than 1% of the Company's common stock.

(1) Several holders of less than 5% of the Company's common stock could be deemed to be part of a group with beneficial ownership of more than 5% of such common stock based on voting arrangements in a shareholders agreement, dated as of March 1, 2002, as amended (the "Shareholders Agreement"). Collectively, the group, which includes Ripplewood Partners L.P. and Freeman Spogli, owned approximately 71.6% of the Company's outstanding common stock as of the record date. As these holders expressly disclaim beneficial ownership of the shares of the Company's common stock beneficially owned by all other parties to the Shareholders Agreement, the Company has not included the names, addresses or the amount of shares owned by these holders in this table.

(2) Represents shares owned by Asbury Automotive Holdings L.L.C. Ripplewood Partners L.P. holds approximately 51% of the membership interests of Asbury Automotive Holdings L.L.C. and is deemed to be a member of a group that owns the shares of Asbury Automotive Holdings L.L.C. The business address of Ripplewood Partners L.P. is One Rockefeller Plaza, 32<sup>nd</sup> Floor, New York, NY 10020.

(3) Represents shares owned by Asbury Automotive Holdings L.L.C. FS Equity Partners III, L.P., FS Equity Partners International L.P. and FS Equity Partners IV, L.P., investment funds affiliated with Freeman Spogli, hold approximately 49% of the membership interests of Asbury Automotive Holdings L.L.C. and are deemed to be members of a group that owns the shares of Asbury Automotive Holdings L.L.C. The business address of Freeman Spogli, FS Equity Partners III, L.P. and FS Equity Partners IV, L.P. is 11100 Santa Monica Boulevard, Suite 1900, Los Angeles, California 90025. The business address of FS Equity Partners International L.P. is c/o Paget-

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Brown & Company, Ltd., West Winds Building, Third Floor, Grand Cayman, Cayman Islands, British West Indies.

- (4) Ms. Clarke became a member of the Board and a member of the Audit Committee on April 1, 2005.
- (5) Does not include 17,550,743 shares of common stock held by Asbury Automotive Holdings L.L.C., an entity in which Ripplewood Partners L.P. holds an ownership interest of approximately 51%. Mr. Collins is the Senior Managing Director and Chief Executive Officer of Ripplewood Investments L.L.C., the general partner of Ripplewood Partners L.P. Mr. Snow is a Managing Director of Ripplewood Partners L.L.C. Both Mr. Collins and Mr. Snow expressly disclaim beneficial ownership of any shares held by Ripplewood Partners L.P. except to the extent of their pecuniary interests in them.
- (6) Includes 3,333 options granted in connection with director compensation exercisable within 60 days after the record date.
- (7) Includes 791,559 options exercisable within 60 days after the record date.
- (8) Represents 62,500 shares owned by A.C. Israel Enterprises, Inc. and 7,000 shares owned by Starbuck Enterprises, Inc. Mr. Israel is a principal of A.C. Israel Enterprises, Inc. and Starbuck Enterprises, Inc. and beneficially owns the shares held by these entities. Also includes 6,333 options granted in connection with director compensation exercisable within 60 days after the record date. On January 10, 2005, Mr. Israel announced his resignation from the Board effective as of April 28, 2005.
- (9) Includes 6,333 options granted in connection with director compensation exercisable within 60 days after the record date.
- (10) Pursuant to the terms of the Shareholders Agreement, Mr. McLarty does not possess sole voting power with respect to these shares.
- (11) Does not include 17,550,743 shares of common stock held of record by Asbury Automotive Holdings L.L.C., an entity in which investment funds affiliated with Freeman Spogli, as described in footnote (3), hold approximately a 49% ownership interest. Mr. Roth is a director, member, partner or executive officer of the general partners of each of these investment funds. Mr. Roth expressly disclaims beneficial ownership of any shares held by such investment funds except to the extent of his pecuniary interest in them.
- (12) Includes 300,698 options exercisable within 60 days of the record date, consisting of 107,273 options issued to Mr. Tomm by the Company and 193,425 options under the Put and Call Agreements, dated June 2, 2000, between Luther Coggin and Mr. Tomm, which options expire June 1, 2005. Mr. Tomm became a member of the Board on April 1, 2005.
- (13) Represents 117,554 shares owned by JIW Fund I LLC and 1,280,037 shares owned by JIW Enterprises, Inc. Mr. Wooley is a principal of JIW Fund I LLC and JIW Enterprises, Inc. and beneficially owns the shares held by these entities, but pursuant to the terms of the Shareholders Agreement, Mr. Wooley does not possess sole voting power with respect to these shares.
- (14) Includes 33,333 options exercisable within 60 days after the record date.
- (15) Includes 93,939 options exercisable within 60 days after the record date.
- (16) Includes 13,333 options exercisable within 60 days after the record date.
- (17) Includes 32,638 options exercisable within 60 days after the record date.

**PROPOSAL NO. 1.  
ELECTION OF DIRECTORS**

Except as disclosed in this proxy statement, there are no arrangements or understandings between any of the nominees and any other person pursuant to which such nominee was selected.

Four directors are to be elected to hold office as Class III directors for terms of three years, until their respective successors have been duly elected and qualified. If a proxy does not withhold authority for the election of any or all of the nominees for directors, the proxy holders will vote the shares represented by such proxy for the election of the four nominees for directors. If a proxy withholds a vote from one or more nominees for directors, the proxy holders will follow the instructions.

Each nominee has consented to being named in this proxy statement and has agreed to serve if elected. Management has no reason to believe that any of the nominees will not serve if elected. If a nominee is unable to stand for election, the Board will designate a substitute nominee. If a substitute nominee is designated, the proxy holders will vote your shares for the substitute nominee, unless you have withheld authority.

**Directors and Nominees for Election as Directors**

Pursuant to the Company's Restated Certificate of Incorporation and a resolution adopted by the Board, the size of the Board is twelve directors. The Board is classified into three classes, with three-year terms. The term of each Class III director expires this year, the term of each Class I director expires in 2006 and the term of each Class II director expires in 2007.

On March 11, 2005, the Board appointed Ms. Clarke and Mr. Tomm as Class I directors for terms effective April 1, 2005 to fill vacancies created by the resignations of Thomas Gibson and Ben David McDavid from the Board in 2004. As of April 1, 2005, the Board had twelve directors. Mr. Israel, a Class I director, has resigned from the Board effective as of April 28, 2005, the date of the annual meeting. Consequently, as of the date of the annual meeting, Class I will have one vacant seat. The Board intends to fill this seat rather than reduce the number of its members. In February 2005, the Board established a Governance and Nominating Committee (also referred to in this proxy statement as the "GNC") to, among other things, search for Board candidates. The Board has also hired the recruiting firm, Spencer Stuart & Associates, to help identify qualified candidates to fill this vacant seat.

The biographies below give information, provided by the nominees, about their principal occupation, business experience and other matters. For additional information regarding the directors and nominees, see "SECURITIES OWNED BY MANAGEMENT AND CERTAIN BENEFICIAL OWNERS," "GOVERNANCE OF THE COMPANY," and "RELATED PARTY TRANSACTIONS".

**Nominees for Election as Class III Directors**

The nominees for election to Class III of the Board are Timothy C. Collins, Kenneth B. Gilman, Vernon E. Jordan, Jr. and Thomas F. McLarty, III. If re-elected at the annual meeting, their terms will expire in 2008.

**The Board and management recommend you vote FOR each of these nominees.**

**TIMOTHY C. COLLINS** (48) has served as a member of the Board and the Compensation Committee since 1996. Mr. Collins founded Ripplewood Holdings L.L.C. in 1995 and currently serves as its Senior Managing Director and Chief Executive Officer. From 1991 to 1995, Mr. Collins managed the New York office of Onex Corporation, a leveraged buy-out group headquartered in Canada. Previously, Mr. Collins was a Vice President at Lazard Frères & Company and held various positions at Booz, Allen & Hamilton and Cummins Engine Company. He also serves on the Board of Directors of

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Shinsei Bank Ltd, WRC Media, Inc., certain non-profit companies and various privately held Ripplewood portfolio companies. Mr. Collins formerly served on the Board of Directors of three public companies in Japan: Asahi Tec Corporation, D&M Holdings, Inc. and Columbia Music Entertainment, Inc.

**KENNETH B. GILMAN** (58) has served as a member of the Board and as the Company's President and Chief Executive Officer since December 2001. He joined the Company following a 25-year career with The Limited Brands, the multi-brand apparel retailer, where his most recent assignment was as Chief Executive Officer of Lane Bryant. From 1993 to 2001, Mr. Gilman served as Vice Chairman and Chief Administrative Officer of The Limited Brands, and from 1987 to 1993 he was Executive Vice President and Chief Financial Officer. He joined The Limited's Executive Committee in 1987 and was elected to its Board in 1990. Mr. Gilman is also a member of the Board of Directors of CarsDirect.com, a privately held company.

**VERNON E. JORDAN, JR.** (69) has served as a member of the Board since April 2002, and was a member of the Audit Committee from April 2002 to February 2003. He has served as a Managing Director of Lazard Frères & Co. since January 2000. Prior to joining Lazard, Mr. Jordan was a senior executive partner with the law firm of Akin, Gump, Strauss, Hauer & Feld, L.L.P., where he remains Of Counsel. Mr. Jordan's corporate and other directorships include: America Online Latin Communications, Inc., American Express Company, Dow Jones & Company, Inc., J.C. Penney Company, Inc. and Sara Lee Corporation. Mr. Jordan also sits on the International Advisory Board of DaimlerChrysler and Barrick Gold. In addition, Mr. Jordan is a senior advisor to Shinsei Bank, Ltd. and he is a trustee of Howard University and the LBJ Foundation.

**THOMAS F. MCLARTY, III** (58) has served as a member of the Board since April 2002. Effective April 1, 2005, Mr. McLarty will serve as the Non-executive Chairman of Asbury Automotive Arkansas, LLC, a wholly owned subsidiary of the Company ("Asbury Arkansas"). He began his 33-year career in the automotive retailing industry by building McLarty Leasing Systems, the platform his grandfather founded, into one of America's largest transportation companies. Mr. McLarty also serves as President of Kissinger McLarty Associates, an international consulting firm formed in 1999. Between 1992 and 1998, Mr. McLarty served as White House Chief of Staff, Special Envoy for the Americas and Counselor to President Bill Clinton. He also was appointed to the National Petroleum Council by President George H.W. Bush and served on the St. Louis Federal Reserve Board from 1989 until joining the White House in 1992. Mr. McLarty currently serves on the Board of Directors of Acxiom Corporation.

### Current Class I Directors

The Class I directors are not standing for re-election at the upcoming annual meeting. Their terms expire in 2006. The biography for Mr. Israel is not included below because he has resigned from the Board as of the date of the annual meeting.

**JANET M. CLARKE** (52) became a member of the Board and a member of the Audit Committee on April 1, 2005. Ms. Clarke is the founder of Clarke Littlefield LLC, a marketing technologies advisory firm and has served as its President since June 2003 and from February 2001 to September 2002. From September 2002 until June 2003, she was Chief Marketing Officer of DealerTrack, Inc., a privately held automotive finance technology services company. From February 2000 through February 2001, Ms. Clarke was Chairman and Chief Executive Officer of KnowledgeBase Marketing and Executive Vice President of Young & Rubicam Incorporated. From May 1997 to February 2000, Ms. Clarke was Managing Director of Global Database Marketing at Citigroup. From December 1978 to May 1997, Ms. Clarke held various roles at R.R. Donnelley & Sons Company and was a director of the firm's venture capital fund. Ms. Clarke serves as director, chairman of the Audit Committee and member of the Executive Committee at Cox Communications, Inc.

Ms. Clarke also serves as a director of ExpressJet Holdings, Inc. and eFunds Corporation and chairs the Compensation Committees of those Boards. She is also a director of privately held Forbes.com. Ms. Clarke serves as a trustee of Princeton University and is chairman of its Audit Committee.

**MICHAEL J. DURHAM** (54) has served as the Non-executive Chairman of the Board since January 2004. He has served as a member of the Board and as a member of the Audit Committee since February 2003, and as a member of the GNC since February 2005. He is a self-employed consultant at Cognizant Associates, Inc., a consulting firm he founded in August 2000. From July 1996 until October 1999, Mr. Durham served as President and Chief Executive Officer of Sabre, Inc., a travel distribution company, and as President from March 1995 to July 1996. Prior to joining Sabre, Inc., Mr. Durham spent sixteen years with AMR/American Airlines, serving as Senior Vice President and Treasurer of AMR and Senior Vice President of Finance and Chief Financial Officer of American Airlines. Mr. Durham serves on the Board of Directors and as Chairman of the Audit Committee of AGL Resources, Inc., and on the Board of Directors and a member of the Audit Committee and the Pension Oversight Committee of Bombardier Inc. Mr. Durham also serves on the Board of Directors and as Chairman of the Audit Committee of two privately held companies: Culligan International, Inc. and SCI Solutions, formerly known as Scheduling.com.

**CHARLES B. TOMM** (58) became a member of the Board on April 1, 2005. Mr. Tomm was named President and Chief Executive Officer of the Company's Florida region, with responsibility for all dealership operations in Florida, in January 2005. He has been President and Chief Executive Officer of the Company's Jacksonville platform, which is known as Coggin Automotive Group, since November 2003, and President and Chief Operating Officer since September 1997. He originally joined Coggin Automotive Group in April 1994 as Vice President, Chief Financial Officer and General Counsel and became Executive Vice President of Coggin in January 1996. Mr. Tomm has held executive positions with publicly held companies including Schlumberger Ltd. and Arkansas Best Corporation, as well as positions as a practicing attorney, investment banker, adjunct law school professor, and diver and officer in the Navy Submarine Service from 1968 to 1972. Mr. Tomm is a member of the Board of Trustees of Washington & Lee University, a director of Habitat for Humanity of Jacksonville, Inc. (HabiJax) and a Vice Chair of the Jacksonville Housing Authority.

#### **Current Class II Directors**

The Class II directors are not standing for re-election at the upcoming annual meeting. Their terms expire in 2007.

**PHILIP F. MARITZ** (44) has served as a member of the Board since April 2002, and as Chairman of the Audit Committee since May 2002. He is the co-founder of Maritz, Wolff & Co., which manages the Hotel Equity Fund, a private equity investment fund that owns luxury hotels and resorts. In 1990, he founded Maritz Properties, a commercial real estate development and investment firm where he serves as President. He serves on several not-for-profit boards, and he is also a Corporate Director of Wolff-DiNapoli, a Los Angeles-based investment and development firm.

**JOHN M. ROTH** (46) has served as a member of the Board and the Compensation Committee since 1996, and as a member of the GNC since February 2005. Mr. Roth joined Freeman Spogli & Co., Inc. in 1988, and became a General Partner in 1993. Mr. Roth was a member of Kidder, Peabody & Company, Inc.'s mergers and acquisitions group from 1984 to 1988. He is also a member of the Board of Directors of AFC Enterprises, Inc., and a number of privately held companies.

**IAN K. SNOW** (35) has served as a member of the Board and the Chairman of the Compensation Committee since 1996, and as a member of the GNC since February 2005. He joined Ripplewood Holdings L.L.C. in 1995, and he is currently a Managing Director. Prior to joining Ripplewood in 1995, Mr. Snow was a financial analyst in the media group at Salomon Brothers Inc.

**JEFFREY I. WOOLEY** (60) has served as a member of the Board since March 2003, as President and Chief Executive Officer of Asbury Automotive Tampa LLC, a wholly owned subsidiary of the Company ("Asbury Tampa") from September 1998 until February 2005, and as the Non-executive Chairman of Asbury Tampa since March 2005. Mr. Wooley has been in the automobile business for 39 years. He began his automotive career in 1965 and opened his first dealership in 1975. Prior to selling his dealerships to the Company in 1998, Mr. Wooley owned and operated nine franchises. He is a past President of the Pontiac National Dealer Council. Mr. Wooley currently serves on the Board of Directors of the Gulf Ridge Council-Boy Scouts of America and actively supports the Berkeley Preparatory School and The Children's Hospital at St. Joseph's.

## GOVERNANCE OF THE COMPANY

The Board believes that the purpose of corporate governance is to ensure that the Company maximizes stockholder value in a manner consistent with legal requirements and the highest standards of integrity. It has adopted and adheres to corporate governance practices that it and management believe promote this purpose, are sound and represent best practices. The Company continually reviews these governance practices, Delaware law (the state in which the Company is incorporated), the rules and listing standards of the New York Stock Exchange ("NYSE") and the regulations of the SEC, as well as best practices suggested by recognized governance authorities.

### Independence of Directors

The Company is a controlled company and consequently is not required to comply with the NYSE's requirements that a majority of its directors be "independent." Asbury Automotive Holdings L.L.C. controls more than 50% of the voting power of the Company's outstanding common stock. However, the Board has determined that the following eight of its twelve directors qualify as independent directors under the NYSE's rules: Ms. Clarke, Messrs. Collins, Durham, Israel, Jordan, Maritz, Roth and Snow. To assist the Board in making determinations of independence, it adopted the categorical standards set forth below. These standards comply with the NYSE's categorical standards for director independence.

Any director who satisfies all of the following criteria shall be presumed to be an "independent" director:

He or she has not been employed by, and none of his or her immediate family members\*

has been an executive officer of, the Company or its consolidated subsidiaries (together, the "Company") at any time within the three years preceding the date of this determination;

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\*

An "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home. Any such relationship arising by blood, marriage or adoption is included.

He or she has not received, and none of his or her immediate family members has received, more than \$100,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), at any time within the three years preceding the date of this determination;

He or she has not been affiliated with or employed by, and none of his or her immediate family members has been affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Company at any time within the three years preceding the date of this determination;



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He or she has not, and none of his or her immediate family members has, at any time within three years from the date of this determination, been employed, as an executive officer of another company where any of the Company's present executive officers serve on that company's compensation committee; and

He or she is not an executive officer or an employee, and none of his or her immediate family members is an executive officer, of a company (other than a charitable organization) that, during the current fiscal year or last three completed fiscal years, made payments to, or received payments from, the Company for property or services in an amount which, in any single year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

The Board also reviews and affirmatively determines based upon all relevant facts and circumstances, whether any director has a material relationship with the Company that would affect his or her independence, including any direct or indirect commercial, professional, charitable or familial relationships between the director or his or her immediate family members, on the one hand, and the Company or its executive officers, on the other hand.

In addition, a director cannot qualify as independent for Audit Committee purposes if the director, other than in his or her capacity as a member of the Audit Committee, the Board or any other Board committee:

Accepts directly or indirectly any consulting, advisory or other compensatory fee from the Company. Compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company provided that such compensation is not contingent in any way on continued service; or

Is an affiliated person of the Company.

The Board has affirmatively determined, by applying the categorical standards set forth above, that no independent director has any material relationship with the Company, either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company.

As of April 1, 2005, none of the Board seats will be vacant. One seat will become vacant as of April 28, 2005, upon Mr. Israel's resignation. The Board intends to fill this vacancy with an individual who will satisfy the categorical standards for independence set forth above.

### **Nomination of Directors**

Because we are a controlled company, the full Board has served the function of a nominating committee. In February 2005, the Board established the GNC, which assumed the nominating duties on behalf of the Board. The nominees for election at the annual meeting are all current directors and were originally recommended to the Board by various sources including other directors, the Company's dealers and stockholders. In the case of new directors, potential candidates are identified through a number of sources, including management, current board members and the Company's stockholders, and may include engaging third party search firms to assist in identifying and evaluating potential nominees. Candidates are evaluated in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of the stockholders. In performing this evaluation, the GNC considers the diversity, age, skills, experience and other factors it deems appropriate given the needs of the Board and the Company to maintain a balance of knowledge, experience and capabilities. Qualified director nominees should possess high moral character and personal integrity, high level of leadership or managerial experience, experience and knowledge relative to matters affecting the Company, the ability and willingness to contribute to the Board, the ability to exercise sound, independent business judgment, a long-term commitment to the interests of stockholders and growth of the Company, freedom from conflicts of interest, the ability to dedicate

sufficient time, energy and attention to Board activities and the diligent performance of his or her duties, and reflect the diversity of the Company's stockholders, employees, customers and communities.

The Board will consider director candidates recommended by the Company's stockholders. In order to make such a nomination, the stockholder must (i) be a record holder of shares of common stock (on the date notice is given as provided for in the Company's bylaws) on the record date, (ii) be entitled to vote for the election of such director(s) and (iii) comply with the notice procedures set forth in the Company's bylaws. If you would like a copy of the Company's bylaws, please notify the Company at the address given on the first page of this proxy statement. The bylaws are also available on the Company's web site at [www.asburyauto.com](http://www.asburyauto.com) under "Investor Relations" at "Corporate Governance."

Notice of a stockholder's recommendation with regard to nominees for election to the Board must be delivered to or mailed and received by the Secretary of the Company not later than 90 days or earlier than 120 days prior to the first anniversary of the preceding year's annual meeting of stockholders. If the annual meeting of the stockholders for which the recommendation is submitted is more than 30 days before or more than 60 days after the first anniversary of the preceding year's annual meeting of stockholders, such recommendation must be received by the Secretary of the Company not earlier than 120 days prior to the annual meeting and not later than 90 days prior to such annual meeting or the 10th day following the day on which public announcement of the annual meeting date is first made by the Company. The stockholder's notice shall be signed by the stockholder of record who intends to introduce the other business, shall set forth: (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; and (ii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (A) the name and address of such stockholder, as they appear on the Company's books, and of such beneficial owner, (B) the number of shares of the Company which are owned of record and beneficially by such stockholder and such beneficial owner, (C) a representation that such stockholder is entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person specified in the notice and (D) a representation whether the stockholder or beneficial owner, if any, intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding capital stock required to elect the nominee and/or otherwise to solicit proxies from stockholders in support of such nomination.

#### **Stockholder Communications with the Board**

The Company has established procedures for stockholders to communicate directly with the Board or a particular director on a confidential basis. Stockholders may send written communications to Asbury Automotive Group, Inc., 622 Third Avenue, 37<sup>th</sup> Floor, New York, NY 10017, Attn: Board of Directors. All letters must identify the author as a stockholder of the Company and clearly state whether the intended recipients are all members of the Board or only certain specified individual directors. The General Counsel will make copies of all letters and circulate them to the directors addressed. If a stockholder wishes the communication to be confidential, it must be clearly indicated on the envelope that the communication is "confidential." The General Counsel will then forward such communication, unopened, to the Chairman of the Board.

#### **Committees of the Board**

The Board has, as standing committees, an Audit Committee, a Compensation Committee, an Executive Committee and the GNC.

*Audit Committee*

The members of the Audit Committee during 2004 were Messrs. Maritz (Chairman), Israel and Durham. The Committee held fourteen meetings in 2004. Ms. Clarke became a member of the Audit Committee on April 1, 2005 and Mr. Israel will resign as a member of the Audit Committee and as a director on April 28, 2005. In accordance with the NYSE's rules, all members of the Audit Committee meet the independence requirements for Audit Committee members and are financially literate. One of the members, Mr. Durham, is the Audit Committee financial expert. The charter of the Audit Committee is available on the Company's website at [www.asburyauto.com](http://www.asburyauto.com) under "Investor Relations" at "Corporate Governance."

This Committee recommends the firm of independent auditors engaged each year as the Company's principal independent auditors and undertakes, with management and the independent auditors, the review of the financial statements, the financial reporting process and the adequacy of basic accounting services of the Company. The Audit Committee's reviews are more fully described below under the caption "REPORT OF THE AUDIT COMMITTEE" and in the Audit Committee Charter.

*Compensation Committee*

The members of the Compensation Committee during 2004 were Messrs. Snow (Chairman), Roth and Israel. The Committee held five meetings in 2004. Each member of the Committee is an independent director. The charter of the Compensation Committee is available on the Company's website at [www.asburyauto.com](http://www.asburyauto.com) under "Investor Relations" at "Corporate Governance."

This Committee reviews the recommendations of the Chief Executive Officer as to the appropriate compensation of the Company's corporate officers, sets the compensation amount for the President and Chief Executive Officer, has general supervisory power over, and has the power to grant awards under, the Company's 2002 Option Plan, and oversees other benefit plans. See "COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION" for further detail on this process.

*Executive Committee*

The members of the Executive Committee during 2004 were Messrs. Roth (Chairman), Durham, Gilman and Snow. The Committee acted pursuant to unanimous written consent as necessary in 2004 and held one formal meeting. The Executive Committee has and may exercise all the authority of the Board when the Board is not in session except that it does not have the authority to (a) approve or propose to stockholders actions required by the Delaware General Corporation Law to be approved by stockholders; (b) adopt, amend or repeal by-laws; (c) authorize distributions; (d) fill vacancies on the Board or any of its committees; (e) approve a plan of merger, consolidation or reorganization not requiring stockholder approval; (f) authorize or approve the reacquisition of shares, except according to a formula or method prescribed by the Board; or (g) authorize or approve the issuance or sale or contract for sale of shares or determine the designation and relative rights, preferences and limitations of a class or series of shares.

*Governance and Nominating Committee*

Because the Company is a controlled company, the NYSE's rules do not require that it have a nominating committee. In February 2005, the Company created the GNC to assume the nominating and corporate governance duties being undertaken by the full Board. Once a charter is adopted, it will be available on the Company's website at [www.asburyauto.com](http://www.asburyauto.com) under "Investor Relations" at "Corporate Governance." The members of the GNC are Messrs. Roth, Durham and Snow, all of whom are independent directors.

### **Directors' Fees; Attendance**

Directors who are employees of the Company or employees of its affiliates, including Asbury Automotive Holdings L.L.C., and its two principals, Ripplewood Partners L.P. and Freeman Spogli, do not receive a retainer or fees for service on the Board or its committees. All other directors (the "non-management directors") receive annual compensation, paid quarterly in arrears, as follows: Mr. Durham, the Company's non-executive Chairman, is paid \$120,000 and the other non-management directors are each paid \$30,000. In addition, the non-management directors each receive the use of a motor vehicle, \$1,000 for their attendance at each meeting of the Board, \$1,000 for their attendance at each meeting of the Compensation Committee and GNC, and \$1,500 for their attendance at each meeting of the Audit Committee (\$1,000 for Audit Committee meetings conducted by telephone and \$750 for all other meetings conducted by telephone), plus expenses. The Audit Committee chair is paid \$20,000 and the Compensation Committee and GNC chair, if he or she is a non-management director, are each paid \$5,000. Each non-management director receives an annual grant of options having an aggregate exercise price equal to \$75,000, up to a maximum of 5,000 shares per year, under the Company's 2002 Stock Option Plan.

During 2004 there were thirteen meetings of the Board. Each director attended at least 75% of the total meetings of the Board and Committees on which he or she served, except for Messrs. Collins and Jordan. In accordance with the NYSE's rules, the non-management directors held five executive sessions during 2004. Mr. Durham presides over such executive sessions.

The Company does not have a policy with regard to the attendance of the members of its Board at annual meetings. At the time of the Company's 2004 Annual Meeting of Stockholders, the Board was comprised of eleven members; there was one seat vacant. Eight of the eleven then-current members of the Board attended such meeting.

### **Code of Business Conduct and Ethics**

In accordance with the NYSE's rules and the rules and regulations adopted by the SEC pursuant to the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), the Board has adopted Corporate Governance Guidelines and a Code of Business Conduct and Ethics applicable to all directors, officers and employees. These documents are available on the Company's website at [www.asburyauto.com](http://www.asburyauto.com) under "Investor Relations" at "Corporate Governance."

The Company will provide you with copies of the above-mentioned documents as well as our Audit Committee and Compensation Committee charters and, when available, our Governance and Nominating Committee Charter, free of charge, if you call or submit a request in writing to Investor Relations, Asbury Automotive Group, Inc., 622 Third Avenue, 37<sup>th</sup> Floor, New York, New York 10017.

### CORPORATE OFFICERS

Listed below is information on the Company's corporate officers as of March 15, 2005. Corporate officers are elected by and serve at the discretion of the Board.

Name	Age	Position
Kenneth B. Gilman*	58	President, Chief Executive Officer and Director
J. Gordon Smith*	50	Senior Vice President and Chief Financial Officer
Robert D. Frank, Jr.*	56	Senior Vice President of Automotive Operations
Lynne A. Burgess*	55	Vice President, General Counsel and Secretary
Philip R. Johnson*	56	Vice President of Human Resources
Terence V. Cooney	41	Vice President of Real Estate Asset Management
Brett Hutchinson	33	Vice President and Controller
Kenneth E. Jackson	46	Vice President of Regional Human Resources
Hunter C. Johnson	43	Vice President and Treasurer
George C. Karolis	30	Vice President of Corporate Development
Allen T. Levenson	42	Vice President of Sales and Marketing
Charles A. Robinson, IV	53	Vice President of Finance and Insurance
John M. Rooks	59	Vice President of Risk Management
John C. Stamm	48	Vice President of Dealer Development
Gregory L. Zulli	31	Vice President of Operations Analysis

\*

Denotes executive officer

Set forth below is a brief description of the business experience of the Company's corporate officers for at least the past five years.

**KENNETH B. GILMAN** Please see Mr. Gilman's biographical information under "ELECTION OF DIRECTORS" above.

**J. GORDON SMITH** has served as the Company's Senior Vice President and Chief Financial Officer since September 2003. He joined the Company following over 26 years with General Electric Company ("GE"). The last twelve years he served as Chief Financial Officer for three of GE's commercial finance businesses: Corporate Financial Services, Commercial Equipment Finance and Capital Markets.

**ROBERT D. FRANK, JR.** has served as the Company's Senior Vice President of Automotive Operations since January 2002. From October 2001 to January 2002, Mr. Frank served as the Company's Vice President of Manufacturer Business Development. Mr. Frank has spent most of his 35-year career working in all aspects of automotive operations. From 1997 to 2001, he served with DaimlerChrysler in several executive capacities, including as President and Chief Executive Officer for Venezuela operations and as Vice President/General Manager for Asia Pacific Operations, where he was responsible for all Chrysler's Asian operations. In addition, he served as Chief Operating Officer for the Larry H. Miller Group, an operator of more than 20 auto dealerships, from 1993 to 1997.

**LYNNE A. BURGESS** has served as the Company's Vice President and General Counsel since September 2002, and as Secretary since February 2005. From July 2001 to September 2002, Ms. Burgess served as General Counsel and Secretary to the Governance Committee at Oliver, Wyman & Company, LLC, a strategy-consulting firm to the financial services industry. Prior to joining Oliver, Wyman & Company, Ms. Burgess was Senior Vice President and General Counsel of Entex Information Services, Inc., a national personal computer systems integrator, from May 1994 until June 2000.

**PHILIP R. JOHNSON** has been the Company's Vice President of Human Resources since June 2000. Mr. Johnson has held top human resources positions in large national and regional retail

companies for the past 23 years. He operated his own human resources consulting practice from 1998 to 2000. From 1994 to 1998 he served as Senior Vice President of Human Resources at Entex Information Services, Inc., a national personal computer systems integrator.

**TERENCE V. COONEY** has served as the Company's Vice President of Real Estate Asset Management since August 2004. Mr. Cooney joined the Company following five years at United Systems Integrators Corporation ("USI"), where he served as Vice President, New York Metro Real Estate Services. Prior to joining USI, Mr. Cooney served as the Director of World Headquarters Asset Management of NYNEX where he was responsible for the two million square foot NYNEX World Headquarters Complex in New York, New York. From 1986 to 1993, Mr. Cooney served as the Director of Real Estate Asset Management Services at NYNEX.

**BRETT HUTCHINSON** has served as the Company's Vice President and Controller since February 2004. Mr. Hutchinson held various positions in the finance department since joining the Company in April 1999, including serving as Corporate Controller from September 1, 2002 until February 2004. Prior to joining Asbury, Mr. Hutchinson worked for five years at Arthur Andersen in New York City and Columbus, Ohio.

**KENNETH E. JACKSON** became the Company's Vice President of Regional Human Resources on April 1, 2005, and had served as the Company's Director of Human Resources since June 1, 2001. Prior to joining Asbury, Mr. Jackson held Human Resources Management positions with NIKE, Inc. and Robinson-May Stores, a division of May Department Stores.

**HUNTER C. JOHNSON** became the Company's Vice President and Treasurer on April 1, 2005, and has served as the Company's Treasurer since May 2003. Mr. Johnson joined the Company following 14 years with DaimlerChrysler where he worked in a variety of positions, primarily within the finance staff at Chrysler and Chrysler Financial Corporation. After the DaimlerChrysler merger, Mr. Johnson was responsible for managing strategic international projects and other post-merger integration activities of the Office of the Chairman of DaimlerChrysler Services in Berlin.

**GEORGE C. KAROLIS** has served as the Company's Vice President of Corporate Development since February 2004. Since joining the Company in April 2000, Mr. Karolis has held a number of positions in the finance department, including Director of Financial Operations and Director of Corporate Development prior to being elected Vice President. Mr. Karolis is responsible for the Company's acquisitions and divestitures. Prior to joining Asbury, Mr. Karolis worked for four years at Arthur Andersen in its transaction advisory services group in New York City.

**ALLEN T. LEVENSON** has served as the Company's Vice President of Sales and Marketing since March 2001. Prior to joining the Company, Mr. Levenson had over 20 years of experience in senior roles with leading retailers and management consulting firms including McKinsey & Company and Bain & Company. From July 1999 to February 2001, Mr. Levenson co-founded and served as President and Chief Executive Officer of Gazelle.com, a business-to-consumer e-commerce company.

**CHARLES A. ROBINSON, IV** has served as the Company's Vice President of Finance and Insurance since August 2004. Mr. Robinson joined the Company following 24 years of service with AON Corp. ("AON"). During Mr. Robinson's last two years at AON, he served as the President and Chief Executive Officer of Resource Dealer Group, a marketing entity and a division of AON, which distributes insurance products to the automotive retail industry. Prior to joining AON, Mr. Robinson spent eight years in the automotive retail industry where he served as the General Manager and a Sales Manager of two Ford dealerships in Milton and Braintree, Massachusetts.

**JOHN M. ROOKS** became the Company's Vice President of Risk Management on April 1, 2005, and had served as the Company's Director of Risk Management since January 1, 1999. Prior to joining Asbury, Mr. Rooks was Vice President of Risk Management and Human Resources for Coggin Automotive Group. Over the past 35 years, he has served in the insurance industry in various capacities

including broker and as a risk manager for Lynch Management Company, another large automotive dealer. Mr. Rooks was employed with Traveler's Insurance Company for 20 years as underwriting and marketing manager.

**JOHN C. STAMM** has served as the Company's Vice President of Dealer Development since January 2002. From June 2000 to January 2002, Mr. Stamm served as the Company's Director of Fixed Operations (parts, service and collision repair). Mr. Stamm has over 30 years of automotive retailing experience. From September 1999 to June 2000, he was a Fixed Operations Consultant for Coughlin Automotive in Newark, Ohio. From October 1996 to June 1999, he served as the Vice President and General Manager of McCuen Management Corporation in Westerville, Ohio. Prior to October 1996, Mr. Stamm was employed for 14 years at Automanage Inc., a large automotive retailer, where he held various positions, including General Manager, General Sales Manager, Fixed Director, Service Director, Parts Manager, Wholesale Parts Manager and Parts Counterman.

**GREGORY L. ZULLI** has served as the Company's Vice President of Operations Analysis since February 2004. Since joining the Company in August 1999, Mr. Zulli has held a number of positions in the operations department, including Director of Financial Services from January 2001 to December 2001, and Director of Operations Analysis from January 2002 until being elected Vice President. Prior to joining the Company, Mr. Zulli spent four years at Arthur Andersen.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's executive officers and directors, and persons who own more than ten percent of the Company's common stock, to file reports of ownership and changes in ownership of such securities with the SEC and the NYSE. These stockholders are required to furnish the Company with copies of all Section 16(a) forms they file.

Based solely upon a review of the copies of the Forms 3, 4 and 5 and amendments to those forms furnished to the Company, or written representations that no Forms 5 were required, other than those for certain exempted transactions, the Company believes that these stockholders have complied with all Section 16(a) filing requirements during 2004, with the exception of one late report filed by Vernon Jordan, Jr. relating to the issuance of options, one late report filed by Michael Durham relating to the issuance of options, two late reports filed by Childs & Associates, Inc. reporting five transactions, one late report filed by Buddy Hutchinson Cars, Inc. reporting two transactions, four late reports by David Wegner reporting fifty-seven transactions, one late report filed by John Capps reporting one transaction, and one late report filed by Charles Tomm reporting two transactions and the issuance of options.

#### **COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION**

The Compensation Committee's responsibilities include establishing policies regarding the compensation of the Company's executive officers and overseeing the administration of the Company's compensation plans. All decisions regarding compensation of the Company's executive officers during 2004 were made by the Committee, except those compensation decisions that must be approved by the Board of the Directors with respect to the Company's Chief Executive Officer. The members of the Committee were Ian Snow, John M. Roth and Thomas C. Israel, each of whom were independent directors.

#### **General Executive Compensation Policy**

**Executive Compensation.** The Company's executive compensation program consists primarily of base salary, annual incentive payments, stock options and employee benefits, including matching contributions to the Company's 401(k) plan. The goal of the Company's compensation program is to (i) motivate the Company's executive officers to maximize their contribution to the Company in order

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to improve long-term stockholder value, and to reward those who do so, and (ii) attract and retain the highest caliber of executive talent available. The Company's executive compensation program is designed to enhance the Company's overall strength and financial performance by aligning the financial interests of its executive officers with those of its stockholders and to foster adherence to, and promotion of, its business mission, values, strategic goals and annual objectives.

The Compensation Committee reviews salary increases for the current year and incentive payments to be made in connection with the Company's previous year's performance. In order to make such determinations as to salary increase and/or incentive payments, the Committee considers certain qualitative factors relating to the performance of each of the Company's executive officers, such as the executive officer's:

scope of responsibilities;

the level of compensation in relation to other executives of the Company with the same, more or less responsibilities;

level of experience;

individual performance;

demonstrated leadership ability;

overall effectiveness; and

attainment of pre-established goals.

The Committee strongly believes that the interests of senior management must be closely aligned with those of the Company's stockholders. Long-term incentives in the form of stock options only provide a vehicle to reward the Company's officers if there is an increase in stockholder value. Finally, in making its decisions, and to maintain the desired levels of competitiveness and congruity with the Company's long-term performance goals, the Compensation Committee receives input fro