FirstService Corp
Form 6-K
April 12, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 UNDER

THE SECURITIES EXCHANGE ACT OF 1934

For the month of: April 2019

Commission file number 001-36897

FIRSTSERVICE CORPORATION

(Translation of registrant's name into English)

1140 Bay Street, Suite 4000

Toronto, Ontario, Canada

M5S 2B4

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F [ ]	Form 40-F [X]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): [ ]

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes [ ] No [X]

If "Yes" is marked, indicate the file number assigned to the Registrant in connection with Rule 12g3-2(b): N/A

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SIGNATURE

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

FIRSTSERVICE CORPORATION

Date: April 12, 2019 /s/ Jeremy Rakusin
Name: Jeremy Rakusin
Title: Chief Financial Officer

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EXHIBIT INDEX

Exhibit	**Description of Exhibit**
99.1	FirstService Material Change Report – Increase to Credit Facility, April 12, 2019.
99.2	Third Amendment to Credit Agreement, April 11, 2019.

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(20,396

)

Other income, net

554

27

581

Equity in earnings of subsidiaries	
	25,112
	4,979
	(30,091
)	
Total other expense, net	
	25,112
	(21,095
)	
	(2,572
)	
	(30,091
)	
	(28,646
)	

Income before income taxes	
	25,112
	38,134
	7,587
	(30,091)
	40,742

Income tax expense	
	12,255
	2,845
	15,100
Income from continuing operations	
	25,112
	25,879
	4,742
	(30,091)
	25,642

Discontinued operations, net of tax

(767

)

237

(530

)

Net income

$

25,112

$

25,112

$

4,979

$

(30,091

)

$

25,112

Condensed Consolidating Statement of Cash Flows
For the Six Months Ended June 30, 2005
(In thousands)

(Restated)

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net cash used in operating activities	$	$ (68,431)	$ (9,265)	$	$ (77,696)
Cash flow from investing activities:					
Capital expenditures		(34,707)	(471)		(35,178)
Acquisitions		(11,562)			(11,562)
Other investing activities		9,705	1		9,706
Net cash used in investing activities		(36,564)	(470)		(37,034)
Cash flow from financing activities:					
Floor Plan Borrowings non-manufacturer affiliated		1,474,852	278,263		1,753,115
Floor Plan Repayments non-manufacturer affiliated		(1,356,316)	(273,327)		(1,629,643)
Proceeds from borrowings		20,734			20,734
Repayments of debt		(41,983)	(6)		(41,989)
Intercompany financing		(4,805)	4,805		
Other financing activities		(4,531)			(4,531)
Net cash provided by financing activities		87,951	9,735		97,686
Net decrease in cash and cash equivalents		(17,044)			(17,044)
Cash and cash equivalents, beginning of period		28,093			28,093
Cash and cash equivalents, end of period	$	$ 11,049	$	$	$ 11,049

Condensed Consolidating Statement of Cash Flows
For the Six Months Ended June 30, 2004
(In thousands)

(Restated)

	Parent Company	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$	$ (36,505)	$ 13,391	$	$ (23,114)
Cash flow from investing activities:					
Capital expenditures		(32,771)	(1,750)		(34,521)
Payments for acquisitions		(100,403)			(100,403)
Other investing activities		13,928			13,928
Net cash used in investing activities		(119,246)	(1,750)		(120,996)
Cash flow from financing activities:					
Floor Plan Borrowings non-manufacturer affiliated		943,049	242,217		1,185,266
Floor Plan Repayments non-manufacturer affiliated		(895,677)	(235,205)		(1,130,882)
Proceeds from borrowings		3,850			3,850
Repayments of debt		(6,808)	(5)		(6,813)
Intercompany financing		26,432	(26,432)		
Other financing activities		857			857
Net cash provided by (used in) financing activities		71,703	(19,425)		52,278
Net decrease in cash and cash equivalents		(84,048)	(7,784)		(91,832)
Cash and cash equivalents, beginning of period		98,927	7,784		106,711
Cash and cash equivalents, end of period	$	$ 14,879	$	$	$ 14,879

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Asbury Automotive Group, Inc.:

We have reviewed the accompanying consolidated balance sheet of Asbury Automotive Group, Inc. and subsidiaries (the Company) as of June 30, 2005, and the related consolidated statements of income for the three and six-month periods ended June 30, 2005 and 2004, and statements of cash flows for the six-month periods ended June 30, 2005 and 2004. These interim financial statements are the responsibility of the Company s management.

We conducted our reviews in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 Restatement, the accompanying consolidated financial statements have been restated.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2004, and the related consolidated statements of income, shareholders equity, and cash flows for the year then ended (not presented herein); and in our report dated March 14, 2005 (March 14, 2006 as to the effects of the restatement discussed in Note 2 Restatement and discontinued operations discussed in Note 16 Discontinued Operations), we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2004 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ DELOITTE & TOUCHE LLP
New York, New York
August 4, 2005 (March 14, 2006 as to the effects of the restatement discussed in Note 2 Restatement and discontinued operations discussed in Note 10 Discontinued Operations)

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Subsequent to the issuance of our December 31, 2004 financial statements, we determined that certain information in the Consolidated Balance Sheets and Consolidated Statements of Cash Flows should be restated for all periods presented to comply with the guidance under Statement of Financial Accounting Standards (SFAS) No. 95, Statement of Cash Flows, and Rule 5-02(19)(a) of Regulation S-X. Floor plan notes payable to a party unaffiliated with the manufacturer of a particular new vehicle, and all floor plan notes payable relating to pre-owned vehicles, have been restated as floor plan notes payable non-manufacturer affiliated on the Consolidated Balance Sheets, and the related non-manufacturer affiliated cash flows have been restated from operating activities to financing activities on the Consolidated Statements of Cash Flows with borrowings reflected separately from repayments. In addition, we have restated our Consolidated Statement of Cash Flows to include floor plan notes payable activity in connection with our dealership acquisitions and divestitures. Consistent with industry practice, we previously reported all cash flow activity relating to floor plan notes payable as operating cash flows and considered floor plan notes payable activity associated with dealership acquisitions and divestitures, non-cash activities. This Management s Discussion and Analysis of Financial Condition and Results of Operations has been updated for the effects of the restatement and for the effects of entities which became discontinued operations during the nine months ended September 30, 2005. In addition, we have made certain other immaterial reclassifications to conform to current presentation. Forward looking statements made reflected our expectations as of the date of our original filing and have not been adjusted to reflect subsequent information.

We are one of the largest automotive retailers in the United States, operating 94 dealership locations (129 franchises) in 23 metropolitan markets within 11 states as of June 30, 2005. We offer 33 different brands of new vehicles, including four heavy truck brands. We also operate 23 collision repair centers that serve our markets.

We have grown our business through the acquisition of large dealership groups formerly referred to as platforms and numerous tuck-in acquisitions. Tuck-in acquisitions refer to the purchase of dealerships in the market areas in which we have existing dealerships. We use tuck-in acquisitions to increase the number of vehicle brands we offer in a particular market area and to create a larger gross profit base over which to spread overhead costs.

During the first quarter of 2005, we reorganized our dealerships into principally four regions: (i) Florida (comprising our Coggin dealerships, operating primarily in Jacksonville and Orlando, and our Courtesy dealerships operating in Tampa), (ii) West (comprising our McDavid dealerships operating throughout Texas, our Thomason dealerships operating in Portland, Oregon, our Spirit dealerships operating primarily in Los Angeles, California and our Northern California Dealerships operating in Sacramento and Fresno, California), (iii) Mid-Atlantic (comprising our Crown dealerships operating in North Carolina, South Carolina and Southern Virginia) and (iv) South (comprising our Nalley dealerships operating in Atlanta, Georgia and our North Point dealerships operating in Little Rock, Arkansas). Our Plaza dealerships operating in St. Louis, Missouri and our Gray Daniels dealerships operating in Jackson, Mississippi remain standalone operations. Within this more streamlined structure, we will evaluate our operations and financial results by dealership in the aggregate, rather than by platform. The general managers, with direction from a centralized management team, including corporate and regional management, will continue to have the independence and flexibility to respond effectively to local market conditions. We expect a significant improvement in management effectiveness as a result of this reorganization, as well as added operating and cost efficiencies. During the six months ended June 30, 2005, we incurred $3.6 million in severance and other costs related to our regional reorganization. We expect to complete the final phases of our reorganization during the remainder of 2005. Currently, we estimate that the regional reorganization will have a negative impact on income from continuing operations of $0.03 per diluted share during 2005 and will improve income from continuing operations by approximately $3.0 million or $0.10 per diluted share each year beginning in 2006. During the third quarter of 2005, we entered into agreements to divest of all our Thomason dealerships in Portland, Oregon and our Spirit Nissan store in Rancho Santa Margarita, California. When those sales close, we will exit the Portland, Oregon and Rancho Santa Margarita markets, thereby reducing our number of metropolitan markets to 21.

Our revenues are derived primarily from four offerings: (i) the sale of new vehicles to individual retail customers (new retail) and the sale of new vehicles to commercial customers (fleet) (the terms new retail and fleet being collectively referred to as new); (ii) the sale of used vehicles to individual retail customers (used retail) and the sale of used vehicles to other dealers at auction (wholesale) (the terms used retail and wholesale being collectively referred to as used); (iii) maintenance and collision repair services and the sale of automotive parts (collectively referred to as fixed operations); and (iv) the arrangement of vehicle financing and the sale of various insurance and warranty products (collectively referred to as F&I). We evaluate the results of our new and used vehicle sales based on unit volumes and gross profit per vehicle retailed (PVR), our fixed operations based on aggregate gross profit, and F&I based on gross profit PVR. We assess the organic growth of our revenue and gross profit by comparing the year-to-year results of stores that we have operated for at least twelve months (same store).

Our gross profit percentage varies with our revenue mix. The sale of vehicles generally results in lower gross profit percentages than our fixed operations. As a result, when fixed operations revenue increases as a percentage of total revenue, we expect our overall gross profit percentage to increase.

Selling, general and administrative (SG&A) expenses consist primarily of fixed and incentive-based compensation, advertising, rent, insurance, utilities and other customary operating expenses. A significant portion of our selling expenses is variable (such as sales commissions), or controllable expenses (such as advertising), generally allowing our cost structure to adapt in response to trends in our business. We evaluate commissions paid to salespeople as a percentage of retail vehicle gross profit and all other SG&A expenses in the aggregate as a percentage of total gross profit.

Sales of vehicles (particularly new vehicles) have historically fluctuated with general macroeconomic conditions, including consumer confidence, availability of consumer credit and fuel prices. Although these factors may impact our business, we believe that any future negative trends will be mitigated by increased used vehicle sales, stability in our fixed operations, our variable cost structure, our regional diversity and our advantageous brand mix. Historically, our brand mix, which is weighted towards luxury and mid-line import brands, has been less affected by market volatility than the U.S. automobile retailing industry as a whole. We expect the recent industry-wide gain in market share of the luxury and mid-line import brands to continue in the near future.

Our operations are generally subject to modest seasonal variations as we tend to generate more revenue and operating income in the second and third quarters than in the first and fourth quarters of a calendar year. Historically, the seasonal variations in our operations have been caused by factors relating to weather conditions, model changeovers and consumer buying patterns, among other things. Over the past several years, certain automobile manufacturers have used a combination of vehicle pricing and financing incentive programs to generate increased customer demand for new vehicles. In addition to the traditional manufacturer incentive programs, domestic manufacturers have begun to offer customers employee discount pricing . The extensive use of manufacturer incentive programs and pricing promotions has impacted the historical cyclicality of new vehicle sales in the United States as customers have been conditioned to postpone the purchase of a vehicle until a manufacturer program or promotion is available.

The manufacturer incentive programs on new vehicles have also served to increase competition with late-model used vehicles. We anticipate that the manufacturers will continue to use these incentive programs in the future and, as a result, we will continue to monitor and adjust our used vehicle inventory mix in response to these programs. In addition, we will continue to expand our service capacity in order to meet anticipated future demand as we expect the relatively high volume of new vehicle sales, resulting from the highly incentivized new vehicle market, will drive future service demand at our dealership locations.

Interest rates over the past several years have been at historic lows. We do not believe that changes in interest rates significantly impact customer overall buying patterns, as changes in interest rates do not dramatically increase the monthly payment of a financed vehicle. For example, the monthly payment for a typical vehicle financing transaction in which a customer finances $25,000 at 7.0% over 60 months increases by approximately $5.90 with each 0.5% increase in interest rates.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2005, Compared to Three Months Ended June 30, 2004

Net income increased $1.3 million to $16.0 million, or $0.49 per diluted share, for the three months ended June 30, 2005, from $14.7 million, or $0.45 per diluted share, for the three months ended June 30, 2004.

Income from continuing operations increased $2.2 million to $17.6 million, or $0.54 per diluted share, for the three months ended June 30, 2005, from $15.4 million, or $0.47 per diluted share, for the three months ended June 30, 2004.

The 8% increase in net income and 14% increase in income from continuing operations resulted from several factors, including: (i) increases in new and used vehicle sales volumes, (ii) an improvement in the average gross profit of used vehicles, (iii) substantial increases in our fixed operations gross profit, (iv) significant increases in same store F&I revenue resulting from a combination of an increase in platform F&I PVR and an increase in new and used retail vehicle sales and (v) a significant improvement in our wholesale business. These factors were partially offset by the following: (i) margin pressure on new vehicle retail sales and (ii) increased floor plan expense due to rising interest rates.

Revenues-

(Dollars in thousands)	For the Three Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
New vehicle data:				
Retail revenues-same store (1)	$ 815,874	$ 764,764	$ 51,110	7%
Retail revenues-acquisitions	30,825			
Total new retail revenues	846,699	764,764	81,935	11%
Fleet revenues-same store (1)	32,766	21,905	10,861	50%
Fleet revenues-acquisitions	1,219			
Total fleet revenues	33,985	21,905	12,080	55%
New vehicle revenue, as reported	$ 880,684	$ 786,669	$ 94,015	12%
New retail units-same store (1)	26,450	25,516	934	4%
New retail units-actual	27,678	25,516	2,162	8%
Used vehicle data:				
Retail revenues-same store (1)	$ 259,607	$ 220,969	$ 38,638	17%
Retail revenues-acquisitions	7,310			
Total used retail revenues	266,917	220,969	45,948	21%
Wholesale revenues-same store (1)	80,907	79,670	1,237	2%
Wholesale revenues-acquisitions	2,916			
Total wholesale revenues	83,823	79,670	4,153	5%
Used vehicle revenue, as reported	$ 350,740	$ 300,639	$ 50,101	17%
Used retail units-same store (1)	15,020	14,007	1,013	7%
Used retail units-actual	15,535	14,007	1,528	11%
Parts, service and collision repair:				
Revenues-same store (1)	$ 158,408	$ 142,237	$ 16,171	11%
Revenues-acquisitions	2,227			
Parts, service and collision repair revenue, as reported	$ 160,635	$ 142,237	$ 18,398	13%
Finance and insurance, net:				
Platform revenues-same store (1)	$ 36,455	$ 33,011	$ 3,444	10%
Platform revenues-acquisitions	1,564			
Platform finance and insurance revenue	38,019	33,011	5,008	15%
Corporate revenues	1,367	1,906		
Finance and insurance revenue, as reported	$ 39,386	$ 34,917	$ 4,469	13%
Total revenue:				
Same store (1)	$ 1,384,017	$ 1,262,556	$ 121,461	10%
Corporate	1,367	1,906		
Acquisitions	46,061			
Total revenue, as reported	$ 1,431,445	$ 1,264,462	$ 166,983	13%

(1) Same store amounts include the results of dealerships for the identical months for each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

Total revenues increased 13% to $1.4 billion for the three months ended June 30, 2005, from $1.3 billion for the three months ended June 30, 2004. Same store revenues increased 10% to $1.4 billion for the three months ended June 30, 2005, from $1.3 billion for the three months ended June 30, 2004.

Same store new retail revenue increased 7% for the three months ended June 30, 2005, compared to the prior year period, reflecting a 4% increase in new retail unit sales due to the employee pricing programs and an increase in the percentage of luxury and mid-line import sales, which on average have a higher selling price. Same store used vehicle retail revenue increased 17% to $259.6 million, compared to $221.0 million for the prior year period. Our same-store used retail unit sales increased 7% due to the strength of the used vehicle market during the quarter. We anticipate that the manufacturer incentives on new vehicles will continue to drive customers toward new vehicles during 2005, which may create a challenging used vehicle retail market in the near future. However, we do believe that opportunities to increase unit sales exist in the used vehicle retail market, especially with respect to customers interested in lower priced inventory, which we view as a separate market from higher priced used and new vehicle inventory.

Fixed operations revenue increased 13%, to $160.6 million for the three months ended June 30, 2005, from $142.2 million for the three months ended June 30, 2004. Same store fixed operations revenue increased 11%, for the three months ended June 30, 2005, compared to the three months ended June 30, 2004, where we had substantial growth across each line of our fixed business (10% increase in parts, 16% increase in service and 7% increase in collision repair) driven by customer pay and warranty work. The growth in our customer pay business is a result of (i) our continued service adviser training, (ii) expansion of our product offerings and (iii) the implementation of more aggressive advertising campaigns. Our warranty business continued its positive performance driven by continued manufacturer recall programs and increased work on imported vehicles, which typically generates higher revenue due to customer retention. We expect fixed operations to continue to grow as we expand our service capacity in 2005 with the addition of approximately 100 service stalls, the hiring of 200 to 250 technicians and a focused effort on more rigorous and consistent training of our service advisors.

Platform F&I revenue increased 10% to $36.5 million on a same store basis for the three months ended June 30, 2005, compared to the three months ended June 30, 2004. The increase in Platform F&I is attributable to (i) increased service contract penetration, (ii) utilization of menus in the F&I sales process and (iii) maturation of our corporate-sponsored programs. Platform F&I excludes revenue resulting from contracts negotiated by our corporate office, which is attributable to retail units sold during prior periods. Corporate F&I revenue was $1.4 million for the three month periods ended June 30, 2005, compared to $1.9 million for the prior year period. We expect this revenue to decrease significantly over the next few years and ultimately be zero by 2008 as the portfolio runs off.

We expect total revenue to increase as we continue to acquire dealerships, expand our service capacity and improve our platform F&I PVR. However, future revenue growth will rely heavily on our performance in the vehicle retail business, in particular our ability to maintain or improve upon our sales volumes of new and used vehicles.

Gross Profit-

(Dollars in thousands, except for per vehicle data)	For the Three Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
New vehicle data:				
Retail gross profit-same store (1)	$ 57,734	$ 55,279	$ 2,455	4%
Retail gross profit-acquisitions	1,930			
Total new retail gross profit	59,664	55,279	4,385	8%
Fleet gross profit-same store (1)	841	640	201	31%
Fleet gross profit-acquisitions	(8)			
Total fleet gross profit	833	640	193	30%
New vehicle gross profit, as reported	$ 60,497	$ 55,919	$ 4,578	8%
New retail units-same store (1)	26,450	25,516	934	4%
New retail units-actual	27,678	25,516	2,162	8%
Used vehicle data:				
Retail gross profit-same store (1)	$ 29,277	$ 26,068	$ 3,209	12%
Retail gross profit-acquisitions	724			
Total used retail gross profit	30,001	26,068	3,933	15%
Wholesale gross profit-same store (1)	111	(829)	940	113%
Wholesale gross profit-acquisitions	(26)			
Total wholesale gross profit	85	(829)	914	110%
Used vehicle gross profit, as reported	$ 30,086	$ 25,239	$ 4,847	19%
Used retail units-same store (1)	15,020	14,007	1,013	7%
Used retail units-actual	15,535	14,007	1,528	11%
Parts, service and collision repair:				
Gross profit-same store (1)	$ 81,550	$ 75,571	$ 5,979	8%
Gross profit-acquisitions	1,497			
Parts, service and collision repair gross profit, as reported	$ 83,047	$ 75,571	$ 7,476	10%

(Dollars in thousands, except for per vehicle data)	For the Three Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
Finance and insurance, net:				
Platform gross profit-same store (1)	$ 36,455	$ 33,011	$ 3,444	10%
Platform gross profit-acquisitions	1,564			
Platform finance and insurance gross profit (2)	38,019	33,011	5,008	15%
Gross profit-corporate	1,367	1,906		
Finance and insurance gross profit, as reported	$ 39,386	$ 34,917	$ 4469	13%
Platform gross profit PVR-same store (1)	$ 879	$ 835	$ 44	5%
Platform gross profit PVR-actual (2)	$ 880	$ 835	$ 45	5%
Gross profit PVR-actual	$ 911	$ 883	$ 28	3%
Total gross profit:				
Same store (1)	$ 205,968	$ 189,740	$ 16,228	9%
Corporate	1,367	1,906		
Acquisitions	5,681			
Total gross profit, as reported	$ 213,016	$ 191,646	$ 21,370	11%

(1) Same store amounts include the results of dealerships for the identical months for each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

(2) Refer to Reconciliation of Non-GAAP Financial Information for further discussion regarding platform finance and insurance gross profit PVR.

Gross profit increased 11% to $213.0 million for the three months ended June 30, 2005, from $191.6 million for the three months ended June 30, 2004. Same store gross profit increased 9% to $206.0 million for the three months ended June 30, 2005, compared to the three months ended June 30, 2004.

Same store gross profit on new retail vehicle sales increased $2.5 million to $57.7 million for the three months ended June 30, 2005, compared to the three months ended June 30, 2004. The overall increase in same store gross profit on new retail vehicle sales was directly attributable to a 4% increase in unit sales. We expect that margins on new vehicles will continue to be under pressure for the foreseeable future, as the automotive manufacturers continue offer incentive programs and pricing promotions to contend with overcapacity in their factories.

Same store gross profit on used vehicle retail sales increased $3.2 million to $29.3 million for the three months ended June 30, 2005, compared to the three months ended June 30, 2004. Due to a strong market during the first part of the quarter, we were able to increase average same store gross profit dollars earned per vehicle retailed by 5% over the prior year period. In addition, the strength of the used vehicle market enabled us to generate a modest profit in our wholesale business, compared to a wholesale loss of $0.8 million for the three months ended June 30, 2004.

Same store gross profit from fixed operations increased 8% to $81.6 million for the three months ended June 30, 2005, from $75.6 million for the three months ended June 30, 2004, resulting primarily from customer pay and warranty work.

Same-store platform F&I PVR revenue increased 5% to $879 for the three months ended June 30, 2005, from $835 for the three months ended June 30, 2004. The increase in F&I PVR is attributable to (i) increased service contract penetration, (ii) utilization of menus in the F&I sales process and (iii) maturation of our corporate-sponsored programs. We anticipate that the positive trends in platform F&I PVR will continue in the future as we focus on improving F&I PVR levels at our lowest performing stores and continue to add new products.

Selling, General and Administrative Expenses-

SG&A expenses increased $14.9 million to $162.7 million for the three months ended June 30, 2005, from $147.8 million for the three months ended June 30, 2004. SG&A expenses as a percentage of gross profit for the three months ended June 30, 2005, improved slightly to 76.4%, from 77.1% for the prior year period. SG&A expenses for the three months ended June 30, 2005, includes incremental rent of $2.3 million resulting from the refinancing of 20 of our dealerships using a sale-leaseback transaction early in the third quarter of 2004. Excluding rent expense from both periods, SG&A expenses as a percentage of gross profit decreased to 70.8% for the three months ended June 30, 2005, compared to 72.9% for the three months ended June 30, 2004. The improvement in SG&A expense as a percentage of gross profit, after adjusting for the incremental rent expense, was attributable to the reorganization of the company into regions largely completed during the first quarter of 2005, a strategic reduction in new vehicle advertising and lower insurance costs principally in the area of workman s compensation.

Although there are many variables which impact the ratio of SG&A expenses as a percentage of gross profit, including the seasonality of the automotive retail business, we believe our regional reorganization demonstrates our commitment to reducing our fixed cost structure and, absent other factors, will result in a decrease in SG&A expenses as a percentage of gross profit in future periods. During the first six months of 2005 we incurred approximately $3.6 million in severance and other costs related to our regional reorganization. We expect to incur between $0.8 million and $1.0 million of additional reorganization costs during the remainder of 2005. Currently, we estimate that our regional reorganization will reduce SG&A expenses by approximately $5.0 million annually, beginning in 2006.

Depreciation and Amortization-

Depreciation and amortization expense totaled $4.8 million for the three months ended June 30, 2005 and 2004, as depreciation and amortization expense related to property and equipment additions and dealership facilities purchased during 2004, were offset by reductions in property and equipment sold in a sale-leaseback transaction completed in the third quarter of 2004.

We expect depreciation and amortization expense to increase in the future as we continue to upgrade our facilities, expand our service centers and acquire additional dealerships.

Other Income (Expense)-

Floor plan interest expense increased $2.8 million to $7.5 million for the three months ended June 30, 2005, from $4.7 million for the three months ended June 30, 2004. The increase in floor plan interest expense over the prior year period is principally attributable to higher interest rates. We expect interest rates to continue to rise in the future.

Other interest expense increased $0.2 million to $10.3 million for the three months ended June 30, 2005, from $10.1 million for the three months ended June 30, 2004. We expect that our outstanding debt balances will remain relatively consistent for the near future, as we anticipate our next several acquisitions will be funded with our available cash. Fluctuations in other interest expense during the remainder of 2005 will be affected by potential changes in interest rates on our variable rate debt.

Income Tax Expense-

Income tax expense increased $1.6 million to $10.6 million for the three months ended June 30, 2005, from $9.0 million for the three months ended June 30, 2004, due to a $3.8 million increase in income before income taxes for the three months ended June 30, 2005, compared to the three months ended June 30, 2004. In addition, our effective tax rate for the three months ended June 30, 2005, was 37.5% compared to 36.8% for the three months ended June 30, 2004, as we received a state tax benefit of $0.2 million during the second quarter of 2004, which reduced our tax provision. As a result of operating nationally, our effective tax rate is dependent upon our geographic revenue mix, and we evaluate our effective tax rate periodically based on our revenue sources. We expect that our annual effective tax rate will be approximately 37.5% for the year ending December 31, 2005.

Discontinued Operations-

During the three months ended June 30, 2005, we sold one dealership location (two franchises), and as of June 30, 2005, we were actively pursuing the sale of three dealership locations (five franchises). During the period between June 30, 2005 and September 30, 2005, we sold two franchises and as of September 30, 2005 we were actively pursing the sale of eight dealership locations (eight franchises). The $1.7 million loss from discontinued operations is attributable to the net loss on the sale of dealerships during the quarter and the operating losses of the franchises mentioned above. The loss from discontinued operations for the three months ended June 30, 2004, of $0.7 million includes the results of operations of the dealerships mentioned above; eleven dealership locations (fifteen franchises) that were sold or closed between April 1, 2004 and March 31, 2005; and the net loss on the sale of businesses during the three months ended June 30, 2004.

Six Months Ended June 30, 2005, Compared to Six Months Ended June 30, 2004

Net income increased $0.5 million to $25.6 million, or $0.78 per diluted share, for the six months ended June 30, 2005, from $25.1 million, or $0.77 per diluted share, for the six months ended June 30, 2004.

Income from continuing operations increased $2.4 million to $28.0 million, or $0.85 per diluted share, for the six months ended June 30, 2005, from $25.6 million, or $0.78 per diluted share, for the six months ended June 30, 2004.

The 2% increase in net income and 9% increase in income from continuing operations resulted from several factors, including: (i) increases in new and used vehicle sales volumes, (ii) an improvement in the average gross profit of used vehicles, (iii) substantial increases in our fixed operations gross profit, (iv) significant increases in same store F&I revenue resulting from a combination of an increase in platform F&I PVR and an increase in new and used retail vehicle sales and (v) a significant improvement in our wholesale business. These factors were partially offset by the following: (i) margin pressure on new vehicle retail sales and (ii) increased floor plan expense due to rising interest rates.

Revenues-

(Dollars in thousands)	For the Six Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
New vehicle data:				
Retail revenues-same store (1)	$ 1,509,167	$ 1,406,695	$ 102,472	7%
Retail revenues-acquisitions	67,935			
Total new retail revenues	1,577,102	1,406,695	170,407	12%
Fleet revenues-same store (1)	80,597	44,123	36,474	83%
Fleet revenues-acquisitions	1,492			
Total fleet revenues	82,089	44,123	37,966	86%
New vehicle revenue, as reported	$ 1,659,191	$ 1,450,818	$ 208,373	14%
New retail units-same store (1)	48,714	46,773	1,941	4%
New retail units-actual	51,335	46,773	4,562	10%
Used vehicle data:				
Retail revenues-same store (1)	$ 490,496	$ 431,110	$ 59,386	14%
Retail revenues-acquisitions	16,623			
Total used retail revenues	507,119	431,110	76,009	18%
Wholesale revenues-same store (1)	159,235	152,883	6,352	4%
Wholesale revenues-acquisitions	6,958			
Total wholesale revenues	166,193	152,883	13,310	9%
Used vehicle revenue, as reported	$ 673,312	$ 583,993	$ 89,319	15%
Used retail units-same store (1)	29,085	27,635	1,450	5%
Used retail units-actual	30,137	27,635	2,502	9%
Parts, service and collision repair:				
Revenues-same store (1)	$ 306,879	$ 276,501	$ 30,378	11%
Revenues-acquisitions	8,133			
Parts, service and collision repair revenue, as reported	$ 315,012	$ 276,501	$ 38,511	14%
Finance and insurance, net:				
Platform revenues-same store (1)	$ 69,452	$ 60,180	$ 9,272	15%
Platform revenues-acquisitions	3,112			
Platform finance and insurance revenue	72,564	60,180	12,384	21%
Corporate revenues	2,570	3,149		
Finance and insurance revenue, as reported	$ 75,134	$ 63,329	$ 11,805	19%
Total revenue:				
Same store (1)	$ 2,615,826	$ 2,371,492	$ 244,334	10%
Corporate	2,570	3,149		
Acquisitions	104,253			
Total revenue, as reported	$ 2,722,649	$ 2,374,641	$ 348,008	15%

(1) Same store amounts include the results of dealerships for the identical months for each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

Total revenues increased 15% to $2.7 billion for the six months ended June 30, 2005, from $2.4 billion for the six months ended June 30, 2004. Same store revenue grew 10% to $2.6 billion for the six months ended June 30, 2005, from $2.4 billion for the six months ended June 30, 2004.

Same store new vehicle retail revenue grew $102.5 million, or 7%, during the first six months of 2005, compared to the first six months of 2004, reflecting a 4% increase in new retail unit sales and an increase in our sales mix toward luxury and mid-line import sales. Same store used vehicle retail revenue increased $59.4 million, or 14%, to $490.5 million on a 5% increase in unit sales and 8% increase in average selling price per vehicle retailed in the first six months of 2005, compared to the same period of 2004.

Fixed operations revenue increased 14%, 11% on a same store basis, for the six months ended June 30, 2005, compared to the six months ended June 30, 2004. Our warranty business continued its positive performance, driven by continued manufacturer recall programs and increased work on import brands, which typically generate higher revenues than domestic brands.

Platform F&I increased $9.3 million to $69.5 million on a same store basis for the six months ended June 30, 2005, compared to the six months ended June 30, 2004. Corporate F&I revenue was $2.6 million for the six month periods ended June 30, 2005, compared to $3.1 million for the prior year period.

Gross Profit-

(Dollars in thousands, except for per vehicle data)	For the Six Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
New vehicle data:				
Retail gross profit-same store (1)	$ 107,772	$ 103,792	$ 3,980	4%
Retail gross profit-acquisitions	4,571			
Total new retail gross profit	112,343	103,792	8,551	8%
Fleet gross profit-same store (1)	1,402	980	422	43%
Fleet gross profit-acquisitions	(4)			
Total fleet gross profit	1,398	980	418	43%
New vehicle gross profit, as reported	$ 113,741	$ 104,772	$ 8,969	9%
New retail units-same store (1)	48,714	46,773	1,941	4%
New retail units-actual	51,335	46,773	4,562	10%

(Dollars in thousands, except for per vehicle data)	For the Six Months Ended June 30, 2005	2004	Increase (Decrease)	% Change
Used vehicle data:				
Retail gross profit-same store (1)	$ 56,215	$ 51,018	$ 5,197	10%
Retail gross profit-acquisitions	1,598			
Total used retail gross profit	57,813	51,018	6,795	13%
Wholesale gross profit-same store (1)	1,162	(952)	2,114	222%
Wholesale gross profit-acquisitions	12			
Total wholesale gross profit	1,174	(952)	2,126	223%
Used vehicle gross profit, as reported	$ 58,987	$ 50,066	$ 8,921	18%
Used retail units-same store (1)	29,085	27,635	1,450	5%
Used retail units-actual	30,137	27,635	2,502	9%
Parts, service and collision repair:				
Gross profit-same store (1)	$ 158,636	$ 145,267	$ 13,369	9%
Gross profit-acquisitions	4,508			
Parts, service and collision repair gross profit, as reported	$ 163,144	$ 145,267	$ 17,877	12%
Finance and insurance, net:				
Platform gross profit-same store (1)	$ 69,452	$ 60,180	$ 9,272	15%
Platform gross profit-acquisitions	3,112			
Platform finance and insurance gross profit (2)	72,564	60,180	12,384	21%
Gross profit-corporate	2,570	3,149		
Finance and insurance gross profit, as reported	$ 75,134	$ 63,329	$ 11,805	19%
Platform gross profit PVR-same store (1)	$ 893	$ 809	$ 84	10%
Platform gross profit PVR-actual (2)	$ 891	$ 809	$ 82	10%
Gross profit PVR-actual	$ 922	$ 851	$ 71	8%
Total gross profit:				
Same store (1)	$ 394,639	$ 360,285	$ 34,354	10%
Corporate	2,570	3,149		
Acquisitions	13,797			
Total gross profit, as reported	$ 411,006	$ 363,434	$ 47,572	13%

(1) Same store amounts include the results of dealerships for the identical months for each period presented in the comparison, commencing with the first full month in which the dealership was owned by us.

(2) Refer to Reconciliation of Non-GAAP Financial Information for further discussion regarding platform finance and insurance gross profit PVR.

Gross profit increased 13% to $411.0 million for the six months ended June 30, 2005, from $363.4 million for the six months ended June 30, 2004. Same store gross profit increased 10% to $394.6 million for the six months ended June 30, 2005, from $360.3 million for the six months ended June 30, 2004.

Same store gross profit on new retail vehicle sales increased 4% for the six months ended June 30, 2005, compared to the six months ended June 30, 2004 due to a 4% increase in unit sales.

Same store gross profit on used vehicle retail sales increased 10% to $56.2 million for the six months ended June 30, 2005, from $51.0 million for the six months ended June 30, 2004, due to a strong used vehicle market in the during the first half of 2005.

Same store gross profit from fixed operations increased 9% to $158.6 million for the six months ended June 30, 2005, from $145.3 million for the six months ended June 30, 2004, resulting primarily from increased customer pay and warranty work in both parts and service.

Same-store platform F&I PVR revenue increased 10% to $893 for the six months ended June 30, 2005, from $809 for the six months ended June 30, 2004. The increase in F&I PVR is attributable to (i) increased service contract penetration, (ii) utilization of menus in the F&I sales process and (iii) maturation of our corporate-sponsored programs.

Selling, General and Administrative Expenses-

For the six months ended June 30, 2005, SG&A expenses increased $38.9 million to $323.6 million, from $284.7 million for the six months ended June 30, 2004. SG&A expenses as a percentage of gross profit for the six months ended June 30, 2005 increased to 78.7%, from 78.3% for the six months ended June 30, 2004. Excluding the $3.6 million of reorganization costs, SG&A expenses as a percentage of gross profit for the six months ended June 30, 2005, improved to 77.9%, from 78.3% for the prior year period. In addition, SG&A expenses for the six months ended June 30, 2005, includes incremental rent of $4.6 million resulting from the refinancing of 20 of our dealerships using a sale-leaseback transaction in the third quarter of 2004. Excluding rent expense from both periods, as well as the previously discussed reorganization costs, SG&A expenses as a percentage of gross profit decreased to 72.1% for the three months ended June 30, 2005, compared to 74.0% for the prior year period. The improvement in SG&A expense as a percentage of gross profit, after adjusting for reorganization costs and rent expense, was attributable to the reorganization of the company into regions, a reduction in advertising expense PVR and lower insurance costs principally in the area of workman s compensation.

Depreciation and Amortization-

Depreciation and amortization expense increased $0.2 million to $9.5 million for the six months ended June 30, 2005, from $9.3 million for the six months ended June 30, 2004. The slight increase in depreciation and amortization was primarily related to the addition of property and equipment acquired during 2004 and 2005, offset by a reduction in property and equipment sold in sale-leaseback transactions completed during 2004 and 2005.

Other Income (Expense)-

Floor plan interest expense increased $5.3 million to $14.1 million for the six months ended June 30, 2005, from $8.8 million for the six months ended June 30, 2004. This increase was attributable to higher average interest rates on our floor plan note payable.

Other interest expense decreased $0.5 million to $19.9 million for the six months ended June 30, 2005, as compared to the six months ended June 30, 2004, as a result of our decision to repay approximately $29.0 million of our variable rate mortgage notes payable during 2005.

Income Tax Provision-

Income tax expense increased $1.7 million to $16.8 million for the six months ended June 30, 2005, compared to the six months ended June 30, 2004, due, in part, to the $4.0 million increase in income from continuing operations before taxes for the six months ended June 30, 2005, compared to the six months ended June 30, 2004. In addition, our effective tax rate for the six months ended June 30, 2005, was 37.5% compared to 37.1% for the six months ended June 30, 2004.

Discontinued Operations-

During the six months ended June 30, 2005, we sold two dealership locations (four franchises), and as of June 30, 2005, we were actively pursuing the sale of three dealership locations (five franchises). During the period between June 30, 2005 and September 30, 2005 we sold two franchises and as of September 30, 2005 we were actively pursing the sale of eight dealership locations (eight franchises). The $2.4 million loss from discontinued operations is attributable to the net gain on sale of dealerships sold during the six months ended June 30, 2005, and the operating losses of the franchises mentioned above. The loss from discontinued operations for the six months ended June 30, 2004, of $0.5 million includes the net operating losses of the dealerships mentioned above; ten dealership locations (fourteen franchises), that were sold during 2004, and the net loss on the sale of businesses during the six months ended June 30, 2004.

LIQUIDITY AND CAPITAL RESOURCES

We require cash to fund working capital needs, finance acquisitions of new dealerships and fund capital expenditures. We believe that our cash and cash equivalents on hand as of June 30, 2005, our funds generated through future operations and the funds available for borrowings under our committed credit facility, floor plan financing agreements, mortgage notes payable and proceeds from sale-leaseback transactions will be sufficient to fund our debt service and working capital requirements, commitments and contingencies, acquisitions and any seasonal operating requirements for the foreseeable future.

As of June 30, 2005, we had cash and cash equivalents of $11.0 million and working capital of $285.8 million. In addition, we had $145.0 million available for borrowings under our committed credit facility for working capital, general corporate purposes and acquisitions.

Committed Credit Facility

On March 23, 2005, we entered into a committed credit facility (the Committed Credit Facility) with JPMorgan Chase Bank, N.A., 17 other financial institutions (the Syndicate) and Ford Motor Credit Corporation (FMCC), collectively the Lenders. Concurrently with entering into the Committed Credit Facility we terminated our First Amended and Restated Credit Agreement with FMCC, General Motors Acceptance Corporation (GMAC) and DaimlerChrysler Financial Services North America LLC. The Committed Credit Facility provides us with $650.0 million of new and used vehicle inventory financing (Floor Plan Tranche) and $150.0 million of working capital borrowing capacity (Working Capital Tranche). In addition, FMCC and GMAC have committed $150.0 million and $100.0 million of floor plan financing outside of the Syndicate to finance inventory at our Ford Family (Ford, Lincoln Mercury, Mazda, Volvo, Jaguar and Land Rover) and General Motors dealerships, respectively. In total, these commitments give us $150.0 million of working capital borrowing capacity and $900.0 million of floor plan borrowing capacity. Floor plan notes payable to a party affiliated with the manufacturers from which we purchase new vehicle inventory are classified as Floor Plan Notes Payable manufacturer affiliated on the accompanying Consolidated Balance Sheets. All other floor plan notes payable are classified as Floor Plan Notes Payable non-manufacturer affiliated.

During the three months ended June 30, 2005, we borrowed $15.0 million from our Committed Credit Facility, of which $8.2 million was used for the purchase of real estate on which two of our dealerships are located. The remainder of the borrowings was used for general corporate purposes. During the three months ended June 30, 2005, we repaid $10.0 million of the amounts borrowed from our Committed Credit Facility and subsequent to the end of the quarter we repaid the remaining $5.0 million.

Floor Plan Financing-

We finance substantially all of our new vehicle inventory and a portion of our used vehicle inventory. We consider floor plan notes payable to a party that is affiliated with vehicle manufacturers from which we purchase new vehicle inventory floor plan notes payable manufacturer affiliated and all other floor plan notes payable floor plan notes payable non-manufacturer affiliated. As of June 30, 2005, total borrowing capacity under the floor plan financing agreements with our vehicle floor plan providers totaled $900.0 million. In addition, as of June 30, 2005, we had total borrowing capacity of $32.2 million under ancillary floor plan financing agreements with Comerica Bank and Navistar Financial for our heavy trucks business in Atlanta, Georgia. As of June 30, 2005, we had $640.7 million outstanding, including $27.6 million classified as Liabilities Associated with Assets Held for Sale, to lenders affiliated and non-affiliated with the vehicle manufacturers from which we purchase our vehicle inventory.

During the six months ended June 30, 2005, we refinanced our floor plan notes payable through the repayment of $334.7 million of floor plan notes payable non-manufacturer affiliated and $93.4 million of floor plan notes payable manufacturer affiliated with borrowings from our Committed Credit Facility. As a result, during the six months ended June 30, 2005, Floor plan notes payable manufacturer affiliated decreased by $93.4 million and Floor plan notes payable non-manufacturer affiliated increased by $93.4 million. In addition, during the six months ended June 30, 2005 our Floor plan borrowings non-manufacturer affiliated and Floor plan repayments non-manufacturer affiliated increased by $334.7 million.

Acquisitions and Acquisition Financing-

During the second quarter of 2005, we acquired one dealership location (one franchise) in Arkansas for a total purchase price of $12.0 million, of which $4.7 million was paid in cash through the use of our working capital, $6.8 million was borrowed from our floor plan facilities, with the remaining $0.5 million representing the fair value of future payments. We estimate annual revenues of the acquired franchises will total approximately $35.0 million, based on historical performance. We plan to use our available cash, borrowings under our Committed Credit Facility or proceeds from future sale-leaseback transactions to finance future acquisitions.

Sale-Leaseback Transactions

During the six months ended June 30, 2005, we completed two sale-leaseback transactions, which resulted in the sale of approximately $15.7 million of real estate and construction improvements and the commencement of long-term operating leases for the assets sold.

Debt Covenants-

We are subject to certain financial covenants in connection with our debt and lease agreements, including the financial covenants described below. Our Committed Credit Facility includes certain financial ratios with the following requirements: (i) an adjusted current ratio of at least 1.2 to 1, of which our ratio was approximately 1.5 to 1 as of June 30, 2005; (ii) a fixed charge coverage ratio of at least 1.2 to 1, of which our ratio was approximately 1.5 to 1 as of June 30, 2005; (iii) an adjusted leverage ratio of not more than 4.5 to 1, of which our ratio was approximately 3.6 to 1 as of June 30, 2005 and (iv) a minimum adjusted net worth of not less than $350.0 million, of which our adjusted net worth was approximately $464.3 million as of June 30, 2005. A breach of these covenants could cause an acceleration of repayment of our Committed Credit Facility if not otherwise waived or cured. Certain of our lease agreements include financial ratios with the following requirements: (i) a liquidity ratio of at least 1.2 to 1, of which our ratio was approximately 1.4 to 1 as of June 30, 2005 and (ii) an EBITDA based coverage ratio of at least 1.5 to 1, of which our ratio was approximately 2.8 to 1 as of June 30, 2005. A breach of these covenants would give rise to certain lessor remedies under our various lease agreements, the most severe of which include the following: (a) termination of the applicable lease, (b) termination of certain of the tenant s lease rights, such as renewal rights and rights of first offer or negotiation relating to the purchase of the premises, and/or (c) a liquidated damages claim equal to the extent to which the accelerated rents under the applicable lease for the remainder of the lease term exceed the fair market rent over the same periods. As of June 30, 2005, we were in compliance with all our debt and lease agreement covenants.

Cash Flows for the Six Months Ended June 30, 2005 Compared to the Six Months Ended June 30, 2004

Historically, we reported all cash flows arising in connection with changes in floor plan notes payable as an operating activity and considered all borrowings and repayments of floor plan notes payable associated with inventory acquired through a dealership acquisition and inventory sold through a dealership divestiture, non-cash activities. Therefore the changes in floor plan notes payable associated with dealership acquisitions and divestitures were not included in the Consolidated Statements of Cash Flows. Subsequent to the issuance of the Company s December 31, 2004 financial statements, we determined that certain information in the Consolidated Balance Sheets and Consolidated Statements of Cash Flows should be restated for all periods presented to comply with the guidance under Statement of Financial Accounting Standards (SFAS) No. 95, Statement of Cash Flows, and Rule 5-02(19)(a) of Regulation S-X.

As a result we have (i) restated floor plan notes payable to a party unaffiliated with the manufacturer of a particular new vehicle, and all floor plan notes payable relating to pre-owned vehicles, as floor plan notes payable non-manufacturer affiliated on our Consolidated Balance Sheets, (ii) restated the related non-manufacturer affiliated cash flows as a financing activity on our Consolidated Statements of Cash flows with borrowings reflected separately from repayments and (iii) included floor plan notes payable activity associated with dealership acquisitions and divestitures in the Consolidated Statements of Cash Flows. The Consolidated Statements of Cash Flows have been restated, resulting in a $121.1 million and $27.8 million decrease in cash flows from operating activities; a $2.4 million and a $26.6 million decrease in cash flows from investing activities; and a $123.5 million and $54.4 million increase in cash flows from financing activities for the six months ended June 30, 2005 and 2004, respectively.

Floor plan borrowings are required by all vehicle manufacturers for the purchase of new vehicles, and our agreements with our floor plan providers require us to repay amounts borrowed for the purchase of a vehicle immediately after that vehicle is sold. As a result, changes in floor plan notes payable are directly linked to changes in new vehicle inventory and therefore are an integral part of understanding changes in our working capital and operating cash flow. Consequently, we have provided a reconciliation of cash flow from operating activities and financing activities, as if all changes in floor plan notes payable were classified as an operating activity.

	For the Six Months Ended June 30,	
(In thousands)	**2005**	**2004**
Reconciliation of Cash used in Operating Activities to Adjusted Cash provided by Operating Activities		
Cash used in operating activities restated	$ (77,696)	$ (23,114)
Floor plan notes payable non-manufacturer affiliated, net	123,472	54,384
Cash provided by operating activities as adjusted	$ 45,776	$ 31,270
Reconciliation of Cash provided by Financing Activities to Adjusted Cash used in Financing Activities		
Cash provided by financing activities restated	$ 97,686	$ 52,278
Floor plan borrowings non-manufacturer affiliated	(1,753,115)	(1,185,266)
Floor plan repayments non-manufacturer affiliated	1,629,643	1,130,882
Cash used in financing activities as adjusted	$ (25,786)	$ (2,106)

Operating Activities-

Net cash used in operating activities totaled $77.7 million and $23.1 million for the six months ended June 30, 2005 and 2004, respectively. Net cash provided by operating activities, as adjusted, totaled $45.8 million and $31.3 million for the six months ended June 30, 2005, and 2004, respectively. Cash provided by operating activities, as adjusted, includes net income adjusted for non-cash items and changes in working capital, including changes in floor plan notes payable related to vehicle inventory.

The increase in our cash provided by operating activities, as adjusted, for the six months ended June 30, 2005, compared to the six months ended June 30, 2004, was primarily attributable to (i) the timing of collection of accounts receivable, (ii) the timing of inventory purchases resulting from changes in the equity of our inventory and increased sales activity in June 2005 compared to June 2004, which caused contracts-in-transit to increase compared to June of last year and (iii) timing of payments of accounts payable and accrued liabilities and timing differences in prepaid assets and other assets and liabilities.

As of June 30, 2005, we had approximately $64.7 million of equity in our vehicle inventory (vehicle inventory in excess of floor plan borrowings), as compared to $66.2 million as of December 31, 2004. Had we maintained the same level of equity in our vehicle inventory as of June 30, 2005 as we had as of December 31, 2004, our cash provided by from operating activities, as adjusted, for the six months ended June 30, 2005, would have increased by approximately $2.1 million. As of June 30, 2004, we had approximately $30.0 million of equity in our vehicle inventory, as compared to $5.7 million as of December 31, 2003. Had we maintained the same level of equity in our vehicle inventory as of June 30, 2004 as we had as of December 31, 2003, our cash flow provided by operating activities, as adjusted, for the six months ended June 30, 2004 would have improved by approximately $23.3 million.

We borrowed $6.8 million and $28.8 million from our floor plan facilities for the purchase of inventory in connection with one and six franchise acquisitions during the six months ended June 30, 2005 and 2004, respectively. In addition, we repaid $4.7 million and $2.1 million of floor plan notes payable in connection with four franchise divestitures during each of the six months ended June 30, 2005 and 2004, respectively. Acquisition and divestiture activity increased our cash provided by operating activities, as adjusted, by $2.1 million and $26.7 million for the six months ended June 30, 2005 and 2004, respectively.

Investing Activities

Net cash used in investing activities totaled $37.0 million and $121.0 million for the six months ended June 30, 2005 and 2004, respectively. Cash flows from investing activities relate primarily to capital expenditures, acquisition and divestiture activity, sale of property and equipment and construction reimbursements from lessors in connection with our sale-leaseback agreements.

Capital expenditures were $35.2 million and $34.5 million for the six months ended June 30, 2005 and 2004, respectively, of which $18.2 million and $16.1 million, were financed or were pending financing through sale-leaseback agreements or mortgage notes payable for the six months ended June 30, 2005 and 2004, respectively. Our capital investments consisted of upgrades of our existing facilities and construction of new facilities. Future capital expenditures will relate primarily to upgrading existing dealership facilities and operational improvements that we expect will provide us with acceptable rates of return on our investments. During the six months ended June 30, 2005 and 2004, we received $2.6 million and $9.5 million, respectively, in construction reimbursements from lessors in connection with our sale-leaseback agreements. We expect that capital expenditures during 2005 will total between $80.0 million and $90.0 million, of which we intend to finance between 60% and 70% principally through sale-leaseback agreements.

Cash used for acquisitions totaled $11.6 million and $100.4 million for the six months ended June 30, 2005 and 2004, respectively. We anticipate that we will spend between $25.0 million to $50.0 million on acquisitions in 2005.

Proceeds from the sale of assets totaled $8.0 million and $3.5 million for the six months ended June 30, 2005 and 2004, respectively. The proceeds from the sale of assets include the sale of dealerships, real estate and property and equipment. We continuously monitor the profitability and market value of our dealerships and, under certain conditions, may strategically divest non-profitable dealerships.

Financing Activities

Net cash provided by financing activities totaled $97.7 million and $52.3 million for the six months ended June 30, 2005 and 2004, respectively. Net cash used in financing activities, as adjusted, totaled $25.8 million and $2.1 million for the six months ended June 30, 2005 and 2004, respectively. During the six months ended June 30, 2005 and 2004, proceeds from borrowings amounted to $20.7 million and $3.9 million, which was used to finance construction on our dealership facilities and general corporate purposes. In addition, we incurred $4.9 million of debt issuance costs associated with our Committed Credit Facility.

During the six months ended June 30, 2005 and 2004, we repaid debt of $42.0 million and $6.8 million, respectively. During the six months ended June 30, 2005, we repaid $30.7 million of our outstanding mortgage notes payable, the majority of which resulted from our decision to repay approximately $29.0 million of our variable rate mortgage notes payable.

Off-Balance Sheet Transactions

We had no material off-balance sheet transactions during the periods presented other than those disclosed in Note 13 of our consolidated financial statements.

Stock Repurchase Restrictions

Pursuant to the indentures governing our 9% Senior Subordinated Notes due 2012, our 8% Senior Subordinated Notes due 2014 and our Committed Credit Facility, our ability to repurchase shares of our common stock is limited. As of June 30, 2005, our ability to repurchase shares was limited to an aggregate purchase price of $29.6 million due to these restrictions. We did not repurchase any shares of our common stock during 2005 or 2004.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual amounts could differ from those estimates. On an ongoing basis, management evaluates its estimates and assumptions and the effects of revisions are reflected in the financial statements in the period in which they are determined to be necessary. The accounting policies described below are those that most frequently require management to make estimates and judgments, and therefore are critical to understanding our results of operations. Senior management has discussed the development and selection of these accounting estimates and the related disclosures with the audit committee of our board of directors.

Inventories

Our inventories are stated at the lower of cost or market. We use the specific identification method to value our vehicle inventories and the first-in, first-out method (FIFO) to account for our parts inventories. We maintain a reserve for specific inventory vehicles where cost basis exceeds fair value and for parts that we believe are excess or obsolete. In assessing lower of cost or market for new vehicles, we primarily consider the aging of vehicles and loss histories, along with the timing of annual and model changeovers. The assessment of lower of cost or market for used vehicles considers recent data and trends such as loss histories, current aging of the inventory and current market conditions. The assessment of excess and obsolete parts considers the sales activity of specific parts over the last twelve months. These reserves were $4.4 million and $4.9 million as of June 30, 2005 and December 31, 2004, respectively.

Notes Receivable Finance Contracts

As of June 30, 2005 and December 31, 2004, we had outstanding notes receivable from finance contracts of $30.4 million and $30.9 million, respectively (net of an allowance for credit losses of $4.6 million and $6.2 million, respectively). These notes have initial terms ranging from 12 to 60 months, and are collateralized by the related vehicles. The assessment of our allowance for credit losses considers historical loss ratios and the performance of the current portfolio with respect to past due accounts. We continually analyze our current portfolio against our historical performance. In addition, we attribute minimal value to the underlying collateral in our assessment of the reserve.

F&I Chargeback Reserve

We receive commissions from the sale of vehicle service contracts, credit life insurance and disability insurance to customers. In addition, we receive commissions from financing institutions for arranging customer financing. We may be charged back (chargebacks) for finance, insurance or vehicle service contract commissions in the event a contract is terminated. The revenues from financing fees and commissions are recorded at the time the vehicles are sold and a reserve for future chargebacks is established based on historical operating results and the termination provisions of the applicable contracts. This data is evaluated on a product-by-product basis. These reserves were $12.0 million as of June 30, 2005 and December 31, 2004.

Equity-Based Compensation

We account for stock-based compensation issued to employees in accordance with Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees. APB Opinion No. 25 requires the use of the intrinsic value method, which measures compensation cost as the excess, if any, of the quoted market price of the stock at the measurement date over the amount an employee must pay to acquire the stock. We have adopted the disclosure provisions of SFAS No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure-An amendment of FASB Statement No. 123. See also *Recent Accounting Pronouncements* below for a discussion of the impact on our financial statements from the adoption of SFAS No. 123 (revised 2004), Share-based Payment.

Goodwill and Other Intangible Assets

In accordance with Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets, we do not amortize goodwill and other intangible assets that are deemed to have indefinite lives. We test these assets for impairment at least annually, or more frequently if any event occurs or circumstances change that indicate possible impairment. We have determined that manufacturer franchise rights have an indefinite life as there are no legal, contractual, economic or other factors that limit their useful lives and they are expected to generate cash flows indefinitely due to the historically long lives of the manufacturers brand names. Goodwill is allocated at the entity level and manufacturer franchise rights are allocated to each individual dealership franchise, respectively. Goodwill represents the excess cost of the businesses acquired over the fair market value of the identifiable net assets. The fair market value of our manufacturer franchise rights is determined at the acquisition date through discounting the projected cash flows attributable to each franchise.

Upon adoption of SFAS No. 142 Goodwill and Other Intangible Assets, on January 1, 2002, we determined that each of our platforms qualified as a reporting unit since we operate in one segment, our platforms are one level below our corporate level, discrete financial information existed for each platform and the management of each platform directly reviewed the platform s performance. In late 2004, we began the process of reorganizing our platforms into four regions. Within this more streamlined structure, we will evaluate our operations and financial results by dealership in the aggregate, rather than by platform. The general managers, with direction from a centralized management team, including corporate and regional management, will continue to have the independence and flexibility to respond effectively to local market conditions. Based on the changes in our management, operational and reporting structure during the first quarter of 2005, we evaluate goodwill at the operating segment level.

We review goodwill and indefinite lived manufacturer franchise rights for impairment annually on October 1st of each year, or more often if events or circumstances indicate that impairment may have occurred. We are subject to financial statement risk to the extent that intangible assets become impaired due to decreases in the related fair market value of our underlying businesses or entity.

All other intangible assets are deemed to have definite lives and are amortized on a straight-line basis over the life of the asset ranging from 3 to 15 years and are tested for impairment when circumstances indicate that the carrying value of the asset might be impaired.

Accrued Expenses

Payments owed to our various service providers are expensed during the month in which the applicable service is performed. The amount of these expenses is dependent upon information provided by our internal systems and processes. Due to the length of time necessary to receive accurate information, estimates of amounts due are necessary in order to record monthly expenses. In subsequent months, expenses are reconciled and adjusted where necessary. We continue to refine the estimation process based on an increased understanding of the time requirements and close working relationships with our service providers.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (revised 2004), Share-based Payment. This statement requires compensation costs related to share-based payment transactions to be recognized in the financial statements. With limited exceptions, the amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. Compensation cost will be recognized over the period that an employee provides service in exchange for the award. SFAS No. 123 (revised 2004) replaces SFAS No. 123, Accounting for Stock-Based Compensation, and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. In April 2005, the Securities and Exchange Commission adopted a new rule that amends the compliance dates for SFAS No. 123 (revised 2004). Registrants would have been required to implement the standard as of the beginning of the first interim or annual period that begins after September 15, 2005. The Commission s new rule allows companies to implement SFAS No. 123 (Revised 2004) at the beginning of their next fiscal year, instead of the next reporting period, that begins after September 15, 2005. We are currently evaluating the effect of this statement on our consolidated financial statements and related disclosures.

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

Adjusted cash provided by (used in) operating and financing activities

(In thousands)	For the Six Months Ended June 30, 2005		For the Six Months Ended June 30, 2004	
Reconciliation of Cash used in Operating Activities to Adjusted Cash provided by Operating Activities				
Cash used in operating activities restated	$	(77,696)	$	(23,114)
Floor plan notes payable non-manufacturer affiliated, net		123,472		54,384
Cash provided by operating activities as adjusted	$	45,776	$	31,270
Reconciliation of Cash provided by Financing Activities to Adjusted Cash used in Financing Activities				
Cash provided by financing activities restated	$	97,686	$	52,278
Floor plan borrowings non-manufacturer affiliated		(1,753,115)		(1,185,266)
Floor plan repayments non-manufacturer affiliated		1,629,643		1,130,882
Cash used in financing activities as adjusted	$	(25,786)	$	(2,106)

Platform Finance and Insurance Gross Profit PVR-

We evaluate our finance and insurance gross profit performance on a Per Vehicle Retailed (PVR) basis by dividing our total finance and insurance gross profit by the number of retail vehicles sold. During 2003, our corporate office renegotiated a contract with one of our third party finance and insurance product providers, which resulted in the recognition of revenue during the three and six months ended June 30, 2005 and 2004, that was attributable to retail vehicles sold during prior periods. We believe that platform finance and insurance, which excludes the additional revenue derived from this contract, provides a more accurate measure of our finance and insurance operating performance.

The following table reconciles finance and insurance gross profit to platform finance and insurance gross profit, and provides the necessary components to calculate platform finance and insurance gross profit PVR:

(In thousands, except for unit and per vehicle data)	For the Three Months Ended June 30, 2005		For the Three Months Ended June 30, 2004	
Reconciliation of Finance and Insurance Gross Profit to Platform Finance and Insurance Gross Profit:				
Finance and insurance gross profit, net (as reported)	$	39,386	$	34,917
Less: Corporate finance and insurance gross profit		(1,367)		(1,906)
Platform finance and insurance gross profit	$	38,019	$	33,011
Platform finance and insurance gross profit PVR	$	880	$	835
Retail units sold:				
New retail units		27,678		25,516
Used retail units		15,535		14,007
Total		43,213		39,523

(In thousands, except for unit and per vehicle data)	For the Six Months Ended June 30, 2005	2004
Reconciliation of Finance and Insurance Gross Profit to Platform Finance and Insurance Gross Profit:		
Finance and insurance gross profit, net (as reported)	$ 75,134	$ 63,329
Less: Corporate finance and insurance gross profit	(2,570)	(3,149)
Platform finance and insurance gross profit	$ 72,564	$ 60,180
Platform finance and insurance gross profit PVR	$ 891	$ 809
Retail units sold:		
New retail units	51,335	46,773
Used retail units	30,137	27,635
Total	81,472	74,408

Adjusted SG&A Expense-

Our operating income was largely impacted by reorganization costs incurred during the first six months of 2005 and incremental rent expense associated with a sale-leaseback transaction that was entered into in the third quarter of 2004. During the first six months of 2005, we incurred severance costs of $3.6 million associated with the reorganization of our regional structure. We believe that excluding the reorganization costs and rent expense from the selling, general and administrative expense provides a more meaningful basis to measure the results of our operations compared to that of the prior year period. A reconciliation of our adjusted selling, general and administrative expense is presented below.

	For the Three Months Ended June 30,	
	2005	**2004**
Reconciliation of SG&A Expense to Adjusted SG&A Expense:		
SG&A expense	$ 162,706	$ 147,801
Less: Rent expense	(11,829)	(8,173)
Adjusted SG&A expense	$ 150,877	$ 139,628
Gross Profit	$ 213,016	$ 191,647
Adjusted SG&A expense as a percentage of Gross Profit	70.8%	72.9%

	For the Six Months Ended June 30,	
	2005	**2004**
Reconciliation of SG&A Expense to Adjusted SG&A Expense:		
SG&A expense	$ 323,600	$ 284,721
Less: Reorganization costs	(3,566)	
SG&A, net of reorganization costs	320,034	284,721
Less: Rent expense	(23,799)	(15,760)
Adjusted SG&A expense	$ 296,235	$ 268,961
Gross Profit	$ 411,006	$ 363,435
SG&A, net of reorganization costs, as a percentage of Gross Profit	77.9%	78.3%
Adjusted SG&A expense as a percentage of Gross Profit	72.1%	74.0%

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are exposed to market risk from changes in interest rates on a significant portion of our outstanding indebtedness. Based on $877.0 million of total variable rate debt (excluding $0.4 million of our fair value hedge which reduces the book value of our 8% Subordinated Notes due 2014 and including floor plan notes payable) outstanding as of June 30, 2005, a 1% change in interest rates would result in a change of approximately $8.8 million to our annual other interest expense. Conversely, based on fixed-rate debt of $273.6 million a 1% change in interest would mean we would not experience the impact of a $2.7 million change in interest expense.

We received $14.6 million of interest credit assistance from certain automobile manufacturers during the six months ended June 30, 2005. Interest credit assistance reduced new vehicle cost of sales from continuing operations for the six months ended June 30, 2005 by $13.2 million and reduced new vehicle inventory by $4.2 million and $3.9 million as of June 30, 2005 and December 31, 2004, respectively. Although we can provide no assurance as to the amount of future interest credit assistance, it is our expectation, based on historical data that an increase in prevailing interest rates would result in increased interest credit assistance from certain automobile manufacturers.

Interest Rate Hedges

We have entered into two forward interest rate swaps with a combined notional principal amount of $170.0 million, to provide a hedge against changes in the interest rates of our variable rate floor plan notes payable for a period of eight years beginning in March 2006. The swap agreements were designated and qualify as cash flow hedges of our variable rate floor plan notes payable and will contain minor ineffectiveness. The swaps are scheduled to expire in March 2006. As of June 30, 2005 and December 31, 2004, the swaps had a fair value of $12.3 million and $7.1 million and are included in Accrued Liabilities and Other Long-term Liabilities, respectively, on the accompanying Consolidated Balance Sheets

We have entered into an interest rate swap agreement with a notional principal amount of $200.0 million as a hedge against changes in the fair value of our 8% Senior Subordinated Notes due 2014. Under the terms of the swap agreement, we are required to make variable rate payments based on six-month LIBOR and receive a fixed rate of 8.0%. This swap agreement was designated and qualifies as a fair value hedge of our 8% Senior Subordinated Notes due 2014 and did not contain any ineffectiveness. As a result our 8% Senior Subordinated Notes due 2014 have been adjusted by the fair market value of the related swap. The swap is scheduled to expire in March 2006. As of June 30, 2005 and December 31, 2004, the swap agreement had a fair value of $0.4 million and $2.7 million and is included in Accrued Liabilities and Other Long-Term Liabilities, respectively, on the accompanying Consolidated Balance Sheets.

We have entered into an interest rate swap agreement with a notional principal amount of $15.2 million as a hedge against future changes in the interest rate of our variable rate mortgage notes payable. Under the terms of the swap agreement, we are required to make payments at a fixed rate of 6.08% and receive a variable rate based on LIBOR. This swap agreement was designated and qualifies as a cash flow hedge of changes in the interest rate of our variable rate mortgage notes payable and will contain minor ineffectiveness. As of June 30, 2005 and December 31, 2004, the swap agreement had a fair value of $0.2 million, which was included in Other Long-Term Liabilities on the accompanying Consolidated Balance Sheets.

Item 4. Controls and Procedures

As of the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of the Company s chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act). Based on this evaluation, the Company s chief executive officer and chief financial officer concluded that as of the end of such period such disclosure controls and procedures (i) were reasonably designed to ensure that information required to be disclosed by the Company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the rules and forms of the Securities and Exchange Commission and (ii) were effective.

There have not been any changes in the Company s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

In addition, we have considered the restatement of our Consolidated Balance Sheets and Consolidated Statements of Cash Flows to comply with the guidance under Statement of Financial Accounting Standards No. 95, Statement of Cash Flows and Rule 5-02(19)(a) of Regulation S-X as discussed in Note 2 Restatement and have concluded that such restatement does not represent a material weakness in our internal control over financial reporting.

Forward-Looking Statements

This report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements include statements relating to goals, plans and projections regarding our financial position, results of operations, market position, product development and business strategy. These statements are based on management s current expectations and involve significant risks and uncertainties that may cause results to differ materially from those set forth in the statements. These risks and uncertainties include, among other things:

- market factors;

our relationships with vehicle manufacturers and other suppliers;

risks associated with our substantial indebtedness;

risks related to pending and potential future acquisitions;

general economic conditions both nationally and locally; and

governmental regulations and legislation.

There can be no guarantees that our plans for future operations will be successfully implemented or that they will prove to be commercially successful. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The results of the votes cast at the Company s Annual Meeting on April 28, 2005 were as follows:

Election of Class I Directors:

	For	Withheld
Timothy C. Collins	27,919,315	3,304,680
Kenneth B. Gilman	30,989,588	234,407
Vernon E. Jordan, Jr.	27,919,115	3,304,880
Thomas F. McLarty, III	30,946,203	277,792

Ratification of appointment of Deloitte & Touche L.L.P. as independent public accountants for 2005:

For	31,217,012
Against	1,240
Abstain	5,743

Item 6. Exhibits

Exhibits required to be filed by Item 601 of Regulation S-K:

10.1 1999 Stock Option Plan, as amended (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005)*

10.2 Severance Pay Agreement of Charles B. Tomm, dated as of June 10, 2005 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005)*

10.3 Compensation Plan of Charles B. Tomm (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005)*

15.1 Awareness letter from Deloitte & Touche LLP.

31.1 Certificate of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated March 14, 2006.

31.2	Certificate of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated March 14, 2006.
32.1	Certificate of Chief Executive Officer pursuant to Rule 13a-14(b)/15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated March 14, 2006.
32.2	Certificate of Chief Financial Officer pursuant to Rule 13a-14(b)/15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated March 14, 2006.

* Incorporated by reference

SIGNATURES

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

Asbury Automotive Group, Inc.
(Registrant)

Date: March 14, 2006	By:	/s/ KENNETH B. GILMAN Name: Kenneth B. Gilman Title: Chief Executive Officer and President	
Date: March 14, 2006	By:	/s/ J. GORDON SMITH Name: Title:	 J. Gordon Smith Senior Vice President and Chief Financial Officer (Principal Financial Officer)

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