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# DELTA REPORT

## 10-K

LAD - LITHIA MOTORS INC

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS 4465

■ CHANGES 391

■ DELETIONS 2292

■ ADDITIONS 1782

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended: **December 31, 2022** **December 31, 2023**  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-14733



**Lithia Motors, Inc.**

(Exact name of registrant as specified in its charter)

Oregon

93-0572810

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

150 N. Bartlett Street, Medford, Oregon

97501

(Address of principal executive offices)

(Zip Code)

(541) 776-6401

(Registrant's telephone number including area code)  
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock without par value	LAD	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicated by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was approximately **\$7,896,163,000** **\$8,371,919,000** computed by reference to the last sales price (**\$286.66** **304.11**) as reported by the New York Stock Exchange for the Registrant's common stock, as of the last business day of the Registrant's most recently completed second fiscal quarter (June 30, **2022** **2023**). As of **February 24, 2023** **February 23, 2024**, there were **27,338,411** **27,530,936** shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant has incorporated into Part III of Form 10-K, by reference, portions of its Proxy Statement for its **2023** **2024** Annual Meeting of Shareholders.

LITHIA MOTORS, INC.  
**2022 2023** FORM 10-K ANNUAL REPORT  
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**PART I**

## Item 1. Business

As used in this Annual Report, the terms "Lithia," "Lithia and Driveway," "LAD," "the Company," "we," "us," and "our" refer collectively to Lithia Motors, Inc. and its subsidiaries, unless otherwise required by the context. Our store operations are conducted by our subsidiaries.

### Forward-Looking Statements

Certain statements in this Annual Report, including in the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" constitute forward-looking statements within the meaning of the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995. Generally, you can identify forward-looking statements by terms such as "project," "outlook," "target," "may," "will," "would," "should," "seek," "expect," "plan," "intend," "forecast," "anticipate," "believe," "estimate," "predict," "potential," "likely," "goal," "strategy," "future," "maintain," and "continue" or the negative of these terms or other comparable terms. Examples of forward-looking statements in this Form 10-K include, among others, statements regarding:

- Future market conditions, including anticipated car and other sales levels and the supply of inventory
- Our business strategy and plans, including our achieving our 2025 Plan and related targets
- The growth, expansion, **make-up**, and success of our network, including our finding accretive acquisitions and acquiring additional stores
- Annualized revenues from acquired stores
- The growth and performance of our Driveway e-commerce home solution and Driveway Finance Corporation ("**DFC**") (**DFC**), their synergies and other impacts on our business and our ability to meet Driveway and DFC-related targets
- **The impact of sustainable vehicles and other market and regulatory changes on our business**
- Our capital allocations and uses and levels of capital expenditures in the future
- Expected operating results, such as improved store performance, continued improvement of selling, general and administrative expenses ("**SG&A**") (**SG&A**) as a percentage of gross profit and any projections
- Our anticipated financial condition and liquidity, including from our cash and the future availability of our credit facilities, unfinanced real estate, and other financing sources
- Our continuing to purchase shares under our share repurchase program
- Our compliance with financial and restrictive covenants in our credit facilities and other debt agreements
- Our programs and initiatives for employee recruitment, training, and retention
- Our strategies **and targets** for customer retention, growth, market position, **operations**, financial results, and risk management

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Forward-looking statements are not guarantees of future performance, and our actual results of operations, financial condition and liquidity and development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements in this Annual Report. Therefore, you should not rely on any of these forward-looking statements. The risks and uncertainties that could cause actual results to differ materially from estimated or projected results include, without limitation, the factors as discussed in Part I, Item 1A. Risk Factors, and in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and, from time to time, in our other filings we make with the Securities and Exchange Commission (SEC).

Any forward-looking statement made by us in this Annual Report is based only on information currently available to us and speaks only as of the date on which it is made. Except as required by law, we undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

### Business Overview

Lithia Motors, Inc. is **one of the premier largest global** automotive **retailer in North America**, offering a **wide selection retailers providing an array of vehicles across global carmakers products and providing a full suite of financing, leasing, repair, and maintenance options**. Purchasing and owning a **services throughout the vehicle is easy ownership lifecycle**. Convenient and hassle-free with **convenient solutions experiences are offered through our comprehensive network of physical locations, e-commerce platforms, and captive finance division. solutions and other synergistic adjacencies**. We **deliver have delivered consistent** profitable growth **through the consolidation of the largest retail sector in North America**, modernizing the retail experience to be wherever, whenever a **massive and however our consumers desire**. As of December 31, 2022, we operated 296 locations representing 48 brands in two countries, across 28 U.S. states and 3 Canadian provinces. The majority of our revenues are generated within the United States and the majority of our property and equipment is located within the United States. **unconsolidated industry**. Our highly



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diversified and competitively differentiated design provides us the flexibility and scale to pursue our vision to modernize personal transportation solutions wherever, whenever and however consumers desire. As of December 31, 2023, we operated 344 locations representing 47 brands across the United States, United Kingdom, and Canada.

	Year Ended December 31,	
	2023	
	Total Revenue	Total Gross Profit
United States	90 %	92 %
United Kingdom	6 %	5 %

Lithia and Driveway (LAD) offers a wide array of products and services fulfilling the entire vehicle ownership lifecycle including new and used vehicles, finance and insurance products and automotive repair and maintenance. We strive for diversification in our products, services, brands and geographic locations to reduce dependence on any one manufacturer, reduce susceptibility to changing consumer preferences, manage market risk and maintain profitability. Our diversification, along with our operating structure, provides a resilient and nimble business model.

Founded in 1946 and incorporated in Oregon in 1968, we completed our initial public offering in 1996.

**Business Strategy**

We seek to provide customers choice with a seamless, blended online and physical retail experience, broad selection and access to specialized expertise and knowledge. Our comprehensive network enables us to provide convenient touch points for customers and provide services throughout the vehicle life cycle. We seek to increase market share and optimize profitability by focusing on the consumer experience and applying proprietary performance measurement systems fueled by data science to drive high performance. Our Driveway and GreenCars brands compliment our in-store experiences and provide convenient, simple, and transparent platforms that serve as our e-commerce home solutions and allow us to deliver differentiated, proprietary digital experiences. solutions. Diversifying our business with Driveway Finance Corporation (DFC), our captive auto finance division, allows us to provide financing solutions for customers and diversify our business model with an adjacent product.

Our long-term strategy to create value for our customers, employees and shareholders includes the following elements:

**Driving operational excellence, innovation and diversification**

LAD builds magnetic brand loyalty in our 296344 stores and with Driveway, our e-commerce home delivery experience, and GreenCars, our electric vehicle learning resource and marketplace. Operational excellence is achieved by focusing the business on convenient and transparent consumer experiences supported by proprietary data science to improve market share, consumer loyalty, and profitability. By promoting an entrepreneurial model with our in-store experiences, we build strong businesses responsive to each of our local markets. Utilizing performance-based action plans, we develop high-performing teams and foster manufacturer relationships.

In response to evolving consumer preferences, we invest in modernization that supports and expands our core business. These digital strategies combine our experienced, knowledgeable workforce with our owned inventory and physical network of stores, enabling us to be agile and adapt to consumer preferences and market specific conditions. Additionally, we systematically explore transformative adjacencies, which are identified to be synergistic and complementary to our existing business such as DFC, our captive auto loan portfolio.

Our investments in modernization are well under way and are taking hold with our teams as they provide digital shopping experiences including finance, contactless test drives and home delivery or curbside pickup for vehicle purchases. Our people and these solutions power our national brands, overlaying our physical footprint in a way that we believe attracts a larger population of digital consumers seeking transparent, empowered, flexible and simple buying and servicing experiences.

Our performance-based culture is geared toward an incentive-based compensation structure for a majority of our personnel. We develop pay plans that are measured based upon various factors such as customer satisfaction, profitability and individual performance metrics. These plans serve to reward team members for creating customer



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loyalty, achieving store potential, developing high-performing talent, meeting and exceeding manufacturer requirements and living our core values.

We have centralized many administrative functions to drive efficiencies and streamline store-level operations. The reduction of administrative functions at our stores allows our local managers to focus on customer-facing opportunities to increase revenues and gross profit. Our operations are supported by regional and corporate management, as well as dedicated training and personnel development programs which allow us to share best practices across our network and develop management talent.



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**Growth through acquisition and network optimization**

Our acquisition growth strategy has been successful both financially and culturally. Our disciplined approach focuses on acquiring new vehicle franchises, which operate in markets ranging from mid-sized regional markets to metropolitan markets. Acquisition of these businesses increases our proximity to consumers throughout North America. America and the

**United Kingdom.** While we target annual after tax return of more than 15% for our acquisitions, we have averaged over a 25% return by the third year of ownership due to a disciplined approach focusing on accretive, cash flow positive targets at reasonable valuations. In addition to being financially accretive, acquisitions aim to drive network growth that improves our ability to serve customers through vast selection, greater density and access to customers and ability to leverage national branding and advertising.

As we focus on expanding our physical network of stores, one of the criteria we evaluate is a valuation multiple between 3x to 7x of investment in intangibles to estimated annualized adjusted EBITDA, with various factors including location, ability to expand our network and talent considered in determining value. We also target an investment in intangibles as a percentage of annualized revenues in the range of 15% to 30%.

During 2022, 2023, we acquired 3156 stores opened one store, and divested thirteen eight stores. We invested \$1.1 billion, net of floor plan debt, to acquire these stores and we anticipate these acquisitions to add nearly \$3.5 billion \$3.8 billion in annualized revenues.

We regularly optimize and balance our network through strategic divestitures to ensure continued high performance. We believe our disciplined approach provides us with attractive acquisition opportunities and expanded coast-to-coast coverage.

#### Thoughtful capital allocation

We manage our liquidity and available cash to support our long-term plan focused on growth through acquisitions and investments in our existing business, technology and adjacencies that expand and diversify our business model. Our free cash flow deployment strategy targets an allocation of 65% investment in acquisitions, 25% investment in capital expenditures, innovation, and diversification and 10% in shareholder return in the form of dividends and share repurchases. During 2022, 2023, we utilized \$303.1 million \$230.2 million for capital expenditures investing in our existing business and paid \$45.2 million \$52.8 million in dividends. As of December 31, 2022 December 31, 2023, we had available liquidity of \$1.6 billion \$1.7 billion, which was comprised of \$168.1 million \$825.0 million in cash and \$1.4 billion \$870.4 million availability on our credit facilities. In addition, our unfinanced real estate could provide additional liquidity of approximately \$0.5 billion. \$0.4 billion.

#### Marketing

One of our Lithia & Driveway's core values, Earn value, "Earn Customers for Life, defines Life", drives our market marketing strategy by appealing to empower consumers throughout the vehicle ownership lifecycle. To place ease and value at our consumers' desire for affordability, transparency customers' fingertips, we are constantly evolving the retail experience where customers can choose transparent, convenient ways to buy, sell, or service their vehicles wherever, whenever, and convenience. We employ however they desire.

Our national, regional, and local brands to connect with consumers with through advertising tailored to the individual brand and market. Utilizing data analysis and multi-channel omnichannel communications, we strive to attract create deeper and retain customers richer offerings to build lifelong loyalty throughout the vehicle ownership life cycle.

With a vast selection represented by the nation's largest U.S. new and preowned vehicle inventory for sale online, we employ search engine optimization, search engine marketing, online display, re-targeting, retargeting, social advertising, traditional media, and direct marketing to reach consumers.

Most consumers begin their shopping, buying, or selling activity on our store websites, Driveway, and GreenCars. With the importance of keeping consumer communications relevant, based on where they are in the shopping process or lifecycle of ownership, we have built a proprietary customer lifecycle communication platform. In an



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industry where the competition often relies on third parties to manage their customer data, we manage our data internally. This goes beyond automotive needs, allowing us to leverage our customer insights across many revenue streams.

These 300+ online channels provide customers with simple, transparent ways to manage their vehicle ownership including including search new and used new-and-used inventories, view current pricing, apply incentives and offers, calculate payments for purchase or lease, apply for financing, buy online, sell their vehicle, offering the consumer to schedule service appointments both in store or at home, schedule vehicle pick-up and delivery, and provide us feedback about their experience. During 2022, In 2023, our unique visitors increased over 80% 30% on a same store basis. basis from 2022.

Driveway, our online experience, puts customers in control of every aspect of their car ownership. They can browse a vast nationwide inventory of new, used, and certified pre-owned vehicles (CPO), then get a vehicle shipped straight to their driveway or pick it up from one of Lithia's 300+ stores. In 2023, approximately 31.5 million unique users visited Driveway.com, a 46% increase from 2022. We believe no-haggle pricing transparency and a 7-day money-back guarantee make Driveway the better way to buy, sell, finance, or trade in a car online.

With the industry transitioning to more sustainable practices and alternative-fuel vehicles, we are excited that GreenCars, our online education resource for sustainable mobility, had approximately 5.9 million unique visitors in 2023 at GreenCars.com, a 58% increase from 2022. GreenCars is a leading source of knowledge designed to promote the acceleration of electric vehicle (EV) adoption by educating the consumer on such topics as (1) fuel-efficient offerings from model comparisons, (2) personalized incentives, and (3) local rebates to charging network. GreenCars even connects consumers with the largest new-and-preowned inventory for when they are ready to purchase their sustainable vehicle.

Total advertising expense, net of manufacturer credits, was \$248.2 million in 2023, \$253.6 million in 2022 and \$162.2 million in 2021 and \$97.4 million 2021. Over 82% of our advertising spent in 2020. In 2022, we spent 83% 2023 was on digital, social, listings, and one-to-one owner communications, while 17% was spent on traditional

media. communications. In all of our communications, we seek to convey the promise of a positive customer experience, competitive pricing, and wide selection. We expect the portion of spending in digital channels to continue to increase as traditional media evolves to online consumption models.

Our manufacturer partners influence a significant portion of our advertising expense. Certain advertising and marketing expenditures are offset by manufacturer cooperative programs, which require us to submit requests for reimbursement to manufacturers for qualifying advertising expenditures. These advertising credits are not tied to specific vehicles and are earned as qualifying expenses are incurred. These reimbursements are recognized as a

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reduction of advertising expense. Manufacturer cooperative advertising credits were \$54.2 million in 2023, \$46.3 million in 2022 and \$35.6 million in 2021 and \$23.9 million in 2020, 2021.

### Franchise Agreements

Each of our stores operates under a separate franchise agreement with the manufacturer of the new vehicle brand it sells.

Typical vehicle franchise agreements specify the locations within a designated market area at which the store may sell vehicles and related products and perform approved services. The designation of the market areas and the allocation of new vehicles among stores are at the discretion of the manufacturer. Franchise agreements do not, however, guarantee exclusivity within a specified territory.

A franchise agreement may impose requirements on the store with respect to:

- facilities and equipment;
- inventories of vehicles and parts;
- minimum working capital;
- training of personnel; and
- performance standards for market share and customer satisfaction.

Each manufacturer closely monitors compliance with these requirements and requires each store to submit monthly financial statements. Franchise agreements also grant a store the right to use and display manufacturers' trademarks, service marks and designs in the manner approved by each manufacturer.

We have determined the useful life of a franchise agreement is indefinite, even though certain franchise agreements are renewed after one to six years. In our experience, agreements are routinely renewed without substantial cost and there are legal remedies to help prevent termination. Certain franchise agreements have no termination date. In addition, state franchise laws protect franchised automotive retailers. Under certain laws, a manufacturer may not

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terminate or fail to renew a franchise without good cause or prevent any reasonable changes in the capital structure or financing of a store.

Our typical franchise agreement provides for early termination or non-renewal by the manufacturer upon:

- a change of management or ownership without manufacturer consent;
- insolvency or bankruptcy of the dealer;
- death or incapacity of the dealer/manager;
- conviction of a dealer/manager or owner of certain crimes;
- misrepresentation of certain sales or inventory information to the manufacturer;
- failure to adequately operate the store;
- failure to maintain any license, permit or authorization required for the conduct of business;
- poor market share; or
- low customer satisfaction index scores.

Franchise agreements generally provide for prior written notice before a franchise may be terminated under most circumstances. We also sign master framework agreements with most manufacturers that impose additional requirements. See Item 1A. Risk Factors.

## Competition

The retail automotive business is highly competitive. Currently, there are more than 16,500 new vehicle franchise dealers in the United States, many 4,500 in the UK, and 3,400 in Canada. Many of which these franchised dealers are independent stores managed by individuals, families or small retail groups. We compete primarily with other automotive retailers, both publicly- and privately-held and other used-only automotive retailers such as CarMax, Carvana, Shift and Vroom. Cazoo.

Vehicle manufacturers have designated specific marketing and sales areas within which only one dealer of a vehicle brand may operate. In addition, our franchise agreements typically limit our ability to acquire multiple dealerships of a given brand within a particular market area. Certain state franchise laws also restrict us from relocating our dealerships, or establishing new dealerships of a particular brand, within any area that is served by another dealer with the same brand. To the extent that a market has multiple dealers of a particular brand, as certain markets we operate in do, we are subject to significant intra-brand competition.

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We are larger and have more financial resources than most private automotive retailers with which we currently compete in the majority of our regional markets. We compete directly with retailers with similar or greater resources in our existing metro and non-metro markets. We also compete based on dealer reputation in the various markets. If we enter other new markets, we may face competitors that have access to greater financial resources or have strong brands. We do not have any cost advantage in purchasing new vehicles from manufacturers. We rely on advertising and merchandising, pricing, our customer guarantees and sales model, our sales expertise, service reputation and the location of our stores to sell new vehicles.

## Regulation

### **Automotive and Other Laws and Regulations**

We operate in a highly regulated industry. A number of state and federal laws and regulations affect our business. In every state in which we operate, we must obtain various licenses to operate our businesses, including dealer, sales and finance and insurance licenses issued by state regulatory authorities. Numerous laws and regulations govern our business, including those relating to our sales, operations, financing, insurance, advertising and employment practices. These laws and regulations include state franchise laws and regulations, consumer protection laws, privacy laws, escheatment laws, anti-money laundering laws and federal and state wage-hour, anti-discrimination and other employment practices laws.

Our financing activities with customers are subject to numerous federal, state and local laws and regulations. In recent years, there has been an increase in activity related to oversight of consumer lending by the Consumer Financial Protection Bureau (CFPB), which has broad regulatory powers. The CFPB has supervisory authority over large non-bank auto finance companies, including DFC. The CFPB can use this authority to conduct supervisory examinations to ensure compliance with various federal consumer protection laws. The CFPB does not have direct authority over automotive dealers; however, its regulation of larger automotive finance companies and other financial institutions could affect our financing activities. Claims arising out of actual or alleged violations of law may

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be asserted against us or our stores by individuals, a class of individuals, or governmental entities. These claims may expose us to significant damages or other penalties, including revocation or suspension of our licenses to conduct store operations and fines.

The vehicles we sell are also subject to rules and regulations of various federal and state regulatory agencies.

### **Environmental, Health, and Safety Laws and Regulations**

Our operations involve the use, handling, storage and contracting for recycling and/or disposal of materials such as motor oil and filters, transmission fluids, antifreeze, refrigerants, paints, thinners, batteries, cleaning products, lubricants, degreasing agents, tires and fuel. Consequently, our business is subject to a complex variety of federal, state and local requirements that regulate the environment and public health and safety.

Most of our stores use above ground storage tanks, and, to a lesser extent, underground storage tanks, primarily for petroleum-based products. Storage tanks are subject to periodic testing, containment, upgrading and removal under the Resource Conservation and Recovery Act and its state law counterparts. Clean-up or other remedial action may be necessary in the event of leaks or other discharges from storage tanks or other sources. In addition, water quality protection programs under the federal Water Pollution Control Act (commonly known as the Clean Water Act), the Safe Drinking Water Act and comparable state and local programs govern certain discharges from our operations. Similarly, certain air emissions from operations, such as auto body painting, may be subject to the federal Clean Air Act and related state and local laws. Health and safety standards promulgated by the Occupational Safety and Health Administration of the United States Department of Labor and related state agencies also apply.

Certain stores may become a party to proceedings under the Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, typically in connection with materials that were sent to former recycling, treatment and/or disposal facilities owned and operated by independent businesses. The remediation or clean-up of facilities where the release of a regulated hazardous substance occurred is required under CERCLA and other laws.

We incur certain costs to comply with environmental, health and safety laws and regulations in the ordinary course of our business. We do not anticipate, however, that the costs of compliance will have a material adverse effect on our business, results of operations, cash flows or financial condition, although such outcome is possible given the nature of our operations and the extensive environmental, public health and safety regulatory framework. We may

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become aware of minor contamination at certain of our facilities, and we conduct investigations and remediation at properties as needed. In certain cases, the current or prior property owner may conduct the investigation and/or remediation or we have been indemnified by either the current or prior property owner for such contamination. We do not currently expect to incur significant costs for remediation. However, we cannot provide assurance that material environmental commitments or contingencies will not arise in the future, or that they do not already exist but are unknown to us.

## Human Capital

Driven inspired by our mission statement, "Growth Powered by People," we place a high degree of importance on the value in each of our team members. Every Lithia & Driveway associate's professional success, well-being, and their individual professional success. Promoting safety. Our approach to attracting, retaining, rewarding, and hiring developing the best talent available, includes defining clear expectations, providing excellent exceptional training, and rewarding performance helps us build recognizing employee milestones and metrics. These efforts are integral to building dynamic teams to serve our customers, who will "Earn Customers for Life" and drive operational excellence. We cultivate foster an entrepreneurial, high-performance, customer-centric culture designed to encourage internal promotions, develop leadership skills, and strive to develop leaders from within. We continue to develop tools, training and offer professional growth opportunities that accelerate the depth of our talent opportunities.

As of December 31, 2022 December 31, 2023, we our subsidiaries employed approximately 21,875 27,446 persons on a full-time equivalent basis in our North American global network of 296 344 retail locations. Our total workforce was comprised of approximately 22% 21% female employees and approximately 49% 45% of minorities. Our management consisted of approximately 24% 21% females and approximately 23% 36% minorities in leadership positions. In both 2023 and 2022, and 2021, approximately 96% 97% of our workforce earned above minimum wage.

Some examples of our key employee-focused programs and initiatives that are focused on attracting, retaining and developing our high performing workforce include:

- AMP programs (Accelerate My Potential), which began in 2023, we launched a company-wide Culture Poll to amplify the employee voice. With an 80% participation rate, the survey revealed engagement scores surpassing benchmarks, indicating positive

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progress in 2016, were initially designed with creating a focus on developing General Manager succession. Since 2021, positive workplace experience. The survey also offered valuable insights, leading to the programs have extended beyond General Manager succession and now focus on developing and better positioning high performers for multiple future leadership roles including Director, Group and Regional Vice President as well as General Manager. development of action plans by managers to address opportunities to "Improve Constantly."

- The DART (Data Analyst Rotational Training) (Develop, Analyze, Research, and Transform) Program started in 2020 as a rotational program to build high-performing leaders who aid in achieving our goal to redefine the automotive industry by providing transportation solutions wherever, whenever, and however consumers desire. The DART

Program is designed to build data-minded, customer centric, proactive leaders who push the organization to be the best it can be for our customers. The program gives give on-the-job exposure to various departments areas of the organization through rotations while providing supplemental training necessary to accelerate individual contributors grow internal talent into leadership roles all while finding roles. The program identifies data-centric, customer-focused, proactive people who will push stores to be their best fit within for our customers. DART participants learn the company, ins and outs of performance standards and build relationships cross-functionally to achieve milestones and accelerate their careers.

- Lithia Women Lead, which began Launched in 2016, the AMP (Accelerate My Potential) Program initially targeted general manager readiness. Since 2021, it has evolved to focus on preparing high performers for various leadership roles beyond general manager.
- Introduced in 2015, provides an avenue the Women LEAD (Learn, Explore, Achieve, and Develop) Program offers a platform for women in within the organization to connect, learn, and develop. The program includes grow together. Featuring events throughout the year, that provide women in the organization the opportunity program facilitates networking, role modeling, and learning opportunities aimed to network, act as role models and inspire one another's growth. foster professional development.
- Culture Council, which began in 2021, is designed Our learning and development initiatives are dedicated to promote diversity, equity and inclusion (DEI) in our workforce by identifying areas to improve, raising awareness, and integrating DEI elements into how we operate, train and develop our teams. The Culture Council is comprised of a diverse group of executive level and non-executive level members, working together with the common goal of ensuring our employees reflect the diversity of our customers, reinforcing our mission and culture and enhancing promoting employee engagement.
- Learning & Development is aimed to promote employee professional development growth through various programs including curated content paths, in our Learning Center, targeted LinkedIn Learning specialized curriculums, and tuition reimbursement programs covering up to 75% of an employee's undergraduate or graduate tuition costs and costs. Additional programs provide Master Automotive Service Excellence (ASE) training and certification, and along with Original Equipment Manufacturer (OEM) training for our technicians.

We also continue As one of the largest global automotive retailers, we are committed to invest ongoing investments in and expand expanding the roles and capabilities skills of our workforce to drive the development customer excellence and support of our e-commerce and digital technology capabilities. We believe there is a competitive advantage to integrating and developing individuals with these skill sets, and they are an integral part of supporting our five-year growth plan and launch of Driveway. operational performance. As our business evolves, we will remain focused continues to evolve, our unwavering focus remains on having ensuring that our human capital capabilities, systems, and processes are well-aligned with and in place to support of our strategic objectives and align with our strategy. growth plans.

## Seasonality and Quarterly Fluctuations

In a stable environment, the automotive industry has generally experienced higher volumes of vehicle unit sales in the second and third quarters of each year due to consumer buying trends and the introduction of new vehicle models and, accordingly, we expect our revenues and operating results to generally be higher during these periods. In addition, we generally experience higher volume of luxury vehicles, which have higher average selling prices and

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gross profit per vehicle, during the fourth quarter. The timing of our acquisition activity, which varies, and ability to integrate stores into our existing cost structure has moderated this seasonality. However, if conditions occur that weaken automotive sales, such as severe weather in the geographic areas in which our dealerships operate, war, high fuel costs, depressed economic conditions including unemployment or weakened consumer confidence or similar adverse conditions, or if our ability to acquire stores changes, our revenues for the year may be disproportionately adversely affected.

## Available Information

We make available free of charge, on our website at [www.lithiainvestorrelations.com](http://www.lithiainvestorrelations.com), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after they are filed electronically with the SEC. The information found on our website is not part of this Annual Report on Form 10-K. You may also obtain copies of these reports by contacting Investor Relations at 877-331-3084.

## Item 1A. Risk Factors

You should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones facing our company. Additional risks not presently known to us, or that we currently deem immaterial, may also impair our business operations.

### Risks Related to Our Business

***The automotive retail industry is sensitive to changing economic conditions and various other factors. Our business and results of operations are substantially dependent on new vehicle sales levels in the United***

**States and in our particular geographic markets and the level of gross profit margins that we can achieve on our sales of new vehicles, all of which are very difficult to predict.**

Our business is heavily dependent on consumer demand and preferences. A downturn in overall levels of consumer spending may materially and adversely affect our revenues and gross profit margins. Retail vehicle sales are cyclical and historically have experienced periodic downturns characterized by weak demand. These cycles are often dependent on general economic conditions and consumer confidence, as well as the level of discretionary personal income and credit availability. Additionally, other economic factors, such as rising and sustained periods of high crude oil and fuel prices, may impact consumer demand and preferences. As we operate internationally, including across 28 the U.S. states, Canada, and three Canadian Provinces, the U.K., changes in and the severity of economic conditions may vary by market. Economic conditions may be anemic for an extended period of time, or deteriorate in the future. This would have a material adverse effect on our retail business, particularly sales of new and used vehicles.

The economies of the United States, economy has Canada and the United Kingdom have recently experienced heightened inflationary pressures, impacting the costs of labor, fuel and other costs. Additionally, an increase recent increases in interest rates could significantly impact have impacted new and used vehicle sales and vehicle affordability due to the direct relationship between interest rates and monthly loan payments, a critical factor for many vehicle buyers, and the impact interest rates have on customers' borrowing capacity and disposable income. Consumer demand may be further adversely impacted if interest rates continue to increase or are sustained at current levels. In an inflationary environment, depending on automotive industry and other economic conditions, we may be unable to raise prices to keep up with the rate of inflation, which would reduce our profit margins. A period of sustained inflationary and interest rate pressures could impact our profitability.

Approximately 13.9 million 15.6 million, 15.1 million 13.9 million, and 14.6 million 15.1 million new vehicles were sold in the United States in 2023, 2022, 2021, and 2020, 2021, respectively. Certain industry analysts have predicted that new vehicle sales will be approximately 14 million 15.7 million for 2023, 2024. If new vehicle production exceeds the rate at which new vehicles are sold, our gross profit per vehicle could be adversely affected by this excess and any resulting changes in manufacturer incentive and marketing programs. See the risk factor "If manufacturers or distributors discontinue or change sales incentives, warranties and other promotional programs, our business, results of operations, financial condition and cash flows may be materially adversely affected" below. Economic conditions and the other factors described above may also materially adversely impact our sales of used vehicles, parts and repair and maintenance services, and automotive finance and insurance products.

**Natural disasters, adverse weather conditions, and public health emergencies can disrupt our business.**

Our dealerships are in states and regions in the United States, Canada, and Canada the U.K. in which actual or threatened natural disasters and severe weather events (such as hurricanes, earthquakes, fires, floods, landslides, wind and/or hail storms) or other extraordinary events have in the past, and may in the future, disrupt our dealership operations and impair the value of our dealership property. A disruption in our operations may adversely impact our business, results of operations, financial condition and cash flows. In addition to business interruption, the automotive retailing business is subject to substantial risk of property loss due to the significant concentration of property at dealership locations. The exposure on any single claim under our property and casualty insurance, medical insurance and workers' compensation insurance varies based upon type of coverage. Our maximum exposure on any single claim is \$5.5 million, subject to certain aggregate limit thresholds. Under our self-insurance programs, we retain various levels of aggregate loss limits, per claim deductibles and claims-handling expenses. Costs in excess of these retained risks may be insured under various contracts with third-party insurance carriers. As of December 31, 2022 December 31, 2023, we had total reserve amounts associated with these programs of \$67.4 million \$77.1 million.

The occurrence of regional epidemics or a global pandemic such as COVID-19 may adversely impact our business, results of operations, financial condition and cash flows. The extent to which global pandemics impact our business going forward will depend on factors such as the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity, including the possibility of recession or financial market instability.

The automotive manufacturing supply chain spans the globe. As such, supply chain disruptions resulting from natural disasters, adverse weather events, or public health emergencies may affect the flow of inventory or parts to us or our manufacturing partners. Such disruptions could have a material adverse effect on our business, financial condition, results of operations, or cash flows.

**Increasing competition among automotive retailers reduces our profit margins on vehicle sales and related businesses. Further, the use of the Internet in the car purchasing process could materially adversely affect us.**

Vehicle retailing is a highly competitive business. Our competitors include publicly and privately-owned dealerships, of which certain competitors are larger and have greater financial and marketing resources than we have. dealerships. Many of our competitors sell the same or similar makes of new and used vehicles that we offer in our markets at competitive prices. We do not have any cost advantage in purchasing new vehicles from manufacturers due to the volume of purchases or otherwise.

Our finance and insurance business and other related businesses, which have higher margins than sales of new and used vehicles, are subject to strong competition from various financial institutions and others.

The Internet has become a significant part of the sales process in our industry. Customers are using the Internet to compare pricing for vehicles and related finance and insurance services, which may further reduce margins for new and used vehicles and profits for related finance and insurance services. If Internet new vehicle sales are allowed to be conducted without the involvement of franchised dealers, our business could be materially adversely affected. In addition, other franchise groups have aligned themselves with services offered on the Internet or are investing heavily in the development of their own Internet capabilities, which could materially adversely affect our business, results of operations, financial condition and cash flows.

Our franchise agreements do not grant us the exclusive right to sell a manufacturer's product within a given geographic area. Our revenues or profitability could be materially adversely affected if any of our manufacturers award franchises to others in the same markets where we operate or if existing franchised dealers increase their market share in our markets.

In addition, we may face increasingly significant competition as we strive to gain market share through acquisitions or otherwise. Our operating margins may decline over time as we expand into markets where we do not have a leading position.

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**Changes to the automotive industry and consumer views on car ownership could materially adversely affect our business, results of operations, financial condition and cash flows.**

The automotive industry is predicted to experience rapid change in the years to come, including continued increases in ride-sharing services, advances in electric vehicle production, driverless technology, co-ownership and driverless technology. Ride-sharing services such as Uber and Lyft provide consumers with mobility options outside of the traditional car ownership and lease alternatives, subscription business models. Certain manufacturers and states governments have declared commitments to various electric vehicle and zero emissions goals, such as the state of California's executive order to require all new cars and passenger trucks sold in the state to be zero-emission vehicles by 2035. In addition, the U.K. government has proposed a ban on the sale of gasoline engines in new cars and new vans that would take effect as early as 2030 and a ban on the sale of gasoline hybrid engines in new cars and new vans as early as 2035. The overall impact of these options on the automotive industry is uncertain, and may include costly compliance challenges and lower levels of new vehicle sales or sales through channels that do not include us.

Manufacturers continue to invest in increasing production and quality of electric vehicles, including Battery-Electric Vehicles (BEVs), Hybrid Electric Vehicles, and Plug-in Hybrid Electric Vehicles. BEVs generally require less maintenance than traditional cars and trucks. The effects of BEVs on the automotive industry are uncertain and may include reduced parts and service revenues, as well as changes in the level of sales of certain Finance and Insurance (F&I) products such as extended warranty and lifetime lube, oil and filter contracts.

Technological advances are also facilitating the development of driverless vehicles. The eventual timing of availability of driverless vehicles is uncertain due to regulatory requirements, technological hurdles, and uncertain consumer acceptance of these technologies. The effect of driverless vehicles on the automotive industry is uncertain and could include changes in the level of new and used vehicle sales, the price of new vehicles, and the role of franchised dealers, any of which could materially and adversely affect our business.

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**We compete in a dynamic industry, and we may invest significant resources to pursue strategies and develop new offerings that do not prove effective.**

The vehicle retailing industry is experiencing significant changes as the expectations and behaviors of customers are shifting, and e-commerce and digital technology have become a more significant part of the sales process. We have made and may continue to make significant investments to drive the development of and support of e-commerce and digital technology capabilities, including the launch of Driveway, our e-commerce home solution, and DFC, our in-house consumer financing business. Changes or additions to our offerings may not attract or engage our customers or prove sufficiently profitable, and may reduce confidence in our brands, expose us to increased market or legal risks, subject us to new laws and regulations, or otherwise harm our business.

Customers may prefer other channels for vehicle sales and related finance and insurance services, because they may offer different or superior platforms, or because customers find those platforms easier to use, faster, or more cost effective than our services. We may not successfully anticipate or keep pace with industry changes, and we have and may continue to invest considerable financial resources, personnel, or other resources to pursue strategies that do not ultimately prove effective. A failure to capture the anticipated benefits of such investments could harm our results of operations and financial condition.

**A decline of affordable and available vehicle financing may adversely affect our vehicle sales.**

A significant portion of buyers finance their vehicle purchases. The primary finance sources our customers use in connection with the purchase of a new or used vehicle are manufacturer captive finance companies, DFC, and sub-prime lenders. These consumer vehicle financing sources rely to a certain extent on financing markets and sources to provide the capital necessary to support their financing programs. In addition, these financing sources, including DFC, will occasionally change their loan underwriting criteria to alter the risk profile of their loan portfolio. In the event that the cost to customers to finance vehicles becomes more expensive, due to increases in interest rates by the financing sources or their sources of capital, lenders tighten their credit standards, or available vehicle financing declines, consumers may be unable or less willing to purchase vehicles, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

  
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**Adverse conditions affecting one or more key manufacturers may negatively affect our business, results of operations, financial condition and cash flows.**

We depend on our manufacturers to provide a supply of vehicles which supports expected sales levels. Any event that adversely affects a manufacturer's ability to timely deliver new vehicles may adversely affect us by reducing our supply of popular new vehicles, leading to lower sales in our stores during those periods than would otherwise occur. For example, the shortage of chip supply and labor disruptions in 2021 and 2022 **have** caused a significant constraint in the supply of new cars resulting in reduced volumes and increased gross profit margins on retail vehicle sales. As new vehicle availability **improves, continues to improve**, volumes may improve; however, gross profit margins may be impacted. We depend on our manufacturers to deliver high-quality, defect-free vehicles. If a manufacturer experiences quality issues, our sales and financial performance may be adversely impacted. In addition, the discontinuance of a particular brand that is profitable to us could negatively impact our revenues and profitability.

Vehicle manufacturers would be adversely affected by economic downturns or recessions, adverse fluctuations in currency exchange rates, significant declines in the sales of their new vehicles, increases in interest rates, declines in their credit ratings, port closures, labor strikes or similar disruptions (including within their major suppliers), supply shortages or rising raw material costs, rising employee benefit costs, adverse publicity that may reduce consumer demand for their products, product defects, vehicle recall campaigns, litigation, poor product mix or unappealing vehicle design, or other adverse events. These and other risks could materially adversely affect any manufacturer and limit its ability to profitably design, market, produce or distribute new vehicles, which, in turn, could materially adversely affect our business, results of operations, financial condition and cash flows.

We are subject to a concentration of risk in the event of financial distress, including potential reorganization or bankruptcy, of a major vehicle manufacturer. We purchase substantially all of our new vehicles from various manufacturers or distributors at the prevailing prices available to all franchised dealers. Our sales volume could be materially adversely impacted by a manufacturer's or distributor's inability to supply our stores with an adequate supply of vehicles.

  
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In the event of a manufacturer or distributor bankruptcy, we could be held liable for damages related to product liability claims, intellectual property suits or other legal actions. These legal actions are typically directed towards the vehicle manufacturer and it is customary for manufacturers to indemnify us from exposure related to any judgments associated with the claims. However, if damages could not be collected from the manufacturer or distributor, we could be named in lawsuits and judgments could be levied against us.

Many new manufacturers are entering the automotive industry. New companies have raised capital to produce fully electric vehicles or to license battery technology to existing manufacturers. Tesla and Rivian have demonstrated the ability to successfully introduce electric vehicles to the marketplace. Foreign manufacturers from China and India are producing significant volumes of new vehicles and are entering the United States and selecting partners to distribute their products. Because the automotive market in the United States is mature and the overall level of new vehicle sales may not increase in the coming years, the success of new competitors will likely be at the expense of other, established brands. This could have a material adverse impact on our success in the future.

Federal regulations around fuel economy standards and "greenhouse gas" emissions have continued to increase. New requirements may adversely affect any manufacturer's ability to profitably design, market, produce and distribute vehicles that comply with such regulations. We could be adversely impacted in our ability to market and sell these vehicles at affordable prices and in our ability to finance these inventories. These regulations could have a material adverse effect on our business, results of operations, financial condition and cash flows.

**If manufacturers or distributors discontinue or change sales incentives, warranties and other promotional programs, our business, results of operations, financial condition and cash flows may be materially adversely affected.**

We depend upon the manufacturers and distributors for sales incentives, warranties and other programs that are intended to promote new vehicle sales or supplement dealer income. Manufacturers and distributors routinely make changes to their incentive programs. Key incentive programs include:

- customer rebates;
- dealer incentives on new vehicles;

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- special financing rates on certified, pre-owned cars; and
- below-market financing on new vehicles and special leasing terms.

Our financial condition could be materially adversely impacted by a discontinuation or change in our manufacturers' or distributors' incentive programs. In addition, certain manufacturers use criteria such as a dealership's manufacturer-determined customer satisfaction index (CSI score), facility image compliance, employee training, digital marketing and parts purchase programs as factors governing participation in incentive programs. To the extent we do not meet minimum score requirements, we may be precluded from receiving certain incentives, which could materially adversely affect our business, results of operations, financial condition and cash flows.

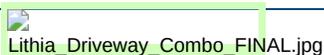
Franchised automotive retailers perform factory authorized service work and sell original replacement parts on vehicles covered by warranties issued by the automotive manufacturer. For the year ended December 31, 2022 December 31, 2023, approximately 20% 21% of our service, body and parts revenue was for work covered by manufacturer warranties or manufacturer-sponsored maintenance services. To the extent a manufacturer reduces the labor rates or markup of replacement parts for such warranty work, our service, body and parts sales volume could be adversely affected.

**The ability of our stores to make new vehicle sales depends in large part upon the franchise agreements with manufacturers and, therefore, any disruption or change in our relationships could impact our business.**

We depend on the manufacturers to provide us with a desirable mix of new vehicles. The most popular vehicles usually produce the highest profit margins and are frequently in short supply. If we cannot obtain sufficient quantities of the most popular models, our profitability may be adversely affected. Sales of less desirable models may reduce our profit margins.

Each of our stores operates pursuant to a franchise agreement with each of the respective manufacturers for which it serves as franchisee. Each of our stores may obtain new vehicles from manufacturers, service vehicles, sell new vehicles, and display vehicle manufacturers' brand only to the extent permitted under these agreements. As a result

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of the terms of our franchise agreements, manufacturers exert significant control over the day-to-day operations at our stores. Such agreements contain provisions for termination or non-renewal for a variety of causes, including service retention, facility compliance, customer satisfaction and sales and financial performance. From time to time, certain of our stores have failed to comply with certain provisions of their franchise agreements, and we cannot ensure that our stores will be able to comply with these provisions in the future.

Our franchise agreements expire at various times, and there can be no assurances that we will be able to renew these agreements on a timely basis or on acceptable terms or at all. Actions taken by a manufacturer to exploit its bargaining position in negotiating the terms of renewals of franchise agreements or otherwise could also have a material adverse effect on our revenues and profitability. If a manufacturer terminates or fails to renew one or more of our significant franchise agreements or a large number of our franchise agreements, such action could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our franchise agreements also specify that, except in certain situations, we cannot operate a franchise by another manufacturer in the same building as the manufacturer's franchised store. This may require us to build new facilities at a significant cost. Moreover, our manufacturers generally require that the store meet defined image standards. These commitments could require us to make significant capital expenditures.

Our franchise agreements do not give us the exclusive right to a given geographic area. Manufacturers may be able to establish new franchises or relocate existing franchises, subject to applicable state franchise laws. The establishment of or relocation of franchises in our markets could have a material adverse effect on the business, financial condition and results of operations of our stores in the market in which the action is taken.

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***Our indebtedness and lease obligations could materially adversely affect our financial health, limit our ability to finance future acquisitions and capital expenditures and prevent us from fulfilling our financial obligations. Much of our debt is secured by a substantial portion of our assets. Much of our debt has a variable interest rate component that may significantly increase our interest costs in a rising rate environment.***

Our indebtedness and lease obligations could have important consequences to us, including the following:

- limitations on our ability to make acquisitions;
- impaired ability to obtain additional financing for acquisitions, capital expenditures, working capital or general corporate purposes;
- reduced funds available for our operations and other purposes, as a larger portion of our cash flow from operations would be dedicated to the payment of principal and interest on our indebtedness; and
- exposure to the risk of increasing interest rates as certain borrowings are, and will continue to be, at variable rates of interest.

In addition, our loan agreements and our senior note indentures contain covenants that limit our discretion with respect to business matters, including incurring additional debt, granting additional security interests in our assets, acquisition activity, disposing of assets and other business matters. Other covenants are financial in nature, including current ratio, fixed charge coverage and leverage ratio calculations. A breach of any of these covenants could result in a default under the applicable agreement. In addition, a default under one agreement could result in a default and acceleration of our repayment obligations under the other agreements under the cross-default provisions in such other agreements.

We have granted a security interest in a substantial portion of our assets to certain of our lenders and other secured parties, including those under our **\$3.8 billion** **\$4.6 billion** syndicated credit facility and \$1.1 billion CAD Canadian syndicated credit facility. If we default on our obligations under those agreements, the secured parties may be able to foreclose upon their security interests and otherwise be entitled to obtain or control those assets.

Certain debt agreements contain subjective acceleration clauses based on a lender deeming itself insecure or if a "material adverse change" in our business has occurred. If these clauses are implicated, and the lender declares that an event of default has occurred, the outstanding indebtedness would likely be immediately due and owing.

If these events were to occur, we may not be able to pay our debts or borrow sufficient funds to refinance them. Even if new financing were available, it may not be on terms acceptable to us. As a result of this risk, we could be

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forced to take actions that we otherwise would not take, or not take actions that we otherwise might take, in order to comply with these agreements.

In addition, the lenders' obligations to make loans or other credit accommodations under certain credit agreements is subject to the satisfaction of certain conditions precedent including, for example, the satisfaction of financial covenants and conditions and that our representations and warranties in the agreement are true and correct in all material respects as of the date of the proposed credit extension. If any of the conditions precedent are not satisfied, we may not be able to request new loans or other credit accommodations under those credit facilities, which could have a material adverse impact on our business, results of operations, financial condition and cash flows.

Additionally, at various times in the future, we will need to refinance portions of our debt. At the time we must refinance, the market for new debt, or our financial condition or asset valuations, might not be favorable. It is possible that financing to replace or renew our debt may be unfavorable, which would adversely affect our financial condition and results of operations. In certain cases, we may turn to equity or other alternative financing.

Our floor plan notes payable, credit facilities and a portion of our real estate debt are subject to variable interest rates. As of **December 31, 2022** **December 31, 2023**, **65%** **63%** of our total debt was variable rate. In the event interest rates increase, our borrowing costs may increase substantially. Additionally, fixed rate debt that matures may be renewed at interest rates significantly higher than current levels. As a result, this could have a material adverse impact on our business, results of operations, financial condition and cash flows. We may use interest rate derivatives to hedge a portion of our variable rate debt, when appropriate, based upon market conditions. See Note 11 – Derivative Financial Instruments, related to current hedge activity.

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***We may not be able to satisfy our debt obligations upon the occurrence of a change in control under our debt instruments.***

Upon the occurrence of a change in control as defined in our credit agreement, the agent under the credit agreement will have the right to declare all outstanding obligations immediately due and payable and to terminate the availability of future advances to us. Upon the occurrence of a change in control, as defined in the indentures governing our senior notes, the holders of our senior notes will have the right to require us to purchase all or any part of such holders' notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any. There can be no assurance that we would have sufficient resources available to satisfy all of our obligations under the credit agreement in the event of a change in control or fundamental change. In the event we were unable to satisfy these obligations, it could have a material adverse impact on our business and our common stock holders. A "change in control" as defined in our credit agreement includes, among other events, the acquisition by any person, or two or more persons acting in concert, in either case other than Lithia Holdings Company, L.L.C., Sid DeBoer or Bryan DeBoer, of beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Securities Exchange Act of 1934) of 35% or more of the outstanding shares of our voting stock on a fully diluted basis.

***We may experience greater credit losses in DFC's portfolio of auto loan and lease receivables than anticipated.***

Customers who finance a vehicle purchase or lease a vehicle through a DFC auto loan or lease may be unable to repay the loans based on the original terms and that the fair value of the vehicles used as collateral against the loans may not be sufficient to ensure full repayment. Credit and residual value losses are an inherent risk of our auto loan and lease portfolio and could result in a material adverse effect on our results of operations.

We estimate an allowance for loan losses based on a variety of assumptions about DFC's portfolio of auto loan receivables and lease receivables. Although management prepares an estimate it believes appropriate based on available information, this allowance may not be a sufficient reserve for loan and lease losses. For example, sudden economic changes such as an economic downturn or a change in consumer spending may result in additional losses incurred that we did not estimate in our original allowance. Losses in excess of our allowance for losses could have a material adverse effect on our business and results of operations.

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***The growth and success of our DFC business is dependent upon obtaining sufficient capital to grow our auto loan portfolio.***

Changes in the availability or cost of financing to support our auto loan portfolio under DFC could adversely affect our results of operations. Our auto loan portfolio is funded through a combination of free cash flows from operations and securitized funding, including asset-backed securitization. Changes in the condition of the asset backed securitization market may result in increased costs to access funds in the market or require us to explore new financing options to fund new auto loans. In the event that there is no alternative financing available, we may be forced to pause our auto loan financing business for a period of time. The impact of reducing or pausing our auto loan financing business could result in a material adverse effect on our results of operations.

***Risks associated with our international operations may negatively affect our business, results of operations and financial condition.***

We operate dealerships in the United States, **Canada**, and **Canada**, **the U.K.** While our operations outside of the United States currently represent a small portion of our revenue, we anticipate that our international operations will expand. We face regulatory, operational, political and economic risks and uncertainties with respect to our international operations that may be different from those in the United States. These risks may include, but are not limited to, the following:

- fluctuations in foreign currency translations within our financial statements driven by exchange rate volatility;
- inability to obtain or preserve franchise rights in the foreign countries in which we operate;
- **changes in distribution models in the foreign countries in which we operate;**
- compliance with changing laws and regulations;
- compliance with United States Foreign Corrupt Practices Act and other anti-corruption laws;
- wage inflation;

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- treatment of revenue from international sources and changes to tax rules, including being subject to foreign tax laws;
  - difficulties in managing foreign operations and dealing with different customs, practices and local regulations with which we are less familiar;
  - large uncertainties, timing delays and expenses associated with tariffs, labor matters, import or export licenses and other trade barriers; and
  - changes in a country's economic or political conditions, including inflation, recession and interest rate fluctuations, and exposure to regional or global public health issues, pandemics, or epidemics, such as the outbreak of the COVID-19 pandemic.

## Technology and Cybersecurity Risks

***Changes to the retail delivery model and increased e-commerce and omni-channel competition could adversely affect our business, results of operations, financial condition and cash flows.***

The automotive industry is beginning to experience change and disruption in the retail delivery model, including growing competition in the used vehicle market from companies with a primarily online e-commerce business model. Competition in this market includes companies such as CarMax, Carvana, **Vroom** and **Shift. Cazoo**. In addition, larger traditional automotive retailers are transforming their models to support omni-channel retail experiences, providing consumers with vehicle purchasing experiences outside of the traditional brick and mortar automotive dealership model.

We continue to develop our own internal technology solutions to further expand the reach of **our nationwide network** **the networks** of service and delivery **points**, **points in our geographic markets**. We may face increased competition for market share with these other delivery models and omni-channel retailers over time which could materially and adversely affect our results of operations. There can be no assurance that our initiatives will be successful or that the amount we invest in these initiatives will result in our maintaining market share and continued or improved financial performance.

***Breaches in our data security systems or in systems used by our vendor partners, including cyber-attacks or unauthorized data distribution by employees or affiliated vendors, or disruptions to access and connectivity of our information systems could impact our operations or result in the loss or misuse of customers' proprietary information.***

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Our information technology systems are important to operating our business efficiently. We employ information technology systems, including websites, that allow for the secure handling and processing of customers' proprietary information. The failure of our information technology systems, and those of our partner software and technology vendors, to perform as we anticipate could disrupt our business and could expose us to a risk of loss or misuse of this information, litigation and potential liability.

Aspects of our operations are subject to privacy, data use and data security regulations, which impact the way we use and handle data. **In addition, regulators** **We collect, process, share, disclose, transfer, and otherwise use personal information about identifiable individuals including, but not limited to, our customers, employees, partners, and vendors, and so are proposing subject to US and adopting new international laws or and regulations, that could require us to adopt certain cybersecurity regarding data privacy and data handling**

practices. The changing privacy laws (e.g. security such as the California Consumer Privacy Act) create new individual Act and the UK General Data Protection Regulation. These laws impose comprehensive data privacy compliance obligations in relation to our processing of personal data, including providing privacy rights to the individuals whose data we process and impose increased obligations on companies handling personal data, introducing requirements to maintain policies, processes, and procedures regarding our data handling practices. Additionally, our expansion into Canada and the United Kingdom subjects us to additional privacy and security regulations which also impact the way we handle and secure data across borders.

We collect, process, and retain personally identifiable information regarding customers, associates and vendors in the normal course of our business. Our internal and third-party systems have been and may in the future be subject to cyber-attacks, viruses, malicious software, ransomware, break-ins, theft, computer hacking, phishing, exploitation of system vulnerabilities or misconfigurations, employee error, or malfeasance or other security breaches or loss of service. We invest in commercially reasonable security technology to protect our data and business processes against many of these risks. We also purchase insurance to mitigate the potential financial impact of many of these risks. Despite the security measures we have in place, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, human errors, acts of vandalism, or other events. Any security breach or event resulting in the misappropriation, loss, or other unauthorized disclosure of confidential information, or degradation of services provided by critical business systems, whether by us directly or our third-party service providers, could adversely affect our business operations, sales, reputation with current and potential

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customers, associates or vendors, as well as other operational and financial impacts derived from investigations, litigation, imposition of penalties or other means.

## Regulatory Risks

***Our dealerships and our new vehicle sales model may not be protected if state dealer laws are repealed or weakened, a manufacturer becomes bankrupt or there is a shift to other sales models.***

State and provincial dealer laws generally provide that a manufacturer may not terminate or refuse to renew a franchise agreement unless it has first provided the dealer with written notice setting forth good cause and stating the grounds for termination or non-renewal. Certain United States state dealer laws allow dealers to file protests or petitions or attempt to comply with the manufacturer's criteria within the notice period to avoid the termination or non-renewal. If dealer laws are repealed in the states where we operate, manufacturers may be able to terminate our franchises without providing advance notice, an opportunity to cure or a showing of good cause. In Canada, although laws differ by province, provincial law generally provides that both a manufacturer and dealer each has a common law and statutory duty of good faith and fair dealing in performance and enforcement of any franchise agreement. Disputes are generally handled through the National Automobile Dealer Arbitration Program (NADAP). If a manufacturer wished to terminate a franchise, there is no guaranty that we would win such a dispute. Without the protection of state and provincial dealer laws, it may also be more difficult to renew our franchise agreements upon expiration or on terms acceptable to us.

As evidenced by the bankruptcy proceedings of both Chrysler and GM in 2009, state dealer laws do not afford continued protection from manufacturer terminations or non-renewal of franchise agreements. No assurances can be given that a manufacturer will not seek protection under bankruptcy laws, or that, in this event, they will not seek to terminate franchise rights held by us.

In addition, state dealer laws restrict the ability of vehicle manufacturers to directly enter the retail market. Manufacturer lobbying efforts and lawsuits may lead to the repeal or revision of these laws. For example, Tesla has

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received a favorable ruling in certain states allowing direct to consumer sales and service. In addition, many states have recently passed or are introducing legislation to permit direct to consumer auto sales in certain circumstances, allowing additional electric vehicle manufacturers such as Rivian to enter the market. If manufacturers obtain the ability to directly retail vehicles in our markets, such competition could negatively impact our sales and have a material adverse effect on our business, results of operations, financial condition and cash flows.

Further, changes by manufacturers to their distribution models may impact our operations in the U.K. Certain manufacturers are moving to an agency model in other countries, whereby the consumer places an order directly with the manufacturer and names a preferred delivery dealer. The agency model is being used by manufacturers such as

Volkswagen in Germany for all EVs and Mercedes-Benz in the U.K. and other European regions. Under an agency model, our dealerships receive a fee for facilitating the sale by the manufacturer of a new vehicle but do not hold the vehicle in inventory. The agency model will reduce reported revenues (as only the fee we receive, and not the price of the vehicle, will be reported as revenue), reduce SG&A expenses, and reduce floorplan interest expense, although the other impacts to our results of operations remain uncertain. If the agency model or another new model is implemented in the U.K. or other countries and regions in which we operate for the sale of electric or other vehicles, it could negatively affect our revenues, results of operations and financial condition.

***Our U.K. dealerships are subject to different regulatory frameworks than our U.S. and Canada operations, and changes to these regulatory frameworks could negatively affect our results of operations.***

The majority of our dealerships in the U.K. operate under franchise agreements with vehicle manufacturers, however, unlike in the United States, the U.K. generally does not have automotive dealership franchise laws and, as a result, our U.K. dealerships operate without these types of specific protections that exist in the United States. In addition, our U.K. dealerships are also subject to U.K. antitrust regulations prohibiting certain restrictions on the sale of new vehicles and spare parts and on the provision of repairs and maintenance. For instance, authorized dealers are generally able to, subject to manufacturer facility requirements, relocate or add additional facilities throughout the European Union, offer multiple brands in the same facility, allow the operation of service facilities independent of new car sales facilities and ease restrictions on cross supplies (including on transfers of dealerships) between existing authorized dealers within the European Union. However, under the EU Motor Vehicle Block Exemption Regulation, which was retained in U.K. law following U.K.'s exit from the European Union on January 31, 2020, certain restrictions on dealerships are permissible in franchise agreements provided certain conditions are met. In October 2022, the Competition and Markets Authority of the U.K. published recommendations to introduce an updated U.K. equivalent broadly similar to the EU Motor Vehicle Block Exemption Regulations, however, changes to these protections or rules could negatively affect our revenues, results of operations and financial condition.

***Import product restrictions, currency valuations, and foreign trade risks may impair our ability to sell foreign vehicles or parts profitably.***

A significant portion of the vehicles we sell are manufactured outside of the United States, geographic regions in which we operate, and all of the vehicles we sell include parts manufactured outside of the United States, geographic regions in which we operate. As a result, our operations are subject to customary risks of importing merchandise, including currency fluctuation, import duties, exchange rates, trade restrictions, work stoppages, transportation costs, natural or man-made disasters, and general political and socioeconomic conditions in other countries. The United States or the countries from which our products are imported, may, from time to time, impose new quotas, duties, tariffs or other restrictions, or adjust presently prevailing quotas, duties or tariffs, which may affect our operations and our ability to purchase imported vehicles and/or parts at reasonable prices. Changes in United States trade policies, including the United States-Mexico-Canada Agreement or policies intended to penalize foreign manufacturing or imports, and policies of foreign countries in reaction to those changes, could increase the prices we pay for some of the new vehicles and parts we sell. Any changes that increase the costs of vehicles and parts generally, to the extent passed on to customers, could negatively affect customer demand and our revenues and profitability. If not passed on to our customers, any cost increases will adversely affect our profitability. Any cost increase that disproportionately applies to manufacturers that sell to us could adversely affect our business compared to other vehicle retailers.



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***Our operations are subject to extensive governmental laws and regulations. If we are found to be in violation of or subject to liabilities under any of these laws, or if new laws or regulations are enacted that adversely affect our operations, our business, operating results, and prospects could suffer.***

We are subject to federal, state and local laws and regulations in the states geographic regions in which we operate, such as those relating to franchising, motor vehicle sales, retail installment sales, leasing, finance and insurance, marketing, licensing, consumer protection, consumer privacy, escheatment, anti-money laundering, environmental, vehicle emissions and fuel economy, and health and safety. In addition, with respect to employment practices, we are subject to various laws and regulations, including complex federal, state and local wage and hour and anti-discrimination laws. New laws and regulations are enacted on an ongoing basis. With the number of stores we operate, the number of personnel we employ and the large volume of transactions we handle, it is possible that technical mistakes will be made. These regulations affect our profitability and require ongoing training. Current practices in stores may become prohibited. We are responsible for ensuring that continued compliance with laws is maintained. If there are unauthorized activities, the state and federal authorities have the power to impose civil penalties and sanctions, suspend or withdraw dealer licenses or take other actions. These actions could materially impair our activities or our ability to acquire new stores in those states where violations occurred. Further, private causes of action on behalf of individuals or a class of individuals could result in significant damages or injunctive relief.

We may be involved in legal proceedings arising from the conduct of our business, including litigation with customers, employee-related lawsuits, class actions, purported class actions and actions brought by or on behalf of governmental authorities. Claims arising out of actual or alleged violations of law may be asserted against us or any of our dealers by individuals, either individually or through class actions, or by governmental entities in civil or criminal investigations and proceedings. Such actions may expose us to substantial monetary damages and legal defense costs, injunctive relief, criminal and civil fines and penalties and damage our reputation and sales.

Our financing activities are subject to federal truth-in-lending, consumer leasing and equal credit opportunity laws and regulations, as well as state and local motor vehicle finance laws, installment finance laws, insurance laws, usury laws and other installment sales laws and regulations. Some states regulate finance, documentation and administrative fees that may be charged in connection with vehicle sales. In recent years, private plaintiffs and state attorneys general in the United States have increased their scrutiny of advertising, sales, and finance and insurance activities in the sale and leasing of motor vehicles. These activities have led many lenders to limit the amounts that may be charged to customers as fee income for these activities. If these or similar activities were to significantly restrict our ability to generate revenue from arranging financing for our customers, we could be adversely affected.

If we or any of our employees at any individual dealership violate or are alleged to violate laws and regulations applicable to them or protecting consumers generally, we could be subject to individual claims or consumer class actions, administrative, civil or criminal investigations or actions and adverse publicity. Such actions could expose us to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including suspension or revocation of our licenses and franchises to conduct dealership operations.

Environmental laws and regulations govern, among other things, discharges into the air and water, storage of petroleum substances and chemicals, the handling and disposal of wastes and remediation of contamination arising from spills and releases. In addition, we may also have liability in connection with materials that were sent to third-party recycling, treatment and/or disposal facilities under federal and state statutes. These federal and state statutes impose liability for investigation and remediation of contamination without regard to fault or the legality of the conduct that contributed to the contamination. Similar to many of our competitors, we have incurred and expect to continue to incur capital and operating expenditures and other costs in complying with such federal and state statutes. In addition, we may be subject to broad liabilities arising out of contamination at our currently and formerly owned or operated facilities, at locations to which hazardous substances were transported from such facilities, and at such locations related to entities formerly affiliated with us. Although for some such potential liabilities we believe we are entitled to indemnification from other entities, we cannot assure you that such entities will view their obligations as we do or will be able or willing to satisfy them. Failure to comply with applicable laws and regulations, or significant additional expenditures required to maintain compliance therewith, may have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects.



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## Structural and Organizational Risks

***Our ability to increase revenues and profitability through acquisitions depends on our ability to acquire and successfully integrate new vehicle franchises.***

The vehicle industry in the United States, Canada, and Canadian vehicle industry the United Kingdom is considered a mature industry in which minimal growth is expected in unit sales of new vehicles. Accordingly, a principal component of our growth strategy is to make dealership acquisitions in our existing markets and in new geographic markets. Restrictions by our manufacturers and limitations on our access to capital resources may directly or indirectly limit our ability to acquire additional dealerships. In addition, increased competition for acquisitions, including from other national, regional and local dealership groups, and other strategic and financial buyers, some of which may have greater financial resources than us, could result in fewer acquisition opportunities for us and higher acquisition prices in the future.

We are required to obtain consent from the applicable manufacturer prior to the acquisition of a franchised store, which typically takes 60 to 90 days. In determining whether to approve an acquisition, a manufacturer considers factors including the number of such manufacturers' stores currently owned, ownership of stores in contiguous markets, performance of existing stores, frequency of acquisitions, and our financial condition. In the past, manufacturers have not consented to our purchase of franchised stores and we cannot assure you that manufacturers will approve future acquisitions timely, if at all, which could significantly impair the execution of our acquisition strategy.

We make a substantial capital investment when we acquire dealerships. We finance acquisitions activity with cash flows from our operations, borrowings under our credit arrangements, proceeds from our offering of senior notes, proceeds from mortgage financing and the issuance of shares of common stock. The size of our acquisition activity in recent years magnifies risks associated with debt service obligations. These risks include potential lower earnings per share, our inability to pay dividends and potential negative impacts to the debt covenants we negotiated under our credit agreement. In addition, issuances of equity securities could result in dilution to existing shareholders.

We face other risks commonly encountered with growth through acquisitions. These risks include, without limitation:

- failing to identify suitable acquisition candidates and negotiate acceptable terms;
- failing to assimilate the operations and personnel of acquired dealerships;
- straining our existing systems, procedures, structures and personnel, including by disrupting our ongoing business and diverting our management resources;
- failing to achieve expected performance levels;
- incurring significantly higher capital expenditures and operating expenses, including incurring additional facility renovation costs or other expenses required by the manufacturer;
- entering new, unfamiliar markets;
- encountering undiscovered liabilities and operational difficulties at acquired dealerships;
- failing to maintain uniform standards, controls and policies;
- impairing relationships with employees, manufacturers and customers; and
- overvaluing entities to be acquired.

Our failure to address these risks or other problems encountered in connection with our acquisitions could cause us to fail to realize the anticipated benefits of these acquisitions, cause us to incur unanticipated liabilities and otherwise harm our business. Any of these risks, if realized, could materially and adversely affect our business, financial condition and results of operations.

***The loss of key personnel or the failure to attract additional qualified management personnel could adversely affect our operations and growth.***

Our success depends to a significant degree on the efforts and abilities of our senior management. Further, we have identified Bryan B. DeBoer in most of our store franchise agreements as the individual who controls the franchises and upon whose financial resources and management expertise the manufacturers may rely when awarding or approving the transfer of any franchise. If we lose these key personnel, our business may suffer.

In addition, as we expand into new markets and develop our digital e-commerce solutions, we will need to hire additional managers, engineers, data scientists and other employees. The market for qualified employees in the



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automotive and technology-related industries is highly competitive and may subject us to increased labor costs during periods of low unemployment. The loss of the services of key employees or the inability to attract additional qualified personnel could have a material adverse effect on our business, results of operations, financial condition and cash flows. In addition, the lack of qualified managers or other employees employed by potential acquisition candidates may limit our ability to consummate future acquisitions.

## Risks Related to Investing in Our Common Stock

### ***Oregon law and our Restated Articles of Incorporation may impede or discourage a takeover, which could impair the market price of our common stock.***

We are an Oregon corporation, and certain provisions of Oregon law and our Restated Articles of Incorporation may have anti-takeover effects. These provisions could delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider to be in his or her best interest. These provisions may also affect attempts that might result in a premium over the market price for the shares held by shareholders and may make removal of the incumbent management and directors more difficult, which, under certain circumstances, could reduce the market price of our common stock.

### ***Our issuance of preferred stock could adversely affect holders of common stock.***

Our Board of Directors is authorized to issue a series of preferred stock without any action on the part of our holders of common stock. Our Board of Directors also has the power, without shareholder approval, to set the terms of any such series of preferred stock that may be issued, including voting powers, preferences over our common stock with respect to dividends or if we voluntarily or involuntarily dissolve or distribute our assets, and other terms. If we issue preferred stock in the future that has preference over our common stock with respect to the payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of holders of our common stock or the price of our common stock could be adversely affected.

## Item 1C. Cybersecurity

### **Assessing, identifying, and managing material risks from cybersecurity threats**

We are committed to maintaining robust cybersecurity practices to safeguard our information assets and ensure the confidentiality, integrity, and availability of our operations. We employ a comprehensive approach to assess, identify, and manage material risks arising from cybersecurity threats. The identification and oversight of material cybersecurity risks is included in continuous Enterprise Risk Management (ERM) Committee and Board of Directors meetings and reporting.

We complete regular cybersecurity assessments to identify potential vulnerabilities and threats, analyzing our infrastructure, systems, and data. Assessments are conducted both internally and by third parties and consider internal and external factors, technological changes, regulatory requirements, and emerging cyber threats. Our cybersecurity program adheres to widely recognized standards for managing cybersecurity risk, including the National Institute of Standards and Technology Cybersecurity Framework, Center for Internet Security Controls and UK Cyber Essentials.

We use advanced threat detection tools and technologies to identify potential cybersecurity risks. This includes continuous monitoring, intrusion detection systems, and anomaly detection mechanisms, to promptly identify any unusual activities or security breaches. Threat intelligence sharing with industry partners helps ensure we stay informed about the latest cybersecurity threats.

We assess cybersecurity risks for their potential impact on our operations, data, and reputation. Risks are prioritized based on their severity and likelihood of occurrence before implementing appropriate controls, safeguards, and mitigation measures to address and manage these risks effectively.

We have developed a well-defined and frequently updated information security incident response plan that outlines procedures to be followed in the event of a cybersecurity incident. The plan is periodically drilled with incident response team members and includes robust processes for identification, categorization, escalation and reporting of incidents. Employees are regularly trained on key cybersecurity subjects to ensure awareness.

While no company can or will be completely immune from cybersecurity threats, especially as they relate to vendors and government agencies that we rely on, we know of no cybersecurity incident that has or is likely to materially affect us, our business strategy, or our results of operations, or financial condition.

#### Board of Directors Cybersecurity Oversight

Our Board of Directors oversees our cybersecurity and data protection strategy and appoints a director to lead the Board's efforts. Our Board is briefed on our cybersecurity posture, current and future risks and potential incidents or vulnerabilities on a quarterly basis. Board members and executives participate in engagements on cybersecurity, such as simulated cyber incident response and crisis management exercises. Our Board also regularly receives and reviews third-party cybersecurity assessments, which include assessments of our cyber maturity and cyber risk.

#### Management's Assessment and Response to Material Risks from Cybersecurity Threats

Our information security team and its leadership have primary responsibility for assessing and managing cybersecurity risks, within the scope of the overall ERM Committee. Such individuals collectively have over 80 years of prior work experience in various roles involving managing information security, developing cybersecurity strategy, and implementing effective information and cybersecurity programs. Cybersecurity threats are reported to management through robust and documented incident reporting processes. Our ERM Committee is comprised of Information Security, Legal, Treasury and other key executive stakeholders. The committee meets on a quarterly basis or as necessary to assess and respond to enterprise risks, including cybersecurity. The ERM Committee reports updates to the Board of Directors when appropriate and at least on an annual basis.

## Item 2. Properties

Our stores and other facilities consist primarily of vehicle showrooms, display lots, service facilities, collision repair and paint shops, supply facilities, vehicle storage lots, parking lots and offices in two countries, across 28 U.S states the U.S., Canada, and three Canadian provinces the U.K. in the locations shown in the map maps under the Overview section of Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. We believe our facilities are currently adequate for our needs and are in good repair. Some of our facilities do not currently meet manufacturer image or size requirements and we are actively working to find a mutually acceptable outcome in terms of timing and overall cost. We own our corporate headquarters in Medford, Oregon, and numerous other properties used in our operations. Certain of our owned properties are mortgaged or secured as part of commitments on our various real estate credit facilities. As of December 31, 2022 December 31, 2023, we had outstanding mortgage debt of \$580.1 million \$624.4 million, and no amounts \$295.8 million outstanding on our real estate credit facilities. We also lease certain properties, providing future flexibility to relocate our retail stores as demographics, economics, traffic patterns or sales methods change. Most leases provide us the option to renew the lease for one or more lease extension periods. We also hold certain vacant facilities and undeveloped land for future expansion.

Our corporate headquarters is LEED certified and incorporates roof-mounted solar panels to offset energy usage. Two of our stores are also LEED certified, and we have completed solar projects at a number of others. We engage in a comprehensive feasibility analysis for solar opportunities for potential integration. Our stores also integrate energy-saving practices and materials. This includes practices such as recycling used tires, used engine oil and used oil filters; the use of waste oil heaters and carwash reclaim systems; using biodegradable products in our detail services and interior and exterior LED lighting. We have engaged a nationwide electric vehicle (EV) charging network to meet the changing needs of our brands, while also looking ahead toward opportunities to support the public's vehicle electrification needs, promoting the increasing number of EVs on the road and thereby reducing emissions.

## Item 3. Legal Proceedings

We are party to numerous legal proceedings arising in the normal course of our business. Although we do not anticipate that the resolution of legal proceedings arising in the normal course of business will have a material adverse effect on our business, results of operations, financial condition, or cash flows, we cannot predict this with certainty.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock trades on the New York Stock Exchange under the symbol LAD. The number of shareholders of record and approximate number of beneficial holders of common stock as of February 24, 2023 February 23, 2024 was 448,428 and 93,246,90,497, respectively.

Repurchases of Equity Securities

We made the following repurchases of our common stock during the fourth quarter of 2022; 2023:

For the full calendar month of	For the full calendar month of	Total number of shares purchased (2)	Average price paid per share	as part of publicly announced plan (1)	announced plan (in thousands)	For the full calendar month of	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plan (2)	Maximum dollar value of shares that may yet be purchased under publicly announced plan (in thousands)
October	October	174,657	\$198.54	174,657	\$ 51,368					
November	November	44	198.15	—	501,368					
December	December	—	—	—	501,368					
Total	Total	174,701	198.49	174,657	501,368					

(1) 66 shares repurchased in the fourth quarter of 2023 were related to tax withholding on the vesting of RSUs.

(2) On November 1, 2022, our Board of Directors approved an additional \$450 million repurchase authorization of our common stock. This new authorization is was in addition to the amount previously authorized by the Board for repurchase. There is no expiration date for this share repurchase authorization.

(3) 44 shares repurchased in the fourth quarter of 2022 were related to tax withholdings on the vesting of RSUs.

Stock Performance Graph

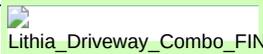
The stock performance graph and table that follow compare the cumulative total stockholder return on Lithia Motors, Inc.'s common stock with the cumulative total return of the Standard & Poor's 500 Stock Index (S&P 500 Index), and an auto peer group index composed of Penske Automotive Group, AutoNation, Sonic Automotive, Group 1 Automotive, Asbury Automotive Group, and CarMax for the five years ended December 31, 2022 December 31, 2023. The peer group indexes utilize the same methods of presentation and assumptions for the total return calculation as does Lithia Motors and the S&P 500 Index. All companies in the peer group indexes are weighted in accordance with their market capitalizations.(1)

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Base Period		Indexed Returns for the Year Ended					Base Period		Indexed Returns for the Year Ended					
Company/Index	Company/Index	2017	2018	2019	2020	2021	2022	Company/Index	2018	2019	2020	2021	2022	2023

Lithia Motors, Inc.	Lithia Motors, Inc.	\$100.00	\$68.03	\$132.36	\$265.77	\$270.67	\$187.74
S&P 500 Index - Total Return	S&P 500 Index - Total Return	100.00	95.62	125.72	148.85	191.58	156.88
Auto Peer Group	Auto Peer Group	100.00	88.62	127.86	152.48	226.73	172.15

(4) The graph and table assume that \$100 was invested on the last day of trading for the calendar year ended December 31, 2017 December 31, 2018 in Lithia Motors, Inc's common stock, the S&P 500 Index, and peer group indexes, and that all dividends were reinvested.



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## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with Item 1. Business, Item 1A. Risk Factors, and our Consolidated Financial Statements and Notes thereto.



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### Overview

We are one of the largest a global automotive retailers in the United States and were retailer ranked #158 #145 on the Fortune 500 in 2022, 2023. As of February 24, 2023 February 23, 2024, we offered 48 47 brands of new vehicles and all brands of used vehicles in 296 344 stores in North America the United States, Canada, and the United Kingdom and online at over 300 nearly 360 websites. We offer a wide range of products and services including new and used vehicles, finance and insurance products and vehicle repair and maintenance.

North America & UK Map.jpg

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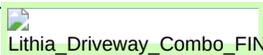
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### Financial Performance



We experienced growth of revenue and gross profit in all major business lines in 2022 2023 compared to 2021, 2022, primarily driven by increases in volume related to acquisitions, complimented by organic growth in used new vehicles, finance and insurance and service, body and parts sales. On a same store basis, new and used vehicle retail revenues and gross profits experienced growth declines primarily driven by increases decreases in average selling prices gross profit per retail unit, unit as margins normalize to pre-pandemic levels. Net income decline was primarily driven by this margin normalization, increased interest expense, and increased SG&A as a percentage of gross profit.



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**Liquidity**

As of **December 31, 2022** **December 31, 2023**, we had available liquidity of **\$1.6 billion**, **\$1.7 billion**, which was comprised of **\$168.1 million** **\$0.8 billion** in cash and **\$1.4 billion** **\$0.9 billion** availability on our credit facilities and unfloored new vehicle inventory. In addition, our unfinanced real estate could provide additional liquidity of approximately **\$0.5** **\$0.4** billion. For further discussion of our liquidity, please refer to "Liquidity and Capital Resources" below.

**Segments**

In the fourth quarter of 2022, we reevaluated our reporting segments based on our development and long-term strategy. The Company has experienced rapid growth We operate in size as well as new expansion into synergistic business lines, transforming the way the business is managed. Considering the Company's growth, evolution of its business model, and change in Company structure during 2022, management reevaluated its reporting segments and determined the operating segments (and two reportable segments) as of December 31, 2022 are segments: Vehicle Operations and Financing Operations. Based on this evaluation, we reclassified Our Vehicle Operations segment consists of all aspects of our auto merchandising and service operations, excluding financing provided by our Financing Operations **Income for the comparative periods** segment. Our Financing Operations segment provides financing to customers buying and leasing retail vehicles from the "Corporate and Other" category to conform to current year presentation and consolidated our Domestic, Import, and Luxury segments into a new Vehicle Operations segment.



**Vehicle Operations and Other Non-Reportable Segments**

		Year Ended December 31,								Year Ended December 31,							
		2022 vs. 2021				2021 vs. 2020				2023 vs. 2022				2022 vs. 2021			
		2022	2021	Change	%	2020	Change	%	2023	2022	Change	%	2021	Change	%		
<b>Revenues</b>	<b>Revenues</b>																
New vehicle retail	New vehicle retail	\$12,894.5	\$11,197.7	\$1,696.8	15.2 %	\$6,773.9	\$4,423.8	65.3 %	\$15,154.2	\$12,894.5	\$2,259.7	17.5 %	\$11,197.7				
Used vehicle retail	Used vehicle retail	9,425.0	7,255.3	2,169.7	29.9 %	3,998.4	3,256.9	81.5 %									
Finance and insurance	Finance and insurance	1,285.4	1,051.3	234.1	22.3 %	579.8	471.5	81.3 %									

Service, body and parts	Service, body and parts	2,738.8	2,110.9	627.9	29.7	1,348.7	762.2	56.5												
Total revenues	Total revenues	28,187.8	22,831.7	5,356.1	23.5	13,126.5	9,705.2	73.9												
Total revenues																				
Total revenues																				
Gross profit	Gross profit																			
Gross profit																				
Gross profit																				
New vehicle retail																				
New vehicle retail																				
New vehicle retail	New vehicle retail	\$ 1,579.7	\$ 1,218.5	\$ 361.2	29.6 %	\$ 461.0	\$ 757.5	164.3 %	\$ 1,394.1	\$	\$ 1,579.7	\$	\$ (185.6)	(11.7)	(11.7)	%	\$ 1,218.5			
Used vehicle retail	Used vehicle retail	825.4	826.7	(1.3)	(0.2)	446.0	380.7	85.4												
Finance and insurance	Finance and insurance	1,285.4	1,051.3	234.1	22.3	579.8	471.5	81.3												
Finance and insurance																				
Finance and insurance																				
Service, body and parts	Service, body and parts	1,463.1	1,110.5	352.6	31.8	716.8	393.7	54.9												
Total gross profit	Total gross profit	5,152.4	4,259.0	893.4	21.0	2,224.3	2,034.7	91.5												
Total gross profit																				
Total gross profit																				
Gross profit margins	Gross profit margins																			
Gross profit margins																				
Gross profit margins																				
New vehicle retail	New vehicle retail	12.3 %	10.9 %	140 bp		6.8 %	410 bp													
New vehicle retail																				
New vehicle retail																				
Used vehicle retail																				
Used vehicle retail																				
Used vehicle retail	Used vehicle retail	8.8	11.4	-260 bp		11.2	20 bp													
Finance and insurance	Finance and insurance	100.0	100.0	— bp		100.0	— bp													
Finance and insurance																				

Finance and insurance  
 Service, body and parts  
 Service, body and parts

Service, body and parts	Service, body and parts	53.4	52.6	80 bp	53.1	-50 bp
Total gross profit margin	Total gross profit margin	18.3	18.7	-40 bp	17.0	170 bp

Total gross profit margin

Total gross profit margin

Retail units sold

Retail units sold

Retail units sold

New vehicle retail

New vehicle retail

New vehicle retail	New vehicle retail	271,596	260,738	10,858	4.2 %	171,168	89,570	52.3 %	314,116	271,596	271,596	42,520	42,520	15.7	15.7 %	260,738
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Used vehicle retail

Used vehicle retail

Average selling price per retail unit

New vehicle retail

New vehicle retail

New vehicle retail	New vehicle retail	\$ 47,477	\$ 42,946	\$ 4,531	10.6 %	\$ 39,575	\$ 3,371	8.5 %	\$ 48,244	\$ 47,477	\$ 767	1.6	1.6 %	\$ 42,946
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Used vehicle retail

Used vehicle retail

Average gross profit per retail unit

New vehicle retail

New vehicle retail

New vehicle retail	New vehicle retail	\$ 5,816	\$ 4,673	\$ 1,143	24.5 %	\$ 2,693	\$ 1,980	73.5 %	\$ 4,438	\$ 5,816	\$ (1,378)	(23.7)	(23.7) %	\$ 4,673
Used vehicle retail	Used vehicle retail	2,648	3,001	(353)	(11.8)	2,434	567	23.3						
Finance and insurance	Finance and insurance	2,203	1,961	242	12.3	1,636	325	19.9						
Total vehicle (1)	Total vehicle (1)	6,300	5,855	445	7.6	4,226	1,629	38.5						

(1) Includes the sales and gross profit related to new, used retail, used wholesale and finance and insurance and unit sales for new and used retail

### Same Store Operating Data

We believe that same store comparisons are an important indicator of our financial performance. Same store measures demonstrate our ability to grow operations in our existing locations. Therefore, we have integrated same store measures into the discussion below.

Same store measures reflect results for stores that were operating in each comparison period, and only include the months when operations occurred in both periods. For example, a store acquired in November 2021 2022 would be included in same store operating data beginning in December 2022, 2023, after its first complete comparable month of operations. The fourth quarter operating results for the same store comparisons would include results for that store in only the period of December for both comparable periods.



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		Year Ended December 31,								Year Ended December 31,							
		2022 vs. 2021				2021 vs. 2020				2023 vs. 2022							
		2022	2021	Change	%	2021	2020	Change	%	2023	2022	Change	%	2022			
(\$ in millions, except per vehicle data)	(\$ in millions, except per vehicle data)									(\$ in millions, except per vehicle data)							
<b>Revenues</b>																	
New vehicle retail	New vehicle retail	\$10,129.1	\$10,729.8	\$(600.7)	(5.6)%	\$7,159.1	\$6,282.4	\$ 876.7	14.0 %	\$13,197.3	\$ 12,562.0	\$ 635.3	5.1	5.1 %	\$10,009.9		
Used vehicle retail	Used vehicle retail	7,886.6	6,997.9	888.7	12.7	5,246.8	3,735.3	1,511.5	40.5								
Finance and insurance	Finance and insurance	1,027.2	1,010.7	16.5	1.6	697.3	540.5	156.8	29.0								

Service, body and parts	Service, body and parts	2,232.9	2,032.9	200.0	9.8	1,403.6	1,260.2	143.4	11.4											
Total revenues	Total revenues	22,649.1	21,941.2	707.9	3.2	15,216.9	12,216.2	3,000.7	24.6											
Total revenues																				
Total revenues																				
Gross profit	Gross profit																			
Gross profit																				
Gross profit																				
New vehicle retail																				
New vehicle retail																				
New vehicle retail	New vehicle retail	\$ 1,231.4	\$ 1,175.9	\$ 55.5	4.7 %	\$ 781.2	\$ 430.7	\$ 350.5	81.4 %	\$ 1,205.3	\$ 1,541.9	\$ (336.6)	(21.8)	(21.8) %	\$ 1,221.7					
Used vehicle retail	Used vehicle retail	674.7	798.0	(123.3)	(15.5)	618.1	421.2	196.9	46.7											
Finance and insurance	Finance and insurance	1,027.2	1,010.7	16.5	1.6	697.3	540.5	156.8	29.0											
Finance and insurance																				
Finance and insurance																				
Service, body and parts	Service, body and parts	1,205.3	1,069.9	135.4	12.7	756.3	669.2	87.1	13.0											
Total gross profit	Total gross profit	4,125.2	4,105.4	19.8	0.5	2,879.6	2,082.0	797.6	38.3											
Total gross profit																				
Total gross profit																				
Gross profit margins	Gross profit margins																			
Gross profit margins																				
Gross profit margins																				
New vehicle retail	New vehicle retail	12.2 %	11.0 %	120 bp		10.9 %	6.9 %	400 bp												
New vehicle retail																				
New vehicle retail																				
Used vehicle retail																				
Used vehicle retail																				
Used vehicle retail	Used vehicle retail	8.6	11.4	-280 bp		11.8	11.3	50 bp												
Finance and insurance	Finance and insurance	100.0	100.0	— bp		100.0	100.0	— bp												
Finance and insurance																				

Finance and insurance  
 Service, body and parts  
 Service, body and parts

Service, body and parts	Service, body and parts	54.0	52.6	140 bp	53.9	53.1	80 bp
Total gross profit margin	Total gross profit margin	18.2	18.7	-50 bp	18.9	17.0	190 bp

Total gross profit margin

Total gross profit margin

Retail units sold

Retail units sold

Retail units sold

New vehicle retail

New vehicle retail

New vehicle retail	New vehicle retail	210,558	248,821	(38,263) (15.4)%	163,680	157,933	5,747	3.6 %
Used vehicle retail	Used vehicle retail	261,857	264,305	(2,448) (0.9)	198,121	169,953	28,168	16.6

Average selling price per retail unit

Average selling price per retail unit

Average selling price per retail unit

New vehicle retail

New vehicle retail

New vehicle retail	New vehicle retail	\$ 48,106	\$ 43,123	\$ 4,983 11.6 %	\$ 43,738	\$ 39,779	\$ 3,959	10.0 %
Used vehicle retail	Used vehicle retail	30,118	26,477	3,641 13.8	26,483	21,978	4,505	20.5

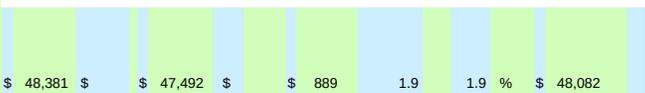
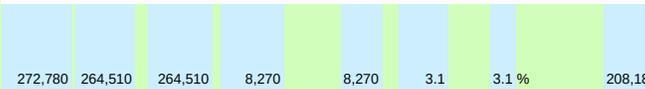
Average gross profit per retail unit

Average gross profit per retail unit

Average gross profit per retail unit

New vehicle retail

New vehicle retail



New vehicle retail	New vehicle retail	\$ 5,848	\$ 4,726	\$ 1,122	23.7 %	\$ 4,773	\$ 2,727	\$ 2,046	75.0 %	\$ 4,419	\$ 5,829	\$ (1,410)	(24.2)	(24.2) %	\$ 5,868
Used vehicle retail	Used vehicle retail	2,576	3,019	(443)	(14.7)	3,120	2,479	641	25.9						
Finance and insurance	Finance and insurance	2,174	1,970	204	10.4	1,927	1,648	279	16.9						
Total vehicle (1)	Total vehicle (1)	6,159	5,900	259	4.4	5,854	4,280	1,574	36.8						

(1) Includes the sales and gross profit related to new, used retail, used wholesale and finance and insurance and unit sales for new and used retail

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### New Vehicles

Under our business strategy, we believe that our new vehicle sales create incremental profit opportunities through certain manufacturer incentive programs, providing used vehicle inventory through trade-ins, arranging of third-party financing, vehicle service and insurance contracts, future resale of used vehicles acquired through trade-in and parts and service work.

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#### 2022 2023 vs. 2021 2022

New vehicle revenue and gross profit grew 15.2% and 29.6% 17.5%, respectively. This improvement resulted resulting from an a 15.7% increase in average selling prices and unit sales due to our accelerated growth through strategic acquisitions.

acquisitions, complemented by a 1.6% increase in average selling prices. Same store new vehicle revenue was primarily impacted by a 15.4% decline 3.1% increase in unit sales, supplemented by an increase in average selling prices of 1.9%. Market demand continued to increase in 2023 off a depressed base last year.

New vehicle gross profit declined 11.7%, primarily due to a 23.7% decrease in average gross profit per unit, partially offset by a 15.7% increase in unit sales driven by acquisitions. On a same store basis, gross profit per new vehicle decreased 24.2%, continuing to normalize to pre-pandemic levels.

#### 2022 vs. 2021

New vehicle revenues and gross profit grew 15.2% and 29.6%, respectively. These improvements resulted from our accelerated growth through acquisitions.

The decrease in same store new vehicle revenues was driven by a decrease in unit volume of 15.4%, partially offset by an increase in average selling prices of 11.6%. As the national new vehicle market plateaus, our stores focus on improving gross profit per new vehicle sold. On a same Same store basis, gross profit per new vehicle increased 23.7%. Our recently acquired stores are also focused on improving gross profit per new vehicle as total company gross profit per unit increased 24.5%.

Market 24.2%, driven by demand remained high throughout 2022, with inventory levels recovering in the second half of 2022 from prior year shortages of available new vehicles for sale, resulting from certain component shortages in the manufacturers' supply chains. This imbalance continued to result in higher than normal average selling prices and gross profits per unit. Supply improvements have varied by manufacturer, and are expected to continue to improve in 2023.

#### 2021 vs. 2020

New vehicle revenues and gross profit grew 65.3% and 164.3%, respectively. These improvements resulted from our accelerated growth through strategic acquisitions and strong recovery from the impact of the COVID-19 pandemic, driving new vehicle unit sales up 52.3%.

The increase in same store new vehicle revenues was driven by an increase in unit volume of 3.6% and an increase in average selling prices of 10.0%. On a same store basis, gross profit per new vehicle increased 75.0%.

### Used Vehicles

Our used vehicle operations provide an opportunity to generate sales to customers unable or unwilling to purchase a new vehicle, sell brands other than the store's new vehicle franchise(s), access additional used vehicle inventory through trade-ins and increase sales from finance and insurance products and parts and service.

Used vehicle retail sales are a strategic focus for organic growth. We offer three categories of used vehicles: manufacturer certified pre-owned (CPO) vehicles; core vehicles, which are late-model vehicles with lower mileage; and value autos, which are vehicles with over 80,000 miles. We have established a company-wide target of achieving a per store average of 100 used retail units per month. Strategies to achieve this target include reducing wholesale sales and selling the full spectrum of used units, from late model CPO vehicles to vehicles over ten years old. During 2022, 2023, our stores sold an average of 91 82 used vehicles per store per month. This compares to 92 91 used vehicles per store per month in 2021 2022 and 78 92 in 2020, 2021. Used vehicle operations are generally an opportunity area for recently acquired and opened locations. As we acquired 32 56 and

78 32 locations in 2022 2023 and 2021, 2022, respectively, this decrease in 2022 2023 was due to the volume of stores recently acquired still being integrated into our existing operational strategies, strategies as well as the result of supply constraints of new vehicles during the pandemic period impacting late model availability today.

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Used vehicle demand remains high, due in part to the lower levels of new vehicle inventory available for sale. This demand resulted in higher than normal average selling prices in 2022.

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#### 2023 vs. 2022

Used vehicle revenues increased 1.5%, due to increased volume from acquisitions, offset by decreased volume at our seasoned stores. On a same store basis, used vehicle revenues decreased 11.0%, due to a 5.7% decrease in unit volume and a 5.6% decrease in average selling price per retail unit. The same store revenue decrease in 2023 was driven by a decrease in our core vehicles of 14.9% and decreases in value auto and CPO vehicle categories of 12.4% and 0.7%, respectively. The decrease in our core vehicle category includes a 10.3% decrease in volume and a 5.1% decrease in average selling price per vehicle.

Used vehicle gross profits decreased 12.6%, due to a 16.4% decrease in average gross profit per unit. On a same store basis, used vehicle gross profit decreased 23.3%, led by a decrease in our CPO vehicles of 35.0% with additional declines in our core and value auto vehicle categories of 20.4% and 11.6%, respectively. The decrease in our CPO vehicle category was driven by a decrease in gross profit per unit of 38.2% to \$2,321, offset by an increase in unit volume of 5.2%. Gross profit per unit in our core vehicle category, which accounted for 58.2% of our used vehicle unit sales, decreased 11.3% to \$1,992. The decrease in same store gross profit in our value auto category was driven by a 8.9% decrease in gross profit per unit to \$2,433.

#### 2022 vs. 2021

Used vehicle revenues increased 29.9%, due to a combination of increased volume from acquisitions and organic growth in all categories of used vehicle sales at our seasoned stores. Excluding the impact of acquisitions, on a same store basis, used vehicle revenues increased 12.7% 12.8%, due to a 13.8% 13.7% increase in average selling price per retail unit, partially offset by a 0.9% 0.8% decrease in unit volume. The revenue increase in 2022 was driven by an increase in our core vehicles of 15.8% and supported by increases in value auto and CPO vehicle categories of 10.8% and 6.1%, respectively. The increase in our core vehicle category includes a 0.2% increase in volume, complimented by a 15.6% increase in average selling price per vehicle.

Used vehicle gross profits decreased 0.2%, due to an 11.8% decrease in average gross profit per unit, unit, mostly offset by a 13.2% increase in units sold. On a same store basis, used vehicle gross profit decreased 15.5% 15.4%, led by a decrease in our core vehicles of 22.3% with additional declines in our value autos and CPO vehicle categories of 5.3% and 8.2%, respectively. The decrease in our core vehicle category was driven by a decrease in gross profit per unit, while unit volume remained relatively flat. Gross profit per unit in our core vehicle category, which accounted for 61.5% of our used vehicle unit sales, decreased 22.4% to \$2,124. The decrease in same store gross profit in our value auto category was driven by a 7.4% decrease in gross profit per unit to \$2,732. Our CPO category experienced a decrease in unit sales of 6.7% and a decrease in gross profit per unit of 1.6% to \$3,808.

#### 2021 vs. 2020

Used vehicle revenues increased 81.5%, driven by a combination of increased volume from acquisitions and organic growth in all categories of used vehicle sales at our seasoned stores. Excluding the impact of acquisitions, on a same store basis, used vehicle revenues increased 40.5%, due to a 16.6% increase in unit volume and a 20.5% increase in average selling price per retail unit.

Used vehicle gross profits increased 85.4%, due to increased gross profit per unit of 23.3% and increased unit volume of 50.4%. On a same store basis, used vehicle gross profit increased 46.7%, due to an increase in average gross profit per unit of 25.9% and increased unit volume, 14.7%.

#### Third-party Third-Party Finance and Insurance

We believe that arranging timely vehicle financing is an important part of providing personal transportation solutions, and we attempt to arrange financing for every vehicle we sell. We also offer related products such as extended warranties, insurance contracts and vehicle and theft protection. Third-party extended warranty and insurance contracts yield higher profit margins than vehicle sales and contribute significantly to our profitability.

#### 2023 vs. 2022

Finance and insurance revenue increased 4.0%, primarily due to increased volume related to acquisitions. On a same store basis, finance and insurance revenue decreased 3.9%, to \$2,158 per unit. This decrease was driven by lower finance reserve paid per unit from third-party lenders as a result of the higher interest rate environment. We also experienced a partial decrease in the volume of third-party financing as a result of increased penetration rates associated with our Financing Operations and the growth of our captive auto loan and lease portfolio businesses.

#### 2022 vs. 2021

Finance and insurance revenue increased 22.3%, primarily due to increased volume related to acquisitions, combined with expanded product offerings and increasing penetration rates. On a same store basis, finance and insurance revenue increased 1.6% 1.7%, to \$2,174 \$2,181 per unit, driven by a 330 basis point increase in service contract penetration rates to 53.6% unit.

**2021 vs. 2020**

Finance Service, Body and insurance revenue increased 81.3%, primarily due to increased volume related to acquisitions and strong recovery from the impact of the COVID-19 pandemic. On a same store basis, finance and insurance revenue increased 29.0%, to \$1,927 per unit.

**Service, body and parts Parts**

We provide service, body and parts for the new vehicle brands sold by our stores, as well as service and repairs for most other makes and models. Our parts and service operations are an integral part of our customer retention and the largest contributor to our overall profitability. Earnings from service, body and parts have historically been more resilient during economic downturns, when owners have tended to repair their existing vehicles rather than buy new vehicles. With more late-model units in operation, continued increase of vehicles in operation, from 2015 to 2019, and a plateauing new vehicle market, we believe the increased number of units in operation will continue to benefit our service, body and parts revenue in the coming years as more late-model vehicles age, necessitating repairs and maintenance. We focus on retaining customers by offering competitively-priced routine maintenance and through our marketing efforts.

**2022 2023 vs. 2021 2022**

Our service, body and parts revenue grew in all areas, primarily due to our strategic acquisition growth. On a same store basis, service, body and parts revenue increased 9.8% 5.5%, primarily driven by an increase in customer pay of 10.3% 5.2%. Performance in parts wholesale and body shop also saw increases an increase of 18.3% and 10.8% 8.0%. Same store service, body and parts gross profit increased 12.7% 7.7%. Our gross margins continue to increase as our mix has shifted towards customer pay, which has higher margins than other service work.

**2021 2022 vs. 2020 2021**

Service, body and parts revenue grew in all areas, primarily due to acquisition growth and strong recovery from the impact of the COVID-19 pandemic. growth. On a same store basis, service, body and parts revenue and gross profit increased 11.4% 9.9% and 13.0% 12.8%, respectively.

**Financing Operations**

In the United States, Financing Operations offers loans and leases to consumers across the full credit spectrum for both new and used vehicles through two entities, DFC and Pfaff Leasing. DFC is a captive lender, originating loans only from stores in the United States and Driveway. Pfaff Leasing In Canada, Financing Operations originates loans and leases from both our Canadian stores and third-party dealerships. Our stores do not exclusively finance vehicles through DFC or Pfaff Leasing, Financing Operations, rather originations are earned on a competitive basis with other lenders. We target growing penetration to 15% of retail units by 2025.

Financing Operations provides an opportunity to capture additional profits, cash flows, and sales while managing our reliance on third-party finance sources. Management regularly analyzes Financing Operations' results by assessing profitability, the performance of the finance receivables, including trends in credit losses and delinquencies, and expenses directly related to Financing Operations. This information is used to assess Financing Operations performance and make operating decisions, including resource allocation.

Our proprietary credit model performs a return on investment (ROI) calculation for each application, ensuring that the return obtained is appropriately balanced with the consumer's credit risk. On a fully discounted basis, we target earnings at least three times the net finance income earned from third party lenders (finance reserve less commissions paid) over the life of the loan. Actual return of the loans may differ based on the changing risk profile of originations, economic conditions, and rates of recovery for charged off vehicles. During Actions taken during 2022 actions taken to adjust ROI targets in the context of the uncertain macroeconomic environment, along with the acquisition of dealerships whose brands attract relatively more credit-worthy consumers, resulted in loans and leases originated subsequently having higher weighted average credit scores and lower weighted average contract rate and front-end loan-to-values (FE LTV) than prior periods.

We typically use securitizations, warehouse facilities, and internal capital to fund loans and leases originated by our Financing Operations. Financing Operations income reflects the interest, fee, and lease income generated by DFC and Pfaff Leasing's the portfolio of auto loan and lease receivables less the interest expense associated with the debt utilized to fund the lending, including internal capital, a provision for estimated loan and lease losses, depreciation on vehicles leased via operating leases and directly-related expenses.

Total interest margin reflects the spread between interest, fee, and lease charges to consumers and our funding costs. Changes in the interest margin on new originations affect Financing Operations income over time. Increases or decreases in interest rates, which affect Financing Operations' funding costs, or other competitive pressures on consumer rates, could result in compression or expansion in the interest margin on new originations. Changes in the provision for loan and lease losses as a percentage of ending managed receivables reflect the effect of changes in loss experience, and economic factors, and asset-specific risks on our outlook for net losses expected to occur over the remaining contractual life of the loans and leases receivable.



Financing Operations income does not include any allocation of corporate overhead costs. Although Financing Operations benefits from certain overhead expenditures, we have not allocated corporate overhead costs to Financing Operations to avoid making subjective allocation decisions. Examples of corporate overhead costs not allocated to Financing Operations include general corporate and data processing expenses.

See Note 18 – Segments for additional information on Financing Operations income and Note 5 – Finance Receivables for information on auto loans receivable, including credit quality.

**Selected Financing Operations Financial Information**

	Year Ended December 31,	Year Ended December 31,	Year Ended December 31,
<b>(\$ in millions)</b>			
Interest margin:			
Interest margin:			
Interest margin:			
Interest, fee, and lease income			
Interest, fee, and lease income			
Interest, fee, and lease income			
Interest expense			
Interest expense			
Interest expense			
Total interest margin			
Total interest margin			
Total interest margin			

	Year Ended December 31,					
(\$ in millions)	2022	% (1)	2021	% (1)	2020	% (1)
Interest margin:						
Interest, fee, and lease income	\$ 134.1	8.7	\$ 45.9	9.2	\$ 13.9	11.8
Interest expense	(52.2)	(3.4)	(4.8)	(1.0)	(1.5)	(1.3)
Total interest margin	\$ 81.9	5.3	\$ 41.1	8.2	\$ 12.4	10.5
Provision for loan and lease losses						
Provision for loan and lease losses						
Provision for loan and lease losses	\$ (44.4)	(2.9)	\$ (9.4)	(1.9)	\$ 3.0	2.5
Financing operations (loss) income	\$ (4.0)	(0.3)	\$ 11.0	2.2	\$ 6.5	5.5
Financing operations (loss) income						
Financing operations (loss) income						

Total average managed finance receivables	Total average managed finance receivables	\$ 1,542.6	\$ 501.5	\$ 117.9
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Total average managed finance receivables

Total average managed finance receivables

(1) Percent of total average managed finance receivables.

**DFC Portfolio Information<sup>(1)</sup>**

		Year Ended December 31,					Year Ended December 31,	
(\$ in millions)	(\$ in millions)	2022	2021	2020	(\$ in millions)	2023	2022	2021
<b>Loan origination information</b>	<b>Loan origination information</b>							
Net loans originated	Net loans originated							
Net loans originated	Net loans originated	\$1,933.9	\$703.7	\$133.1				
Vehicle units financed	Vehicle units financed	59,604	21,357	4,478				
Total penetration rate <sup>(2)</sup>	Total penetration rate <sup>(2)</sup>	10.2 %	4.0 %	1.3 %	Total penetration rate <sup>(2)</sup>	11.0 %	10.2 %	4.0 %
Weighted average contract rate	Weighted average contract rate	7.7 %	8.4 %	9.0 %	Weighted average contract rate	9.6 %	7.7 %	8.4 %
Weighted average credit score <sup>(3)</sup>	Weighted average credit score <sup>(3)</sup>	718	674	672				
Weighted average FE LTV <sup>(4)</sup>	Weighted average FE LTV <sup>(4)</sup>	99.4 %	104.9 %	104.0 %	Weighted average FE LTV <sup>(4)</sup>	95.5 %	99.4 %	104.9 %
Weighted average term <sup>(in months)</sup>	Weighted average term <sup>(in months)</sup>	73	73	72				
<b>Loan performance information</b>	<b>Loan performance information</b>							
Loan performance information	Loan performance information							
Total ending managed receivables	Total ending managed receivables							
Total ending managed receivables	Total ending managed receivables	\$2,109.4	\$724.9	\$174.6				

Total	Total	\$1,417.2	\$449.8	NM					
average managed receivables	average managed receivables								
Allowance for loan losses	Allowance for loan losses	\$ 65.1	\$ 22.5	\$ 12.9					
Allowance for loan losses as a percentage of ending managed receivables	Allowance for loan losses as a percentage of ending managed receivables	3.1 %	3.1 %	7.4 %	Allowance for loan losses as a percentage of ending managed receivables	3.2 %	3.1 %	3.1 %	%
Net credit losses on managed receivables	Net credit losses on managed receivables	42.9	7.8	8.5					
Net credit losses as a percentage of total average managed receivables	Net credit losses as a percentage of total average managed receivables	3.0 %	1.7 %	NM	Net credit losses as a percentage of total average managed receivables	2.3 %	3.0 %	1.7 %	%
Past due accounts as a percentage of ending managed receivables	Past due accounts as a percentage of ending managed receivables	5.4 %	4.9 %	2.3 %	Past due accounts as a percentage of ending managed receivables <sup>(5)</sup>	4.6 %	5.4 %	4.9 %	%
Average recovery rate <sup>(6)</sup>	Average recovery rate <sup>(6)</sup>	59.3 %	74.9 %		Average recovery rate <sup>(6)</sup>	49.8 %	59.3 %	74.9 %	%

(1) Excludes Pfaff Leasing Portfolio Canadian portfolio

(2) Units financed as a percentage of total new and used vehicle retail units sold.

(3) The credit scores represent FICO scores and reflect only receivables with obligors that have a FICO score at the time of application. For receivables with co-borrowers, the FICO score is the primary borrower's. FICO scores are not a significant factor in our proprietary credit model, which relies on information from credit bureaus and other application information as discussed in Note 5 – Finance Receivables.

(4) Front-end loan-to-value represents the ratio of the amount financed to the total collateral value, which is measured as the vehicle selling price plus applicable taxes, title and fees.

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(5) Past due is defined as loans that have been on the books greater than or equal to 3 months and are 30 or more days delinquent

(6) The average recovery rate represents the average percentage of the outstanding principal balance we receive when a vehicle is repossessed and liquidated, generally at wholesale auctions.

Financing Operations income declined operations loss increased from 2021 2022 to 2022 2023 primarily due to spread compression, decreasing net interest margin from 5.3% in 2022 to 3.5% in 2023. In response to the growth rapid increase in funding costs in the first half of the DFC portfolio. DFC penetration year, we have focused on improving net interest margin by passing along higher contract rates increased from 4.0% of retail units sold to consumers

while maintaining credit quality, resulting in 2021 a stabilization and improvement in the metric in recent quarters. The growth in the portfolio also negatively impacted results due to 10.2% in 2022. Upfront the upfront recognition of loan and lease loss provisions recorded on new originations outpaced loans outpacing the incremental interest income contributed by these release of such provisions on more seasoned loans and leases. Additionally, funding costs increased at a faster pace than we were able to pass along to consumers through higher contract rates. These factors decreased net interest margin from 8.2% in 2021 to 5.3% in 2022.

The increase in net credit losses and past due accounts receivable was primarily driven by the growth in the portfolio, as net credit losses as a percentage of total averaged managed receivables, along with delinquencies, decreased compared to the prior year, delinquencies being abnormally low due to the impacts of governmental stimulus associated with the COVID-19 pandemic, driven by increased credit quality.

The decline in the average recovery rate was driven by used vehicle price depreciation and outpacing the impact amortization of a change in repossession strategy and the transition principal balance on loan principal balances, due to new vendors in the fourth quarter relatively limited seasoning of 2022, the portfolio.

### Operating Expenses

#### Selling, General, and Administrative (SG&A)

SG&A includes salaries and related personnel expenses, advertising (net of manufacturer cooperative advertising credits), rent, facility costs, and other general corporate expenses.

		Year Ended December 31,									Year Ended December 31,								
		2022 vs. 2021				2021 vs. 2020					2023 vs. 2022				2022 vs. 2021				
		2022									2021								
(\$ in millions)	(\$ in millions)	2022	2021	Change	%	2020	Change	%	2020	Change	%	2021	Change	%	2021	Change	%		
Personnel	Personnel	\$2,086.3	\$1,737.9	\$348.4	20.0 %	\$979.7	\$758.2	77.4 %	\$979.7	\$758.2	77.4 %	\$1,737.9	\$348.4	20.0 %	\$1,737.9	\$348.4	20.0 %		
Advertising	Advertising	253.6	162.2	91.4	56.4	97.4	64.8	66.5	97.4	64.8	66.5	97.4	64.8	66.5	97.4	64.8	66.5		
Rent	Rent	72.6	54.0	18.6	34.4	41.2	12.8	31.1	41.2	12.8	31.1	41.2	12.8	31.1	41.2	12.8	31.1		
Facility costs	Facility costs	150.3	116.8	33.5	28.7	81.0	35.8	44.2	81.0	35.8	44.2	81.0	35.8	44.2	81.0	35.8	44.2		
Gain on sale of assets	Gain on sale of assets	(66.0)	(2.3)	(63.7)	NM	(18.2)	15.9	NM	(18.2)	15.9	NM	(2.3)	(63.7)	(63.7)	NM	NM	NM		
Other	Other	547.3	412.2	135.1	32.8	256.8	155.4	60.5	256.8	155.4	60.5	256.8	155.4	60.5	256.8	155.4	60.5		
<b>Total SG&amp;A</b>	<b>Total SG&amp;A</b>	<b>\$3,044.1</b>	<b>\$2,480.8</b>	<b>\$563.3</b>	<b>22.7 %</b>	<b>\$1,437.9</b>	<b>\$1,042.9</b>	<b>72.5 %</b>	<b>\$1,437.9</b>	<b>\$1,042.9</b>	<b>72.5 %</b>	<b>\$2,480.8</b>	<b>\$563.3</b>	<b>22.7 %</b>	<b>\$2,480.8</b>	<b>\$563.3</b>	<b>22.7 %</b>		

NM - Not meaningful

		Year Ended December 31,									Year Ended December 31,								
		2022 vs. 2021				2021 vs. 2020					2023 vs. 2022				2022 vs. 2021				
		2022									2021								
As a % of gross profit	As a % of gross profit	2022	2021	Change	2020	Change	As a % of gross profit	2023	2022	Change	2021	Change	2021	Change	2021	Change			
Personnel	Personnel	40.5 %	40.8 %	(30) bps	44.0 %	(320) bps	Personnel	41.4 %	40.5 %	90 bps	40.8 %	(30) bps	40.8 %	(30) bps	40.8 %	(30) bps			
Advertising	Advertising	4.9	3.8	110	4.4	(60)	Advertising	4.9	3.8	110	4.4	(60)	4.9	3.8	110	4.4	(60)		
Rent	Rent	1.4	1.3	10	1.9	(60)	Rent	1.4	1.3	10	1.9	(60)	1.4	1.3	10	1.9	(60)		
Facility costs	Facility costs	2.9	2.7	20	3.6	(90)	Facility costs	2.9	2.7	20	3.6	(90)	2.9	2.7	20	3.6	(90)		

Gain on sale of assets	Gain on sale of assets	(1.3)	(0.1)	(120)	(0.8)	70													
Other	Other	10.7	9.7	100	11.5	(180)													
Total SG&A	Total SG&A	59.1 %	58.2 %	90 bps	64.6 %	(640) bps	Total SG&A	63.0 %	59.1 %	390 bps	58.1 %	100 bps							

### 2023 vs. 2022

SG&A increased 8.2%, or \$250.7 million, primarily due to increased personnel and other costs resulting from our growth through acquisitions. Other expenses in 2023 included acquisition expenses of \$27.2 million and \$5.4 million of storm related insurance charges. We also recognized a gain on the sale of stores of \$31.2 million.

On a same store basis and excluding non-core charges, adjusted SG&A as a percentage of gross profit increased across all categories to 62.3% from 59.8% in the prior year.

### 2022 vs. 2021

SG&A increased 22.7%, or \$0.6 billion \$563.3 million, primarily due to increased personnel costs resulting which resulted from our growth through acquisitions. Other expenses in 2022 included acquisition expenses of \$15.0 million and \$4.9 million of storm related insurance charges. We also recognized a gain on the sale of stores of \$66.0 million.

On a same store basis and excluding non-core charges, adjusted SG&A as a percentage of gross profit increased across all categories to 61.5% from 57.5% in the prior year.

### 2021 vs. 2020

SG&A increased 72.5%, or \$1.0 billion, primarily due to increased personnel costs which resulted from our growth through acquisitions. Other expenses in 2021 included acquisition expenses of \$20.2 million and \$5.8 million of storm related insurance charges.



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On a same store basis and excluding non-core charges, adjusted SG&A as a percentage of gross profit decreased across all categories to 58.9% from 64.2% in the prior year.

SG&A adjusted for non-core charges was as follows:

		Year Ended December 31,								Year Ended December 31,									
		2022 vs. 2021				2021 vs. 2020				2023 vs. 2022				2022 vs. 2021					
		2022								2021									
(\$ in millions)	(\$ in millions)	2022	2021	Change	%	2020	Change	%	2023	2022	Change	%	2021	Change	%				
Personnel	Personnel	\$2,086.3	\$1,737.9	\$348.4	20.0 %	\$979.7	\$758.2	77.4 %	\$2,163.1	\$2,086.3	\$76.8	3.7 %	\$1,737.9	\$348.4	20.0 %				
Advertising	Advertising	253.6	162.2	91.4	56.4	97.4	64.8	66.5											
Rent	Rent	72.6	54.0	18.6	34.4	41.2	12.8	31.1											
Facility costs	Facility costs	150.3	116.8	33.5	28.7	81.0	35.8	44.2											
Adjusted gain on sale of assets (1)	Adjusted gain on sale of assets (1)	—	(2.3)	2.3	NM	(1.6)	(0.7)	NM	(2.9)	0.0	(2.9)	(2.9)	NM	NM	(2.3)	2.3	2.3	NM	NM
Adjusted other (1)	Adjusted other (1)	527.4	386.2	141.2	36.6	247.7	138.5	55.9											
Total adjusted SG&A (1)	Total adjusted SG&A (1)	\$3,090.2	\$2,454.8	\$635.4	25.9 %	\$1,445.4	\$1,009.4	69.8 %	\$3,279.1	\$3,090.2	\$188.9	6.1 %	\$2,454.8	\$635.4	25.9 %				



Year Ended December 31,									Year Ended December 31,								
2023 vs.									2022 vs.								
2022									2021								
(\$ in millions)	(\$ in millions)	2022	2021	Change	%	2020	Change	%	(\$ in millions)	2023	2022	Change	%	2021	Change	%	
Floor plan interest expense (new vehicles)	Floor plan interest expense (new vehicles)	\$ 38.8	\$ 22.3	\$ 16.5	74.0 %	\$ 34.4	\$ (12.1)	(35.2)%	Floor plan interest expense (new vehicles)	\$ 150.9	\$ 38.8	\$ 112.1	288.9 %	\$ 288.9	\$ 22.3	\$ 16.5	74.0 %
Floor plan assistance (included as an offset to cost of sales)	Floor plan assistance (included as an offset to cost of sales)	(130.6)	(120.1)	(10.5)	8.7	(72.8)	(47.3)	65.0									
Net new vehicle carrying costs (benefit)	Net new vehicle carrying costs (benefit)	\$(91.8)	\$(97.8)	\$ 6.0	(6.1)%	\$(38.4)	\$(59.4)	154.7									

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### Depreciation and Amortization

Depreciation and amortization is comprised of depreciation expense related to buildings, significant remodels or improvements, furniture, tools, equipment and signage and amortization related to non-competes agreements.

Year Ended December 31,									Year Ended December 31,								
2022 vs. 2021									2021 vs. 2020								
2023 vs.									2022 vs. 2021								
2022									2021								
(\$ in millions)	(\$ in millions)	2022	2021	Change	%	2020	Change	%	(\$ in millions)	2023	2022	Change	%	2021	Change	%	
Depreciation and amortization	Depreciation and amortization	\$163.2	\$124.8	\$ 38.4	30.8 %	\$92.3	\$ 32.5	35.2 %	Depreciation and amortization	\$ 195.8	\$ 163.2	\$ 32.6	20.0 %	\$ 124.8	\$ 38.4	30.8 %	

Acquisition activity contributed to the increases in depreciation and amortization in 2023 compared to 2022 and in 2022 compared to 2021 and in 2021 compared to 2020, 2021. We acquired approximately \$236.9 million, \$260.5 million and \$559.8 million, \$236.9 million of depreciable property as part of our 2022, 2023 and 2021, 2022 acquisitions, respectively. Capital expenditures totaled \$303.1 million, \$230.2 million and \$260.4 million, \$303.1 million, respectively, in 2022, 2023 and 2021, 2022. These investments increase the amount of depreciable assets. See the discussion under "Liquidity and Capital Resources" for additional information.

### Operating Income

Operating income as a percentage of revenue, or operating margin, was as follows:

Year Ended December 31,		
2022	2021	2020
Year Ended December 31,		

		Year Ended December 31,			Year Ended December 31,		
		2023			2023		
		2022			2021		
Operating margin	Operating margin	6.9 %	7.3 %	5.3 %	Operating margin	5.5 %	6.9 %
Operating margin adjusted for non-core charges	Operating margin adjusted for non-core charges	(1)	6.7	7.4	5.3		

(1) See "Non-GAAP Reconciliations" for additional information

### 2023 vs. 2022

Our operating margin decreased 140 basis points compared to the prior year, driven by a decline in gross profit per new and used unit sold. Adjusting for non-core charges, including acquisition expenses, one-time contract buyouts, and storm related insurance charges, offset by a net disposal gain on sale of stores, our operating margin decreased 120 basis points.

### 2022 vs. 2021

Our operating margin decreased 40 basis points compared to the prior year, driven by an increase in SG&A as a percentage of gross profit. Adjusting for non-core charges, including storm related insurance charges and acquisition expenses, offset by a net disposal gain on sale of stores, our operating margin decreased 70 basis points.

### 2021 vs. 2020

Our operating margin increased 200 basis points compared to the prior year, driven by a decrease in SG&A as a percentage of gross profit and increased total gross margin. Adjusting for non-core charges, including storm insurance charges, acquisition expenses, and asset impairments, our operating margin increased 210 basis points.

## Non-Operating Expenses

### Asset Impairments

Asset impairments recorded as a component of operations consist of the following:

		Year Ended December 31,			Year Ended December 31,		
		2022			2021		
		2020			2021		
(\$ in millions)	(\$ in millions)	2022	2021	2020	2023	2022	2021
Franchise value	Franchise value	\$ —	\$ 1.9	\$ 4.4			
Goodwill	Goodwill	—	—	3.5			
Total asset impairments	Total asset impairments	\$ —	\$ 1.9	\$ 7.9			
Total asset impairments	Total asset impairments						

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Goodwill and franchise value for our reporting units are tested for impairment annually as of October 1 or more frequently when events or changes in circumstances indicate that impairment may have occurred. We elected to perform qualitative franchise value and goodwill impairment tests as of October 1 each year. These non-cash impairment charges are included in the "Corporate and Other" category of our segment information.

No impairment charges were recorded in 2023 or 2022.

During the third quarter of 2021, there was an indication of a triggering event at a certain reporting unit. We tested the goodwill and franchise value for this location. As a result, we identified it was more likely than not the fair values were less than the carrying amounts, and we recorded a non-cash impairment charge of \$1.9 million, which was equal to the difference between the fair value and the carrying value for franchise value. This location was subsequently sold in the fourth quarter of 2021.

In the second quarter of 2020, there were indications of a triggering event at certain reporting units. We tested the franchise value and goodwill for these locations. As a result, we identified certain reporting units where it was more likely than not the fair values were less than the carrying amounts, and we recorded non-cash impairment charges of \$4.4 million and \$3.5 million, which was equal to the difference between the fair value and the carrying value for franchise value and goodwill, respectively. One of these locations was subsequently sold in the fourth quarter of 2020, with the remainder sold in 2021.

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See Note 1 – Summary of Significant Accounting Policies, Note 4 – Property and Equipment, Note 6 – Goodwill and Franchise Value, and Note 14 – Fair Value Measurements of Notes to Consolidated Financial Statements included in Part II, Item 8. Financial Statements and Supplementary Financial Data of this Annual Report.

### Other Interest Expense

Other interest expense includes interest on debt incurred related to acquisitions, real estate mortgages, our used and service loaner vehicle inventory financing commitments, our revolving lines of credit, and issued senior notes.

		Year Ended December 31,								Year Ended December 31,							
		2022 vs. 2021				2021 vs. 2020				2023 vs. 2022				2022 vs. 2021			
		2023 vs. 2022								2022 vs. 2021							
		2022								2021							
(\$ in millions)	(\$ in millions)	2022	2021	Change	%	2020	Change	%	(\$ in millions)	2023	2022	Change	%	2021	Change	%	
Mortgage interest	Mortgage interest	\$ 25.9	\$ 24.9	\$ 1.0	4.0 %	\$26.2	\$ (1.3)	(5.0)%	Mortgage interest	\$ 35.8	\$ 25.9	\$ 9.9	38.2 %	\$ 24.9	\$ 1.0	4.0 %	
Other interest	Other interest	105.8	80.5	25.3	31.4	47.0	\$ 33.5	71.3									
Capitalized interest	Capitalized interest	(2.6)	(2.0)	(0.6)	30.0	(1.6)	(0.4)	25.0									
Total other interest expense	Total other interest expense	\$129.1	\$103.4	\$ 25.7	24.9 %	\$71.6	\$ 31.8	44.4 %	Total other interest expense	\$ 201.2	\$ 129.1	\$ 72.1	55.8 %	\$ 103.4	\$ 25.7	24.9 %	

### 2023 vs. 2022

The increase in other interest expense was due to higher interest rates and increased borrowings on our credit facilities. See also Note 9 – Credit Facilities and Long-Term Debt of Notes to Consolidated Financial Statements for additional information.

### 2022 vs. 2021

The increase in other interest expense was due to higher interest rates on our credit facilities and the full year impact of our \$800 million in aggregate principal amount of 3.875% senior notes due 2029 issued in May 2021. See also Note 9 – Credit Facilities and Long-Term Debt of Notes to Consolidated Financial Statements for additional information.

### 2021 vs. 2020

The increase in other interest expense was due to the issuances of \$800 million in aggregate principal amount of 3.875% senior notes due 2029 in May 2021 and \$550 million in aggregate principal amount of 4.375% senior notes due 2031 in October 2020. These increases were offset by the payoff of our \$300 million in aggregate principal amount of 5.250% senior notes in August 2021.

### Other Income (Expense) Income, Net

Other income (expense) income, net primarily includes other income associated with investment income and other non-recurring transactions.

Year Ended December 31,
-------------------------

		2022 vs. 2021				2021 vs. 2020										
		Year Ended December 31,				Year Ended December 31,										
		2022 vs. 2021				2022 vs. 2021				2021 vs. 2020						
(\$ in millions)	(\$ in millions)	2022	2021	Change	%	2020	Change	%	(\$ in millions)	2023	2022	Change	%	2021	Change	%
Other (expense) income, net		\$(43.2)	\$(52.0)	\$ 8.8	NM	\$61.8	\$(113.8)	NM								
Other income (expense), net									Other income (expense), net	\$ 22.0	\$ (43.2)	\$ 65.2	NM	\$ (52.0)	\$ 8.8	NM

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### 2023 vs. 2022

The improvement in other income (expense), net was primarily due to a \$1.7 million investment loss related to equity investments compared to a \$39.2 million loss in the prior year. Other notable items included a \$5.1 million unrealized gain on foreign currency translations, \$4.7 million of interest income from foreign currency deposit accounts, and \$2.6 million net pension benefit recognized in 2023.

### 2022 vs. 2021

The improvement in other income (expense) income, net was primarily due to a \$39.2 million unrealized investment loss related to our investment in Shift Technologies, Inc. equity investments compared to a \$66.4 million unrealized loss in the prior year. We also recognized a \$16.8 million unrealized loss on foreign currency translations in 2022.

### 2021 vs. 2020

The decrease in other (expense) income, net was primarily due to a \$66.4 million unrealized investment loss related to our investment in Shift Technologies, Inc compared to a \$43.8 million unrealized gain in the prior year. In 2021, we also recognized a \$10.3 million loss on the early redemption of our \$300 million principal amount 5.250% senior notes originally due 2025.

### Income Tax Provision

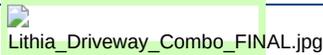
Our effective income tax rate was as follows:

		Year Ended December 31,			Year Ended December 31,		
		2022	2021	2020	2023	2022	2021
Effective income tax rate	Effective income tax rate	27.1 %	28.4 %	27.5 %	25.7 %	27.1 %	28.4 %
Effective income tax rate excluding non-core items (1)	Effective income tax rate excluding non-core items (1)	26.4	26.8	27.6			

(1) See "Non-GAAP Reconciliations" for more details

Our effective income tax rate was 25.7% for 2023 compared to 27.1% for 2022 compared to 28.4% for 2021. Our 2022 effective income tax rate was negatively affected by a valuation allowance recorded for certain deferred tax assets not expected to be realized. The valuation allowance impact to the 2022 effective income tax rate was less than the impact to the 2021 effective income tax rate. 2022. Our effective income tax rate was positively affected by a reduction in the current and deferred state tax rate, due to legislative updates and changing state mix, as well as a reduction in valuation allowance. Our 2023 effective income tax rate was negatively affected by non-deductible acquisition costs recorded during the period.

Excluding the



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Adjusting for non-deductible acquisition costs and valuation allowance activity recorded during 2022, 2023, our effective income tax rate excluding non-core items for 2022 would have been 26.4% is 25.6%, a decrease of 40.90 basis points compared to the effective income tax rate excluding non-core items for 2021, 2022.

Our effective income tax rate in 2021, 2022 was also negatively affected by a valuation allowance established for certain deferred tax assets not expected to be realized. The increase in tax rate was offset by stock share-based awards vesting in the current period and a reduction in the current and deferred state tax rate due to legislative updates and changing state mix.

#### Global Implementation of Pillar Two

We are subject to corporation tax on profits in the United States, Canada, and the UK. The Organization for Economic Co-operation and Development (OECD) and the G20 Inclusive Framework on Base Erosion and Profit Shifting has developed the Pillar Two global minimum tax regime. The Pillar Two rules provide a coordinated system to ensure that multinational enterprises with revenues above €750 million pay a minimum effective tax rate of 15% on the income arising in each of the jurisdictions in which they operate.

On June 20, 2023, the UK's Finance (No. 2) Bill 2023 was enacted, which represents the UK's introduction of a Pillar Two regime, effective for annual reporting periods beginning on or after December 31, 2023. On August 4, 2023, Canada released draft legislation to implement the primary taxing rule in Pillar Two for fiscal periods beginning on or after December 31, 2023.

We analyzed the expected tax impact of the Pillar Two regime based on available guidance and expect these rules to have an immaterial impact on our overall effective tax rate.

#### Non-GAAP Reconciliations

Non-GAAP measures do not have definitions under GAAP and may be defined differently by and not comparable to similarly titled measures used by other companies. As a result, we review any non-GAAP financial measures in connection with a review of the most directly comparable measures calculated in accordance with GAAP. We caution you not to place undue reliance on such non-GAAP measures, but also to consider them with the most directly comparable GAAP measures. We believe each of the non-GAAP financial measures below improves the transparency of our disclosures, provides a meaningful presentation of our results from the core business operations because they exclude items not related to our ongoing core business operations and other non-cash items, and improves the period-to-period comparability of our results from the core business operations. We use these measures in conjunction with GAAP financial measures to assess our business, including our compliance with covenants in our credit facilities and in communications with our Board of Directors concerning financial performance. These measures should not be considered an alternative to GAAP measures.



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The following tables reconcile certain reported non-GAAP measures to the most comparable GAAP measure from our Consolidated Statements of Operations:

Year Ended December 31, 2022														Year Ended December 31, 2023													
Year Ended December 31, 2022														Year Ended December 31, 2023													
Year Ended December 31, 2022														Year Ended December 31, 2023													
(\$ in millions, except per share amounts)	(\$ in millions, except per share amounts)	Net disposal gain on							(\$ in millions, except per share amounts)	As reported	Net disposal gain on	Investment loss	Insurance reserves	Acquisition expenses	Contract buyouts	Adjusted											
		As reported	sale of stores	Investment loss	Insurance reserves	Acquisition expenses	Adjusted																				
Selling, general and administrative	Selling, general and administrative	\$3,044.1	\$ 66.0	\$ —	\$ (4.9)	\$ (15.0)	\$3,090.2																				
Selling, general and administrative	Selling, general and administrative																										

Selling, general and administrative							
Operating income (loss)	Operating income (loss)	1,941.1	(66.0)	—	4.9	15.0	1,895.0
Other (expense) income, net		(43.2)	—	39.2	—	—	(4.0)
Other income, net							
Income (loss) before income taxes							
Income (loss) before income taxes							

Income (loss) before income taxes	Income (loss) before income taxes	\$ 1,730.0	\$ (66.0)	\$ 39.2	\$ 4.9	\$ 15.0	\$ 1,723.1
Income tax benefit	Income tax (provision) benefit	(468.4)	19.1	—	(1.3)	(4.0)	(454.6)

Net income (loss)	Net income (loss)	1,261.6	(46.9)	39.2	3.6	11.0	1,268.5
Net income attributable to non-controlling interest	Net income attributable to non-controlling interest	(4.8)	—	—	—	—	(4.8)

Net income attributable to redeemable non-controlling interest	Net income attributable to redeemable non-controlling interest	(5.8)	—	—	—	—	(5.8)
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Net income (loss) attributable to Lithia Motors, Inc.	Net income (loss) attributable to Lithia Motors, Inc.	\$ 1,251.0	\$ (46.9)	\$ 39.2	\$ 3.6	\$ 11.0	\$ 1,257.9
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Diluted earnings (loss) per share attributable to Lithia Motors, Inc.	Diluted earnings (loss) per share attributable to Lithia Motors, Inc.	\$ 44.17	\$ (1.65)	\$ 1.38	\$ 0.13	\$ 0.39	\$ 44.42
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Diluted earnings (loss) per share attributable to Lithia Motors, Inc.

Diluted earnings (loss) per share attributable to Lithia Motors, Inc.

Diluted share count	Diluted share count	28.3
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Year Ended December 31, 2022

Year Ended December 31, 2022

Year Ended December 31, 2022

(\$ in millions, except per share amounts)

(\$ in millions, except per share amounts) As reported Net disposal gain on sale of stores Investment loss Insurance reserves Acquisition expenses Adjusted

		Year Ended December 31, 2021						
		As	Asset	Investment	Insurance	Acquisition	Loss on redemption	
(\$ in millions, except per share amounts)		reported	impairment	loss	reserves	expenses	notes	Adjusted
Asset impairment		\$ 1.9	\$ (1.9)	\$ —	\$ —	\$ —	\$ —	\$ —
Selling, general and administrative	Selling, general and administrative	2,480.8	—	—	(5.8)	(20.2)	—	2,454.8
Operating income		1,662.5	1.9	—	5.8	20.2	—	1,690.4
Selling, general and administrative								
Selling, general and administrative								
Operating income (loss)								
Other (expense) income, net	Other (expense) income, net	(52.0)	—	66.4	—	—	10.3	24.7
Income before income taxes		\$1,484.8	\$ 1.9	\$ 66.4	\$ 5.8	\$ 20.2	\$ 10.3	\$1,589.4
Income (loss) before income taxes								
Income (loss) before income taxes								
Income (loss) before income taxes								
Income tax (provision) benefit	Income tax (provision) benefit	(422.1)	(0.5)	6.6	(1.6)	(5.1)	(2.7)	(425.4)
Net income		1,062.7	1.4	73.0	4.2	15.1	7.6	1,164.0
Net income (loss)								
Net income attributable to non-controlling interest	Net income attributable to non-controlling interest	(1.7)	—	—	—	—	—	(1.7)
Net income attributable to non-controlling interest	Net income attributable to non-controlling interest	(0.9)	—	—	—	—	—	(0.9)
Net income attributable to Lithia Motors, Inc.		\$1,060.1	\$ 1.4	\$ 73.0	\$ 4.2	\$ 15.1	\$ 7.6	\$1,161.4
Net income (loss) attributable to Lithia Motors, Inc.								
Diluted earnings per share attributable to Lithia Motors, Inc.		\$ 36.54	\$ 0.05	\$ 2.52	\$ 0.14	\$ 0.52	\$ 0.26	\$ 40.03
Diluted earnings (loss) per share attributable to Lithia Motors, Inc.								
Diluted earnings (loss) per share attributable to Lithia Motors, Inc.								
Diluted earnings (loss) per share attributable to Lithia Motors, Inc.								

Diluted share count Diluted share count 29.0

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Year Ended December 31, 2020										Year Ended December 31, 2021							
Year Ended December 31, 2020										Year Ended December 31, 2021							
Year Ended December 31, 2020										Year Ended December 31, 2021							
Year Ended December 31, 2020										Year Ended December 31, 2021							
(\$ in millions, except per share amounts)	(\$ in millions, except per share amounts)	Net disposal gain on		Asset impairment	Investment gain	Insurance reserves	Acquisition expenses	Tax attribute	Adjusted	(\$ in millions, except per share amounts)	As reported	Asset impairment	Investment loss	Insurance reserves	Acquisition expenses	Loss on redemption of senior notes	Adjusted
		As reported	sale of stores														
Asset impairment	Asset impairment	\$ 7.9	\$ —	\$ (7.9)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —							
Selling, general and administrative	Selling, general and administrative	1,437.9	16.6	—	—	(6.1)	(3.0)	—	1,445.4								
Operating income (loss)		692.7	(16.6)	7.9	—	6.1	3.0	—	693.1								
Other income (expense), net		61.8	—	—	(43.8)	—	—	—	18.0								
Operating income																	
Other (expense) income, net																	
Income before income taxes	Income before income taxes	\$ 648.5	\$ (16.6)	\$ 7.9	\$ (43.8)	\$ 6.1	\$ 3.0	\$ —	\$ 605.1								
Income before income taxes	Income before income taxes																
Income tax (provision) benefit	Income tax (provision) benefit	(178.2)	4.6	(2.3)	12.1	(1.6)	(0.8)	(0.8)	(167.0)								
Net income	Net income																
Net income attributable to non-controlling interest	Net income attributable to non-controlling interest																
Net income attributable to redeemable non-controlling interest	Net income attributable to redeemable non-controlling interest																
Net income attributable to Lithia Motors, Inc.	Net income attributable to Lithia Motors, Inc.	\$ 470.3	\$ (12.0)	\$ 5.6	\$ (31.7)	\$ 4.5	\$ 2.2	\$ (0.8)	\$ 438.1								

Diluted earnings per share attributable to Lithia Motors, Inc.	Diluted earnings per share attributable to Lithia Motors, Inc.	\$ 19.53	\$ (0.50)	\$ 0.23	\$ (1.32)	\$ 0.19	\$ 0.09	\$ (0.03)	\$ 18.19
Diluted earnings per share attributable to Lithia Motors, Inc.	Diluted earnings per share attributable to Lithia Motors, Inc.								
Diluted share count	Diluted share count	24.1							

## Liquidity and Capital Resources

We manage our liquidity and capital resources in the context of our overall business strategy, continually forecasting and managing our cash, working capital balances and capital structure to meet the short-term and long-term obligations of our business while maintaining liquidity and financial flexibility. Our free cash flow deployment strategy targets an allocation of 65% investment in acquisitions, 25% investment in capital expenditures, innovation, and diversification and 10% in shareholder return in the form of dividends and share repurchases.

We believe we have sufficient sources of funding to meet our business requirements for the next 12 months and in the longer term. Cash flows from operations and borrowings under our credit facilities are our main sources for liquidity. In addition to the above sources of liquidity, potential sources to fund our business strategy include financing of real estate and proceeds from debt or equity offerings. We evaluate all of these options and may select one or more of them depending on overall capital needs and the availability and cost of capital, although no assurances can be provided that these capital sources will be available in sufficient amounts or with terms acceptable to us.

### Available Sources

Below is a summary of our immediately available funds:

		As of December 31,									
(\$ in millions)	(\$ in millions)	2022	2021	Change	% Change						
Cash	Cash	\$ 168.1	\$ 153.0	\$ 15.1	9.9 %	Cash	\$ 825.0	\$ 168.1	\$ 656.9	390.8	390.8 %
Available credit on the credit facilities	Available credit on the credit facilities	1,419.4	1,234.7	184.7	15.0 %	Available credit on the credit facilities	870.4	1,415.6	1,415.6	(545.2)	(38.5) %
Total current available funds	Total current available funds	\$ 1,587.5	\$ 1,387.7	\$ 199.8	14.4 %	Total current available funds	\$ 1,695.4	\$ 1,583.7	\$ 111.7	7.1	7.1 %

Information about our cash flows, by category, is presented in our Consolidated Statements of Cash Flows. The following table summarizes our cash flows:

		Year Ended December 31,					Year Ended December 31,		
(\$ in millions)	(\$ in millions)	2022	2021	2020	(\$ in millions)	2023	2022	2021	
Net cash (used in) provided by operating activities	Net cash (used in) provided by operating activities	\$ (610.1)	\$ 1,797.2	\$ 544.6					

Net cash used in investing activities	Net cash used in investing activities	(1,329.8)	(2,890.4)	(1,605.8)
Net cash provided by financing activities	Net cash provided by financing activities	2,035.9	1,106.7	1,139.8



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### Operating Activities

Cash provided by used in operating activities decreased \$2.4 billion \$137.7 million in 2022 2023 compared to 2021, 2022, primarily as a result of growth in inventory levels compared to the prior year, growth in maturation of our financing receivables as we increase our auto loan portfolio and growth an increase in our business through acquisitions, manufacturer floor plan financing related to recovering new vehicle inventory levels, partially offset by improved profitability, reduced net income and an increase in trade receivables.

Borrowings from and repayments to our syndicated credit facilities related to our new vehicle inventory floor plan financing are presented as financing activities. To better understand the impact of changes in inventory, other assets, and the associated financing, we also consider our adjusted net cash provided by operating activities to include borrowings or repayments associated with our new vehicle floor plan commitment and exclude the impact of our financing receivables activity.

To better understand the impact of these items, adjusted net cash provided by operating activities, a non-GAAP measure, is presented below:

		Year Ended December 31,					Year Ended December 31,						
		2022 vs.		2021 vs.			2023		2022 vs. 2022			2022 vs. 2021	
		2021		2020			vs.						
							2022						
(\$ in millions)	(\$ in millions)	2022	2021	Change	2020	Change	(\$ in millions)	2023	2022	Change	2021	Change	
Net cash provided by operating activities – as reported		\$ (610.1)	1,797.2	\$ (2,407.3)	\$544.6	\$1,252.6							
Net cash (used in) provided by operating activities – as reported													
Add (less):	Add (less):												
Net borrowings (repayments) on floor plan notes payable: non-trade	Net borrowings (repayments) on floor plan notes payable: non-trade	737.9	(685.3)	1,423.2	(20.6)	(664.7)							
Add: Temporary pay down of outstanding borrowings on floor plan notes payable: non-trade		—	—	—	113.4	(113.4)							

Less:	Less:					
Borrowings on floor plan notes payable: non-trade associated with acquired new vehicle inventory	Borrowings on floor plan notes payable: non-trade associated with acquired new vehicle inventory	(116.5)	(355.5)	239.0	(255.0)	(100.5)
Adjust:	Adjust:					
Financing receivables activity	Financing receivables activity	1,363.0	640.8	722.2	114.1	526.7
Net cash provided by operating activities – adjusted	Net cash provided by operating activities – adjusted	\$1,374.3	\$1,397.2	\$ (22.9)	\$496.5	\$ 900.7

Inventories are one of the most significant component of our cash flow from operations. As of **December 31, 2022** **December 31, 2023**, our new vehicle days' supply was **47 65** days, or **23 18** days higher than our days' supply as of **December 31, 2021** **December 31, 2022**. Our days' supply of used vehicles was **55 64** days, which was six days lower higher than our days' supply as of **December 31, 2021** **December 31, 2022**. We calculate days' supply of inventory based on current inventory levels, including in-transit vehicles, and a 30-day historical cost of sales level. We have continued to focus on managing our unit mix and maintaining an appropriate level of new and used vehicle inventory.

#### Investing Activities

Net cash used in investing activities totaled \$1.3 billion and **\$2.9 billion** **\$1.3 billion**, respectively, for **2022 2023** and **2021, 2022**. Cash flows from investing activities relate primarily to capital expenditures, acquisition and divestiture activity and sales of property and equipment. **Our surplus of cash as of December 31, 2023, has been made available to fund upcoming acquisition activity.**

Below are highlights of significant activity related to our cash flows from investing activities:

		Year Ended December 31,					Year Ended December 31,						
		2022 vs.		2021 vs.			2023		2022 vs. 2022			2022 vs. 2021	
		2021		2020			vs.		2022				
(\$ in millions)	(\$ in millions)	2022	2021	Change	2020	Change	2023	2022	Change	2021	Change		
Capital expenditures	Capital expenditures	\$ (303.1)	\$ (260.4)	\$ (42.7)	\$ (167.8)	\$ (92.6)							
Cash paid for acquisitions, net of cash acquired	Cash paid for acquisitions, net of cash acquired	(1,243.6)	(2,699.3)	1,455.7	(1,503.3)	(1,196.0)							
Proceeds from sales of stores	Proceeds from sales of stores	212.1	76.3	135.8	57.5	18.8							
Proceeds from sales of stores	Proceeds from sales of stores												

## Capital Expenditures

Below is a summary of our capital expenditure activities:

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Many manufacturers provide assistance in the form of additional incentives or assistance if facilities meet manufacturer image standards and requirements. We expect that certain facility upgrades and remodels will generate additional manufacturer incentive payments. Also, tax laws allowing accelerated deductions for capital expenditures reduce the overall investment needed and encourage accelerated project timelines.

We expect to use a portion of our future capital expenditures to upgrade facilities that we recently acquired. This additional capital investment is contemplated in our initial evaluation of the investment return metrics applied to each acquisition and is usually associated with manufacturer image standards and requirements.

If we undertake a significant capital commitment in the future, we expect to pay for the commitment out of existing cash balances, construction financing and borrowings on our credit facilities. Upon completion of the projects, we believe we would have the ability to secure long-term financing and general borrowings from third party lenders for 70% to 90% of the amounts expended, although no assurances can be provided that these financings will be available to us in sufficient amounts or on terms acceptable to us.

## Acquisitions

Growth through acquisitions is a key component of our long-term strategy that enables us to increase our network of locations, support maintaining a diverse franchise and geographic mix and improve our ability to serve customers through wider selection and improved proximity. Our disciplined approach focuses on acquiring new vehicle franchises that are accretive and cash flow positive at reasonable valuations.

We are able to subsequently floor new vehicle inventory acquired as part of an acquisition; however, the cash generated by these transactions are recorded as borrowings on floor plan notes payable, non-trade. Adjusted net cash paid for acquisitions, a non-GAAP measure, as well as certain other acquisition-related information is presented below:

(\$ in millions)	(\$ in millions)	Year Ended December 31,			(\$ in millions)	Year Ended December 31,		
		2022	2021	2020		2023	2022	2021
Number of stores acquired	Number of stores acquired	31	77	30				
Number of stores opened	Number of stores opened	1	1	—				
Cash paid for acquisitions, net of cash acquired	Cash paid for acquisitions, net of cash acquired	\$(1,243.6)	\$(2,699.3)	\$(1,503.3)				
Cash paid for acquisitions, net of cash acquired								
Cash paid for acquisitions, net of cash acquired								
Add: Borrowings on floor plan notes payable, non-trade associated with acquired new vehicle inventory	Add: Borrowings on floor plan notes payable, non-trade associated with acquired new vehicle inventory	116.5	355.5	255.0				

Cash paid for acquisitions, net of cash acquired – adjusted	Cash paid for acquisitions, net of cash acquired – adjusted	\$ (1,127.1)	\$ (2,343.8)	\$ (1,248.3)
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We evaluate potential capital investments primarily based on targeted rates of return on assets and return on our net equity investment.

**Financing Activities**

Adjusted net cash provided by financing activities, a non-GAAP measure, which is adjusted for borrowings and repayments on floor plan facilities: non-trade and borrowings and repayments associated with our Financing Operations segment was as follows:

(\$ in millions)	Year Ended December 31,	Year Ended December 31,		
	(\$ in millions)	2023	2022	2021
Cash provided by financing activities, as reported				
Add (less):				
Net (borrowings) repayments on floor plan notes payable: non-trade				
Less: Net borrowings on non-recourse notes payable				
Cash provided by financing activities, as adjusted				

(\$ in millions)	Year Ended December 31,		
	2022	2021	2020
Cash provided by (used in) financing activities, as reported	\$ 2,035.9	1,106.7	\$ 1,139.8

Add (less):			
Net			
(borrowings)			
repayments			
on floor plan			
notes			
payable:			
non-trade	(737.9)	685.3	20.6
Less: Net			
borrowings			
on non-			
recourse			
notes			
payable	(104.6)	(317.6)	—
Cash			
provided by			
financing			
activities, as			
adjusted	\$1,193.4	\$1,474.4	\$1,160.4

Below are highlights of significant activity related to our cash flows from financing activities, excluding borrowings and repayments on floor plan notes payable: non-trade and non-recourse notes payable, which are discussed above:

	Year Ended December 31,						Year Ended December 31,							
	2022		2021		2022 vs. 2021		2023		2022		2023 vs. 2022		2022 vs. 2021	
(\$ in millions)	(\$ in millions)	2022	2021	Change	2020	Change	(\$ in millions)	2023	2022	Change	2021	Change		
Net borrowings														
(repayments) on lines of credit		\$2,023.8	\$325.4	\$1,698.4	\$(110.0)	\$435.4								
Net borrowings on lines of credit														
Principal payments on long-term debt and finance lease liabilities, other	Principal payments on long-term debt and finance lease liabilities, other	(171.7)	(486.5)	314.8	(6.3)	(480.2)								
Proceeds from the issuance of long-term debt	Proceeds from the issuance of long-term debt	113.3	817.4	(704.1)	606.5	210.9								
Proceeds from the issuance of common stock	Proceeds from the issuance of common stock	36.1	1,136.2	(1,100.1)	790.4	345.8								
Payment of debt issuance costs	Payment of debt issuance costs	(11.8)	(14.7)	2.9	(10.8)	(3.9)								

Repurchases of common stock	Repurchases of common stock					
		(688.3)	(230.7)	(457.6)	(50.6)	(180.1)
Dividends paid	Dividends paid	(45.2)	(38.8)	(6.4)	(29.1)	(9.7)

### Borrowing and Repayment Activity

During 2022, 2023, we raised net proceeds of \$113.3 million \$79.8 million through the issuance of debt, and had net borrowings of \$2.0 billion \$0.3 billion on our lines of credit. These funds were primarily used for acquisitions, share repurchases and capital expenditures.

Our debt to total capital ratio, excluding floor plan notes payable, was 47.1% at December 31, 2023 compared to 49.5% at December 31, 2022 compared to 40.0% at December 31, 2021.

### Equity Transactions

In November 2022, During 2023, we repurchased over 142,700 shares at a weighted average price of \$240.81 under our Board of Directors authorized the current share repurchase of up to \$450 million of our common stock. This new authorization, is in addition to the amount previously authorized by the Board for repurchase. As of December 31, 2022, we had \$501.4 million available for repurchase under the program. The authority to repurchase does not have an expiration date, with approximately \$467.0 million remaining.

During 2022, 2023, we paid dividends on our common stock as follows:

Dividend paid:	Dividend amount per share	Total amount of dividend (in millions)
March 2022	\$ 0.35	\$ 10.3
May 2022	0.42	11.9
August 2022	0.42	11.6
November 2022	0.42	11.4

Dividend paid:	Dividend amount per share	Total amount of dividend (in millions)
March 2023	\$ 0.42	\$ 11.5
May 2023	0.50	13.8
August 2023	0.50	13.8
November 2023	0.50	13.7

We evaluate performance and make a recommendation to the Board of Directors on dividend payments on a quarterly basis.



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### Summary of Outstanding Balances on Credit Facilities and Long-Term Debt

Below is a summary of our outstanding balances on credit facilities and long-term debt:

(\$ in millions)	(\$ in millions)	Remaining	
		Outstanding as of December 31, 2022	Available as of December 31, 2022
Floor plan notes payable: non-trade	Floor plan notes payable: non-trade	\$ 1,489.4	\$ —
Floor plan notes payable: non-trade	Floor plan notes payable: non-trade		(4)
Floor plan notes payable: non-trade	Floor plan notes payable: non-trade	\$ 2,288.5	\$ —

Floor plan notes payable	Floor plan notes payable	627.2	—								
Used and service loaner vehicle inventory financing commitments	Used and service loaner vehicle inventory financing commitments										
Used and service loaner vehicle inventory financing commitments	Used and service loaner vehicle inventory financing commitments	877.2	17.9		902.8	25.5	25.5		(2)	(2)	
Revolving lines of credit	Revolving lines of credit	927.6	1,286.2	(2), (3)		1,620.7	829.6			(2), (3)	(2), (3)
Warehouse facilities	Warehouse facilities	930.0	115.3	(2)		587.0	15.4			(2)	(2)
Non-recourse notes payable	Non-recourse notes payable	422.2	—								
Real estate mortgages	Real estate mortgages	580.1	—								
Finance lease obligations	Finance lease obligations	56.4	—								
4.625% Senior notes due 2027	4.625% Senior notes due 2027										
4.625% Senior notes due 2027	4.625% Senior notes due 2027	400.0	—								
4.375% Senior notes due 2031	4.375% Senior notes due 2031	550.0	—								
4.375% Senior notes due 2031	4.375% Senior notes due 2031										
3.875% Senior notes due 2029	3.875% Senior notes due 2029	800.0	—								
Other debt	Other debt	16.6	—								
3.875% Senior notes due 2029	3.875% Senior notes due 2029										
Real estate mortgages, finance lease obligations, and other debt	Real estate mortgages, finance lease obligations, and other debt										
Real estate mortgages, finance lease obligations, and other debt	Real estate mortgages, finance lease obligations, and other debt										
Unamortized debt issuance costs	Unamortized debt issuance costs										

Unamortized debt issuance costs									
Unamortized debt issuance costs	Unamortized debt issuance costs	(29.1)	—	(31.8)	—	—	(4)	(4)	
Total debt	Total debt	\$ 7,647.6	\$ 1,419.4						

- (1) As of **December 31, 2022** **December 31, 2023**, we had a **\$1.4 billion** **\$2.1 billion** new vehicle floor plan commitment as part of our USB credit facility, and a \$500 million CAD wholesale floorplan commitment as part of our BNS credit facility.
- (2) The amounts available on the credit facilities are limited based on borrowing base calculations and fluctuates monthly.
- (3) Available credit is based on the borrowing base amount effective as of **November 30, 2022** **November 30, 2023**. This amount is reduced by **\$38.8 million** **\$37.0 million** for outstanding letters of credit.
- (4) Debt issuance costs are presented on the balance sheet as a reduction from the carrying amount of the related debt liability. See Note 9 – Credit Facilities and Long-Term Debt of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report.

### Contractual Obligations

Our cash requirements greater than twelve months from contractual obligations and commitments include:

#### Debt Obligations and Interest Payments

Refer to Note 9 – Credit Facilities and Long-Term Debt of the notes to the consolidated financial statements for further information of our obligations and the timing of expected payments.

#### Contract Obligations

Refer to Note 8 – Commitments and Contingencies of the notes to the consolidated financial statements for further information of our obligations and the timing of expected payments.

#### Operating and Finance Leases

Refer to Note 8 – Commitments and Contingencies of the notes to the consolidated financial statements for further information of our obligations and the timing of expected payments.

### Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires us to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenues and expenses at the date of the financial statements. Certain accounting policies require us to make difficult and subjective judgments on matters that are inherently uncertain. The following accounting policies involve critical accounting estimates because they are particularly dependent on assumptions made by management. While we have made our best estimates based on facts and circumstances available to us at the time, different estimates could have been used in the current period. Changes in the accounting estimates we used are reasonably likely to occur from period to period, which may have a material impact on the presentation of our financial condition and results of operations.

Our most critical accounting estimates include those related to goodwill and franchise value, and acquisitions. We also have other key accounting policies for valuation of finance receivables and expense accruals. However, these policies either do not meet the definition of critical accounting estimates described above or the policies are not currently material items in our financial statements. We review our estimates, judgments and assumptions periodically and reflect the effects of revisions in the period that they are deemed to be necessary. We believe that these estimates are reasonable. However, actual results could differ materially from these estimates.



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### Goodwill and Franchise Value

We are required to test our goodwill and franchise value for impairment at least annually on October 1, or more frequently if conditions indicate that an impairment may have occurred. Our reporting units for goodwill impairment testing are **individual retail automotive stores**, **North America Vehicle Operations**, **United Kingdom Vehicle Operations**, and **US and Canada Financing Operations**. We have the option to qualitatively or quantitatively assess goodwill for impairment and, in **2022**, **2023**, we evaluated our goodwill using a qualitative assessment process. If the qualitative factors determine that it is more likely than not that the fair value of the reporting unit exceeds the carrying amount, goodwill is not impaired. If the qualitative assessment determines it is more likely than not the fair value is less than the carrying amount, we would further evaluate for potential impairment.

As of **December 31, 2022** **December 31, 2023**, we had **\$1.5 billion** **\$1.9 billion** of goodwill on our balance sheet associated with **265 locations**. **No location accounted for more than 1.8% of our total goodwill as of December 31, 2022.** **reporting units**. The annual goodwill impairment analysis resulted in no indications of impairment in **2023**, **2022** **2021** or **2020**.

During the second quarter of 2020, there was an indication of a triggering event at certain locations. As a result, we identified certain locations where it was more likely than not the fair values were less than the carrying amounts, and we recorded a non-cash impairment charge of \$3.5 million, 2021.

We have determined the appropriate unit of accounting for testing franchise rights for impairment is on an individual store basis. We have the option to qualitatively or quantitatively assess indefinite-lived intangible assets for impairment. In 2022, 2023, we evaluated our indefinite-lived intangible assets using a qualitative assessment process. If the qualitative factors determine that it is more likely than not that the fair value of the individual store's franchise value exceeds the carrying amount, the franchise value is not impaired, and the second step is not necessary. If the qualitative assessment determines it is more likely than not that the fair value is less than the carrying amount, then a quantitative valuation of our franchise value is performed. An impairment charge is recorded to the extent the fair value is less than the carrying value.

As of December 31, 2022 December 31, 2023, we had \$1.9 billion \$2.4 billion of franchise value on our balance sheet associated with 265 303 locations. No individual location accounted for more than 3.6% 2.8% of our total franchise value as of December 31, 2022 December 31, 2023. The annual franchise value impairment analysis, which we perform as of October 1 each year, resulted in no indications of impairment in 2023, 2022, 2021, or 2020, 2021. During the third quarter of 2021, there were indications of impairment at a certain location. We tested the franchise value for this location, which resulted in an impairment charge of \$1.9 million. During the second quarter of 2020, there was an indication of a triggering event at certain locations. As a result, we identified certain reporting units where it was more likely than not the fair values were less than the carrying amounts, and we recorded a non-cash impairment charge of \$4.4 million.

We are subject to financial statement risk to the extent that our goodwill or franchise rights become impaired due to decreases in the fair value. A future decline in performance, decreases in projected growth rates or margin assumptions or changes in discount rates could result in a potential impairment, which could have a material adverse impact on our financial position and results of operations. Furthermore, if a manufacturer becomes insolvent, we may be required to record a partial or total impairment on the franchise value and/or goodwill related to that manufacturer. No individual manufacturer accounted for more than 2.7% 2.1% of our total franchise value and goodwill as of December 31, 2022 December 31, 2023.

See Note 1 – Summary of Significant Accounting Policies and Note 6 – Goodwill and Franchise Value of Notes to Consolidated Financial Statements included in Part II, Item 8. Financial Statements and Supplementary Financial Data of this Annual Report.

#### Acquisitions

We account for acquisitions using the purchase method of accounting which requires recognition of assets acquired and liabilities assumed at fair value as of the date of the acquisition. Determination of the estimated fair value assigned to each asset acquired or liability assumed can materially impact the net income in subsequent periods through depreciation and amortization and potential impairment charges.

The most significant items we generally acquire in a transaction are inventory, long-lived assets, intangible franchise rights and goodwill. The fair value of acquired inventory is based on manufacturer invoice cost and market data. We estimate the fair value of property and equipment based on a market valuation approach. Additionally, we may use a cost valuation approach to value long-lived assets when a market valuation approach is unavailable. We apply an

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income approach for the fair value of intangible franchise rights which discounts the projected future net cash flow using an appropriate discount rate that reflects the risks associated with such projected future cash flow.

See Note 1 – Summary of Significant Accounting Policies and Note 16 – Acquisitions of Notes to Consolidated Financial Statements included in Part II, Item 8. Financial Statements and Supplementary Financial Data of this Annual Report.

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## Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks relating to market fluctuations in interest rates, foreign currency exchange rates, and equity values. We do not acquire our market risk sensitive instruments for trading purposes.

### Variable Rate Debt

Our credit facilities, other floor plan notes payable, and certain real estate mortgages are structured as variable rate debt. The interest rates on our variable rate debt are tied to either the one-day Secured Overnight Financing Rate (SOFR), one-month Canadian Dollar Offered Rate (CDOR), or the prime rate. These debt obligations, therefore, expose us to variability in interest payments due to changes in these rates. Certain floor plan debt is based on open-ended lines of credit tied to each individual store from the various manufacturer finance companies.

Our variable-rate floor plan notes payable, variable rate mortgage notes payable and other credit line borrowings subject us to market risk exposure. As of December 31, 2023, we had \$6.9 billion outstanding under such agreements at a weighted average interest rate of 6.8% per annum. A 10% increase in interest rates, or 68.1 basis points, would increase annual interest expense by approximately \$34.8 million, net of tax, based on amounts outstanding as of December 31, 2023.

As of December 31, 2022, we had \$5.0 billion outstanding under such agreements at a weighted average interest rate of 4.1% per annum. A 10% increase in interest rates, or 40.8 basis points, would increase annual interest expense by approximately \$15.1 million, net of tax, based on amounts outstanding as of December 31, 2022.

As of December 31, 2021, we had \$2.1 billion outstanding under such agreements at a weighted average interest rate of 1.43% per annum. A 10% increase in interest rates, or 14.3 basis points, would increase annual interest expense by approximately \$2.2 million, net of tax, based on amounts outstanding as of December 31, 2021.

### Fixed Rate Debt

The fair value of our long-term fixed interest rate debt is subject to interest rate risk. Generally, the fair value of fixed interest rate debt will increase as interest rates fall because we would expect to be able to refinance for a lower rate. Conversely, the fair value of fixed interest rate debt will decrease as interest rates rise. The interest rate changes affect the fair value but do not impact earnings or cash flows.

As of December 31, 2023, we had \$4.1 billion of long-term fixed interest rate debt outstanding and recorded on the balance sheet, with maturity dates between January 1, 2024 and December 31, 2050. Based on discounted cash flows using current interest rates for comparable debt, we have determined that the fair value of this long-term fixed interest rate debt was approximately \$3.9 billion as of December 31, 2023.

As of December 31, 2022, we had \$2.7 billion of long-term fixed interest rate debt outstanding and recorded on the balance sheet, with maturity dates between May 28, 2023 and December 31, 2050. Based on discounted cash flows using then current interest rates for comparable debt, we have determined that the fair value of this long-term fixed interest rate debt was approximately \$2.3 billion as of December 31, 2022.

As of December 31, 2021, we had \$2.5 billion of long-term fixed interest rate debt outstanding and recorded on the balance sheet, with maturity dates between April 1, 2022 and July 1, 2038. Based on discounted cash flows using current interest rates for comparable debt, we have determined that the fair value of this long-term fixed interest rate debt was approximately \$2.6 billion as of December 31, 2021.

### Foreign Currency Exchange Risk

The functional We have foreign currency of risks related to our foreign subsidiaries' operating activities denominated in currencies other than the U.S. dollar, including the Canadian subsidiaries is dollar and the CAD. British pound sterling. Our exposure to fluctuating exchange rates relates to the effects of translating financial statements of those subsidiaries into our reporting currency, which we do not hedge against based on our investment strategy in these foreign operations. A 10% devaluation in average exchange rates for the CAD to the USD would have resulted in a \$105.7 million \$303.1 million and \$32.3 million \$105.7 million decrease to our revenues for the years ended December 31, 2022 December 31, 2023, and 2021, 2022, respectively.

### Risk Management Policies

We assess interest rate cash flow risk by identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. Our policy is to manage this risk through monitoring our mix of fixed rate and variable rate debt. We currently utilize bank debt, mortgage financing, high-yield debt and internally generated cash flows for growth and investment. We monitor our credit

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ratings and evaluate the benefit and cost of various debt types to manage, and minimize as best as possible, our interest cost.

We maintain risk management controls to monitor interest rate cash flow attributable to both our outstanding and forecasted debt obligations, as well as our offsetting hedge positions. The risk management controls include assessing the impact to future cash flows of changes in interest rates.

## Item 8. Financial Statements and Supplementary Financial Data

The financial statements and notes thereto required by this item begin on page F-1 as listed in Item 15. Exhibits and Financial Statement Schedules of Part IV of this document.

## Item 9A. Controls and Procedures

### **Evaluation of Disclosure Controls and Procedures**

Our management evaluated, with the participation and under the supervision of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure and that such information is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

### **Changes in Internal Control Over Financial Reporting**

There was no change in our internal control over financial reporting that occurred during our last fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

### **Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our management assessed the effectiveness of our internal control over financial reporting as of **December 31, 2022** **December 31, 2023**. In making this assessment, we used the criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In accordance with guidance issued by the SEC, companies are permitted to exclude acquisitions from their final assessment of internal controls over financial reporting during the year of the acquisition while integrating the acquired operations. Management's evaluation of internal control over financial reporting excludes the operations of the **thirty-one** **56** stores acquired in **2022**, **2023**, which represented **5%** **11%** of consolidated total assets as of **December 31, 2022** **December 31, 2023** and **5%** **8%** of consolidated revenues for the year ended **December 31, 2022** **December 31, 2023**.

Based on our assessment, our management concluded that, as of **December 31, 2022** **December 31, 2023**, our internal control over financial reporting was effective.

KPMG LLP, our Independent Registered Public Accounting Firm, has issued an attestation report on our internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, which is included in Item 8. Financial Statements and Supplementary Financial Data of this Form 10-K.

## PART III

## Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item will be included in our Proxy Statement for our **2023** **2024** Annual Meeting of Shareholders and, upon filing with the SEC within 120 days of **December 31, 2022** **December 31, 2023**, is incorporated herein by reference.

## Item 11. Executive Compensation

Information required by this item will be included in our Proxy Statement for our **2023** **2024** Annual Meeting of Shareholders and, upon filing with the SEC within 120 days of **December 31, 2022** **December 31, 2023**, is incorporated herein by reference.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

### Equity Compensation Plan Information

The following table summarizes equity securities authorized for issuance as of **December 31, 2022** **December 31, 2023**.

Plan Category	Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) (2)
<b>Plan Category</b>				
<b>Plan Category</b>				
Equity compensation plans approved by shareholders				
Equity compensation plans approved by shareholders				
Equity compensation plans approved by shareholders	Equity compensation plans approved by shareholders	415,878	\$ —	2,095,734
Equity compensation plans not approved by shareholders	Equity compensation plans not approved by shareholders	—	—	—
Equity compensation plans not approved by shareholders				
Equity compensation plans not approved by shareholders				
<b>Total</b>	<b>Total</b>	<b>415,878</b>	<b>\$ —</b>	<b>2,095,734</b>
Total				
Total				

(1) There is no exercise price associated with our restricted stock units.

(2) Includes 943,888 718,731 shares available pursuant to our 2013 Amended and Restated Stock Incentive Plan and 1,151,846 1,027,692 shares available pursuant to our Employee Stock Purchase Plan.

The additional information required by this item will be included in our Proxy Statement for our **2023 2024** Annual Meeting of Shareholders and, upon filing with the SEC within 120 days of **December 31, 2022** **December 31, 2023**, is incorporated herein by reference.

## Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this item will be included in our Proxy Statement for our **2023 2024** Annual Meeting of Shareholders and, upon filing with the SEC within 120 days of **December 31, 2022** **December 31, 2023**, is incorporated herein by reference.

## Item 14. Principal Accounting Fees and Services

Our independent registered public accounting firm is KPMG LLP, Portland, OR, Auditor Firm ID: 185.

Information required by this item will be included in our Proxy Statement for our **2023 2024** Annual Meeting of Shareholders and, upon filing with the SEC within 120 days of **December 31, 2022** **December 31, 2023**, is incorporated herein by reference.



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## PART IV

## Item 15. Exhibits and Financial Statement Schedules

### Financial Statements and Schedules

The Consolidated Financial Statements, together with the reports thereon of KPMG LLP, Independent Registered Public Accounting Firm, are included on the pages indicated below:

	Page
Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets as of <b>December 31, 2022</b> <b>December 31, 2023</b> and <b>2021 2022</b>	F-5
Consolidated Statements of Operations for the years ended <b>December 31, 2022</b> <b>December 31, 2023</b> , <b>2021 2022</b> and <b>2020 2021</b>	F-6
Consolidated Statements of Comprehensive Income for the years ended <b>December 31, 2022</b> <b>December 31, 2023</b> , <b>2021 2022</b> and <b>2020 2021</b>	F-7
Consolidated Statements of Equity and Redeemable Non-controlling Interest for the years ended <b>December 31, 2022</b> <b>December 31, 2023</b> , <b>2021 2022</b> and <b>2020 2021</b>	F-8
Consolidated Statements of Cash Flows for the years ended <b>December 31, 2022</b> <b>December 31, 2023</b> , <b>2021 2022</b> and <b>2020 2021</b>	F-9
Notes to Consolidated Financial Statements	F-11

There are no schedules required to be filed herewith.

### Exhibit Index

The following exhibits are filed herewith. An asterisk (\*) beside the exhibit number indicates the exhibits containing a management contract, compensatory plan or arrangement.

Exhibit Number	Exhibit Description	Form	Incorporated by Reference			Filed or Furnished Herewith
			File Number	Exhibit	Filing Date	
<a href="#">3.1</a>	Restated Articles of Incorporation of Lithia Motors, Inc.	10-Q	001-14733	3.1	07/28/21	
<a href="#">3.2</a>	Second Amended and Restated Bylaws of Lithia Motors, Inc.	8-K	001-14733	3.2	04/25/19	
<a href="#">4.1</a>	Indenture, dated as of December 9, 2019, among Lithia Motors, Inc., the Guarantors and the Trustee	8-K	001-14733	4.1	12/13/19	
<a href="#">4.1.1</a>	Form of 4.625% Senior Notes due 2027	8-K	001-14733	4.1	12/13/19	
<a href="#">4.2</a>	Indenture, dated as of October 9, 2020, among Lithia Motors, Inc., the Guarantors and the Trustee	8-K	001-14733	4.1	10/09/20	
<a href="#">4.2.1</a>	Form of 4.375% Senior Notes due 2031	8-K	001-14733	4.1	10/09/20	
<a href="#">4.3</a>	Indenture, dated as of May 27, 2021, among Lithia Motors, Inc., the Guarantors and the Trustee	8-K	001-14733	4.1	05/27/21	
<a href="#">4.3.1</a>	Form of 3.875% senior notes due 2029	8-K	001-14733	4.1	05/27/21	
<a href="#">4.7</a>	Description of the Registrant's Securities under Section 12 of the Exchange Act of 1934	10-K	001-14733	4.7	02/18/22	
<a href="#">10.1*</a>	Amended and Restated 2009 Employee Stock Purchase Plan	8-K	001-14733	10.1	04/25/19	
<a href="#">10.2*</a>	Lithia Motors, Inc. 2013 Amended and Restated Stock Incentive Plan	8-K	001-14733	10.1	05/02/13	
<a href="#">10.2.1*</a>	RSU Deferral Plan	10-K	001-14733	10.3.1	02/24/12	
<a href="#">10.2.2*</a>	Amendment to RSU Deferral Plan	10-K	001-14733	10.2.2	03/02/15	
<a href="#">10.2.3*</a>	Restricted Stock Unit (RSU) Deferral Election Form	10-K	001-14733	10.2.3	03/02/15	
<a href="#">10.3*</a>	Form of Restricted Stock Unit Agreement (2020 Performance- and Time-Vesting) (for Senior Executives)	10-K	001-14733	10.3.3	02/21/20	
<a href="#">10.3.1*</a>	Form of Restricted Stock Unit Agreement (2021 Performance- and Time-Vesting) (for Senior Executives)	10-K	001-14733	10.3.3	02/19/21	
<a href="#">10.3.2*</a>	Form of Restricted Stock Unit Agreement (2022 Performance- and Time-Vesting) (for Senior Executives)	10-K	001-14733	10.3.3	02/18/22	
<a href="#">10.3.3*</a>	Form of Restricted Stock Unit Agreement (Performance-Vesting) for awards beginning in 2023					X
<a href="#">10.3.4*</a>	Form of Restricted Stock Unit Agreement (Time-Vesting) for awards beginning in 2023					X
<a href="#">10.4</a>	Lithia Motors, Inc. Short-Term Incentive Plan	8-K	001-14733	10.1	12/22/20	
<a href="#">10.5*</a>	Form of Outside Director Nonqualified Deferred Compensation Agreement	10-K	001-14733	10.20	03/08/06	
<a href="#">10.6*</a>	Amended and Restated Split-Dollar Agreement	10-K	001-14733	10.17	02/22/13	
<a href="#">10.7*</a>	Form of Indemnity Agreement for each Named Executive Officer	8-K	001-14733	10.1	05/29/09	

Exhibit Number	Exhibit Description	Form	Incorporated by Reference			Filed or Furnished Herewith
			File Number	Exhibit	Filing Date	
<a href="#">3.1</a>	Restated Articles of Incorporation of Lithia Motors, Inc.	10-Q	001-14733	3.1	07/28/21	
<a href="#">3.2</a>	Second Amended and Restated Bylaws of Lithia Motors, Inc.	8-K	001-14733	3.2	04/25/19	
<a href="#">4.1</a>	Indenture, dated as of December 9, 2019, among Lithia Motors, Inc., the Guarantors and the Trustee	8-K	001-14733	4.1	12/13/19	

<a href="#">4.1.1</a>	Form of 4.625% Senior Notes due 2027	8-K	001-14733	4.1	12/13/19	
<a href="#">4.2</a>	Indenture, dated as of October 9, 2020, among Lithia Motors, Inc., the Guarantors and the Trustee	8-K	001-14733	4.1	10/09/20	
<a href="#">4.2.1</a>	Form of 4.375% Senior Notes due 2031	8-K	001-14733	4.1	10/09/20	
<a href="#">4.3</a>	Indenture, dated as of May 27, 2021, among Lithia Motors, Inc., the Guarantors and the Trustee	8-K	001-14733	4.1	05/27/21	
<a href="#">4.3.1</a>	Form of 3.875% senior notes due 2029	8-K	001-14733	4.1	05/27/21	
<a href="#">4.7</a>	Description of the Registrant's Securities under Section 12 of the Exchange Act of 1934	10-K	001-14733	4.7	02/18/22	
<a href="#">10.1*</a>	Amended and Restated 2009 Employee Stock Purchase Plan					X
<a href="#">10.2*</a>	Lithia Motors, Inc. 2013 Amended and Restated Stock Incentive Plan	8-K	001-14733	10.1	05/02/13	
<a href="#">10.2.1*</a>	RSU Deferral Plan	10-K	001-14733	10.3.1	02/24/12	
<a href="#">10.2.2*</a>	Amendment to RSU Deferral Plan	10-K	001-14733	10.2.2	03/02/15	
<a href="#">10.2.3*</a>	Restricted Stock Unit (RSU) Deferral Election Form	10-K	001-14733	10.2.3	03/02/15	
<a href="#">10.3*</a>	Form of Restricted Stock Unit Agreement (2020 Performance- and Time-Vesting) (for Senior Executives)	10-K	001-14733	10.3.3	02/21/20	
<a href="#">10.3.1*</a>	Form of Restricted Stock Unit Agreement (2021 Performance- and Time-Vesting) (for Senior Executives)	10-K	001-14733	10.3.3	02/19/21	
<a href="#">10.3.2*</a>	Form of Restricted Stock Unit Agreement (2022 Performance- and Time-Vesting) (for Senior Executives)	10-K	001-14733	10.3.3	02/18/22	
<a href="#">10.3.3*</a>	Form of Restricted Stock Unit Agreement (Performance-Vesting) for awards beginning in 2023	10-K	001-14733	10.3.3	02/24/23	
<a href="#">10.3.4*</a>	Form of Restricted Stock Unit Agreement (Time-Vesting) for awards beginning in 2023	10-K	001-14733	10.3.4	02/24/23	
<a href="#">10.3.5*</a>	Form of Restricted Stock Unit Agreement (Time-Vesting) for awards beginning in 2023 (for Directors)	10-Q	001-14733	10.2	04/28/23	
<a href="#">10.4</a>	Lithia Motors, Inc. Short-Term Incentive Plan	8-K	001-14733	10.1	12/22/20	
<a href="#">10.5*</a>	Form of Outside Director Nonqualified Deferred Compensation Agreement	10-K	001-14733	10.20	03/08/06	

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Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
<a href="#">10.8*</a>	Form of Indemnity Agreement for each non-management Director	8-K	001-14733	10.2	05/29/09	
<a href="#">10.9*</a>	Executive Management Non-Qualified Deferred Compensation and Long-Term Incentive Plan	10-Q	001-14733	10.1	04/29/16	
<a href="#">10.9.1*</a>	Form of Executive Management Non-Qualified Deferred Compensation and Long-Term Incentive Plan – Notice of Discretionary Contribution Award for Sidney DeBoer	10-K	001-14733	10.22.1	03/07/11	
<a href="#">10.9.2*</a>	Form of Executive Management Non-Qualified Deferred Compensation and Long-Term Incentive Plan – Notice of Discretionary Contribution Award	10-K	001-14733	10.22.2	03/07/11	
<a href="#">10.9.3*</a>	Amendment to Executive Management Non-Qualified Deferred Compensation and Long-Term Incentive Plan (Executive Management Non-Qualified Deferred Compensation and Supplemental Executive Retirement Plan)	10-K	001-14733	10.10.3	02/25/19	
<a href="#">10.10*</a>	Transition Agreement dated September 14, 2015 between Lithia Motors, Inc. and Sidney B. DeBoer	8-K	001-14733	10.1	09/17/15	
<a href="#">10.10.1*</a>	Amendment to Transition Agreement dated January 22, 2019 between Lithia Motors, Inc. and Sidney B. DeBoer	8-K	001-14733	10.1	01/25/19	
<a href="#">10.11*</a>	Director Service Agreement effective January 1, 2016 between Lithia Motors, Inc. and Sidney B. DeBoer	8-K	001-14733	10.2	09/17/15	
<a href="#">10.12*†</a>	Form of Employment and Change in Control Agreement dated February 4, 2016 between Lithia Motors, Inc. and Bryan DeBoer	8-K	001-14733	10.1	02/05/16	
<a href="#">10.13</a>	Fourth Amended and Restated Loan Agreement, dated April 29, 2021, among Lithia Motors, Inc., the subsidiaries of Lithia Motors, Inc. listed on the signature pages of the agreement or that thereafter become borrowers thereunder, the lenders party thereto from time to time, and U.S. Bank National Association.	8-K	001-14733	10.1	05/04/21	
<a href="#">10.13.1</a>	First Amendment to Fourth Amended and Restated Loan Agreement, dated February 7, 2022, among Lithia Motors, Inc., the subsidiaries of Lithia Motors, Inc. listed on the signature pages of the agreement or that thereafter become borrowers thereunder, the lenders party thereto from time to time, and U.S. Bank National Association.					X
<a href="#">10.13.2†</a>	Second Amendment to Fourth Amended and Restated Loan Agreement, dated June 2, 2022, among Lithia Motors, Inc., the subsidiaries of Lithia Motors, Inc. listed on the signature pages of the agreement or that thereafter become borrowers thereunder, the lenders party thereto from time to time, and U.S. Bank National Association.	8-K	001-14733	10.1	06/08/22	

<a href="#">10.13.3</a> †	Third Amendment to Fourth Amended and Restated Loan Agreement, dated November 21, 2022, among Lithia Motors, Inc., the subsidiaries of Lithia Motors, Inc. listed on the signature pages of the agreement or that thereafter become borrowers thereunder, the lenders party thereto from time to time, and U.S. Bank National Association.					X
<a href="#">10.13.4</a> †	Fourth Amendment to Fourth Amended and Restated Loan Agreement, dated February 9, 2023, among Lithia Motors, Inc., the subsidiaries of Lithia Motors, Inc. listed on the signature pages of the agreement or that thereafter become borrowers thereunder, the lenders party thereto from time to time, and U.S. Bank National Association.	8-K	001-14733	10.1	02/15/23	
<a href="#">10.14</a>	Amended and Restated Loan Agreement, dated December 31, 2020, among SCFC Business Services LLC, Driveway Finance Corporation, the lenders party thereto from time to time, and JPMorgan Chase Bank, N.A.	8-K	001-14733	10.1	06/09/21	
<a href="#">10.14.1</a>	Amendment No. 1 to Amended and Restated Loan Agreement, dated June 4, 2021, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	8-K	001-14733	10.2	06/09/21	
<a href="#">10.14.2</a>	Amendment No. 2 to Amended and Restated Loan Agreement, dated September 14, 2021, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.1	10/27/22	
<a href="#">10.14.3</a>	Amendment No. 3 to Amended and Restated Loan Agreement, dated November 10, 2021, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.2	10/27/22	
<a href="#">10.14.4</a>	Amendment No. 4 to Amended and Restated Loan Agreement, dated February 8, 2022, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.3	10/27/22	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
<a href="#">10.6</a> *	Amended and Restated Split-Dollar Agreement	10-K	001-14733	10.17	02/22/13	
<a href="#">10.7</a> *	Form of Indemnity Agreement for each Named Executive Officer	8-K	001-14733	10.1	05/29/09	
<a href="#">10.8</a> *	Form of Indemnity Agreement for each non-management Director	8-K	001-14733	10.2	05/29/09	
<a href="#">10.9</a> *	Executive Management Non-Qualified Deferred Compensation and Long-Term Incentive Plan	10-Q	001-14733	10.1	04/29/16	
<a href="#">10.9.1</a> *	Form of Executive Management Non-Qualified Deferred Compensation and Long-Term Incentive Plan – Notice of Discretionary Contribution Award for Sidney DeBoer	10-K	001-14733	10.22.1	03/07/11	
<a href="#">10.9.2</a> *	Form of Executive Management Non-Qualified Deferred Compensation and Long-Term Incentive Plan – Notice of Discretionary Contribution Award	10-K	001-14733	10.22.2	03/07/11	
<a href="#">10.9.3</a> *	Amendment to Executive Management Non-Qualified Deferred Compensation and Long-Term Incentive Plan (Executive Management Non-Qualified Deferred Compensation and Supplemental Executive Retirement Plan)	10-K	001-14733	10.10.3	02/25/19	
<a href="#">10.10</a> *	Transition Agreement dated September 14, 2015 between Lithia Motors, Inc. and Sidney B. DeBoer	8-K	001-14733	10.1	09/17/15	
<a href="#">10.10.1</a> *	Amendment to Transition Agreement dated January 22, 2019 between Lithia Motors, Inc. and Sidney B. DeBoer	8-K	001-14733	10.1	01/25/19	
<a href="#">10.11</a> *	Director Service Agreement effective January 1, 2016 between Lithia Motors, Inc. and Sidney B. DeBoer	8-K	001-14733	10.2	09/17/15	
<a href="#">10.12</a> †	Form of Employment and Change in Control Agreement dated February 4, 2016 between Lithia Motors, Inc. and Bryan DeBoer	8-K	001-14733	10.1	02/05/16	
<a href="#">10.13</a>	Fourth Amended and Restated Loan Agreement, dated April 29, 2021, among Lithia Motors, Inc., the subsidiaries of Lithia Motors, Inc. listed on the signature pages of the agreement or that thereafter become borrowers thereunder, the lenders party thereto from time to time, and U.S. Bank National Association.	8-K	001-14733	10.1	05/04/21	
<a href="#">10.13.1</a>	First Amendment to Fourth Amended and Restated Loan Agreement, dated February 7, 2022, among Lithia Motors, Inc., the subsidiaries of Lithia Motors, Inc. listed on the signature pages of the agreement or that thereafter become borrowers thereunder, the lenders party thereto from time to time, and U.S. Bank National Association.	10-K	001-14733	10.13.1	02/24/23	
<a href="#">10.13.2</a> †	Second Amendment to Fourth Amended and Restated Loan Agreement, dated June 2, 2022, among Lithia Motors, Inc., the subsidiaries of Lithia Motors, Inc. listed on the signature pages of the agreement or that thereafter become borrowers thereunder, the lenders party thereto from time to time, and U.S. Bank National Association.	8-K	001-14733	10.1	06/08/22	
<a href="#">10.13.3</a> †	Third Amendment to Fourth Amended and Restated Loan Agreement, dated November 21, 2022, among Lithia Motors, Inc., the subsidiaries of Lithia Motors, Inc. listed on the signature pages of the agreement or that thereafter become borrowers thereunder, the lenders party thereto from time to time, and U.S. Bank National Association.	10-K	001-14733	10.13.3	02/24/23	
<a href="#">10.13.4</a> †	Fourth Amendment to Fourth Amended and Restated Loan Agreement, dated February 9, 2023, among Lithia Motors, Inc., the subsidiaries of Lithia Motors, Inc. listed on the signature pages of the agreement or that thereafter become borrowers thereunder, the lenders party thereto from time to time, and U.S. Bank National Association.	8-K	001-14733	10.1	02/15/23	
<a href="#">10.14</a>	Amended and Restated Loan Agreement, dated December 31, 2020, among SCFC Business Services LLC, Driveway Finance Corporation, the lenders party thereto from time to time, and JPMorgan Chase Bank, N.A.	8-K	001-14733	10.1	06/09/21	
<a href="#">10.14.1</a>	Amendment No. 1 to Amended and Restated Loan Agreement, dated June 4, 2021, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	8-K	001-14733	10.2	06/09/21	

<a href="#">10.14.2</a>	Amendment No. 2 to Amended and Restated Loan Agreement, dated September 14, 2021, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.1	10/27/22
<a href="#">10.14.3</a>	Amendment No. 3 to Amended and Restated Loan Agreement, dated November 10, 2021, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.2	10/27/22

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Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
<a href="#">10.14.5</a>	Amendment No. 5 to Amended and Restated Loan Agreement, dated June 23, 2022, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.4	10/27/22	
<a href="#">10.14.6</a>	Amendment No. 6 to Amended and Restated Loan Agreement, dated July 29, 2022, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.5	10/27/22	
<a href="#">10.14.7</a>	Amendment No. 7 to Amended and Restated Loan Agreement, dated September 26, 2022, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.6	10/27/22	
<a href="#">10.14.8</a>	Amendment No. 8 to Amended and Restated Loan Agreement, dated November 17, 2022, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.					X
<a href="#">10.15</a> <sup>†</sup>	Credit Agreement, dated June 3, 2022, among Lithia Master LP Company, LP, the subsidiaries of Lithia Motors, Inc. listed on the signature pages of the agreement or that thereafter become borrowers thereunder, Lithia Master GP Company, Inc. and the other general partners of the Borrowers, the lenders party thereto from time to time, and The Bank of Nova Scotia.	8-K	001-14733	10.2	06/08/22	
<a href="#">10.16</a>	Loan Agreement, dated November 1, 2022, among DFC Business Services, LLC, Driveway Finance Corporation, the lenders party thereto from time to time, the agents from time to time party thereto, and Mizuho Bank, Ltd.	8-K	001-14733	10.1	11/04/22	
<a href="#">21</a>	Subsidiaries of Lithia Motors, Inc.					X
<a href="#">23</a>	Consent of KPMG LLP, Independent Registered Public Accounting Firm					X
<a href="#">31.1</a>	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.					X
<a href="#">31.2</a>	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.					X
<a href="#">32.1</a>	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.					X
<a href="#">32.2</a>	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.					X
101	Inline XBRL Document Set for the consolidated financial statements and accompanying notes to consolidated financial statements					X
104	Cover page formatted as Inline XBRL and contained in Exhibit 101.					X

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
<a href="#">10.14.4</a>	Amendment No. 4 to Amended and Restated Loan Agreement, dated February 8, 2022, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.3	10/27/22	
<a href="#">10.14.5</a>	Amendment No. 5 to Amended and Restated Loan Agreement, dated June 23, 2022, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.4	10/27/22	
<a href="#">10.14.6</a>	Amendment No. 6 to Amended and Restated Loan Agreement, dated July 29, 2022, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.5	10/27/22	
<a href="#">10.14.7</a>	Amendment No. 7 to Amended and Restated Loan Agreement, dated September 26, 2022, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.6	10/27/22	

<a href="#">10.14.8</a>	Amendment No. 8 to Amended and Restated Loan Agreement, dated November 17, 2022, among SCFC Business Services LLC, Chariot Funding LLC and JPMorgan Chase Bank, N.A.	10-K	001-14733	10.14.8	02/24/23	
<a href="#">10.14.9</a>	Omnibus Amendment #1 to Amended and Restated Loan Agreement, dated July 20, 2023, among SCFC Business Services LLC, Driveway Finance Corporation, the lenders from time to time parties hereto, the agents from time to time parties hereto, and JPMorgan Chase Bank, N.A.	10-Q	001-14733	10.1	10/27/23	
<a href="#">10.15</a> <sup>†</sup>	Credit Agreement, dated June 3, 2022, among Lithia Master LP Company, LP, the subsidiaries of Lithia Motors, Inc. listed on the signature pages of the agreement or that thereafter become borrowers thereunder, Lithia Master GP Company, Inc. and the other general partners of the Borrowers, the lenders party thereto from time to time, and The Bank of Nova Scotia.	8-K	001-14733	10.2	06/08/22	
<a href="#">10.16</a>	Loan Agreement, dated November 1, 2022, among DFC Business Services, LLC, Driveway Finance Corporation, the lenders party thereto from time to time, the agents from time to time party thereto, and Mizuho Bank, Ltd.	8-K	001-14733	10.1	11/04/22	
<a href="#">10.16.1</a>	Omnibus Amendment #1 to Loan Agreement, dated July 20, 2023, among DFC Business Services, LLC, Driveway Finance Corporation, the lenders party thereto from time to time, the agents from time to time party thereto, and Mizuho Bank, Ltd.	10-Q	001-14733	10.2	10/27/23	
<a href="#">21</a>	Subsidiaries of Lithia Motors, Inc.					X
<a href="#">23</a>	Consent of KPMG LLP, Independent Registered Public Accounting Firm					X
<a href="#">31.1</a>	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.					X
<a href="#">31.2</a>	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.					X
<a href="#">32.1</a>	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.					X
<a href="#">32.2</a>	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.					X
<a href="#">97</a> *	Lithia Motors, Inc. Clawback Policy					X
101	Inline XBRL Document Set for the consolidated financial statements and accompanying notes to consolidated financial statements					X
104	Cover page formatted as Inline XBRL and contained in Exhibit 101.					X

<sup>†</sup> Substantially similar agreements exist between Lithia Motors, Inc. and each of Michael Cavanaugh, Marguerite Celeste, Adam Chamberlain, John Criddle, Carol Deacon, Tom Dobry, Diana du Preez, Gary Glandon, Scott Hillier, George Hines, Christopher S. Holzshu, Edward Impert, Charles Lietz, Tina Miller, Thomas Naso, Bryan Osterhout, Ross Sherman, and David Stork. The "Cash Change in Control Benefits" under the agreements with Michael Cavanaugh, John Criddle, Diana du Preez, Gary Glandon, Edward Impert, and Ross Sherman provide for 12 months of base salary rather than 24 months.

<sup>††</sup> Certain confidential and immaterial terms redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K.



Lithia\_Driveway\_Combo\_FINAL.jpg

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## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 24, 2023 February 23, 2024

LITHIA MOTORS, INC.

Registrant

By: /s/ Bryan B. DeBoer

Bryan B. DeBoer

Chief Executive Officer, President, Director, and Principal Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on February 24, 2023 February 23, 2024:

/s/ Bryan B. DeBoer  
Bryan B. DeBoer  
Chief Executive Officer, President, Director, and Principal Executive Officer

/s/ Tina Miller  
Tina Miller  
Chief Financial Officer, Senior Vice President, and Principal Accounting Officer

/s/ Sidney B. DeBoer  
Sidney B. DeBoer  
Chairman of the Board and Director

/s/ Susan O. Cain  
Susan O. Cain  
Director

/s/ James E. Lentz  
James E. Lentz  
Director

/s/ Shauna McIntyre Stacy Loretz-Congdon  
Shauna McIntyre Stacy Loretz-Congdon  
Director

/s/ Shauna McIntyre  
/s/ Louis P. Miramontes  
Shauna McIntyre  
Director

Louis P. Miramontes  
Director

/s/ Kenneth E. Roberts  
Louis P. Miramontes  
Director

Kenneth E. Roberts  
Director

/s/ David J. Robino  
Kenneth E. Roberts  
David J. Robino  
Director

Director

 Lithia\_Driveway\_Combo\_FINAL.jpg

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## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors  
Lithia Motors, Inc.:

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Lithia Motors, Inc. and subsidiaries (the Company) as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, the related consolidated statements of operations, comprehensive income, equity and redeemable non-controlling interest, and cash flows for each of the years in the three-year period ended **December 31, 2022** **December 31, 2023**, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, and the results of its operations and its cash flows for each of the years in the three-year period ended **December 31, 2022** **December 31, 2023**, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated **February 24, 2023** **February 23, 2024** expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### Assessment of the Company's impairment tests over goodwill and franchise value intangible assets

As disclosed in Note 1 and Note 5 to the consolidated financial statements, the Company had goodwill and indefinite-lived franchise value intangible assets with a book value of \$1,461 million and \$1,856 million, respectively, at December 31, 2022 and \$2,402 million as of December 31, 2023. As described in Note 1 to the consolidated financial statements, the Company tested its goodwill and franchise value intangible assets for impairment using a qualitative assessment as of October 1, 2022. The qualitative annual assessment was performed at each individual store level as of October 1, 2022 and the October 1, 2023. The Company determined that no impairment existed in 2022 and 2023.

We identified the assessment of the Company's qualitative impairment tests over goodwill and franchise value intangible assets for stores whose current operating results indicate a higher risk of potential impairment as a critical audit matter. The tests included the qualitative evaluation of factors such as future profitability for stores with



audit matter. The tests included the evaluation of qualitative factors such as future revenue growth and profitability recent losses as well as for stores with declining gross margin, and comparable dealership sales, that divestitures, which required especially subjective auditor judgment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's goodwill and franchise value impairment assessment processes, process, including controls related to the identification and development of relevant qualitative factors. We compared evaluated future profitability assumptions by comparing key financial metrics across stores with similar demographics, including historical and future dealership level revenue growth and profitability, and evaluated differences for potential indicators of impairments. We evaluated the Company's intent and ability to carry out a particular course of action by evaluating the Company's past history of carrying out its stated intentions. Additionally, we evaluated information about recent comparable dealership sales divestitures to identify potential indicators of impairment.

/s/ KPMG LLP

We have served as the Company's auditor since 1993.

Portland, Oregon

February 24, 2023 23, 2024



### Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors  
Lithia Motors, Inc.:

*Opinion on Internal Control Over Financial Reporting*

We have audited Lithia Motors, Inc. and subsidiaries' (the Company) internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, the related consolidated statements of operations, comprehensive income, equity and redeemable **non-controlling non-controlling** interest, and cash flows for each of the years in the three-year period ended **December 31, 2022** **December 31, 2023**, and the related notes (collectively, the consolidated financial statements), and our report dated **February 24, 2023** **February 23, 2024** expressed an unqualified opinion on those consolidated financial statements.

The Company acquired **thirty-one fifty-six** stores during **2022, 2023**, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, all of these acquired stores' internal control over financial reporting. The total assets of these **thirty-one fifty-six** stores represented approximately **5% 11%** of consolidated total assets as of **December 31, 2022** **December 31, 2023** and approximately **5% 8%** of consolidated revenues for the year ended **December 31, 2022** **December 31, 2023**. Our audit of internal control over financial reporting of the Company also excluded an evaluation of **the** internal control over financial reporting of these **thirty-one fifty-six** stores.

*Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

*Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Portland, Oregon  
February **24, 2023** **23, 2024**

## CONSOLIDATED BALANCE SHEETS

		December 31,			
		December 31,		December 31,	
(\$ in millions)	(\$ in millions)	2022	2021	2023	2022
<b>Assets</b>	<b>Assets</b>				
Current assets:	Current assets:				
Current assets:					
Cash and restricted cash	Cash and restricted cash	\$ 246.7	\$ 174.8		
Accounts receivable, net of allowance for doubtful accounts of \$3.1 and \$3.7		813.1	685.5		
Cash and restricted cash					
Cash and restricted cash					
Accounts receivable, net of allowance for doubtful accounts of \$7.1 and \$3.1					
Inventories, net	Inventories, net	3,409.4	2,385.5		
Other current assets	Other current assets	161.7	63.9		
Other current assets					
Other current assets					
Total current assets	Total current assets	4,630.9	3,309.7		
Property and equipment, net of accumulated depreciation of \$526.8 and \$422.6		3,574.6	3,052.6		
Property and equipment, net of accumulated depreciation of \$646.7 and \$526.8					
Property and equipment, net of accumulated depreciation of \$646.7 and \$526.8					
Property and equipment, net of accumulated depreciation of \$646.7 and \$526.8					
Operating lease right-of-use assets	Operating lease right-of-use assets	381.9	395.9		
Finance receivables, net of allowance for estimated losses of \$69.3 and \$25.0		2,187.6	803.3		
Finance receivables, net of allowance for estimated losses of \$106.4 and \$69.3					
Goodwill	Goodwill	1,460.7	977.3		
Franchise value	Franchise value	1,856.2	799.1		
Other non-current assets	Other non-current assets	914.7	1,809.0		
Total assets	Total assets	\$15,006.6	\$11,146.9		
<b>Liabilities and equity</b>	<b>Liabilities and equity</b>				
<b>Liabilities and equity</b>					

Liabilities and equity			
	Current		
Current liabilities:	liabilities:		
Current liabilities:			
Current liabilities:			
Floor plan notes payable			
Floor plan notes payable			
Floor plan notes payable	Floor plan notes payable	\$ 627.2	\$ 354.2
Floor plan notes payable: non-trade	Floor plan notes payable: non-trade	1,489.4	835.9
Current maturities of long-term debt	Current maturities of long-term debt	20.5	223.7
Current maturities of non-recourse notes payable			
Trade payables	Trade payables	258.4	235.4
Accrued liabilities	Accrued liabilities	782.7	753.6
Total current liabilities			
Total current liabilities			
Total current liabilities	Total current liabilities	3,178.2	2,402.8
Long-term debt, less current maturities	Long-term debt, less current maturities	5,088.3	2,868.1
Non-recourse notes payable	Non-recourse notes payable	422.2	317.6
Long-term debt, less current maturities			
Long-term debt, less current maturities			
Non-recourse notes payable, less current maturities			
Deferred revenue	Deferred revenue	226.7	191.2
Deferred income taxes	Deferred income taxes	286.3	191.0
Non-current operating lease liabilities	Non-current operating lease liabilities	346.6	361.7
Other long-term liabilities	Other long-term liabilities	207.2	151.3
Total liabilities	Total liabilities	9,755.5	6,483.7
Redeemable non-controlling interest	Redeemable non-controlling interest	40.7	34.0
Redeemable non-controlling interest			
Redeemable non-controlling interest			
Equity:	Equity:		
Equity:			

Equity:			
Preferred stock - no par value; authorized 15.0 shares; none outstanding	Preferred stock - no par value; authorized 15.0 shares; none outstanding	—	—
Common stock - no par value; authorized 125.0 shares; issued and outstanding 27.3 and 29.5		1,082.1	1,711.6
Preferred stock - no par value; authorized 15.0 shares; none outstanding			
Preferred stock - no par value; authorized 15.0 shares; none outstanding			
Common stock - no par value; authorized 125.0 shares; issued and outstanding 27.4 and 27.3			
Additional paid-in capital	Additional paid-in capital	76.8	58.3
Accumulated other comprehensive loss		(18.0)	(3.0)
Accumulated other comprehensive income (loss)			
Retained earnings	Retained earnings	4,065.3	2,859.5
Total stockholders' equity - Lithia Motors, Inc.	Total stockholders' equity - Lithia Motors, Inc.	5,206.2	4,626.4
Non-controlling interest	Non-controlling interest	4.2	2.8
Total equity	Total equity	5,210.4	4,629.2
Total liabilities, redeemable non-controlling interest and equity	Total liabilities, redeemable non-controlling interest and equity	\$15,006.6	\$11,146.9

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF OPERATIONS

Year Ended December 31,

Year Ended December 31,					Year Ended December 31,			
(\$ in millions, except per share amounts)	(\$ in millions, except per share amounts)	2022	2021	2020	(\$ in millions, except per share amounts)	2023	2022	2021
Revenues:	Revenues:							
New vehicle retail	New vehicle retail							
New vehicle retail	New vehicle retail	\$12,894.5	\$11,197.7	\$6,773.9				
Used vehicle retail	Used vehicle retail	9,425.0	7,255.3	3,998.4				
Used vehicle wholesale	Used vehicle wholesale	1,425.2	957.1	310.9				
Finance and insurance	Finance and insurance	1,285.4	1,051.3	579.8				
Service, body and parts	Service, body and parts	2,738.8	2,110.9	1,348.7				
Fleet and other	Fleet and other	418.9	259.4	114.8				
Total revenues	Total revenues	28,187.8	22,831.7	13,126.5				
Cost of sales:	Cost of sales:							
New vehicle retail	New vehicle retail	11,314.8	9,979.2	6,313.0				
New vehicle retail	New vehicle retail							
Used vehicle retail	Used vehicle retail	8,599.6	6,428.6	3,552.4				
Used vehicle wholesale	Used vehicle wholesale	1,440.6	913.7	300.2				
Service, body and parts	Service, body and parts	1,275.8	1,000.4	631.9				
Fleet and other	Fleet and other	404.6	250.8	104.7				
Total cost of sales	Total cost of sales	23,035.4	18,572.7	10,902.2				
Gross profit	Gross profit	5,152.4	4,259.0	2,224.3				
Financing operations (loss) income	Financing operations (loss) income	(4.0)	11.0	6.5				
Financing operations (loss) income	Financing operations (loss) income							
Asset impairments	Asset impairments							
Asset impairments	Asset impairments							
Asset impairments	Asset impairments	—	1.9	7.9				
Selling, general and administrative	Selling, general and administrative	3,044.1	2,480.8	1,437.9				

Depreciation and amortization	Depreciation and amortization	163.2	124.8	92.3
Operating income	Operating income	1,941.1	1,662.5	692.7
Floor plan interest expense	Floor plan interest expense	(38.8)	(22.3)	(34.4)
Other interest expense	Other interest expense	(129.1)	(103.4)	(71.6)
Other (expense) income, net		(43.2)	(52.0)	61.8
Income before income taxes	Income before income taxes	1,730.0	1,484.8	648.5
Income tax provision	Income tax provision	(468.4)	(422.1)	(178.2)
Net income	Net income	1,261.6	1,062.7	470.3
Net income attributable to non-controlling interests	Net income attributable to non-controlling interests	(4.8)	(1.7)	—
Net income attributable to redeemable non-controlling interest	Net income attributable to redeemable non-controlling interest	(5.8)	(0.9)	—
Net income attributable to Lithia Motors, Inc.	Net income attributable to Lithia Motors, Inc.	\$ 1,251.0	\$ 1,060.1	\$ 470.3
Basic earnings per share attributable to Lithia Motors, Inc.	Basic earnings per share attributable to Lithia Motors, Inc.	\$ 44.38	\$ 36.81	\$ 19.74
Basic earnings per share attributable to Lithia Motors, Inc.				
Basic earnings per share attributable to Lithia Motors, Inc.				
Shares used in basic per share calculations	Shares used in basic per share calculations	28.2	28.8	23.8
Diluted earnings per share attributable to Lithia Motors, Inc.				
Diluted earnings per share attributable to Lithia Motors, Inc.				

Diluted earnings per share attributable to Lithia Motors, Inc.	Diluted earnings per share attributable to Lithia Motors, Inc.	\$ 44.17	\$ 36.54	\$ 19.53
Shares used in diluted per share calculations	Shares used in diluted per share calculations	28.3	29.0	24.1
Cash dividends paid per share	Cash dividends paid per share	\$ 1.61	\$ 1.36	\$ 1.22
Cash dividends paid per share				

See accompanying notes to consolidated financial statements.

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year Ended December 31,					Year Ended December 31,			
Year Ended December 31,					Year Ended December 31,			
(\$ in millions)	(\$ in millions)	2022	2021	2020	(\$ in millions)	2023	2022	2021
Net income	Net income	\$1,261.6	\$1,062.7	\$470.3				
Other comprehensive income (loss), net of tax:	Other comprehensive income (loss), net of tax:							
Foreign currency translation adjustment	Foreign currency translation adjustment	(16.8)	(1.1)	—				
Gain (loss) on cash flow hedges, net of tax (provision benefit of \$(0.7), \$(1.6) and \$2.0		1.8	4.4	(5.6)				
Foreign currency translation adjustment								
Foreign currency translation adjustment								
Pension plan net loss arising during the period, net of tax provision of \$10.8, \$0.0 and \$0.0								

Gain on cash flow hedges, net of tax provision of \$0.0, \$0.7 and \$1.6				
Total other comprehensive income (loss), net of tax	Total other comprehensive income (loss), net of tax	(15.0)	3.3	(5.6)
Comprehensive income	Comprehensive income	1,246.6	1,066.0	464.7
Comprehensive income attributable to non-controlling interest	Comprehensive income attributable to non-controlling interest	(4.8)	(1.7)	—
Comprehensive income attributable to non-controlling interest				
Comprehensive income attributable to non-controlling interest				
Comprehensive income attributable to redeemable non-controlling interest	Comprehensive income attributable to redeemable non-controlling interest	(5.8)	(0.9)	—
Comprehensive income attributable to Lithia Motors, Inc.	Comprehensive income attributable to Lithia Motors, Inc.	\$1,236.0	\$1,063.4	\$464.7

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF EQUITY AND REDEEMABLE NON-CONTROLLING INTEREST

(\$ in millions)	Year Ended December 31,		
	2022	2021	2020
<b>Total equity, beginning balances</b>	\$ 4,629.2	\$ 2,661.5	\$ 1,467.7
<b>Common stock <sup>(1)</sup>, beginning balances</b>	1,711.6	788.2	20.5
Compensation for stock and stock option issuances and excess tax benefits from option exercises	22.6	17.8	11.6
Issuance of stock in connection with employee stock plans	36.1	25.9	13.3
Class B common stock converted to class A common stock	—	—	0.1
Repurchase of class A common stock	(688.3)	(230.7)	(34.4)
Equity issuances, net of issuance costs	—	1,110.4	777.1
<b>Common stock <sup>(1)</sup>, ending balances</b>	1,082.1	1,711.6	788.2

<b>Class B common stock (a), beginning balances</b>	—	—	0.1
Class B common stock converted to class A common stock	—	—	(0.1)
<b>Class B common stock (a), ending balances</b>	—	—	—
<b>Additional paid-in capital, beginning balances</b>	58.3	41.4	46.0
Compensation for stock and stock option issuances and excess tax benefits from option exercises	18.5	16.9	11.6
Repurchase of class A common stock	—	—	(16.2)
<b>Additional paid-in capital, ending balances</b>	76.8	58.3	41.4
<b>Accumulated other comprehensive loss, beginning balances</b>	(3.0)	(6.3)	(0.7)
Foreign currency translation adjustment	(16.8)	(1.1)	—
Gain (loss) on cash flow hedges, net of tax (provision) benefit of \$(0.7), \$(1.6) and \$2.0	1.8	4.4	(5.6)
<b>Accumulated other comprehensive loss, ending balances</b>	(18.0)	(3.0)	(6.3)
<b>Retained earnings, beginning balances</b>	2,859.5	1,838.2	1,401.8
Adjustment to adopt ASC 326 (2020)	—	—	(4.8)
Net income attributable to Lithia Motors, Inc.	1,251.0	1,060.1	470.3
Dividends paid	(45.2)	(38.8)	(29.1)
<b>Retained earnings, ending balances</b>	4,065.3	2,859.5	1,838.2
<b>Non-controlling interest, beginning balances</b>	2.8	—	—
Contribution (distribution) of non-controlling interest	(3.4)	1.1	—
Net income attributable to non-controlling interest	4.8	1.7	—
<b>Non-controlling interest, ending balances</b>	4.2	2.8	—
<b>Total equity, ending balances</b>	<u>\$ 5,210.4</u>	<u>\$ 4,629.2</u>	<u>\$ 2,661.5</u>
<b>Redeemable non-controlling interest, beginning balances</b>	\$ 34.0	\$ —	\$ —
Acquired redeemable non-controlling interest	0.8	33.1	—
Net income attributable to redeemable non-controlling interest	5.8	0.9	—
<b>Redeemable non-controlling interest, ending balances</b>	<u>\$ 40.7</u>	<u>\$ 34.0</u>	<u>\$ —</u>

(a) Prior to June 7, 2021, common stock was classified as Class A common stock. The Class A common stock reclassification as common stock occurred in connection with the elimination of our classified common stock structure following the conversion of all Class B common stock to Class A common stock.

See accompanying notes to consolidated financial statements.

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FINANCIAL STATEMENTS

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## CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in millions)	Year Ended December 31,		
	2022	2021	2020
<b>Cash flows from operating activities:</b>			
Net income	\$ 1,261.6	\$ 1,062.7	\$ 470.3
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Asset impairments	—	1.9	7.9
Depreciation and amortization	172.7	127.3	92.4

Stock-based compensation	41.1	34.7	23.2
Loss on redemption of senior notes	—	10.3	—
Gain on disposal of other assets	(0.1)	(2.5)	(1.7)
Net disposal gain on sale of stores	(66.0)	—	(16.6)
Unrealized investment loss (gain)	39.2	66.4	(43.4)
Deferred income taxes	95.2	43.1	17.2
Amortization of operating lease right-of-use assets	55.4	39.0	28.9
(Increase) decrease (net of acquisitions and dispositions):			
Trade receivables, net	(131.6)	(147.1)	(113.5)
Inventories	(923.0)	674.6	228.8
Finance receivables, net	(1,363.0)	(640.8)	(114.1)
Other assets	(138.3)	61.0	12.9
Increase (decrease) (net of acquisitions and dispositions):			
Floor plan notes payable	273.3	116.1	(204.1)
Trade payables	25.3	78.4	28.2
Accrued liabilities	(2.3)	233.0	113.1
Other long-term liabilities and deferred revenue	50.4	39.1	15.1
<b>Net cash (used in) provided by operating activities</b>	<b>(610.1)</b>	<b>1,797.2</b>	<b>544.6</b>
<b>Cash flows from investing activities:</b>			
Notes receivable issued	—	—	(12.5)
Principal payments received on notes receivable	—	—	25.0
Capital expenditures	(303.1)	(260.4)	(167.8)
Proceeds from sales of assets	16.6	3.3	6.5
Cash paid for other investments	(11.8)	(10.3)	(11.2)
Cash paid for acquisitions, net of cash acquired	(1,243.6)	(2,699.3)	(1,503.3)
Proceeds from sales of stores	212.1	76.3	57.5
<b>Net cash used in investing activities</b>	<b>(1,329.8)</b>	<b>(2,890.4)</b>	<b>(1,605.8)</b>
<b>Cash flows from financing activities:</b>			
Borrowings (repayments) on floor plan notes payable: non-trade, net	737.9	(685.3)	(20.6)
Borrowings on lines of credit	12,160.8	2,830.6	1,825.4
Repayments on lines of credit	(10,137.0)	(2,505.2)	(1,935.4)
Principal payments on long-term debt and finance lease liabilities, scheduled	(51.2)	(32.5)	(29.4)
Principal payments on long-term debt and finance lease liabilities, other	(171.7)	(486.5)	(6.3)
Proceeds from issuance of long-term debt	113.3	817.4	606.5
Principal payments on non-recourse notes payable	(193.5)	(26.8)	—
Proceeds from issuance of non-recourse notes payable	298.1	344.4	—
Payment of debt issuance costs	(11.8)	(14.7)	(10.8)
Proceeds from issuance of common stock	36.1	1,136.2	790.4
Repurchase of common stock	(688.3)	(230.7)	(50.6)
Dividends paid	(45.2)	(38.8)	(29.1)
Payments of contingent consideration related to acquisitions	(7.2)	(1.4)	(0.3)
Other financing activities	(4.4)	—	—
<b>Net cash provided by financing activities</b>	<b>2,035.9</b>	<b>1,106.7</b>	<b>1,139.8</b>
<b>Effect of exchange rate changes on cash and restricted cash</b>	<b>(3.0)</b>	<b>2.5</b>	<b>—</b>
<b>Increase in cash and restricted cash</b>	<b>93.0</b>	<b>16.0</b>	<b>78.6</b>
<b>Cash and restricted cash at beginning of year</b>	<b>178.5</b>	<b>162.5</b>	<b>84.0</b>
<b>Cash and restricted cash at end of year</b>	<b>\$ 271.5</b>	<b>\$ 178.5</b>	<b>\$ 162.5</b>

See accompanying notes to consolidated financial statements.

## SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

(\$ in millions)	Year Ended December 31,		
	2022	2021	2020
<b>Reconciliation of cash and restricted cash to the consolidated balance sheets</b>			
Cash	\$ 168.1	\$ 153.0	\$ 160.2
Restricted cash from collections on auto loans receivable	78.6	21.8	2.3
Cash and restricted cash	246.7	174.8	162.5
Restricted cash on deposit in reserve accounts, included in other non-current assets	24.8	3.7	—
<b>Total cash and restricted cash reported in the Consolidated Statements of Cash Flows</b>	<b>\$ 271.5</b>	<b>\$ 178.5</b>	<b>\$ 162.5</b>
<b>Supplemental cash flow information:</b>			
Cash paid during the period for interest	\$ 209.9	\$ 130.1	\$ 107.7
Cash paid during the period for income taxes, net	449.3	369.1	135.0
Floor plan debt paid in connection with store disposals	29.5	8.7	38.4
<b>Non-cash activities:</b>			
Debt issued in connection with acquisitions	\$ —	\$ 355.6	\$ —
Contingent consideration in connection with acquisitions	22.4	0.9	14.3
Debt assumed in connection with acquisitions	0.7	4.0	—
Acquisition of finance leases in connection with acquisitions	78.2	—	227.5
Right-of-use assets obtained in exchange for lease liabilities	44.7	171.8	55.4

## CONSOLIDATED STATEMENTS OF EQUITY AND REDEEMABLE NON-CONTROLLING INTEREST

(\$ in millions)	Year Ended December 31,		
	2023	2022	2021
<b>Total equity, beginning balances</b>	\$ 5,210.4	\$ 4,629.2	\$ 2,661.5
<b>Common stock, beginning balances</b>	1,082.1	1,711.6	788.2
Share-based compensation	37.7	22.6	17.8
Issuance of stock in connection with employee stock purchase plans	29.7	36.1	25.9
Repurchase of common stock	(48.9)	(688.3)	(230.7)
Equity issuances, net of issuance costs	—	—	1,110.4
<b>Common stock, ending balances</b>	<b>1,100.6</b>	<b>1,082.1</b>	<b>1,711.6</b>
<b>Additional paid-in capital, beginning balances</b>	76.8	58.3	41.4
Share-based compensation	3.1	18.5	16.9
<b>Additional paid-in capital, ending balances</b>	<b>79.9</b>	<b>76.8</b>	<b>58.3</b>
<b>Accumulated other comprehensive loss, beginning balances</b>	(18.0)	(3.0)	(6.3)
Foreign currency translation adjustment	56.5	(16.8)	(1.1)
Pension plan net loss arising during the period, net of tax provision of \$10.8, \$0.0 and \$0.0	(18.4)	—	—
Gain on cash flow hedges, net of tax provision of \$0.0, \$0.7 and \$1.6	—	1.8	4.4
<b>Accumulated other comprehensive income (loss), ending balances</b>	<b>20.1</b>	<b>(18.0)</b>	<b>(3.0)</b>

<b>Retained earnings, beginning balances</b>	4,065.3	2,859.5	1,838.2
Net income attributable to Lithia Motors, Inc.	1,000.8	1,251.0	1,060.1
Dividends paid	(52.8)	(45.2)	(38.8)
<b>Retained earnings, ending balances</b>	<b>5,013.3</b>	<b>4,065.3</b>	<b>2,859.5</b>
<b>Non-controlling interest, beginning balances</b>	4.2	2.8	—
Net contributions (distributions) of non-controlling interest	14.3	(3.4)	1.1
Net income attributable to non-controlling interest	6.5	4.8	1.7
<b>Non-controlling interest, ending balances</b>	<b>25.0</b>	<b>4.2</b>	<b>2.8</b>
<b>Total equity, ending balances</b>	<b>\$ 6,238.9</b>	<b>\$ 5,210.4</b>	<b>\$ 4,629.2</b>
<b>Redeemable non-controlling interest, beginning balances</b>	\$ 40.7	\$ 34.0	\$ —
Net (distributions) contributions of redeemable non-controlling interest	(1.1)	0.8	33.1
Net income attributable to redeemable non-controlling interest	4.4	5.8	0.9
<b>Redeemable non-controlling interest, ending balances</b>	<b>\$ 44.0</b>	<b>\$ 40.7</b>	<b>\$ 34.0</b>

See accompanying notes to consolidated financial statements.



## CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in millions)	Year Ended December 31,		
	2023	2022	2021
<b>Cash flows from operating activities:</b>			
Net income	\$ 1,011.7	\$ 1,261.6	\$ 1,062.7
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Asset impairments	—	—	1.9
Depreciation and amortization	204.1	172.7	127.3
Share-based compensation	40.8	41.1	34.7
Loss on redemption of senior notes	—	—	10.3
Gain on disposal of other assets	(3.8)	(0.1)	(2.5)
Net disposal gain on sale of stores	(31.2)	(66.0)	—
Investment loss	—	39.2	66.4
Deferred income taxes	58.7	95.2	43.1
Amortization of operating lease right-of-use assets	60.5	55.4	39.0
(Increase) decrease (net of acquisitions and dispositions):			
Trade receivables, net	(228.6)	(131.6)	(147.1)
Inventories	(863.5)	(923.0)	674.6
Finance receivables, net	(1,045.5)	(1,363.0)	(640.8)
Other assets	(59.2)	(138.3)	61.0
Increase (decrease) (net of acquisitions and dispositions):			
Floor plan notes payable	363.7	273.3	116.1
Trade payables	(19.9)	25.3	78.4
Accrued liabilities	21.2	(2.3)	233.0
Other long-term liabilities and deferred revenue	18.6	50.4	39.1

<b>Net cash (used in) provided by operating activities</b>	(472.4)	(610.1)	1,797.2
<b>Cash flows from investing activities:</b>			
Capital expenditures	(230.2)	(303.1)	(260.4)
Proceeds from sales of assets	13.2	16.6	3.3
Cash paid for other investments	(11.1)	(11.8)	(10.3)
Cash paid for acquisitions, net of cash acquired	(1,185.1)	(1,243.6)	(2,699.3)
Proceeds from sales of stores	142.9	212.1	76.3
<b>Net cash used in investing activities</b>	<b>(1,270.3)</b>	<b>(1,329.8)</b>	<b>(2,890.4)</b>
<b>Cash flows from financing activities:</b>			
Borrowings (repayments) on floor plan notes payable: non-trade, net	878.7	737.9	(685.3)
Borrowings on lines of credit	12,738.1	12,160.8	2,830.6
Repayments on lines of credit	(12,413.8)	(10,137.0)	(2,505.2)
Principal payments on long-term debt and finance lease liabilities, scheduled	(35.2)	(51.2)	(32.5)
Principal payments on long-term debt and finance lease liabilities, other	(10.6)	(171.7)	(486.5)
Proceeds from issuance of long-term debt	79.8	113.3	817.4
Principal payments on non-recourse notes payable	(589.5)	(193.5)	(26.8)
Proceeds from issuance of non-recourse notes payable	1,872.9	298.1	344.4
Payment of debt issuance costs	(16.7)	(11.8)	(14.7)
Proceeds from issuance of common stock	29.7	36.1	1,136.2
Repurchase of common stock	(48.9)	(688.3)	(230.7)
Dividends paid	(52.8)	(45.2)	(38.8)
Payments of contingent consideration related to acquisitions	(14.0)	(7.2)	(1.4)
Other financing activities	(7.9)	(4.4)	—
<b>Net cash provided by financing activities</b>	<b>2,409.8</b>	<b>2,035.9</b>	<b>1,106.7</b>
<b>Effect of exchange rate changes on cash and restricted cash</b>	<b>33.4</b>	<b>(3.0)</b>	<b>2.5</b>
<b>Increase in cash and restricted cash</b>	<b>700.5</b>	<b>93.0</b>	<b>16.0</b>
<b>Cash and restricted cash at beginning of year</b>	<b>271.5</b>	<b>178.5</b>	<b>162.5</b>
<b>Cash and restricted cash at end of year</b>	<b>\$ 972.0</b>	<b>\$ 271.5</b>	<b>\$ 178.5</b>

See accompanying notes to consolidated financial statements.

## SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

(\$ in millions)	Year Ended December 31,		
	2023	2022	2021
<b>Reconciliation of cash and restricted cash to the consolidated balance sheets</b>			
Cash	\$ 825.0	\$ 168.1	\$ 153.0
Restricted cash from collections on auto loans receivable	116.4	78.6	21.8
Cash and restricted cash	941.4	246.7	174.8
Restricted cash on deposit in reserve accounts, included in other non-current assets	30.6	24.8	3.7
<b>Total cash and restricted cash reported in the Consolidated Statements of Cash Flows</b>	<b>\$ 972.0</b>	<b>\$ 271.5</b>	<b>\$ 178.5</b>
<b>Supplemental cash flow information:</b>			
Cash paid during the period for interest	\$ 514.3	\$ 209.9	\$ 130.1
Cash paid during the period for income taxes, net	222.1	449.3	369.1
Floor plan debt paid in connection with store disposals	27.4	29.5	8.7

**Non-cash activities:**

Debt issued in connection with acquisitions	\$	—	\$	—	\$	355.6
Contingent consideration in connection with acquisitions		7.3		22.4		0.9
Debt assumed in connection with acquisitions		401.6		0.7		4.0
Acquisition of finance leases in connection with acquisitions		45.0		78.2		—
Non-controlling interest recognized in connection with acquisitions		21.1		—		33.1
Right-of-use assets obtained in exchange for lease liabilities		150.0		44.7		171.8

See accompanying notes to consolidated financial statements.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization and Business

We are the premier a global automotive retailer, in North America, offering a wide selection of vehicles across global carmakers and providing a full suite of financing, leasing, repair, and maintenance options. In 2022, 2023, we were ranked 158 145 on the Fortune 500. As of December 31, 2022 December 31, 2023, we operated 296 344 locations representing 48 47 brands in two countries, across 28 U.S. states the United States, Canada, and three Canadian provinces, the United Kingdom. We offer vehicles through our comprehensive network of locations, e-commerce platforms, and captive finance division. Our "Growth Powered by People" strategy drives us to innovate and continuously improve the customer experience, providing consumer optionality to interact wherever, whenever, and however they desire.

In the fourth quarter of 2022, we reevaluated our reporting segments based on our development and long-term strategy. Based on this evaluation, we reclassified Financing Operations Income for the comparative periods from the "Corporate and Other" category to conform to current year presentation and consolidated our Domestic, Import, and Luxury sections into a new Vehicle Operations segment.

#### Basis of Presentation

The accompanying Consolidated Financial Statements reflect the results of operations, the financial position and the cash flows for Lithia Motors, Inc. and its directly and indirectly wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

#### Cash and Restricted Cash

Cash is defined as cash on hand and cash in bank accounts without restrictions. Restricted cash consisted of collections of principal, interest and fee payments on auto loans receivable that are restricted for repayment on borrowings on our securitization facilities before being unrestricted.

#### Accounts Receivable

Accounts receivable classifications include the following:

- Contracts in transit are receivables from various lenders for the financing of vehicles that we have arranged on behalf of the customer and are typically received within five to 10 days of selling a vehicle.
- Trade receivables are comprised of amounts due from customers, lenders for the commissions earned on financing and others for commissions earned on service contracts and insurance products.
- Vehicle receivables represent receivables for the portion of the vehicle sales price paid directly by the customer.
- Manufacturer receivables represent amounts due from manufacturers, including holdbacks, rebates, incentives and warranty claims.

Receivables are recorded at invoice and do not bear interest until they are 60 days past due. The historical losses related to these balances are immaterial. The long-term portion of accounts receivable was included as a component of other non-current assets in the Consolidated Balance Sheets. See Note 2 – Accounts Receivable.

#### Finance Receivables

Finance receivables consist of auto loan and lease contracts originated through our Financing Operations, which are secured by the vehicles we sell. Interest income on finance receivables is recognized based on the contractual terms of each loan and is accrued until repayment, reaching non-accrual status, charge-off, or repossession. Direct costs associated with loan originations are capitalized and expensed as an offset to interest income when recognized on the loans.

More than 98% of the portfolio is aged less than 60 days past due with less than 2% on non-accrual status. As of **December 31, 2022** **December 31, 2023**, the allowance for credit losses related to auto loan and lease receivables was **\$69.3 million** **\$106.4 million** and was included in finance receivables, net. In accordance with Topic 326, the allowance for loan losses is estimated based on our historical write-off experience, current conditions and reasonable and supportable forecasts as well as the value of any underlying assets securing these loans and is reviewed monthly. Consideration is given to recent delinquency trends and recovery rates. Account balances are charged against the allowance upon the

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NOTES TO FINANCIAL STATEMENTS

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earlier of reaching 120 days past due status, the repossession of the vehicle, or the determination that the account is uncollectible. See Note 5 – Finance Receivables.

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## Inventories

Inventories are valued at the lower of net realizable value or cost, using the specific identification method for new **vehicles, pooled approach for and** used vehicles, and the lower of cost (first-in, first-out) or market method for parts. The cost of new and used vehicle inventories includes the cost of any equipment added, reconditioning and transportation.

Manufacturers reimburse us for holdbacks, floor plan interest assistance and advertising assistance, which are reflected as a reduction in the carrying value of each vehicle purchased. We recognize advertising assistance, floor plan interest assistance, holdbacks, cash incentives and other rebates received from manufacturers that are tied to specific vehicles as a reduction to cost of sales as the related vehicles are sold.

Parts purchase discounts that we receive from the manufacturer are reflected as a reduction in the carrying value of the parts purchased from the manufacturer and are recognized as a reduction to cost of goods sold as the related inventory is sold. See Note 3 – Inventories and Floor Plan Notes Payable.

## Property and Equipment

Property and equipment are stated at cost and depreciated over their estimated useful lives on the straight-line basis. Leasehold improvements made at the inception of the lease or during the term of the lease are amortized on a straight-line basis over the shorter of the life of the improvement or the remaining term of the lease.

The range of estimated useful lives is as follows:

Buildings and improvements	5 to 40 years
Service equipment	5 to 15 years
Furniture, office equipment, signs and fixtures	3 to 10 years

The cost for maintenance, repairs and minor renewals is expensed as incurred, while significant remodels and betterments are capitalized. In addition, interest on borrowings for major capital projects, significant remodels, and betterments is capitalized. Capitalized interest becomes a part of the cost of the depreciable asset and is depreciated according to the estimated useful lives as previously stated. For the years ended **December 31, 2022** **December 31, 2023**, **2021** **2022** and **2020**, **2021**, we recorded capitalized interest of \$2.6 million, **\$2.0** **\$2.6** million and **\$1.6** **\$2.0** million, respectively.

When an asset is retired, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is credited or charged to income from operations.

Leased property meeting certain criteria are recorded as finance leases. We have finance leases for certain locations, expiring at various dates through **August 1, 2037** **August 31, 2037**. Our finance lease right-of-use assets are included in property and equipment on our Consolidated Balance Sheets. Amortization of finance lease right-of-use assets is computed on a straight-line basis over the term of the lease, unless the lease transfers title or it contains a bargain purchase option, in which case, it is amortized over the asset's useful life and is included in depreciation expense. Finance lease liabilities are recorded as the lesser of the estimated fair market value of the leased property or the net present value of the aggregated future minimum payments and are included in current maturities of long-term debt and long-term debt on our Consolidated Balance Sheets. Interest associated with these obligations is included in other interest expense in the Consolidated Statements of Operations. See Note 8 – Commitments and Contingencies.

Long-lived assets held and used by us are reviewed for impairment whenever events or circumstances indicate that the carrying amount of assets may not be recoverable. We consider several factors when evaluating whether there are indications of potential impairment related to our long-lived assets, including store profitability, overall macroeconomic factors and the impact of our strategic management decisions. If recoverability testing is performed, we evaluate assets to be held and used by comparing the carrying amount of an asset to future net undiscounted cash flows associated with the asset, including its disposition. If such assets are considered to be impaired, the amount by which the carrying amount of the assets exceeds the fair value of the assets is recognized as a charge to income from operations. See Note 4 – Property and Equipment.

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NOTES TO FINANCIAL STATEMENTS

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## Goodwill

Goodwill represents the excess purchase price over the fair value of net assets acquired which is not allocable to separately identifiable intangible assets. Other identifiable intangible assets, such as franchise rights, are separately

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recognized if the intangible asset is obtained through contractual or other legal right or if the intangible asset can be sold, transferred, licensed or exchanged.

Goodwill is not amortized but tested for impairment at least annually, and more frequently if events or circumstances indicate the carrying amount of the reporting unit more likely than not exceeds fair value. We have the option to qualitatively or quantitatively assess goodwill for impairment. We test our goodwill for impairment on October 1 of each year. In 2022, 2023, we evaluated our goodwill using a qualitative assessment process. If the qualitative factors determine that it is more likely than not that the fair value of the reporting unit exceeds the carrying amount, goodwill is not impaired. If the qualitative assessment determines it is more likely than not the fair value is less than the carrying amount, we would further evaluate for potential impairment. We have determined the appropriate unit of accounting for testing goodwill for impairment is at our reporting unit levels: North America Vehicle Operations, United Kingdom Vehicle Operations, and US and Canada Financing Operations. See Note 6 – Goodwill and Franchise Value and Note 14 – Fair Value Measurements.

## Franchise Value

We enter into agreements (franchise agreements) with our manufacturers. Franchise value represents a right received under franchise agreements with manufacturers and is identified on an individual store basis.

We evaluated the useful lives of our franchise agreements based on the following factors:

- certain of our franchise agreements continue indefinitely by their terms;
- certain of our franchise agreements have limited terms, but are routinely renewed without substantial cost to us;
- other than franchise terminations related to the unprecedented reorganizations of Chrysler and General Motors, and allowed by bankruptcy law, we are not aware of manufacturers terminating franchise agreements against the wishes of the franchise owners in the ordinary course of business. A manufacturer may pressure a franchise owner to sell a franchise when the owner is in breach of the franchise agreement over an extended period of time;
- state dealership franchise laws typically limit the rights of the manufacturer to terminate or not renew a franchise;
- we are not aware of any legislation or other factors that would materially change the retail automotive franchise system; and
- as evidenced by our acquisition and disposition history, there is an active market for most automotive dealership franchises within the United States. We attribute value to the franchise agreements acquired with the dealerships we purchase based on the understanding and industry practice that the franchise agreements will be renewed indefinitely by the manufacturer.

Accordingly, we have determined that our franchise agreements will continue to contribute to our cash flows indefinitely and, therefore, have indefinite lives.

As an indefinite-lived intangible asset, franchise value is tested for impairment at least annually, and more frequently if events or circumstances indicate the carrying value may exceed fair value. The impairment test for indefinite-lived intangible assets requires the comparison of estimated fair value to carrying value. An impairment charge is recorded to the extent the fair value is less than the carrying value. We have the option to qualitatively or quantitatively assess indefinite-lived intangible assets for impairment. We evaluated our indefinite-lived intangible assets using a qualitative assessment process. We have determined the appropriate unit of accounting for testing franchise value for impairment is each individual store.

We test our franchise value for impairment on October 1 of each year. In 2022, 2023, we evaluated our franchise value using a qualitative assessment process. If the qualitative factors discussed above determine that it is more likely than not that the fair value of the individual store's franchise value exceeds the carrying amount, the franchise value is not impaired and the second step is not necessary. If the qualitative assessment determines it is more likely than not the fair value is less than the carrying value, then a quantitative valuation of our franchise value is performed and an impairment would be recorded. See Note 6 – Goodwill and Franchise Value and Note 14 – Fair Value Measurements.

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### Variable Interest Entities and Securitization Transactions

We maintain a revolving funding program composed of warehouse facilities that we use to fund auto loans receivable originated by our Financing Operations.

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We use term securitizations to provide long-term funding for most of the auto loans receivable initially funded through the warehouse facilities. In these transactions, a pool of auto loans receivable is sold to a bankruptcy-remote, special purpose entity that, in turn, transfers the receivables to a special purpose securitization trust. The securitization trust issues asset-backed securities, secured or otherwise supported by the transferred receivables, and the proceeds from the sale of the asset-backed securities are used to finance the securitized receivables.

The securitization trusts established in connection with asset-backed securitization transactions are variable interest entities (VIEs). We are required to evaluate term securitization trusts for consolidation. In our capacity as servicer, we have the power to direct the activities of the trusts that most significantly impact the economic performance of the trusts. In addition, we have the obligation to absorb losses (subject to limitations) and the rights to receive any returns of the trusts, which could be significant. Accordingly, we are the primary beneficiary of the trusts and are required to consolidate them.

We recognize these term securitizations as secured borrowings, which result in recording the auto loans receivable and the related non-recourse notes payable on our consolidated balance sheets.

These receivables can only be used as collateral to settle obligations of the related non-recourse funding vehicles. The non-recourse funding vehicles and investors have no recourse to our assets beyond the related receivables, the amounts on deposit in reserve accounts and the restricted cash from collections on auto loan receivables. We have not provided financial or other support to the non-recourse funding vehicles that was not previously contractually required, and there are no additional arrangements, guarantees or other commitments that could require us to provide financial support to the non-recourse funding vehicles.

See Note 2 – Accounts Receivable, Note 5 – Finance Receivables, and Note 9 – Credit Facilities and Long-Term Debt for additional information on auto loans receivable and non-recourse notes payable.

### Restricted Cash on Deposit in Reserve Accounts

The restricted cash on deposit in reserve accounts is for the benefit of holders of non-recourse notes payable, and these funds are not expected to be available to the company or its creditors. In the event that the cash generated by the related receivables in a given period was insufficient to pay the interest, principal and other required payments, the balances on deposit in the reserve accounts would be used to pay those amounts. Restricted cash on deposit in reserve accounts is invested in money market securities.

### Advertising

We expense production and other costs of advertising as incurred as a component of selling, general and administrative expense. Additionally, manufacturer cooperative advertising credits for qualifying, specifically-identified advertising expenditures are recognized as a reduction of advertising expense. Advertising expense and manufacturer cooperative advertising credits were as follows:

		Year Ended December 31,			Year Ended December 31,			
		December 31,			Year Ended December 31,			
(\$ in millions)	(\$ in millions)	2022	2021	2020	(\$ in millions)	2023	2022	2021

Advertising expense, gross	Advertising expense, gross	\$299.9	\$197.8	\$121.3
Manufacturer cooperative advertising credits	Manufacturer cooperative advertising credits	(46.3)	(35.6)	(23.9)
Advertising expense, net	Advertising expense, net	\$253.6	\$162.2	\$ 97.4

### Contract Origination Costs

Contract origination commissions paid to our employees directly related to the sale of our self-insured lifetime lube, oil and filter service contracts and auto loan receivable originations are deferred and charged to expense in proportion to the associated revenue to be recognized.

### Legal Costs

We are a party to numerous legal proceedings arising in the normal course of business. We accrue for certain legal costs, including attorney fees and potential settlement claims related to various legal proceedings that are estimable and probable. See Note 8 – Commitments and Contingencies.

### Stock-Based Share-Based Compensation

Compensation costs associated with equity instruments exchanged for employee and director services are measured at the grant date, based on the fair value of the award. If there is a performance-based element to the award, the expense is recognized based on the estimated attainment level, estimated time to achieve the attainment level and/or the vesting period. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards. The fair value of non-vested stock share-based awards is based on the closing price of our common stock on the date of grant. We account for forfeitures of stock-based share-based awards as they occur. See Note 13 – Stock-Based Compensation, Share-based Compensation Plans.

### Income and Other Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, their respective tax bases, operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance, if needed, reduces deferred tax assets when it is more likely than not that some or all of the deferred tax assets will not be realized.

When there are situations with uncertainty as to the timing of the deduction, the amount of the deduction, or the validity of the deduction, we adjust our financial statements to reflect only those tax positions that are more-likely-than-not to be sustained. Positions that meet this criterion are measured using the largest benefit that is more than 50% likely to be realized. Interest and penalties are recorded as income tax provision in the period incurred or accrued when related to an uncertain tax position. See Note 15 – Income Taxes.

We account for all taxes assessed by a governmental authority that are directly imposed on a revenue-producing transaction (i.e., sales, use, value-added) on a net (excluded from revenues) basis.

### Concentration of Risk and Uncertainties

We purchase substantially all of our new vehicles and inventory from various manufacturers at the prevailing prices charged by auto manufacturers to all franchised dealers. Our overall sales could be impacted by the auto manufacturers' inability or unwillingness to supply dealerships with an adequate supply of popular models.

We depend on our manufacturers to provide a supply of vehicles which supports expected sales levels. In the event that manufacturers are unable to supply the needed level of vehicles, our financial performance may be adversely impacted.

We depend on our manufacturers to deliver high-quality, defect-free vehicles. In the event that manufacturers experience future quality issues, our financial performance may be adversely impacted.

We are subject to a concentration of risk in the event of financial distress, including potential reorganization or bankruptcy, of a major vehicle manufacturer. Our sales volume could be materially adversely impacted by the manufacturers' or distributors' inability to supply the stores with an adequate supply of vehicles. We also receive incentives and rebates from our manufacturers, including cash allowances, financing programs, discounts, holdbacks and other incentives. These incentives are recorded as accounts receivable in our

Consolidated Balance Sheets until payment is received. Our financial condition could be materially adversely impacted by the manufacturers' or distributors' inability to continue to offer these incentives and rebates at substantially similar terms, or to pay our outstanding receivables.

We enter into franchise agreements with the manufacturers. The franchise agreements generally limit the location of the dealership and provide the auto manufacturer approval rights over changes in dealership management and ownership. The auto manufacturers are also entitled to terminate the franchise agreement if the dealership is in material breach of the terms. Our ability to expand operations depends, in part, on obtaining consents of the manufacturers for the acquisition of additional dealerships. See also "Goodwill" and "Franchise Value" above.

We have a variety of syndicated credit facilities with several of the included financial institutions also providing vehicle financing for certain new vehicles, vehicles that are designated for use as service loaners and mortgage

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financing. These credit facilities are the primary source of floor plan financing for our new vehicle inventory and also

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provides used vehicle financing and a revolving line of credit. The terms of the facilities extends through various dates through April 2026. At maturity, our financial condition could be materially adversely impacted if lenders are unable to provide credit that has typically been extended to us or with terms unacceptable to us. Our financial condition could be materially adversely impacted if these providers incur losses in the future or undergo funding limitations. See Note 9 – Credit Facilities and Long-Term Debt.

We anticipate continued organic growth and growth through acquisitions. This growth will require additional credit which may be unavailable or with terms unacceptable to us. If these events were to occur, we may not be able to borrow sufficient funds to facilitate our growth.

### Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and related notes to financial statements. Changes in such estimates may affect amounts reported in future periods.

Estimates are used in the calculation of certain reserves maintained for charge-backs on estimated cancellations of service contracts; life, accident and disability insurance policies; finance fees from customer financing contracts and uncollectible accounts receivable.

Estimates are also used in our allowance for loan and lease losses, which represents the net credit losses expected over the remaining contractual life of our finance receivables. Because net loss performance can vary substantially over time, estimating net losses requires assumptions about matters that are uncertain. The allowance for loan and lease losses is determined using a net loss timing curve, primarily based on the composition of the portfolio of managed receivables and historical gross loss and recovery trends. Determining the appropriateness of the allowance for loan and lease losses requires management to exercise judgement about matters that are inherently uncertain, including the timing and distribution of net losses that could materially affect the allowance or loan and lease losses and, therefore, net earnings.

We also use estimates in the calculation of various expenses, accruals and reserves, including anticipated losses related to workers' compensation insurance; anticipated losses related to self-insurance components of our property and casualty and medical insurance; self-insured lifetime lube, oil and filter service contracts; discretionary employee bonuses, the Transition Agreement with Sidney B. DeBoer, our Chairman of the Board; warranties provided on certain products and services; legal reserves and **stock-based share-based** compensation. We also make certain estimates regarding the assessment of the recoverability of long-lived assets, indefinite-lived intangible assets and deferred tax assets.

We offer a limited warranty on the sale of most retail used vehicles. This warranty is based on mileage and time. We also offer a mileage and time based warranty on parts used in our service repair work and on tire purchases. The cost that may be incurred for these warranties is estimated at the time the related revenue is recorded. A reserve for these warranty liabilities is estimated based on current sales levels, warranty experience rates and estimated costs per claim. The annual activity for reserve increases and claims is immaterial. **As of December 31, 2022 and 2021, the accrued warranty balance was \$0.3 million and \$0.6 million, respectively.**

### Fair Value of Assets Acquired and Liabilities Assumed

We estimate the fair value of the assets acquired and liabilities assumed in a business combination using various assumptions. The most significant assumptions used relate to determining the fair value of property and equipment and intangible franchise rights.

We estimate the fair value of property and equipment based on a market valuation approach. We use prices and other relevant information generated primarily by recent market transactions involving similar or comparable assets, as well as our historical experience in divestitures, acquisitions and real estate transactions. Additionally, we may use a cost valuation approach to value long-lived assets when a market valuation approach is unavailable. Under this approach, we determine the cost to replace the service capacity of an asset, adjusted for physical and economic obsolescence. When available, we use valuation inputs from independent valuation experts, such as real estate appraisers and brokers, to corroborate our estimates of fair value.

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We estimate the fair value of our franchise rights primarily using the Multi-Period Excess Earnings (MPEE) model. The forecasted cash flows used in the MPEE model contain inherent uncertainties, including significant estimates

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and assumptions related to growth rates, margins, general operating expenses, and cost of capital. We use primarily internally-developed forecasts and business plans to estimate the future cash flows that each franchise will generate. We have determined that only certain cash flows of the store are directly attributable to the franchise rights. We estimate the appropriate interest rate to discount future cash flows to their present value equivalent taking into consideration factors such as a risk-free rate, a peer group average beta, an equity risk premium and a small stock risk premium. Additionally, we also may use a market approach to determine the fair value of our franchise rights. These market data points include our acquisition and divestiture experience and third-party broker estimates.

## Revenue Recognition

The following describes our major product lines, which represent the disaggregation of our revenues to transactions that are similar in nature, amount, timing, uncertainties and economic factors.

### New Retail Vehicle and Used Retail Vehicle Sales

Revenue from the retail sale of a vehicle is recognized at a point in time, as all performance obligations are satisfied when a contract is signed by the customer, financing has been arranged or collectibility is probable and the control of the vehicle is transferred to the customer. The transaction price for a retail vehicle sale is specified in the contract with the customer and includes all cash and non-cash consideration. In a retail vehicle sale, customers often trade in their current vehicle. The trade-in is measured at its stand-alone selling price in the contract, utilizing various third-party pricing sources. There are no other non-cash forms of consideration related to retail sales. All vehicle rebates are applied to the vehicle purchase price at the time of the sale and are therefore incorporated into the price of the contract at the time of the exchange. We do not allow the return of new or used vehicles, except where mandated by state law.

### Service, Body and Parts Sales

Revenue from service, body and parts sales is recognized upon the transfer of control of the parts or service to the customer. We allow for customer returns on sales of our parts inventory up to 30 days after the sale. Most parts returns generally occur within one to two weeks from the time of sale and are not significant.

We are the obligor on our lifetime oil contracts. Revenue is allocated to these performance obligations and is recognized over time as services are provided to the customer. The amount of revenue recognized is calculated, net of cancellations, using an input method, which most closely depicts performance of the contracts. Our contract liability balances were \$284.3 million \$317.0 million and \$239.0 million \$284.3 million as of December 31, 2022 December 31, 2023, and December 31, 2021 December 31, 2022, respectively; and we recognized \$44.6 million \$55.2 million and \$35.0 million \$44.6 million of revenue in the years ended December 31, 2022 December 31, 2023, and December 31, 2021 December 31, 2022, respectively, related to our opening contract liability balances. Our contract liability balance is included in accrued liabilities and deferred revenue.

### Finance and Insurance Sales

Revenue from finance and insurance sales is recognized, net of estimated charge-backs, at the time of the sale of the related vehicle. As a part of the vehicle sale, we seek to arrange financing for customers and sell a variety of add-ons, such as extended warranty service contracts. These products are inherently attached to the governing vehicle and performance of the obligation cannot be performed without the underlying sale of the vehicle. We act as an agent in the sale of these contracts as the pricing is set by the third-party provider, and our commission is preset. A portion of the transaction price related to sales of finance and insurance contracts is considered variable consideration and is estimated and recognized upon the sale of the contract under the standard. Our contract asset balance was \$12.5 million \$11.8 million and \$9.6 million \$12.5 million as of December 31, 2022 December 31, 2023, and December 31, 2021 December 31, 2022, respectively; and is included in trade receivables and other non-current assets.

## Segment Reporting

Historically, the Company had determined that operating segments were individual store locations, which were aggregated into reportable segments of Domestic, Import, and Luxury. This conclusion was primarily based on the chief operating decision maker's (CODM's) review of individual store results to assess performance and allocate resources, along with economic similarities within Domestic, Import, and Luxury stores. In the fourth quarter of 2022, we reevaluated our reporting segments based on our development and long-term strategy. The Company has experienced rapid growth in size as well as new expansion into synergistic business lines, transforming the way the business is managed. Considering the Company's growth, evolution of its business model, and change in Company

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structure during 2022, management reevaluated its reporting segments and determined the operating segments (and reportable segments) as of December 31, 2022 are Vehicle Operations and Financing Operations. Based on this evaluation, we reclassified Financing Operations Income for the comparative periods from the "Corporate and Other" category to conform to current year presentation and consolidated our Domestic, Import, and Luxury segments into a new Vehicle Operations segment.

We determined our operating segments based on how the CODM reviews our operating results in assessing performance and allocating resources. The Financing Operations segment includes DFC, our captive finance company that serves as a lender for Lithia vehicle sales, and the Pfaff Leasing business acquired in 2021. The Vehicle Operations segment includes our retail automotive, recreational vehicles (RV), and motorcycle franchises that sell new vehicles, used vehicles, parts, repair and maintenance services, and vehicle finance and insurance products.

Corporate and other revenue and income include unallocated corporate overhead expenses, such as corporate personnel costs, and certain unallocated reserve and elimination adjustments. Additionally, certain internal corporate expense allocations increase segment income for Corporate and other while decreasing segment income for the other operating segments. These internal corporate expense allocations are used to increase comparability of our dealerships and reflect the capital burden a stand-alone dealership would experience. Examples of these internal allocations include internal rent expense, internal floor plan financing charges, and internal fees charged to offset employees within our corporate headquarters that perform certain dealership functions.

We define our chief operating decision maker (CODM) to be our Chief Executive Officer. Historical and forecasted operational performance is evaluated on a consolidated basis and by segment by the CODM. We derive the operating results of the segments directly from our internal management reporting system. The accounting policies used to derive segment results are substantially the same as those used to determine our consolidated results, except for the internal allocation within Corporate and other discussed above. Our CODM does not regularly review capital expenditures on a reporting unit level. Performance measurement of each reportable segment by the CODM is based on several metrics, including earnings from operations. The CODM uses these results, in part, to evaluate the performance of, and to allocate resources, primarily with expected inventory and working capital requirements, to each of the reportable segments. See Note 18 – Segments.

## Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying Consolidated Financial Statements to maintain consistency and comparability between periods presented. We reclassified certain components within our Consolidated Balance Sheets and Consolidated Statements of Cash Flows, to present activity and balances associated with Finance Receivables and Non-Recourse Notes Payable. We also reclassified components of our Consolidated Statements of Operations to present Finance Operations Income, and to change our presentation of segment reporting.

## Recent Accounting Pronouncements

In March 2022, November 2023, the FASB Financial Accounting Standards Board (FASB) issued an accounting pronouncement (ASU 2022-02) standards update (ASU) 2023-07 related to troubled debt restructurings (TDRs) and vintage disclosures for financing receivables, improvements to reportable segment disclosures. The amendments in this update eliminate the accounting guidance for TDRs by creditors while enhancing disclosure requirements for certain loan refinancing and restructurings by creditors made to borrowers experiencing financial difficulty. The amendments also require additional disclosure of current-period gross write-offs by year of origination significant expenses related to our reportable segments, additional segment disclosures on an interim basis, and qualitative disclosures regarding the decision making process for financing receivables, segment resources. The amendments in this update are effective for fiscal years beginning after December 15, 2022 December 15, 2023, including and interim periods within those fiscal years, years beginning after December 15, 2024. We plan to adopt this pronouncement and make the necessary updates to our vintage segment disclosures for the interim period beginning January 1, 2023 year ended December 31, 2024, and aside from these disclosure changes, we do not expect the amendments to have a material effect on our financial statements.

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In December 2023, the FASB issued ASU 2023-09 related to improvements to income tax disclosures. The amendments in this update require enhanced jurisdictional and other disaggregated disclosures for the effective tax rate reconciliation and income taxes paid. The amendments in this update are effective for fiscal years beginning after December 15, 2024. We plan to adopt this pronouncement and make the necessary updates to our disclosures for the year ended December 31, 2025, and aside from these disclosure changes, we do not expect the amendments to have a material effect on our financial statements.

## NOTE 2. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

		December 31,			
		December 31,		December 31,	
(\$ in millions)	(\$ in millions)	2022	2021	2023	2022
Contracts in transit	Contracts in transit	\$432.5	\$304.9		
Trade receivables	Trade receivables	122.6	125.5		
Vehicle receivables	Vehicle receivables	105.4	106.6		
Manufacturer receivables	Manufacturer receivables	151.9	120.5		
Other receivables, current	Other receivables, current	3.8	31.7		
		816.2	689.2		
		1,130.2			
Less: Allowance for doubtful accounts	Less: Allowance for doubtful accounts	(3.1)	(3.7)		
Total accounts receivable, net	Total accounts receivable, net	\$813.1	\$685.5		

The long-term components of accounts receivable and allowance for doubtful accounts were included as a component of other non-current assets in the Consolidated Balance Sheets.

## NOTE 3. INVENTORIES AND FLOOR PLAN NOTES PAYABLE

The components of inventories consisted of the following:

		December 31,			
		December 31,		December 31,	
(\$ in millions)	(\$ in millions)	2022	2021	2023	2022
New vehicles	New vehicles	\$1,679.8	\$ 812.9		
Used vehicles	Used vehicles	1,529.3	1,418.3		
Parts and accessories	Parts and accessories	200.3	154.3		
Total inventories	Total inventories	\$3,409.4	\$2,385.5		

The new vehicle inventory cost is generally reduced by manufacturer holdbacks and incentives, while the related floor plan notes payable are reflective of the gross cost of the vehicle.

		December 31,			
		December 31,		December 31,	
(\$ in millions)	(\$ in millions)	2022	2021	(\$ in millions)	
Floor plan notes payable: non-trade	Floor plan notes payable: non-trade	\$ 1,489.4	\$ 835.9		
Floor plan notes payable	Floor plan notes payable	627.2	354.2		
Total floor plan debt	Total floor plan debt	\$ 2,116.6	\$ 1,190.1		

**Floor Plan Notes Payable**

We have floor plan agreements with manufacturer-affiliated finance companies for certain new vehicles and vehicles that are designated for use as service loaners. The interest rates on these floor plan notes payable commitments vary by manufacturer and are variable rates, ranging up from 5.77% to 6.01% 14.25% as of December 31, 2022 December 31, 2023. Borrowings from and repayments to manufacturer-affiliated finance companies are classified as operating activities in the Consolidated Statements of Cash Flows.

**Floor Plan Notes Payable: Non-Trade**

See credit facilities discussion in Note 9 – Credit Facilities and Long-Term Debt for more information on our floor plan commitments.

**NOTE 4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

		December 31,			
		December 31,		December 31,	
(\$ in millions)	(\$ in millions)	2022	2021	(\$ in millions)	
Land	Land	\$ 1,149.9	\$ 965.6		
Building and improvements	Building and improvements	2,027.8	1,748.5		
Service equipment	Service equipment	185.8	159.9		
Furniture, office equipment, signs and fixtures	Furniture, office equipment, signs and fixtures	650.3	507.3		
		4,013.8	3,381.3		
		4,520.9			

Less	Less		
accumulated	accumulated		
depreciation	depreciation	(526.8)	(422.6)
		3,487.0	2,958.7
		3,874.2	
Construction	Construction		
in progress	in progress	87.6	93.9
		\$3,574.6	\$3,052.6
		\$	

#### Long-Lived Asset Impairment Charges

We recorded no impairment charges in 2023, 2022, 2021, and 2020 2021 associated with property and equipment. The long-lived assets were tested for recoverability and were determined to have a carrying value exceeding their fair value.

## NOTE 5. FINANCE RECEIVABLES

Our finance receivables are comprised of auto loan and lease receivables. Our auto loan receivables include amounts due from customers related to vehicle sales financed through DFC US and Pfaff Leasing, Canada Financing Operations, secured by the related vehicles. Lease receivables include amounts related to vehicles leased through Pfaff Leasing, Canadian Financing Operations, also secured by the related vehicles. These amounts are presented net of an allowance for estimated losses.

(\$ in millions)	December 31,	
	2022	2021
Asset-backed term funding	\$ 482.1	\$ 331.2
Warehouse facilities	1,383.9	279.6
Other managed receivables	390.9	217.5
Total finance receivables	2,256.9	828.3
Less: Allowance for finance receivable losses	(69.3)	(25.0)
Finance receivables, net	\$ 2,187.6	\$ 803.3

Interest income on finance receivables is recognized based on the contractual terms of each loan and is accrued until repayment, reaching non-accrual status, charge-off, or repossession. Direct costs associated with loan originations are capitalized and expensed as an offset to interest income when recognized on the loans.

The balances of finance receivables are made up of loans and leases secured by the related vehicles. More than 98% of the portfolio is aged less than 60 days past due with less than 2% on non-accrual status.

#### Finance Receivables, net

(\$ in millions)	December 31,	
	2023	2022
Asset-backed term funding	\$ 2,146.5	\$ 482.1
Warehouse facilities	749.3	1,383.9
Other managed receivables	452.9	390.9
Total finance receivables	3,348.7	2,256.9
Less: Allowance for finance receivable losses	(106.4)	(69.3)
Finance receivables, net	\$ 3,242.3	\$ 2,187.6

#### Finance Receivables by FICO Score

(\$ in millions)	As of December 31, 2023				
	Year of Origination				
	2023	2022	2021	2020	Total
<599	\$ 62.2	\$ 39.0	\$ 17.6	\$ 2.4	\$ 121.2
600-699	586.6	463.6	152.7	16.1	1,219.0
700-774	568.1	422.5	63.9	5.9	1,060.4
775+	490.3	263.5	14.7	2.7	771.2
Total auto loan receivables	\$ 1,707.2	\$ 1,188.6	\$ 248.9	\$ 27.1	3,171.8
Other finance receivables (1)					176.9

Total finance receivables	\$ 3,348.7
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(\$ in millions)	As of December 31, 2022			
	Year of Origination			
	2022	2021	2020	Total
<599:	\$ 63.0	\$ 30.3	\$ 4.8	\$ 98.1
600-699	652.6	243.4	27.2	923.2
700-774	575.9	97.9	10.0	683.8
775+	369.5	21.5	4.5	395.5
Total auto loan receivables	\$ 1,661.0	\$ 393.1	\$ 46.5	2,100.6
Other finance receivables (1)				156.3
Total finance receivables				\$ 2,256.9

(1) Includes legacy portfolio, loans that are originated with no FICO score available, and lease receivables.

In accordance with Topic 326, the allowance for loan and lease losses is estimated based on our historical write-off experience, current conditions and forecasts, as well as the value of any underlying assets securing these loans. Consideration is given to recent delinquency trends and recovery rates. Account balances are charged against the allowance upon reaching 120 days past due status.

**Rollforward of Allowance for Loan and Lease Losses**

Our allowance for finance receivable losses represents the net credit losses expected over the remaining contractual life of our managed receivables. During 2022, 2023, provision expense and net charge-offs increased primarily due to the higher volume of originations and resulting growth in the finance receivables balance. Also a contributing factor is the 3-4 month lag between charge-off and recovery. Collectively these factors drove an overall increase in the allowance. The allowances for credit losses related to finance receivables consisted of the following changes during the period:

	Year Ended December 31,	Year Ended December 31,		2023	2022
		2022	2021		
(\$ in millions)	(\$ in millions)	(\$ in millions)	(\$ in millions)		
Allowance at beginning of period	Allowance at beginning of period	\$25.0	\$12.9		
Charge-offs	Charge-offs	(62.0)	(16.6)		
Recoveries	Recoveries	19.1	8.8		
Initial allowance for purchased credit-deteriorated loans					
Sold loans					
Provision expense	Provision expense	87.2	19.9		

Allowance at end of period	Allowance at end of period		
		\$69.3	\$25.0

See Note 1 – Summary of Significant Accounting Policies for additional information on the allowance for credit losses related to finance receivables.

### Charge-off Activity by Year of Origination

(\$ in millions)	Year Ended December 31,	
	2023	2022
2023	\$ 14.2	\$ —
2022	61.9	17.3
2021	29.2	35.5
2020	2.8	5.1
Other finance receivables	1.9	4.1
<b>Total charge-offs</b>	<b>\$ 110.0</b>	<b>\$ 62.0</b>



### Ending finance Purchased Financial Assets with Credit Deterioration

As part of our acquisition of Priority Auto Group on June 12, 2023, we purchased certain auto loan receivables (principal balances) for which there was evidence of more than insignificant deterioration of credit quality since origination (purchased credit-deteriorated or "PCD" assets). The following is a reconciliation of the difference between the purchase price paid by FICO score: us for the financial assets and the par value (outstanding principal balance) of the assets on the date we acquired the portfolio:

(\$ in millions)	As of December 31, 2022			
	Year of Origination			
	2022	2021	2020	Total
<599:	\$ 63.0	\$ 30.3	\$ 4.8	\$ 98.1
600-699	652.6	243.4	27.2	923.2
700-774	575.9	97.9	10.0	683.8
775+	369.5	21.5	4.5	395.5
Total auto loan receivables	\$ 1,661.0	\$ 393.1	\$ 46.5	2,100.6
Other finance receivables (1)				156.3
<b>Total finance receivables</b>				<b>\$ 2,256.9</b>

(\$ in millions)	As of December 31, 2021			
	Year of Origination			
	2021	2020	Total	
<599:	\$ 53.3	\$ 9.5	\$ 62.8	
600-699	386.5	50.0	436.5	
700-774	149.2	17.3	166.5	
775+	30.3	7.0	37.3	
Total auto loan receivables	\$ 619.3	\$ 83.8	703.1	
Other finance receivables (1)			125.2	
<b>Total finance receivables</b>			<b>\$ 828.3</b>	

(3) Includes legacy portfolio, loans that are originated with no FICO score available, and lease receivables.

(\$ in millions)

Purchase price of PCD loans at acquisition	\$	8.0
Initial allowance for credit losses of PCD loans at acquisition		4.6
Noncredit premium of PCD loans at acquisition		(3.4)
Par value of acquired PCD loans at acquisition	\$	9.2

## NOTE 6. GOODWILL AND FRANCHISE VALUE

The following is a roll-forward of goodwill:

(\$ in millions)	(\$ in millions)	Vehicle Operations	Financing Operations	Consolidated
<b>Balance as of</b>				
<b>December 31, 2020</b> <sup>1</sup>	\$	593.0	—	\$ 593.0
(\$ in millions)				
(\$ in millions)		Vehicle Operations	Financing Operations	Consolidated
<b>Balance as of</b>				
<b>December 31, 2021</b>				
Additions through acquisitions <sup>1</sup>				
Additions through acquisitions <sup>1</sup>				
Additions through acquisitions <sup>1</sup>				
Reductions through divestitures				
Currency translation				
Currency translation				
Currency translation				
<b>Balance as of</b>				
<b>December 31, 2022</b>				
Additions through acquisitions <sup>2</sup>				
Additions through acquisitions <sup>2</sup>				
Additions through acquisitions <sup>2</sup>		395.5	—	395.5
Reductions through divestitures		(11.2)	—	(11.2)
<b>Balance as of</b>				
<b>December 31, 2021</b> <sup>1</sup>		977.3	—	977.3
Additions through acquisitions <sup>3</sup>		483.4	17.0	500.4
Reductions through divestitures		(17.9)	—	(17.9)
Currency translation		0.7	0.2	0.9

Balance as of				
December 31, 2022 <sup>(1)</sup>	\$ 1,443.5	\$ 17.2	\$ 1,460.7	
Currency translation				
Currency translation				
Balance as of				
December 31, 2023				

- (1) Net of accumulated impairment losses of \$299.3 million recorded during the year ended December 31, 2008.
- (2) Our purchase price allocation for the 2020 acquisitions were finalized in 2021. As a result, we added \$395.5 million of goodwill.
- (3) Our purchase price allocation allocations for the 2021 acquisitions were finalized in 2022. As a result, we added \$500.4 million \$500.4 million of goodwill.
- (2) Our purchase price allocations for the 2022 acquisitions were finalized in 2023. As a result, we added \$285.9 million of goodwill. Preliminary purchase price allocation for a portion of our 2023 acquisitions resulted in adding \$233.2 million of goodwill. Our purchase price allocation for the 2022 remainder of the 2023 acquisitions are preliminary and goodwill is not yet allocated to our segments. These amounts are included in other non-current assets until we finalize our purchase accounting. See Note 16 – Acquisitions.

The following is a roll-forward of franchise value:

(\$ in millions)	Franchise Value
Balance as of December 31, 2020 December 31, 2021	\$ 350.2 799.1
Additions through acquisitions:	459.7 1,088.4
Reductions through divestitures	(8.9) (33.6)
Reductions from impairments Currency translation	(1.9) 2.3
Balance as of December 31, 2021 December 31, 2022	799.1 1,856.2
Additions through acquisitions:	1,088.4 556.5
Reductions through divestitures	(33.6) (14.5)
Currency translation	2.3 4.0
Balance as of December 31, 2022 December 31, 2023	\$ 1,856.2 2,402.2

- (1) Our purchase price allocation for the 2020 acquisitions were finalized in 2021. As a result, we added \$459.7 million of franchise value.

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- (2) Our purchase price allocation allocations for the 2021 acquisitions were finalized in 2022. As a result, we added \$1,088.4 million \$1.1 billion of franchise value.
- (2) Our purchase price allocations for the 2022 acquisitions were finalized in 2023. As a result, we added \$363.1 million of franchise value. Preliminary purchase price allocations for a portion of our 2023 acquisitions resulted in adding \$193.4 million of franchise value. Our purchase price allocation allocations for the 2022 remainder of the 2023 acquisitions are preliminary and is not yet allocated to our segments. See Note 16 – Acquisitions.

## NOTE 7. NET INVESTMENT IN OPERATING LEASES

Net investment in operating leases consists primarily of lease contracts for vehicles with individuals and business entities. Assets subject to operating leases are depreciated using the straight-line method over the term of the lease

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to reduce the asset to its estimated residual value. Estimated residual values are based on assumptions for used vehicle prices at lease termination and the number of vehicles that are expected to be returned.

Net investment in operating leases was as follows:

		December 31,			
		December 31,		December 31,	
(\$ in millions)	(\$ in millions)	2022	2021	2023	2022
Vehicles, at cost <sup>(1)</sup>	Vehicles, at cost <sup>(1)</sup>	\$ 92.2	\$ 66.0		
Accumulated depreciation <sup>(1)</sup>	Accumulated depreciation <sup>(1)</sup>	(7.6)	(0.9)		
Net investment in operating leases	Net investment in operating leases	\$ 84.6	\$ 65.1		

<sup>(1)</sup> Vehicles, at cost and accumulated depreciation are recorded in other non-current assets, on the Consolidated Balance Sheets.

## NOTE 8. COMMITMENTS AND CONTINGENCIES

### Leases

We lease certain dealerships, office space, land and equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. We have elected not to bifurcate lease and non-lease components related to leases of real property.

Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to 25 or more years. The exercise of lease renewal options is at our sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Certain of our lease agreements include rental payments based on a percentage of retail sales over contractual levels and others include rental payments adjusted periodically for inflation. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

We rent or sublease certain real estate to third parties.

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The table below presents the lease-related liabilities and finance lease ROU assets recorded on the Consolidated Balance Sheets:

		December 31,			
		December 31,		December 31,	
(\$ in millions)	(\$ in millions)	2022	2021	2023	2022
Operating lease liabilities:	Operating lease liabilities:				
Current portion included in accrued liabilities	Current portion included in accrued liabilities				

Current portion included in accrued liabilities	Current portion included in accrued liabilities	\$ 51.7	\$ 49.0
Noncurrent operating lease liabilities	Noncurrent operating lease liabilities	346.6	361.7
Total operating lease liabilities	Total operating lease liabilities	398.3	410.7
Finance lease liabilities:	Finance lease liabilities:		

Current portion included in current maturities of long-term debt

Current portion included in current maturities of long-term debt

Current portion included in current maturities of long-term debt	Current portion included in current maturities of long-term debt	2.0	16.3
Long-term portion of lease liabilities in long-term debt	Long-term portion of lease liabilities in long-term debt	54.4	37.3

Total finance lease liabilities	Total finance lease liabilities	56.4	53.6
Total lease liabilities	Total lease liabilities	\$454.7	\$464.3

Finance lease right-of-use assets:	Finance lease right-of-use assets:		
Total finance lease right-of-use assets (1)	Total finance lease right-of-use assets (1)	\$ 75.9	\$ 58.7

Total finance lease right-of-use assets (1)

Total finance lease right-of-use assets (1)

Weighted-average remaining lease term:	Weighted-average remaining lease term:		
Operating leases	Operating leases		

Operating leases		Operating leases		Finance leases		Weighted-average discount rate:	
Operating leases	Operating leases	7 years	8 years	8 years	7 years		
Finance leases	Finance leases	10 years	11 years	10 years			
Operating leases	Operating leases	4.31 %	4.12 %				
Operating leases	Operating leases			4.78 %	4.31 %		
Finance leases	Finance leases	4.85 %	2.42 %	5.53 %	4.85 %		

(1) Finance lease right-of-use assets included in property and equipment, net of accumulated depreciation.

The components of lease costs, which were included in selling, general and administrative in our Consolidated Statements of Operations, were as follows:

		Year Ended December 31,		Year Ended December 31,			
		2022		2021			
(\$ in millions)	(\$ in millions)	2022	2021	Classification	2023	2022	2021
Operating lease cost <sup>(1)</sup>	Operating lease cost <sup>(1)</sup>	\$77.9	\$53.1				
Variable lease cost <sup>(2)</sup>	Variable lease cost <sup>(2)</sup>	5.6	3.5				
Amortization of lease right-of-use assets	Amortization of lease right-of-use assets	4.2	5.9				
Interest on lease liabilities	Interest on lease liabilities	3.7	4.2				
Sublease income	Sublease income	(7.5)	(6.4)				
Total lease costs	Total lease costs	\$83.9	\$60.3				

(1) Includes short-term and month-to-month lease costs, which are immaterial.

(2) Variable lease cost generally includes reimbursement for actual costs incurred by our lessors for common area maintenance, property taxes and insurance on leased real estate.

Rent expense, net of sublease income, for all operating leases was \$41.2 million for the year ended December 31, 2020. This amount is included as a component of selling, general and administrative expenses in our Consolidated Statements of Operations.

As of December 31, 2022 and December 31, 2023, the maturities of our operating and finance lease liabilities were as follows:

(\$ in millions)	(\$ in millions)	Operating Lease Liabilities		(\$ in millions)	Operating Lease Liabilities	Finance Lease Liabilities
		Lease Liabilities	Lease Liabilities			
Year Ending December 31,	Year Ending December 31,					
2023		\$ 70.5	\$ 4.6			
2024						
2024	2024	63.7	10.2			
2025	2025	59.7	22.2			
2026	2026	50.2	2.9			
2027	2027	44.6	3.0			
2028						
Thereafter	Thereafter	235.6	26.9			
Total minimum lease payments	Total minimum lease payments	524.3	69.8			
Less: present value adjustment	Less: present value adjustment	(126.0)	(13.4)			
Total lease liabilities	Total lease liabilities	\$ 398.3	\$ 56.4			

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#### Charge-Backs for Various Contracts

We have recorded a liability of \$147.6 million \$175.6 million as of December 31, 2022 December 31, 2023 for our estimated contractual obligations related to potential charge-backs for vehicle service contracts and other various insurance contracts that are terminated early by the customer. We estimate that the charge-backs will be paid out as follows:

Year Ending December 31,	Year Ending December 31,	(\$ in millions)	Year Ending December 31,	(\$ in millions)
2023		\$ 79.9		
2024	2024	41.1		
2025	2025	18.6		
2026	2026	6.4		
2027	2027	1.4		
2028				
Thereafter	Thereafter	0.2		
Total	Total	\$ 147.6		

#### Lifetime Lube, Oil and Filter and At Home Valet Contracts Contract Liabilities

We retain the obligation for lifetime lube, oil and filter service contracts and at home valet contracts sold to our customers and assumed the liability of certain existing lifetime lube, oil and filter contracts. These amounts are recorded as a contract liability. At the time of sale, we defer the full sale price and recognize the revenue based on the rate we expect future costs to be incurred. As of **December 31, 2022** **December 31, 2023**, we had a contract liability balance of **\$284.9 million** **\$308.9 million** associated with these contracts and estimate the contract liability will be recognized as follows:

Year Ending December 31,	Year Ending December 31,	(\$ in millions)	Year Ending December 31,	(\$ in millions)
2023		\$ 58.5		
2024	2024	47.0		
2025	2025	37.5		
2026	2026	29.8		
2027	2027	24.0		
2028				
Thereafter	Thereafter	88.1		
<b>Total</b>	<b>Total</b>	<b>\$ 284.9</b>		

The contract liability balance is recorded as components of deferred revenue and accrued liabilities in our Consolidated Balance Sheets.

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#### Self-insurance Programs

We self-insure a portion of our property and casualty insurance, vehicle open lot coverage, medical insurance and workers' compensation insurance. Third parties are engaged to assist in estimating the loss exposure related to the self-retained portion of the risk associated with these insurances. Additionally, we analyze our historical loss and claims experience to estimate the loss exposure associated with these programs. As of **December 31, 2022** **December 31, 2023** and **2021, 2022**, we had liabilities associated with these programs of **\$67.4 million** **\$77.1 million** and **\$56.4 million** **\$67.4 million**, respectively, recorded as a component of accrued liabilities and other long-term liabilities in our Consolidated Balance Sheets.

#### Litigation

We are party to numerous legal proceedings arising in the normal course of our business. Although we do not anticipate that the resolution of legal proceedings arising in the normal course of business will have a material adverse effect on our business, results of operations, financial condition, or cash flows, we cannot predict this with certainty.

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## NOTE 9. CREDIT FACILITIES AND LONG-TERM DEBT

Below is a summary of our outstanding balances on credit facilities and long-term debt:

(\$ in millions)	(\$ in millions)	Maturity Dates		(\$ in millions)	Maturity Dates	2023	2022
		2022	2021				
Long-term debt:	Long-term debt:						

Used and service loaner vehicle inventory financing commitments	Used and service loaner vehicle inventory financing commitments	Various dates through Apr 2026	\$ 877.2	\$ 500.0
Used and service loaner vehicle inventory financing commitments				
Used and service loaner vehicle inventory financing commitments				
Revolving lines of credit	Revolving lines of credit	Various dates through Apr 2026	927.6	129.9
Warehouse facilities	Warehouse facilities	Various dates through Nov 2025	930.0	90.0
Total lines of credit			2,734.8	719.9
Real estate mortgages		Various dates through Jan 2043	580.1	592.9
Finance lease obligations		Various dates through Aug 2037	56.4	53.6
Non-recourse notes payable				
4.625% Senior notes due 2027	4.625% Senior notes due 2027	Dec 2027	400.0	400.0
4.375% Senior notes due 2031	4.375% Senior notes due 2031	Jan 2031	550.0	550.0
3.875% Senior notes due 2029	3.875% Senior notes due 2029	Jun 2029	800.0	800.0
Other debt		Various dates through Jan 2024	16.6	1.9
Total long-term debt outstanding			5,137.9	3,118.3
Real estate mortgages, finance lease obligations, and other debt				
Total long-term debt				
Less: unamortized debt issuance costs	Less: unamortized debt issuance costs		(29.1)	(26.5)

Less: current maturities (net of current debt issuance costs)	Less: current maturities (net of current debt issuance costs)	(20.5)	(223.7)
Long-term debt, less current maturities		\$ 5,088.3	\$ 2,868.1
	Various dates through Apr 2030	\$ 422.2	\$ 317.6
Long-term debt, net			

### Credit Facilities

#### US Bank Syndicated Credit Facility

On **November 21, 2022** **February 9, 2023**, we amended our existing syndicated credit facility (USB credit facility), comprised of **2021** financial institutions, including eight manufacturer-affiliated finance companies, maturing April 29, 2026.

This USB credit facility provides for a total financing commitment of **\$3.75** **\$4.6** billion, which may be further expanded, subject to lender approval and the satisfaction of other conditions, up to a total of **\$4.5** **\$5.5** billion. The allocation of the financing commitment is for up to \$800 million in used vehicle inventory floorplan financing, up to **\$1.5** **\$1.7** billion in revolving financing for general corporate purposes, including acquisitions and working capital, up to **\$1.4** **\$2.1** billion in new vehicle inventory floorplan financing, and up to \$50 million in service loaner vehicle floorplan financing. We have the option to reallocate the commitments under this USB credit facility, provided that the aggregate revolving loan commitment may not be more than 40% of the amount of the aggregate commitment, and the aggregate service loaner vehicle floorplan commitment may not be more than the 3% of the amount of the aggregate commitment. All borrowings from, and repayments to, our lending group are presented in the Consolidated Statements of Cash Flows as financing activities.

Our obligations under our USB credit facility are secured by a substantial amount of our assets, including our inventory (including new and used vehicles, parts and accessories), equipment, accounts receivable (and other rights to payment) and our equity interests in certain of our subsidiaries. Under our USB credit facility, our obligations relating to new vehicle floor plan loans are secured only by collateral owned by borrowers of new vehicle floor plan loans under the USB credit facility.

The interest rate on the USB credit facility varies based on the type of debt, with the rate of one-day SOFR plus a credit spread adjustment of 0.10% plus a margin of 1.10% for new vehicle floor plan financing, 1.40% for used vehicle floor plan financing, 1.20% for service loaner floor plan financing, and a variable interest rate on the revolving financing ranging from 1.00% to 2.00% depending on our leverage ratio. The annual interest rates associated with our floor plan commitments are as follows:

Commitment	Annual Interest Rate at <b>December 31, 2022</b>	<b>December 31, 2023</b>
New vehicle floor plan	5.51%	6.58%
Used vehicle floor plan	5.81%	6.88%
Service loaner floor plan	5.51%	6.68%
Revolving line of credit	5.41%	6.48%

Under the terms of our USB credit facility, we are subject to financial covenants and restrictive covenants that limit or restrict our incurring additional indebtedness, making investments, selling or acquiring assets and granting security interests in our assets.

Under our USB credit facility, we are required to maintain the ratios detailed in the following table:

Debt Covenant Ratio	Requirement	As of December 31, 2022
Fixed charge coverage ratio	Not less than 1.20 to 1	5.81 to 1
Leverage ratio	Not more than 5.75 to 1	1.36 to 1

#### Bank of Nova Scotia Syndicated Credit Facility

On June 3, 2022, we entered into a syndicated credit agreement with The Bank of Nova Scotia as agent (BNS credit facility), comprised of six financing institutions, including two manufacturer-affiliated finance companies.

The BNS credit facility provides for a total financing commitment of approximately \$1.1 billion CAD, including a working capital revolving credit facility of up to \$100 million CAD, a wholesale flooring facility for new vehicles up to \$500 million CAD, used vehicle flooring facility of up to \$100 million CAD, wholesale leasing facility of up to \$400 million CAD, and daily rental vehicle facility up to \$25 million CAD.

Commitment	Annual Interest Rate at December 31, 2022	December 31, 2023
Wholesale flooring facility	5.76%	6.46%
Used vehicle flooring facility	6.01%	6.71%
Daily rental facility	5.96%	6.66%
Wholesale leasing facility	6.06%	6.76%
Working capital revolving facility	6.01%	6.71%

All Canadian facilities other than the wholesale flooring facility, which is a demand facility, mature on June 3, 2025. The credit agreement includes various financial and other covenants typical of such agreements. As of December 31, 2022, we were in compliance with all such covenants.

#### Wells Fargo Syndicated Real Estate Facility

On November 30, 2022 February 9, 2023, we amended our existing syndicated real estate backed facility with Wells Fargo Bank, National Association, as agent (WFB credit facility), which includes eight financial institutions, including two manufacturer affiliated finance companies, maturing July 14, 2025.

The WFB credit facility currently provides a total financing commitment of up to \$216.2 million \$196.0 million in working capital financing for general corporate purposes, including acquisitions and working capital, collateralized by real estate and certain other assets owned by us. The interest rate on the WFB credit facility uses Daily Simple SOFR plus a credit spread adjustment of 0.10% plus a margin ranging from 2.00% 1.10%-2.50% based on our leverage ratio.

The WFB credit facility includes financial and restrictive covenants typical of such agreements, lending conditions, and representations and warranties by us. Financial covenants include requirements to maintain minimum fixed charge coverage ratio and a maximum leverage ratio, consistent with those under our existing syndicated credit facility with U.S. Bank National Association as administrative agent. As of December 31, 2022 December 31, 2023, no amounts were outstanding we had \$195.8 million drawn on the WFB credit facility.

#### Ally Real Estate Facility

On December 28, 2022, we amended our existing real estate backed facility with Ally Bank (Ally Capital in Hawaii, Mississippi, Montana and New Jersey), as lender. The credit agreement matures on September 12, 2025 and provides for a revolving line of credit facility (Ally credit facility) of up to \$300 million and is secured by real estate owned by us. The Ally credit facility will bear interest at a rate per annum equal to the greater of 3.00% or the prime rate designated by Ally Bank, minus 40 basis points. The Ally credit facility includes financial and restrictive covenants typical of such agreements, lending conditions, and representations and warranties. Financial covenants, including the requirements to maintain minimum fixed charge coverage ratio and a maximum leverage ratio, consistent with those under our existing syndicated credit facility with US Bank National Association as administrative agent. The covenants restrict us from disposing of assets and granting additional security interests. As of December 31, 2022 December 31, 2023, no amounts were outstanding we had \$100.0 million drawn on the Ally credit facility.

#### JPM Warehouse facility

On **November 17, 2022** **July 20, 2023**, we amended our **existing** securitization facility for our auto loan portfolio (JPM warehouse facility) with JPMorgan Chase Bank, as administrative agent and **committed lender**, and Chariot Funding LLC, as conduit lender.

The JPM warehouse facility provides **account bank**, providing initial commitments for borrowings of up to \$1.0 billion and . The JPM warehouse facility matures on **July 29, 2024** **July 18, 2025**. The interest rate on the JPM warehouse facility varies based on JPM's Commercial Paper the Daily Simple SOFR rate plus **1.70%** **1.15% to 1.95%**. As of **December 31, 2022** **December 31, 2023**, we had **\$785.0 million** **\$395.0 million** drawn on the JPM warehouse facility.

#### Mizuho Warehouse facility

On **November 1, 2022** **July 20, 2023**, we entered into a loan agreement, establishing a **amended our** securitization facility for our auto loan portfolio (Mizuho warehouse facility), with Mizuho Bank Ltd. as administrative agent and account **bank**.

The Mizuho warehouse facility provides **bank**, providing initial commitments for borrowings of up to **\$500** **\$750 million** and matures on **November 1, 2025** **July 20, 2026**. The interest rate on the Mizuho warehouse facility varies based on the Daily Simple SOFR rate plus **1.30%** **1.20%**. As of **December 31, 2022** **December 31, 2023**, we had **\$145 million** **\$192 million** drawn on the Mizuho warehouse facility.

#### Non-Recourse Notes Payable

DFC auto loans receivable are temporarily funded through our warehouse facilities until they can be funded through non-recourse asset-backed term transactions. These non-recourse funding vehicles are structured to legally isolate the auto loans receivable, and we would not expect to be able to access the assets of our non-recourse funding vehicles, even in insolvency, receivership or conservatorship proceedings. Similarly, the investors in the non-recourse notes payable have no recourse to our assets beyond the related receivables, the amounts on deposit in reserve accounts and the restricted cash from collections on auto loans receivable. We do, however, continue to have the rights associated with the interest we retain in these non-recourse funding vehicles.

In **August 2022, 2023**, we issued **\$298.1 million** **\$1.9 billion** in non-recourse notes payable related to **the quarterly** asset-backed term funding **transaction, transactions**. Below is a summary of outstanding non-recourse notes payable issued:

(\$ in millions)	Balance as of December 31,		Initial Principal Amount	Issuance Date	Interest Rate	Final Distribution Date
	2022					
LAD Auto Receivables Trust 2021-1 Class A	\$	115.0	\$ 282.8	11/19/21	1.30%	08/17/26
LAD Auto Receivables Trust 2021-1 Class B		18.3	18.3	11/19/21	1.94%	11/16/26
LAD Auto Receivables Trust 2021-1 Class C		26.0	26.0	11/19/21	2.35%	04/15/27
LAD Auto Receivables Trust 2021-1 Class D		17.2	17.2	11/19/21	3.99%	11/15/29
LAD Auto Receivables Trust 2022-1 Class A		207.2	259.7	08/09/22	5.21%	06/15/27
LAD Auto Receivables Trust 2022-1 Class B		15.5	15.5	08/09/22	5.87%	09/15/27
LAD Auto Receivables Trust 2022-1 Class C		23.0	22.9	08/09/22	6.85%	04/15/30
Total non-recourse notes payable	\$	422.2	\$ 642.4			

(\$ in millions)	Balance as of		Initial Principal Amount	Issuance Date	Interest Rate Range	Final Distribution Date
	December 31, 2023					
LAD Auto Receivables Trust 2021-1 Class A-D	\$	97.4	\$ 344.4	11/24/21	1.30% to 3.99%	Various dates through Nov 2029
LAD Auto Receivables Trust 2022-1 Class A-C		150.6	298.1	08/17/22	5.21% to 6.85%	Various dates through Apr 2030
LAD Auto Receivables Trust 2023-1 Class A-D		315.0	479.7	02/14/23	5.48% to 7.30%	Various dates through Jun 2030
LAD Auto Receivables Trust 2023-2 Class A-D		402.1	556.7	05/24/23	5.42% to 6.30%	Various dates through Feb 2031
LAD Auto Receivables Trust 2023-3 Class A-D		349.4	415.4	08/23/23	5.95% to 6.92%	Various dates through Dec 2030
LAD Auto Receivables Trust 2023-4 Class A-D		391.1	421.2	11/15/23	5.71% to 7.37%	Various dates through Apr 2031
Total non-recourse notes payable	\$	1,705.6	\$ 2,515.5			

#### Senior Notes

Below is a summary of outstanding senior notes issued:

(\$ in millions)	Principal Amount	Earliest Redemption Date	% Currently		Maturity Date	Interest Payment Dates
			Redeemable	Current Redemption Price		
4.625% Senior notes due 2027	\$400.0	12/15/22	100%	102.313%	12/15/27	Jun 15, Dec 15
4.375% Senior notes due 2031	550.0	10/15/25	40%	104.375%	01/15/31	Jan 15, Jul 15
3.875% Senior notes due 2029	800.0	06/01/24	40%	103.875%	06/01/29	Jun 1, Dec 1
Total senior notes	\$1,750.0					

On August 1, 2021, we redeemed in full the aggregate \$300 million principal amount of our 5.250% senior notes due 2025 at a redemption price equal to 102.625% of the principal amount of the notes plus accrued and unpaid interest thereon. This early redemption resulted in a \$10.3 million loss on extinguishment of debt, presented as a component of "Other (expense) income, net" in our Consolidated Statement of Operations for the year ended December 31, 2021.

(\$ in millions)	Principal Amount	Earliest Redemption Date	% Currently		Maturity Date	Interest Payment Dates
			Redeemable	Current Redemption Price		
4.625% Senior notes due 2027	\$400.0	12/15/22	100%	102.313%	12/15/27	Jun 15, Dec 15
3.875% Senior notes due 2029	800.0	06/01/24	40%	103.875%	06/01/29	Jun 1, Dec 1
4.375% Senior notes due 2031	550.0	10/15/25	40%	104.375%	01/15/31	Jan 15, Jul 15
Total senior notes	\$1,750.0					

#### Real Estate Mortgages, Finance Lease Obligations, and Other Debt

We have mortgages associated with our owned real estate. Interest rates related to this debt ranged from 3.0% to 8.0% 8.5% at December 31, 2022 December 31, 2023. The mortgages are payable in various installments through July 1, 2038. December 31, 2022 As of December 31, 2023, we had fixed interest rates on 71.7% 79.6% of our outstanding mortgage debt.

We have finance lease obligations with some of our leased real estate. Interest rates related to this debt ranged from 2.5% to 8.5% at December 31, 2022 December 31, 2023. The leases have terms extending through August 2037.

Our other debt includes sellers' notes and debt associated with our Pfaff Leasing operations, Canadian Financing Operations. The interest rates associated with our other debt ranged from 2.3% to 10.0% at December 31, 2022 December 31, 2023. This debt, which totaled \$16.6 million \$7.0 million at December 31, 2022 December 31, 2023, is due in various installments through February 28, 2029.

#### Future Principal Payments

The schedule of future principal payments associated with real estate mortgages, finance lease liabilities, our senior notes and other debt as of December 31, 2022 December 31, 2023 was as follows:

Year Ending December 31,	Year Ending December 31,	(\$ in millions)	Year Ending December 31,	(\$ in millions)
2023		\$ 26.7		
2024	2024	74.8		
2025	2025	74.1		
2026	2026	49.3		
2027	2027	473.8		
2028				
Thereafter	Thereafter	1,688.9		
Total principal payments	Total principal payments	\$2,387.6		

This table does not include future payments related to revolving lines of credit or non-recourse notes payable, and other debt associated with our Pfaff Leasing operations, payable.

## NOTE 10. 401(K) PROFIT SHARING, DEFERRED COMPENSATION RETIREMENT PLANS AND LONG-TERM INCENTIVE PLANS POSTRETIREMENT BENEFITS

### Company-Sponsored Defined Contribution 401(k) Plan

We have a defined contribution 401(k) plan and trust covering substantially all full-time employees. The annual contribution to the plan is at the discretion of our Board of Directors. Contributions of \$29.9 million \$44.0 million, \$18.8 million \$29.9 million, and \$9.0 million \$18.8 million were recognized for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively. Employees may contribute to the plan if they meet certain eligibility requirements.

### Executive Management Non-Qualified Deferred Compensation and Supplemental Executive Retirement Plan

We offer a non-qualified deferred compensation and supplemental executive retirement plan (the "SERP") to provide certain employees the ability to accumulate assets for retirement on a tax deferred basis. We may, depending on position, also make discretionary contributions to the SERP. These discretionary contributions could vest immediately or over a period of up to seven five years based on the employee's age. Additionally, a participant may defer a portion of his or her compensation and receive the deferred amount upon certain events, including termination or retirement.

The following is a summary related to our SERP:

		Year Ended December 31,			Year Ended December 31,			
		December 31,			December 31,			
(\$ in millions)	(\$ in millions)	2022	2021	2020	(\$ in millions)	2023	2022	2021
Compensation expense	Compensation expense	\$1.1	\$1.4	\$1.2				
Total discretionary contribution	Total discretionary contribution	\$1.0	\$0.9	\$0.9				
Guaranteed annual return	Guaranteed annual return	5.00 %	5.00 %	5.00 %	Guaranteed annual return	5.00 %	5.00 %	5.00 %

As of December 31, 2022 December 31, 2023 and 2021, 2022, the balance due to participants was \$63.0 million \$72.5 million and \$51.9 million \$63.0 million, respectively, and was included as a component of other long-term liabilities in the Consolidated Balance Sheets.

### Company-Sponsored Defined Benefit Pension Plan

In March 2023, we acquired UK-based Jardine Motors Group UK Limited, which included the assumption of a company-sponsored defined benefit pension plan applicable to a portion of the salaried present and past employees. The pension plan was closed to future accrual in December 2009.

The following table shows the changes in the benefit obligation, plan assets, and funded status for 2023 for the pension benefit plan.

(\$ in millions)	2023
<b>Change in projected benefit obligation:</b>	
Benefit obligation at beginning of year	\$ —
Interest cost	6.2
Benefit payments	(6.6)
Net transfer in (including the effect of any business combinations/divestitures)	172.8
Actuarial gain	(3.3)
Exchange rate changes	0.9
Benefit obligation at end of year	\$ 170.0
<b>Change in plan assets:</b>	
Fair value of plan assets at beginning of year	\$ —
Actual return on plan assets	(2.2)
Employer contributions	35.6
Benefit payments	(6.6)
Net transfer in (including effect of any business combinations/divestitures)	157.5
Exchange rate changes	1.0
Fair value of plan assets at end of year	185.3
Funded status at end of year	\$ 15.3
<b>Amounts recognized in Consolidated Balance Sheets:</b>	
Other non-current assets	\$ 15.3
Net amount recognized	\$ 15.3
<b>Amounts recognized in accumulated other comprehensive income (loss) (pre-tax):</b>	
Net actuarial loss	\$ (7.6)

The benefit obligation for our pension benefit is the projected benefit obligation based upon credited service as of the measurement date.

The December 31, 2023 pension funded status was favorably affected by employer contributions during the period together with an increase in the discount rate, partially offset by lower than expected asset returns.

#### Net Periodic (Benefit) Cost

Interest cost represents the increase in the projected benefit obligation, which is a discounted amount, due to the passage of time. The expected return on plan assets reflects the computed amount of current-year earnings from the investment of plan assets using an estimated long-term rate of return.

(\$ in millions)	Year Ended December 31, 2023
Interest cost	\$ 6.2
Expected return on plan assets	(8.8)
Net periodic (benefit) cost	\$ (2.6)

The components of net periodic pension (benefits) costs are included in other income (expense) in the Consolidated Statements of Operations.

#### Actuarial Assumptions

The weighted-average assumptions used to determine the benefit obligation and net periodic pension cost of our pension plan were as follows:

Actuarial assumption used to determine benefit obligation:	
Discount rate	4.78 %
Actuarial assumption used to determine net periodic pension cost:	
Discount rate	4.86 %
Expected return on plan assets	6.79 %

The discount rate used in the determination of pension benefit obligation and pension expense was determined based on a review of long-term high-grade bonds of appropriate duration.

The expected return on plan assets assumption is based upon an analysis of historical long-term returns for various investment categories, as measured by appropriate indices and forward looking expectations of returns. These indices are weighted based upon the extent to which plan assets are invested in the particular categories in arriving at our determination of a composite expected return. The expected rate of return on assets has been set in line with the Trustee's target return.

### Plan Assets

There have been no changes in the methodologies used since the assumption of the pension plan in 2023. The following tables set forth by level, within the fair value hierarchy, the investments at fair value for our company-sponsored pension benefit plan:

(\$ in millions)	As of December 31			
	2023			
	Level 1	Level 2	Level 3	Total
Diversified Growth Funds	\$ —	\$ 32.4	\$ —	\$ 32.4
Liability Driven Instrument	—	113.7	—	113.7
Cash	39.2	—	—	39.2
Total investments at fair value	\$ 39.2	\$ 146.1	\$ —	\$ 185.3

We have formal investment policy guidelines for our company-sponsored pension plan. These guidelines were set by our pension plan Trustee. The Trustee has appointed an investment manager (Fiduciary Manager) to manage the pension plan's assets on a discretionary basis and to provide investment advisory services to the Trustee. The balance within and between these investments will be determined from time-to-time at the discretion of the Fiduciary Manager, with the objective of maximizing the probability of achieving the pension plan's investment strategy set by the Trustee, subject to maintaining risk within a limit agreed by the Trustee. The Trustee's duties include periodically reviewing and modifying those investment policy guidelines as necessary and ensuring that the policy is adhered to and the investment objectives are met.

The Trustee's investment objectives include the acquisition of suitable assets of appropriate liquidity which will generate an overall level of return that is sufficient to meet all liabilities as and when they fall due, and to ensure the security, quality, and profitability of the portfolio as a whole; to limit the risk of the assets failing to meet the liabilities, both over the long-term and on a shorter-term basis; and to minimize the long-term costs of the pension plan by maximizing the return on the assets while having regard to the investment objectives.

The investment strategy makes use of three key types of investments:

- a range of low-risk instruments that provide a broad match to changes in liability values (including high-quality corporate bonds);
- a portfolio of secure income assets; and
- a diversified portfolio of return-seeking assets (including equities, listed real assets, diversifying strategies, hedge funds, private markets, alternative credit and downside protection).

The pension plan will hold assets in cash and other money market instruments from time to time as may be deemed appropriate. The long-term asset allocation targets adopted by the Fiduciary Manager is set out below:



Liability matching	38 %
Secure income	8 %
Diversified return seeking	54 %

Periodically, the Trustee reviews the target allocations to determine what adjustments should be made based on changing economic and market conditions and specific liquidity requirements.

We currently do not anticipate making any cash contributions to the plan in 2024.

Estimated future benefit payments are as follows for the years indicated:

(\$ in millions)	Pension Benefit Plans	
2024	\$	8.8
2025		9.2
2026		9.9
2027		10.0
2028		10.1
2029 - 2033		50.6

## NOTE 11. DERIVATIVE FINANCIAL INSTRUMENTS

We account for derivative financial instruments by recording the fair value as either an asset or liability in our Consolidated Balance Sheets and recognize the resulting gains or losses as adjustments to accumulated other comprehensive income (loss). We do not hold or issue derivative financial instruments for trading or speculative

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purposes. For derivative instruments that hedge the exposure to variability in expected future cash flows that are designated and qualify as cash flow hedges, the gain or loss on the derivative instrument is reported as a component of accumulated other comprehensive loss (AOCI) in stockholders' equity and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. To receive hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions.

To hedge the business exposure to rising interest rates on a portion of our variable rate debt, we entered into a five-year, zero-cost interest rate collar, with an aggregate notional amount of \$300 million, effective June 1, 2019. This instrument hedges interest rate risk related to a portion of our \$1.6 billion of non-trade floor plan notes payable.

The table below presents the liabilities related to the zero-cost interest rate collar:

(\$ in millions)	Other Long-Term			Total
	Accrued Liabilities	Liabilities	Other Non-Current Assets	
<b>Balance as of December 31, 2019</b>	\$ (0.1)	\$ (0.9)	\$ —	\$ (1.0)
Amounts reclassified from AOCI to floorplan interest expense	1.8	—	—	1.8
Loss recorded from interest rate collar	(4.3)	(5.1)	—	(9.4)
<b>Balance as of December 31, 2020</b>	(2.6)	(6.0)	—	(8.6)
Amounts reclassified from AOCI to floorplan interest expense	2.8	—	—	2.8
Loss recorded from interest rate collar	(2.1)	5.3	—	3.2
<b>Balance as of December 31, 2021</b>	(1.9)	(0.7)	—	(2.6)
Amounts reclassified from AOCI to floorplan interest expense	0.7	—	(2.7)	(2.0)
Gain recorded from interest rate collar	1.2	0.7	2.7	4.6
<b>Balance as of December 31, 2022</b>	\$ —	\$ —	\$ —	\$ —



Average purchase price per share	Average purchase price per share	\$	276.42	\$283.75	\$ 81.71
Shares repurchased in association with tax withholdings on the vesting of RSUs	Shares repurchased in association with tax withholdings on the vesting of RSUs		56,911	54,318	30,620

### Dividends

We declared and paid dividends on our common stock as follows:

Quarter declared	Dividend amount per share	Total amount of dividends paid (\$ in millions)
<b>2020</b>		
First quarter	\$ 0.30	\$ 7.0
Second quarter	0.30	6.8
Third quarter	0.31	7.1
Fourth quarter	0.31	8.2
<b>2021</b>		
First quarter	\$ 0.31	\$ 8.2
Second quarter	0.35	9.3
Third quarter	0.35	10.6
Fourth quarter	0.35	10.6
<b>2022</b>		
First quarter	\$ 0.35	\$ 10.3
Second quarter	0.42	11.9
Third quarter	0.42	11.6
Fourth quarter	0.42	11.4

### ATM Equity Offering Agreement

On July 24, 2020, we entered into an ATM Equity Offerings<sup>SM</sup> Sales Agreement with BofA Securities, Inc. and Jefferies LLC acting as sales agents and/or principals and Bank of America, N.A. and Jefferies LLC acting as forward purchasers, pursuant to which we may offer and sell, from time to time through the sales agents, shares of our common stock, no par value, having an aggregate gross sales price of up to \$400.0 million. To date, no sales have been made under the program.

### Redeemable Non-controlling Interest

On August 30, 2021, we expanded into Canada through a partnership with Toronto-based Pfaff Automotive Partners. As part of the acquisition, we were granted the right to purchase (Call Option), and granted Pfaff Automotive a right to sell (Put Option), the remaining interest after a three-year period, with a purchase price based on Pfaff's pro rata share of assets at the date of exercise of the Call or Put Option, as applicable. The redeemable non-controlling interest is classified as mezzanine equity in the accompanying Consolidated Balance Sheets. The non-controlling interest is adjusted each reporting period for income (loss) attributable to the non-controlling interest and any adjustments in fair value.

Quarter declared	Dividend amount per share	Total amount of dividends paid (\$ in millions)
<b>2021</b>		
First quarter	\$ 0.31	\$ 8.2
Second quarter	0.35	9.3
Third quarter	0.35	10.6
Fourth quarter	0.35	10.6
<b>2022</b>		
First quarter	\$ 0.35	\$ 10.3
Second quarter	0.42	11.9
Third quarter	0.42	11.6
Fourth quarter	0.42	11.4
<b>2023</b>		

First quarter	\$	0.42	\$	11.5
Second quarter		0.50		13.8
Third quarter		0.50		13.8
Fourth quarter		0.50		13.7

## NOTE 13. STOCK-BASED SHARE-BASED COMPENSATION PLANS

### 2009 Employee Stock Purchase Plan

The 2009 Employee Stock Purchase Plan (the "2009 ESPP") (2009 ESPP) allows for the issuance of 3.0 million shares of our common stock. The 2009 ESPP is intended to qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986, as amended, and is administered by the Compensation Committee of the Board of Directors. As of December 31, 2023, 1.0 million shares were available for purchase pursuant to the 2009 ESPP.

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Eligible employees are entitled to defer up to 10% of their base pay for the purchase of stock, up to \$25,000 of fair market value of our common stock annually. The purchase price is equal to 85% of the fair market value at the end of the purchase period.

Following is information regarding our 2009 ESPP:

Year Ended December 31,	2022
Shares purchased pursuant to 2009 ESPP	157,507
Weighted average per share price of shares purchased	\$ 218.59
Weighted average per share discount from market value for shares purchased	\$ 38.57
As of December 31,	2022
Shares available for purchase pursuant to 2009 ESPP	1,151,846

Compensation expense related to our 2009 ESPP is calculated based on the 15% discount from the per share market price on the date of grant.

For the year ended December 31, 2023, 124,154 shares were purchased pursuant to the 2009 ESPP at a weighted average price per share of \$235.64, with weighted average per share discount from market value of \$41.58.

Following is information regarding our 2009 ESPP:

	Year Ended December 31,		
	2023	2022	2021
Cash received related to ESPP purchases (\$ in millions)	\$ 29.3	\$ 34.4	\$ 29.6
Tax deductions associated with ESPP disqualifying dispositions (\$ in millions)	\$ 3.9	\$ 3.1	\$ 1.9
Weighted average per share discount for compensation expense recognized	\$ 41.58	\$ 38.57	\$ 50.58

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### 2013 Stock Incentive Plan

Our 2013 Stock Incentive Plan, as amended, (the "2013 Plan") (2013 Plan) allows for the grant of a total of 3.8 million shares in the form of stock appreciation rights, qualified stock options, nonqualified non-qualified stock options, restricted share awards and restricted stock unit awards (RSUs) to our officers, key employees, directors and consultants. The 2013 Plan is administered by the Compensation Committee of the Board of Directors and permits accelerated vesting of outstanding awards upon the occurrence of certain changes in control. As of December 31, 2022 December 31, 2023, 943,888 718,731 shares of common stock were available for future grants. As of December 31, 2022 December 31, 2023, there were no stock appreciation rights, qualified stock options, nonqualified non-qualified stock options or restricted share awards outstanding.

### Restricted Stock Unit Awards

RSU grants vest over a period of time up to four years from the date of grant. RSU activity was as follows:

	RSUs	Weighted average per share grant date fair value
Balance, December 31, 2021	466,860	\$ 159.85
Granted	138,420	294.32
Vested	(147,441)	110.77
Forfeited	(41,961)	164.88
Balance, December 31, 2022	415,878	224.00
Granted	48,872	268.60
Vested	(18,080)	283.86
Forfeited	(18,080)	312.83
Balance, December 31, 2023	48,872	268.60

We granted 18,080 48,872 time-vesting RSUs to members of our Board of Directors and employees in 2022, 2023. Each grant entitles the holder to receive shares of our common stock upon vesting. A portion of the RSUs vest over four three years beginning on the second anniversary of the grant date, for employees and vests vest quarterly for our Board of Directors, over their service period.

Certain key employees wereWe granted 120,340 279,083 performance and time-vesting RSUs to our employees in 2022. Of these, 48,979 2023. These shares were will be earned either over one or three-year performance periods based on attaining various target levels of operational performance. Based on the levels of performance, achieved in 2022, a weighted average attainment level of 50.9% for these RSUs was met, as well as market-based returns. These RSUs will vest over three or four years from the grant date.

Stock-Based Time-vesting RSUs and performance and time-vesting RSUs that are based on our financial performance metrics or non-financial operating goals are valued using the market value of our common stock on the date of grant, discounted for the present value of expected dividends. On the date of grant, we estimated the fair value of the total shareholder return (TSR) component of the performance and time-vesting RSUs using a Monte Carlo simulation model. The performance and time-vesting RSUs granted during the years presented are contingent on the achievement of our financial performance metrics, our comparative market-based returns, or the achievement of financial and non-financial operating goals.

The assumptions for the valuation of time-vesting RSUs and performance and time-vesting RSUs granted are summarized as follows:

	Year Ended December 31,		
	2023	2022	2021
<b>Time-vesting RSUs</b>			
Number of shares granted	48,872	18,080	33,665
Grant date fair value per share	\$ 268.60	\$ 283.86	\$ 312.83
Weighted-average assumptions/inputs:			
Expected dividend yield	0.6 %	0.5 %	0.4 %
Range of risk-free interest rates	3.6% - 4.7%	1.2% - 4.5%	0.3% - 1.0%
<b>Performance and Time-vesting RSUs</b>			
Number of shares granted	279,083	120,340	94,001
Grant date fair value per share	\$ 313.84	\$ 296.28	\$ 308.59
Weighted-average assumptions/inputs:			
Expected dividend yield	0.6 %	0.5 %	0.4 %
Range of risk-free interest rates	3.6% - 4.5%	0.4% - 3.2%	0.3% - 0.7%



Certain information regarding RSU grant vesting was as follows:

(\$ in millions)	Year Ended December 31,		
	2023	2022	2021
Number of shares vested	182,056	147,441	141,857
Weighted average per share fair value of non-vested shares that vested during the period	\$ 174.61	\$ 110.77	\$ 107.50
Tax deduction realized related to shares that vested during the period (\$ in millions)	\$ 25.8	\$ 20.3	\$ 26.3

#### Share-Based Compensation Expense

Share-based compensation is recognized as a component of SG&A in our Consolidated Statements of Operations. SG&A expense related to all share-based compensation is as follows:

(\$ in millions)	Year Ended December 31,		
	2023	2022	2021
Restricted stock unit awards	\$ 35.6	\$ 35.0	\$ 29.5
Employee stock purchase plan	5.2	6.1	5.2
Total share-based compensation	40.8	41.1	34.7
Tax expense recognized	(7.6)	(6.4)	(8.1)
Net reduction in net income	\$ 33.2	\$ 34.7	\$ 26.6

As of December 31, 2022 December 31, 2023, unrecognized stock-based share-based compensation related to outstanding, but unvested RSUs was \$16.5 million \$56.5 million, which will be recognized over the remaining weighted average vesting period of 2.4 2.7 years.



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Certain information regarding our stock-based compensation was as follows:

Year Ended December 31,	2022	2021	2020
Per share intrinsic value of non-vested stock granted	\$ 294.32	\$ 312.83	\$ 130.89
Weighted average per share discount for compensation expense recognized under the 2009 ESPP	38.57	50.58	22.97
Fair value of non-vested stock that vested during the period (\$ in millions)	110.8	107.5	108.5
Stock-based compensation recognized in Consolidated Statements of Operations, as a component of selling, general and administrative expense (\$ in millions)	41.1	34.7	23.2
Tax benefit recognized in Consolidated Statements of Operations (\$ in millions)	12.4	11.9	3.7
Cash received from options exercised and shares purchased under all share-based arrangements (\$ in millions)	34.4	29.6	14.8
Tax deduction realized related to stock options exercised (\$ in millions)	43.7	41.8	13.6

## NOTE 14. FAIR VALUE MEASUREMENTS

Factors used in determining the fair value of our financial assets and liabilities are summarized into three broad categories:

- Level 1 - quoted prices in active markets for identical securities;
- Level 2 - other significant observable inputs, including quoted prices for similar securities, interest rates, prepayment spreads, credit risk; and
- Level 3 - significant unobservable inputs, including our own assumptions in determining fair value.

We determined the carrying value of accounts receivable, trade payables, accrued liabilities, finance receivables, and short-term borrowings approximate their fair values because of the nature of their terms and current market rates of these instruments. We believe the carrying value of our variable rate debt approximates fair value.

We have investments primarily consisting As of December 31, 2023, we had sold our investment in remaining shares of Shift Technologies, Inc. (Shift), a San Francisco-based digital retail company. Shift has a readily determinable fair value following Shift going public in a reverse-merger deal with Insurance Acquisition, a special purpose acquisition company, in the fourth quarter of 2020. We calculated the fair value of this investment using quoted prices for the identical asset (Level 1) and recorded the fair value as part of other non-current assets. An additional component of our investment in Shift consists of shares in escrow subject to release upon certain market conditions being met. The fair value of this component of our investment in Shift is measured using observable Level 2 market expectations at each measurement date and is recorded as part of other non-current assets. For the year ended December 31, 2022 December 31, 2023, we recognized a \$39.2 million unrealized investment \$1.7 million loss related to Shift which was recorded as a component of other (expense) income (expense), net in our Consolidated Statement of Operations, compared to a \$66.4 million unrealized investment \$39.2 million loss for the year ended December 31, 2021 December 31, 2022.

We have fixed rate debt primarily consisting of amounts outstanding under our senior notes, non-recourse notes payable, and real estate mortgages. We calculated the estimated fair value of the senior notes using quoted prices for the identical liability (Level 1). The fair value of non-recourse notes payable are measured using observable Level 2 market expectations at each measurement date. The calculated estimated fair values of the fixed rate real estate mortgages and finance lease liabilities use a discounted cash flow methodology with estimated current interest rates based on a similar risk profile and duration (Level 2). The fixed cash flows are discounted and summed to compute the fair value of the debt.

We have derivative instruments consisting of an offsetting set of interest rate caps. The fair value of derivative assets and liabilities are measured using observable Level 2 market expectations at each measurement date and is recorded as other current assets, current liabilities and other long-term liabilities in the Consolidated Balance Sheets. See Note 11 – Derivative Financial Instruments for more details regarding our derivative contracts.

Nonfinancial assets such as goodwill, franchise value, or other long-lived assets are measured and recorded at fair value during a business combination or when there is an indicator of impairment. We evaluate our goodwill and franchise value using a qualitative assessment process. If the qualitative factors determine that it is more likely than

not that the carrying value exceeds the fair value, we would further evaluate for potential impairment using a quantitative assessment. The quantitative assessment estimates fair values using unobservable (Level 3) inputs by discounting expected future cash flows of the store. The forecasted cash flows contain inherent uncertainties, including significant estimates and assumptions related to growth rates, margins, working capital requirements, and

cost of capital, for which we utilize certain market participant-based assumptions we believe to be reasonable. We estimate the value of other long-lived assets that are recorded at fair value on a non-recurring basis on a market valuation approach. We use prices and other relevant information generated primarily by recent market transactions involving similar or comparable assets, as well as our historical experience in divestitures, acquisitions and real estate transactions. Additionally, we may use a cost valuation approach to value long-lived assets when a market valuation approach is unavailable. Under this approach, we determine the cost to replace the service capacity of an asset, adjusted for physical and economic obsolescence. When available, we use valuation inputs from independent valuation experts, such as real estate appraisers and brokers, to corroborate our estimates of fair value. Real estate appraisers' and brokers' valuations are typically developed using one or more valuation techniques including market, income and replacement cost approaches. Because these valuations contain unobservable inputs, we classified the measurement of fair value of long-lived assets as Level 3.

There were no changes to our valuation techniques during the year ended December 31, 2022 December 31, 2023.

Below are our assets and liabilities that are measured at fair value on a recurring basis:



**NOTE 15. INCOME TAXES**

**Income Tax Provision**

The income tax provision was as follows:

		Year Ended December 31,			Year Ended December 31,		
		2023			2022		
(\$ in millions)	(\$ in millions)	2022	2021	2020	2023	2022	2021
<b>Current:</b>	<b>Current:</b>						
Federal	Federal	\$269.2	\$266.2	\$108.9			
State		105.5	111.6	50.3			
Foreign		(0.9)	1.2	—			
		<u>373.8</u>	<u>379.0</u>	<u>159.2</u>			
<b>Deferred:</b>							
Federal							
Federal	Federal	73.4	38.2	17.6			
State	State	13.5	3.8	1.4			
Foreign	Foreign	7.7	1.1	—			
		<u>94.6</u>	<u>43.1</u>	<u>19.0</u>			
		286.6					
<b>Deferred:</b>							
Federal							
Federal							
Federal							
State							
Foreign							
		<u>64.0</u>					
<b>Total</b>	<b>Total</b>	<u>\$468.4</u>	<u>\$422.1</u>	<u>\$178.2</u>			

At **December 31, 2022** December 31, 2023, we had income taxes **receivable** payable of \$28.9 million included as a component of accrued liabilities in our Consolidated Balance Sheets. At December 31, 2022, we had prepaid income taxes of \$33.6 million included as a component of other current assets in our Consolidated Balance Sheets. At December 31, 2021, we had income taxes payable of \$43.0 million included as a component of accrued liabilities in our Consolidated Balance Sheets.

The reconciliation between amounts computed using the federal income tax rate of 21% and our income tax provision is shown in the following tabulation:

		Year Ended December 31,			Year Ended December 31,		
		2023			2022		
(\$ in millions)	(\$ in millions)	2022	2021	2020	2023	2022	2021
	Federal tax provision						
Federal tax provision at statutory rate	at statutory rate	\$363.3	\$311.7	\$136.2			

State taxes, net of federal income tax benefit	State taxes, net of federal income tax benefit	76.9	85.4	40.4
Non-deductible items	Non-deductible items	5.0	4.8	2.8
Permanent differences related to stock compensation	Permanent differences related to stock compensation	(2.4)	(2.6)	(0.5)
Permanent differences related to share-based compensation	Permanent differences related to share-based compensation			
Net change in valuation allowance	Net change in valuation allowance	25.0	25.3	0.5
General business credits	General business credits	(2.6)	(2.3)	(1.3)
Foreign Rate Differential	Foreign Rate Differential	1.4	0.5	—
Foreign rate differential	Foreign rate differential			
Other	Other	1.8	(0.7)	0.1
Income tax provision	Income tax provision	\$468.4	\$422.1	\$178.2

### Deferred Taxes

Individually significant components of the deferred tax assets and (liabilities) are presented below:

		December 31,		December 31,	
		December 31,		December 31,	
(\$ in millions)	(\$ in millions)	2022	2021	2023	2022
<b>Deferred tax assets:</b>	<b>Deferred tax assets:</b>				
Deferred revenue and cancellation reserves	Deferred revenue and cancellation reserves	\$ 126.6	\$ 95.3		
Allowances and accruals, including state tax carryforward amounts	Allowances and accruals, including state tax carryforward amounts	71.3	69.1		

Deferred revenue and cancellation reserves			
Deferred revenue and cancellation reserves			
Allowances and accruals			
Lease liability	Lease liability	103.2	107.6
Credits and other	Credits and other	5.1	1.8
Net operating losses	Net operating losses	27.9	3.7
Capital loss			
Valuation allowance	Valuation allowance	(51.4)	(26.4)
Total deferred tax assets	Total deferred tax assets	282.7	251.1
<b>Deferred tax liabilities:</b>	<b>Deferred tax liabilities:</b>		
<b>Deferred tax liabilities:</b>			
Inventories			
Inventories			
Inventories	Inventories	(39.2)	(20.1)
Goodwill	Goodwill	(157.7)	(112.3)
Property and equipment, principally due to differences in depreciation	Property and equipment, principally due to differences in depreciation	(233.0)	(185.9)
Right of use asset	Right of use asset	(99.0)	(103.7)
Prepaid expenses and other	Prepaid expenses and other	(40.1)	(20.1)
Total deferred tax liabilities	Total deferred tax liabilities	(569.0)	(442.1)
<b>Total</b>	<b>Total</b>	<b>\$(286.3)</b>	<b>\$(191.0)</b>

We consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon future taxable income during the periods in which those temporary differences become deductible. We consider the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment.

As of **December 31, 2022** **December 31, 2023**, we had a **\$51.4** **\$71.3** million valuation allowance recorded associated with our deferred tax assets. Of the total valuation allowance, **\$34.0 million** **\$29.7 million** relates to our **investment** capital loss resulting from the sale of shares in Shift Technologies Inc. (Shift) and **\$17.4 million** **\$41.6 million** relates to state net operating losses generated in current and previous years. **The Shift** During the year, the capital loss valuation allowance **increased \$9.7 million in the current year** **decreased \$4.3 million** as a result of **available capital gain during the carryback period and a reduction in the state deferred tax rate offset by further reduction in the Shift investment valuation during in the year, current year.** A valuation allowance remains for the capital loss benefit of which is not currently expected to be realized. The state NOL valuation allowance increased **\$15.3 million** **\$24.2 million** in the current year as a result of losses incurred, the benefits of which are not expected to be realized.

As of **December 31, 2022** December 31, 2023, we had state net operating loss (NOL) carryforward amounts totaling approximately **\$17.4 million** \$41.6 million, tax effected, with expiration dates through **2042**, 2043. We believe that it is more likely than not that the benefit from certain state NOL carryforward amounts will not be realized. In recognition of this risk, we have recorded a valuation allowance of **\$17.4 million** \$41.6 million on the deferred tax assets relating to these state NOL carryforwards as discussed above.

As of **December 31, 2022** December 31, 2023, we had Canadian net operating have a capital loss (NOL) carryforward amounts totaling \$10.5 million, deferred tax asset of approximately \$33.7 million, tax effected. There are \$4.0 million, tax effected, with expiration dates through **2042**, of capital gains that can be offset by the capital loss during the carryback period. The remaining \$29.7 million capital loss carryforward, if unused, will expire in 2028. We believe that it is more likely than not that remaining benefit from the capital loss carryforward will not be realized. In recognition of this risk, we have recorded a valuation allowance of \$29.7 million on the deferred tax assets relating capital loss carryforward.

We have taken the position that we intend to indefinitely reinvest the earnings of our Canadian subsidiaries to ensure there is sufficient working capital to expand operations in Canada. Accordingly, we have not recorded a deferred tax liability related to foreign withholding taxes on approximately **\$72.9 million** \$71.1 million of undistributed earnings of these Canadian subsidiaries as of **December 31, 2022** December 31, 2023. Approximately \$3.6 million of tax would be payable upon the remittance of these undistributed earnings. We do not intend to indefinitely reinvest the earnings of our U.K. subsidiaries, however, we have not recorded a deferred tax liability related to foreign withholding taxes due to a 0% treaty rate on dividends.

**Unrecognized Tax Benefits**

The following is a reconciliation of our unrecognized tax benefits for **December 31, 2022** December 31, 2023, **2021**, 2022, and **2020**; 2021:

(\$ in millions)

<b>Balance, December 31, 2020</b>	\$ 0.2
Increase related to tax positions taken - current year	0.1
<b>Balance, December 31, 2021</b>	\$ 0.3
Increase related to tax positions taken - current year	0.3
<b>Balance, December 31, 2022</b>	0.6
Increase related to tax positions taken - current year	0.3
<b>Balance, December 31, 2023</b>	\$ 0.6 0.9

Open tax years at **December 31, 2022** December 31, 2023 included the following:

Federal	2019 2020 - 2022 2023
States (30)	2018 2019 - 2022 2023
Canada	2021 - 2022 2023
United Kingdom	2020 - 2023

**NOTE 16. ACQUISITIONS**

In 2023, we completed the following acquisitions:

- In February 2023, Thornhill Acura in Canada.
- In March 2023, Jardine Motors Group UK Limited in the United Kingdom.

- In June 2023, Priority Auto Group in Virginia.
- In June 2023, Wade Ford in Georgia.
- In July 2023, Hill Country Honda in Texas.
- In August 2023, Arden Auto Group in the United Kingdom.

Revenue and operating income contributed by the 2023 acquisitions subsequent to the date of acquisition were as follows:

(\$ in millions)	Year Ended December 31,	
	2023	
Revenue	\$	2,621.5
Operating income		81.3

In 2022, we completed the following acquisitions:

- In January 2022, John L. Sullivan Chevrolet, John L. Sullivan Chrysler Dodge Jeep Ram, and Roseville Toyota in California.
- In March 2022, Sahara Chrysler Dodge Jeep Ram, Desert 215 Superstore, and Jeep Only in Nevada.
- In May 2022, Sisley Honda in Canada.
- In June 2022, Esserman International Volkswagen & Acura in Florida.
- In June 2022, Henderson Hyundai Superstore in Nevada.
- In June 2022, Lehman Auto Group in Florida.
- In July 2022, Elk Grove Ford in California.
- In September 2022, Wilde Honda, Wilde Subaru, Wilde Chrysler Dodge Jeep Ram, Wilde Toyota, and Wilde East Towne Honda in Wisconsin.
- In October 2022, Seattle Airstream Adventures and Spokane Airstream Adventures in Washington.
- In October 2022, Portland Airstream Adventures and Ultimate Airstream Adventures in Oregon.
- In October 2022, Bay Area Airstream Adventures and South Bay Airstream Adventures in California.
- In October 2022, Boise Airstream Adventures in Idaho.
- In November 2022, Meador Chrysler Dodge Jeep Ram in Texas.
- In December 2022, Denver Exotics in Colorado.
- In December 2022, Glenn's Freedom Chrysler Jeep Dodge Ram in Kentucky.

Revenue and operating income contributed by the 2022 acquisitions subsequent to the date of acquisition were as follows:

(\$ in millions)	Year Ended December 31,	
	2022	
Revenue	\$	1,404.0
Operating income		66.9

In 2021, we completed the following acquisitions:

- In February 2021, Fields Chrysler Jeep Dodge Ram and Land Rover Orlando in Florida.
- In March 2021, Fink Auto Group in Florida.
- In March 2021, Avondale Nissan in Arizona.
- In April 2021, The Suburban Collection in Michigan.
- In April 2021, Planet Honda in New Jersey.
- In May 2021, Superstore Auto Group in Nevada.
- In May 2021, Center BMW and Center Acura in California.
- In June 2021, Southwest Kia Group in Arizona.
- In June 2021, Herrin-Gear Toyota in Mississippi.
- In June 2021, Michael's Subaru and Michael's Toyota in Washington.
- In July 2021, Koby Subaru in Alabama.
- In August 2021, Rock Honda in California.
- In August 2021, Pfaff Automotive Partners in Canada.
- In September 2021, Curry Honda in Georgia.
- In September 2021, Orange Coast Chrysler Dodge Jeep Ram Fiat in California.
- In November 2021, Coral Springs Audi and Fort Lauderdale Audi in Florida.
- In November 2021, Pfaff Harley-Davidson in Canada.
- In December 2021, Elder Ford of Tampa in Florida.
- In December 2021, Elder Ford of Troy and Elder Ford of Romeo in Michigan.

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NOTES TO FINANCIAL STATEMENTS

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All acquisitions were accounted for as business combinations under the acquisition method of accounting. The results of operations of the acquired stores are included in our Consolidated Financial Statements from the date of acquisition.

Lithia\_Driveway\_Combo\_FINAL.jpg NOTES TO FINANCIAL STATEMENTS

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The following tables summarize the consideration paid for the acquisitions and the preliminary amount of identified assets acquired and liabilities assumed as of the acquisition date:

(\$ in millions)	Year Ended December 31,	
	2022	2021
Cash paid, net of cash acquired	\$ 1,240.8	\$ 2,697.5
Contingent consideration	3.9	—
Redeemable non-controlling interest	—	33.1
Debt issued	—	356.0
<b>Total consideration transferred</b>	<b>\$ 1,244.7</b>	<b>\$ 3,086.6</b>

(\$ in millions)	Year Ended December 31,	
	2022	2021
Trade receivables, net	\$ 0.2	\$ 1.3
Inventories	228.3	626.2
Franchise value	63.7	—
Goodwill	30.1	—
Property and equipment	379.9	767.5
Other assets	639.1	1,726.2
Floor plan notes payable	(0.7)	(4.0)
Debt and finance lease obligations	(78.5)	—
Other liabilities	(17.4)	(30.6)
<b>Total net assets acquired and liabilities assumed</b>	<b>\$ 1,244.7</b>	<b>\$ 3,086.6</b>

(\$ in millions)	Year Ended December 31,	
	2023	2022
Cash paid, net of cash acquired	\$ 1,170.1	\$ 1,240.8
Contingent consideration	7.3	3.9
Non-controlling interest	21.1	—
<b>Total consideration transferred</b>	<b>\$ 1,198.5</b>	<b>\$ 1,244.7</b>

(\$ in millions)	Year Ended December 31,	
	2023	2022
Trade receivables, net	\$ 76.2	\$ 0.2
Inventories	572.7	228.3
Franchise value	193.4	63.7

Goodwill	233.2	30.1
Property and equipment	394.8	379.9
Operating lease right-of-use assets	89.6	—
Finance receivables, net	5.7	—
Other assets	280.4	639.1
Trade payables	(47.9)	—
Floor plan notes payable	(353.7)	(0.7)
Borrowings on lines of credit	(47.9)	—
Finance lease obligations	(45.0)	(78.5)
Deferred taxes, net	5.9	—
Other liabilities and deferred revenue	(158.9)	(17.4)
Total net assets acquired and liabilities assumed	\$ 1,198.5	\$ 1,244.7

The purchase price allocations for the 2022 2023 acquisitions are preliminary as we have not obtained all of the detailed information to finalize the opening balance sheet related to real estate purchased, leases and contract liabilities assumed and the allocation of franchise value and goodwill to each reporting unit. Management has recorded the purchase price allocations based on the information that is currently available.

We expect substantially all of the goodwill related to U.S. acquisitions completed in 2022 2023 to be deductible for U.S. federal income tax purposes. Due to local country laws, we do not expect goodwill related to U.K. acquisitions completed in 2023 to be deductible for U.K. income tax purposes.

The purchase price allocations for the 2021 2022 acquisitions were finalized in 2022, 2023, including amounts posted to, contingent consideration, real estate, franchise value, and goodwill, reducing the amounts posted to "Other assets" shown in the table above.

We account for franchise value as an indefinite-lived intangible asset. We recognized \$15.0 million \$27.2 million and \$20.2 million \$15.0 million, respectively, in acquisition related expenses as a component of selling, general and administrative expenses in the Consolidated Statements of Operations in 2022 2023 and 2021, 2022, respectively.

The following unaudited pro forma summary presents consolidated information as if the acquisitions had occurred on January 1 of the year:

		Year Ended December 31,				Year Ended December 31,	
		December 31,				2023	
(\$ in millions, except for per share amounts)	(\$ in millions, except for per share amounts)	2022	2021	(\$ in millions, except for per share amounts)	2023	2022	
Revenue	Revenue	\$29,748.1	\$26,200.5				
Net income	Net income	1,338.2	1,236.9				
Basic net income per share	Basic net income per share	47.47	42.95				
Diluted net income per share	Diluted net income per share	47.25	42.64				

These amounts have been calculated by applying our accounting policies and estimates. The results of the acquired stores have been adjusted to reflect the following: depreciation on a straight-line basis over the expected lives for property, plant and equipment; accounting for inventory on a specific identification method; and recognition of interest expense for real estate financing related to stores where we purchased the facility. No non-recurring pro forma adjustments directly attributable to the acquisitions are included in the reported pro forma revenues and earnings.

## NOTE 17. NET INCOME EARNINGS PER SHARE OF COMMON STOCK

We compute calculate basic earnings per share (EPS) by dividing net income per share using the two-class method. Under this method, basic net income per share is computed using attributable to Lithia Motors, Inc. by the weighted average number of common shares outstanding during for the period, excluding common shares underlying equity awards that are unvested or subject to forfeiture, including vested RSU awards. Diluted EPS is calculated by dividing net income per share is computed using attributable to Lithia Motors, Inc. by the weighted average number of common shares and, if dilutive, potential common shares outstanding, during the period. Potential common shares consist of the common shares issuable upon the net exercise of stock options and unvested RSUs and is reflected in diluted earnings per share by application of the treasury stock method. The computation of the diluted net income per share of Class A common stock assumed the conversion of Class B common stock, while the diluted net income per share of Class B common stock did not assume the conversion of those shares.

Prior to June 7, 2021, our common stock was classified as Class A common stock. The Class A common stock reclassification as common stock occurred pursuant to an amendment and restatement of our Articles of Incorporation in connection with the elimination of our classified common stock structure following the conversion of all Class B common stock to Class A common stock. Prior to the reclassification, except with respect to voting and transfer rights, the rights of the holders of our Class A and Class B common stock were identical. Under our Articles of Incorporation, the Class A and Class B common stock shared equally in any dividends, liquidation proceeds or other distribution with respect to our common stock and the Articles of Incorporation can only be amended by a vote of the shareholders. Additionally, Oregon law provides that amendments to our Articles of Incorporation that would adversely alter the rights, powers or preferences of a given class of stock, must be approved by the class of stock adversely affected by the proposed amendment. As a result, the undistributed earnings for each year were allocated based on the contractual participation rights of the Class A and Class B Common shares as if the earnings adjusted for the year had been distributed. Because the liquidation dilutive effect of unvested RSU awards and dividend rights were identical, the undistributed earnings were allocated on a proportionate basis. employee stock purchases.

Following The following is a reconciliation of net income attributable to Lithia Motors, Inc. and weighted average shares used for our basic earnings per share (EPS) EPS and diluted EPS:

		Year Ended December 31,					Year Ended December 31,		
		2022	2021	2020			2023	2022	2021
(\$ in millions, except for per share amounts)	(\$ in millions, except for per share amounts)	Common stock	Class A	Class B	Class A	Class B	(\$ in millions, except for per share amounts)		
Net income from continuing operations applicable to common stockholders		\$1,251.0	\$1,059.5	\$ 0.6	\$460.9	\$ 9.4			
Reallocation of distributed net income due to conversion of class B to class A common shares outstanding		—	—	—	0.6	—			
Conversion of class B common shares into class A common shares		—	0.6	—	8.8	—			
Net income attributable to Lithia Motors, Inc. and applicable to common stockholders - diluted		\$1,251.0	\$1,060.1	\$ 0.6	\$470.3	\$ 9.4			
Net income attributable to Lithia Motors, Inc. and applicable to common stockholders									

Weighted average common shares outstanding – basic	Weighted average common shares outstanding – basic	28.2	28.8	—	23.3	0.5
Conversion of class B common shares into class A common shares		—	—	—	0.5	—
Weighted average common shares outstanding – basic						
Effect of employee stock purchases and restricted stock units on weighted average common shares	Effect of employee stock purchases and restricted stock units on weighted average common shares	0.1	0.2	—	0.3	—
Weighted average common shares outstanding – diluted	Weighted average common shares outstanding – diluted	28.3	29.0	—	24.1	0.5
Basic earnings per share attributable to Lithia Motors, Inc.	Basic earnings per share attributable to Lithia Motors, Inc.	\$ 44.38	\$ 36.81	\$36.81	\$19.74	\$19.74
Basic earnings per share attributable to Lithia Motors, Inc.						
Diluted earnings per share attributable to Lithia Motors, Inc.	Diluted earnings per share attributable to Lithia Motors, Inc.	\$ 44.17	\$ 36.54	\$36.54	\$19.53	\$19.53

The effects of antidilutive securities on Class A and Class B common stock were evaluated for the years ended 2023, 2022, and 2021 and 2020 and were determined to be immaterial.

## NOTE 18. SEGMENTS

We operate in As of December 31, 2023, we had two reportable segments: Vehicle Operations and Financing Operations. Our Vehicle Operations consists of all aspects of our auto merchandising and service operations, excluding including our retail automotive, recreational vehicles, and motorcycle franchises that sell new vehicles, used vehicles, parts, repair and maintenance services, and vehicle finance and insurance products. Vehicle Operations excludes financing provided by our

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Financing Operations. Our Financing Operations segment provides financing to customers buying and leasing retail vehicles from our Vehicle Operations.

All other remaining unallocated corporate overhead expenses and internal charges are activity is reported under "Corporate and Other," including corporate personnel costs, certain unallocated reserves, internal charges, and other unallocated corporate overhead expenses. Internal charges consist of corporate expense allocations which increase segment income for "Corporate and Other", while decreasing segment income for the other operating segments. These internal corporate expense allocations are used to increase comparability of our dealerships and reflect the capital burden a stand-alone dealership would experience. Examples of these internal allocations include internal rent expense, internal floor plan financing charges, and internal fees charged to offset employees within our corporate headquarters that perform certain dealership functions.

The reportable segments identified above represent our business activities for which discrete financial information is available and for which operating results are regularly reviewed by our chief operating decision maker (CODM) to allocate resources and assess performance. Our CODM is our Chief Executive Officer.

Asset information by segment is not utilized for purposes of assessing performance or allocating resources and, as a result, such information has not been presented.

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NOTES TO FINANCIAL STATEMENTS

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Certain financial information on a segment basis is as follows:

		Year Ended December 31,			Year Ended December 31,			
		Year Ended December 31,			Year Ended December 31,			
(\$ in millions)	(\$ in millions)	2022	2021	2020	(\$ in millions)	2023	2022	2021
Vehicle operations revenue	Vehicle operations revenue	\$ 28,187.8	\$ 22,831.7	\$ 13,126.5				
	Vehicle operations gross profit							
	Vehicle operations gross profit							
Vehicle operations gross profit	Vehicle operations gross profit	5,154.3	4,263.9	2,225.0				
Floor plan interest expense	Floor plan interest expense	(38.8)	(22.3)	(34.4)				
Vehicle operations selling, general and administrative	Vehicle operations selling, general and administrative	(3,260.0)	(2,568.0)	(1,559.6)				
Vehicle operations income	Vehicle operations income	1,855.5	1,673.6	631.0				

Financing operations interest margin:	Financing operations interest margin:			
Financing operations interest margin:	Financing operations interest margin:			
Interest, fee, and lease income	Interest, fee, and lease income			
Interest, fee, and lease income	Interest, fee, and lease income			
Interest, fee, and lease income	Interest, fee, and lease income	134.1	45.9	13.9
Interest expense	Interest expense	(52.2)	(4.8)	(1.5)
Total interest margin	Total interest margin	81.9	41.1	12.4
Selling, general and administrative	Selling, general and administrative	(32.0)	(18.2)	(8.9)
Total pre-provision income	Total pre-provision income	49.9	22.9	3.5
Provision for loan and lease losses	Provision for loan and lease losses	(44.4)	(9.4)	3.0
Depreciation and amortization	Depreciation and amortization	(9.5)	(2.5)	—
<b>Financing operations (loss) income</b>	<b>Financing operations (loss) income</b>	(4.0)	11.0	6.5
Total segment income for reportable segments	Total segment income for reportable segments			
Total segment income for reportable segments	Total segment income for reportable segments			
Corporate and other	Corporate and other			
Corporate and other	Corporate and other	213.9	80.4	113.2
Depreciation and amortization	Depreciation and amortization	(163.2)	(124.8)	(92.3)
Other interest expense	Other interest expense	(129.1)	(103.4)	(71.6)
Other income (expense), net	Other income (expense), net	(43.2)	(52.0)	61.8
Income before income taxes	Income before income taxes	\$ 1,730.0	\$ 1,484.8	\$ 648.5

## NOTE 19. SUBSEQUENT EVENTS

### US Bank Syndicated Credit Facility Acquisition Activity

On February 9, 2023 January 31, 2024, we acquired Pendragon's UK motor division and vehicle management division, as well as a partial stake in the remaining London Stock Exchange listed independent software business, Pinewood Technologies. Preliminary purchase price is approximately £430 million for the assets acquired and liabilities assumed.

The initial accounting for the business combination is incomplete and all amounts are considered preliminary. In addition, we also entered into a Fourth Amendment new joint venture to expand Pinewood's software into the North American market.

**ABS Transaction**

In February, we issued \$329.4 million in non-recourse notes payable related to our Fourth Amended first quarter asset-backed term funding transaction, with interest rates ranging from 5.17% to 6.15%, and Restated Loan Agreement with U.S. Bank National Association as agent for the lenders, and each of the lenders party to the agreement, as lenders. Among other changes, the Fourth Amendment increases the total financing commitment from \$3.75 billion to \$4.5 billion, which may be further expanded, subject to lender approval and the satisfaction of other conditions, up to a total of \$5.5 billion, final distribution dates through June 2031.

**Performance Equity Award - Senior Executives**

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**Exhibit 10.1 AMENDED AND RESTATED LITHIA MOTORS, INC.  
RESTRICTED 2009 EMPLOYEE STOCK UNIT AGREEMENT  
(Performance)**

This Restricted Stock Unit Agreement ("**Agreement**") is entered into pursuant to the 2013 PURCHASE PLAN Amended and Restated Effective as of October 25, 2023

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1 AMENDED AND RESTATED LITHIA MOTORS, INC. 2009 EMPLOYEE STOCK PURCHASE PLAN 1. PURPOSE. This Amended and Restated Lithia Motors, Inc. 2009 Employee Stock Purchase Plan (the "Plan") adopted is amended and restated as of October 25, 2023. The Plan is intended to provide an incentive for employees of Lithia Motors, Inc. (the "Company") and its participating Subsidiaries to acquire or increase their proprietary interests in the Company through the purchase of shares of Common Stock of the Company. The Plan is intended to qualify as an "employee stock purchase plan" under Sections 421 and 423 of the Internal Revenue Code of 1986, as amended (the "Code"). The provisions of the Plan will be construed in a manner consistent with the requirements of such sections of the Code and the respective Code regulations. 2. DEFINITIONS. As used in this Plan: 2.1 "Account" means the account recorded in the records of the Company established on behalf of a Participant to which the amount of the Participant's payroll deductions authorized under Section 6 and purchases of Common Stock under Section 8 shall be credited, and any distributions of shares of Common Stock under Section 9 and withdrawals under Section 10 shall be charged. 2.2 "Benefits Representative" means the employee benefits department of the Company or any such other person, regardless of whether employed by an Employer, who has been formally, or by operation or practice, designated by the Committee to assist the Committee with the day-to-day administration of the Plan. 2.3 "Board" means the Board of Directors of the Company. 2.4 "Code" means the Internal Revenue Code of 1986, or any successor thereto, as amended and shareholders in effect from time to time. Reference in the Plan to any Section of the Code shall be deemed to include any amendments or successor provisions to any Section and any treasury regulations thereunder. 2.5 "Committee" means the Compensation Committee of the Board. The Board shall have the power to fill vacancies on the Committee arising by resignation, death, removal or otherwise. The Board, in its sole discretion, may split the powers and duties of the Committee among one or more separate Committees, or retain all powers and duties of the Committee in a single Committee. The members of the Committee shall serve at the discretion of the Board. 2.6 "Common Stock" means the Common Stock, without par value, of the Company. 2.7 "Company" means Lithia Motors, Inc., an Oregon corporation, (the "Company"), as amended from time to time. Unless otherwise defined herein, capitalized terms in this Agreement have the meanings given to them in the Plan. Any inconsistency between this Agreement and the terms any successor thereto. 2.8 "Disability" means permanently and conditions of the Plan will be resolved in favor of the Plan.

"Recipient" [ ]

Number of Restricted Stock Units ("RSUs") [ ]

"Date of Grant" [ ]

## 1. GRANT OF RESTRICTED STOCK UNIT AWARD

1.1 **The Grant.** The Company hereby awards to Recipient, and Recipient hereby accepts, the RSUs specified above on the terms and conditions set forth in this Agreement and the Plan (the "Award"). Each RSU represents the right to receive one share of Common Stock of the Company (a "Share") on an applicable Settlement Date, totally disabled as defined in Section 1.322(e)(3) of the Code.

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2.2.9 "Effective Date" means the date on which this Agreement, subject Plan was initially approved by the shareholders of the Company. 2.10 "Employee" means any person who, at such time, is in the Employment of an Employer. 2.11 "Employer" means the Company, its successors, any Subsidiary, and any parent or subsidiary corporation that issues or assumes rights or obligations under the Plan in any transaction described in Section 424(a) of the Code or by a parent corporation or a subsidiary corporation of such corporation.. 2.12 "Employment" means Employment as an employee or officer by the Company or a Subsidiary as designated in such entity's payroll records, or by any corporation issuing or assuming rights or obligations under the Plan in any transaction described in Section 424(a) of the Code or by a parent corporation or a subsidiary corporation of such corporation. In this regard, neither the transfer of a Participant from Employment by the Company to Employment by a Subsidiary nor the terms transfer of this Agreement a Participant from Employment by a Subsidiary to Employment by either the Company or any other Subsidiary shall be deemed to be a termination of Employment of the Participant. The Employment shall be treated as continuing while a participant is on military leave, sick leave or other leave of absence approved by the Company or a Subsidiary that meets the requirements of Treasury Regulations Section 1.421-1(h)(2). Where the period of leave exceeds 3 months or such other period of time specified in such Regulation and the Plan.

## 1.2 Forfeiture; Vesting; Clawback.

(a) *Forfeiture.* The RSUs are subject to Participant's right to forfeiture determined by statute or contract. Reemployment is not guaranteed by statute or contract. Employment shall be deemed to be terminated on the first day following such three month period or such other period specified in accordance with the performance measures, targets and methodology set forth in Exhibit A to this Agreement.

(b) *Vesting.* such Regulation. Any RSUs not forfeited ("**Earned RSUs**") will vest according to the schedule set forth in Exhibit A, subject to the conditions set forth in this Agreement and the Plan, and to the continued employment of Recipient with worker treated as an independent contractor by the Company or any Subsidiary who is later reclassified as a common-law employee shall not be in Employment during any period in which such worker was treated by the Company or a Subsidiary as an independent contractor. Any "leased employee", as described in Section 414(n) of the Code, shall not be deemed an Employee hereunder. 2.13 "Entry Date" means the first day of each Fiscal Quarter. 2.14 "Fiscal Quarter" means a three consecutive month period beginning on each January 1, April 1, July 1 and October 1, commencing with the first such date following the Effective Date and continuing until the Plan is terminated. 2.15 "Market Price" means, the market value of a share of Stock on any date, which shall be determined as (i) the closing sales price on the immediately preceding business day of a share of Stock as reported on the New York Stock Exchange or other principal securities exchange on which shares of Stock are then listed or admitted to trading or (ii) if not so reported, the average of the closing bid and asked prices for a share of Stock on the immediately preceding business day as quoted on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), or (iii) if not quoted on NASDAQ, the average of the closing bid and asked prices for a share of Stock as quoted by the National Quotation Bureau's "Pink Sheets" or the National Association of Securities Dealers' OTC Bulletin Board System on the immediately preceding business day. If the price of a share of Stock shall not be so reported or quoted pursuant to the previous sentence, the fair market value of a share of Stock shall be determined by the Committee

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3. In its discretion, provided that such method is appropriate for purposes of an employee stock purchase plan under Section 423 of the Code. 2.16 "Participant" means any Employee who meets the eligibility requirements of Section 3 and who has elected to and is participating in the Plan. 2.17 "Plan" means the Lithia Motors, Inc. 2009 Employee Stock Purchase Plan, as set forth herein, and all amendments hereto. 2.18 "Stock" means the Common Stock (as defined above). 2.19 "Subsidiary" means any domestic or foreign corporation, limited liability company, partnership or other form of business entity (other than the Company) (i) which, pursuant to Section 424(f) of the Code, is included in an unbroken chain of entities beginning with the Company if, at the time of the granting of the option, each of the entities other than the last entity in the unbroken chain owns at least a majority of the total combined voting power of all interests in one of the other entities in such chain, and (ii) which has been designated by the Board or the Committee as an entity whose Employees are eligible to participate in the Plan. 2.20 "Total Pay" means regular straight-time earnings or base salary, plus payments for overtime, shift differentials, incentive compensation, bonuses, and other special payments, fees, allowances or extraordinary compensation, prior to reduction pursuant to Section 125, 132(f) or 401(k) of the Code, but excluding allowances and reimbursements for expenses such as relocation allowances or travel allowances, income or gains on the exercise of Company stock options, and similar items. 3. ELIGIBILITY. 3.1 Eligibility Requirements. Participation in the Plan is voluntary. Each Employee who has completed at least ninety (90) days of continuous Employment with an Employer (calculated from his last date of hire to the termination of his Employment for any reason) will be eligible to participate in the Plan on the first day of the payroll period commencing on or after the later of (i) the Effective Date or (ii) the Entry Date on which the Employee first satisfies the aforementioned eligibility requirement. Each Employee whose Employment terminates and who is rehired by an Employer shall be treated as a new Employee for eligibility purposes under the Plan. 3.2 Limitations on Eligibility. Notwithstanding any provision of this Plan to the contrary, no Employee will be granted an option under the Plan. 3.2.1. If, immediately after the grant, the Employee would own stock, and/or hold outstanding options to purchase stock, possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any Subsidiary; or 3.2.2. which permits the Employee's rights to purchase stock under this Plan and all other employee stock purchase plans (within the meaning of Section 423 of the Code) of the Company and its Subsidiaries to accrue at a rate which exceeds \$25,000 of the fair

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4 market value of the stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time, all as determined in accordance with Section 423(b)(6) of the Code. For purposes of Section 3.2.1 above, pursuant to Section 424(d) of the Code, (i) the Employee with respect to whom such limitation is being determined shall be considered as owning the stock owned, directly or indirectly, by or for his brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants; and (ii) stock owned, directly or indirectly, by or for a corporation, partnership, estate, or trust, shall be considered as being owned proportionately by or for its shareholders, partners, or beneficiaries. In addition, for purposes of Section 3.2.2 above, pursuant to Section 423(b)(6) of the Code, (i) the right to purchase stock under an option accrues when the option (or any portion thereof) first becomes exercisable during the calendar year, (ii) the right to purchase stock under an option accrues at the rate provided in the option but in no case may such rate exceed \$25,000 of fair market value of such stock (determined at the time such option is granted) for any one calendar year, and (iii) a right to purchase stock which has accrued under one option granted pursuant to the Plan may not be carried over to any other option. 4. SHARES SUBJECT TO THE PLAN. The total number of shares of Common Stock that upon the exercise of options granted under the Plan will not exceed 3,000,000 shares (subject to subsequent shareholder approval of additional shares and registration of such shares) and subject to adjustment as provided in Section 16, and such shares may be originally issued shares, treasury shares, reacquired shares, shares bought in the market, or any combination of the foregoing. If any option which has been granted expires or terminates for any reason without having been exercised in full, the shares represented by such option will again become available for purposes of the Plan. Any shares which are not subject to outstanding options upon the termination of the Plan shall cease to be subject to the Plan. 5. PARTICIPATION. 5.1. Payroll Deduction Authorization. An Employee shall be eligible to participate in the Plan as of the first Entry Date following such Employee's satisfaction of the eligibility requirements of Section 3. At least 10 days (or such other period as may be prescribed by the Committee or a Benefits Representative) prior to the first Entry Date as of which an Employee is eligible to participate in the Plan, the Employee shall execute and deliver to the Benefits Representative, on the form prescribed for such purpose, an authorization for payroll deductions which specifies his chosen rate of payroll deduction contributions pursuant to Section 6, and such other information as is required to be provided by the Employee on such enrollment form. The enrollment form shall authorize the Employer to reduce the Employee's Total Pay by the amount of such authorized contributions. To the extent provided by the Committee or a Benefits Representative, each Participant shall also be required to open a stock brokerage account with a brokerage firm which has been engaged to administer the purchase, holding and sale of Common Stock for Accounts under the Plan and, as a condition of participation hereunder, the Participant shall be required to execute any form required by the brokerage firm to open and maintain such brokerage account.

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8.5.2 Continuing Effect of Payroll Deduction Authorization. Payroll deductions for a Participant will commence with the first payroll period beginning after the Participant's authorization for payroll deductions becomes effective, and will end with the payroll period that ends when terminated by the Participant in accordance with Section 6.3 or due to his termination of Employment in accordance with Section 11. Payroll deductions will also cease when the Participant is suspended from participation due to a withdrawal of payroll deductions in accordance with Section 10. When applicable with respect to Employees who are paid on a hourly wage basis, the authorized payroll deductions shall be withheld from wages when actually paid following the period in which the compensatory services were rendered. Only payroll deductions that are credited to the Participant's Account during the Fiscal Quarter will be used to purchase Common Stock pursuant to Section 8 regardless of when the work was performed. 5.3 Employment and Shareholders Rights. Nothing in this Plan will confer on a Participant the right to continue in the employ of the Employer or will limit or restrict the right of the Employer to terminate the Employment of a Participant at any time with or without cause. A Participant will have no interest in any Common Stock to be purchased under the Plan or any rights as a shareholder with respect to such Stock until the Stock has been purchased and credited to the Participant's Account. 6. PAYROLL DEDUCTIONS. 6.1 Participant Contributions by Payroll Deductions. At the time a Participant files his payroll deduction authorization form, the Participant

will elect to have deductions made from the Participant's Total Pay for each payroll period such authorization is in effect in whole percentages at the rate of not less than 1% nor more than 10% of the Participant's Total Pay. 6.2 No Other Participant Contributions Permitted. All payroll deductions made for a Participant will be credited to the Participant's Account under the Plan. A Participant may not make any separate cash payment into such Account. 6.3 Changes in Participant Contributions. Subject to Sections 10 and 21, a Participant may increase, decrease, suspend, or resume payroll deductions under the Plan by giving written notice to a designated Benefits Representative at such time and in such form as the Committee or Benefits Representative may prescribe from time to time. Such increase, decrease, suspension or resumption will be effective as of the first day of the payroll period as soon as administratively practicable after receipt of the Participant's written notice, but not earlier than the first day of the payroll period of the Fiscal Quarter next following receipt and acceptance of such form. Notwithstanding the previous sentence, a Participant may completely discontinue contributions at any time during a Fiscal Quarter, effective as of the first day of the payroll period as soon as administratively practicable following receipt of a written discontinuance notice from the Participant on a form provided by a designated Benefits Representative. Following a discontinuance of contributions, a Participant cannot authorize any payroll contributions to his Account for the remainder of the Fiscal Quarter in which the discontinuance was effective.

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6 7. GRANTING OF OPTION TO PURCHASE STOCK. 7.1 Quarterly Grant of Options. For each Fiscal Quarter, on the first day of the Fiscal Quarter a Participant will be deemed to have been granted an option to purchase as many whole shares as may be purchased with the payroll deductions credited to the Participant's Account during the Fiscal Quarter (together with any payroll deductions from the previous Fiscal Quarter retained in the Participant's Account as of the end of such Fiscal Quarter as provided in Section 8.1 and any cash dividends paid during the Fiscal Quarter as provided in Section 8.2). 7.2 Option Price. Notwithstanding any provision to the contrary in this Plan, the option price of the Common Stock purchased with the amount credited to the Participant's Account during each Fiscal Quarter will be equal to 85% of the Market Price of a share of Stock on the last day of the Fiscal Quarter. 8. EXERCISE OF OPTION. 8.1 Automatic Exercise of Options. Unless a Participant has elected to withdraw payroll deductions in accordance with Section 10, the Participant's option for the purchase of Common Stock will be deemed to have been exercised automatically as of the last day of the Fiscal Quarter for the purchase of the number of whole shares of Common Stock which the accumulated payroll deductions (and cash dividends on the Common Stock as provided in Section 8.2) in the Participant's Account at that time will purchase at the applicable option price. No fractional shares may be issued under the Plan. As of the last day of each Fiscal Quarter, the balance of each Participant's Account shall be applied to purchase the number of whole shares of Common Stock as determined by dividing the balance of such Participant's Account as of such date by the option price determined pursuant to Section 7.2. Any amounts accumulated in a Participant's Account during a Fiscal Quarter under Section 5.1 that are not sufficient to purchase a full share of Common Stock at the end of such Fiscal Quarter shall be retained in the Participant's Account for the subsequent Fiscal Quarter, subject to earlier withdrawal by the Participant as provided in Section 10. The Participant's Account shall be debited accordingly. The Committee or its delegate shall make all determinations with respect to applicable currency exchange rates when applicable. 8.2 Dividends Generally. Cash dividends paid on shares of Common Stock which have not been delivered to the Participant pending the Participant's request for delivery pursuant to Section 9.3, will be combined with the Participant's payroll deductions and applied to the purchase of Common Stock at the end of the Fiscal Quarter in which the cash dividends are received, subject to the Participant's withdrawal rights set forth in Section 10. Dividends paid in the form of shares of Common Stock or other securities with respect to shares that have been purchased under the Plan, but which have not been delivered to the Participant, will be credited to the shares that are credited to the Participant's Account. 8.3 Pro-rata Allocation of Available Shares. If the total number of shares to be purchased under option by all Participants exceeds the number of shares authorized under Section 4, a pro-rata allocation of the available shares will be made among all Participants authorizing such payroll deductions based on the amount of their respective payroll deductions through the applicable vesting date(s) (the "Vesting Date"). The RSUs, the Shares issued upon vesting last day of the RSUs Fiscal Quarter.

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7 9. OWNERSHIP AND DELIVERY OF SHARES. 9.1 Beneficial Ownership. A Participant will be the beneficial owner of the shares of Common Stock purchased under the Plan on exercise of an option and will have all rights of beneficial ownership in such shares. Any dividends paid with respect to such shares will be credited to the Participant's Account and applied as provided in Section 8 until the shares are delivered to the Participant. 9.2 Registration of Stock. Stock to be delivered to a Participant under the Plan will be registered on the books and records of the Company in the name of the Participant, or if the Participant so directs by written notice to the designated Benefits Representative or brokerage firm, if any, proceeds received upon prior to the purchase of Stock hereunder, in the names of the Participant and one such other person as may be designated by the Participant, as joint tenants with rights of survivorship or as tenants by the entireties, to the extent permitted by applicable law. Any such designation shall not apply to shares purchased after a Participant's death by the Participant's beneficiary or estate, as the case may be, pursuant to Section 11.2. If a brokerage firm is engaged by the Company to administer Accounts under the Plan, such firm shall provide such account registration forms as are necessary for each Participant to open and maintain a brokerage account with such firm. 9.3 Delivery of Stock Certificates. The Company, or a brokerage firm or other entity selected by the Company, shall deliver to each Participant a certificate for the number of shares of Common Stock purchased by the Participant hereunder as soon as practicable after the close of each Fiscal Quarter. Alternatively, in the discretion of the Committee, the stock certificate, or other written documentation or notice of electronic transfer evidencing such stock ownership, may be delivered to a designated stock brokerage account maintained for the Participant and held in "street name" in order to facilitate the subsequent sale of the Shares are subject to recovery by purchased shares. 9.4 Regulatory Approval. In the event the Company as specified in Section 1.2(c) and Section 1.5 is required to obtain from any commission or agency the authority to issue any stock certificate hereunder, the Company shall seek to obtain such authority. The inability of this Agreement.

(c) *Clawback.* The Award is subject the Company to obtain from any such commission or agency the authority which counsel for the Company deems necessary for the lawful issuance of any such certificate shall relieve the Company from liability to any Participant, except to return to the Company's recoupment ("clawback") policy as adopted Participant the amount of his Account balance used to exercise the option to purchase the affected shares. 10. WITHDRAWAL OF PAYROLL DEDUCTIONS. At any time during a Fiscal Quarter, but in no event later than 15 days (or such shorter prescribed by the Committee or a Benefits Representative)

prior to the last day of the Fiscal Quarter, a Participant may elect to abandon his election to purchase Common Stock under the Plan. By written notice to the designated Benefits Representative on a form provided for such purpose, the Participant may thus elect to withdraw all of the accumulated balance in his Account being held for the purchase of Common Stock in accordance with Section 8. Partial withdrawals will not be permitted. All such amounts will be paid to the Participant as it soon as administratively practical after receipt of his notice of withdrawal. After receipt and acceptance of such withdrawal notice, no further payroll deductions will be made from the Participant's Total Pay beginning as of the next payroll period during the Fiscal Quarter in which the withdrawal notice is received. The Committee, in its discretion, may determine that amounts otherwise withdrawable hereunder by Participants shall

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8 be amended offset by an amount that the Committee, in its discretion, determines to be reasonable to help defray the administrative costs of effecting the withdrawal, including, without limitation, fees imposed by any brokerage firm which administers such Participant's Account. After a withdrawal, an otherwise eligible Participant may resume participation in the Plan as of the first day of the Fiscal Quarter next following his delivery of a payroll deduction authorization pursuant to the procedures prescribed in Section 5.1. 11. TERMINATION OF EMPLOYMENT. 11.1 General Rule. Upon termination of a Participant's Employment for any reason, his participation in the Plan will immediately terminate. 11.2 Termination Due to Death or Disability. If the Participant's termination of Employment is due to death or Disability, the Participant (or the Participant's personal representative or legal guardian in the event of Disability, or the Participant's beneficiary (as defined in Section 12) or the administrator of his will or executor of his estate in the event of death), will have the right to elect, either to: 11.2.1. Withdraw all of the cash and shares of Common Stock credited to the Participant's Account as of his termination date; or 11.2.2. Exercise the Participant's option for the purchase of Common Stock on the last day of the Fiscal Quarter (in which termination of Employment occurs) for the purchase of the number of shares of Common Stock which the cash balance credited to the Participant's Account as of the date of the Participant's termination of Employment will purchase at the applicable option price. The Participant (or, if applicable, such other person designated in the first paragraph of this Section 11.2) must make such election by giving written notice to the Benefits Representative at such time and in such manner as prescribed from time to time by the Committee or Benefits Representative. In the Board event that no such written notice of election is received by the Benefits Representative within 30 days of the Participant's termination of Employment date, the Participant (or such other designated person) will automatically be deemed to have elected to withdraw the balance in its discretion.

**1.3 Settlement the Participant's Account as of Earned RSUs.** There is no obligation for the Company to make payments or distributions with respect to RSUs except, subject his termination date. Thereafter, any accumulated cash and shares of Common Stock credited to the terms Participant's Account as of his termination of Employment date will be delivered to or on behalf of the Participant as soon as administratively practicable. 11.3 Termination Other Than for Death or Disability. Upon termination of a Participant's Employment for any reason other than death, or Disability pursuant to Section 11.2, the participation of the Participant in the Plan will immediately terminate. Thereafter, any accumulated cash and conditions shares of this Agreement, Common Stock credited to the issuance Participant's Account as of Shares his termination of Employment date will be delivered to settle vested RSUs after the applicable Vesting Date. The Company's issuance Participant as soon as administratively practicable. 11.4 Rehired Employees. Any Employee whose Employment terminates and who is subsequently rehired by an Employer shall be treated as a new Employee for purposes of one Share for each vested Earned RSU ("Settlement") eligibility to participate in the Plan.

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9 12. ADMINISTRATION OF THE PLAN. 12.1 No Participation in Plan by Committee Members. No options may be subject granted under the Plan to such conditions, restrictions and contingencies as any member of the Committee during the term of his membership on the Committee. 12.2 Authority of the Committee. Subject to the provisions of the Plan, the Committee shall determine. Unless receipt have the plenary authority to (i) interpret the Plan and all options granted under the Plan, (ii) make such rules as it deems necessary for the proper administration of the Shares is validly deferred pursuant to Plan, (iii) make all other determinations necessary or advisable for the RSU Deferral administration of the Plan, effective January 1, 2013, as amended, and except as otherwise provided (iv) correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Amended Employment and Change option granted under the Plan in Control Agreement between the Company and Recipient (as the same may be amended and/or restated from time to time), Earned RSUs shall be settled as soon as practicable after the applicable Vesting Date (each date of Settlement, a "Settlement Date"), but in no event later than March 15 of the calendar year following the calendar year in which the Vesting Date occurs. Notwithstanding the foregoing, the payment dates set forth in this Section 1.3 have been specified for the purpose of complying with the short-term deferral exception under Section 409A of the Internal Revenue Code of 1986 (the "Code"), manner and to the extent payments are that the Committee deems advisable. Any action taken or determination made during by the periods permitted under Code Section 409A (including applicable periods before Committee pursuant to this and the other provisions of the Plan shall be conclusive on all parties. The act or after determination of a majority of the specified payment dates set

forth in this Section 1.3), the Company Committee shall be deemed to have satisfied by the act or determination of the Committee. By express written direction, or by the day-to-day operation of Plan administration, the Committee may delegate the authority and responsibility for the day-to-day administrative or ministerial tasks of the Plan to a Benefits Representative, including a brokerage firm or other third party engaged for such purpose. 12.3 Meetings. The Committee shall designate a chairman from among its obligations members to preside at its meetings, and may designate a secretary, without regard to whether that person is a member of the Committee, who shall keep the minutes of the proceedings. Meetings shall be held at such times and places as shall be determined by the Committee, and the Committee may hold telephonic meetings. The Committee may take any action otherwise proper under the Plan and shall be deemed not to be in breach by the affirmative vote of a majority of its payment obligations hereunder.

#### 1.4 Termination members, taken at a meeting, or by the affirmative vote of Recipient's Employment.

(a) *Voluntary* all of its members taken without a meeting. The Committee may authorize any one or *Involuntary Termination*. Except as otherwise provided in this Section 1.4, if Recipient's employment with more of their members or any officer of the Company or any Subsidiary terminates as a result of a voluntary or involuntary termination, all outstanding unvested RSUs (whether or not determined to be Earned RSUs) shall immediately be forfeited. Recipient shall not be treated as terminating employment if Recipient is execute and deliver documents on an approved leave of absence.

(b) *Death, Disability or Retirement*. If Recipient's employment with the Company or any Subsidiary terminates as a result of Recipient's death, disability or retirement, RSUs shall be earned and vest as set forth in Exhibit A. Notwithstanding anything in this Agreement to the contrary, in no event will any Settlement occur prior to the applicable Vesting Date, and any unsettled RSUs shall be forfeited without consideration immediately upon breach of any behalf of the following conditions: compliance with non-solicit, non-compete, non-disparagement restrictive covenants and/or any other agreements that were signed while employed during vesting period.

#### 1.5 Treatment of Award Upon Breach of Restrictive Covenants or Misconduct.

(a) *Breach of Restrictive Covenants*. The vesting Committee. 12.4 Decisions Binding. All determinations and receipt of benefits under the Award are specifically conditioned on Recipient's compliance with the covenants set forth in Section 5 of this Agreement (the "Restrictive Covenants") and any other restrictive covenants, including noncompetition covenants, and/or any other agreements that were signed while employed during vesting period. To the extent allowed by and consistent with applicable law, and in addition to any remedy provided in Section 1.2(c), Section 1.5(b) or Section 5.6 of this Agreement, if at any time that Recipient has materially breached any of the Restrictive Covenants, any unvested or unsettled portion of the Award shall be immediately and automatically canceled without any payment or right of payment of consideration by the Company. The Committee has the sole discretion to determine whether Recipient breached the Restrictive Covenants.

(b) *Misconduct*. If at any time (including after receipt of a request for delivery of vested shares) the Committee reasonably believes that Recipient has committed an act of misconduct as described in this Section 1.5(b), and in addition to any remedy provided in Section 1.2(c), Section 1.5(a) or Section 5.6 of this Agreement, the Committee may suspend Recipient's right to receive delivery of vested shares under the Award pending a determination of whether an act of misconduct has been committed by Recipient. For purposes of this Section 1.5(b), acts of misconduct shall mean (i) an act of embezzlement, fraud, dishonesty, breach of fiduciary duty, breach of Company written polices (including without limitations, those relating to workplace harassment), or violation of securities laws involving the Company, any of its Subsidiaries or any entity or person with whom the Company or any of its Subsidiaries does business, (ii) nonpayment of any obligation to the Company or any Subsidiary, (iii) any conduct and/or breach of Company policy that results in reputational harm to the Company and (iv) any similar conduct that materially and adversely impacts or reflects on the Company. If Recipient is accused of engaging in any such misconduct to which this Section 1.5(b) applies, Recipient shall be provided the opportunity to explain Recipient's conduct in writing within five business days of notice of the misconduct by the Company. Any determination decisions made by the Committee as shall be made in its discretion pursuant to whether or not Recipient did engage in misconduct within the meaning provisions of this Section 1.5(b) the Plan, and shall be final, conclusive and binding on all interested parties. If persons including the Company, Participants, and their estates and beneficiaries. 12.5 Expenses of Committee. The Committee may employ legal counsel, including, without limitation, independent legal counsel and counsel regularly employed by the Company, consultants and agents as the Committee determines that Recipient engaged in misconduct, any unvested or unsettled portion may deem appropriate for the administration of the Award Plan. The Committee may rely upon any opinion or computation received from any such counsel, consultant or agent. All expenses incurred by the Committee in interpreting and administering the Plan, including, without limitation, meeting expenses and professional fees, shall be immediately canceled without any payment of consideration paid by the Company. If 12.6 Indemnification. Each person who is or was a member of the Committee determines that Recipient did not engage in misconduct, the Company shall immediately give effect to any request for delivery of vested shares received prior to or during any period of suspension and complete Settlement in accordance with Section 1.3 of this Agreement. The Company shall not have any liability to Recipient for any loss which Recipient may have sustained as a result of any delay in delivering Shares as a result of any suspension.

## 2. REPRESENTATIONS AND COVENANTS OF RECIPIENT

**2.1 No Representations by or on Behalf of the Company.** Recipient is not relying on any representation, warranty or statement made by the Company and is indemnified by the Company against and from any damage, loss, liability, cost and expense that may be imposed upon or any agent, employee reasonably incurred by him in connection with, or officer, director, shareholder or other controlling person of the Company regarding the RSUs or this Agreement.

**2.2 Tax Considerations.** The Company has advised Recipient to seek Recipient's own tax and financial advice with regard to the federal and state tax considerations resulting from Recipient's receipt of the Award, the vesting of the Award and Recipient's receipt of the Shares upon Settlement of the vested portion of the Award. Recipient understands that the Company, any claim, action, suit, or proceeding to the extent required by law, will report to appropriate taxing authorities the payment to Recipient of compensation income upon the grant, vesting and/or Settlement of RSUs under the Award and Recipient shall be solely responsible for the payment of all federal and state taxes resulting from such grant, vesting and/or Settlement.

**2.3 Agreement to Enter into Lock-Up Agreement with an Underwriter.** Recipient understands and agrees that whenever the Company undertakes a firmly underwritten public offering of its securities, Recipient will, if requested to do so by the managing underwriter in such offering, enter into an agreement not to sell or dispose of any securities of the Company owned or controlled by Recipient, including any of the RSUs or the Shares, provided that such restriction will not extend beyond 12 months from the effective date of the registration statement filed in connection with such offering.

### 3. GENERAL RESTRICTIONS OF TRANSFERS OF RSUS

**3.1 No Transfers of RSUs.** Recipient agrees for himself or herself and his or her executors, administrators and other successors in interest that none of the RSUs, nor any interest therein, which he may be voluntarily a party or involuntarily sold, transferred, assigned, donated, pledged, hypothecated or otherwise disposed of, gratuitously or for consideration.

**3.2 Award Adjustments.** The number of RSUs granted under this Award shall, at the discretion of the Committee, in which he may be subject to adjustment under the Plan in the event the outstanding shares of Common Stock are hereafter increased, decreased, changed into or exchanged for a different number or kind of shares of Common Stock or for other securities of the Company or of another corporation, involved by reason of any reorganization, merger, consolidation, reclassification, stock split up, combination of shares of Common Stock, action taken or dividend payable in shares of Common Stock or other securities of the Company. If Recipient receives any additional RSUs pursuant failure to act under the Plan, except for any such additional (or other) RSUs act or omission constituting willful misconduct or gross negligence. Such person shall be deemed granted hereunder indemnified by the Company for all amounts paid by him in settlement thereof, with the Company's approval, or paid

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10 by him in satisfaction of any judgment in any such action, suit, or proceeding against him, provided he shall give the Company an opportunity, at its own expense, to handle and shall be subject to defend the same restrictions before he undertakes to handle and obligations defend it on the RSUs as originally granted as imposed by this Agreement.

**3.3 Invalid Transfers.** Any disposition his own behalf. The foregoing right of the RSUs indemnification shall not be exclusive of any other than in strict compliance with the provisions rights of this Agreement shall indemnification to which such persons may be void.

**4. PAYMENT OF TAX WITHHOLDING AMOUNTS.** To the extent the Company is responsible for withholding income taxes, Recipient must pay to the Company or make adequate provision for the payment of all Tax Withholding. If any RSUs are scheduled to vest during a period in which trading is not permitted entitled under the Company's insider trading policy, to satisfy the Tax Withholding requirement, Recipient irrevocably elects to settle the Tax Withholding obligation by the Company withholding Articles of Incorporation or Bylaws, as a number matter of Shares law, or otherwise, deliverable upon vesting having a market value sufficient to satisfy the statutory minimum tax withholding of Recipient. If the Company later determines or any power that additional Tax Withholding was or has become required beyond any amount paid or provided for by Recipient, Recipient will pay such additional amount to the Company immediately upon demand by the Company. If Recipient fails to pay the amount demanded, the Company may withhold that amount from other amounts payable by the Company have to Recipient.

## 5. RESTRICTIVE COVENANTS

**5.1 Non-Solicitation of Lithia Employees.** Except indemnify them or hold them harmless. 13. DESIGNATION OF BENEFICIARY. At such time, in such manner, and using such form as may be consented to in writing by the Company, throughout Recipient's employment and during the 24-month period following the date of Recipient's termination of employment by the Company or by Recipient regardless of the reason therefore (the "Termination Date"), Recipient will not, directly or indirectly, employ or offer employment to, or assist or be affiliated with any other person in employing, any persons employed by

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the Company or any Subsidiary in a manager or higher position ("Managers"), and will not, either directly or indirectly, solicit, induce, recruit or encourage any Managers to leave their employment, attempt to solicit, induce, recruit or encourage any Managers to leave their employment, or cause or encourage any person to directly or indirectly solicit, induce, recruit or encourage Managers to leave their employment, either for him or herself or for any other person or entity, unless such person has not been employed by the Company or any of its subsidiaries for at least six months.

For purposes of this paragraph, the terms "solicit, induce, recruit and encourage" means direct and indirect communications of any kind and nature, directed specifically to an individual for the purpose of causing the person to leave their employment with the Company, but does not include general advertisement or notice of job opportunities within an industry. For purposes of the Agreement, the term "affiliated with" includes Recipient's ownership of 3% or more of the equity of any person, lending money to any person, or serving as an executive officer, director, manager or consultant to any person.

**5.2 No Disparagement.** Recipient shall not take any action or make any statement that disparages the Company, its operation, business, or reputation, or any of its officers or directors, or their reputation, and shall not encourage or induce any third parties to disparage such persons ("Disparaging Acts") throughout Recipient's employment and for three years following the Termination Date. "Disparaging Acts" means any statement, communication or publication, oral or written, regardless of whether such statement, communication or publication is true, made about such persons or their reputation, that is vilifying and/or derogatory in nature and that reasonably would be expected to result in a negative perception of such person, or that otherwise may have a material adverse effect on such person or their reputation.

**5.3 Disclosure of Confidential Information.** During Recipient's employment with the Company, Recipient will have access to and become familiar with certain proprietary and confidential information of the Company and its Subsidiaries not known to the public generally, or by its actual or potential competitors ("Confidential Information"). Recipient acknowledges that such information constitutes valuable, special, and unique assets of the Company's business, even though such information may not be of a technical nature and may not be protected under trade secret or related laws.

"Confidential Information" includes any Company proprietary information, technical data, trade secrets or know-how, including, but not limited to research, strategic and marketing plans, product plans, products, services, markets, processes, policies, financial or other business information disclosed to, or discovered by, Recipient either directly or indirectly, during Recipient's employment with the Company. Recipient further understand that Confidential Information does not include any of the foregoing items which has become publicly known and made generally available through no wrongful act or omission of his/her or of others who were under confidentiality obligations as to the item or items involved or improvements or new versions thereof.

Recipient will not, without the prior written approval from an authorized officer of the Company, directly or indirectly (i) reveal, report, publish, disclose or transfer any Confidential Information, other than information that constitutes "trade secrets" under applicable state law ("Company Trade Secrets"), to any person, firm, corporation or entity, or (ii) use any Confidential Information for any purpose or for the benefit of any person, firm, corporation or entity. Further, for so long as such information remains Company Trade Secrets under applicable state laws, Recipient shall not, without the prior written approval from an authorized officer of the Company, directly or indirectly (i) reveal, report, publish, disclose or transfer any information that constitutes Company Trade Secrets to any person, firm, corporation or entity, or (ii) use any of the Company Trade Secrets for any purpose or for the benefit of any person, firm, corporation or entity.

Nothing in this Agreement will be construed to prohibit Recipient from filing a charge, complaint, or report with, or otherwise communicating with, providing information to, or cooperating, or participating with any investigation or proceeding by or before the Equal Employment Opportunity Commission, the U.S. Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state or local government agency or commission. Furthermore, in accordance with the Defend Trade Secrets Act of 2016, 18 U.S.C. Section 1833(b), Recipient shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made in confidence to a federal,

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state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

**5.4 Creative Work.** Recipient agrees that all creative work and work product, including but not limited to all technology, business management tools, processes, software, patents, trademarks, and copyrights developed by Recipient during employment with the Company, regardless of when or where such work or work product was produced, constitutes work made for hire, all rights of which are owned by the Company. Recipient hereby assigns to the Company all rights, title, and interest, whether by way of copyrights, trade secret, trademark, patent, or otherwise, in all such work or work product, regardless of whether the same is subject to protection by patent, trademark, or copyright laws.

**5.5 Return of Property.** If and when Recipient ceases for any reason to be employed by the Company, Recipient must return to the Company all keys, pass cards, identification cards and any other property of the Company. At the same time, Recipient also must return to the Company all originals and copies (whether in hard copy, electronic or other form) of any documents, drawings, notes, memoranda, designs, devices, diskettes, tapes, manuals, and specifications which constitute proprietary information or material of the Company. The obligations in this paragraph include the return of documents and other materials that may be in Recipient's desk at work, Recipient's car or place of residence, or in any other location under Recipient's control.

**5.6 Injunctive Relief.** Recipient acknowledges that it may be impossible to measure in money the damages that will accrue to the Company if Recipient fails to observe the Restrictive Covenants; therefore, in addition to any action at law for damages, and in addition to the remedy provided in Section 1.2(c) or Section 1.5 of this Agreement, the Restrictive Covenants may be enforced by an injunction to prohibit the restricted activity or as allowed by law. Recipient hereby waives the claim or defense that an adequate remedy at law is available to the Company. Nothing set forth herein shall prohibit the Company from pursuing all remedies available to it.

**5.7 Reasonableness.** The Company and Recipient agree that the Restrictive Covenants are reasonable both as to time and as to area. The Company and Recipient additionally agree (i) that the Restrictive Covenants are necessary for the protection of the Company's business and goodwill; (ii) that the Restrictive Covenants are not any greater than are reasonably necessary to secure the Company's business and goodwill; and (iii) that the degree of injury to the public due to the loss of the service and skill of Recipient or the restrictions placed upon Recipient's opportunity to make a living with Recipient's skills upon enforcement of said restraints, does not and will not warrant non-enforcement of said restraints. The Company and Recipient agree that if any portion of the Restrictive Covenants is adjudged unreasonably broad, then the Company and Recipient authorize said court or arbitrator to narrow same so as to make it reasonable, given all relevant circumstances, and to enforce the same. The Company and Recipient agree that if any one provision of this Section 5 is not enforceable, the remaining sections will be enforceable and that in any event, even if a Restrictive Covenant was found to be unenforceable, the termination, cancellation and forfeiture provisions in Section 1.5 will nonetheless be applied as the continuation of an Award for service to the Company is dependent on all of Recipient's agreements in this Section 5.

## 6. MISCELLANEOUS PROVISIONS

**6.1 Amendment and Modification.** Except as otherwise provided by the Plan, this Agreement may be amended, modified and supplemented only by written agreement of all of the parties hereto.

**6.2 Assignment.** This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by Recipient without the prior written consent of the Company.

**6.3 Governing Law.** To the extent not preempted by federal law, this Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the

internal laws of the State of Oregon applicable to the construction and enforcement of contracts wholly executed in Oregon by residents of Oregon and wholly performed in Oregon. Any action or proceeding brought by any party hereto shall be brought only in a state or federal court of competent jurisdiction located in the County of Multnomah in the State of Oregon and all parties hereto hereby submit to the in personal jurisdiction of such court for purposes of any such action or procedure.

**6.4 Arbitration.** The parties agree to submit any dispute arising under this Agreement to final, binding, private arbitration in Portland, Oregon. This includes not only disputes about the meaning or performance of this Agreement, but disputes about its negotiation, drafting or execution. The dispute will be determined by a single arbitrator in accordance with the then-existing rules of arbitration procedure of Multnomah County, Oregon Circuit Court, except that there shall be no right of de novo review in Circuit Court and the arbitrator may charge his or her standard arbitration fees rather than the fees prescribed in the Multnomah County Circuit Court arbitration procedures. The proceeding will be commenced by the filing of a civil complaint in Multnomah County Circuit Court and a simultaneous request for transfer to arbitration. The parties expressly agree that they may choose an arbitrator who is not on the list provided by the Multnomah County Circuit Court

Arbitration Department, but if they are unable to agree upon the single arbitrator within 10 days of receipt of the Arbitration Department list, they will ask the Arbitration Department to make the selection for them. The arbitrator will have full authority to determine all issues, including arbitrability; to award any remedy, including permanent injunctive relief; and to determine any request for costs and expenses in accordance with Section 6.5 of this Agreement. The arbitrator's award may be reduced to final judgment in Multnomah County Circuit Court. The complaining party shall bear the arbitration expenses and may seek their recovery if it prevails. Notwithstanding any other provision of this Agreement, an aggrieved party may seek a temporary restraining order or preliminary injunction in Multnomah County Circuit Court to preserve the status quo during the arbitration proceeding.

**6.5 Attorney Fees.** If any suit, action or proceeding is instituted in connection with any controversy arising out of this Agreement or the enforcement of any right hereunder, the prevailing party will be entitled to recover, in addition to costs, such sums as the court or arbitrator may adjudge reasonable as attorney fees, including fees on any appeal.

**6.6 Headings.** The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not constitute a part hereof.

**6.7 Entire Agreement.** This Agreement and the Plan embody the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein and supersedes all prior written or oral communications or agreements all of which are merged herein. There are no restrictions, promises, warranties, covenants or undertakings, other than those expressly set forth or referred to herein.

**6.8 No Waiver.** No waiver of any provision of this Agreement or any rights or obligations of any party hereunder shall be effective, except pursuant to a written instrument signed by the party or parties waiving compliance, and any such waiver shall be effective only in the specific instance and for the specific purpose stated in such writing.

**6.9 Severability of Provisions.** In the event that any provision hereof is found invalid or unenforceable pursuant to judicial decree or decision, the remainder of this Agreement shall remain valid and enforceable according to its terms.

**6.10 Incorporation by Reference, Etc.** The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. The Committee shall have the final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be final, binding and conclusive upon Recipient and his or her legal representative in respect to any questions arising under the Plan or this Agreement.

**6.11 Notices.** All notices or other communications pursuant to this Agreement shall be in writing and shall be deemed duly given if delivered personally or by courier service, or if mailed by

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*Performance Equity Award - Senior Executives*

certified mail, return receipt requested, prepaid and addressed to the Company executive offices to the attention of the Corporate Secretary, or if to Recipient, to the address maintained by the personnel department, or such other address as such party shall have furnished to the other party in writing.

**6.12 Acceptance of Agreement.** Unless Recipient notifies the Corporate Secretary in writing within 14 days after the Date of Grant that Recipient does not wish to accept this Agreement, Recipient will be deemed to have accepted this Agreement and will be bound by the terms of this Agreement and the Plan.

**6.13 No Right of Employment.** Nothing contained in the Plan or this Agreement shall be construed as giving Recipient any right to be retained, in any position, as an employee of the Company or any Subsidiary.

*[Remainder of this page left blank intentionally.]*

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*Performance Equity Award - Senior Executives*

Recipient and the Company have executed this Agreement effective as of the Date of Grant.

RECIPIENT

Signature

Type or Print Name:

Social Security Number:

COMPANY LITHIA MOTORS, INC.

By: \_\_\_\_\_

Name:

Title:

\* Please take the time to read and understand this Agreement. If you have any specific questions or do not fully understand any of the provisions, please contact stockinfo@lithia.

(Executive, Time-vesting)

LITHIA MOTORS, INC.  
RESTRICTED STOCK UNIT AGREEMENT  
(Time-vesting)

This Restricted Stock Unit Agreement ("Agreement") is entered into pursuant to the 2013 Amended and Restated Stock Incentive Plan (the "Plan") adopted by the Board of Directors and shareholders of Lithia Motors, Inc., an Oregon corporation (the "Company"), as amended from time to time. Unless otherwise defined herein, capitalized terms in this Agreement have the meanings given to them in the Plan. Any inconsistency between this Agreement and the terms and conditions of the Plan will be resolved in favor of the Plan.

"Recipient" [ ]

Number of Restricted Stock Units ("RSUs") [ ]

"Date of Grant" [ ]

1. GRANT OF RESTRICTED STOCK UNIT AWARD

1.1 The Grant. The Company hereby awards to Recipient, and Recipient hereby accepts, the RSUs specified above on the terms and conditions set forth in this Agreement and the Plan (the "Award"). Each RSU represents the right to receive one share of Common Stock of the Company (a "Share") on an applicable Settlement Date, as defined in Section 1.3 of this Agreement, subject to the terms of this Agreement and the Plan.

1.2 Vesting; Clawback. Subject to the continued employment of Recipient with the Company or any Subsidiary, the RSUs (rounded to the nearest whole RSU) shall vest on the dates set forth in the table below (each, a "Vesting Date"). The RSUs, the Shares issued upon vesting of the RSUs and any proceeds received upon the sale of the Shares are subject to recovery by the Company as specified in Section 1.2(a) and Section 1.5 of this Agreement

Vesting Date	Vesting of Award	Vested RSUs
January 1, [ ]	33%	
January 1, [ ]	33%	
January 1, [ ]	34%	

(a) *Clawback.* The Award is subject to the Company's recoupment ("clawback") policy as adopted by the Committee, as it may be amended from time to time by the Committee or the Board in its discretion.

**1.3 Settlement a Benefits Representative, a Participant may file a written designation of RSUs.** There a beneficiary who is no obligation for the Company to make payments receive any Common Stock and/or distributions with respect to RSUs except, subject cash credited to the terms and conditions Participant's Account at the Participant's death. Such designation of this Agreement, the issuance of Shares to settle vested RSUs after the applicable Vesting Date. The Company's issuance of one Share for each vested RSU ("**Settlement**") beneficiary may be subject changed by the Participant at any time by giving written notice to the Benefits Representative at such conditions, restrictions time and contingencies in such form as prescribed. Upon the Committee shall determine. Unless death of a Participant, and receipt by the Benefits Representative of proof of the Shares is identity at the Participant's death of a beneficiary validly deferred pursuant to the RSU Deferral Plan effective January 1, 2012, as amended, and except as otherwise provided in any Amended Employment and Change in Control Agreement between the Company and Recipient (as the same may be amended and/or restated from time to time), RSUs shall be settled as soon as practicable after the applicable Vesting Date (each date of Settlement, a "**Settlement Date**"), but in no event later than March 15 of the calendar year following the calendar year in which the Vesting Date occurs. Notwithstanding the foregoing, the payment dates set forth in this Section 1.3 have been specified for the purpose of complying with the short-term deferral exception under Section 409A of the Internal Revenue Code of 1986 (the "**Code**"), and to the extent payments are made during the periods permitted under Code

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(Executive, Time-vesting)

Section 409A (including applicable periods before or after the specified payment dates set forth in this Section 1.3), the Company shall be deemed to have satisfied its obligations designated under the Plan, and shall be deemed not the Benefits Representative will take appropriate action to be in breach ensure delivery of its payment obligations hereunder.

**1.4 Termination such. Common Stock and/or cash to such beneficiary. In the event of Recipient's Employment.**

(a) *Voluntary or Involuntary Termination.* Except as otherwise provided in this Section 1.4, if Recipient's employment with the Company or any Subsidiary terminates as a result death of a voluntary Participant and the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Benefits Representative will take appropriate action to ensure delivery of such Common Stock and/or involuntary termination, all outstanding unvested RSUs shall immediately be forfeited. Recipient shall not be treated as terminating employment if Recipient is on an approved leave of absence.

(b) *Death.* If Recipient's employment with the Company or any Subsidiary terminates as a result of Recipient's death that occurs on or after January 1, 20[ ], RSUs shall continue to vest as scheduled in Section 1.2 of this Agreement.

(c) *Disability.* If Recipient becomes Disabled while employed by the Company or a Subsidiary, RSUs shall continue to vest as scheduled in Section 1.2 of this Agreement for so long as Recipient remains Disabled.

(d) *Qualified Retirement.* If Recipient terminates employment due to a Qualified Retirement that occurs at least one year from January 1, 20[ ], RSUs shall continue to vest as scheduled in Section 1.2 of this Agreement. A "Qualified Retirement" means Recipient voluntarily terminates employment on or after such time as the Recipient's has attained at least fifty-five (55) years of age and Recipient has completed a minimum of 10 years of Service, subject cash to the determination executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Benefits Representative), the Committee, in its sole discretion, that Recipient voluntarily terminated employment to retire.

Notwithstanding anything in this Agreement may direct delivery of such Common Stock and/or cash to the contrary, in no event will spouse or to any Settlement occur prior to the applicable Vesting and any unsettled RSUs shall be forfeited without consideration immediately upon the breach of any one or more dependents of the following conditions: compliance with non-solicit, non-compete, non-disparagement restrictive covenants and/or any other agreements that were signed while employed during vesting period.

**1.5 Treatment of Award Upon Breach of Restrictive Covenants or Misconduct.**

(a) *Breach of Restrictive Covenants.* The vesting and receipt of benefits under the Award are specifically conditioned on Recipient's compliance with the covenants set forth in Section 5 of this Agreement (the "**Restrictive Covenants**") and any other restrictive covenants, including noncompetition covenants, and/or any other agreements that were signed while employed during vesting period. To the extent allowed by and consistent with applicable law, and in addition to any remedy provided in Section 1.2(a), Section 1.5(b) or Section 5.6 of this Agreement, if at any time that Recipient has materially breached any of the Restrictive

Covenants, any unvested or unsettled portion of the Award shall be immediately and automatically canceled without any payment or right of payment of consideration by the Company. The Committee has the sole discretion to determine whether Recipient breached the Restrictive Covenants.

(b) **Misconduct.** If at any time (including after receipt of a request for delivery of vested shares) the Committee reasonably believes that Recipient has committed an act of misconduct Participant as described in this Section 1.5(b), and in addition to any remedy provided in Section 1.2(a), Section 1.5(a) or Section 5.6 of this Agreement, the Committee may suspend Recipient's right designate in its discretion. Prior to the death of the Participant, no beneficiary will acquire any interest in any Common Stock or cash credited to the Participant's Account. 14. **TRANSFERABILITY.** No amounts credited to a Participant's Account, whether cash or Common Stock, nor any rights with regard to the exercise of an option or to receive delivery of vested shares Common Stock under the Award pending a determination Plan, may be assigned, transferred, pledged, or otherwise disposed of whether an act in any way by the Participant other than by will or the laws of misconduct has been committed descent and distribution. Any such attempted assignment, transfer, pledge, or other disposition will be void and without effect. Each option shall be exercisable, during the Participant's lifetime, only by Recipient. For purposes of this Section 1.5(b), acts of misconduct shall mean (i) an act of embezzlement, fraud, dishonesty, breach of fiduciary duty, breach of Company written policies (including without limitations, those relating the Employee to workplace harassment), or violation of securities laws involving the Company, any of its Subsidiaries or any entity or person with whom the Company or any of its Subsidiaries does business, (ii) nonpayment of any obligation to the Company or any Subsidiary, (iii) any conduct and/or breach of Company policy that results in reputational harm to the Company and (iv) any similar conduct that materially and adversely impacts or reflects on the Company. If Recipient is accused of engaging in any such misconduct to which this Section 1.5(b) applies, Recipient shall be provided the

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opportunity to explain Recipient's conduct in writing within five business days of notice of the misconduct by the Company. Any determination by the Committee as to whether or not Recipient did engage in misconduct within the meaning of this Section 1.5(b) shall be final, conclusive and binding on all interested parties. If the Committee determines that Recipient engaged in misconduct, any unvested or unsettled portion of the Award shall be immediately canceled without any payment of consideration by the Company. If the Committee determines that Recipient did not engage in misconduct, the Company shall immediately give effect to any request for delivery of vested shares received prior to or during any period of suspension and complete Settlement in accordance with Section 1.3 of this Agreement, option was granted. The Company shall not have recognize, and shall be under no duty to recognize, any liability to Recipient for any loss which Recipient may have sustained as a result assignment or purported assignment by an. Employee of his option or of any delay in delivering Shares as rights under his option. 15. **NO RIGHTS AS A SHAREHOLDER UNTIL SHARES ISSUED.** With respect to shares of Stock subject to an option, an optionee shall not be deemed to be a result of any suspension.

## 2. REPRESENTATIONS AND COVENANTS OF RECIPIENT

**2.1 No Representations by or on Behalf of shareholder, and the Company.** Recipient is optionee shall not relying on any representation, warranty or statement made by the Company or any agent, employee or officer, director, shareholder or other controlling person of the Company regarding the RSUs or this Agreement.

**2.2 Tax Considerations.** The Company has advised Recipient to seek Recipient's own tax and financial advice with regard to the federal and state tax considerations resulting from Recipient's receipt of the Award, the vesting of the Award and Recipient's receipt of the Shares upon Settlement of the vested portion of the Award. Recipient understands that the Company, to the extent required by law, will report to appropriate taxing authorities the payment to Recipient of compensation income upon the grant, vesting and/or Settlement of RSUs under the Award and Recipient shall be solely responsible for the payment of all federal and state taxes resulting from such grant, vesting and/or Settlement.

**2.3 Agreement to Enter into Lock-Up Agreement with an Underwriter.** Recipient understands and agrees that whenever the Company undertakes a firmly underwritten public offering of its securities, Recipient will, if requested to do so by the managing underwriter in such offering, enter into an agreement not to sell or dispose of any securities of the Company owned or controlled by Recipient, including have any of the RSUs rights or privileges of a shareholder. An optionee shall have the Shares, provided that such restriction will rights and privileges of a shareholder when, but not extend beyond 12 months from until, the effective date shares have been issued to the optionee following exercise of the registration statement filed in connection with such offering.

## 3. GENERAL RESTRICTIONS OF TRANSFERS OF RSUS

**3.1 No Transfers of RSUs.** Recipient agrees for himself or herself his option and his or her executors, administrators and other successors in interest that none of the RSUs, nor any interest therein, may be voluntarily or involuntarily sold, transferred, assigned, donated, pledged, hypothecated or otherwise disposed of, gratuitously or for consideration.

**3.2 Award Adjustments.** The number of RSUs granted under this Award shall, at the discretion of the Committee, be subject to adjustment under the Plan reflected in the event the outstanding shares of Common Stock are hereafter increased, decreased, changed into or exchanged for a different number or kind of shares of Common Stock or for other securities shareholder records of the Company or of another corporation, by reason of any reorganization, merger, consolidation, reclassification, stock split up, combination its transfer agent. 16. CHANGES IN THE COMPANY'S CAPITAL STRUCTURE. The Board shall make or provide for such adjustments in the maximum number of shares specified in Section 4 and the number and option price of Common Stock, or dividend payable in shares of Common Stock or other securities of the Company. If Recipient receives any additional RSUs pursuant subject to options outstanding under the Plan such additional (or other) RSUs shall be deemed granted hereunder and shall be subject to the same restrictions and obligations on the RSUs as originally granted as imposed by this Agreement.

**3.3 Invalid Transfers.** Any disposition of the RSUs other than in strict compliance with the provisions of this Agreement shall be void.

**4. PAYMENT OF TAX WITHHOLDING AMOUNTS.** To the extent the Company is responsible for withholding income taxes, Recipient must pay to the Company or make adequate provision for the payment of all Tax Withholding. If any RSUs are scheduled to vest during a period in which trading is not permitted under the Company's insider trading policy, to satisfy the Tax Withholding requirement, Recipient irrevocably elects to settle the Tax Withholding obligation by the Company withholding a number of Shares otherwise deliverable upon vesting having a market value sufficient to

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satisfy the statutory minimum tax withholding of Recipient. If the Company later determines that additional Tax Withholding was or has become required beyond any amount paid or provided for by Recipient, Recipient will pay such additional amount to the Company immediately upon demand by the Company. If Recipient fails to pay the amount demanded, the Company may withhold that amount from other amounts payable by the Company to Recipient.

## 5. RESTRICTIVE COVENANTS

**5.1 Non-Solicitation of Lithia Employees.** Except as may be consented to in writing by the Company, throughout Recipient's employment and during the 24-month period following the date of Recipient's termination of employment by the Company or by Recipient regardless of the reason therefore (the "Termination Date"), Recipient will not, directly or indirectly, employ or offer employment to, or assist or be affiliated with any other person in employing, any persons employed by the Company or any Subsidiary in a manager or higher position ("Managers"), and will not, either directly or indirectly, solicit, induce, recruit or encourage any Managers to leave their employment, attempt to solicit, induce, recruit or encourage any Managers to leave their employment, or cause or encourage any person to directly or indirectly solicit, induce, recruit or encourage Managers to leave their employment, either for him or herself or for any other person or entity, unless such person has not been employed by the Company or any of its subsidiaries for at least six months.

For purposes of this paragraph, the terms "solicit, induce, recruit and encourage" means direct and indirect communications of any kind and nature, directed specifically to an individual for the purpose of causing the person to leave their employment with the Company, but does not include general advertisement or notice of job opportunities within an industry. For purposes of the Agreement, the term "affiliated with" includes Recipient's ownership of 3% or more of the equity of any person, lending money to any person, or serving as an executive officer, director, manager or consultant to any person.

**5.2 No Disparagement.** Recipient shall not take any action or make any statement that disparages the Company, its operation, business, or reputation, or any of its officers or directors, or their reputation, and shall not encourage or induce any third parties to disparage such persons ("Disparaging Acts") throughout Recipient's employment and for three years following the Termination Date. "Disparaging Acts" means any statement, communication or publication, oral or written, regardless of whether such statement, communication or publication is true, made about such persons or their reputation, that is vilifying and/or derogatory in nature and that reasonably would be expected to result in a negative perception of such person, or that otherwise may have a material adverse effect on such person or their reputation.

**5.3 Disclosure of Confidential Information.** During Recipient's employment with the Company, Recipient will have access to and become familiar with certain proprietary and confidential information of the Company and its Subsidiaries not known to the public generally, or by its actual or potential competitors ("Confidential Information"). Recipient acknowledges that such information constitutes valuable, special, and unique assets of the Company's business, even though such information may not be of a technical nature and may not be protected under trade secret or related laws.

"Confidential Information" includes any Company proprietary information, technical data, trade secrets or know-how, including, but not limited to research, strategic and marketing plans, product plans, products, services, markets, processes, policies, financial or other business information disclosed to, or discovered by, Recipient either directly or indirectly, during Recipient's employment with the Company. Recipient further understand that Confidential Information does not include any of the foregoing items which has become publicly known and made generally available through no wrongful act or omission of his/her or of others who were under confidentiality obligations as to the item or items involved or improvements or new versions thereof.

Recipient will not, without the prior written approval from an authorized officer of the Company, directly or indirectly (i) reveal, report, publish, disclose or transfer any Confidential Information, other than information that constitutes "trade secrets" under applicable state law ("Company Trade Secrets"), to any person,

firm, corporation or entity, or (ii) use any Confidential Information for any purpose or for the benefit of any person, firm, corporation or entity. Further, for so long as such information remains

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Company Trade Secrets under applicable state laws, Recipient shall not, without the prior written approval from an authorized officer of the Company, directly or indirectly (i) reveal, report, publish, disclose or transfer any information that constitutes Company Trade Secrets to any person, firm, corporation or entity, or (ii) use any of the Company Trade Secrets for any purpose or for the benefit of any person, firm, corporation or entity.

Nothing in this Agreement will be construed to prohibit Recipient from filing a charge, complaint, or report with, or otherwise communicating with, providing information to, or cooperating, or participating with any investigation or proceeding by or before the Equal Employment Opportunity Commission, the U.S. Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, or any other federal, state or local government agency or commission. Furthermore, in accordance with the Defend Trade Secrets Act of 2016, 18 U.S.C. Section 1833(b), Recipient shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

**5.4 Creative Work.** Recipient agrees that all creative work and work product, including but not limited to all technology, business management tools, processes, software, patents, trademarks, and copyrights developed by Recipient during employment with the Company, regardless of when or where such work or work product was produced, constitutes work made for hire, all rights of which are owned by the Company. Recipient hereby assigns to the Company all rights, title, and interest, whether by way of copyrights, trade secret, trademark, patent, or otherwise, in all such work or work product, regardless of whether the same is subject to protection by patent, trademark, or copyright laws.

**5.5 Return of Property.** If and when Recipient ceases for any reason to be employed by the Company, Recipient must return to the Company all keys, pass cards, identification cards and any other property of the Company. At the same time, Recipient also must return to the Company all originals and copies (whether in hard copy, electronic or other form) of any documents, drawings, notes, memoranda, designs, devices, diskettes, tapes, manuals, and specifications which constitute proprietary information or material of the Company. The obligations in this paragraph include the return of documents and other materials that may be in Recipient's desk at work, Recipient's car or place of residence, or in any other location under Recipient's control.

**5.6 Injunctive Relief.** Recipient acknowledges that it may be impossible to measure in money the damages that will accrue to the Company if Recipient fails to observe the Restrictive Covenants; therefore, in addition to any action at law for damages, and in addition to the remedy provided in Section 1.2(a) or Section 1.5 of this Agreement, the Restrictive Covenants may be enforced by an injunction to prohibit the restricted activity or as allowed by law. Recipient hereby waives the claim or defense that an adequate remedy at law is available to the Company. Nothing set forth herein shall prohibit the Company from pursuing all remedies available to it.

**5.7 Reasonableness.** The Company and Recipient agree that the Restrictive Covenants are reasonable both as to time and as to area. The Company and Recipient additionally agree (i) that the Restrictive Covenants are necessary for the protection of the Company's business and goodwill; (ii) that the Restrictive Covenants are not any greater than are reasonably necessary to secure the Company's business and goodwill; and (iii) that the degree of injury to the public due to the loss of the service and skill of Recipient or the restrictions placed upon Recipient's opportunity to make a living with Recipient's skills upon enforcement of said restraints, does not and will not warrant non-enforcement of said restraints. The Company and Recipient agree that if any portion of the Restrictive Covenants is adjudged unreasonably broad, then the Company and Recipient authorize said court or arbitrator to narrow same so as to make it reasonable, given all relevant circumstances, and to enforce the same. The Company and Recipient agree that if any one provision of this Section 5 is not enforceable, the remaining sections will be enforceable and that in any event, even if a Restrictive Covenant was found to be unenforceable, the termination, cancellation and forfeiture provisions in Section 1.5 will nonetheless be applied as the continuation of an Award for service Board shall determine is appropriate to the Company is dependent on all of Recipient's agreements in this Section 5.

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## 6. MISCELLANEOUS PROVISIONS

**6.1 Amendment and Modification.** Except as otherwise provided by the Plan, this Agreement may be amended, modified and supplemented only by written agreement of all of the parties hereto.

**6.2 Assignment.** This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any prevent dilution or enlargement of the rights interests or obligations hereunder shall be assigned by Recipient without the prior written consent of the Company.

**6.3 Governing Law.** To the extent not preempted by federal law, this Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the internal laws of the State of Oregon applicable to the construction and enforcement of contracts wholly executed in Oregon by residents of Oregon and wholly performed in Oregon. Any action or proceeding brought by any party hereto shall be brought only in a state or federal court of competent jurisdiction located in the County of Multnomah in the State of Oregon and all parties hereto hereby submit to the in personal jurisdiction of such court for purposes of any such action or procedure.

**6.4 Arbitration.** The parties agree to submit any dispute arising under this Agreement to final, binding, private arbitration in Portland, Oregon. This includes not only disputes about the meaning or performance of this Agreement, but disputes about its negotiation, drafting or execution. The dispute will be determined by a single arbitrator in accordance with the then-existing rules of arbitration procedure of Multnomah County, Oregon Circuit Court, except that there shall be no right of de novo review in Circuit Court and the arbitrator may charge his or her standard arbitration fees rather than the fees prescribed in the Multnomah County Circuit Court arbitration procedures. The proceeding will be commenced by the filing of a civil complaint in Multnomah County Circuit Court and a simultaneous request for transfer to arbitration. The parties expressly agree that they may choose an arbitrator who is not on the list provided by the Multnomah County Circuit Court Arbitration Department, but if they are unable to agree upon the single arbitrator within 10 days of receipt of the Arbitration Department list, they will ask the Arbitration Department to make the selection for them. The arbitrator will have full authority to determine all issues, including arbitrability; to award any remedy, including permanent injunctive relief; and to determine any request for costs and expenses in accordance with Section 6.5 of this Agreement. The arbitrator's award may be reduced to final judgment in Multnomah County Circuit Court. The complaining party shall bear the arbitration expenses and may seek their recovery if it prevails. Notwithstanding any other provision of this Agreement, an aggrieved party may seek a temporary restraining order or preliminary injunction in Multnomah County Circuit Court to preserve the status quo during the arbitration proceeding.

**6.5 Attorney Fees.** If any suit, action or proceeding is instituted in connection with any controversy arising out of this Agreement or the enforcement of any right hereunder, the prevailing party will be entitled to recover, in addition to costs, such sums as the court or arbitrator may adjudge reasonable as attorney fees, including fees on any appeal.

**6.6 Headings.** The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not constitute a part hereof.

**6.7 Entire Agreement.** This Agreement and the Plan embody the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein and supersedes all prior written or oral communications or agreements all of which are merged herein. There are no restrictions, promises, warranties, covenants or undertakings, other than those expressly set forth or referred to herein.

**6.8 No Waiver.** No waiver of any provision of this Agreement or any rights or obligations of any party hereunder shall be effective, except pursuant to a written instrument signed by the party or parties waiving compliance, and any such waiver shall be effective only in the specific instance and for the specific purpose stated in such writing.

**6.9 Severability of Provisions.** In the event that any provision hereof is found invalid or unenforceable pursuant to judicial decree or decision, the remainder of this Agreement shall remain valid and enforceable according to its terms.

**6.10 Incorporation by Reference, Etc.** The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. The Committee shall have the final authority to interpret and construe the Plan and this Agreement and to make

any and all determinations under them, and its decision shall be final, binding and conclusive upon Recipient and his or her legal representative in respect to any questions arising under the Plan or this Agreement.

**6.11 Notices.** All notices or other communications pursuant to this Agreement shall be in writing and shall be deemed duly given if delivered personally or by courier service, or if mailed by certified mail, return receipt requested, prepaid and addressed to the Company executive offices to the attention of the Corporate Secretary, or if to Recipient, to the address maintained by the personnel department, or such other address as such party shall have furnished to the other party in writing.

**6.12 Acceptance of Agreement.** Unless Recipient notifies the Corporate Secretary in writing within 14 days after the Date of Grant that Recipient does not wish to accept this Agreement, Recipient will be deemed to have accepted this Agreement and will be bound by the terms of this Agreement and the Plan.

**6.13 No Right of Employment.** Nothing contained in the Plan or this Agreement shall be construed as giving Recipient any right to be retained, in any position, as an employee of the Company or any Subsidiary.

[Remainder of this page left blank intentionally.]

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Recipient and the Company have executed this Agreement effective as of the Date of Grant.

RECIPIENT

Signature

Type or Print Name:

Social Security Number:

COMPANY LITHIA MOTORS, INC.

By: \_\_\_\_\_

Name:

Title:

**\* Please take the time to read and understand this Agreement. If you have any specific questions or do not fully understand any of the provisions, please contact [stockinfo@lithia](mailto:stockinfo@lithia).**



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Execution Version 39211237.v17 FIRST AMENDMENT TO FOURTH AMENDED AND RESTATED LOAN AGREEMENT This First Amendment to Fourth Amended and Restated Loan Agreement (this "Amendment"), dated as of February 7, 2022, is entered into among Lithia Motors, Inc., an Oregon corporation (the "Company"), each of the Subsidiaries of the Company listed on the signature pages of this Amendment (together with the Company, each a "Borrower" and any two or more "Borrowers"), the Lenders under the Loan Agreement described below that are signatories to this Amendment, and U.S. Bank National Association, as Agent for the Lenders (in such capacity, "Agent"). R E C I T A L S: A. The Company, certain of its Subsidiaries, the Lenders and Agent have entered into a Fourth Amended and Restated Loan Agreement dated as of April 29, 2021 (as may be amended, restated, supplemented or otherwise modified, the "Loan Agreement"). Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Loan Agreement. B. The Company has requested that the Agent and the Lenders agree to the amendments to the Loan Agreement set forth herein. C. The Lenders that are signatories to this Amendment, constituting the Required Lenders under the Loan Agreement, have agreed to the amendments to the Loan Agreement set forth herein, as more particularly as set forth herein. For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows: 1. Definitions. Section 1.1 of the Loan Agreement is amended by adding the definitions of "Canadian Receivables or Securitization Assets", "Canadian Receivables or Securitization Transaction", "Canadian Subsidiary Indebtedness", "Financed Entity", "Special Purpose Securitization Subsidiary", "Stockholders' Equity" and "Trade-in Lien", to be defined as follows: "Canadian Receivables or Securitization Assets" means (a) any accounts receivable, mortgage receivables, loan receivables, equipment, royalty, franchise fee, license fee, patent or other revenue streams and other rights to payment or related assets and the proceeds thereof and any securities backed by such assets and (b) all collateral securing such receivable or assets, all contracts and contract rights, guarantees or other obligations in respect of such receivable or asset, lockbox accounts and records with respect to such account or asset and any other asset customarily transferred (or in respect of which security interests are **participants**

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2 - 39211237.v17 customarily granted) together with accounts that otherwise would result from any stock dividend, stock split, stock exchange, combination of shares, other change in the capital structure of the Company, merger, consolidation, spin-off of in connection with reorganization, partial or complete liquidation, issuance of rights or warrants to purchase securities, any other corporate transaction or event having an effect similar to any of the foregoing. In the event of securitization or receivable sale transaction, "Canadian Receivables or Securitization Transaction" means merger of transactions pursuant to which (i) Canadian Receivables corporations into the Company, Securitization Assets or interests therein are sold or transferred to or financed by a consolidation of the Company and Special Purpose Securitization Subsidiaries, other corporations in which the Company is the surviving corporation, each Participant, at no additional cost, shall be entitled, upon his payment for all or part of the Common Stock purchasable by him under the Plan, to receive (subject to any required action by shareholders) in lieu of the number of shares of Common Stock which he was entitled to purchase, the number (ii) class of shares of stock or other securities to which Special Purpose Securitization Subsidiaries finance holder would have been entitled pursuant to the terms of the agreement of merger or consolidation if, immediately prior to such merger or consolidation, such holder had been the holder of record of the number of shares of Common Stock equal to the number of shares purchasable by the Participant hereunder. If the Company is not the surviving corporation in any reorganization, merger or consolidation, refinance their acquisition survives only as a subsidiary of an entity other than a previously wholly-owned subsidiary of the Company), or if the Company is to be dissolved or liquidated or sell substantially all of its assets or stock to another corporation or other entity, then, unless a surviving corporation assumes or substitutes new options (within the meaning of Section 424(a) of the Code) for all options then outstanding, (i) the date of exercise for all options then outstanding shall be accelerated to dates fixed by the Committee prior to the effective date Canadian Receivables or Securitization Assets or interests therein, or the financing thereof, corporate event, (ii) a Participant may, at his election, selling or borrowing against Canadian Receivables or Securitization Assets (including conduit and warehouse financings) and any hedging agreements entered into in connection with such Canadian Receivables or Securitization Assets; provided, that recourse written notice either (x) withdraw from the Plan pursuant to Section 10 and receive a refund from the Company in the amount of the accumulated cash and Stock balance in the Participant's Account, (y) exercise a portion of his outstanding options as of such exercise date to purchase shares of Stock, at the option price, to the extent of the balance in the Participant's Account, or (z) exercise in full his outstanding options as of such exercise date to purchase shares of Stock, at the option price, which exercise shall require such Participant to pay the related option price, and (iii) after such effective date any unexercised option shall expire. The date the Committee selects for the exercise date under the preceding sentence shall be deemed to be the exercise date for purposes of computing the option price per share of Stock. If the Participant elects to exercise all Subsidiary (other than portion of Special Purpose Securitization Subsidiaries) options, the Company shall deliver to such Participant a stock certificate issued pursuant to Section 9.4 for the number of shares of Stock with respect to which such options were exercised and for which such Participant has paid the option price. If the Participant fails to provide the notice set forth above within three days after the exercise date selected by the Committee under this Section 16, the Participant shall be conclusively presumed to have requested to withdraw from the Plan and receive payment of the accumulated balance of his Account. The Committee shall take such steps as the Committee be limited deem necessary or appropriate assure that extent customary (as determined) provisions of this Section 16 are effectuated for the benefit of the Participants. Except as expressly provided in this Section 16, the issue in good faith of shares of stock of any class, or securities convertible into shares of stock of any class, similar transactions in cash or property, or for labor or services either upon direct sale or upon applicable jurisdictions (including exercise of rights or warrants) the extent applicable, in a manner consistent with the delivery, subscribe therefor, or upon conversion a "true sale"/absolute transfer opinion with respect to any transfer by the Company shares any Subsidiary (other than a Special Purpose Securitization Subsidiary)). "Canadian Subsidiary Indebtedness" has the meaning set forth in Section 13.10(p). "Financed Entity" means, at any time, a Person that owns any assets that are included in any of the Revolving Loan Borrowing Base, the Service Loaner Vehicle Borrowing Base or the Used Vehicle Borrowing Base at such time. "Special Purpose Securitization Subsidiary" means a direct or indirect Subsidiary obligations established in connection with a Canadian Receivables or Securitization Transaction, and which is organized in a manner (as determined by the Company in good faith) intended to reduce the likelihood that it would be substantively consolidated with the Company or any Subsidiary thereof in the event the Company or any convertible into Subsidiary becomes subject to a proceeding under the U.S. Bankruptcy Code (or other insolvency law). "Stockholders' Equity" means, as of any date of determination, the consolidated stockholders' equity of the Company determined in accordance with GAAP. "Trade-in Lien" means, with respect to a Used Vehicle that a customer traded in to the Company or any Subsidiary thereof, any security interest in such Used Vehicle outstanding at the time such Used Vehicle was traded, that secures any indebtedness or obligation to any Person incurred by such customer, including but not limited to amounts owing to any holder of any lien or security interest in a Used Vehicle at the time it is traded in to any Dealership. Shares

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- 4 - 39211237.v17 including a lease or rents thereunder, and any improvements and fixtures, unless any amendment foregoing constitute Eligible Real Property; (c) any voting stock of any direct Subsidiary of any Loan Party that is a controlled foreign corporation (as defined in Section 957 of Plan shall adversely affect Internal Revenue Code (a "CFC")) in excess of 65% of the total combined voting power of all classes of stock of such CFC that are entitled to vote (within the meaning of Section 1.956-2(c)(2) of the Treasury Regulations), to the extent the pledge in this greater percentage would reasonably be expected Participant with respect result in material adverse tax consequences an option previously granted any Borrower, as reasonably determined in good faith by the Borrowers; (d) any lease, license or other agreement or contract or any property subject to a purchase money security interest, lien securing a Capitalized Lease Obligation or similar arrangement, in each case permitted to be incurred in this Agreement, to the extent that a grant of a security interest therein would require a consent not obtained or violate or invalidate lease, license, agreement or contract or purchase money arrangement, Capitalized Lease Obligation or similar arrangement or create a right of termination in favor of any other party thereto (other than the Company or an Affiliate of the Company), in each case after giving effect to the applicable anti-assignment provisions of the Uniform Commercial Code ("UCC") and other Applicable Law and other than proceeds and receivables thereof; (e) any United States intent-to-use Trademark applications to the extent that, and solely during the period in which, the grant, attachment or enforcement of a security interest therein would, under applicable federal law, impair the registrability of such applications or the validity or enforceability of registrations issued from such applications; (f) any asset or property option without his written consent; in addition, grant Committee determines that, in the opinion a security interest is prohibited by Applicable Law or requires a consent not obtained counsel; (g) the listing for qualification requirements; Governmental Authority pursuant national securities exchange or quotation system on which the

Company's Common Stock is then listed or quoted, or (ii) the Code of Treasury regulations issued thereunder, require shareholder approval in order to maintain compliance with applicable law, rule, listing, regulation, qualification requirements or to maintain any favorable tax advantages or qualifications, then the Plan shall not be amended by the Board in each case after giving effect, such respect without first obtaining such required approval of the Company's shareholders. 20. SECURITIES LAWS RESTRICTIONS ON EXERCISE. The Committee may, in its discretion, require as conditions to the exercise of any option that the shares of Common Stock reserved for issuance upon the exercise of such option shall have been duly listed, upon official notice of issuance, upon a stock exchange, and comply with other Applicable Law and other than proceeds and receivables thereof, provided, however, that Excluded Property shall not include any proceeds, products, substitutions or replacements, either (i) a Registration Statement under the Securities Act, or (ii) any Excluded Property (unless such proceeds, products, substitutions or replacements would constitute Excluded Property). "Guarantor" means each Subsidiary which at any time executes a Guaranty of the Revolving Loan Obligations, Service Loaner Vehicle Floorplan Obligations and Used Vehicle Floorplan Obligations for the benefit of the Agent and the Lenders, it being understood that (a) a Subsidiary shall cease to be a Guarantor from and after the time (if ever) the Loan Documents permit the release of such Guaranty and such Subsidiary and the Agent execute and deliver a Loan Party Termination Agreement and (b) each present and future Subsidiary of the Company, other than (i) Canadian Subsidiaries that are not Financed Entities and (ii) Excluded Subsidiaries, shall be or become a Guarantor. "Permitted Dual Subsidiary Guaranty" means, as amended, any Permitted Dual Subsidiary Indebtedness provided by any Dual Subsidiary Lender, the guaranty of such Permitted Dual Subsidiary Indebtedness by (a) the Company or (b) any Dual Subsidiary that operates one or more dealerships at which new



5 - 39211237.v17 Vehicle, used Vehicle or service loaner Vehicle Permitted Dual Subsidiary Indebtedness is provided by such Dual Subsidiary Lender. "Permitted Dual Subsidiary Indebtedness" means Indebtedness (including Permitted Dual Subsidiary Guaranties but excluding Indebtedness provided pursuant to this Agreement) incurred from time to time by any Dual Subsidiary consisting of floorplan financing for new Vehicles, used Vehicles or service loaner Vehicles provided by financial institutions or manufacturer-affiliated finance companies ("Dual Subsidiary Lenders") to such Dual Subsidiaries, provided that each Required Intercreditor Counterparty with respect to such Indebtedness is a party to and bound by an Intercreditor Agreement. "Permitted New Dealership" means a Dealership (a) 100% (or if the Company is not permitted to hold 100% of such Equity Interests because of limitations imposed by the relevant manufacturer's franchise agreement, at least 80%) of the Equity Interests of which are owned, directly or indirectly by the Company **said shares shall be effective**, that is a Minority Dealer Subsidiary, (b) which is organized to own and operate a newly established automobile or motorcycle dealership point, and (c) with respect to which Loan Parties **Participant shall** complied with the requirements of Section 12.17. "Permitted Restrictions" means restrictions on the ability of any Subsidiary to declare or pay any dividend or make other distributions, or to advance or loan funds or transfer assets, to the Company or any other Subsidiary, to borrow money from the Company or any other Subsidiary, to grant Liens on the assets of such Subsidiary, to secure the Obligations or the Guarantor Obligations or to guaranty the Obligations; (a) as set forth on the Disclosure Schedule on the Closing Date, including restrictions imposed by existing Other Service Loaner Floorplan Financing arrangements; (b) pursuant to modifications to Other Service Loaner Floorplan Financing arrangements in effect on the Closing Date, provided that such modifications are not materially more restrictive; (c) pursuant to Other Service Loaner Floorplan Financing arrangements with any Other Service Loaner Floorplan Lender other than a Person which is an Other Service Loaner Floorplan Lender on the Closing Date; (d) applicable to a Person **represented** such Person becomes a Subsidiary and not created in contemplation such an event; (e) resulting from manufacturer-imposed modifications to any Franchise Agreement; (f) imposed by Applicable Law; (g) as set forth in the organizational documents of a Loan Party and consisting of requirements for director, manager, shareholder or member approval; (h) as set forth in any document relating to Funded Debt permitted under Sections 13.10(o), (p) or (s), but only to the extent applicable to Silo Subsidiaries, Canadian Subsidiaries (other than any Canadian Subsidiary that is a Financed Entity) or Dual Subsidiaries and to the extent such restriction does not directly or indirectly prohibit any Silo Subsidiary, Canadian Subsidiary (that is a Financed Entity) or Dual Subsidiary from guarantying, or impose any restriction on the ability of any Silo Subsidiary, Canadian Subsidiary (that is a Financed Entity) or Dual Subsidiary to guaranty, the Obligations; (i) as set forth in any document relating to Additional Funded Debt permitted under Section



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- 6 - 39211237.v17 13.10(i) or Canadian Subsidiary Indebtedness, in each case only to the extent such restriction does not directly or indirectly prohibit any Subsidiary from guarantying, or impose any restriction on the ability of any Subsidiary to guaranty, the Obligations; (j) as set forth in any document relating to Indebtedness permitted under Section 13.10(d); (k) on or with respect to any Excluded Subsidiary; or (l) in connection with any Canadian Receivables or Securitization Transaction; provided such restrictions are limited to obligors of Canadian Receivables or Securitization Transactions and do not include any Financed Entity. "Revolving Loan Borrowing Base" means, as of any date of determination: (a) an amount equal to the sum, without duplication, on such date of: (i) 100% of the amounts (excluding commissions included in clause (b) of the definition of Eligible Receivables) owing to the Dealerships in which the Agent has a perfected first priority security interest, which are owed to the Dealerships by financial institutions or finance companies which are not Affiliates of any Loan Party for the [redacted] by such institutions of retail installment contracts and leases arising from the sale or lease of New Vehicles and Used Vehicles (contracts in transit), which have not remained unpaid for more than 15 days; (ii) 80% of the amount of Eligible Receivables; (iii) 100% of the sum of the manufacturer's or distributor's invoices (including freight, advertising and holdbacks) for Eligible New Vehicles; (iv) 100% of the amount of the Used Vehicle Borrowing Base; (v) 75% of the Value of Eligible Real Property; provided, that this component of the Revolving Loan Borrowing Base shall not at any time exceed 25% of the lesser of (x) the Revolving Loan Borrowing Base and (y) the Aggregate Revolving Loan Commitment; (vi) 65% of (A) the net book value of the inventory of the Company and its Subsidiaries consisting of new parts and accessories in which the Agent has a perfected first priority security interest; minus (B) the unpaid acquisition cost owed to sellers or financiers of such inventory; (vii) 40% of (A) the net book value of equipment (excluding fixtures, aircraft, and Service Loaner Vehicles) of the Company and its Subsidiaries in which the Agent has a perfected first priority security interest; minus (B) the principal amount of indebtedness or obligations to any Person (other than the Obligations) which is secured by such equipment.



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7 - 39211237.v17 (b) Minus, the sum of the then outstanding aggregate principal balance of (i) New Vehicle Floorplan Loans less the sum of the aggregate amount held in the PR Accounts, in an amount up to \$200,000,000, (ii) New Vehicle Swing Line Loans, (iii) Used Vehicle Floorplan Loans, (iv) Used Vehicle Swing Line Loans and (v) Pari Passu Funded Debt. Notwithstanding anything to the contrary in this Agreement, the amounts set forth in clauses (a)(i) through (a)(vii) above shall exclude all receivables, Vehicles, real property, inventory, equipment and other property and assets of any Silo Subsidiary, provided in no event shall the aggregate net book value of the Eligible Vehicles consisting of motorcycles included in the Service Loaner Vehicle Borrowing Base, Used Vehicle Borrowing Base and the Revolving Loan Borrowing Base exceed \$25,000,000. "Service Loaner Vehicle Borrowing Base" means, as of any date of determination, an amount equal to the sum, without duplication, on such date of 85% of the net book value of Eligible Service Loaner Vehicles, provided in no event shall the aggregate net book value of the Eligible Vehicles consisting of motorcycles included in the Service Loaner Vehicle Borrowing Base, Used Vehicle Borrowing Base and the Revolving Loan Borrowing Base exceed \$25,000,000. "Used Vehicle Borrowing Base" means, as of any date of determination, the amount equal to (a) 85% multiplied by (b) the amount determined, without duplication, as follows: (a) the aggregate net book value of the Used Vehicle inventory of the Company and its Subsidiaries; minus (b) the aggregate net book value of such Used Vehicles in which the Agent does not have a perfected, first-priority security interest (including (i) Used Vehicles owned by any Silo Subsidiary and (ii) Used Vehicles owned by any Dual Subsidiary with respect to which the Agent does not have a perfected, first-priority security interest (other than Used Vehicles subject to Trade-in Liens)); minus (c) the aggregate outstanding principal amount of indebtedness secured by Trade-in Liens; minus (d) the aggregate net book value of such Used Vehicles that are not otherwise Eligible Vehicles. Notwithstanding the foregoing, in no event shall the aggregate net book value of the Eligible Vehicles consisting of motorcycles included in the Service Loaner Vehicle Borrowing Base, Used Vehicle Borrowing Base and the Revolving Loan Borrowing Base exceed \$25,000,000. "Vehicle" means an automobile, truck, van, motorcycle, or other motor vehicle.



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18 - 39211237 v17.3. Addition of New Vehicle Floorplan Dealerships. Section 2.5(a) of the Loan Agreement is deleted and replaced with the following: (a) If, on or after the Closing Date, any new Dealership (other than a Canadian Dealership, Dual Subsidiary or Silo Subsidiary) is established or any existing Dealership (other than a Canadian Dealership, Dual Subsidiary or Silo Subsidiary) requires financing for its New Vehicles, the Company shall deliver to the Agent a written notice specifying the name of the additional New Vehicle Floorplan Dealership, the proposed Dealership Loan Limit for such Dealership, the applicable manufacturers to be financed for such Dealership and any other information requested by the Agent. Upon approval by the Agent, establishment of a Dealership Loan Limit and, if applicable, Dealership Loan Sublimit(s), and satisfaction of the requirements in Section 9.3, such Dealership shall become a New Vehicle Floorplan Dealership and entitled to finance Eligible New Vehicles hereunder. For purposes of clarification, no Dealership (other than a Canadian Dealership, Dual Subsidiary, Silo Subsidiary or a Dealership that is financing its New Vehicles with the proceeds of indebtedness permitted under Sections 13.10(o) or (s)) shall incur any indebtedness to finance New Vehicles, except for New Vehicle Floorplan Loans under this Agreement, without the consent of the

Agent and the Lenders. 4. Purpose of Used Vehicle Floorplan Loans Section 3.1.2 of the Loan Agreement is deleted and replaced with the following: 3.1.2 Purpose of Used Vehicle Floorplan Loans. The Used Vehicle Floorplan Borrower shall use the proceeds of the Used Vehicle Floorplan Loans to finance Used Vehicles owned by a Dealership and to refinance Used Vehicle Swing Line Loans. Used Vehicle Floorplan Loans to any Canadian Dealership, or to any Dealership or Subsidiary that is located in or does financing of Used Vehicles in Canada, must be approved in advance by all Lenders. 5. Principal Payment Upon Dual Subsidiary Financing Commencement Date. Section 3.3.5 of the Loan Agreement is amended by inserting a new clause (d) at the end thereof, which new clause (d) shall read as follows: (d) Principal Payment Upon Dual Subsidiary Financing Commencement Date. If the Company designates a Subsidiary as a Dual Subsidiary in accordance with Section 6.19, then the Service Loaner Vehicle Floorplan Borrower shall repay each Service Loaner Vehicle Floorplan Loan and each Service Loaner Vehicle Swing Line Loan with respect to any Service Loaner Vehicle that is subsequently financed by Permitted Dual Subsidiary Indebtedness immediately upon the Dual Subsidiary Financing Commencement Date.



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9 - 39211237.v17 6. Designation of Dual Subsidiaries. The first paragraph of Section 6.19 of the Loan Agreement is deleted and replaced with the following: The Company may designate any Subsidiary as a "Dual Subsidiary" in order to finance (x) new Vehicles only or (y) new Vehicles and used and/or service loaner Vehicles through Permitted Dual Subsidiary Indebtedness so long as: 7. Designation of Dual Subsidiaries. Section 6.19(b) of the Loan Agreement is deleted and replaced with the following: (b) the Company has (x) delivered notice of such request to the Agent, (y) executed and delivered acknowledgements (in form and substance reasonably acceptable to the Agent) of such Dual Subsidiary's continuing Obligations under the Loan Documents (including pursuant to the Guaranty and any other Collateral Documents) as requested by the Agent and (z) prepaid all outstanding Loans with respect to such redesignation as required by Section 2.1.5(d), Section 3.1.5(d), Section 3.3.5(d) and otherwise complied with Section 13.16.8. Designation of Dual Subsidiaries. Section 6.19(e) of the Loan Agreement is deleted and replaced with the following: (e) if the applicable Dual Subsidiary will finance any Used Vehicles with Permitted Dual Subsidiary Indebtedness or will grant a Lien in any Used Vehicle to a Dual Subsidiary Lender, the Company shall have provided to the Agent a Used Vehicle Loan Borrowing Base Certificate as of the date of and after giving effect to such designation of such Subsidiary as a Dual Subsidiary and deduction of all Used Vehicles of such Dual Subsidiary from the Used Vehicle Borrowing Base; 9. Designation of Dual Subsidiaries. Section 6.19(f) of the Loan Agreement is deleted and replaced with the following: (f) if the applicable Dual Subsidiary will finance any Service Loaner Vehicles with Permitted Dual Subsidiary Indebtedness or will grant a Lien in any Service Loaner Vehicle to a Dual Subsidiary Lender, the Company shall have provided to the Agent a Service Loaner Vehicle Borrowing Base Certificate as of the date of and after giving effect to such designation of such Subsidiary as a Dual Subsidiary and deduction of all Service Loaner Vehicles of such Dual Subsidiary from the Service Loaner Vehicle Borrowing Base; 10. Collateral. Section 8.1.1 of the Loan Agreement is deleted and replaced with the following: 8.1.1 Collateral. All present and future Loans, Letters of Credit, Obligations, Guarantor Obligations, and Permitted Swap Obligations of the Loan Parties to the Agent and the Lenders under this Agreement and the other Loan



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-10 - 39211237.v17 Documents shall be, subject to each Intercreditor Agreement (once effective), secured by a perfected security interest, subject only to Permitted Liens, in the property described in the Collateral Documents (collectively, "Collateral"), including, without limitation, the following property of the Company and all of its present and future Subsidiaries (except Persons that (x) are not Financed Entities or (y) are Excluded Subsidiaries, Silo Subsidiaries or Canadian Subsidiaries), whether now owned or existing or hereafter acquired and wherever located, and all products and proceeds thereof: (a) All inventory (including, without limitation, all parts inventory, all Vehicles of whatever make, model and description, trade ins, repossessions and inventory held for display or demonstration purposes); equipment (other than fixtures); investment property; stock; partnership interests; membership interests; securities (certificated or uncertificated); security entitlements; securities accounts; accounts; instruments; documents; promissory notes; chattel paper (including electronic and tangible chattel paper); payment intangibles; general intangibles; deposit accounts; contract rights and other rights to payment; personal property leases; rebates, credits, factory holdbacks, incentive payments and other payments from any manufacturer, factory or distributor. (b) All attachments, accessions, accessions, tools, parts, supplies, increases and additions to, and all replacements of, and substitutions for any property described in this Section 8.1.1; all products, produce, and supporting obligations of any of the property described in this Section 8.1.1; all proceeds (including insurance proceeds) of any of the property described in this Section 8.1.1; and all records and data relating to any of the property described in this Section 8.1.1, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all right, title and interest of the Company and each Subsidiary in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media. Notwithstanding the foregoing, the New Vehicle Floorplan Loan Obligations shall be secured only by the Collateral owned by the New Vehicle Floorplan Borrowers. For the avoidance of doubt and notwithstanding anything to the contrary set forth in this Agreement or any Security Document, the term "Collateral" as used in this Agreement and in the Security Documents shall not include any Excluded Property. 11. Leverage Ratio. The definition of "Leverage Ratio" in Section 11.1.3 of the Loan Agreement is deleted and replaced with the following: "Leverage Ratio" means, as of the last day of any fiscal quarter, the ratio for the Company and its Subsidiaries on a consolidated basis of: (a) (i) the then outstanding principal balance of all Funded Debt (minus the sum of (A) unrestricted cash and cash equivalents plus (B) any amounts held in the PR Accounts plus (C) any amounts held in accounts established by Dual Subsidiaries or Silo Subsidiaries as an offset to floorplan notes payable (or interest thereon), provided that the aggregate reduction for all of the foregoing clauses (A) through



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11 - 39211237.v17 (C) shall not exceed \$200,000,000, minus (ii) the sum of the then outstanding principal balance of the New Vehicle Floorplan Loans, New Vehicle Swing Line Loans, Used Vehicle Floorplan Loans, Used Vehicle Swing Line Loans, Service Loaner Vehicle Floorplan Loans, Service Loaner Vehicle Swing Line Loans, principal amount of any Other Service Loaner Floorplan Financing, Funded Debt permitted under subsection (o) of Section 13.10 (but only to the extent constituting floor plan financing), Funded Debt permitted under subsection (p) of Section 13.10 (but only to the extent constituting floor plan financing), Funded Debt permitted under subsection (r) of Section 13.10 (but only to the extent not guaranteed by the Company), and Funded Debt permitted under subsection (s) of Section 13.10 and, without duplication, Funded Debt permitted under subsection (f) of Section 13.10 (but only to the extent the underlying indebtedness that is guaranteed constitutes floor plan financing), plus (ii) six times rental or lease expense for the Measurement Period ending on such date; to (b) (i) Pro Forma EBITDAR for the Measurement Period ending on such date (it being understood and agreed that Pro Forma EBITDAR minus rental or lease expense may not be included in this calculation to the extent that it results in an annualized increase of more than 10% in the Company's consolidated EBITDAR minus rental or lease expense prior to such adjustment, unless the Company provides to the Agent and the Required Lenders the supporting calculations for such adjustment and such other information as they may reasonably request to determine the accuracy of such calculations), minus (ii) interest expense with respect to the New Vehicle Floorplan Loans, New Vehicle Swing Line Loans, Used Vehicle Floorplan Loans, Used Vehicle Swing Line Loans, Service Loaner Vehicle Floorplan Loans, Service Loaner Vehicle Swing Line Loans and Funded Debt permitted under subsection (o) of Section 13.10 (but only to the extent constituting floor plan financing), Funded Debt permitted under subsection (p) of Section 13.10 (but only to the extent constituting floor plan financing), Funded Debt permitted under subsection (r) of Section 13.10 (but only to the extent not guaranteed by the Company), and Funded Debt permitted under subsection (s) of Section 13.10, in each case for the Measurement Period ending on such date. 12. Financial Information. Section 11.2.1 of the Loan Agreement is deleted and replaced with the following: 11.2.1 As soon as available and in any event within 120 days after the end of each Fiscal Year of the Company, the Form 10(k) for the Company and its Subsidiaries as filed with the Securities and Exchange Commission, including financial statements certified by independent public accountants of recognized national standing which are reasonably acceptable to the Agent (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit and without any other material qualification or exception) to the effect that such financial statements present fairly in all material respects the financial condition and results of operations of the Company and its Subsidiaries (including, for the avoidance of doubt, all Minority Dealer Subsidiaries) on a consolidated basis in accordance with GAAP consistently applied.



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12. 39211237.v17.13. Financed Entities. A new Section 12.21 shall be added to the Loan Agreement and shall read as follows: 12.21 Financed Entities. Notwithstanding any other provision of this Agreement or any other Loan Document, the Company and each Subsidiary thereof that is a Financed Entity shall pledge Collateral pursuant to Section 8.1 at all times that it is a Financed Entity, subject to the exceptions with respect to Dual Subsidiaries contained in Section 13.16, and shall be a Guarantor, provided if any such Person ceases to be a Financed Entity and is no longer required to be a Guarantor pursuant to the terms of this Agreement, its assets shall not be included in any of the Revolving Loan Borrowing Base, the Service Loaner Vehicle Borrowing Base or the Used Vehicle Borrowing Base. 14. Liens. Section 13.3(g) of the Loan Agreement is deleted and replaced with the following: (g) Liens on assets of, or Equity Interests in, Canadian Subsidiaries that are not Financed Entities and proceeds thereof securing Canadian Subsidiary Indebtedness. 15. Liens. A new Section 13.3(x) is added to the Loan Agreement to read as follows: (x) Liens securing obligations arising in connection with credit card processing services, merchant card processing services and similar services or arrangements in the ordinary course of business. 16. Liens. A new Section 13.3(y) is added to the

Loan Agreement to read as follows: (y) Liens granted by Persons that are not Financed Entities but are parties to a Canadian Receivables or Securitization Transaction arising in connection with such Canadian Receivables or Securitization Transaction. 17. Liens. The last paragraph of Section 13.3 of the Loan Agreement is deleted and replaced with the following: Notwithstanding the foregoing, except for Liens in favor of the Agent, there shall not be any Liens on any of the capital stock or other Equity Interests of any Subsidiary except for (1) capital stock or Equity Interests owned, directly or indirectly, by a Person other than the Company or any Subsidiary where such ownership is otherwise permitted by this Agreement or (2) capital stock or Equity Interests of Canadian Subsidiaries that are not Financed Entities and proceeds thereof if, but only if, the Liens described in this clause (2) do not secure any obligations other than Canadian Subsidiary Indebtedness.



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13 - 39211237.v17 18. Restricted Payments. Section 13.4 of the Loan Agreement is deleted and replaced with the following: 13.4 Restricted Payments. Each Borrower shall not, and the Company shall not permit any Subsidiary to (a) declare or pay, or agree to declare or pay, or set aside funds for the payment, directly or indirectly of, any Restricted Payment, or (b) pay or agree to pay or set aside funds to pay any management fees or similar fees in the case of the Company, to any direct or indirect Affiliate thereof, or in the case of any other Loan Party, to any direct or indirect owner of its Equity Interests or any direct or indirect Affiliate thereof, except (c) (i) Subsidiaries of the Company may make Restricted Payments or payments of such fees to the Company or to any other Loan Party, (ii) the Company may reacquire shares from eligible participants in its stock incentive plans, as required under the terms of the plans to permit cashless exercise and tender of shares to meet withholding obligations for income tax purposes and (iii) any Subsidiary may make dividends or distributions to the holders of its Equity Interests that are not Loan Parties so long as, if any Loan Party is a holder of such Equity Interests, such Loan Party receives at least its pro rata share of such dividends or distributions. Notwithstanding the foregoing, and so long as no Default or Event of Default has occurred and is continuing or would exist after giving effect thereto, (w) each Minority Dealer may make distributions to any of its Minority Dealer Partners, (x) the Company or any Subsidiary may acquire, from time to time, any Equity Interests in any Minority Dealer, directly or indirectly, from a Minority Dealer Partner, (y) the Company may pay dividends on its capital stock, and (z) the Company may repurchase shares of its capital stock. 19. Loans and Investments. Section 13.6(c) of the Loan Agreement is deleted and replaced with the following: (c) (i) Investments made by any Canadian Subsidiary that is not a Financed Entity in any other Canadian Subsidiary and (ii) Investments made by the Company or any Subsidiary (other than a Canadian Subsidiary) provided that the aggregate amount of such Investments under this clause (c)(ii) does not exceed thirty percent (30%) of Stockholders' Equity (measured as of the date such Investment is made based upon the most recently delivered financial statements). 20. Loans and Investments. Section 13.6(s) of the Loan Agreement is deleted and replaced with the following: (s) (i) Investments made solely by one or more Canadian Subsidiaries that are not Financed Entities in connection with any Canadian Receivables or Securitization Transaction and (ii) Investments made solely by one or more DFC Subsidiaries. 21. Type of Business. Section 13.8 of the Loan Agreement is deleted and replaced with the following.



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14 - 39211237.v17 Section 13.8 Type of Business. Each Borrower shall not, and the Company shall not permit any Subsidiary to (i) engage in any line of business different from those lines of business conducted by the Company and its Subsidiaries on the date hereof, which shall be deemed to include motorcycle dealerships, or any business substantially related or incidental thereto or (ii) except as a result of transactions permitted by Sections 13.1, interrupt or cease to engage in, for a time deemed material by the Agent, any material portion of its business activities or operations. 22. Indebtedness. Section 13.10(f) of the Loan Agreement is deleted and replaced with the following: (f) Unsecured guarantees by the Company of, and unsecured coborrower obligations of the Company in respect of, (i) Other Service Loaner Floorplan Financing obligations of Dealerships to Other Service Loaner Floorplan Lenders, (ii) debt of any Subsidiary which is permitted under Section 13.10(d), (iii) operating leases of its Subsidiaries and Minority Dealer Affiliates, (iv) extensions of credit to a Minority Dealer Affiliate, all proceeds of which are used to purchase New Vehicles or Service Loaner Vehicles to be held by the Minority Dealer Affiliate for sale and/or lease in the ordinary course of business, (v) obligations of Dealerships to manufacturers or distributors of New Vehicles under Seller Agreements and (vi) Indebtedness which is permitted under Section 13.10(o), (p) and (s); provided, that, for the avoidance of doubt, this clause (f) shall not be deemed to prohibit the provision by the Company of other unsecured guarantees that are permitted under other clauses of this Section 13.10. 23. Indebtedness. Section 13.10(p) of the Loan Agreement is deleted and replaced with the following: (p) Funded Debt of Canadian Subsidiaries (i) that are not Financed Entities and (ii) not secured by any assets of the Company or any Subsidiary other than (1) assets of Canadian Subsidiaries other than Financed Entities and/or (2) a pledge by the Company or any Subsidiary of Equity Interests in a Canadian Subsidiary that is not a Financed Entity ("Canadian Subsidiary Indebtedness"). 24. Indebtedness. Section 13.10(n) of the Loan Agreement is deleted and replaced with the following: (n) Funded Debt incurred by any (i) DFC Subsidiary and not secured by any assets of the Company or any Subsidiary other than assets of a DFC Subsidiary ("DFC Indebtedness") or (i) Funded Debt incurred by any Canadian Subsidiary that is not a Financed Entity in connection with any Canadian Receivables or Securitization Transaction and not secured by any assets of the Company or any Subsidiary other than one or more Canadian Subsidiaries that are not Financed Entities; provided that no Loan Party other than the Company and one or more DFC Subsidiaries or such Canadian Subsidiaries that are not Financed Entities involved in such Canadian Receivables or Securitization



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15 - 39211237.v17 Transaction has any obligation (contingent or otherwise) with respect to such Funded Debt. 25. Dual Subsidiaries. Section 13.16 of the Loan Agreement is deleted and replaced with the following: Each Borrower shall not, and the Company shall not permit any Subsidiary to become a Dual Subsidiary unless (i) each Required Intercreditor Counterparty has delivered to the Agent an Intercreditor Agreement, or a joinder agreement to an existing Intercreditor Agreement, (ii) no New Vehicles of any such Dual Subsidiary shall be financed by the New Vehicle Floorplan Facility, (iii) prior to the time of designation of such Subsidiary as a Dual Subsidiary, all outstanding New Vehicle Floorplan Loans with respect to such Subsidiary shall have been repaid, (iv) with respect to any Dual Subsidiary that will obtain Permitted Dual Subsidiary Indebtedness consisting of floorplan financing for used Vehicles, no Used Vehicles shall be financed by the Used Vehicle Floorplan Facility, and prior to the time of designation of such Subsidiary as a Dual Subsidiary, all outstanding Used Vehicle Floorplan Loans with respect to such Subsidiary shall have been repaid, (v) with respect to any Dual Subsidiary that will obtain Permitted Dual Subsidiary Indebtedness consisting of floorplan financing for service loaner Vehicles, no Service Loaner Vehicles shall be financed by the Service Loaner Vehicle Floorplan Facility, and prior to the time of designation of such Subsidiary as a Dual Subsidiary, all outstanding Service Loaner Vehicle Floorplan Loans with respect to such Subsidiary shall have been repaid, and (vi) the Company has complied with all requirements set forth in Section 6.19 and this Section 13.16. Notwithstanding the foregoing, this Section 13.16 shall not take effect until the Agent (w) has received a duly executed Intercreditor Agreement, (x) the existing UCC-1 financing statements for any Dual Subsidiaries shall have been amended, without limitation, to remove New Vehicles and/or Used Vehicles, as applicable, from the collateral description, in each case, in form and substance satisfactory to the Agent and such New Vehicles and/or Used Vehicles, together with proceeds shall be released as Collateral and Section 16.16 shall apply thereto, (y) new UCC-1 financing statements have been filed naming each Dual Subsidiary as debtor and the applicable Dual Subsidiary Lender as secured party, in each case, in form and substance satisfactory to the Agent and (z) the Agent has received any additional documentation requested by the Agent in its sole discretion. The Lenders party hereto hereby consent to the Agent entering into each Intercreditor Agreement (and any joinder or supplement thereof) on or after the Closing Date on behalf of the Lenders. 26. Exhibits. Exhibit B-1, Exhibit B-2 and Exhibit C to the Loan Agreement are hereby amended and restated in their entirety in the forms set out on Annex A hereto. 27. Condition Precedent. The effectiveness of this Amendment is subject to receipt by Agent of executed originals of this Amendment signed by Agent, each Borrower, each Guarantor, and the Required Lenders.



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- 16 - 39211237.v17 28. Reaffirmation; Release. By signing this Amendment or the attached Acknowledgment: 28.1 Each Loan Party affirms that the representations and warranties in each of the existing Loan Documents are true and correct in all material respects as of the date hereof (except that such representations and warranties that speak as of a specified date or period of time shall be true and correct in all material respects only as of such date or period of time), and agree that (i) except as amended previously or in connection herewith, each Loan Document is valid and enforceable in accordance with its terms (except as may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws relating to or limiting creditors' rights generally or by equitable principles) and (ii) such Loan Party has no claims, defenses, setoffs, counterclaims or claims for recoupment against Agent, the Lenders, the other Indemnified Persons or the indebtedness and obligations represented by the Notes, Guaranties, Collateral Documents and other Loan Documents. 28.2 Each Loan Party hereby releases, acquits, and forever discharges Agent, each Lender, their respective parent corporations, affiliates, subsidiaries, successors, assigns, officers, directors, employees, agents, attorneys and advisors (collectively, "Indemnified Persons"), and each of them, of and from any and all liability, claims, demands, damages, actions, causes of action, defenses, counterclaims, setoffs, or claims for recoupment of whatsoever nature, whether known or unknown, from the beginning of time to the date of this Amendment, whether in contract or tort or otherwise, arising directly or indirectly from, or in any way related to the Loan Agreement, this Amendment, the Notes, Collateral Documents and the other Loan Documents, any other

indebtedness or obligations of any Loan Party to Agent or any one or more of the Lenders or to the relationship between any Loan Party and Agent, any Lender, or the Indemnified Persons. 29. References. On and after the effective date of this Amendment, all references in the Loan Agreement and the other Loan Documents to the Loan Agreement shall be deemed to refer to the Loan Agreement as amended hereby. 30. Representations and Warranties. By signing this Amendment or the attached Acknowledgment, each Loan Party represents and warrants to Agent and the Lenders as follows: 30.1 Authorization. (a) It has all requisite power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, the Loan Agreement as amended by this Amendment (the "Amended Agreement"), (b) its execution, delivery and performance of this Amendment and the other Loan Documents to be executed, delivered or performed by it have been duly authorized by all necessary entity action, do not require the approval of any governmental agency or other Person, do not contravene any law, regulation, rule, order or restriction of any Governmental Body binding on it or its articles of incorporation or other organizational documents, and do not contravene the provisions of or constitute a default under any agreement or instrument to which it is a party or by which it may be bound or affected, and (c) this Amendment has been duly executed and delivered by each Loan Party and this Amendment and the Amended Agreement are the legally valid and binding obligations of each Loan Party, enforceable against such Loan Party in accordance with their



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17 - 39211237.v17 respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws relating to or limiting creditors' rights generally or by equitable principles. 30.2 Absence of Default. No Default or Event of Default has occurred and is continuing or will exist after giving effect to the transactions contemplated by this Amendment. 31. Expenses. Borrowers shall pay all reasonable costs, fees and expenses (including without limitation, reasonable attorney fees of Agent's counsel) incurred by Agent in connection with the preparation, negotiation, execution, and delivery of this Amendment and any other document required to be furnished herewith. 32. Recitals. The Recitals are hereby incorporated herein. 33. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of said counterparts taken together shall be deemed to constitute but one document. 34. Disclosure. Under Oregon law, most agreements, promises and commitments made by a lender concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by the lender to be enforceable. [Signature pages follow]



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FIRST AMENDMENT 39211237.v17 DCH MOTORS LLC DCH NANUET LLC DCH NY MOTORS LLC DCH OXNARD 1521 IMPORTS INC. DCH RIVERSIDE-S, INC. DCH TEMECULA IMPORTS LLC DCH TEMECULA MOTORS LLC DCH TORRANCE IMPORTS INC. FARMINGTON HILLS IMPORTS, LLC FARMINGTON HILLS-CJD, LLC FARMINGTON HILLS-H, LLC FARMINGTON HILLS-N, LLC FARMINGTON HILLS-T, LLC FERNDALE-BG, LLC FREEHOLD NISSAN LLC FRISCO-K, INC. GARDEN CITY-CJD, LLC HOUSTON-A, INC. HOUSTON-H, INC. HOUSTON-I, INC. HUTCHINS EUGENE NISSAN, INC. HUTCHINS IMPORTED MOTORS, INC. KATY-H, INC. KNOXVILLE-CJD, LLC LAD CARSON-N, LLC LAD MISSION VIEJO-JLR, INC. LAD-AU, LLC LAD-MB, LLC LAD-N, LLC LAD-P, LLC LAD-T, LLC LAD-V, LLC LAUDERDALE-A, LLC LBMP, LLC LEAGUE CITY-H, INC. LGPAC, INC. LITHIA ACDM, INC. LITHIA ANCHORAGE-C, LLC LITHIA ANCHORAGE-H, LLC LITHIA BAIERL-S, LLC LITHIA BRYAN TEXAS, INC. LITHIA BUFFALO-A, LLC LITHIA CCTF, INC.



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FIRST AMENDMENT 39211237.v17 LITHIA CDH, INC. LITHIA CIMR, INC. LITHIA CJDO, INC. LITHIA CJDSA, INC. LITHIA CJDSF, INC. LITHIA CM, INC. LITHIA CO, INC. LITHIA CRATER LAKE-M, INC. LITHIA CSA, INC. LITHIA DE  
INC. LITHIA DES MOINES-VW, LLC LITHIA DMID, INC. LITHIA DODGE OF TRI-CITIES, INC. LITHIA FRESNO, INC. LITHIA HAMILTON-H, LLC LITHIA HAZLETON-H, LLC LITHIA HDM, INC. LITHIA HGF, INC. LITHIA HMD, INC.  
LITHIA IMPORTS OF ANCHORAGE, INC. LITHIA JEF, INC. LITHIA KLAMATH, INC. LITHIA KLAMATH-T, INC. LITHIA LSGF, INC. LITHIA MBDM, INC. LITHIA MEDFORD HON, INC. LITHIA MIDDLETOWN-L, LLC LITHIA MOON-S,  
LLC LITHIA MOON-V, LLC LITHIA MORGANTOWN-CJD, LLC LITHIA MORGANTOWN-S, LLC LITHIA MTLM, INC. LITHIA NA, INC. LITHIA NC, INC. LITHIA ND ACQUISITION CORP. #3 LITHIA ND ACQUISITION CORP. #4 LITHIA  
NDM, INC. LITHIA NF, INC. LITHIA OF ABILENE, LLC LITHIA OF ANCHORAGE, INC. LITHIA OF BEND #1, LLC LITHIA OF BEND #2, LLC LITHIA OF BENNINGTON - 2, LLC



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FIRST AMENDMENT 39211237.v17 LITHIA OF BENNINGTON – 3, LLC LITHIA OF BENNINGTON – 4, LLC LITHIA OF BILLINGS II LLC LITHIA OF BILLINGS, INC. LITHIA OF CLEAR LAKE, LLC LITHIA OF DES MOINES, INC. LITHIA OF EUREKA, INC. LITHIA OF FAIRBANKS, INC. LITHIA OF GREAT FALLS, INC. LITHIA OF HELENA, INC. LITHIA OF HONOLULU-A, INC. LITHIA OF HONOLULU-BGMCC, LLC LITHIA OF HONOLULU-V LLC LITHIA OF KILLEEN, LLC LITHIA OF LODI, INC. LITHIA OF MAUI-H, LLC LITHIA OF MISSOULA II, LLC LITHIA OF MISSOULA, INC. LITHIA OF POCATELLO, INC. LITHIA OF PORTLAND I, LLC LITHIA OF PORTLAND, LLC LITHIA OF ROBSTOWN, LLC LITHIA OF ROSEBURG, INC. LITHIA OF SANTA ROSA, INC. LITHIA OF SEATTLE, INC. LITHIA OF SOUTH CENTRAL AK, INC. LITHIA OF STOCKTON, INC. LITHIA OF STOCKTON-V, INC. LITHIA OF TE, INC. LITHIA OF TROY, LLC LITHIA OF UTICA – 1, LLC LITHIA OF UTICA – 3, LLC LITHIA OF UTICA – 4, LLC LITHIA OF WALNUT CREEK, INC. LITHIA OF WASILLA, LLC LITHIA OF YORKVILLE – 1, LLC LITHIA OF YORKVILLE – 2, LLC LITHIA OF YORKVILLE – 3, LLC LITHIA OF YORKVILLE – 4, LLC LITHIA OF YORKVILLE – 5, LLC LITHIA ORCHARD PARK-H, LLC LITHIA PARAMUS-M, LLC LITHIA PITTSBURGH-S, LLC



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FIRST AMENDMENT 39211237.v17 LITHIA RAMSEY-B, LLC LITHIA RAMSEY-L, LLC LITHIA RAMSEY-M, LLC LITHIA RAMSEY-T, LLC LITHIA RENO SUB-HYUN, INC. LITHIA RENO-CJ, LLC LITHIA RENO-VW, LLC LITHIA SALMIR, INC. LITHIA SEA P, INC. LITHIA SEASIDE, INC. LITHIA SOC, INC. LITHIA SPOKANE-B, LLC LITHIA SPOKANE-S, LLC LITHIA TA, INC. LITHIA TO, INC. LITHIA TR, INC. LITHIA VAUDM, INC. LITHIA WEXFORD-H, LLC LLL SALES CO LLC LM88, LLC LM89, LLC LM90, LLC LOS ANGELES-M, INC. MESQUITE-K, INC. MISSION HILLS-H, INC. MOBILE-S, LLC NEW PORT RICHEY-V, LLC NOV-H, LLC ORLANDO-JLR, LLC PARAMUS WORLD MOTORS LLC



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VW CREDIT, INC., as Lender - By: ct Na e: Robb erTn Title: Senior Manager Commercial Credit FIRST AMENDMENT



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PNC BANK, NATIONAL ASSOCIATION, as Lender Name: ustin Guherrez Title: Vice President FIRST AMENDMENT



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BMO HARRIS BANK, N.A., as Lender By: -f.L-ff.!!!:---b◆+-- Name: \-1-ll=-=---◆◆◆.!!!:.- Title: ◆◆◆◆L ◆◆-1...fir. ◆ FIRST AMENDMENT



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FIRST AMENDMENT NISSAN MOTOR ACCEPTANCE COMPANY LLC, as Lender By: Name: Todd Voorhies Title: Sr. Manager, Commercial Credit



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FIRST AMENDMENT Confidential SANTANDER BANK, N.A., as Lender By: Name: Title:



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TOYOTA MOTOR CREDIT CORPORA By: -L++◆.....-1=-.....t..... Name: -"L====-s===='----- Title: National Accounts Manager FIRST AMENDMENT



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THE HUNTINGTON NATIONAL BANK, as Lender By: ♦Oshaf Name: Michael Hall Title: Senior Vice President FIRST AMENDMENT



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Internal By: [redacted] Name: Edward A. Palek, Jr. Title: Vice President, Market Credit Manager II FIRST AMENDMENT



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CAPITAL ONE, N.A. as Lender By: L/rlf -> Name: Jeff Edge Title: SVP (LITHIA MOTORS - FOURTH AMENDED AND RESTATED LOAN AGREEMENT)



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M&T Bank, as Lender By: /1Ed Name Kit Title: - FIRST AMENDMENT



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FIRST AMENDMENT MERCEDES-BENZ FINANCIAL SERVICES USA LLC, as Lender By: Name: Title



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BANK OF AMERICA, NA, as Lender \* FIRST AMENDMENT



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HYUNDAI CAPITAL AMERICA, as Lender FIRST AMENDMENT



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FIRST AMENDMENT 39211237.v17 ACKNOWLEDGMENT AND CONSENT OF GUARANTORS Each undersigned Guarantor hereby acknowledges, consents, and agrees to all terms and conditions of the foregoing Amendment. 797 VALLEY STREET LLC ANN ARBOR-B, LLC ANN ARBOR-CC, LLC ANN ARBOR-CJD, LLC ANN ARBOR-M, LLC AUSTIN-H, INC. AUSTIN-KI, INC. AVONDALE-N, INC. BAIERL AUTO PARTS, LLC BAIERL AUTOMOTIVE CORPORATION BAIERL CHEVROLET, INC. BAIERL HOLDING, LLC BEND-CDJR, LLC BEND-N, LLC CADILLAC OF PORTLAND LLOYD CENTER, LLC CAMP AUTOMOTIVE, INC. CARBONE AUTO BODY, LLC CENTENNIAL-HY, LLC CLEAR LAKE-I, INC. CLINTON-C, LLC CORAL SPRINGS-A, LLC COSTA MESA-CJD, INC. CRANBERRY AUTOMOTIVE, INC. DAH CHONG HONG CA TRADING LLC DAH CHONG HONG TRADING CORPORATION DALLAS COLLISION, INC. DALLAS-H, INC. DALLAS-K, INC. DALLAS-T, INC. DARON MOTORS LLC DCH (OXNARD) INC. DCH AUTO GROUP (USA) INC. DCH BLOOMFIELD LLC DCH CA LLC DCH CALABASAS-A, LLC DCH CALIFORNIA INVESTMENTS LLC DCH CALIFORNIA MOTORS INC. DCH DEL NORTE, INC.



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FIRST AMENDMENT 39211237.v17 DCH DMS NJ, LLC DCH ESSEX INC, DCH FINANCIAL NJ, LLC DCH FREEHOLD LLC DCH HOLDINGS LLC DCH INVESTMENTS INC. (NEW JERSEY) DCH INVESTMENTS INC. (NEW YORK) DCH KOREAN IMPORTS LLC DCH MAMARONECK LLC DCH MISSION VALLEY LLC DCH MONMOUTH LLC DCH MONTCLAIR LLC DCH MOTORS LLC DCH NANUET LLC DCH NORTH AMERICA INC, DCH NY MOTORS LLC DCH OXNARD 1521 IMPORTS INC, DCH RIVERSIDE-S, INC, DCH SIMI VALLEY INC, DCH SUPPORT SERVICES, LLC DCH TEMECULA IMPORTS LLC DCH TEMECULA MOTORS LLC DCH THOUSAND OAKS-F, INC, DCH TL HOLDINGS LLC DCH TL NY HOLDINGS LLC DCH TORRANCE IMPORTS INC, DRIVEWAY MOTORS, LLC FARMINGTON HILLS IMPORTS, LLC FARMINGTON HILLS-CJD, LLC FARMINGTON HILLS-H, LLC FARMINGTON HILLS-N, LLC FARMINGTON HILLS-T, LLC FERNDALE COLLISION, LLC FERNDALE-BG, LLC FERNDALE-F, LLC FH COLLISION, LLC FLORIDA SS, LLC FREEHOLD NISSAN LLC FRISCO-K, INC, FUSE AUTO SALES, LLC GARDEN CITY-CJD, LLC GREENCARS, INC, HOUSTON-A, INC.



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FIRST AMENDMENT 39211237.v17 HOUSTON-H, INC. HOUSTON-I, INC. HUTCHINS EUGENE NISSAN, INC. HUTCHINS IMPORTED MOTORS, INC. KATY-H, INC. KNOXVILLE-CJD, LLC LA MOTORS HOLDING, LLC LAD ADVERTISING, INC. LAD CARSON-N, LLC LAD MISSION VIEJO-JLR, INC. LAD MOBU, INC. LAD-AU, LLC LAD-MB, LLC LAD-N, LLC LAD-P, LLC LAD-T, LLC LAD-V, LLC LAS VEGAS-G, LLC LAS VEGAS-HY, LLC LATHAM FORD-F, LLC LAUDERDALE-A, LLC LBMP, LLC LEAGUE CITY-H, INC. LFKF, LLC LGPAC, INC. LITHIA ACDM, INC. LITHIA AIRCRAFT, INC. LITHIA ANCHORAGE-C, LLC LITHIA ANCHORAGE-H, LLC LITHIA ARMORY GARAGE, LLC LITHIA AUCTION & RECON, LLC LITHIA AUTO SERVICES, INC. LITHIA BA HOLDING, INC. LITHIA BAIERL-S, LLC LITHIA BNM, INC. LITHIA BRYAN TEXAS, INC. LITHIA BUFFALO-A, LLC LITHIA CCTF, INC. LITHIA CDH, INC. LITHIA CIMR, INC. LITHIA CJDO, INC. LITHIA CJDSA, INC. LITHIA CJDSF, INC.



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FIRST AMENDMENT 39211237.v17 LITHIA CM, INC. LITHIA CO, INC. LITHIA CRATER LAKE-F, INC. LITHIA CRATER LAKE-M, INC. LITHIA CSA, INC. LITHIA DE, INC. LITHIA DES MOINES-VW, LLC LITHIA DM, INC. LITHIA DMID, INC. LITHIA DODGE OF TRI-CITIES, INC. LITHIA EATONTOWN-F, LLC LITHIA FINANCIAL CORPORATION LITHIA FLCC, LLC LITHIA FLORIDA HOLDING, INC. LITHIA FMF, INC. LITHIA FORD OF BOISE, INC. LITHIA FRESNO, INC. LITHIA HAMILTON-H, LLC LITHIA HAZLETON-H, LLC LITHIA HDM, INC. LITHIA HGF, INC. LITHIA HMID, INC. LITHIA HPI, INC. LITHIA IDAHO FALLS-F, INC. LITHIA IMPORTS OF ANCHORAGE, INC. LITHIA JEF, INC. LITHIA KLAMATH, INC. LITHIA KLAMATH-T, INC. LITHIA LBGGF, INC. LITHIA LHGF, INC. LITHIA LSGF, INC. LITHIA MBDM, INC. LITHIA McMURRAY-C, LLC LITHIA MEDFORD HON, INC. LITHIA MICHIGAN HOLDING, INC. LITHIA MIDDLETOWN-L, LLC LITHIA MMF, INC. LITHIA MONROEVILLE-A, LLC LITHIA MONROEVILLE-C, LLC LITHIA MONROEVILLE-F, LLC LITHIA MOON-S, LLC LITHIA MOON-V, LLC LITHIA MORGANTOWN-CJD, LLC



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FIRST AMENDMENT 39211237.v17 LITHIA MORGANTOWN-F, LLC LITHIA MORGANTOWN-S, LLC LITHIA MOTORS SUPPORT SERVICES, INC. LITHIA MTLM, INC. LITHIA NA, INC. LITHIA NC, INC. LITHIA ND ACQUISITION CORP. #1 LITHIA ND ACQUISITION CORP. #3 LITHIA ND ACQUISITION CORP. #4 LITHIA NDM, INC. LITHIA NF, INC. LITHIA NORTHEAST REAL ESTATE, LLC LITHIA NORTHWEST REAL ESTATE, LLC LITHIA OF ABILENE, LLC LITHIA OF ANCHORAGE, INC. LITHIA OF BEND #1, LLC LITHIA OF BEND #2, LLC LITHIA OF BENNINGTON - 1, LLC LITHIA OF BENNINGTON - 2, LLC LITHIA OF BENNINGTON - 3, LLC LITHIA OF BENNINGTON - 4, LLC LITHIA OF BILLINGS II LLC LITHIA OF BILLINGS, INC. LITHIA OF CASPER, LLC LITHIA OF CLEAR LAKE, LLC LITHIA OF CORPUS CHRISTI, INC. LITHIA OF DES MOINES, INC. LITHIA OF EUREKA, INC. LITHIA OF FAIRBANKS, INC. LITHIA OF GREAT FALLS, INC. LITHIA OF HELENA, INC. LITHIA OF HONOLULU-A, INC. LITHIA OF HONOLULU-BGMCC, LLC LITHIA OF HONOLULU-F, LLC LITHIA OF HONOLULU-V, LLC LITHIA OF KILLEEN, LLC LITHIA OF LODI, INC. LITHIA OF MAUI-H, LLC LITHIA OF MISSOULA II, LLC LITHIA OF MISSOULA III, INC. LITHIA OF MISSOULA, INC. LITHIA OF POCATELLO, INC. LITHIA OF PORTLAND I, LLC



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FIRST AMENDMENT 39211237.v17 LITHIA OF PORTLAND, LLC LITHIA OF ROBSTOWN, LLC LITHIA OF ROSEBURG, INC. LITHIA OF SANTA ROSA, INC. LITHIA OF SEATTLE, INC. LITHIA OF SOUTH CENTRAL AK, INC. LITHIA OF SPOKANE II, INC. LITHIA OF SPOKANE, INC. LITHIA OF STOCKTON, INC. LITHIA OF STOCKTON-V, INC. LITHIA OF TF, INC. LITHIA OF TROY, LLC LITHIA OF UTICA – 1, LLC LITHIA OF UTICA – 2, LLC LITHIA OF UTICA – 3, LLC LITHIA OF UTICA – 4, LLC LITHIA OF WALNUT CREEK, INC. LITHIA OF WASILLA, LLC LITHIA OF YORKVILLE – 1, LLC LITHIA OF YORKVILLE – 2, LLC LITHIA OF YORKVILLE – 3, LLC LITHIA OF YORKVILLE – 4, LLC LITHIA OF YORKVILLE – 5, LLC LITHIA ORCHARD PARK-H, LLC LITHIA PARAMUS-M, LLC LITHIA PITTSBURGH-S, LLC LITHIA RAMSEY-B, LLC LITHIA RAMSEY-L, LLC LITHIA RAMSEY-M, LLC LITHIA RAMSEY-T, LLC LITHIA REAL ESTATE, INC. LITHIA RENO SUB-HYUN, INC. LITHIA RENO-CJ, LLC LITHIA RENO-VW, LLC LITHIA ROSE-FT, INC. LITHIA SALMIR, INC. LITHIA SEA P, INC. LITHIA SEASIDE, INC. LITHIA SOC, INC. LITHIA SPOKANE-B, LLC LITHIA SPOKANE-S, LLC LITHIA SSP, LLC LITHIA TA, INC.



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FIRST AMENDMENT 39211237.v17 LITHIA TENNESSEE HOLDING, INC. LITHIA TO, INC. LITHIA TR, INC. LITHIA UNIONTOWN-C, LLC LITHIA VA REAL ESTATE, LLC LITHIA VAUDM, INC. LITHIA VF, INC. LITHIA VIRGINIA HOLDING, INC. LITHIA WEXFORD-H, LLC LLL SALES CO LLC LMBB, LLC LMBP, LLC LMOP, LLC LOS ANGELES-M, INC. LSTAR, LLC MEDFORD INSURANCE, LLC MESQUITE-K, INC. MILFORD DCH, INC. MISSION HILLS-H, INC. MOBILE-S, LLC NEW PORT RICHEY-H, LLC NEW PORT RICHEY-V, LLC NORTHLAND FORD INC. NOVH, LLC ORLANDO-JLR, LLC PA REAL ESTATE, LLC PA SUPPORT SERVICES, LLC PARAMUS COLLISION, LLC PARAMUS WORLD MOTORS, LLC PERSONALIZED MARKETING, LLC PHILADELPHIA-F, LLC PHOENIX-T, INC. PLYMOUTH-C, LLC RAMSEY HOLDINGCO, INC. REDWOOD-HY, LLC RFA HOLDINGS, LLC ROCKWALL-H, INC. ROCKWALL-K, INC. ROSEVILLE-C, INC. ROSEVILLE-K, INC. ROSEVILLE-T, INC. ROUND ROCK-K, INC. SACRAMENTO-L, INC.



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FIRST AMENDMENT 39211237.v17 SALEM-B, LLC SALEM-H, LLC SALEM-V, LLC. SAN FRANCISCO-B, INC. SANFORD-CJD, LLC SHARLENE REALTY LLC SHERMAN OAKS-A, INC. SHERMAN OAKS-AC, INC. SHERMAN OAKS-B, INC. SHIFT PORTLAND, LLC STERLING HEIGHTS-F, LLC STERLING-BM, LLC STERLING-RLM, LLC SUBURBAN AUTO AGENCY, LLC TAMPA-F, LLC TAMPA-H, LLC THOUSAND OAKS-S, INC. TN REAL ESTATE, LLC TROY COLLISION, LLC TROY EXOTICS, LLC TROY-A, LLC TROY-BG, LLC TROY-C, LLC TROY-CJD, LLC TROY-F, LLC TROY-H, LLC TROY-I, LLC TROY-JLR, LLC TROY-M, LLC TROY-N, LLC TROY-S, LLC TROY-T, LLC TROY-V, LLC TROY-VW, LLC TUSTIN MOTORS INC. UNION-H, LLC URBANDALE-S, LLC VALENCIA-A, INC. VAN NUYS-C, INC. VAN NUYS-H, INC. VAN NUYS-L, INC. VAN NUYS-T, INC. WASHINGTON-F, LLC



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ANNEX A 39211237.v17 Exhibit B-1



Page 6 – Exhibit B-1 – Used Vehicle Borrowing Base Certificate 110550643.2 0063724-00082 EXHIBIT B-1 USED VEHICLE BORROWING BASE CERTIFICATE This Used Vehicle Borrowing Base Certificate ("Borrowing Base Certificate") is executed and delivered by Lithia Motors, Inc. (the "Company") on behalf of itself and its Subsidiaries to U.S. Bank National Association, as Agent (in such capacity, "Agent") pursuant to the requirements of Section 11.2.6 of the Fourth Amended and Restated Loan Agreement dated as of April 29, 2021, between the Company, certain of its Subsidiaries, the Lenders which are from time to time parties thereto, and Agent (as amended to date, the "Loan Agreement"). Any capitalized terms used herein and not defined herein shall have the meanings given to such terms in the Loan Agreement. This Borrowing Base Certificate is prepared as of [redacted] ("Calculation Date"). Attached are the calculations showing the status of the Used Vehicle Borrowing Base as of the Calculation Date. This Borrowing Base Certificate has been prepared in accordance with the requirements of the Loan Agreement and the information contained therein is true, accurate and complete as of the Calculation Date. This Borrowing Base Certificate is executed on [redacted] . LITHIA MOTORS, INC. By: Name: Title: [redacted]



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Page 7 – Exhibit B-1 – Used Vehicle Borrowing Base Certificate 110550643.2 0063724-00082 Used Vehicle Borrowing Base Calculation  
10 Value of Collateral Advance Rate % Margined Value A. Used Vehicle Borrowing Base 1  
Aggregate net book value of the Used Vehicle inventory \$ 2. Less aggregate net book value of such Used Vehicles in which the Agent does not have a perfected, first-priority security interest \$ 3. Less aggregate outstanding principal  
amount of indebtedness secured by Trade-in Liens 4. Less aggregate net book value of such Used Vehicles that are not otherwise Eligible Vehicles \$ 5. Used Vehicle Borrowing Base (lines 1 - 2 - 3 - 4) \$ 85% \$ B. Outstanding Used  
Vehicle Floorplan Loans and Used Vehicle Swing Line Loans \$ C. Aggregate Used Vehicle Floorplan Commitment \$ D. Net Aggregate Used Vehicle Floorplan Commitment (C - B) \$ E. Net Used Vehicle Borrowing Base (A.4 - B) \$ 10 In  
no event shall the aggregate net book value of the Eligible Vehicles consisting of motorcycles included in the Service Loaner Vehicle Borrowing Base, Used Vehicle Borrowing Base and the Revolving Loan Borrowing Base exceed  
\$25,000,000.



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ANNEX A 39211237.v17 Exhibit B-2



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Page 8 – Exhibit B-2 – Service Loaner Vehicle Borrowing Base Certificate 110550643.2 0063724-00082 EXHIBIT B-2 SERVICE LOANER VEHICLE BORROWING BASE CERTIFICATE This Service Loaner Vehicle Borrowing Base Certificate ("Borrowing Base Certificate") is executed and delivered by Lithia Motors, Inc. (the "Company") on behalf of itself and its Subsidiaries to U.S. Bank National Association, as Agent (in such capacity, "Agent") pursuant to the requirements of Section 11.2.8 of the Fourth Amended and Restated Loan Agreement dated as of April 29, 2021, between the Company, certain of its Subsidiaries, the Lenders which are from time to time parties thereto, and Agent (as amended to date, the "Loan Agreement"). Any capitalized terms used herein and not defined herein shall have the meanings given to such terms in the Loan Agreement. This Borrowing Base Certificate is prepared as of ("Calculation Date"). Attached are the calculations showing the status of the Service Loaner Vehicle Borrowing Base as of the Calculation Date. This Borrowing Base Certificate has been prepared in accordance with the requirements of the Loan Agreement and the information contained therein is true, accurate and complete as of the Calculation Date. This Borrowing Base Certificate is executed on \_\_\_\_\_, LITHIA MOTORS, INC. By: Name: Title:



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Page 9 – Exhibit B-2 – Service Loaner Vehicle Borrowing Base Certificate 110550643.2 0063724-00082 Service Loaner Vehicle Borrowing Base Calculation<sup>11</sup> Value of Collateral Advance Rate % Margined Value A. Total Service Loaner Vehicle inventory \$ B. Minus: Silo Dealership Service Loaners \$ C. Minus: Service Loaner Vehicle inventory financed with Other Service Loaner Floorplan Financing \$ D. Minus: Service Loaner Vehicle inventory in service > 15 months. \$ E. Total Eligible Service Loaner Vehicle (A-B-C-D) \$ F. Service Loaner Vehicles Borrowing Base at 85% (E x 85%) \$ G. Minus: Outstanding Service Loaner Vehicle Floorplan Loans and Service Loaner Vehicle Swing Line Loans \$ H. Aggregate Service Loaner Vehicle Floorplan Commitment \$ I. Net Aggregate Service Loaner Vehicle Floorplan Commitment (H-G) \$ J. Net Service Loaner Vehicle Borrowing Base (F-G) \$ <sup>11</sup> In no event shall the aggregate net book value of the Eligible Vehicles consisting of motorcycles included in the Service Loaner Vehicle Borrowing Base, Used Vehicle Borrowing Base and the Revolving Loan Borrowing Base exceed \$25,000,000.



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ANNEX A 39211237.v17 Exhibit C



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Page 10 – Exhibit C – Revolving Loan Borrowing Base Certificate 110550643.2 0063724-00082 EXHIBIT C REVOLVING LOAN BORROWING BASE CERTIFICATE This Revolving Loan Borrowing Base Certificate ("Borrowing Base Certificate") is executed and delivered by Lithia Motors, Inc. (the "Company") on behalf of itself and its Subsidiaries to U.S. Bank National Association, as Agent (in such capacity, "Agent") pursuant to the requirements of Section 11.2.7 of

the Fourth Amended and Restated Loan Agreement dated as of April 29, 2021, between the Company, certain of its Subsidiaries, the Lenders which are from time to time parties thereto, and Agent (as amended to date, the "Loan Agreement"). Any capitalized terms used herein and not defined herein shall have the meanings given to such terms in the Loan Agreement. This Borrowing Base Certificate is prepared as of [redacted] ("Calculation Date"). Attached are the calculations showing the status of the Revolving Loan Borrowing Base as of the Calculation Date. This Borrowing Base Certificate has been prepared in accordance with the requirements of the Loan Agreement and the information contained therein is true, accurate and complete as of the Calculation Date. This Borrowing Base Certificate is executed on [redacted], LITHIA MOTORS, INC. By: Name: [redacted] Title: [redacted]



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Page 11 – Exhibit C – Revolving Loan Borrowing Base Certificate 110550643.2 0063724-00082 Revolving Loan Borrowing Base Calculation									
12 Value of Collateral Advance Rate % Margined Value Collateral Type A. Contracts in Transit									
Contracts in Transit (CIT) \$	Less CIT aged > 15 days \$	Net Eligible Contracts in Transit (lines 1 – 2) \$			100% \$	B. Eligible Receivables: 1. Receivables for Parts and Accessories and			
Service \$	2. Less: Receivables for Parts and Accessories > 60 days past due \$	3. Net Receivables for Parts and Accessories (lines 1-2) \$			4. Finance Receivables \$	5. Less: Finance			
Receivables Aged > 90 days \$	6. Net Finance Receivables (lines 4-5) \$		7. Factory Receivables \$		8. Less: Factory Receivables Aged > 90 days \$		9. Net Factory Receivables (lines 7-8)		
\$ 12 In no event shall the aggregate net book value of the Eligible Vehicles consisting of motorcycles included in the Service Loaner Vehicle Borrowing Base, Used Vehicle Borrowing Base and the Revolving Loan Borrowing									
Base exceed \$25,000,000.									



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Page 12 – Exhibit C – Revolving Loan Borrowing Base Certificate 110550643.2.0063724-00082.10. Total Eligible Receivables (lines 3 + 6 + 9) \$		80% \$	C. Eligible New Vehicles \$	100%
\$	D. Used Vehicle Borrowing Base \$	100% \$	E. Real Property 1. Value of Eligible Real Property \$	75% \$
value of lines A:3 + B:10 + C + D + F:3 + G:6 – H:4) / .75) \$		3. Aggregate Revolving Loan Commitment \$	4. 25% of the lesser of line 2 or line 3 \$	5. Lesser of line 4 or line 1 \$
and Accessories 1. Parts and Accessories \$		2. Less: unpaid acquisition costs owed to sellers or financiers of such inventory \$	3. Net Parts and Accessory Inventory (lines 1- 2) \$	F. Parts and Accessories \$
				65%
		\$		



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Page 13 – Exhibit C – Revolving Loan Borrowing Base Certificate 110550643.2 0063724-00082 G. Equipment (excluding aircraft)		1. Office Equipment at Cost \$	2. Less: Office Equipment accumulated depreciation
\$	3. Service and Parts Equipment at Cost \$	4. Less: Service and Parts Equipment accumulated depreciation \$	5. Less debt secured by above Office, Service and Parts Equipment \$
6.	Net Equipment (lines 1 – 2 + 3 – 4 – 5) \$	40% \$	H. Deductions 1. Outstanding New Vehicle Floorplan Loans and New Vehicle Swing Line Loans less the sum of the aggregate amount held in the PR Accounts.
	In an amount up to \$200,000,000 \$	2. Outstanding Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans \$	



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Page 14 – Exhibit C – Revolving Loan Borrowing Base Certificate 110550643.2 0063724-00082 3. Pari Passu Funded Debt \$	4. Total Deductions (lines 1 + 2+3) \$	\$	I. Revolving Loan Borrowing
Base (margin'd value of lines A.3 + B.10 + C + D + E.5 + F.3 + G.6 minus H.4) \$	J. Outstanding Revolving and Revolving Swing Line Loans \$		K. Outstanding Letters of Credit \$
Amount \$	M. Total Outstanding (lines J + K + L) \$	N. Aggregate Revolving Loan Commitment \$	O. Net Aggregate Revolving Loan Commitment (N – M) \$
		P. Net Revolving Loan Borrowing Base (I – M) \$	L. Reserve



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EXECUTION VERSION 45290519v4 THIRD AMENDMENT TO FOURTH AMENDED AND RESTATED LOAN AGREEMENT This Third Amendment to Fourth Amended and Restated Loan Agreement (this "Amendment"), dated as of November 21, 2022, is entered into among Lithia Motors, Inc., an Oregon corporation (the "Company"), each of the Subsidiaries of the Company listed on the signature pages of this Amendment (together with the Company, each a "Borrower" and any two or more "Borrowers"), the Lenders under the Loan Agreement described below that are signatories to this Amendment, and U.S. Bank National Association, as Agent for the Lenders (in such capacity, "Agent"). R E C I T A L S: A. The Company, certain of its Subsidiaries, the Lenders and Agent have entered into a Fourth Amended and Restated Loan Agreement dated as of April 29, 2021 (as amended by that certain First Amendment to Fourth Amended and Restated Loan Agreement, dated as of February 7, 2022, that certain Second Amendment to Fourth Amended and Restated Loan Agreement, dated as of June 2, 2022 and as may be further amended, restated, supplemented or otherwise modified, the "Loan Agreement"). Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Loan Agreement. B. The Company has requested that the Agent and the Lenders agree to the amendments to the Loan Agreement set forth herein. C. The Lenders that are signatories to this Amendment, constituting the Required Lenders under the Loan Agreement, have agreed to the amendments to the Loan Agreement set forth herein. For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows: 1. Amendments to the Loan Agreement. From and after the date hereof (the "Third Amendment Effective Date"): 1.1 the Loan Agreement is amended pursuant to this Amendment to delete the stricken text (indicated textually in the same manner as the following example: stricken text) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Loan Agreement attached as Annex A to this Amendment; 1.2 Exhibit A to the Loan Agreement is hereby amended by deleting such exhibit in its entirety and replacing it with Exhibit A attached hereto; 1.3 Except as set forth in clause 1.2 above, all other Exhibits to the Loan Agreement shall not be amended, modified, supplemented or otherwise affected. - 2 - 45290519v4 2. Condition Precedent. The effectiveness of this Amendment is subject to receipt by Agent of executed originals of this Amendment signed by Agent, each Borrower, each Guarantor, and the Required Lenders. 3. Reaffirmation; Release. By signing this Amendment or the attached Acknowledgment: 3.1 Each Loan Party affirms that the representations and warranties in each of the existing Loan Documents are true and correct in all material respects as of the date hereof (except that such representations and warranties that speak as of a specified date or period of time shall be true and correct in all material respects only as of such date or period of time), and agree that (i) except as amended previously or in connection herewith, each Loan Document is valid and enforceable in accordance with its terms (except as may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws relating to or limiting creditors' rights generally or by equitable principles) and (ii) such Loan Party has no claims, defenses, setoffs, counterclaims or claims for recoupment against Agent, the Lenders, the

other Indemnified Persons or the indebtedness and obligations represented by the Notes, Guaranties, Collateral Documents and other Loan Documents. 3.2 Each Loan Party hereby releases, acquits, and forever discharges Agent, each Lender, their respective parent corporations, affiliates, subsidiaries, successors, assigns, officers, directors, employees, agents, attorneys and advisors (collectively, "Indemnified Persons"), and each of them, of and from any and all liability, claims, demands, damages, actions, causes of action, defenses, counterclaims, setoffs, or claims for recoupment of whatsoever nature, whether known or unknown, from the beginning of time to the date of this Amendment, whether in contract or tort or otherwise, arising directly or indirectly from, or in any way related to the Loan Agreement, this Amendment, the Notes, Collateral Documents and the other Loan Documents, any other indebtedness or obligations of any Loan Party to Agent or any one or more of the Lenders or to the relationship between any Loan Party and Agent, any Lender, or the Indemnified Persons. 3.3 This Amendment is not a novation of the Loan Agreement or of any credit facility or guaranty provided thereunder or in respect thereof. Notwithstanding that the cover page of the Amended Credit Agreement is dated "as of April 29, 2021" and Section 9.01 of the Loan Agreement attached hereto contains those conditions which were applicable to the initial Closing Date of April 29, 2021, the changes to the Loan Agreement effected by this Amendment shall be effective as of the satisfaction to the conditions effectiveness set forth in Section 2 of this Amendment. The signature pages contained may be left off of the Loan Agreement attached hereto. 4. References. On and after the effective date of this Amendment, all references in the Loan Agreement and the other Loan Documents to the Loan Agreement shall be deemed to refer to the Loan Agreement as amended hereby. 5. Representations and Warranties. By signing this Amendment or the attached Acknowledgment, each Loan Party represents and warrants to Agent and the Lenders as follows.

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- 3 - 45290519v4 5.1 Authorization. (a) It has all requisite power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform its obligations under, the Loan Agreement as amended by this Amendment (the "Amended Agreement"), (b) its execution, delivery and performance of this Amendment and the other Loan Documents to be executed, delivered or performed by it have been duly authorized by all necessary entity action, do not require the approval of any governmental agency or other Person, do not contravene any law, regulation, rule, order, or restriction of any Governmental Body binding on it or its articles of incorporation or other organizational documents, and do not contravene the provisions of or constitute a default under any agreement or instrument to which it is a party or by which it may be bound or affected, and (c) this Amendment has been duly executed and delivered by each Loan Party and this Amendment and the Amended Agreement are the legally valid and binding obligations of each Loan Party, enforceable against such Loan Party in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws relating to or limiting creditors' rights generally or by equitable principles. 5.2 Absence of Default. No Default or Event of Default has occurred and is continuing or will exist after giving effect to the transactions contemplated by this Amendment. 5.3 Each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents are true and correct in all material respects as of such earlier date (except that, in each case, any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" are true and correct in all respects). 6. Expenses. Borrowers shall pay all reasonable costs, fees and expenses (including without limitation, reasonable attorney fees of Agent's counsel) incurred by Agent in connection with the preparation, negotiation, execution, and delivery of this Amendment and any other document required to be furnished herewith. 7. Recitals. The Recitals are hereby incorporated herein. 8. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of said counterparts taken together shall be deemed to constitute but one document. 9. Disclosure. Under Oregon law, most agreements, promises and commitments made by a lender concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by the lender to be enforceable. 10. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF OREGON. - 4 - 45290519v4 [Signature pages follow]



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THIRD AMENDMENT DCH MISSION VALLEY LLC DCH MONMOUTH LLC DCH MONTCLAIR LLC DCH MOTORS LLC DCH NANUET LLC DCH NY MOTORS LLC DCH OXNARD 1521 IMPORTS INC. DCH RIVERSIDE-S. INC. DCH TEMECULA IMPORTS LLC DCH TEMECULA MOTORS LLC DCH TORRANCE IMPORTS INC. DESERT-CJD. LLC DORAL-A. LLC DORAL-K. LLC DORAL-VW. LLC FARMINGTON HILLS IMPORTS. LLC FARMINGTON HILLS-CJD. LLC FARMINGTON HILLS-H. LLC FARMINGTON HILLS-N. LLC FARMINGTON HILLS-T. LLC FERNDALE-BG. LLC FLORIDA CITY-H. LLC FONTANA-H. INC. FORT WORTH-CJD. LLC FREEHOLD NISSAN LLC FRISCO-K. INC. GARDEN CITY-CJD. LLC HOUSTON-A. INC. HOUSTON-H. INC. HOUSTON-I. INC. HUTCHINS EUGENE NISSAN. INC. HUTCHINS IMPORTED MOTORS. INC. JACKSON-T. LLC KATY-H. INC. KNOXVILLE-CJD. LLC LAD CARSON-N. LLC LAD MISSION VIEJO-JLR. INC. LAD-AU. LLC LAD-MB. LLC LAD-N. LLC LAD-P. LLC LAD-T. LLC LAD-V. LLC



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THIRD AMENDMENT LAS VEGAS-CJD, LLC LAS VEGAS-J, LLC LAUDERDALE-A, LLC LBMP, LLC LEAGUE CITY-H, INC LGPAC, INC. LITHIA ACDM, INC. LITHIA ANCHORAGE-C, LLC LITHIA ANCHORAGE-H, LLC LITHIA BAIERL-S, LLC LITHIA BRYAN TEXAS, INC. LITHIA CDH, INC. LITHIA CIMR, INC. LITHIA CJDQ, INC. LITHIA CJDSA, INC. LITHIA CJDSF, INC. LITHIA CM, INC. LITHIA CO, INC. LITHIA CRATER LAKE-M, INC. LITHIA CSA, INC. LITHIA DE, INC. LITHIA DES MOINES-VW, LLC LITHIA DMID, INC. LITHIA DODGE OF TRI-CITIES, INC. LITHIA FRESNO, INC. LITHIA HAMILTON-H, LLC LITHIA HAZLETON-H, LLC LITHIA HDM, INC. LITHIA HGF, INC. LITHIA HMID, INC. LITHIA IMPORTS OF ANCHORAGE, INC. LITHIA JEF, INC. LITHIA KLAMATH, INC. LITHIA KLAMATH-T, INC. LITHIA MBDM, INC. LITHIA MEDFORD HON, INC. LITHIA MIDDLETOWN-L, LLC LITHIA MOON-S, LLC LITHIA MOON-V, LLC LITHIA MORGANTOWN-CJD, LLC LITHIA MORGANTOWN-S, LLC LITHIA MTLM, INC. LITHIA NA, INC. THIRD AMENDMENT LITHIA NC, INC. LITHIA ND ACQUISITION CORP. #3 LITHIA NDM, INC. LITHIA NF, INC. LITHIA OF ANCHORAGE, INC. LITHIA OF BEND #1, LLC LITHIA OF BEND #2, LLC LITHIA OF BENNINGTON - 2, LLC LITHIA OF BENNINGTON - 3, LLC LITHIA OF BENNINGTON - 4, LLC LITHIA OF BILLINGS II LLC LITHIA OF BILLINGS, INC. LITHIA OF DES MOINES, INC. LITHIA OF EUREKA, INC. LITHIA OF FAIRBANKS, INC. LITHIA OF GREAT FALLS, INC. LITHIA OF HELENA, INC. LITHIA OF HONOLULU-A, INC. LITHIA OF HONOLULU-BGMCC, LLC LITHIA OF HONOLULU-V, LLC LITHIA OF KILLEEN, LLC LITHIA OF LODI, INC. LITHIA OF MAUI-H, LLC LITHIA OF MISSOULA II, LLC LITHIA OF MISSOULA, INC. LITHIA OF POCATELLO, INC. LITHIA OF PORTLAND I, LLC LITHIA OF PORTLAND, LLC LITHIA OF ROBSTOWN, LLC LITHIA OF ROSEBURG, INC. LITHIA OF SEATTLE, INC. LITHIA OF SOUTH CENTRAL AK, INC. LITHIA OF STOCKTON, INC. LITHIA OF STOCKTON-V, INC. LITHIA OF TF, INC. LITHIA OF TROY, LLC LITHIA OF UTICA - 3, LLC LITHIA OF UTICA - 4, LLC LITHIA OF WALNUT CREEK, INC. LITHIA OF WASILLA, LLC LITHIA OF YORKVILLE - 1, LLC LITHIA OF YORKVILLE - 2, LLC LITHIA OF YORKVILLE - 3, LLC



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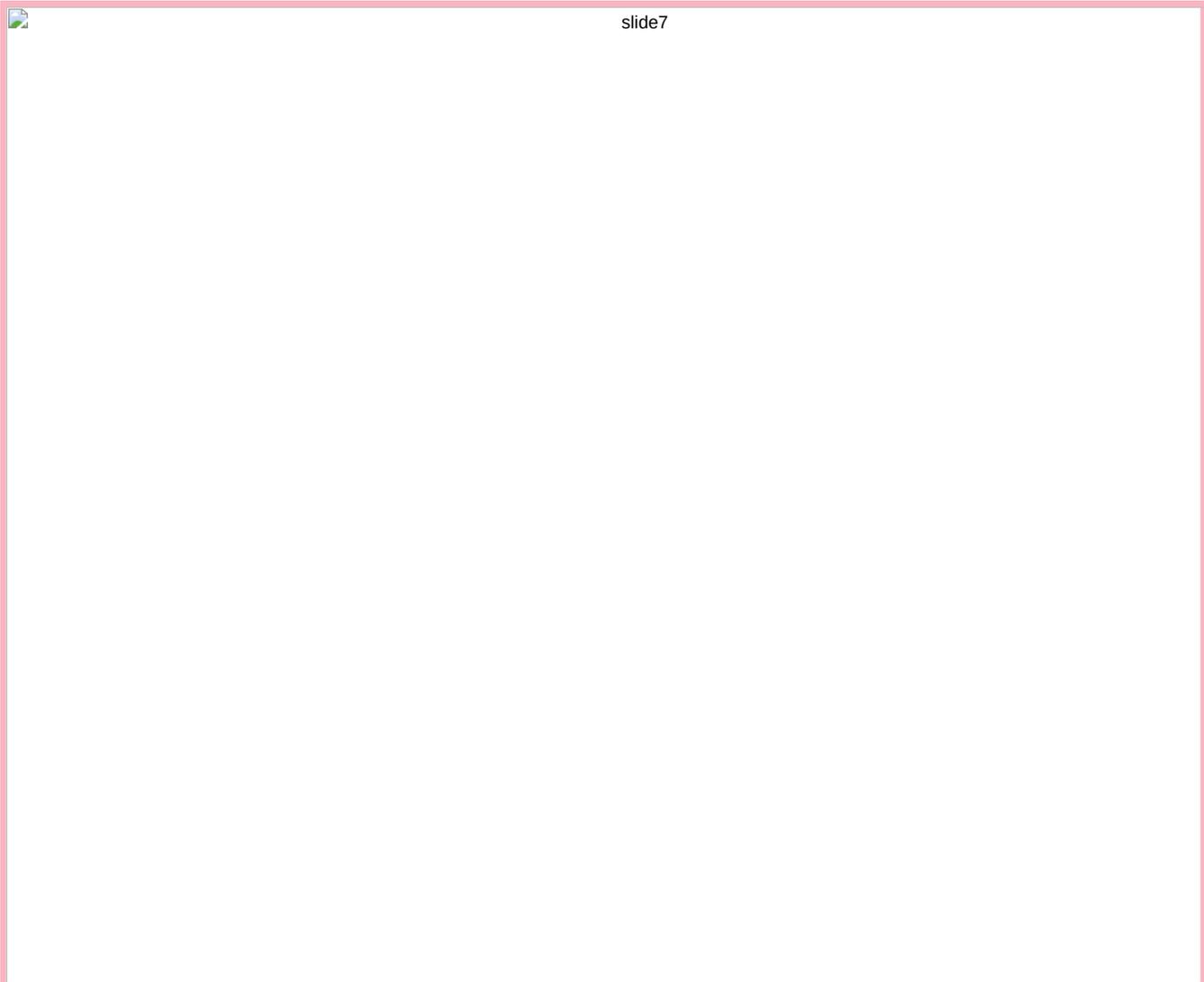


THIRD AMENDMENT LITHIA OF YORKVILLE - 4, LLC LITHIA OF YORKVILLE - 5, LLC LITHIA ORCHARD PARK-H, LLC LITHIA PARAMUS-M, LLC LITHIA PITTSBURGH-S, LLC LITHIA RAMSEY-B, LLC LITHIA RAMSEY-L, LLC LITHIA RAMSEY-M, LLC LITHIA RAMSEY-T, LLC LITHIA RENO SUB-HYUN, INC, LITHIA RENO-CJ, LLC LITHIA RENO-VW, LLC LITHIA SALMIR, INC, LITHIA SEA P, INC, LITHIA SEASIDE, INC, LITHIA SOC, INC, LITHIA SPOKANE-B, LLC LITHIA SPOKANE-S, LLC LITHIA TA, INC, LITHIA TO, INC, LITHIA TR, INC, LITHIA VAUDM, INC, LITHIA WEXFORD-H, LLC LLL SALES CO LLC LMBB, LLC LMBP, LLC LMOP, LLC LOS ANGELES-M, INC, MADISON-H, INC, MESQUITE-K, INC, MIAMI GARDENS-BG, LLC MIAMI GARDENS-M, LLC MIAMI GARDENS-S, LLC MISSION HILLS-H, INC, MOBILE-S, LLC NEW PORT RICHEY-V, LLC NOV-H, LLC ORLANDO-JLR, LLC PARAMUS WORLD MOTORS LLC PHILADELPHIA-F, LLC PHOENIX-T, INC, PLYMOUTH-C, LLC ROCKWALL-H, INC, THIRD AMENDMENT ROCKWALL-K, INC, ROSEVILLE-C, INC ROSEVILLE-K, INC ROSEVILLE-T, INC ROUND ROCK-K, INC SACRAMENTO-L, INC, SALEM-B, LLC SALEM-H, LLC SALEM-V, LLC SAN FRANCISCO-B, INC, SANFORD-CJD, LLC SHARLENE REALTY LLC SHERMAN OAKS-A, INC, SHERMAN OAKS-AC, INC, SHERMAN OAKS-B, INC, STERLING-BM, LLC STERLING-RLM, LLC TAMPA-H, LLC THOUSAND OAKS-S, INC, TROY EXOTICS, LLC TROY-BG, LLC TROY-C, LLC TROY-CJD, LLC TROY-H, LLC TROY-I, LLC TROY-JLR, LLC TROY-M, LLC TROY-N, LLC TROY-S, LLC TROY-T, LLC TROY-V, LLC TROY-VW, LLC TUSTIN MOTORS INC, UNION-H, LLC URBANDALE-S, LLC VALENCIA-A, INC, VAN NUYS-C, INC, VAN NUYS-H, INC, VAN NUYS-L, INC, VAN NUYS-T, INC, WAUKESHA-H, INC, WAUKESHA-S, INC, WAUKESHA-CJD, INC.



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THIRD AMENDMENT NISSAN MOTOR ACCEPTANCE CORPORATION, as Lender By: Name: Title: Sr. Manager, Dealer Credit Todd Voorhies



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VW CREDIT, INC., as Lender By: Name: Title: THIRD AMENDMENT Robb Nerdin Senior Manager, Commercial Credit



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THIRD AMENDMENT TRUIST BANK, as Lender By: Name: John P. Wofford Title: Authorized Officer BMO HARRIS BANK N.A., as Lender By: ~ Nmne-- cho~ Title: Director TuIRD AMENDMENT



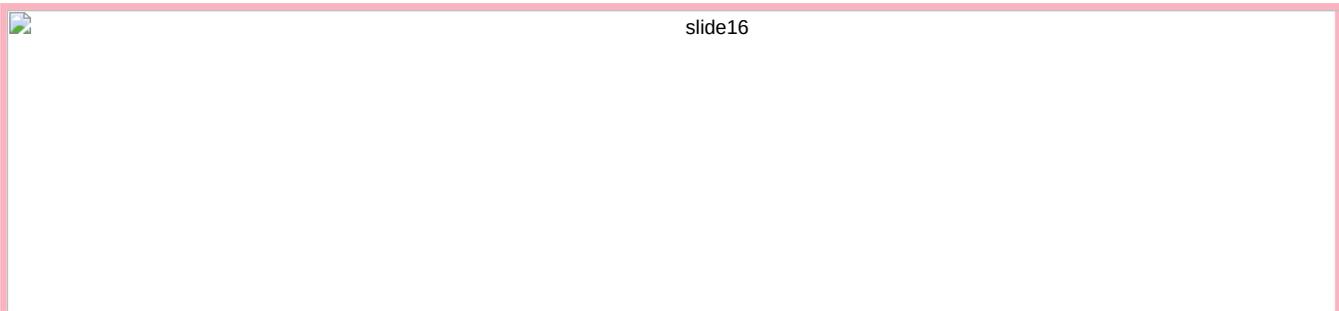
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THIRD AMENDMENT ACKNOWLEDGMENT AND CONSENT OF GUARANTORS Each undersigned Guarantor hereby acknowledges, consents, and agrees to all terms and conditions of the foregoing Amendment. 797 VALLEY STREET LLC ANN ARBOR-B, LLC ANN ARBOR-CC, LLC ANN ARBOR-CJD, LLC ANN ARBOR-M, LLC AUSTIN-H, INC. AUSTIN-KI, INC. AVONDALE-N, INC. BAIERL AUTO PARTS, LLC BAIERL AUTOMOTIVE CORPORATION, BAIERL CHEVROLET, INC. BAIERL HOLDING, LLC BEND-CDJR, LLC BEND-N, LLC BELLEVUE-S, LLC BELLEVUE-T, LLC CADILLAC OF PORTLAND LLOYD CENTER, LLC CAMP AUTOMOTIVE, INC. CARBONE AUTO BODY, LLC CENTENNIAL-HY, LLC CHAMBLEE-H, LLC CLEAR LAKE-I, INC. CLINTON-C, LLC CORAL SPRINGS-A, LLC COSTA MESA-CJD, INC. CRANBERRY AUTOMOTIVE, INC. DAH CHONG HONG CA TRADING LLC DAH CHONG HONG TRADING CORPORATION DALLAS COLLISION, INC. DALLAS-H, INC. DALLAS-K, INC. DALLAS-T, INC. DARON MOTORS LLC DCH (OXNARD) INC. DCH AUTO GROUP (USA) INC. DCH BLOOMFIELD LLC DCH CA LLC DCH CALABASAS-A, LLC THIRD AMENDMENT DCH CALIFORNIA INVESTMENTS LLC DCH CALIFORNIA MOTORS INC. DCH DEL NORTE, INC. DCH DMS NJ, LLC DCH ESSEX INC. DCH FINANCIAL NJ, LLC DCH FREEHOLD



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THIRD AMENDMENT FERNDALE-F, LLC FH COLLISION, LLC FLORIDA CITY-H, LLC FLORIDA SS, LLC FONTANA-H, INC. FORT WORTH-CJD, LLC FREEHOLD NISSAN LLC FRISCO-K, INC. FUSE AUTO SALES, LLC GARDEN CITY-CJD, LLC GREENCARS, INC. HENDERSON-HY, LLC HOUSTON-A, INC. HOUSTON-H, INC. HOUSTON-J, INC. HUTCHINS EUGENE NISSAN, INC. HUTCHINS IMPORTED MOTORS, INC. JACKSON-T, LLC KATY-H, INC. KNOXVILLE-CJD, LLC LA MOTORS HOLDING, LLC LAD ADVERTISING, INC. LAD CARSON-N, LLC LAD MISSION VIEJO-JLR, INC. LAD MOBU, INC. LAD-AU, LLC LAD-F, INC. LAD-MB, LLC LAD-N, LLC LAD-P, LLC LAD-T, LLC LAD-V, LLC LAS VEGAS-CJD, LLC LAS VEGAS-J, LLC LAS VEGAS-G, LLC LAS VEGAS-HY, LLC LATHAM FORD-F, LLC LAUDERDALE-A, LLC LBMP, LLC LEAGUE CITY-H, INC. LKFK, LLC LGPAC, INC. LITHIA ACDM, INC. THIRD AMENDMENT LITHIA AIRCRAFT, INC. LITHIA ANCHORAGE-C, LLC LITHIA ANCHORAGE-H, LLC LITHIA ARMORY GARAGE, LLC LITHIA AUCTION & RECON, LLC LITHIA AUTO SERVICES, INC. LITHIA BA HOLDING, INC. LITHIA BAIERL-S, LLC LITHIA BNM, INC. LITHIA BRYAN TEXAS, INC. LITHIA CDH, INC. LITHIA CIMR, INC. LITHIA CJDO, INC. LITHIA CJDSA, INC. LITHIA CJDSF, INC. LITHIA CM, INC. LITHIA CO, INC. LITHIA CRATER LAKE-F, INC. LITHIA CRATER LAKE-M, INC. LITHIA CSA, INC. LITHIA DE, INC. LITHIA DES MOINES-VW, LLC LITHIA DM, INC. LITHIA DMID, INC. LITHIA DODGE OF TRI-CITIES, INC. LITHIA EATONTOWN-F, LLC LITHIA FINANCIAL CORPORATION LITHIA FLCC, LLC LITHIA FLORIDA HOLDING, INC. LITHIA FMF, INC. LITHIA FORD OF BOISE, INC. LITHIA FRESNO, INC. LITHIA HAMILTON-H, LLC LITHIA HAZLETON-H, LLC LITHIA HDM, INC. LITHIA HGF, INC. LITHIA HMD, INC. LITHIA HPI, INC. LITHIA IDAHO FALLS-F, INC. LITHIA IMPORTS OF ANCHORAGE, INC. LITHIA JEF, INC. LITHIA KLAMATH, INC. LITHIA KLAMATH-T, INC.



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THIRD AMENDMENT LITHIA LBGGF, INC. LITHIA LHGF, INC. LITHIA MBDM, INC. LITHIA McMURRAY-C, LLC LITHIA MEDFORD HON, INC. LITHIA MICHIGAN HOLDING, INC. LITHIA MIDDLETOWN-L, LLC LITHIA MONROEVILLE  
A, LLC LITHIA MONROEVILLE-C, LLC LITHIA MONROEVILLE-F, LLC LITHIA MOON-S, LLC LITHIA MOON-V, LLC LITHIA MORGANTOWN-CJD, LLC LITHIA MORGANTOWN-F, LLC LITHIA MORGANTOWN-S, LLC LITHIA MOTORS  
SUPPORT SERVICES, INC. LITHIA MTLM, INC. LITHIA NA, INC. LITHIA NC, INC. LITHIA ND ACQUISITION CORP. #1 LITHIA ND ACQUISITION CORP. #3 LITHIA NDM, INC. LITHIA NF, INC. LITHIA NORTHEAST REAL ESTATE  
LLC LITHIA NORTHWEST REAL ESTATE, LLC LITHIA OF ANCHORAGE, INC. LITHIA OF BEND #1, LLC LITHIA OF BEND #2, LLC LITHIA OF BENNINGTON - 1, LLC LITHIA OF BENNINGTON - 2, LLC LITHIA OF BENNINGTON -  
3, LLC LITHIA OF BENNINGTON - 4, LLC LITHIA OF BILLINGS II, LLC LITHIA OF BILLINGS, INC. LITHIA OF CASPER, LLC LITHIA OF CORPUS CHRISTI, INC. LITHIA OF DES MOINES, INC. LITHIA OF EUREKA, INC. LITHIA OF  
FAIRBANKS, INC. LITHIA OF GREAT FALLS, INC. LITHIA OF HELENA, INC. LITHIA OF HONOLULU-A, INC. LITHIA OF HONOLULU-BGMCC, LLC THIRD AMENDMENT LITHIA OF HONOLULU-F, LLC LITHIA OF HONOLULU-V, LLC  
LITHIA OF KILLEEN, LLC LITHIA OF LODI, INC. LITHIA OF MAUI-H, LLC LITHIA OF MISSOULA II, LLC LITHIA OF MISSOULA III, INC. LITHIA OF MISSOULA, INC. LITHIA OF POCATELLO, INC. LITHIA OF PORTLAND I, LLC  
LITHIA OF PORTLAND, LLC LITHIA OF ROBSTOWN, LLC LITHIA OF ROSEBURG, INC. LITHIA OF SEATTLE, INC. LITHIA OF SOUTH CENTRAL AK, INC. LITHIA OF SPOKANE II, INC. LITHIA OF SPOKANE, INC. LITHIA OF  
STOCKTON, INC. LITHIA OF STOCKTON-V, INC. LITHIA OF TF, INC. LITHIA OF TROY, LLC LITHIA OF UTICA - 2, LLC LITHIA OF UTICA - 3, LLC LITHIA OF UTICA - 4, LLC LITHIA OF WALNUT CREEK, INC. LITHIA OF WASILLA  
LLC LITHIA OF YORKVILLE - 1, LLC LITHIA OF YORKVILLE - 2, LLC LITHIA OF YORKVILLE - 3, LLC LITHIA OF YORKVILLE - 4, LLC LITHIA OF YORKVILLE - 5, LLC LITHIA ORCHARD PARK-H, LLC LITHIA PARAMUS-M, LLC  
LITHIA PITTSBURGH-S, LLC LITHIA RAMSEY-B, LLC LITHIA RAMSEY-L, LLC LITHIA RAMSEY-M, LLC LITHIA RAMSEY-T, LLC LITHIA REAL ESTATE, INC. LITHIA RENO SUB-HYUN, INC. LITHIA RENO-CJ, LLC LITHIA RENO-VW  
LLC LITHIA ROSE-FT, INC.



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THIRD AMENDMENT LITHIA SALMIR, INC. LITHIA SEA P, INC. LITHIA SEASIDE, INC. LITHIA SOC, INC. LITHIA SPOKANE-B, LLC LITHIA SPOKANE-S, LLC LITHIA SSP, LLC LITHIA TA, INC. LITHIA TENNESSEE HOLDING, INC. LITHIA TO, INC. LITHIA TR, INC. LITHIA UNIONTOWN-C, LLC LITHIA VA REAL ESTATE, LLC LITHIA VAUDM, INC. LITHIA VIRGINIA HOLDING, INC. LITHIA WEXFORD-H, LLC LLL SALES CO LLC LMBB, LLC LMBP, LLC LMOP, LLC LOS ANGELES-M, INC. LSTAR, LLC MADISON-H, INC. MEDFORD INSURANCE, LLC MESQUITE-K, INC. MIAMI GARDENS-BG, LLC MIAMI GARDENS-G, LLC MIAMI GARDENS-HY, LLC MIAMI GARDENS-M, LLC MIAMI GARDENS-S, LLC MISSION HILLS-H, INC. MOBILE-S, LLC NEW PORT RICHEY-H, LLC NEW PORT RICHEY-V, LLC NORTHLAND FORD INC. NOVI-I, LLC ORLANDO-JLR, LLC PA REAL ESTATE, LLC PA SUPPORT SERVICES, LLC PARAMUS COLLISION, LLC PARAMUS WORLD MOTORS LLC PERSONALIZED MARKETING, LLC PHILADELPHIA-F, LLC THIRD AMENDMENT PHOENIX-T, INC. PLYMOUTH-C, LLC RAMSEY HOLDINGCO, INC. REDWOOD-HY, LLC RFA HOLDINGS, LLC ROCKWALL-H, INC. ROCKWALL-K, INC. ROSEVILLE-C, INC. ROSEVILLE-K, INC. ROSEVILLE-T, INC. ROUND ROCK-K, INC. SACRAMENTO-L, INC. SALEM-B, LLC SALEM-H, LLC SALEM-V, LLC. SAN FRANCISCO-B, INC. SANFORD-CJD, LLC SHARLENE REALTY LLC SHERMAN OAKS-A, INC. SHERMAN OAKS-AC, INC. SHERMAN OAKS-B, INC. SHIFT PORTLAND, LLC STERLING HEIGHTS-F, LLC STERLING-BM, LLC STERLING-RLM, LLC SUBURBAN AUTO AGENCY, LLC TAMPA-F, LLC TAMPA-H, LLC THOUSAND OAKS-S, INC. TN REAL ESTATE, LLC TROY COLLISION, LLC TROY EXOTICS, LLC TROY-A, LLC TROY-BG, LLC TROY-C, LLC TROY-CJD, LLC TROY-F, LLC TROY-H, LLC TROY-I, LLC TROY-JLR, LLC TROY-M, LLC TROY-N, LLC TROY-S, LLC



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ANNEX A Amended Loan Agreement [see attached], Execution Version Conformed through First Amendment to Fourth Amended and Restated Loan Agreement Conformed through Second Amendment to Fourth Amended and Restated Loan Agreement Conformed through Third Amendment to Fourth Amended and Restated Loan Agreement Deal CUSIP 53679VAB62 New Vehicle Floorplan Facility CUSIP 53679VAD2 Used Vehicle Floorplan Facility CUSIP 53679VAC4 Service Loaner Vehicle Floorplan Facility CUSIP 53679VAE0 Revolving Line of Credit Facility CUSIP 53679VAB6 FOURTH AMENDED AND RESTATED LOAN AGREEMENT Among LITHIA MOTORS, INC., CERTAIN OF ITS SUBSIDIARIES, THE LENDERS PARTY HERETO FROM TIME TO TIME, and U.S. BANK NATIONAL ASSOCIATION, as Administrative Agent and Agent and JPMorgan Chase Bank, N.A., Toyota Motor Credit Corporation, Mercedes-Benz Financial Services USA LLC, and Bank of America, N.A., as Co-Syndication Agents U.S. Bank National Association, J.P. Morgan Securities LLC and Toyota Motor Credit Corporation, As Co-Lead Arrangers and Joint Bookrunners 3971574945289837v13 115525625 4 0063724-00082



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American Honda Finance Corporation and TD Bank, N.A., as Co-Documentation Agents Dated as of April 29, 2021 2 115525625.4 0063724-00082 TABLE OF CONTENTS ARTICLE 1 DEFINITIONS AND INTERPRETIVE PROVISIONS  
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"Additional Commitment Lender" has the meaning set forth in Section 6.18.4. "Additional Lender" has the meaning set forth in Section 6.12.2. "Adjusted Term SOFR" means, for purposes of any calculation, the rate per annum equal to (a) the Term SOFR Base Rate for such calculation plus (b) the Term SOFR Adjustment; provided that if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor.

"Adjusted Daily Simple SOFR" means, for any day (a "SOFR Interest Day"), an interest rate per annum equal to the greater of (a) the sum of (i) SOFR for the day that is five Business Days prior to (A) if such SOFR Interest Day is a Business Day, such SOFR Interest Day or (B) if such SOFR Interest Day is not a Business Day, the Business Day immediately preceding such SOFR Interest Day and (ii) the Simple SOFR Adjustment and (b) the Floor; provided that if SOFR is not published on such Business Day due to a holiday or other circumstance that the Agent deems in its sole discretion to be temporary, the applicable SOFR rate shall be the SOFR rate last published prior to such Business Day.

Any change in Adjusted Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Company. For purposes of determining any interest rate hereunder or under any Loan Document which is based on Adjusted Daily Simple SOFR, such interest rate shall change as and when Adjusted Daily Simple SOFR shall change. "Advance" means a New Vehicle Floorplan Advance, Used Vehicle Floorplan Advance, Service Loaner Vehicle Floorplan Advance, Revolving Loan Advance, or (unless otherwise expressly provided), a Swing Line Loan. "Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution. "Affected Lender" has the meaning set forth in Section 6.15. "Affiliate" means with respect to any Person (a) each other Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five percent (5%) or more of the stock or other ownership interests having ordinary voting power of such Person; (b) each Person that Controls, is Controlled by or is under common Control with such Person or any Affiliate of such Person; and (c) each of such Person's executive officers, directors, joint venturers, members and general partners. "Agent" or "Administrative Agent" means U.S. Bank in its capacity as contractual representative of the Lenders pursuant to Article 16, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article 16. "Aggregate Commitment" means, at any time, the sum of the Aggregate New Vehicle Floorplan Commitment, plus the Aggregate Used Vehicle Floorplan Commitment, plus the Aggregate Service Loaner Vehicle Floorplan Commitment, plus the Aggregate Revolving Loan Commitment, as adjusted from time to time pursuant to the terms hereof, provided that, except 2 115525625.4 0063724-00082 as provided in Section 6.12, the Aggregate Commitment shall not be more than \$3,750,000,000.003 750,000,000. "Aggregate Lender Commitment" means, for any Lender, the sum of such Lender's New Vehicle Floorplan Commitment, Used Vehicle Floorplan Commitment, Service Loaner Vehicle Floorplan Commitment, and Revolving Loan Commitment. "Aggregate New Vehicle Floorplan Commitment" means, at any time, the aggregate of the New Vehicle Floorplan Commitments of all Lenders at such time. "Aggregate Outstanding Credit Exposure" means, at any time, the aggregate of the Outstanding Credit Exposure of all Lenders at such time. "Aggregate Outstanding New Vehicle Floorplan Exposure" means, at any time, the aggregate of the Outstanding New Vehicle Floorplan Exposure of all Lenders at such time. "Aggregate Outstanding Revolving Loan Exposure" means, at any time, the aggregate of the Outstanding Revolving Loan Exposure of all Lenders at such time. "Aggregate Outstanding Service Loaner Vehicle Floorplan Exposure" means, at any time, the aggregate of the Outstanding Service Loaner Vehicle Floorplan Exposure of all Lenders at such time. "Aggregate Outstanding Used Vehicle Floorplan Exposure" means, at any time, the aggregate of the Outstanding Used Vehicle Floorplan Exposure of all Lenders at such time. "Aggregate Revolving Loan Commitment" means, at any time, the aggregate of the Revolving Loan Commitments of all Lenders at such time; provided that the Aggregate Revolving Loan Commitment shall not at any time be more than 40.0040% of the amount of the Aggregate Commitment at such time. "Aggregate Service Loaner Vehicle Floorplan Commitment" means, at any time, the aggregate of the Service Loaner Vehicle Floorplan Commitments of all Lenders at such time; provided that the Aggregate Service Loaner Vehicle Floorplan Commitment shall not at any time be more than 3.0% of the amount of the Aggregate Commitment at such time. "Aggregate Used Vehicle Floorplan Commitment" means, at any time, the aggregate of the Used Vehicle Floorplan Commitments of all Lenders at such time. "Agreement" has the meaning set forth in the introductory paragraph. "Alternate Base Rate" means, for any day, a rate of interest per annum equal to the highest of (a) the Prime Rate for such day, (b) the sum of the Federal Funds Effective Rate for such day plus .50% per annum and (c) Adjusted Daily Simple SOFR in effect for such day plus 1.50%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate, or the Adjusted Daily Simple SOFR shall be effective from the effective date of such change. If the Alternate Base Rate is being used when Daily Simple SOFR Loans 3 115525625.4 0063724-00082



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are unavailable pursuant to Section 7.3, then the Alternate Base Rate shall be the highest of clauses (a) and (b), without reference to clause (c) above. "Alternate Base Rate Margin (New Vehicle)" has the meaning set forth in the Pricing Schedule. "Alternate Base Rate Margin (Revolving)" has the meaning set forth in the Pricing Schedule. "Alternate Base Rate Margin (Service Loaner Vehicle)" has the meaning set forth in the Pricing Schedule. "Alternate Base Rate Margin (Used Vehicle)" has the meaning set forth in the Pricing Schedule. "Anniversary Date" means each anniversary of the Closing Date. "Anti-Corruption Laws" means the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder, and any other anti-corruption law applicable to any Borrower and its Subsidiaries. "Applicable Law" means all applicable provisions and requirements of (a) all constitutions, statutes, ordinances, rules, regulations, standards, orders, and directives of any Governmental Bodies, (b) Governmental Approvals, and (c) orders, decisions, decrees, judgments, injunctions, and writs of all courts and arbitrators, whether such Applicable Laws presently exist, or are modified, promulgated, or implemented after the date hereof. "Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender. "Assignee" has the meaning set forth in Section 17.4. "Assignment Agreement" means an agreement substantially in the form attached as Exhibit D. "Attorney Costs" means and includes all reasonable fees and disbursements of any law firm or retained counsel and of any in-house or internal counsel whether or not litigation or arbitration is commenced, and if litigation or arbitration is commenced shall include fees and disbursements incurred at trial, in any appellate proceeding, bankruptcy proceeding (including efforts to modify or vacate any automatic stay or injunction) or receivership, and post-judgment attorney fees incurred in enforcing any judgment. "Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if the then-current Benchmark is a term rate, any tenor for such Benchmark that is or may be used for determining the length of an Interest Period 4 115525625.4 0063724-00082 or (y) otherwise, any payment period for interest calculated with reference to such Benchmark, as applicable, pursuant to this Agreement as of such date. "Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution. "Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings). "Benchmark" means, initially, Adjusted Daily Simple SOFR, Adjusted Term SOFR or the Term SOFR Alternative Rate, as applicable, provided that if a replacement of the Benchmark has occurred pursuant to Section 7.3(b), then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has become effective pursuant to Section 7.3(b). "Benchmark Replacement" means, for any Available Tenor, the sum of: (a) the alternate benchmark rate that has been selected by the Agent and the Company as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment. If the Benchmark Replacement would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents. "Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Agent and the Company for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities. 5 115525625.4 0063724-00082



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"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Advance" and "SOFR Loans," the definition of "Alternate Base Rate," the definition of "Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents). "Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark: (1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); (2) in the case of clause (3) of the definition of "Benchmark Transition Event," the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be no longer representative; provided, that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (3) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date; and (3) in the case of an Early Opt-in Election, the Business Day specified by the Agent in the notice of the Early Opt-in Election provided to the Lenders, so long as the Agent has not received, by 5:00 p.m. (Central time) on the fifth Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders. For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of 6 115525625.4 0063724-00082 the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof). "Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark: (1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); (2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or (3) a public statement or publication of information by any of the entities referenced in clause (2) above announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative. For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof). "Benchmark Unavailability Period" means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark in accordance with Section 7.3, and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark in accordance with Section 7.3. "Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation. 7 115525625.4 0063724-00082



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"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230. "Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan." "Borrower" means a New Vehicle Floorplan Borrower, the Used Vehicle Floorplan Borrower, the Service Loaner Vehicle Floorplan Borrower or the Revolving Loan Borrower and "Borrowers" means any two or more of them. "Borrower Joinder Agreement" means an agreement substantially in the form attached hereto as Exhibit I. "Borrower Termination Agreement" means an agreement substantially in the form attached hereto as Exhibit L. "Business Day" means any day (other than a

Saturday or Sunday) on which banks generally are open in New York City, New York for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system; provided that when used in connection with a SOFR Loan, the component of the Alternate Base Rate based upon SOFR or any other calculation or determination involving SOFR, the term "Business Day" means any such day that is also a U.S. Government Securities Business Day. "Canadian Dealership" means a Dealership whose primary business is the retail sales or retail sale and lease of new and/or used automobiles, trucks and/or motorcycles in Canada. "Canadian Receivables or Securitization Assets" means (a) any accounts receivable, mortgage receivables, loan receivables, equipment, royalty, franchise fee, license fee, patent or other revenue streams and other rights to payment or related assets and the proceeds thereof and any securities backed by such assets and (b) all collateral securing such receivable or assets, all contracts and contract rights, guarantees or other obligations in respect of such receivable or asset, lockbox accounts and records with respect to such account or asset and any other asset customarily transferred (or in respect of which security interests are customarily granted) together with accounts or assets in connection with a securitization or receivable sale transaction. "Canadian Receivables or Securitization Transaction" means one or more transactions pursuant to which (i) Canadian Receivables or Securitization Assets or interests therein are sold or transferred to or financed by one or more Special Purpose Securitization Subsidiaries, and (ii) such Special Purpose Securitization Subsidiaries finance (or refinance) their acquisition of such Canadian Receivables or Securitization Assets or interests therein, or the financing thereof, by selling or borrowing against Canadian Receivables or Securitization Assets (including conduit and warehouse financings) and any hedging agreements entered into in connection with such Canadian Receivables or Securitization Assets; provided, that recourse to the Company or any Subsidiary (other than the Special Purpose Securitization Subsidiaries) in connection with such transactions shall be limited to the extent customary (as determined by the 8 115525625.4 0063724-00082 Company in good faith) for similar transactions in the applicable jurisdictions (including, to the extent applicable, in a manner consistent with the delivery of a "true sale"/"absolute transfer" opinion with respect to any transfer by the Company or any Subsidiary (other than a Special Purpose Securitization Subsidiary)). "Canadian Subsidiary" means any Subsidiary of the Company organized under the laws of Canada or any province in Canada. "Canadian Subsidiary Indebtedness" has the meaning set forth in Section 13.10(p). "Capitalized Lease" of a Person means any lease of property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with GAAP. "Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with GAAP. "Cash Collateralize" means to deposit in the LC Collateral Account or to pledge and deposit with or deliver to the Agent, for the benefit of one or more of the LC Issuer or Lenders, as collateral for the LC Obligations or obligations of Lenders to fund participations in respect of LC Obligations, cash or deposit account balances or, if the Agent and the LC Issuer shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Agent and the LC Issuer. "Cash Collateral" shall have the meaning relative to the foregoing and shall include the proceeds of such cash collateral and other credit support. "Cash Equivalent Investments" means (i) short-term obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A-1 or better by S&P or P-1 or better by Moody's, (iii) demand deposit accounts maintained in the ordinary course of business, and (iv) certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of \$500,000,000; provided in each case that the same provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest, (v) shares of money market mutual funds that are rated at least "AAAm" or "AAAG" by S&P or "P-1" or better by Moody's, and (vi) other cash equivalent investments approved in writing by the Agent. "Change in Control" means: (i) the acquisition by any Person, or two or more Persons acting in concert, in either case other than Lithia Holding Company, L.L.C. and the Principal, of beneficial ownership (within the meaning of Rule 13d-3 of the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934) of 35% or more of the outstanding shares of voting stock of the Company on a fully diluted basis; (ii) within any twelve-month period, occupation of a majority of the seats (other than vacant seats) on the board of directors of the Company by Persons who were neither (x) nominated by the board of directors of the Company nor (y) appointed or approved by directors so nominated; (iii) the Company consolidates with or merges into another Person or conveys, transfers or leases all or 9 115525625.4 0063724-00082



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substantially all of its property to any Person, or any Person consolidates with or merges into the Company, in either event pursuant to a transaction in which the outstanding capital stock of the Company is reclassified or changed into or exchanged for (A) cash or Cash Equivalent Investments or (B) securities, and the holders of the capital stock in the Company immediately prior to such transaction do not, as a result of such transaction, own, directly or indirectly, more than 51% of the combined voting power of the Company's capital stock or the capital stock of its successor entity in such transaction or (iv) a "change of control" or "change of ownership" for any term substantially equivalent to any of the foregoing phrases in this clause (iv) occurs, in each case, as such term or phrase is defined in any indenture evidencing or relating to any debt securities of the Company or any Subsidiary thereof (other than (x) a Canadian Foreign Subsidiary that is not a Financed Entity or (y) an Excluded Subsidiary) issued in a transaction registered with the SEC or issued to qualified institutional buyers for resale pursuant to Rule 144A of the Securities Act. "Change in Law" has the meaning set forth in Section 7.1. "Claims" has the meaning set forth in Section 5.12. "Closing Date" means April 29, 2021, the date on which all conditions precedent in Section 9.1 are satisfied. "Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time or any successor federal income tax statute or code and the regulations and published interpretations promulgated thereunder. "Collateral" has the meaning set forth in Section 8.1.1. "Collateral Documents" means and includes the Security Agreement, the Pledge Agreement, and all deeds of trust, assignments, mortgages, security agreements, bank account control agreements, and other documents executed or delivered to the Agent by any Person at any time to evidence and/or perfect security interests in the Collateral. "Commitment" means, as to any Lender, such Lender's Revolving Loan Commitment, New Vehicle Floorplan Commitment, Used Vehicle Floorplan Commitment, Service Loaner Vehicle Floorplan Commitment, Letter of Credit Commitment, Revolving Swing Line Commitment, New Vehicle Swing Line Commitment, Used Vehicle Swing Line Commitment, or Service Loaner Vehicle Floorplan Swing Line Commitment. "Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. Section 1 et seq.), as amended from time to time, and any successor statute. "Company" means Lithia Motors, Inc., an Oregon corporation. "Compliance Certificate" means a certificate substantially in the form attached as Exhibit A, or in such other form as is acceptable to the Agent. 10 115525625.4 0063724. 00082 "Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes. "Contingent Obligation" means any guarantee of Indebtedness of any other Person or any agreement to maintain the net worth, working capital or other financial condition of any other Person in respect of such other Person's Indebtedness, whether direct, indirect or contingent, including, without limitation, any purchase or repurchase agreement, comfort letter, or keep-well, take-or-pay, through-put or other arrangement of whatever nature having the effect of assuring or holding harmless any Person against loss with respect to any Indebtedness of such other Person, provided, however, that the term "Contingent Obligation" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined in good faith by the Person subject to such obligation. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise and "Controlled by" shall have the concomitant meaning. For purposes of determining whether a Minority Dealer is a Minority Dealer Affiliate or a Minority Dealer Subsidiary, "Control" shall be established when (i) a Loan Party is the manager of the Minority Dealer or (ii) the manager of the Minority Dealer has delegated to a Loan Party all or a substantial portion of such manager's power and authority under the Minority Dealer's operating agreement, bylaws, limited liability company agreement or other applicable organizational documents, and, in the case of clause (i) or (ii), such Minority Dealer is reflected in the audited, consolidated financial statements of the Company. "Controlled Group" means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with any Loan Party or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code. "Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor. "Credit Extension" means the making of an Advance on the issuance of a Letter of Credit hereunder. "Daily Simple SOFR Loan" means any Loan bearing interest at a rate based on Adjusted Daily Simple SOFR (other than pursuant to the Adjusted Daily Simple SOFR component of the definition of "Alternate Base Rate"). "DFC" means Driveway Finance Corporation, an Oregon corporation. 11 115525625.4 0063724-00082



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"DFC Indebtedness" has the meaning set forth in Section 13.10(r). "DFC Subsidiary" means any of (a) DFC and (b) each Subsidiary of DFC. "Dealership" means a Subsidiary of the Company whose primary business is the retail sales or retail sale and lease of new and/or used automobiles, trucks and/or motorcycles, other than Excluded Vehicles, in the United States of America or in Canada. "Dealership Loan Limit" has the meaning set forth in Section 2.3.1(b). "Dealership Sublimit" has the meaning set forth in Section 2.3.1(b). "Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect. "Deemed Sale" has the meaning set forth in Section 2.3.3(c). "Default" means any Event of Default or any event which with the giving of notice or the passage of time, or both, would constitute an Event of Default. "Defaulting Lender" means, subject to 6.14.2, any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days after the date such Loans were required to be funded hereunder unless such Lender notifies the Agent and Company in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied or waived, or (ii) pay to the Agent, the LC Issuer, the Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Line Loans) within two (2) Business Days after the date when due, (b) has notified any Borrower, the Agent, the LC Issuer or the Swing Line Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Agent or the Company, to confirm in writing to the Agent and the [redacted] will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written

confirmation by the Agent and the Company), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets (other than an Undisclosed Administration), including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the 12 115525625.4 0063724.00082 ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 6.14.2) upon delivery of written notice of such determination to the Company, the LC Issuer, the Swing Line Lender and each Lender. "Default Rate" has the meaning set forth in Section 6.1.2. "Demo" means any New Vehicle (except that any mileage limitations included in the definition for a particular type of Vehicle shall not be applicable to Demos) that is used by a Dealership as a demonstration unit. "Disclosure Schedule" means the Disclosure Schedule attached hereto. "Dollar" or "\$" means lawful money of the United States of America. "Dual Subsidiary" means a Subsidiary which has entered into separate floorplan financing arrangements with at least one Dual Subsidiary Lender. The Dual Subsidiaries as of the Closing Date are set forth on Schedule 2. The Company may designate Subsidiaries as Dual Subsidiaries from time to time in accordance with Sections 6.19 and 13.16. "Dual Subsidiary Financing Commencement Date" means, with respect to any Dual Subsidiary, the date that such Dual Subsidiary begins to finance new Vehicles of any Removed Franchise, used and/or service loaner Vehicles through Permitted Dual Subsidiary Indebtedness as permitted by Sections 6.19 and 13.16. "Dual Subsidiary Lender" has the meaning set forth in the definition of "Permitted Dual Subsidiary Indebtedness". "Early Opt-in Election" means the joint election by the Agent and the Company to trigger a fallback from the then-current Benchmark to the Benchmark Replacement, and a notification by the Agent to each of the other parties hereto of such election and the proposed Benchmark Replacement. "EBITDAR" has the meaning set forth in Section 11.1.2. "EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country that is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country that is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country that is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent. 13 115525625.4 0063724-00082



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"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway. "EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution. "Eligible Account" means amounts owed by a customer to a Dealership for parts or accessories sold to such customer or for services performed for such customer, in which the Agent has a perfected first priority security interest, which is due and payable in full not more than 90 days after date of sale or invoice, and which is not more than 60 days past due. "Eligible Assignee" means (a) a Lender; (b) an Approved Fund; (c) a commercial bank organized under the laws of the United States, or any state thereof, and having total assets in excess of \$3,000,000,000, calculated in accordance with the accounting principles prescribed by the regulatory authority applicable to such bank in its jurisdiction of organization; (d) a commercial bank organized under the laws of any other country that is a member of the OECD; or a political subdivision of any such country, and having total assets in excess of \$3,000,000,000, calculated in accordance with the accounting principles prescribed by the regulatory authority applicable to such bank in its jurisdiction of organization, so long as such bank is acting through a branch or agency located in the country in which it is organized or another country that is described in this clause (d); or (e) the central bank of any country that is a member of the OECD; provided, however, that neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee. "Eligible New Vehicle" means a New Vehicle owned by a New Vehicle Floorplan Dealership which is an Eligible Vehicle and in which the Agent has a perfected first priority security interest. "Eligible Real Property" means Real Property owned by any Real Estate Subsidiary or Dealership and which satisfies all requirements set forth in Section 9.4. "Eligible Receivables" means amounts owing to the Company or a Subsidiary in which the Agent has a perfected first priority security interest, which are (a) Eligible Accounts; (b) commissions owed to the Dealerships by financial institutions or finance companies which are not Affiliates of any Loan Party in connection with the purchase by such institutions of retail installment contracts and leases arising from the sale or lease of New Vehicles and Used Vehicles (finance receivables), which have not remained unpaid for more than 90 days, or (c) amounts owed to the Company or a Dealership by a manufacturer of Vehicles as incentive payments, rebates, factory credits and the like, but excluding factory holdbacks (factory receivables), which have not remained unpaid for more than 90 days, subject to the exclusion by the Agent of such amounts which are owed to the Company or a Dealership by a manufacturer which has commenced or had commenced against it, any proceeding under any present or future bankruptcy law. "Eligible Service Loaner Vehicle" means a Service Loaner Vehicle which: (a) is owned by a Dealership (other than a SIO Subsidiary), (b) is free of any Liens other than in favor of the 14 115525625.4 0063724-00082 Agent, except as otherwise agreed by the Agent in writing and (c) as of any date of determination, was not included in the Service Loaner Vehicle Borrowing Base on any date more than fifteen (15) months prior to such date of determination. "Eligible Vehicle" means an automobile, truck or motorcycle with a gross vehicle weight of no more than 16,000 pounds, which that is not an Excluded Vehicle and satisfies the following requirements: (a) The vehicle is owned by a Dealership, subject to a perfected security interest in favor of the Agent, and free of any title defects, liens, security interests, leases, bailments, consignments or other interests of any Person other than Agent, except as agreed by the Agent in writing. (b) Unless the vehicle is a Demo, or is in transit from the seller, it is located at locations which the Dealerships disclosed to the Agent and which are acceptable to the Agent. If the vehicle is in transit from a seller, then upon receipt by a Dealership it will be located at one of such locations. (c) The vehicle is held for sale or lease in the ordinary course of a Dealership's business. (d) The vehicle is undamaged and of good and merchantable quality. (e) The vehicle is otherwise acceptable to the Agent. "Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (a) Hazardous Substances, (b) the protection of the environment, (c) personal injury or property damage relating to the release or discharge of Hazardous Materials, (d) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (e) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof, all as now existing or hereafter amended or adopted. "Environmental Reports" has the meaning set forth in Section 9.4.2. "Equity Interest Repurchase Threshold" has the meaning set forth in Section 13.4(z)(ii). "Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof his intention or acquire any such equity interest. "ERISA" means Employee Retirement Income Security Act of 1974, 15 115525625.4 0063724-00082



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"ERISA Affiliate" means, as applied to a Loan Party, any trade or business (whether or not incorporated) that, together with such Loan Party, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code. "ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the failure with respect to any Plan to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by any Loan Party or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to any Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (e) the receipt by any Loan Party or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by any Loan Party or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal of any Loan Party or any of its ERISA Affiliates from any Plan or Multiemployer Plan; or (g) the receipt by any Loan Party or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any Loan Party or any ERISA Affiliate of any notice, concerning the imposition upon any Loan Party or any of its ERISA Affiliates of withdrawal liability under Section 4201 of ERISA or a determination that a Multiemployer Plan is, or is expected to be, insolvent, within the meaning of Title IV of ERISA. "Erroneous Payment" has the meaning set forth in Section 6.20(a). "EU" means the European Union. "EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time. "Event of Default" means the occurrence of any event described in Section 14.1. "Excluded Funded Debt" has the meaning set forth in Section 13.10(f). "Excluded Items" has the meaning set forth in Section 11.1.2. "Excluded Property" means any of (a) any Equity Interests in any Dealership, any Canadian Foreign Subsidiary (except any Canadian Subsidiary that is a Financed Entity) and, to the extent prohibited by any manufacturer of Vehicles, any Subsidiary of the Company that is the holder of five percent (5%) or more of the Equity Interests in any Dealership; (b) any real estate or interest in real estate, including a lease or rents thereunder, and any improvements and fixtures, unless any of the foregoing constitute Eligible Real Property; (c) any voting stock of any direct Subsidiary of any Loan Party that is a controlled foreign corporation (as defined in Section 957 of the Internal Revenue Code (a "CFC")) in excess of 65% of the total combined voting power of all classes of stock of such CFC that are entitled to vote (within the meaning of Section 1.956-2(c)(2) of the Treasury Regulations), to the extent the pledge of a greater 16 115525625.4 0063724-00082 percentage would reasonably be expected to result in material adverse tax consequences to any Borrower, as reasonably determined in good faith by the Borrowers; (d) any lease, license or other agreement or contract or any property subject to a purchase money security interest, Lien securing a Capitalized Lease Obligation or similar arrangement, in each case permitted to be incurred under this Agreement, to the extent that a grant of a security interest therein would require a consent not obtained or violate or invalidate such lease, license, agreement or contract or purchase money arrangement, Capitalized Lease Obligation or similar arrangement or create a right of termination in favor of any other party thereto (other than the Company or an Affiliate of the Company), in each case after giving effect to the applicable anti-assignment provisions of the Uniform Commercial Code ("UCC") and other Applicable Law and other than proceeds and receivables thereof; (e) any United States intent-to-use Trademark applications to the extent that, and solely during the period in which, the grant, attachment or enforcement of a security interest therein would, under applicable federal law, impair the registrability of such applications or the validity or enforceability of registrations issuing from such applications; (f) any asset or property to the extent that the grant of a security interest is prohibited by Applicable Law or requires a consent not obtained of any Governmental Authority pursuant to such

applicable law, rule or regulation, in each case after giving effect to the applicable anti-assignment provisions of the UCC and other Applicable Law and other than proceeds and receivables thereof; and (g) with respect to any Dual Subsidiary, any Vehicles or related assets that such Dual Subsidiary acquires with Permitted Dual Subsidiary Indebtedness and related assets (including proceeds) with respect to which the Agent has expressly agreed, in an Intercreditor Agreement, are not Collateral under the Loan Documents; provided, however, that "Excluded Property" shall not include any proceeds, products, substitutions or replacements of any Excluded Property (unless such proceeds, products, substitutions or replacements would constitute Excluded Property). "Excluded Subsidiary" means any of (a) each Excluded Tax Credit Investment Subsidiary; and (b) each DFC Subsidiary. "Excluded Swap Obligation" means, any Swap Obligation with respect to a Lender-Provided Swap if, and only to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof), including by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one Swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to Swaps for which such guarantee or security interest is or becomes illegal. "Excluded Tax Credit Investment Subsidiary" means any of (a) LCDC and (b) any present or future Subsidiary of the Company that is formed for the sole purpose of making Investments permitted under Section 13.6(p). "Excluded Taxes" means, in the case of each Lender or applicable Lending Installation, the LC Issuer, and the Agent, (a) Taxes imposed on its overall net income, franchise Taxes, or 17 115525625.4 0063724-00082



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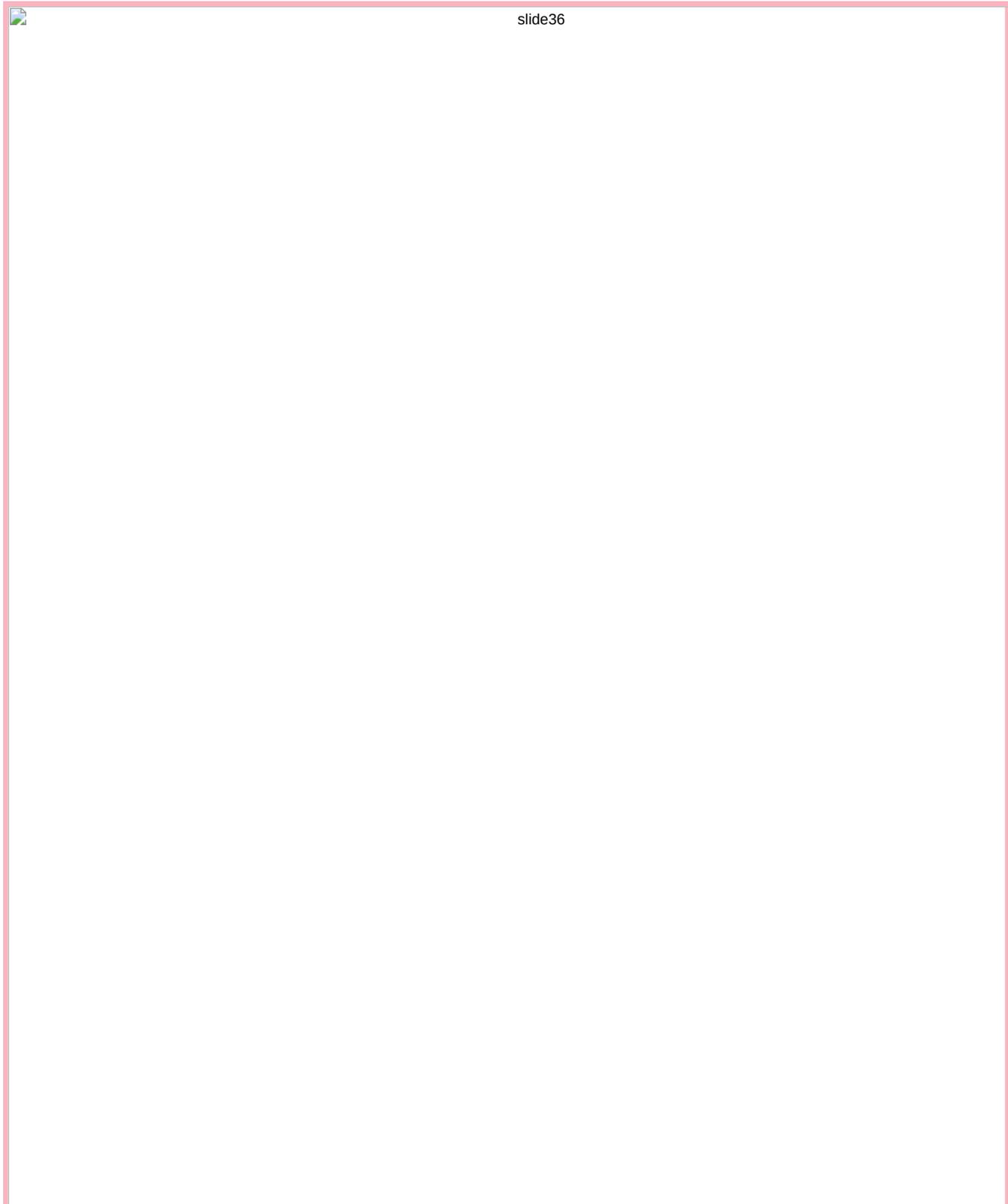
branch profits Taxes, in each case, (i) imposed on it, by the respective jurisdiction under the laws of which such Lender, the LC Issuer or the Agent is incorporated or is organized or in which its principal executive office is located or, in the case of a Lender, in which such Lender's applicable Lending Installation is located, or (ii) that are Other Connection Taxes, (b) in the case of a Lender, any U.S. federal withholding tax that is imposed on amounts payable to such Lender pursuant to the laws in effect at the time such Lender becomes a party to this Agreement or designates a new Lending Installation, except in each case to the extent that, pursuant to Section 7.4.1, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Installation, (c) Taxes attributable to a Lender's, the LC Issuer's or the Agent's failure to comply with Section 7.4.6, and (d) any U.S. federal withholding taxes imposed by FATCA. "Excluded Vehicle" means, collectively, (a) any recreational vehicle, motor home, bus, tow or recovery vehicle, all-terrain vehicle, snowmobile, water craft, scooter or moped, (b) any vehicle designed for use primarily in construction, agricultural or farming operations and (c) any vehicle with a gross vehicle weight rating above 16,000 pounds. "Existing Letters of Credit" has the meaning set forth in Section 5.2. "Existing Loan Agreement" has the meaning set forth in Recital A. "Existing Subsidiary Joinder Agreement" means an agreement substantially in the form attached hereto as Exhibit K. "Extending Lender" has the meaning set forth in Section 6.18.5. "FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities entered into in connection with the implementation of the foregoing. "Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Pacific time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion. "Financed Entity" means, at any time, a Person that owns any assets that are included in any of the Revolving Loan Borrowing Base, the Service Loaner Vehicle Borrowing Base or the Used Vehicle Borrowing Base at such time. 18 115525625.4 0063724-00082 "Fiscal Year" means the fiscal year of the Company and its Subsidiaries, the last day of which is December 31. "Fixed Charge Coverage Ratio" has the meaning set forth in Section 11.1.2. "Fleet Sale Contract" means an agreement or series of agreements by a Dealership to sell more than five New Vehicles to a purchaser if at any time there will be more than five Vehicles for which such Dealership has not been paid in full, and shall include all documents evidencing such sale, including the contract or contracts between such Dealership and the purchaser, delivery agreements and purchase orders. "Fleet Vehicle" means a New Vehicle that is to be sold by a Dealership pursuant to a Fleet Sale Contract. "Floor" means a rate of interest equal to 0%. "FLSA" means the Fair Labor Standards Act of 1938, as amended from time to time, and the regulations promulgated thereunder. "Foreign Dealership" means a Dealership whose primary business is the retail sale or retail sale and lease of new and/or used automobiles, trucks and/or motorcycles outside of the United States. "Foreign Receivables or Securitization Assets" means (a) any accounts receivable, mortgage receivables, loan receivables, equipment, royalty, franchise fee, license fee, patent or other revenue streams and other rights to payment or related assets and the proceeds thereof and any securities backed by such assets and (b) all collateral securing such receivable or assets, all contracts and contract rights, guarantees or other obligations in respect of such receivable or asset, lockbox accounts and records with respect to such account or asset and any other asset customarily transferred (or in respect of which security interests are customarily granted) together with accounts or assets in connection with a securitization or receivable sale transaction. "Foreign Receivables or Securitization Transaction" means one or more transactions pursuant to which (i) Foreign Receivables or Securitization Assets or interests therein are sold or transferred to or financed by one or more Special Purpose Securitization Subsidiaries, and (ii) such Special Purpose Securitization Subsidiaries finance (or refinance) their acquisition of such Foreign Receivables or Securitization Assets or interests therein, or the financing thereof, by selling or borrowing against Foreign Receivables or Securitization Assets (including conduit and warehouse financings) and any hedging agreements entered into in connection with such Foreign Receivables or Securitization Assets; provided, that recourse to the Company or any Subsidiary (other than the Special Purpose Securitization Subsidiaries) in connection with such transactions shall be limited to the extent customary (as determined by the Company in good faith) for similar transactions in the applicable jurisdictions (including, to the extent applicable, in a manner consistent with the delivery of a "true sale"/"absolute transfer" opinion with 19 115525625.4 0063724-00082



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respect to any transfer by the Company or any Subsidiary (other than a Special Purpose Securitization Subsidiary)). "Foreign Subsidiary" means any Subsidiary of the Company organized under the laws of any jurisdiction other than the United States or any state or other political subdivision thereof. "Foreign Subsidiary indebtedness" has the meaning set forth in Section 13.10(p). "Former Lender" has the meaning set forth in Section 9.3.1. "Former Lender Loan" means a loan made by a Former Lender to finance a New Vehicle Floorplan Dealership's New Vehicles. "Franchise Agreement" has the meaning set forth in Section 10.21. "Fronting Exposure" means, at any time there is a Defaulting Lender, (a) with respect to the LC Issuer, such Defaulting Lender's ratable share of the LC Obligations with respect to Letters of Credit issued by the LC Issuer other than LC Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swing Line Lender, such Defaulting Lender's ratable share of outstanding Swing Line Loans made by the Swing Line Lender other than Swing Line Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders. "Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business. "Funded Debt" means (i) Indebtedness of the type described in clauses (a), (b), (c) and (f) of the definition of Indebtedness, and (ii) all Contingent Obligations in respect of Indebtedness of the type described in clauses (a), (b), (c), and (f) of the definition of Indebtedness; provided, however, that Funded Debt shall not include unsecured trade accounts payable incurred in the ordinary course of business. "GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession) which are applicable to the circumstances as of the date of application. "Governmental Approval" means any authorization, order, consent, adjudication, approval, certificate of compliance, license, permit, validation, or exemption from, contract with, registration or filing with, or report or notice to, any Governmental Body required or permitted by Applicable Law. 20 115525625.4 0063724-00082 "Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervisory Practices or any successor or similar authority to any of the foregoing). "Governmental Body" means (a) any foreign or domestic federal, state or local government or municipality or political subdivision of any government or municipality, (b) any assessment, improvement, community facilities or other special taxing district, (c) any governmental or quasi-governmental body, authority, board, bureau, commission, corporation, department, instrumentality or public body, (d) any court, administrative tribunal, arbitrator, public utility or regulatory body, or (e) any central bank or comparable authority. "Guarantor" means each Subsidiary which at any time executes a Guaranty of the Revolving Loan Obligations, Service Loaner Vehicle Floorplan Obligations and Used Vehicle Floorplan Obligations for the benefit of the Agent and the Lenders, it being understood that (a) a Subsidiary shall cease to be a Guarantor from and after the time (if ever) the Loan Documents permit the release of such Guaranty and such Subsidiary and the Agent execute and deliver a Loan Party Termination Agreement and (b) each present and future Subsidiary of the Company, that owns or operates a Dealership (other than (ix) Canadian Subsidiaries Foreign Subsidiary that are not a Financed Entities and Entity or (iv) an Excluded Subsidiaries Subsidiary) shall be or become a Guarantor. "Guarantor Joinder Agreement" means an agreement substantially in the form attached hereto as Exhibit J. "Guarantor Obligations" means all present and future indebtedness, obligations, liabilities, reimbursements, indemnities, covenants, warranties and duties of each present and future Guarantor of the Used Vehicle Floorplan Obligations, Service Loaner Vehicle Floorplan Obligations and Revolving Loan Obligations to the Agent and the Lenders pursuant to any Guaranty of the Used Vehicle Floorplan Obligations, Service Loaner Vehicle Floorplan Obligations and Revolving Loan Obligations at any time executed by such Guarantor; provided that the Guarantor Obligations shall exclude all Excluded Swap Obligations. "Guaranty" means each guaranty of the Revolving Loan Obligations, Service Loaner Vehicle Floorplan Obligations and Used Vehicle Floorplan Obligations heretofore, contemporaneously herewith or hereafter executed by any Person.





hereafter in effect; (b) asbestos and any substance or compound containing asbestos; (c) petroleum, natural gas, natural gas liquids, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; (d) urea formaldehyde foam insulation; (e) polychlorinated biphenyls (PCBs); (f) radon; and (g) any other chemical, material, or substance, exposure to which (because of its quantity, concentration, or physical or chemical characteristics) is limited or regulated for health and safety reasons by any Governmental Authority, or which poses a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment. "Highest Lawful Rate" means, on any day, the maximum non-usurious rate of interest permitted for that day by applicable federal or state law, stated as a rate per annum. "Increasing Lender" has the meaning set forth in Section 6.12.2. "Indebtedness" means, without duplication, with respect to any Person, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services; (b) all obligations evidenced by bonds, notes, debentures, convertible debentures or other similar instruments; (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired (even though the rights and remedies of the seller or lender under such agreement in the event of default, acceleration, or termination are limited to repossession or sale of such property); (d) all obligations under letters of credit, bankers' and trade acceptances, surety bonds and similar instruments; (e) all obligations under Swaps; (f) all Capitalized Lease Obligations and all obligations as lessee under Synthetic Leases; (g) all indebtedness that is required in accordance with GAAP to be included as a liability on such Person's balance sheet; (h) all Contingent Obligations; and (i) all indebtedness referred to in clause (a), (b), (c), (d), (e), (f), (g), and (h) above secured by any lien, security interest or other charge or encumbrance upon or in property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; and (j) if any Event of Default described in Section 14.1.12 has occurred, the liability, if any, related thereto. For purposes of this definition, the Indebtedness of any Person shall include the indebtedness of any partnership in which such Person is a general partner, unless such Indebtedness is expressly made non-recourse to such Person. In respect of Indebtedness described in clause (i) of the foregoing definition, the amount of such Indebtedness as of any date of determination will be the lesser of (x) the fair market value of the subject property as of such date and (y) the amount of such Indebtedness as of such date. "Indemnified Persons" has the meaning set forth in Section 5.12. "Indemnified Taxes" means Taxes imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document, other than Excluded Taxes and Other Taxes. 22 115525625.4 0063724-00082 "Initial Condition" has the meaning set forth in Section 9.1. "Intercreditor Agreement" means an intercreditor agreement to be entered into by and among the Agent and the Required Intercreditor Counterparties, which shall be in form and substance satisfactory to the Agent. "Interest Period" means, with respect to a Term SOFR Loan, a period of three or six months (in each case, subject to the availability thereof) commencing on a Business Day selected by the applicable Borrower pursuant to this Agreement and ending on the day that corresponds numerically to such date three or six months thereafter; provided that (a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such succeeding Business Day falls in a new calendar month, in which case such Interest Period shall end on the immediately preceding Business Day; (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; (c) no Interest Period shall extend beyond the Termination Date; and (d) no tenor that has been removed from this definition pursuant to Section 7.3(b)(iv) may be available for selection by the Company. "Investments" has the meaning set forth in Section 13.6. "ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto. "Landlord's Consent" has the meaning set forth in Section 12.13. "LC Agreement" has the meaning set forth in Section 5.3. "LC Application" has the meaning set forth in Section 5.3. "LC Collateral Account" has the meaning set forth in Section 5.11. "LCDC" means Lithia Community Development Company, Inc., an Oregon corporation. "LC Fee" has the meaning set forth in Section 5.10.1. "LC Fee Percentage" has the meaning set forth in the Pricing Schedule. 23 115525625.4 0063724-00082



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"LC Issuer" means U.S. Bank (or any subsidiary or affiliate of U.S. Bank designated by U.S. Bank) in its capacity as issuer of Letters of Credit hereunder. "LC Obligations" means, as of any date of determination, the sum, without duplication, of (a) the aggregate undrawn stated amount under Letters of Credit outstanding at such time, plus (b) the aggregate unpaid amount at such time of all Reimbursement Obligations. "LCA Test Date" has the meaning set forth in Section 1.5. "Lender" has the meaning set forth in the introductory paragraph and includes, as the context requires, the LC Issuer and Swing Line Lender. "Lender Party" has the meaning set forth in Section 6.20(a). "Lender-Provided Swap" means a Swap which is provided to the Company or any Subsidiary by the Agent, the LC Issuer, any other Lender or any Affiliate thereof (at the time such Swap is entered into). "Lending Installation" means, with respect to a Lender or the Agent, the office, branch, subsidiary or affiliate of such Lender or the Agent listed on the signature pages hereof (in the case of the Agent) or on its Questionnaire (in the case of a Lender) or otherwise selected by such Lender or the Agent pursuant to Section 6.3.2. "Letter of Credit" means any of the Existing Letters of Credit and any letter of credit issued pursuant to Article 5. "Letter of Credit Commitment" (which is a sublimit of the Revolving Loan Commitment) means an amount equal to \$75,000,000.00/75,000,000. "Leverage Ratio" has the meaning set forth in Section 11.1.3. "Lien" means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority, or other security agreement or preferential arrangement, charge, or encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the interest of a lessor under a Capital Lease or Synthetic Lease and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction to evidence any of the foregoing). "Limited Condition Acquisition" means any Acquisition that is not conditioned on the availability of, or on obtaining, third-party financing. "Loan" or "Loans" means any one or more of the New Vehicle Floorplan Loans, Used Vehicle Floorplan Loans, Service Loaner Vehicle Floorplan Loans, Revolving Loans and Swing Line Loans. 24 115525625.4 0063724-00082 "Loan Documents" means this Agreement, the LC Agreements, the Letters of Credit, the LC Applications, the Collateral Documents, each Intercreditor Agreement, the promissory notes evidencing the Obligations, the Guaranties, and all other documents and instruments attached hereto, referred to herein, heretofore or contemporaneously herewith or hereafter executed or delivered to the Agent and the Lenders by any Loan Party in connection with the Obligations. "Loan Party" means any Borrower or Guarantor. "Loan Party Termination Agreement" means with respect to any Loan Party (other than a Silo Subsidiary) that shall cease to be a Borrower or a Guarantor hereunder, an agreement substantially in the form attached as Exhibit H-1. "Loan Year" means each 12 month period commencing on (and including) the Closing Date (or an Anniversary Date) and ending on (but excluding) the next succeeding Anniversary Date. "LRE" means Lithia Real Estate, Inc., an Oregon corporation. "Material Adverse Effect" means a (a) material adverse change in or material adverse effect upon the business, management, properties, condition (financial or otherwise), assets or operations of the Company and its Subsidiaries taken as a whole; or (b) a material adverse effect upon or material impairment in (i) the attachment, perfection, or priority of the security interests of the Agent and the Lenders in the Collateral or in the value of any material part of the Collateral; (ii) the ability of the Company and its Subsidiaries taken as a whole to perform their obligations under this Agreement or any other Loan Document, or (iii) the legality, validity, binding effect or enforceability of or the rights and remedies available to the Agent and the Lenders under this Agreement or any other Loan Document. "Maximum Revolving Loan Amount" means, as of any date of determination, the lesser of (a) the Aggregate Revolving Loan Commitment minus any Reserve Amount; and (b) the Revolving Loan Borrowing Base at such time minus any Reserve Amount. "Maximum Service Loaner Vehicle Floorplan Amount" means, as of any date of determination, the lesser of (a) the Aggregate Service Loaner Vehicle Floorplan Commitment; and (b) the Service Loaner Vehicle Borrowing Base. "Maximum Used Vehicle Floorplan Amount" means, as of any date of determination, the lesser of (a) the Aggregate Used Vehicle Floorplan Commitment; and (b) the Used Vehicle Borrowing Base. "Measurement Period" has the meaning set forth in Section 11.1.2. "Minimum Collateral Amount" means, with respect to a Defaulting Lender, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 105% of the Fronting Exposure of the LC Issuer with respect to such Defaulting Lender 25 115525625.4 0063724-00082



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Lender for all Letters of Credit issued and outstanding at any such time and (b) otherwise, an amount determined by the Agent and the LC Issuer in their sole discretion. "Minority Dealer" means a Minority Dealer Affiliate or a Minority Dealer Subsidiary, provided, that the Company shall not designate more than a total of seven Minority Dealers at any one time, in addition to the designation of DCH CA, LLC as a Minority Dealer. "Minority Dealer Affiliate" means a Person, designated in writing by the Company to the Agent from time to time, (a) in which one or more Minority Dealer Partners, and one or more Loan Parties, has an equity ownership interest and (b) which is not otherwise a Subsidiary of the Company. "Minority Dealer Partner" means an individual of ethnic minority descent, designated in writing by the Company to the Agent from time to time, who owns any equity ownership interests in a Minority Dealer, and any Affiliate of such individual through which the individual holds his or her equity ownership interests in a Minority Dealer. "Minority Dealer Subsidiary" means a Subsidiary of the Company, designated in writing by the Company to the Agent from time to time, in which one or more Minority Dealer Partners owns, directly or indirectly, equity ownership interests of such Subsidiary or has the right to acquire, directly or indirectly, equity ownership interests of such Subsidiary.

"Modify" and "Modification" has the meaning set forth in Section 5.1. "Moody's" means Moody's Investors Service, Inc. "Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which any Loan Party or any ERISA Affiliate is, or in the immediately preceding six years was, a party to which more than one employer is obligated to make contributions. "Net Mark-to-Market Exposure" of a Person means, as of any date of determination, with respect to any Swap, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from such Swap. "Unrealized losses" means the fair market value of the cost to such Person of replacing such Swap as of the date of determination (assuming the Swap were to be terminated as of that date), and "unrealized profits" means the fair market value of the gain to such Person of replacing such Swap as of the date of determination (assuming such Swap were to be terminated as of that date). "New Loan Party" means an Acquisition Subsidiary that, pursuant to Section 12.17, is required to execute a Guarantor Joinder Agreement or Borrower Joinder Agreement. "New Vehicle" means a Vehicle that has never been owned except by a manufacturer, distributor or dealer (including a vehicle acquired by trade with another dealer); has never been registered or titled; is of the current or immediately preceding model year; and, except for a Demo, has not been driven more than 500 total miles. 26 115525625.4 0063724-00082 "New Vehicle Floorplan Advance" means a borrowing consisting of the New Vehicle Floorplan Loans to be made by the Lenders on any date. "New Vehicle Floorplan Borrower" means the Company, any Dealership executing this Agreement as a New Vehicle Floorplan Borrower and any Dealership which hereafter becomes a New Vehicle Floorplan Borrower in accordance with the requirements of this Agreement, in its capacity as a borrower under the credit facilities described in Article 2 of this Agreement. "New Vehicle Floorplan Borrowing Rate" means the sum of (a) Adjusted Daily Simple SOFR or the Term SOFR Alternative Rate, as designated by the Company from time to time, plus (b) the New Vehicle Floorplan Margin. "New Vehicle Floorplan Commitment" means for each Lender, the obligation of such Lender to make New Vehicle Floorplan Loans to the New Vehicle Floorplan Borrowers and to participate in New Vehicle Swing Line Loans, in an aggregate amount not exceeding the amount set forth for such Lender on Schedule 1, as such amount may be modified as the result of any assignment or as otherwise modified from time to time pursuant to Section 6.17 or the other provisions hereof. "New Vehicle Floorplan Commitment Fee" has the meaning set forth in Section 2.1.7. "New Vehicle Floorplan Commitment Fee Rate" has the meaning set forth in the Pricing Schedule. "New Vehicle Floorplan Dealership" means each New Vehicle Floorplan Borrower except the Company. "New Vehicle Floorplan Loan" has the meaning set forth in Section 2.1.1. "New Vehicle Floorplan Margin" has the meaning set forth in the Pricing Schedule. "New Vehicle Floorplan Obligations" means all present and future New Vehicle Floorplan Loans, New Vehicle Swing Line Loans, and other debts, liabilities, obligations, reimbursements, indemnities, covenants, warranties, duties and obligations relating thereto of each New Vehicle Floorplan Borrower to the Agent and the Lenders under this Agreement, and the other Loan Documents, whether now or hereafter existing or incurred, whether liquidated or unliquidated, whether absolute or contingent, and including without limitation principal, interest, fees, Attorney Costs, expenses and charges relating to any of the foregoing. "New Vehicle Loan" means a New Vehicle Floorplan Loan or New Vehicle Swing Line Loan. "New Vehicle Loan Advance" means any New Vehicle Floorplan Advance or any New Vehicle Swing Line Loan made to finance Eligible New Vehicles. "New Vehicle Loan Advance Date" means (a) with respect to any New Vehicle (other than a New Vehicle previously financed with a Former Lender Loan or an advance under the Existing Loan Agreement), the date the New Vehicle Loan Advance was made to finance such 27 115525625.4 0063724-00082



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Vehicle; (b) with respect to any New Vehicle previously financed by a Former Lender and refinanced with a New Vehicle Loan Advance, the date the advance was made by the Former Lender to finance the applicable Vehicle; and (c) with respect to any New Vehicle previously financed under the Existing Loan Agreement, the date the advance was made under the Existing Loan Agreement to finance the applicable Vehicle. "New Vehicle Monthly Payment Date" means the tenth day of each month, or if such day is not a Business Day, the next Business Day. "New Vehicle Swing Line Commitment" (which is a sublimit of the Aggregate New Vehicle Floorplan Commitment) means an amount equal to \$100,000,000.00/100,000,000.00 plus the aggregate balance in all PR Accounts. "New Vehicle Swing Line Loan" has the meaning set forth in Section 2.2.1. "Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time. "Non-Extending Lender" has the meaning set forth in Section 6.18.2. "Non-U.S. Lender" means a Lender that is not a United States person as defined in Section 7701(a)(30) of the Code. "Notice Date" has the meaning set forth in Section 6.18.2. "Obligations" means all present and future Loans, New Vehicle Floorplan Obligations, Used Vehicle Floorplan Obligations, Service Loaner Vehicle Floorplan Obligations, Revolving Loan Obligations, LC Obligations, and other debts, liabilities, obligations, reimbursements, indemnities, covenants, warranties, duties and obligations of any one or more of the Borrowers to the Agent and the Lenders under the LC Agreements, LC Applications, the Letters of Credit, this Agreement, and the other Loan Documents, whether now or hereafter existing or incurred, whether liquidated or unliquidated, whether absolute or contingent, and including without limitation principal interest, fees, Attorney Costs, expenses and charges relating to any of the foregoing, provided, however, that the Obligations shall exclude all Excluded Swap Obligations. "OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control, and any successor thereto. "Original Equipment Manufacturer" means the original manufacturer of a Vehicle. "Other Connection Taxes" means, in the case of each Lender or applicable Lending Installation, the LC Issuer, and the Agent, Taxes imposed as a result of a present or former connection between such Person and the jurisdiction imposing such Tax (other than connections arising from such Person having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document or sold or assigned an interest in any Loan or Loan Document). 28 115525625.4 0063724-00082 "Other New Subsidiary" means a Subsidiary, (a) 100% of the Equity Interests of which are owned, directly or indirectly by the Company, (b) which is not in the business of selling, servicing or leasing motor vehicles or owning real property and (c) with respect to which the Loan Parties have complied with the requirements of Section 12.17. "Other Service Loaner Floorplan Financing" means extensions of credit to a Dealership by an Other Service Loaner Floorplan Lender (other than extensions of credit under this Agreement), all proceeds of which are used to purchase or finance Service Loaner Vehicles. "Other Service Loaner Floorplan Lender" means a motor vehicle manufacturer or distributor or a financial institution or commercial finance company acceptable to the Agent which is affiliated with a motor vehicle manufacturer or distributor and which provides financing for Service Loaner Vehicles to a Dealership. "Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Sections 6.15 and 7.5). "Out of Balance Condition" means, with respect to (i) a New Vehicle Floorplan Loan, the outstanding balance thereof has not been paid in accordance with Sections 2.3.3 or 2.3.4, (ii) a Used Vehicle Floorplan Loan, the outstanding balance thereof has not been paid in accordance with Section 3.1.8 or and (iii) a Service Loaner Vehicle Floorplan Loan, the outstanding balance thereof has not been paid in accordance with Section 3.3.8. "Outstanding Credit Exposure" means, as to any Lender at any time, the sum of (a) the then outstanding principal amount of its New Vehicle Floorplan Loans, Used Vehicle Floorplan Loans, Service Loaner Vehicle Floorplan Loans and Revolving Loans, plus (b) an amount equal to its ratable share of the aggregate principal amount of Swing Line Loans outstanding at such time, plus (c) an amount equal to its ratable share of the LC Obligations at such time. "Outstanding New Vehicle Floorplan Exposure" means, as to any Lender at any time, the sum of (a) the then outstanding principal amount of its New Vehicle Floorplan Loans, plus (b) an amount equal to its ratable share of the aggregate principal amount of New Vehicle Swing Line Loans outstanding at such time. "Outstanding Revolving Loan Exposure" means, as to any Lender at any time, the sum of (a) the then outstanding principal amount of its Revolving Loans, plus (b) an amount equal to its ratable share of the aggregate principal amount of Revolving Swing Line Loans outstanding at such time, plus (c) an amount equal to its ratable share of the LC Obligations at such time. "Outstanding Service Loaner Vehicle Floorplan Exposure" means, as to any Lender at any time, the sum of (a) the then outstanding principal amount of its Service Loaner Vehicle Floorplan Loans, plus (b) an amount equal to its ratable share of the aggregate principal amount of Service Loaner Vehicle Swing Line Loans outstanding at such time. 29 115525625.4 0063724-00082



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"Outstanding Used Vehicle Floorplan Exposure" means, as to any Lender at any time, the sum of (a) the then outstanding principal amount of its Used Vehicle Floorplan Loans, plus (b) an amount equal to its ratable share of the aggregate principal amount of Used Vehicle Swing Line Loans outstanding at such time. "Pari Passu Funded Debt" means Funded Debt incurred by the Company and the other Loan Parties provided that each of the following conditions are satisfied: (a) such Funded Debt is permitted under subsection (f) of Section 13.10; (b) the Company has delivered to the Agent a Revolving Loan Borrowing Base Certificate certifying that, on the date of incurrence of such Funded Debt and after giving effect to such issuance as Pari Passu Funded Debt, the Revolving Loan Availability is not less than \$1.00; (c) the proceeds of such Funded Debt are used by the Company to repay Revolving Loans (to the extent outstanding); (d) the stated final maturity and any required principal amortization of such Funded Debt is not earlier than 91 days following the Termination Date as in effect on the date of incurrence of such Funded Debt; (e) such Funded Debt is incurred or guaranteed by the Company and all other Loan Parties and no Subsidiaries of the Company that are not Loan Parties shall have any obligations in respect of such Funded Debt; (f) such Funded Debt is secured by the Collateral, and no property or assets of the Company or any of its Subsidiaries, other than the Collateral, secures such Funded Debt; (g) the terms and conditions (other than pricing, rate floors, discounts and fees) governing such Funded Debt are not materially less favorable to the Company or any other Loan Party than the terms and conditions of the Loan Documents; and (h) the Persons to whom such Funded Debt is owed, or their agent, collateral agent or other

representative, have entered into an intercreditor agreement with the Agent that (A) shall provide that the Agent is the collateral agent (on behalf of the Persons to whom the Pari Passu Funded Debt is owed) for all liens on Collateral securing any Pari Passu Funded Debt, all actions with respect to any Collateral must be taken through the Agent, and any proceeds of Collateral resulting from enforcement of rights and remedies must be applied as follows: first, to reasonable costs and expenses of the Agent in connection with enforcement of rights and remedies, including foreclosure, sale and collection of the Collateral, and second, ratably, to the Pari Passu Funded Debt and the Obligations (and certain designated Indebtedness that refinances the Obligations or the Aggregate Commitments), and (B) shall otherwise be in form and content satisfactory to the Agent and the Required Lenders. "Participant" has the meaning set forth in Section 17.3.1. "Participant Register" has the meaning set forth in Section 17.3.3. "PATRIOT Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended from time to time, and any successor statute. "Payment Commitment" means a commitment entered into between Agent and a manufacturer or distributor, providing for payment of funds directly to such manufacturer or distributor in payment for a New Vehicle Floorplan Borrower's purchase of New Vehicles from such manufacturer or distributor. "Payment Commitment Collateral Account" has the meaning set forth in Section 2.3.5. 30 115525625.4 0063724-00082 "Payment Recipient" has the meaning set forth in Section 6.20(a). "PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA. "Per Annum Fee" has the meaning set forth in Section 6.16. "Permitted Acquisition" means an Acquisition which is permitted by Section 13.13. "Permitted Dual Subsidiary Guaranty" means, with respect to any Permitted Dual Subsidiary Indebtedness provided by any Dual Subsidiary Lender, the guaranty of such Permitted Dual Subsidiary Indebtedness by (a) the Company or (b) any Dual Subsidiary that operates one or more dealerships at which new Vehicle, used Vehicle or service loaner Vehicle Permitted Dual Subsidiary Indebtedness is provided by such Dual Subsidiary Lender. "Permitted Dual Subsidiary Indebtedness" means Indebtedness (including Permitted Dual Subsidiary Guaranties but excluding Indebtedness provided pursuant to this Agreement) incurred from time to time by any Dual Subsidiary consisting of floorplan financing for new Vehicles, used Vehicles or service loaner Vehicles provided by financial institutions or manufacturer-affiliated finance companies ("Dual Subsidiary Lenders") to such Dual Subsidiaries, provided that each Required Intercreditor Counterparty with respect to such Indebtedness is a party to and bound by an Intercreditor Agreement. "Permitted Liens" means Liens permitted by Section 13.3. "Permitted New Dealership" means a Dealership (a) 100% (or if the Company is not permitted to hold 100% of such Equity Interests because of limitations imposed by the relevant manufacturer's franchise agreement, at least 80%) of the Equity Interests of which are owned, directly or indirectly by the Company or (b) that is a Minority Dealer Subsidiary, (b) which is organized to own and operate a newly established automobile or motorcycle dealership point, and (c) with respect to which the Loan Parties have complied with the requirements of Section 12.17. "Permitted Restrictions" means restrictions on the ability of any Subsidiary to declare or pay any dividend or make other distributions, or to advance or loan funds or transfer assets, to the Company or any other Subsidiary, to borrow money from the Company or any other Subsidiary, to grant Liens on the assets of such Subsidiary, to secure the Obligations or the Guarantor Obligations or to guaranty the Obligations: (a) as set forth on the Disclosure Schedule on the Closing Date, including restrictions imposed by existing Other Service Loaner Floorplan Financing arrangements, (b) pursuant to modifications to Other Service Loaner Floorplan Financing arrangements in effect on the Closing Date, provided that such modifications are not materially more restrictive; (c) pursuant to Other Service Loaner Floorplan Financing arrangements with any Other Service Loaner Floorplan Lender other than a Person which is an Other Service Loaner Floorplan Lender on the Closing Date; (d) applicable to a Person at the time such Person becomes a Subsidiary and not created in contemplation of such an event; (e) resulting from manufacturer-imposed modifications to any Franchise Agreement; (f) imposed by Applicable Law; (g) as set forth in the organizational documents of a Loan Party and consisting of requirements for director, manager, shareholder or member approval; (h) as set forth in any 31 115525625.4 0063724-00082



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document relating to Funded Debt permitted under Sections 13.10(o), (p) or (s), but only to the extent applicable to Silo Subsidiaries, Canadian Foreign Subsidiaries (other than any Canadian Subsidiary that is a Financed Entity) or Dual Subsidiaries and to the extent such restriction does not directly or indirectly prohibit any Silo Subsidiary, Canadian Subsidiary (that is a Financed Entity) or Dual Subsidiary from guarantying, or impose any restriction on the ability of any Silo Subsidiary, Canadian Subsidiary (that is a Financed Entity) or Dual Subsidiary to guaranty, the Obligations; (i) as set forth in any document relating to Additional Funded Debt/Indebtedness permitted under Section 13.10(l) or Canadian Subsidiary Indebtedness, in each case only to the extent, provided that such restriction does not directly or indirectly prohibit any Dealership (other than (x) a Foreign Subsidiary that is not a Financed Entity or (y) an Excluded Subsidiary) from guarantying, or impose any restriction on the ability of any such Subsidiary to guaranty, the Obligations; (i) as set forth in any document relating to Indebtedness permitted under Section 13.10(d), (k) on or with respect to any Excluded Subsidiary, or (i) in connection with any Canadian Foreign Receivables or Securitization Transaction, provided such restrictions are limited to obligors of Canadian Foreign Receivables or Securitization Transactions and do not include any Financed Entity. "Permitted Swap Obligations" means Swap Obligations of the Company under Swaps which are entered into or maintained by the Company with a Lender, which are entered into in the ordinary course of business for risk management purposes investment speculative purposes. "Person" means any natural person, corporation, general partnership, limited liability company, firm, trust, association, unincorporated organization, government, political subdivision or any agency, department, or instrumentality thereof, or any other entity or organization, whether acting in an individual, fiduciary or other capacity. "Plan" means an employee pension benefit plan which is covered distribution 21. SECTION 16 COMPLIANCE. The Plan, and transactions hereunder Title IV of ERISA or persons the minimum funding standards under 412 of the Code as to which any Loan Party or any ERISA Affiliate may have any liability. "Pledge Agreement" means an amended and restated pledge agreement substantially in the form attached hereto as Exhibit E. "PR Account" has the meaning set forth in Section 2.6. "PR Account Advance" has the meaning set forth in Section 2.6.2. "PR Account Borrower" has the meaning set forth in Section 2.6. "PR Account Payment" has the meaning set forth in Section 2.6.1. "Pricing Schedule" means the Schedule attached hereto which is identified as such. "Prime Rate" means a rate per annum equal to the prime rate of interest announced from time to time by the Agent or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes. 32 115525625.4 0063724-00082 "Principal" means Sidney D. DeBoer, Bryan DeBoer or another successor, or successors, reasonably acceptable to the Agent and the Required Lenders. "Pro Forma" means, with respect to any transaction, that such transaction shall be deemed to have occurred as of the first day of the Measurement Period ending as of the most recent quarter end preceding the date of such transaction for which financial statement information is available. Each of the terms "Pro Forma Basis" and "Pro Forma Effect" shall have an analogous meaning. "Prohibited Transaction" means any prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code. "Properties" has the meaning set forth in Section 12.6. "Pro Rata Share" means, as the context requires (a) with respect to the Aggregate Lender Commitment or Outstanding Credit Exposure of any Lender, (i) the percentage obtained by dividing such Lender's Aggregate Lender Commitment by the Aggregate Commitment, or (ii) if all of the Commitments have been terminated or have expired, the percentage obtained by dividing such Lender's Outstanding Credit Exposure at such time by the Aggregate Outstanding Credit Exposure at such time; (b) with respect to the New Vehicle Floorplan Commitment or Outstanding New Vehicle Floorplan Exposure of any Lender (i) the percentage obtained by dividing such Lender's New Vehicle Floorplan Commitment by the Aggregate New Vehicle Floorplan Commitment, or (ii) if all New Vehicle Floorplan Commitments have been terminated or expired, the percentage obtained by dividing such Lender's Outstanding New Vehicle Floorplan Exposure by the Aggregate Outstanding New Vehicle Floorplan Exposure; (c) with respect to the Used Vehicle Floorplan Commitment or Outstanding Used Vehicle Floorplan Exposure of any Lender (i) the percentage obtained by dividing such Lender's Used Vehicle Floorplan Commitment by the Aggregate Used Vehicle Floorplan Commitment, or (ii) if all Used Vehicle Floorplan Commitments have been terminated or expired, the percentage obtained by dividing such Lender's Outstanding Used Vehicle Floorplan Exposure by the Aggregate Outstanding Used Vehicle Floorplan Exposure; (d) with respect to the Service Loaner Vehicle Floorplan Commitment or Outstanding Service Loaner Vehicle Floorplan Exposure of any Lender (i) the percentage obtained by dividing such Lender's Service Loaner Vehicle Floorplan Commitment by the Aggregate Service Loaner Vehicle Floorplan Commitment, or (ii) if all Service Loaner Vehicle Floorplan Commitments have been terminated or expired, the percentage obtained by dividing such Lender's Outstanding Service Loaner Vehicle Floorplan Exposure by the Aggregate Outstanding Service Loaner Vehicle Floorplan Exposure; or (e) with respect to the Revolving Loan Commitment or Outstanding Revolving Loan Exposure of any Lender, (i) the percentage obtained by dividing such Lender's Revolving Loan Commitment by the Aggregate Revolving Loan Commitment, or (ii) if all Revolving Loan Commitments have been terminated or expired the percentage obtained by dividing such 33 115525625.4 0063724-00082



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Lender's Outstanding Revolving Loan Exposure by the Aggregate Outstanding Revolving Loan Exposure; provided, however that when a Defaulting Lender shall exist, the Commitments, Outstanding Credit Exposure, Outstanding New Vehicle Floorplan Exposure, Outstanding Used Vehicle Floorplan Exposure, Outstanding Service Loaner Vehicle Floorplan Exposure and Outstanding Revolving Loan Exposure of the Defaulting Lender shall be disregarded in determining the Aggregate Commitment (or Aggregate Outstanding Credit Exposure), Aggregate New Vehicle Floorplan Commitment (or Aggregate Outstanding New Vehicle Floorplan Exposure), Aggregate Used Vehicle Floorplan Commitment (or Aggregate Outstanding Used Vehicle Floorplan Exposure), Aggregate Service Loaner Vehicle Floorplan Commitment (or Aggregate Outstanding Service Loaner Vehicle Floorplan Exposure) or Aggregate Revolving Loan Commitment (or Aggregate Outstanding Revolving Loan Exposure). "Quarterly Payment Date" means the tenth day of each January, April, July and October or, if such day is not a Business Day, the next succeeding Business Day. "Rate Adjustment Date" means the first day of each month. "Real Estate Subsidiary" means any Subsidiary that does not own any assets other than real estate, cash, and assets incidental to the operation of specific real estate. "Real Property" means real property which is located in the United States, is owned by any Real Estate Subsidiary or Dealership and is occupied by the Company or a Subsidiary. "Reallocation" has the meaning set forth in Section 6.17.1. "Reallocation Request" has the meaning set forth in Section 6.17.2. "Reference Time" with respect to any setting of the then-current Benchmark means (A)(1) if such Benchmark is Adjusted Term SOFR, 10:00 a.m. (Central time) on the day that is two Business Days before the date of such setting, (2) if such Benchmark is Adjusted Daily Simple SOFR, then 3:00 p.m. (New York City time) four Business Days prior to such setting and (3) if such Benchmark is not Adjusted Term SOFR or Adjusted Daily Simple SOFR, the time determined by the Agent in its reasonable discretion or (B)(1) if such Benchmark is Daily Simple SOFR, then 3:00 p.m. (New York City time) four Business Days prior to such setting and (2) if such Benchmark is not Daily Simple SOFR, then the time determined by the Administrative Agent in accordance with the Benchmark Replacement Conforming Changes. "Refunding New Vehicle Floorplan Loan" has the meaning set forth in Section 2.2.6(a). "Refunding Revolving Loan" has the meaning set forth in Section 4.2.6(a)(i). "Refunding Service Loaner Vehicle Floorplan Loan" has the meaning set forth in Section 3.4.6(a)(i). 34 115525625.4 0063724-00082 "Refunding Used Vehicle Floorplan Loan" has the meaning set forth in Section 3.2.6(a)(i). "Register" has the meaning set forth in Section 17.5. "Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in

effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System. "Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System. "Reimbursement Obligations" means, at any time, the aggregate of all obligations of the Revolving Loan Borrower then outstanding to reimburse the LC Issuer for amounts paid by the LC Issuer in respect of any one or more drawings under Letters of Credit. "Related Principal Portion" means, with respect to each New Vehicle financed with a New Vehicle Loan Advance, the principal amount advanced under this Agreement to finance that Vehicle. "Relevant Governmental Body" means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto. "Removed Franchise" has the meaning set forth in Section 6.19. "Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided, however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code. "Reprice Date" means the first day of each month. "Repurchase Agreement" means an agreement by a manufacturer or distributor of New Vehicles (which may be a separate agreement or may be included in a Seller Agreement or Payment Commitment), in which such manufacturer agrees to repurchase New Vehicles originally purchased by a New Vehicle Floorplan Dealership from such manufacturer, all in form and substance reasonably acceptable to the Agent. 35 115525625.4 0063724-00082



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"Required Intercreditor Counterparty" means, with respect to an Intercreditor Agreement relating to Permitted Dual Subsidiary Indebtedness: (a) each Dual Subsidiary Lender providing such Permitted Dual Subsidiary Indebtedness, or an agent authorized to act on behalf of each Dual Subsidiary Lender with respect to such Indebtedness and (b) if required by the Agent, the Company and/or each Dual Subsidiary that is a borrower or guarantor of such Permitted Dual Subsidiary Indebtedness. "Required Lenders" means Lenders holding in the aggregate more than 50% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders holding in the aggregate more than 50% of the Aggregate Outstanding Credit Exposure provided that, Required Lenders shall at no time be less than two unaffiliated Lenders. The Commitments and Outstanding Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders. "Required Repayment Date" has the meaning set forth in Section 2.3.3(b). "Reserve Amount" has the meaning set forth in Section 4.1.9. "Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority. "Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in any Loan Party or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in any Loan Party or any option, warrant or other right to acquire any such Equity Interests in any Loan Party. "Revolving Loan" has the meaning set forth in Section 4.1.1. "Revolving Loan Advance" means a borrowing consisting of the Revolving Loans to be made by the Lenders on any date. "Revolving Loan Availability" means, as of any date of determination, an amount equal to (a) the Maximum Revolving Loan Amount at such time minus (b) the sum of the then outstanding principal balance of the Revolving Loans, Revolving Swing Line Loans and LC Obligations. "Revolving Loan Borrower" means the Company, in its capacity as an obligor on the Revolving Loan Obligations and LC Obligations which relate to the credit facilities described in Article 4. "Revolving Loan Borrowing Base" means, as of any date of determination: (a) an amount equal to the sum, without duplication, on such date of: (i) 100% of the amounts (excluding commissions included in clause (b) of the definition of Eligible Receivables) owing to the 36 115525625.4 0063724-00082 Dealerships in which the Agent has a perfected first priority security interest, which are owed to the Dealerships by financial institutions or finance companies which are not Affiliates of any Loan Party for the purchase by such institutions of retail installment contracts and leases arising from the sale or lease of New Vehicles and Used Vehicles (contracts in transit), which have not remained unpaid for more than 15 days, (ii) 80% of the amount of Eligible Receivables, (iii) 100% of the sum of the manufacturer's or distributor's invoices (including freight, advertising and holdbacks) for Eligible New Vehicles, (iv) 100% of the amount of the Used Vehicle Borrowing Base, (v) 75% of the Value of Eligible Real Property, provided, that this component of the Revolving Loan Borrowing Base shall not at any time exceed \$1,000,000,000.001,000,000.000, (vi) 65% of (A) the net book value of the inventory of the Company and its Subsidiaries consisting of new parts and accessories in which the Agent has a perfected first priority security interest, minus (B) the unpaid acquisition cost owed to sellers or financiers of such inventory, (vii) 40% of (A) the net book value of equipment (excluding fixtures, aircraft, and Service Loaner Vehicles) of the Company and its Subsidiaries in which the Agent has a perfected first priority security interest, minus (B) the principal amount of indebtedness or obligations to any Person (other than the Obligations) which is secured by such equipment, (b) Minus, the sum of the then outstanding aggregate principal balance of (i) New Vehicle Floorplan Loans less the sum of the aggregate amount held in the PR Accounts, in an amount up to \$200,000,000, (ii) New Vehicle Swing Line Loans, (iii) Used Vehicle Floorplan Loans, (iv) Used Vehicle Swing Line Loans and (v) Pari Passu Funded Debt. (c) Plus, the sum of the then outstanding aggregate principal balance of Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans repaid as of a date within five (5) Business Days of the date of determination (net of additional Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans borrowed). Notwithstanding anything to the contrary in this Agreement, the amounts set forth in clauses (a)(i) through (a)(vii) above shall exclude all receivables, Vehicles, real property, inventory, equipment and other property and assets of any Silo Subsidiary and any Foreign Subsidiary that is not a Financed Entity, provided 37 115525625.4 0063724-00082



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in no event shall the aggregate net book value of the Eligible Vehicles consisting of motorcycles included in the Service Loaner Vehicle Borrowing Base, Used Vehicle Borrowing Base and the Revolving Loan Borrowing Base exceed \$25,000,000. "Revolving Loan Borrowing Base Certificate" means a certificate substantially in the form attached as Exhibit C, or in such other form as is acceptable to the Agent. "Revolving Loan Borrowing Rate" means the sum of (a) Adjusted Daily Simple SOFR, Adjusted Term SOFR or the Term SOFR Alternative Rate, as designated by the Company from time to time, plus (b) the Revolving Loan Margin. "Revolving Loan Commitment" means, for each Lender, the obligation of such Lender to make Revolving Loans to the Revolving Loan Borrower, and participate in Revolving Swing Line Loans and Letters of Credit in an aggregate amount not exceeding the amount set forth on Schedule 1, as such amount may be modified as a result of any assignment or as otherwise modified from time to time pursuant to Section 6.17 or the other provisions hereof. "Revolving Loan Commitment Fee" has the meaning set forth in Section 4.1.7. "Revolving Loan Commitment Fee Rate" has the meaning set forth in the Pricing Schedule. "Revolving Loan Margin" has the meaning set forth in the Pricing Schedule. "Revolving Loan Obligations" means all present and future Revolving Loans, Revolving Swing Line Loans, LC Obligations, and other debts, liabilities, obligations, reimbursements, indemnities, covenants, warranties, duties and obligations relating thereto of the Revolving Loan Borrower to the Agent and the Lenders under the LC Agreements, LC Applications, the Letters of Credit, this Agreement, and the other Loan Documents, whether now or hereafter existing or incurred, whether liquidated or unliquidated, whether absolute or contingent, and including without limitation principal, interest, fees, Attorney Costs, expenses and charges relating to any of the foregoing. "Revolving Swing Line Commitment" (which is a sublimit of the Aggregate Revolving Loan Commitment) means an amount equal to \$60,000,000.00/60,000,000.00. "Revolving Swing Line Loan" has the meaning set forth in Section 4.2.1. "Risk-Based Capital Guidelines" means (a) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States, including transition rules, and, in each case, any amendments to such regulations. "S&P" means Standard & Poor's Ratings Group, a Standard & Poor's Financial Services LLC business. 38 115525625.4 0063724-00082 "Sanctions" means sanctions administered or enforced from time to time by the U.S. government, including those administered by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her/His Majesty's Treasury or other relevant sanctions authority. "Security Agreement" means an amended and restated security agreement substantially in the form attached hereto as Exhibit F. "Seller Agreement" means any material agreement between the Company or any of its Subsidiaries and a manufacturer, distributor or other seller of New Vehicles (including without limitation Franchise Agreements, distribution agreements, framework agreements, and the like). "Seller Notes" has the meaning set forth in Section 13.6(m). "Service Loaner Vehicle" means a Vehicle that is obtained by a Dealership directly from a manufacturer or distributor and which is used for short-term rental in the ordinary course of business or as a service loaner. "Service Loaner Vehicle Borrowing Base" means, as of any date of determination, an amount equal to the sum, without duplication, on such date of 85% of the net book value of Eligible Service Loaner Vehicles, provided in no event shall the aggregate net book value of the Eligible Vehicles consisting of motorcycles included in the Service Loaner Vehicle Borrowing Base, Used Vehicle Borrowing Base and the Revolving Loan Borrowing Base exceed \$25,000,000. "Service Loaner Vehicle Borrowing Base Certificate" means a certificate substantially in the form attached as Exhibit B-2, or in such other form as is acceptable to the Agent. "Service Loaner Vehicle Floorplan Advance" means a borrowing consisting of the Service Loaner Vehicle Floorplan Loans to be made by the Lenders on any date. "Service Loaner Vehicle Floorplan Borrower" means the Company, in its capacity as an obligor on the Service Loaner Vehicle Floorplan Obligations which relate to the credit facilities described in Sections 3.3 and 3.4. "Service Loaner Vehicle Floorplan Borrowing Rate" means the sum of (a) Adjusted Daily Simple SOFR, Adjusted Term SOFR or the Term SOFR Alternative Rate, as designated by the Company from time to time, plus (b) the Service Loaner Vehicle Floorplan Margin. "Service Loaner Vehicle Floorplan Commitment" means for each Lender, the obligation of such Lender to make Service Loaner Vehicle Floorplan Loans to the Service Loaner Vehicle Floorplan Borrower and to participate in Service Loaner Vehicle Swing Line Loans, in an aggregate amount not exceeding the amount set forth on Schedule 1, as such amount may be modified as a result of any assignment or as otherwise modified from time to time pursuant to the provisions hereof. 39 115525625.4 0063724-00082





"Service Loaner Vehicle Floorplan Commitment Fee" has the meaning set forth in Section 3.3.7. "Service Loaner Vehicle Floorplan Commitment Fee Rate" has the meaning set forth in the Pricing Schedule. "Service Loaner Vehicle Floorplan DDA" has the meaning set forth in Section 3.4.7(b). "Service Loaner Vehicle Floorplan Loan" has the meaning set forth in Section 3.3.1. "Service Loaner Vehicle Floorplan Margin" has the meaning set forth in the Pricing Schedule. "Service Loaner Vehicle Floorplan Obligations" means all present and future Service Loaner Vehicle Floorplan Loans, Service Loaner Vehicle Swing Line Loans, and other debts, liabilities, obligations, reimbursements, indemnities, covenants, warranties, duties and obligations relating thereto of the Service Loaner Vehicle Floorplan Borrower to the Agent and the Lenders under this Agreement, and the other Loan Documents, whether now or hereafter existing or incurred, whether liquidated or unliquidated, whether absolute or contingent, and including without limitation principal, interest, fees, Attorney Costs, expenses and charges relating to any of the foregoing. "Service Loaner Vehicle Sweep Advance" has the meaning set forth in Section 3.4.7(a). "Service Loaner Vehicle Swing Line Commitment" (which is a sublimit of the Aggregate Service Loaner Vehicle Floorplan Loan Commitment) means an amount equal to \$10,000,000.00/10,000,000. "Service Loaner Vehicle Swing Line Loan" has the meaning set forth in Section 3.4.1. "Shift" means Shift Technologies, Inc., a Delaware corporation. "Shift Facility" means a floor plan credit facility or debt financing provided by one or more lenders to Shift (and/or one or more of its subsidiaries) in an aggregate principal amount not to exceed \$50,000,000 at any time outstanding, guaranteed in whole or in part by one or more Loan Parties. "Shift Investments" has the meaning set forth in Section 13.6(q). "Silo Subsidiary" means a Subsidiary designated as a "Silo Subsidiary" in writing by the Company to the Agent for the purpose of incurring Funded Debt permitted under subsection (o) of Section 13.10, provided that if, at the time of such designation, such Subsidiary is a Loan Party: (i) such Subsidiary shall have executed and delivered to the Agent a Silo Subsidiary Termination Agreement solely with respect to its status as a party to the Security Agreement, the Pledge Agreement and any other Collateral Documents and as a Grantor (as defined in the Security Agreement and the Pledge Agreement) and its status 40 115525625.4 0063724-00082 as a New Vehicle Floorplan Borrower (it being understood that such Silo Subsidiary Termination Agreement shall not terminate such Subsidiary's obligations under its Guaranty, which shall remain in full force and effect); (ii) the Company shall have provided to the Agent a Revolving Loan Borrowing Base Certificate as of the date of and after giving effect to such designation of such Subsidiary as a Silo Subsidiary and certifying that after giving effect to such designation the Revolving Loan Availability is not less than \$1.00; (iii) the Company shall have provided to the Agent a Used Vehicle Loan Borrowing Base Certificate as of the date of and after giving effect to such designation of such Subsidiary as a Silo Subsidiary and deduction of all Used Vehicles of such Silo Subsidiary from the Used Vehicle Borrowing Base; (iv) the Company shall have provided to the Agent a Service Loaner Vehicle Loan Borrowing Base Certificate as of the date of and after giving effect to such designation of such Subsidiary as a Silo Subsidiary and deduction of all Service Loaner Vehicles of such Silo Subsidiary from the Service Loaner Vehicle Borrowing Base; (v) the Company or such Subsidiary shall have repaid in full the Related Principal Portion, together with accrued and unpaid interest thereon, with respect to each New Vehicle of such Subsidiary financed with a New Vehicle Loan Advance; (vi) the Company shall have repaid Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans to the extent necessary such that, after giving effect to such repayment and the designation of such Subsidiary as a Silo Subsidiary and deduction of all Used Vehicles of such Silo Subsidiary from the Used Vehicle Borrowing Base, (1) the outstanding principal balance of all Used Vehicle Floorplan Loans does not exceed, in the aggregate, as to all Lenders, the Maximum Used Vehicle Floorplan Amount, and (2) the outstanding principal balance of all Used Vehicle Swing Line Loans, plus the outstanding principal balance of all Used Vehicle Floorplan Loans, does not exceed, in the aggregate, as to all Lenders, the Maximum Used Vehicle Floorplan Amount, and (vii) the Company shall have repaid Service Loaner Vehicle Floorplan Loans and Service Loaner Vehicle Swing Line Loans to the extent necessary such that, after giving effect to such repayment and the designation of such Subsidiary as a Silo Subsidiary and deduction of all Service Loaner Vehicles of such Silo Subsidiary from the Service Loaner Vehicle Borrowing Base, (1) the outstanding principal balance of all Service Loaner Vehicle Floorplan Loans does not exceed, in the aggregate, as to all Lenders, the Maximum Service Loaner Vehicle Floorplan Amount, and (2) the outstanding principal balance of all Service Loaner Vehicle Floorplan Loans, plus the outstanding principal balance of all Service Loaner Vehicle Swing Line Loans, does not exceed, in the aggregate, as to all Lenders, the Maximum Service Loaner Vehicle Floorplan Amount. Effective upon any such designation and satisfaction of the conditions set forth in clauses (i), (ii), (iii), (iv), (v), (vi) and (vii) above, any Subsidiary so designated shall cease to be a New Vehicle 41 115525625.4 0063724-00082



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Floorplan Borrower under this Agreement and the other Loan Documents, and the Dealership Loan Limit (if any) for such Subsidiary shall be deleted. "Silo Subsidiary Termination Agreement" with respect to a Silo Subsidiary, an agreement substantially in the form attached as Exhibit H-2. "Simple SOFR Adjustment" means a percentage equal to 0.10% per annum. "SOFR" means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website at approximately 8:00 a.m. (New York City time), or in the case of an update to such rate by the SOFR Administrator, at approximately 2:30 p.m. (New York City time) on the immediately succeeding Business Day. "SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate). "SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time. "SOFR Interest Day" has the meaning specified in the definition of "Adjusted Daily Simple SOFR". "SOFR Loan" means any Daily Simple SOFR Loan, Term SOFR Loan or Term SOFR Alternative Rate Loan. "Solvent" means, with respect to any Person on any date, that on such date (a) the fair value of the assets of such Person, at a fair valuation is greater than the debts and liabilities, subordinated, contingent or otherwise, of such Person; (b) the present fair saleable value of the assets of such Person is greater than the amount that will be required to pay the probable liability of such Person on its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) such Person will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; (d) such Person does not have unreasonably small capital with which to conduct the businesses in which it is engaged as such businesses are now conducted; and (e) such Person does not intend to, and does not believe that it will incur debts or liabilities beyond its ability to pay such debts and liabilities as they mature, taking into account the timing of and amounts of cash to be received by it and the timing of the amounts of cash to be payable on or in respect of its indebtedness. "Special Purpose Securitization Subsidiary" means a direct or indirect Subsidiary of the Company established in connection with a Canadian Foreign Receivables or Securitization Transaction, and which is organized in a manner (as determined by the Company in good faith) intended to reduce the likelihood that it would be substantively consolidated with the Company 42 115525625.4 0063724-00082 or any Subsidiary thereof in the event the Company or any such Subsidiary becomes subject to a proceeding under the U.S. Bankruptcy Code (or other insolvency law). "Specified Representations" means the representations and warranties set forth in Section 10.1 (solely with respect to the Company), Section 10.2 (solely with respect to the Company), Section 10.11, Section 10.19, Section 10.20 (solely with respect to the Company), Section 10.24, and Section 10.25. "Stated Rate" has the meaning set forth in Section 6.11. "Stockholders' Equity" means, as of any date of determination, the consolidated stockholders' equity of the Company determined in accordance with GAAP. "Subordinated Debt" means unsecured indebtedness of a Borrower which is subordinated to the payment of the Obligations by an agreement acceptable to the Agent and Required Lenders and that has subordination terms, covenants, pricing and other terms that have been approved in writing by the Required Lenders. "Subsidiary" of a Person means (i) any corporation Controlled by such Person or more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned, directly or indirectly, by such Person or by one or more of such Person's Subsidiaries or by such Person and one or more of its Subsidiaries and (ii) any partnership, limited liability company, association, joint venture or other business organization Controlled by such Person or more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Company. "Swap" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, fixed-price physical delivery contracts, whether or not exchange traded, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, including any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement or any other master agreement, including any such obligations or liabilities under any such master agreement. "Swap Obligation" means, with respect to any Person, any and all obligations, whether absolute or contingent and howsoever and whenever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under 43 115525625.4 0063724-00082



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(i) any and all Swaps, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Swap. "Swap Termination Value" means in respect of any one or more Swaps, after taking into account the effect of any legally enforceable netting agreement relating to such Swaps, (a) for any date after the date such Swaps have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) prior to such date the Net Mark-to-Market Exposure with respect thereto. "Swing Line Lender" means U.S. Bank. "Swing Line Loan" means a New Vehicle Swing Line Loan, Used Vehicle Swing Line Loan, Service Loaner Vehicle Swing Line Loan or Revolving Swing Line Loan. "Synthetic Lease" means any lease of goods or other property, whether real or personal, which is treated as an operating lease under GAAP and as a loan or financing for U.S. income tax purposes. "Tangible Net Worth" means, as of any date, an amount equal to (x) the amount of Shareholders' equity, minus (y) the amount of goodwill and other intangible assets, of Company and its Subsidiaries, in each case determined as of such date on a consolidated basis in accordance with GAAP consistently applied. "Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, fees, assessments, charges or withholdings, and any and all liabilities with respect to the foregoing, including interest, additions to tax and penalties applicable thereto. "Term SOFR" means the rate per annum determined by the Agent as the forward-looking term rate based on SOFR. "Term SOFR Adjustment" means a percentage equal to 0.10% per annum. "Term SOFR Administrator" means CME Group Benchmark Administration Ltd. (or a successor administrator of Term SOFR selected by the Agent in its reasonable discretion). "Term SOFR Administrator's Website" means <https://www.cmegrp.com/market-data/cme-group-benchmark-administration/term-sofr.html>, or any successor source for Term SOFR identified as such by the Term SOFR Administrator from time to time. "Term SOFR Alternative Rate" means the greater of (a) the Floor, and (b) the sum of (i) the one-month forward-looking term rate based on SOFR quoted by the Agent from the Term SOFR Administrator's Website (or other commercially available source providing such quotations as may be selected by the Agent from time to time), which shall be that one-month Term SOFR rate in effect two Business Days prior to the Rate Adjustment Date; provided that if the one-month forward-looking term rate based on SOFR is not published on such Business Day due to a holiday or other circumstance that the Agent deems in its sole discretion to be temporary, the one-month forward-looking term rate based on SOFR shall be the one-month 44 115525625.4 0063724-00082 forward-looking term rate based on SOFR last published prior to such Business Day plus (ii) the Term SOFR Adjustment. "Term SOFR Alternative Rate Loan" means any Loan bearing interest at a rate based on the Term SOFR Alternative Rate. "Term SOFR Base Rate" means, for the relevant Interest Period the Term SOFR rate quoted by the Agent from the Term SOFR Administrator's Website or the applicable Bloomberg screen (or other commercially available source providing such quotations as may be selected by the Agent from time to time) (the "Screen") for such Interest Period, which shall be the Term SOFR rate published two Business Days before the first day of such Interest Period (such Business Day, the "Determination Date"). If as of 5:00 p.m. (New York time) on any Determination Date, the Term SOFR rate is not published on the Term SOFR Administrator's Website or the Screen, then the rate used will be that as published by the Term SOFR Administrator or on the Screen for the first preceding Business Day for which such rate was published on the Term SOFR Administrator's Website or the Screen so long as such first preceding Business Day is not more than three (3) Business Days prior to such Determination Date. "Term SOFR Loan" means any Loan bearing interest at a rate based on Adjusted Term SOFR. "Terminating Borrower" has the meaning set forth in Section 13.1.1(b). "Termination Date" means (a) April 29, 2026, (b) if maturity is extended pursuant to Section 6.18, such extended termination date as determined pursuant to such Section, provided that the "Termination Date" with respect to any Non-Extending Lender (including with respect to the payment of Obligations owing to such Lender) shall be the latest date that such Lender has consented to as its Termination Date pursuant to Section 6.18 (or, if such Lender has not consented to any such extension, the original Termination Date as in effect on the Closing Date); provided further, however, that, in each case, if such date is not a Business Day, the respective Termination Date shall be the next preceding Business Day, or (c) any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof. "Title Documents" means all manufacturer's certificates of origin, manufacturers' statements of origin, certificates of title, certificates of ownership and any other documents evidencing ownership of a motor vehicle or the transfer of ownership of a motor vehicle from a manufacturer or another dealer to a Dealership, and all warehouse receipts, bills of lading and other negotiable documents of title. "Trade-in Lien" means, with respect to a Used Vehicle that a customer traded in to the Company or any Subsidiary thereof, any security interest in such Used Vehicle outstanding at the time such Used Vehicle was traded, that secures any indebtedness or obligation to any Person incurred by such customer, including but not limited to amounts owing to any holder of any lien or security interest in a Used Vehicle at the time it is traded in to any Dealership. 45 115525625.4 0063724-00082



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"U.S. Bank" means U.S. Bank National Association, a national banking association, in its individual capacity, and its successors. "U.S. Government Securities Business Day" means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities. "Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment. "Undisclosed Administration" means in relation to a Lender the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator under or based on the law in the country where such Lender is subject to home jurisdiction supervision if Applicable Law requires that such appointment is not to be publicly disclosed. "UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms. "UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution. "Used Vehicle" means a Vehicle which is held by a Dealership for sale in the ordinary course of business and which is not a New Vehicle or Service Loaner Vehicle. "Used Vehicle Borrowing Base" means, as of any date of determination, the amount equal to (a) 85% multiplied by (b) the amount determined, without duplication, as follows: (a) the aggregate net book value of the Used Vehicle inventory of the Company and its Subsidiaries; minus (b) the aggregate net book value of such Used Vehicles in which the Agent does not have a perfected, first-priority security interest (including (i) Used Vehicles owned by any Silo Subsidiary and (ii) Used Vehicles owned by any Dual Subsidiary with respect to which the Agent does not have a perfected, first-priority security interest (other than Used Vehicles subject to Trade-in Liens)); minus (c) the aggregate outstanding principal amount of indebtedness secured by Trade-in Liens; minus 46 115525625.4 0063724-00082 (d) the aggregate net book value of such Used Vehicles that are not otherwise Eligible Vehicles. Notwithstanding the foregoing, in no event shall the aggregate net book value of the Eligible Vehicles consisting of motorcycles included in the Service Loaner Vehicle Borrowing Base, Used Vehicle Borrowing Base and the Revolving Loan Borrowing Base exceed \$25,000,000. "Used Vehicle Borrowing Base Certificate" means a certificate substantially in the form attached as Exhibit B-1, or in such other form as is acceptable to the Agent. "Used Vehicle Floorplan Advance" means a borrowing consisting of the Used Vehicle Floorplan Loans to be made by the Lenders on any date. "Used Vehicle Floorplan Borrower" means the Company, in its capacity as an obligor on the Used Vehicle Floorplan Obligations which relate to the credit facilities described in Sections 3.1 and 3.2. "Used Vehicle Floorplan Borrowing Rate" means the sum of (a) Adjusted Daily Simple SOFR, Adjusted Term SOFR or the Term SOFR Alternative Rate, as designated by the Company from time to time, plus (b) the Used Vehicle Floorplan Margin. "Used Vehicle Floorplan Commitment" means for each Lender, the obligation of such Lender to make Used Vehicle Floorplan Loans to the Used Vehicle Floorplan Borrower and to participate in Used Vehicle Swing Line Loans in an aggregate amount not exceeding the amount set forth on Schedule 1, as such amount may be modified as a result of any assignment or as otherwise modified from time to time pursuant to Section 6.17 or the other provisions hereof. "Used Vehicle Floorplan Commitment Fee" has the meaning set forth in Section 3.1.7, "Used Vehicle Floorplan Commitment Fee Rate" has the meaning set forth in the Pricing Schedule. "Used Vehicle Floorplan DDA" has the meaning set forth in Section 3.2.7(b). "Used Vehicle Floorplan Loan" has the meaning set forth in Section 3.1.1. "Used Vehicle Floorplan Margin" has the meaning set forth in the Pricing Schedule. "Used Vehicle Floorplan Obligations" means all present and future Used Vehicle Floorplan Loans, Used Vehicle Swing Line Loans, and other debts, liabilities, obligations, reimbursements, indemnities, covenants, warranties, duties and obligations relating thereto of the Used Vehicle Floorplan Borrower to the Agent and the Lenders under this Agreement, and the other Loan Documents, whether now or hereafter existing or incurred, whether liquidated or unliquidated, whether absolute or contingent, and including without limitation principal, interest, fees, Attorney Costs, expenses and charges relating to any of the foregoing. 47 115525625.4 0063724-00082



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"Used Vehicle Sweep Advance" has the meaning set forth in Section 3.2.7(a). "Used Vehicle Swing Line Commitment" (which is a sublimit of the Aggregate Used Vehicle Floorplan Loan Commitment) means an amount equal to \$30,000,000.0030,000,000. "Used Vehicle Swing Line Loan" has the meaning set forth in Section 3.2.1. "Used Vehicle/Revolving/Service Loaner Vehicle Monthly Payment Date" means the twentieth day of each month, or if such day is not a Business Day, the next Business Day. "Value" means, with respect to any Real Property, the fair market value of the applicable real property as determined by the Agent based upon appraisals or other evaluations acceptable to the Agent and in compliance with all regulatory requirements. "Vehicle" means an automobile, truck, van, motorcycle, or other motor vehicle. "Vehicle Retailing Activities" means any new and used vehicle retailing, renting, leasing, financing, servicing, repairing and related or complementary activities, including but not limited to the selling of finance and insurance related products and aftermarket parts and accessories. "Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers. 1.2 Divisions - For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person; and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time. 1.3 Other Interpretive Provisions. 1.3.1 Unless otherwise specified, the words "herein," "hereof," "hereto," "hereunder" and similar terms refer to this Agreement as a whole and not to any particular 48 115525625.4 0063724-00082 provision of this Agreement and subsection, Section, and exhibit references are to this Agreement. 1.3.2 The word "or" shall not be exclusive; the singular includes the plural and the plural includes the singular; the masculine, the feminine and neuter gender, each include the masculine, feminine and neuter gender, and the word "including" is

not limiting and means "including without limitation." 1.3.3 References to any Loan Document shall mean such Loan Document as amended, modified, supplemented or extended from time to time and any number of substitutions, renewals, restatements, consolidations, and replacements thereof or therefor. 1.3.4 References to governmental laws, statutes, ordinances, rules and regulations shall be construed as including all amendments, consolidations and replacements thereof or therefor. 1.3.5 Headings in this Agreement and each of the other Loan Documents are for convenience of reference only and are not part of the substance hereof or therefor. 1.3.6 Terms used herein without definition which are defined in the Uniform Commercial Code shall have the meanings given to them in such Uniform Commercial Code. 1.3.7 Except as provided to the contrary in this Agreement or any other Loan Documents, all accounting terms used in this Agreement and the other Loan Documents shall be interpreted and all accounting determinations shall be made in accordance with GAAP, in a manner consistent with that used in preparing the financial statements referred to in Section 11.2, except that any calculation or determination which is to be made on a consolidated basis shall be made for the Company and all of its Subsidiaries (including, for the avoidance of doubt, all Minority Dealer Subsidiaries), including those Subsidiaries, if any, which are unconsolidated on the Company's audited financial statements; provided, however that, notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to (a) any election under Accounting Standards Codification Section 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any indebtedness or other liabilities of the Company or any of its Subsidiaries at "fair value," as defined therein, or (b) any treatment of indebtedness in respect of convertible debt instruments under Financial Accounting Standards Codification Subtopic 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such indebtedness shall at all times be valued at the full stated principal amount thereof. If at any time any change in GAAP would affect the computation of any financial covenant or requirement set forth in any Loan Document, and the Company, the Agent or the Required Lenders shall so request, the Agent, the Lenders and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrowers shall provide to the Agent and 49 115525625.4 0063724-00082



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the Lenders reconciliation statements showing the difference in such calculation, together with the delivery of the financial statements and other documents required under this Agreement or as reasonably requested by the Agent. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, the determination of whether a lease is to be treated as an operating lease or a capital lease shall be made without giving effect to any change in accounting for leases pursuant to GAAP resulting from the implementation of FASB ASC 842 (Leases), 1.4 Rates. The interest rate on SOFR Loans is determined by reference to SOFR or the Term SOFR Base Rate, which is derived from SOFR. The Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to SOFR, the Term SOFR Base Rate, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 7.3(b), will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, SOFR, the Term SOFR Base Rate or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Benchmark Replacement Conforming Changes. The Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of SOFR or the Term SOFR Base Rate, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to the Company. The Agent may select information sources or services in its reasonable discretion to ascertain SOFR, the Term SOFR Base Rate, or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Company, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service. 1.5 Limited Condition Acquisition. In the event that the Company notifies the Agent in writing that any proposed Acquisition is a Limited Condition Acquisition and that the Company wishes to test the conditions to such Acquisition and the Indebtedness that is to be used to finance such Acquisition in accordance with this Section 1.5, then, so long as agreed to by the Agent and the lenders providing such Indebtedness, the following provisions shall apply: (a) any condition to such Limited Condition Acquisition or such Indebtedness that requires that no Default or Event of Default shall have occurred and be continuing at the time of such Limited Condition Acquisition or the incurrence of such Indebtedness, shall be satisfied if (i) no Default or Event of Default shall have occurred and be continuing at the time of the execution of the definitive purchase agreement, merger agreement or other acquisition 50 115525625.4 0063724-00082 agreement governing such Limited Condition Acquisition (the "LCA Test Date") and (ii) no Event of Default under any of Section 14.1.1, 14.1.8 or 14.1.9 shall have occurred and be continuing both immediately before and immediately after giving effect to such Limited Condition Acquisition and any Indebtedness incurred in connection therewith (including any such additional Indebtedness); (b) any condition to such Limited Condition Acquisition or such Indebtedness that the representations and warranties in this Agreement and the other Loan Documents shall be true and correct at the time of consummation of such Limited Condition Acquisition or the incurrence of such Indebtedness shall be deemed satisfied if (i) all representations and warranties in this Agreement and the other Loan Documents are true and correct in all material respects (except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects) as of the LCA Test Date, or if such representation speaks as of an earlier date, as of such earlier date and (ii) as of the date of consummation of such Limited Condition Acquisition, (A) the representations and warranties under the relevant definitive agreement governing such Limited Condition Acquisition as are material to the lenders providing such Indebtedness shall be true and correct, but only to the extent that the Company or its applicable Subsidiary has the right to terminate its obligations under such agreement or otherwise decline to close such Limited Condition Acquisition as a result of a breach of such representations and warranties or the failure of those representations and warranties to be true and correct and (B) the Specified Representations shall be true and correct in all material respects (except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects); (c) any financial ratio test or condition to be tested in connection with such Limited Condition Acquisition and the availability of such Indebtedness will be tested as of the LCA Test Date, in each case, after giving effect to the relevant Limited Condition Acquisition and related incurrence of Indebtedness, on a Pro Forma Basis where applicable, and, for the avoidance of doubt, (i) such ratios and baskets shall not be tested at the time of consummation of such Limited Condition Acquisition and (ii) if any of such ratios are exceeded or conditions are not met following the LCA Test Date, but prior to the closing of such Limited Condition Acquisition, as a result of fluctuations in such ratio or amount (including due to fluctuations in EBITDAR of the Company or the Person subject to such Limited Condition Acquisition), at or prior to the consummation of the relevant transaction or action, such ratios will not be deemed to have been exceeded and such conditions will not be deemed unmet as a result of such fluctuations solely for purposes of determining whether the relevant transaction or action is permitted to be consummated or taken; (d) except as provided in the next sentence, in connection with any subsequent calculation of any ratio or basket on or following the relevant LCA Test Date and prior to the earlier of the date on which such Limited Condition Acquisition is consummated and the date that the definitive agreement for such Limited Condition Acquisition is terminated or expires without consummation of such Limited Condition Acquisition, any such ratio or basket shall be calculated assuming such Limited Condition Acquisition and other transactions in connection therewith (including the incurrence or assumption of Indebtedness) have not been consummated. Notwithstanding the foregoing, any calculation of a ratio in connection with determining the 51 115525625.4 0063724-00082



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Applicable Margin and determining whether or not the Company is in compliance with the financial covenants set forth in Section 11.1 shall, in each case be calculated assuming such Limited Condition Acquisition and other transactions in connection therewith (including the incurrence or assumption of Indebtedness) have not been consummated. The foregoing provisions shall apply with similar effect during the pendency of multiple Limited Condition Acquisitions such that each of the possible scenarios is separately tested. ARTICLE 2 NEW VEHICLE FLOORPLAN LINE OF CREDIT 2.1 New Vehicle Floorplan Loans. 2.1.1 New Vehicle Floorplan Loan Commitment. Subject to the terms and conditions of this Agreement, each Lender severally and not jointly agrees to make loans (each a "New Vehicle Floorplan Loan" and collectively, the "New Vehicle Floorplan Loans") to the New Vehicle Floorplan Borrowers on a revolving credit basis during the period from the Closing Date to but not including the Termination Date; provided that (a) the aggregate outstanding principal balance of the New Vehicle Floorplan Loans made by each Lender, plus the outstanding principal balance of such Lender's participating interest in the New Vehicle Swing Line Loans, shall not at any time exceed an amount equal to such Lender's New Vehicle Floorplan Commitment; (b) the outstanding principal balance of all New Vehicle Floorplan Loans shall not at any time exceed, in the aggregate, as to all Lenders, the Aggregate New Vehicle Floorplan Commitment; and (c) except as set forth in Section 2.2.7(b), the outstanding principal balance of all New Vehicle Floorplan Loans, plus the outstanding principal balance of all New Vehicle Swing Line Loans, shall not at any time exceed, in the aggregate, as to all Lenders, the Aggregate New Vehicle Floorplan Commitment. Subject to the terms and conditions hereof, the New Vehicle Floorplan Borrowers may borrow, prepay and reborrow New Vehicle Floorplan Loans. 2.1.2 Purpose of New Vehicle Floorplan Loans. The New Vehicle Floorplan Borrowers shall use the proceeds of the New Vehicle Floorplan Loans to finance Eligible New Vehicles owned by the New Vehicle Floorplan Dealerships (including to refinance Former Lender Loans) and to refinance New Vehicle Swing Line Loans. 2.1.3 Requests for New Vehicle Floorplan Loans. Subject to Section 2.2.6, whenever the New Vehicle Floorplan Borrowers wish to obtain a New Vehicle Floorplan Loan Advance, the Company shall give Agent irrevocable notice thereof no later than 11:00 a.m. (Pacific Time) at least one Business Day prior to the date of the requested borrowing. Such notice shall specify the requested borrowing date (which must be a Business Day), the amount of the New Vehicle Floorplan Loan Advance, and include any other information and documentation reasonably requested by the Agent, including, but not limited to, the make, model and vehicle identification number of each New Vehicle to be financed thereby. The Agent will promptly notify each Lender of its receipt of any request for a New Vehicle Floorplan Loan Advance and of the amount of its Pro Rata Share of such New Vehicle Floorplan Loan Advance. 52 115525625 4 0063724-00082 2.1.4 Funding of New Vehicle Floorplan Loans. If the Agent notifies the Lenders of a request for a New Vehicle Floorplan Loan Advance by 1:00 p.m. (Pacific Time) on any Business Day, each Lender will deliver its Pro Rata Share of such New Vehicle Floorplan Loan Advance to the Agent by 11:00 a.m. (Pacific Time) on the Business Day after such notification. 2.1.5 New Vehicle Floorplan Payments. (a) Interest Payments. Interest on the unpaid principal balance of the New

Vehicle Floorplan Loans shall be paid monthly by the New Vehicle Floorplan Borrowers in an amount equal to all interest accrued during the prior calendar month. Such interest payments shall be made on each New Vehicle Monthly Payment Date commencing with the first such date to occur following the Closing Date and continuing thereafter. All accrued interest outstanding on the Termination Date shall be due and payable in full on the Termination Date. (b) Voluntary Principal Payments. The New Vehicle Floorplan Borrowers may make voluntary repayments of all or a portion of the outstanding principal balance of the New Vehicle Floorplan Loans if the Company gives Agent written or telephonic notice of such voluntary repayment no later than 11:00 a.m. (Pacific Time) at least one Business Day prior to the date of such repayment, provided that each such voluntary principal repayment shall be in a minimum amount of \$1,000,000.001,000,000 and in multiples of \$100,000.00100,000 above such amount unless the New Vehicle Floorplan Loans are being repaid in full. Such notice shall specify the anticipated date of the voluntary repayment and the principal amount of the New Vehicle Floorplan Loans that will be repaid on such date. Any voluntary repayment of the New Vehicle Floorplan Loans that is received by the Agent without such notice shall be deemed to have been received by the Agent on the Business Day after such payment is actually received by the Agent and interest shall accrue on the amounts so repaid through the date of such deemed receipt. (c) Principal Payment at Maturity. The entire outstanding principal balance of the New Vehicle Floorplan Loans plus all interest accrued thereon shall be due and payable in full by the Floorplan Borrowers on the Termination Date. (d) Principal Payment Upon Dual Subsidiary Financing Commencement Date. If the Company terminates the designation of a Subsidiary as a "New Vehicle Floorplan Borrower" with respect to any Removed Franchise in accordance with Section 6.19, then the New Vehicle Floorplan Borrowers (jointly and severally) shall repay each New Vehicle Floorplan Loan and each New Vehicle Swing Line Loan with respect to any New Vehicle that is subsequently financed by Permitted Dual Subsidiary Indebtedness at such Removed Franchise immediately upon the Dual Subsidiary Financing Commencement Date, 2.1.6 Voluntary Reduction or Termination of Commitment. The New Vehicle Floorplan Borrowers may from time to time on at least ten (10) Business Days prior written notice by the Company to the Agent (which shall promptly advise each Lender thereof) permanently reduce the Aggregate New Vehicle Floorplan Commitment to an amount not less than the then outstanding principal balance of the New Vehicle Floorplan Loans and New Vehicle Swing Line Loans (which, for purposes of this determination, shall not be deemed to be 93 115525625.4 0063724-00082



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reduced by amounts in PR Accounts). Concurrently with any reduction of the Aggregate New Vehicle Floorplan Commitment to zero, (a) no further New Vehicle Floorplan Loans or New Vehicle Swing Line Loans will be made, (b) New Vehicle Floorplan Borrowers shall pay all principal and interest on the New Vehicle Floorplan Loans and New Vehicle Swing Line Loans and all fees and other amounts owing to the Agent and the Lenders, and (c) the New Vehicle Floorplan Borrowers shall deliver to the Agent funds in an amount which the Agent estimates it or the Swing Line Lender may be required to pay pursuant to Payment Commitments which may be presented after the Termination Date, such collateral to be held in the Payment Commitment Collateral Account. All reductions of the Aggregate New Vehicle Floorplan Commitment shall reduce the New Vehicle Floorplan Commitments pro rata among the Lenders according to their respective Pro Rata Shares; and except as otherwise set forth in the proviso to this Section 2.1.6, shall reduce the New Vehicle Swing Line Commitment in proportion to the reduction of the Aggregate New Vehicle Floorplan Commitment; provided, however, that (unless the Aggregate New Vehicle Floorplan Commitment is reduced to less than such amount), the New Vehicle Swing Line Commitment shall not be reduced. 2.1.7 New Vehicle Floorplan Commitment Fee. The New Vehicle Floorplan Borrowers agree to pay to the Agent, for the account of the Lenders, a commitment fee (the "New Vehicle Floorplan Commitment Fee"), calculated at a per annum rate equal to the New Vehicle Floorplan Commitment Fee Rate on the average daily amount by which the Aggregate New Vehicle Floorplan Commitment exceeds the sum of (a) the actual aggregate outstanding principal balance of the New Vehicle Swing Line Loans on each day (it being understood that any portion of the outstanding principal balance of the New Vehicle Swing Line Loans ceases to be outstanding under the New Vehicle Swing Line Loans and commences being a portion of the outstanding principal balance under the New Vehicle Floorplan Loans on the date that the New Vehicle Floorplan Loans are funded to repay such portion of the outstanding principal balance of the New Vehicle Swing Line Loans); plus (b) the actual aggregate outstanding principal balance of the New Vehicle Floorplan Loans on each day; provided that, if the aggregate amount of the New Vehicle Floorplan Commitment Fee payable for any period to the Lenders other than the Swing Line Lender (as set forth in the third sentence of this paragraph) exceeds the amount calculated under this sentence, then the New Vehicle Floorplan Borrowers agree to pay to the Agent, for the account of such Lenders, such additional amounts so that each Lender other than the Swing Line Lender receives the full amount of New Vehicle Floorplan Commitment Fee described in the third sentence of this paragraph. The accrued New Vehicle Floorplan Commitment Fee shall be due and payable in arrears on each Quarterly Payment Date hereafter and on the Termination Date for the three month period or other time period ending on the last day of the preceding fiscal quarter or on the Termination Date. The New Vehicle Floorplan Commitment Fee payable to each Lender other than the Swing Line Lender shall be based upon the amount determined by multiplying such Lender's Pro Rata Share by the average daily amount by which the Aggregate New Vehicle Floorplan Commitment exceeds the actual aggregate outstanding principal balance of the New Vehicle Floorplan Loans on each day. The New Vehicle Floorplan Commitment Fee payable to the Lender which is the Swing Line Lender shall be based upon the amount determined by multiplying such Lender's Pro Rata Share by the average daily amount by which the Aggregate New Vehicle Floorplan Commitment exceeds the actual aggregate outstanding principal balance of the New Vehicle Floorplan Loans on each day and subtracting from that amount the average daily outstanding principal balance of the New Vehicle Swing Line Loans; provided, however, that notwithstanding any contrary provision of 54 115525625.4 0063724-00082, Section 2.6, solely for purposes of calculating the amount payable to Swing Line Lender, the principal balance of the New Vehicle Swing Line Loans shall be deemed to be reduced by the aggregate balance in the PR Accounts, but in no event shall be reduced to less than zero. 2.2 New Vehicle Swing Line Loans. 2.2.1 New Vehicle Swing Line Commitment. Subject to the terms and conditions of this Agreement, the Swing Line Lender shall make loans (each, a "New Vehicle Swing Line Loan") to the New Vehicle Floorplan Borrowers on a revolving credit basis during the period from the Closing Date to but not including the Termination Date; provided that, except as set forth in Section 2.2.7(b), (a) the aggregate outstanding principal balance of the New Vehicle Swing Line Loans shall not at any time exceed the New Vehicle Swing Line Commitment; and (b) the outstanding principal balance of all New Vehicle Floorplan Loans made by all Lenders plus the outstanding principal balance of all New Vehicle Swing Line Loans, shall not at any time exceed the Aggregate New Vehicle Floorplan Commitment. Subject to the terms and conditions hereof, the New Vehicle Floorplan Borrowers may borrow, prepay and reborrow New Vehicle Swing Line Loans. 2.2.2 Purpose of New Vehicle Swing Line Loans. The New Vehicle Floorplan Borrowers shall use the proceeds of the New Vehicle Swing Line Loans to finance Eligible New Vehicles (including to refinance Former Lender Loans). 2.2.3 Requests for New Vehicle Swing Line Loans. Subject to Sections 2.2.7 and 2.6.2, whenever the New Vehicle Floorplan Borrowers wish to obtain a New Vehicle Swing Line Loan, the Company shall give Agent irrevocable notice thereof no later than 1:00 p.m. (Pacific Time) on the requested date of such New Vehicle Swing Line Loan unless Swing Line Lender agrees in each instance, in its sole discretion, to a shorter time period. Such notice shall specify the requested borrowing date (which must be a Business Day) and the amount of the New Vehicle Swing Line Loan, and include any other information and documentation reasonably requested by the Agent, including, but not limited to, the make, model and vehicle identification number of each New Vehicle to be financed thereby. 2.2.4 New Vehicle Swing Line Loan Payments. (a) Interest Payments. Interest on the unpaid principal balance of the New Vehicle Swing Line Loans shall be paid monthly by the New Vehicle Floorplan Borrowers in an amount equal to all interest accrued during the prior calendar month. Such interest payments shall be made on each New Vehicle Monthly Payment Date commencing with the first such date to occur following the Closing Date and continuing thereafter. All accrued interest outstanding on the Termination Date shall be due and payable in full on the Termination Date. (b) Principal Payments. The entire outstanding principal balance of the New Vehicle Swing Line Loans plus all interest accrued thereon shall be due and payable in full by the New Vehicle Floorplan Borrowers on the Termination Date. In addition, the principal balance of the New Vehicle Swing Line Loans shall be due and payable as required by Section 2.2.6. 55 115525625.4 0063724-00082



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2.2.5 Participation in New Vehicle Swing Line Loans. Immediately upon the making of a New Vehicle Swing Line Loan by the Swing Line Lender, the Swing Line Lender shall be deemed to have sold and transferred to each Lender and each Lender shall be deemed to have purchased and received from the Swing Line Lender, without any further action by any party, an undivided participating interest in each New Vehicle Swing Line Loan in an amount equal to such Lender's Pro Rata Share; provided, however, that (a) no Lender shall be required to fund its participation in any New Vehicle Swing Line Loan except as set forth in Section 2.2.6(b), and (b) no Lender shall be entitled to share in any payments of principal or interest in respect of its participation except, with respect to any participation funded by such Lender, as set forth herein. Such participation shall be subject to the terms and conditions of this Agreement. 2.2.6 Settlement of New Vehicle Swing Line Loans. (a) Refunding of Loans. (i) Upon the request of the Swing Line Lender, the Agent from time to time shall, on behalf of the New Vehicle Floorplan Borrowers (and each New Vehicle Floorplan Borrower hereby irrevocably authorizes the Agent to so act on its behalf) request each Lender (including Swing Line Lender in its capacity as a Lender) to make a New Vehicle Floorplan Loan Advance to the New Vehicle Floorplan Borrowers, in accordance with the provisions of this Section 2.2.6(a), which shall be applied to repay all or a portion of the then outstanding principal balance of the New Vehicle Swing Line Loans (each such New Vehicle Floorplan Loan, a "Refunding New Vehicle Floorplan Loan"), in an amount equal to that Lender's Pro Rata Share of all or a portion of the then outstanding principal balance of the New Vehicle Swing Line Loans. (ii) Without limiting the foregoing, each Lender agrees that the Agent may request the Lenders to make Refunding New Vehicle Floorplan Loans at any time if (A) a Default has occurred and is continuing, or (B) in the judgment of Swing Line Lender, taking into account the outstanding principal balance of the New Vehicle Swing Line Loans, the anticipated usage of the New Vehicle Swing Line Loans, such Refunding New Vehicle Floorplan Loans are reasonably necessary to ensure that the outstanding principal balance of the New Vehicle Swing Line Loans will not at any time exceed the New Vehicle Swing Line Commitment (it being understood that in order to attain such objective, Swing Line Lender may request refunding of the New Vehicle Swing Line Loans even though the principal balance of the New Vehicle Swing Line Loans at the time of such request is less than the New Vehicle Swing Line Commitment). (iii) If the Agent makes a request for funding under this Section 2.2.6(a) by 1:00 p.m. (Pacific Time) on any Business Day, the Lenders will deliver the required amount to the Agent no later than 11:00 a.m. (Pacific Time) on the Business Day after such request. The proceeds of all Refunding New Vehicle Floorplan Loans shall be paid by the Agent to the Swing Line Lender in repayment of the outstanding principal balance of the applicable New Vehicle Swing Line Loans. (b) Funding of Participations. In addition to the right of the Swing Line Lender to request refunding of the New Vehicle Swing Line Loans pursuant to Section 56 115525625.4 0063724-00082 2.2.6(a), upon the request of the Swing Line Lender, the Agent may request each Lender (including Swing Line Lender in its capacity as a Lender) to fund its participation in the New Vehicle Swing Line Loans by paying to the Agent, for the account of the Swing Line Lender, its Pro Rata Share of the principal amount of the New Vehicle Swing Line Loans. If the Agent makes such request by 1:00 p.m. (Pacific Time) on any Business Day, the Lenders will deliver such amount to the Agent no later than 11:00 a.m. (Pacific Time) on the Business Day after such request. All

participations funded by the Lenders under this Section 2.2.6(b) shall be treated as the funding of New Vehicle Floorplan Loans for purposes of the calculation of the New Vehicle Floorplan Commitment Fee. If any payment paid to any Lender with respect to its participating interest in any New Vehicle Swing Line Loan is thereafter recovered from or must be returned or paid over by Swing Line Lender for any reason, such Lender will pay to the Agent for the account of the Swing Line Lender, such Lender's Pro Rata Share of such amount and of any interest and other amounts paid or payable by the Swing Line Lender with respect to such amount. The Agent agrees not to request any funding of the Lender's participations in the New Vehicle Swing Line Loans under this Section 2.2.6(b) at any time that such participations may be legally repaid using advances of the New Vehicle Floorplan Loans under Section 2.2.6(a). (c) Payment to Swing Line Lender. Notwithstanding any contrary provision of this Agreement (i) except as set forth in clause (ii) of this Section 2.2.6(c) all payments of principal and interest on the New Vehicle Swing Line Loans shall be paid by the Agent solely to the Swing Line Lender; and (ii) with respect to each participation in New Vehicle Swing Line Loans which is funded by any Lender, such Lender (including Swing Line Lender in its capacity as Lender) shall be entitled to receive its Pro Rata Share of payments of (A) principal on such New Vehicle Swing Line Loans and (B) interest on such New Vehicle Swing Line Loans only for the period following the date such participation is funded. (d) Obligations Unconditional. The obligation of each Lender to make New Vehicle Floorplan Loans to repay New Vehicle Swing Line Loans pursuant to Section 2.2.6(a) or to fund its participation interests in New Vehicle Swing Line Loans pursuant to Section 2.2.6(b) shall be absolute and unconditional and shall not be affected by the occurrence of a Default or Event of Default, the fact that any one or more of the conditions in Article 9 is not satisfied, the termination of the availability of Loans, the fact that such New Vehicle Floorplan Loan is made after the Termination Date in compliance with the terms of a Payment Commitment or to refinance New Vehicle Swing Line Loans made prior to the Termination Date, any defense, setoff, counterclaim or claim for recoupment of any Lender against Agent or Swing Line Lender or any other circumstance, whether or not similar to the foregoing. Notwithstanding the foregoing, the Lenders shall not be required to refinance New Vehicle Swing Line Loans pursuant to Section 2.2.6(a) or to fund their participation interests in Swing Line Loans pursuant to Section 2.2.6(b) (i) if after giving effect thereto, the outstanding principal balance of such Lender's New Vehicle Floorplan Loans would exceed its New Vehicle Floorplan Commitment, or (ii) with respect to any portions of the outstanding principal balance of the New Vehicle Swing Line Loans that are funded by Swing Line Lender after Agent is deemed to have knowledge or notice of the occurrence of a Default or after the Termination Date. 2.2.7 Advances Pursuant to Payment Commitment. 57 115525625.4 0063724-00082



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(a) In addition to New Vehicle Swing Line Loans made pursuant to Section 2.2.3, each New Vehicle Floorplan Borrower authorizes Agent and Swing Line Lender to make payment directly to manufacturers or distributors of Vehicles in payment for New Vehicles purchased by any New Vehicle Floorplan Borrower, in accordance with the terms and conditions of the applicable Payment Commitment. Each payment pursuant to a Payment Commitment shall constitute a New Vehicle Swing Line Loan hereunder in the amount of such payment. The Agent, in its sole discretion, (i) may revise a Payment Commitment at any time, whether or not a Default has occurred, by giving written notice to the applicable manufacturer or distributor and the Company, and (ii) may terminate or suspend a Payment Commitment at any time, whether or not a Default has occurred, by giving written notice to the applicable manufacturer or distributor, and if no Default has occurred and is continuing, to the Company. Each New Vehicle Floorplan Borrower shall be and remain jointly and severally liable to Swing Line Lender for all payments made to a manufacturer or distributor pursuant to a Payment Commitment. The Agent and the Lenders do not assume any responsibility for, (and each New Vehicle Floorplan Borrower's obligation to repay any Advance hereunder will not be affected or impaired in any way by) the correctness, validity, genuineness or sufficiency of any request for payment by a manufacturer or distributor under a Payment Commitment, any documents pertaining thereto or the existence, character, quantity, quality, condition, weight, value or delivery of any Vehicles purchased with the proceeds of any Advance. In this regard, the Agent may conclusively presume and rely upon the validity and the appropriateness of any payment request by a manufacturer or distributor under a Payment Commitment and any and all documents or information related thereto. Notwithstanding any contrary provision hereof, the Agent may take such action as is necessary to terminate any Payment Commitments up to ten (10) days prior to the Termination Date, so that no Payment Commitments shall become payable later than the Termination Date or, at the Agent's discretion, up to ten (10) days prior thereto. (b) The parties acknowledge that, due to Payment Commitments with Vehicle manufacturers and distributors, New Vehicle Floorplan Dealerships may be required to purchase New Vehicles which may cause the outstanding principal balance of the New Vehicle Floorplan Loans and New Vehicle Swing Line Loans to exceed the Aggregate New Vehicle Floorplan Commitment and/or the outstanding principal balance of the New Vehicle Swing Line Loans to exceed the New Vehicle Swing Line Commitment. The Swing Line Lender may, at its option, but without any obligation to do so, make a New Vehicle Swing Line Loan to fund the amount due under any Payment Commitment even if such New Vehicle Swing Line Loan would cause the outstanding principal balance of the New Vehicle Floorplan Loans and New Vehicle Swing Line Loans to exceed the Aggregate New Vehicle Floorplan Commitment and/or the outstanding principal balance of the New Vehicle Swing Line Loans to exceed the New Vehicle Swing Line Commitment. The New Vehicle Floorplan Borrowers shall pay the amount of such excess to the Agent upon demand as set forth in Section 2.3.4. 2.3 Terms Applicable to New Vehicle Floorplan Loans and New Vehicle Swing Line Loans. 2.3.1 New Vehicle Loan Limits. 58 115525625.4 0063724-00082 (a) The aggregate outstanding principal balance of New Vehicle Floorplan Loans and New Vehicle Swing Line Loans shall not at any time exceed the Aggregate New Vehicle Floorplan Commitment. (b) New Vehicle Loans shall only be made to finance Eligible New Vehicles owned by a New Vehicle Floorplan Dealership. The aggregate outstanding principal balance of the New Vehicle Loans made to finance Eligible New Vehicles (including Fleet Vehicles and Demos) owned by any New Vehicle Floorplan Dealership shall not at any time exceed the limit ("Dealership Loan Limit") for such New Vehicle Floorplan Dealership which is agreed to between Agent and the Company from time to time or, if applicable, any manufacturer, distributor, dealership location or other submitter set forth within such limit ("Dealership Sublimit"). (c) No more than 10 Demos owned by any New Vehicle Floorplan Dealership or dealership location of a New Vehicle Floorplan Dealership may be financed at any one time. (d) No New Vehicle Loan Advance to finance Eligible New Vehicles (including Fleet Vehicles and Demos) shall exceed an amount equal to 100% of the amount of the manufacturer's or distributor's invoice (including freight, advertising and holdbacks) for such Vehicles. No New Vehicle Loan Advance to refinance Former Lender Loans shall exceed an amount equal to the amount calculated in accordance with the preceding sentence. 2.3.2 Changes to New Vehicle Floorplan Limits and New Vehicle Floorplan Dealerships. The Agent and the Company may from time to time agree (without requiring the consent of any Lender or any other Borrower) to (a) increase or decrease the Dealership Loan Limit (or any Dealership Sublimit) for any New Vehicle Floorplan Dealership, (b) change the permitted manufacturers, distributors or brands listed for any New Vehicle Floorplan Dealership, and (c) add or delete New Vehicle Floorplan Dealerships and establish Dealership Loan Limits and permitted manufacturers, distributors and brands for additional New Vehicle Floorplan Dealerships. 2.3.3 Additional Required Payments. In addition to payments required by Sections 2.1.5(a), 2.1.5(c), 2.2.4(a), 2.2.4(b), 2.2.6, and the other provisions hereof, New Vehicle Floorplan Borrowers shall also repay the New Vehicle Loans as follows (which payments do not require prior notice to the Agent or Lenders): (a) Sale of Vehicles. (i) The New Vehicle Floorplan Borrowers shall pay to the Agent the entire Related Principal Portion for each financed New Vehicle (except Fleet Vehicles and Deemed Sales) within five Business Days following the date of sale or lease of such New Vehicle; and (ii) New Vehicle Floorplan Borrowers shall pay to the Agent the entire Related Principal Portion for each financed Fleet Vehicle by the earlier of (A) 3 Business Days following any New Vehicle Floorplan Dealership's receipt of proceeds from the sale of such Fleet Vehicle, or (B) (1) 45 calendar days following the date of sale of any Fleet Vehicle sold to a governmental agency, or (2) 30 calendar days following the date of sale of any other Fleet Vehicle. 58 115525625.4 0063724-00082



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(b) Unsold New Vehicles. If any New Vehicle has not been previously sold, the New Vehicle Floorplan Borrowers shall pay the entire Related Principal Portion for such New Vehicle to the Agent on the first New Vehicle Monthly Payment Date which is at least one year following the New Vehicle Loan Advance Date for such New Vehicle ("Required Repayment Date"). Notwithstanding the foregoing, the Related Principal Portion for unsold New Vehicles representing up to 5% of the outstanding principal balance of the New Vehicle Loans may remain unpaid following the Required Repayment Date; provided that the Related Principal Portion for each unsold New Vehicle must be repaid no later than the third New Vehicle Monthly Payment Date following the Required Repayment Date for such New Vehicle. (c) Deemed Sales. If a Deemed Sale of a New Vehicle financed by the Lenders occurs, the New Vehicle Floorplan Borrowers shall pay to the Agent the Related Principal Portion for such Vehicle no later than 6 Business Days following the date of any Deemed Sale. A "Deemed Sale" means any of the following: (i) A New Vehicle Floorplan Dealership disposes of a New Vehicle by trade with another dealer or other disposition, other than a sale in the ordinary course of such New Vehicle Floorplan Dealership's business, regardless of whether any payment is due to be made by or to such New Vehicle Floorplan Dealership in respect of such trade or other disposition. (ii) The New Vehicle ceases to meet the criteria contained in the definition of "Eligible New Vehicle" in this Agreement. (iii) Agent reasonably determines that the fair market value of a New Vehicle has significantly declined, regardless of the reason. 2.3.4 Additional Payments. The Agent and the Lenders shall have no obligation whatsoever, and they have no present intention, to make any New Vehicle Floorplan Loan or New Vehicle Swing Line Loan after the Termination Date or which would cause the principal amount outstanding under this Agreement to exceed any of the limitations stated in this Agreement. The New Vehicle Floorplan Borrowers are and shall be and remain unconditionally jointly and severally liable to the Lenders for, and the New Vehicle Floorplan Borrowers hereby jointly and severally promise to pay to the Agent for the account of the Lenders the amount of all New Vehicle Floorplan Obligations hereunder, including without limitation New Vehicle Floorplan Loans and New Vehicle Swing Line Loans in excess of the Swing Line Commitment and/or the Aggregate New Vehicle Floorplan Commitment (whether funded pursuant to Payment Commitments or otherwise) and New Vehicle Floorplan Loans and New Vehicle Swing Line Loans made after the Termination Date. The New Vehicle Floorplan Borrowers shall pay to the Agent: (a) upon demand, or if earlier immediately upon becoming aware of the overadvance, the amount of any New Vehicle Floorplan Loans and New Vehicle Swing Line Loans in excess of any limitation contained in this Agreement; and (b) upon demand, the amount of any New Vehicle Floorplan Loans and New Vehicle Swing Line Loans made after the Termination Date; together with interest on the principal amount of such New Vehicle Floorplan Loans and New Vehicle Swing Line Loans, as set forth herein. 60 115525625.4 0063724-00082 2.3.5 Payment Commitment Collateral Account. At any time after the Termination Date or, if earlier, the date on which the availability of New Vehicle Floorplan Loans and New Vehicle Swing Line Loans is terminated, the New Vehicle Floorplan Borrowers shall deliver to the Agent funds in an amount equal to the amount which the Agent or Swing Line Lender estimates it may be required to pay to manufacturers and distributors pursuant to Payment Commitments which may be presented on or after such date. Such funds shall be held in a non-interest bearing deposit account ("Payment Commitment Collateral Account") as additional Collateral for the indebtedness of the New Vehicle Floorplan Borrowers to the Lenders. Each New Vehicle Floorplan Borrower hereby grants to the Agent, for the benefit of the Lenders, a security interest in such funds and such account to secure all New Vehicle Floorplan Obligations. 2.4 New Vehicle Floorplan Borrowers. 2.4.1 Joint and Several Liability. Each New Vehicle Floorplan Borrower shall be jointly and severally liable (each as a primary obligor and not merely as a surety or accommodation maker) for repayment of the New Vehicle Floorplan Loans and New Vehicle Swing Line Loans, and payment and performance of all Obligations of a New

Vehicle Floorplan Borrower and/or the New Vehicle Floorplan Borrowers to the Agent and the Lenders under this Agreement and the other Loan Documents. Without limiting the foregoing, each New Vehicle Floorplan Borrower acknowledges and agrees that each of them is jointly and severally liable for all New Vehicle Floorplan Obligations, even if an invoice, billing or other request for payment of some or all of the New Vehicle Floorplan Obligations is addressed to, or stated to be payable by one or more, but less than all of the New Vehicle Floorplan Borrowers. Each New Vehicle Floorplan Borrower jointly and severally promises to pay to the Agent, for the account of the Lenders (including Swing Line Lender), in accordance with the terms of this Agreement, and the other Loan Documents, the principal amount of the New Vehicle Floorplan Loans and New Vehicle Swing Line Loans, plus interest thereon, plus all other New Vehicle Floorplan Obligations. Each New Vehicle Floorplan Borrower shall be jointly and severally liable and responsible for all New Vehicle Floorplan Obligations and payment and performance of all terms, conditions, obligations and agreements applicable to a New Vehicle Floorplan Borrower or New Vehicle Floorplan Borrowers under the Loan Documents. 2.4.2 Maximum Liability. Notwithstanding any contrary provision of this Agreement or the other Loan Documents, the liability of each New Vehicle Floorplan Borrower with respect to the New Vehicle Floorplan Obligations shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or fraudulent conveyance (or similar term) under any applicable federal or state law (including Section 548 of the Bankruptcy Code of the United States or any successor provision); provided, however that release or reduction of the liabilities of one New Vehicle Floorplan Borrower shall not release or reduce the liability of any other New Vehicle Floorplan Borrower for payment and performance of all New Vehicle Floorplan Obligations. 2.4.3 Appointment of Company. Each Subsidiary that is or becomes a New Vehicle Floorplan Borrower hereby irrevocably appoints the Company to act on its behalf in its capacity as a New Vehicle Floorplan Borrower for all purposes relevant to this Agreement and the other Loan Documents. Without limiting the foregoing, each New Vehicle Floorplan 61 115525625.4 0063724-00082



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Obligations), (iv) any failure of the Agent to marshal assets in favor of any New Vehicle Floorplan Borrower or any other Person, (v) except as otherwise provided in this Agreement, or in the other Loan Documents, any failure of the Agent to give notice of sale or other disposition of Collateral to any New Vehicle Floorplan Borrower or any other Person or any defect in any notice that may be given in connection with any sale or disposition of Collateral, (vi) any act or omission of the Agent or any Lender or others that directly or indirectly results in or aids the discharge or release of any other New Vehicle Floorplan Borrower or any other Person or the New Vehicle Floorplan Obligations or any security or guaranty therefor by operation of Applicable Law or otherwise, (vii) any Applicable Law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (viii) any failure of the Agent or any Lender to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person, (ix) any election made by the Agent or any Lender in any bankruptcy proceeding of any Person, (x) any extension of credit or the grant of any security interest under any provision of the United States Bankruptcy Code, (xi) any use of cash collateral under the United States Bankruptcy Code, (xii) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person, (xiii) the avoidance of any security in favor of the Agent or the Lenders for any reason, (xiv) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any of the New Vehicle Floorplan Obligations (or any interest thereon) in or as a result of any such proceeding, (xv) to the extent permitted, the benefits of any form of one-action rule under any Applicable Law or (xvi) any action taken by the Agent or any Lender that is authorized by this Agreement or any provision of any other Loan Document. Each New Vehicle Floorplan Borrower expressly waives any right to enforce any remedy that the Agent or any Lender now has or hereafter may have against any other Person and waives the benefit of, or any right to participate in, any Collateral now or hereafter held by the Agent or any Lender. Each New Vehicle Floorplan Borrower waives all rights and defenses arising out of an election of remedies by the Agent or any Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for the New Vehicle Floorplan Obligations has destroyed such New Vehicle Floorplan Borrower's rights of subrogation and reimbursement against the principal, 2.4.5 Condition of the New Vehicle Floorplan Borrowers. Each New Vehicle Floorplan Borrower represents and warrants to the Agent and the Lenders that such New Vehicle Floorplan Borrower has established adequate means of obtaining from the other New Vehicle Floorplan Borrowers, on a continuing basis, financial and other information pertaining to the businesses, operations and condition (financial and otherwise) of the New Vehicle Floorplan Borrowers and their properties, and each New Vehicle Floorplan Borrower now is and hereafter will be completely familiar with the businesses, operations and condition (financial and otherwise) of the other New Vehicle Floorplan Borrowers and their properties. Each New Vehicle Floorplan Borrower hereby expressly waives and relinquishes any duty on the part of

the Agent and the Lenders (should any such duty exist) to disclose to such New Vehicle Floorplan Borrower any matter, fact or thing related to the businesses, operations or condition (financial or otherwise) of any other New Vehicle Floorplan Borrower or its properties, whether now known or hereafter known by the Agent or any Lender during the life of this Agreement. With respect to any of the New Vehicle Floorplan Obligations, the Agent and the Lenders need 64 115525625.4 0063724-00082 not inquire into the powers of any New Vehicle Floorplan Borrower or the officers or employees acting or purporting to act on its behalf, and each New Vehicle Floorplan Borrower shall be liable for all New Vehicle Floorplan Obligations made or created in good faith reliance upon the professed exercise of such powers. 2.4.6 Liens on Real Property. In the event that all or any part of the New Vehicle Floorplan Obligations at any time are secured by any one or more deeds of trust or mortgages or other instruments creating or granting Liens on any interests in real property, each New Vehicle Floorplan Borrower authorizes the Agent, upon the occurrence of and during the continuance of any Event of Default, at its sole option, without notice or demand and without affecting any New Vehicle Floorplan Obligations of any New Vehicle Floorplan Borrower, the enforceability of this Agreement, or the validity or enforceability of any security interests of the Agent on any Collateral, to foreclose any or all of such deeds of trust or mortgages or other instruments by judicial or nonjudicial sale. Each New Vehicle Floorplan Borrower expressly waives any defenses to the enforcement of any security interests created by any Collateral Documents or to the recovery by the Agent or any Lender against any New Vehicle Floorplan Borrower or any guarantor or any other Person liable therefor of any deficiency after a judicial or nonjudicial foreclosure or sale, even though such a foreclosure or sale may impair the subrogation rights of such New Vehicle Floorplan Borrower and may preclude such New Vehicle Floorplan Borrower from obtaining reimbursement or contribution from any other Person. Each New Vehicle Floorplan Borrower expressly waives any right to receive notice of any judicial or nonjudicial foreclosure or sale of any real property or interest therein which is owned by another New Vehicle Floorplan Borrower or any other Person and is subject to any such deeds of trust or mortgages or other instruments and any New Vehicle Floorplan Borrower's failure to receive any such notice shall not impair or affect such New Vehicle Floorplan Borrower's obligations hereunder or the enforceability of this Agreement and the other Loan Documents. 2.4.7 Waiver of Rights of Subrogation. Notwithstanding anything to the contrary elsewhere contained herein or in any other Loan Document to which any New Vehicle Floorplan Borrower is a party, each New Vehicle Floorplan Borrower hereby waives with respect to each other New Vehicle Floorplan Borrower and its successors and assigns (including any surety), any and all rights at law or in equity to subrogation, to reimbursement, to indemnity, to exoneration, to contribution, to setoff or to any other rights that could accrue to a surety against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, or to a holder or transferee against a maker which any New Vehicle Floorplan Borrower may have or hereafter acquire against any other New Vehicle Floorplan Borrower in connection with or as a result of such New Vehicle Floorplan Borrowers' execution, delivery and/or performance of this Agreement or any other Loan Document to which any New Vehicle Floorplan Borrower is a party, in each case, until the full and final payment of the New Vehicle Floorplan Obligations and termination of the Commitments under this Agreement. Until the full and final payment of the New Vehicle Floorplan Obligations and the termination of the Commitments under this Agreement, each New Vehicle Floorplan Borrower agrees that it shall not have or assert any such rights against any other New Vehicle Floorplan Borrower or its successors and assigns (including any surety) which is directly or indirectly a creditor of any other New Vehicle Floorplan Borrower or any surety for any other New Vehicle Floorplan Borrower, either directly or as an 65 115525625.4 0063724-00082



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attempted setoff to any action commenced against any New Vehicle Floorplan Borrower by any other New Vehicle Floorplan Borrower (as a borrower or in any other capacity). Each New Vehicle Floorplan Borrower hereby acknowledges and agrees that this waiver is intended to benefit the Agent and the Lenders and shall not limit or otherwise affect its liability hereunder, under any other Loan Document to which any New Vehicle Floorplan Borrower is a party, or the enforceability hereof or thereof. 2.4.8 Waiver of Discharge. Without limiting the generality of the foregoing, to the fullest extent permitted by Applicable Law, each New Vehicle Floorplan Borrower hereby waives discharge based upon all defenses based on suretyship or impairment of collateral. 2.4.9 Understandings with Respect to Waivers and Consents. Each New Vehicle Floorplan Borrower warrants and agrees that each of the waivers and consents set forth herein are made after consultation with legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which such New Vehicle Floorplan Borrowers otherwise may have against the other New Vehicle Floorplan Borrowers, the Agent, any Lender, or against Collateral, and that, under the circumstances, the waivers and consents herein given are reasonable. If any of the waivers or consents herein is determined to be contrary to any Applicable Law or public policy, such waivers and consents shall be effective to the maximum extent permitted by Applicable Law. 2.4.10 Mutual Benefit. Each New Vehicle Floorplan Borrower agrees that the credit accommodations to be extended by the Lenders under this Agreement and the other Loan Documents are of benefit to each of them, that each New Vehicle Floorplan Borrower is a direct and indirect beneficiary of the value given thereunder, and each extension of credit under this Agreement, and the other Loan Documents will be of substantial benefit to each New Vehicle Floorplan Borrower. 2.5 Addition of New Vehicle Floorplan Dealerships. (a) If, on or after the Closing Date, any new Dealership (other than a CanadianForeign Dealership, Dual Subsidiary or Silo Subsidiary) is established or any existing Dealership (other than a CanadianForeign Dealership, Dual Subsidiary or Silo Subsidiary) requires financing for its New Vehicles, the Company shall deliver to the Agent a written notice specifying the name of the additional New Vehicle Floorplan Dealership, the proposed Dealership Loan Limit for such Dealership, the applicable manufacturers to be financed for such Dealership and any other information requested by the Agent. Upon approval by the Agent, establishment of a Dealership Loan Limit and, if applicable, Dealership Loan Sublimit(s), and satisfaction of the requirements in Section 9.3, such Dealership shall become a New Vehicle Floorplan Dealership and entitled to finance Eligible New Vehicles hereunder. For purposes of clarification, no Dealership (other than a CanadianForeign Dealership, Dual Subsidiary, Silo Subsidiary or a Dealership that is financing its New Vehicles with the proceeds of Indebtedness permitted under Sections 13.10(o) or (s)) shall incur any indebtedness to finance New Vehicles, except for New Vehicle Floorplan Loans under this Agreement, without the consent of the Agent and the Lenders. 66 115525625.4 0063724-00082 (b) If any new Canadian Dealership is established or any existing Canadian Dealership requires financing for its New Vehicles, the Company may deliver to the Agent a written notice specifying the name of the additional New Vehicle Floorplan Dealership, the proposed Dealership Loan Limit for such Dealership, the applicable manufacturers to be financed for such Dealership and any other information requested by the Agent. Upon approval by all Lenders, in each Lender's sole discretion, establishment of a Dealership Loan Limit and, if applicable, Dealership Loan Sublimit(s), and satisfaction of the requirements in Section 9.3, such Canadian Dealership shall become a New Vehicle Floorplan Dealership and entitled to finance Eligible New Vehicles hereunder. 2.6 PR Account. In addition to any payments otherwise required by this Agreement, the New Vehicle Floorplan Borrowers may reduce the outstanding principal balance of the New Vehicle Floorplan Loans by means of one or more flooring line principal reduction accounts (each, a "PR Account"). At the Company's request, the Agent will establish a PR Account for a New Vehicle Floorplan Borrower (each New Vehicle Floorplan Borrower having a PR Account, a "PR Account Borrower") for the sole purpose of recording voluntary reductions in principal. A PR Account is not a deposit account, and PR Account Borrowers shall have no right or interest in any balance in such account, except as expressly provided in this Section 2.6. Each PR Account is subject to the following provisions. 2.6.1 PR Account Payments. A PR Account Borrower, at its discretion, may make payments to a PR Account (each, a "PR Account Payment") at any time, subject to the provisions of subsections 2.6.3 and 2.6.7 of this Section 2.6 and further subject to the following conditions: (a) All payments into a PR Account must be made as transfers of collected funds from a deposit account of a PR Account Borrower with the Agent. (b) Payments into a PR Account must be in amounts of at least \$1,000,000.001,000,000. (c) The balance in a PR Account may not at any time exceed the aggregate outstanding principal balance of the New Vehicle Floorplan Loans. If the amount in a PR Account exceeds the maximum amount permitted hereunder, the Agent is authorized to make a PR Account Advance (defined below) in the amount of any such excess and deposit such amount in a deposit account of the applicable PR Account Borrower with the Agent. Notwithstanding the foregoing, any PR Accounts in existence on or prior to the Closing Date may be consolidated into a single PR Account in the name of the Company on behalf of each PR Account Borrower. 2.6.2 PR Account Advances. The New Vehicle Floorplan Borrowers may re-borrow any balance in a PR Account as a New Vehicle Floorplan Loan (a "PR Account Advance") at any time during the term of this Agreement, subject to the provisions of subsections 2.6.3 and 2.6.6 of this Section 2.6 and further subject to the following conditions:

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(a) No Event of Default shall have occurred and be continuing under this Agreement. (b) PR Account Advances must be in amounts of at least \$1,000,000.001,000,000, except the Company (on behalf of a PR Account Borrower) may request a PR Account Advance in the amount of the remaining balance in a PR Account if the remaining balance is less than \$1,000,000.001,000,000, provided, however, that PR Account Advances made by the Agent pursuant to subsections 2.6.1 and 2.6.7 of this Section 2.6 shall not be so limited. 2.6.3 Requests for PR Account Payments and Advances. Whenever a PR Account Borrower wishes to make a PR Account Payment or obtain a PR Account Advance, the Company shall give Agent irrevocable notice thereof no later than 11:00 a.m. (Pacific time) at least one Business Day prior to the date of the requested PR Account Payment or PR Account Advance. Such notice shall specify the amount of, and requested date of, the requested PR Account Payment or PR Account Advance and include any other information requested by the Agent. 2.6.4 Limitation on Transactions in PR Account. The total number of payments to and advances from a PR Account shall not exceed 6 transactions per calendar month in the aggregate. 2.6.5 Application of PR Account Balance. The balance in all PR Accounts shall be applied to reduce the outstanding principal balance of the New Vehicle Floorplan Loans for the purpose of computation of interest only, and shall in no way limit or modify the principal payment requirements set forth elsewhere in this Agreement. Notwithstanding any other provision in this Section 2.6, except as set forth in the last sentence of Section 2.1.7 with respect to the New Vehicle Floorplan Commitment Fee payable to Swing Line Lender, the balance in a PR Account may not be used to reduce any principal amount outstanding for purposes of determining any remaining availability under the lines of credit established by Sections 2.1 or 2.2 of this Agreement or any of the other limitations stated in this Agreement. 2.6.6 Record of PR Account. All payments into a PR Account and all PR Account Advances shall be recorded on the Agent's books. 2.6.7 Termination of PR Accounts. The Agent and the Company on behalf of the New Vehicle Floorplan Borrowers, may mutually agree to terminate this Section 2.6 at such time as is agreed upon between them. In addition, the Agent may terminate this Section 2.6: (a) without prior notice upon the occurrence (or at any time during the continuation) of an Event of Default or (b) upon 30 days' notice to the Company if the reason for the termination is that the Agent has decided not to offer PR Accounts to its customers generally or that the Agent is prohibited or restricted by law or regulation from offering PR Accounts. Provided that no Event of Default exists, upon termination of this Section 2.6, the Agent shall make a PR Account Advance in an amount equal to the balance in each PR Account and deposit such amount in a deposit account of the applicable New Vehicle Floorplan Borrower with the Agent. If an Event of Default has occurred and is continuing, then upon termination of this Section 2.6, PR Account Borrowers shall have no further right to receive any PR

Account Advances and the Agent may 68 115525625.4 0063724-00082 apply the balance in any PR Account to the Obligations in accordance with the provisions of this Agreement. ARTICLE 3 USED VEHICLE FLOORPLAN AND SERVICE LOANER VEHICLE FLOORPLAN LINE OF CREDIT 3.1 Used Vehicle Floorplan Loans. 3.1.1 Used Vehicle Floorplan Commitment. Subject to the terms and conditions of this Agreement, each Lender severally and not jointly agrees to make loans (each a "Used Vehicle Floorplan Loan") to the Used Vehicle Floorplan Borrower on a revolving credit basis during the period from the Closing Date to but not including the Termination Date; provided that (a) the aggregate outstanding principal balance of the Used Vehicle Floorplan Loans made by each Lender, plus the outstanding principal balance of such Lender's participating interest in the Used Vehicle Swing Line Loans shall not at any time exceed an amount equal to such Lender's Used Vehicle Floorplan Commitment; (b) the outstanding principal balance of all Used Vehicle Floorplan Loans shall not at any time exceed, in the aggregate, as to all Lenders, the Maximum Used Vehicle Floorplan Amount; and (c) the outstanding principal balance of all Used Vehicle Floorplan Loans, plus the outstanding principal balance of all Used Vehicle Swing Line Loans, shall not at any time exceed, in the aggregate, as to all Lenders, the Maximum Used Vehicle Floorplan Amount. Subject to the terms and conditions hereof, Borrower may borrow, prepay and reborrow Used Vehicle Floorplan Loans. 3.1.2 Purpose of Used Vehicle Floorplan Loans. The Used Vehicle Floorplan Borrower shall use the proceeds of the Used Vehicle Floorplan Loans to finance Used Vehicles owned by a Dealership and to refinance Used Vehicle Swing Line Loans. Used Vehicle Floorplan Loans to any Canadian Dealership, or to any Dealership or Subsidiary that is located in or does financing of Used Vehicles in Canada, must be approved in advance by all Lenders, in each Lender's sole discretion. 3.1.3 Requests for Used Vehicle Floorplan Loans. Whenever the Used Vehicle Floorplan Borrower wishes to obtain a Used Vehicle Floorplan Advance, it shall give Agent irrevocable notice thereof no later than 11:00 a.m. (Pacific Time) at least one Business Day prior to the date of the requested borrowing. Such notice shall specify the requested borrowing date (which must be a Business Day), the amount of the Used Vehicle Floorplan Loan Advance, and include any other information and documentation reasonably requested by the Agent. The Agent will promptly notify each Lender of its receipt of any request for a Used Vehicle Floorplan Advance and of the amount of its Pro Rata Share of such Used Vehicle Floorplan Advance. Each Used Vehicle Floorplan Advance shall be in a minimum amount of \$1,000,000.001,000,000 and in multiples of \$100,000.00100,000 above such amount. 3.1.4 Funding of Used Vehicle Floorplan Loans. If the Agent notifies the Lenders of a request for a Used Vehicle Floorplan Advance by 1:00 p.m. (Pacific Time) on any 69 115525625.4 0063724-00082



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Business Day, each Lender will deliver its Pro Rata Share of such Used Vehicle Floorplan Advance to the Agent by 11:00 a.m. (Pacific Time) on the Business Day after such notification. 3.1.5 Used Vehicle Floorplan Payments. (a) Interest Payments. Interest on the unpaid principal balance of the Used Vehicle Floorplan Loans shall be paid monthly by the Used Vehicle Floorplan Borrower in an amount equal to all interest accrued during the prior calendar month. Such interest payments shall be made on each Used Vehicle/Revolving/Service Loaner Vehicle Monthly Payment Date commencing with the first such date to occur following the Closing Date and continuing thereafter. All accrued interest outstanding on the Termination Date shall be due and payable in full on the Termination Date. (b) Voluntary Principal Payments. The Used Vehicle Floorplan Borrower may make voluntary repayments of all or a portion of the outstanding principal balance of the Used Vehicle Floorplan Loans if the Used Vehicle Floorplan Borrower gives Agent written or telephonic notice of such voluntary repayment no later than 11:00 a.m. (Pacific Time) at least one Business Day prior to the date of such repayment; provided that each such voluntary principal repayment shall be in a minimum amount of \$1,000,000.001,000,000 and in multiples of \$100,000.00100,000 above such amount unless the Used Vehicle Floorplan Loans are being repaid in full. Such notice shall specify the anticipated date of the voluntary repayment and the principal amount of the Used Vehicle Floorplan Loans that will be repaid on such date. Any voluntary repayment of the Used Vehicle Floorplan Loans that is received by the Agent without such notice shall be deemed to have been received by the Agent on the Business Day after such payment is actually received by the Agent and interest shall accrue on the amounts so repaid through the date of such deemed receipt. (c) Principal Payment at Maturity. The entire outstanding principal balance of the Used Vehicle Floorplan Loans plus all interest accrued thereon shall be due and payable in full by the Used Vehicle Floorplan Borrower on the Termination Date. (d) Principal Payment Upon Dual Subsidiary Financing Commencement Date. If the Company designates a Subsidiary as a Dual Subsidiary in accordance with Section 6.19, then the Used Vehicle Floorplan Borrower shall repay each Used Vehicle Floorplan Loan and each Used Vehicle Swing Line Loan with respect to any Used Vehicle that is subsequently financed by Permitted Dual Subsidiary Indebtedness immediately upon the Dual Subsidiary Financing Commencement Date. 3.1.6 Voluntary Reduction or Termination of Commitment. The Used Vehicle Floorplan Borrower may from time to time on at least ten (10) Business Day's prior written notice to the Agent (which shall promptly advise each Lender thereof) permanently reduce the Aggregate Used Vehicle Floorplan Commitment to an amount not less than the then outstanding principal balance of the Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans. Concurrently with any reduction of the Aggregate Used Vehicle Floorplan Commitment to zero, (a) no further Used Vehicle Floorplan Loans or Used Vehicle Swing Line Loans will be made, and (b) the Used Vehicle Floorplan Borrower shall pay all principal and interest on the Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans and all fees 70 115525625.4 0063724-00082 and other amounts owing to the Agent and the Lenders. All reductions of the Aggregate Used Vehicle Floorplan Commitment shall reduce the Used Vehicle Floorplan Commitments pro rata among the Lenders according to their respective Pro Rata Shares; and except as otherwise set forth in the proviso to this Section 3.1.6, shall reduce the Used Vehicle Swing Line Commitment in proportion to the reduction of the Aggregate Used Vehicle Floorplan Commitment; provided, however, that (unless the Aggregate Used Vehicle Floorplan Commitment is reduced to less than such amount), the Used Vehicle Swing Line Commitment shall not be reduced. 3.1.7 Used Vehicle Floorplan Commitment Fee. The Used Vehicle Floorplan Borrower agrees to pay to the Agent, for the account of the Lenders, a commitment fee (the "Used Vehicle Floorplan Commitment Fee") calculated at a per annum rate equal to the Used Vehicle Floorplan Commitment Fee Rate on the average daily amount by which the Aggregate Used Vehicle Floorplan Commitment exceeds the sum of (a) the actual aggregate outstanding principal balance of the Used Vehicle Swing Line Loans on each day (it being understood that any portion of the outstanding principal balance of the Used Vehicle Swing Line Loans ceases to be outstanding under the Used Vehicle Swing Line Loans and commences being a portion of the outstanding principal balance under the Used Vehicle Floorplan Loans on the date that the Used Vehicle Floorplan Loans are funded to repay such portion of the outstanding principal balance of the Used Vehicle Swing Line Loans); plus (b) the actual aggregate outstanding principal balance of the Used Vehicle Floorplan Loans on each day; provided that, if the aggregate amount of the Used Vehicle Floorplan Commitment Fee payable for any period to the Lenders other than the Swing Line Lender (as set forth in the third sentence of this paragraph) exceeds the amount calculated under this sentence, then the Used Vehicle Floorplan Borrower agrees to pay to the Agent, for the account of such Lenders, such additional amounts so that each Lender other than the Swing Line Lender receives the full amount of Used Vehicle Floorplan Commitment Fee described in the third sentence of this paragraph. The accrued Used Vehicle Floorplan Commitment Fee shall be due and payable in arrears on each Quarterly Payment Date hereafter and on the Termination Date for the three month period or other time period ending on the last day of the preceding fiscal quarter or on the Termination Date. The Used Vehicle Floorplan Commitment Fee payable to each Lender other than the Swing Line Lender shall be based upon the amount determined by multiplying such Lender's Pro Rata Share by the average daily amount by which the Aggregate Used Vehicle Floorplan Commitment exceeds the actual aggregate outstanding principal balance of the Used Vehicle Floorplan Loans on each day. The Used Vehicle Floorplan Commitment Fee payable to the Lender which is the Swing Line Lender shall be based upon the amount determined by multiplying such Lender's Pro Rata Share by the average daily amount by which the Aggregate Used Vehicle Floorplan Commitment exceeds the actual aggregate outstanding principal balance of the Used Vehicle Floorplan Loans on each day and subtracting from that amount the average daily outstanding principal balance of the Used Vehicle Swing Line Loans. 3.1.8 Additional Payments. The Lenders shall have no obligation whatsoever, and they have no present intention, to make any Used Vehicle Floorplan Loan or Used Vehicle Swing Line Loan after the Termination Date or which would cause the principal amount outstanding under this Agreement to exceed any of the limitations stated in this Agreement. Notwithstanding the foregoing, the Used Vehicle Floorplan Borrower is and shall be and remain unconditionally liable to the Lenders for, and the Used Vehicle Floorplan Borrower hereby promises to pay to the Agent for the account of the Lenders the amount of all Used Vehicle 71 115525625.4 0063724-00082



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Floorplan Loans, Used Vehicle Swing Line Loans, and other Used Vehicle Floorplan Obligations hereunder, including without limitation Loans in excess of the limitations set forth herein and Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans made after the Termination Date. The Used Vehicle Floorplan Borrower shall pay to the Agent, (a) upon demand, or if earlier immediately upon becoming aware of the overadvance, the amount of any Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans in excess of any limitation contained in this Agreement; and (b) upon demand, the amount of any Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans made after the Termination Date; together with interest on the principal amount of such Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans, as set forth herein. 3.2 Used Vehicle Swing Line Loans. 3.2.1 Used Vehicle Swing Line Commitment. Subject to the terms and conditions of this Agreement, the Swing Line Lender shall make loans (each, a "Used Vehicle Swing Line Loan") to the Used Vehicle Floorplan Borrower on a revolving credit basis during the period from the Closing Date to but not including the Termination Date; provided that (a) the aggregate outstanding principal balance of the Used Vehicle Swing Line Loans shall not at any time exceed the Used Vehicle Swing Line Commitment and (b) the outstanding principal balance of all Used Vehicle Floorplan Loans made by all Lenders plus the outstanding principal balance of all Used Vehicle Swing Line Loans, shall not at any time exceed the Maximum Used Vehicle Floorplan Amount. Subject to the terms and conditions hereof, the Used Vehicle Floorplan Borrower may borrow, prepay and reborrow Used Vehicle Swing Line Loans. 3.2.2 Purpose of Used Vehicle Swing Line Loans. The Used Vehicle Floorplan Borrower shall use the proceeds of Used Vehicle Swing Line Loans for purposes permitted by Section 3.1.2 and to fund Used Vehicle Sweep Advances pursuant to Section 3.2.7. 3.2.3 Requests for Used Vehicle Swing Line Loans. Except as set forth in Section 3.2.7, whenever the Used Vehicle Floorplan Loan Borrower wishes to obtain a Used Vehicle Swing Line Loan, the Used Vehicle Floorplan Borrower shall give Agent irrevocable notice thereof no later than 1:00 p.m. (Pacific Time) on the requested date of such Used Vehicle Swing Line Loan, unless Swing Line Lender agrees in each instance, in its sole discretion, to a shorter time period. Such notice shall specify the requested borrowing date (which must be a Business Day) and the amount of the Used Vehicle Swing Line Loan and include any other documentation and information reasonably requested by the Agent. 3.2.4 Used Vehicle Swing Line Loan Payments. (a) Interest Payments. Interest on the unpaid principal balance of the Used Vehicle Swing Line Loans shall be paid monthly by the Used Vehicle Floorplan Borrower in an amount equal to all interest accrued during the prior calendar month. Such interest payments shall be made on each Used Vehicle/Revolving/Service Loaner Vehicle Monthly Payment Date commencing with the first such date to occur following the Closing Date and continuing thereafter. All accrued interest outstanding on the Termination Date shall be due and payable in full on the Termination Date. 72-115525625-4-0063724-00082 (b) Principal Payments. The entire outstanding principal balance of the Used Vehicle Swing Line Loans plus all interest accrued thereon shall be due and payable in full by the Used Vehicle Floorplan Borrower on the Termination Date. In addition, the principal balance of the Used Vehicle Swing Line Loans shall be due and

payable as required by Section 3.2.6. 3.2.5 Participation in Used Vehicle Swing Line Loans. Immediately upon the making of a Used Vehicle Swing Line Loan by the Swing Line Lender, the Swing Line Lender shall be deemed to have sold and transferred to each Lender and each Lender shall be deemed to have purchased and received from the Swing Line Lender, without any further action by any party, an undivided participating interest in each Used Vehicle Swing Line Loan in an amount equal to such Lender's Pro Rata Share; provided, however, that (a) no Lender shall be required to fund its participation in any Used Vehicle Swing Line Loan except as set forth in Section 3.2.6(b), and (b) no Lender shall be entitled to share in any payments of principal or interest in respect of its participation except, with respect to any participation funded by such Lender, as set forth herein. Such participation shall be subject to the terms and conditions of this Agreement. 3.2.6 Settlement of Used Vehicle Swing Line Loans. (a) Refunding of Loans. (i) Upon the request of the Swing Line Lender, the Agent from time to time shall, on behalf of the Used Vehicle Floorplan Borrower (and the Used Vehicle Floorplan Borrower hereby irrevocably authorizes the Agent to so act on its behalf) request each Lender (including Swing Line Lender in its capacity as a Lender) to make a Used Vehicle Floorplan Loan to the Used Vehicle Floorplan Borrower, in accordance with the provisions of this Section 3.2.6(a), which shall be applied to repay all or a portion of the outstanding principal balance of the Used Vehicle Swing Line Loans (each such Used Vehicle Floorplan Loan, a "Refunding Used Vehicle Floorplan Loan"), in an amount equal to that Lender's Pro Rata Share of all or a portion of the then outstanding principal balance of the Used Vehicle Swing Line Loans. (ii) Without limiting the foregoing, each Lender agrees that the Agent may request the Lenders to make Refunding Used Vehicle Floorplan Loans at any time if (A) a Default has occurred and is continuing, or (B) in the judgment of Swing Line Lender, taking into account the outstanding principal balance of the Used Vehicle Swing Line Loans and the anticipated usage of the Used Vehicle Swing Line Loans, and the operation of the Credit Sweep pursuant to Section 3.2.7, such Refunding Used Vehicle Floorplan Loans are reasonably necessary to ensure that the outstanding principal balance of the Used Vehicle Swing Line Loans will not at any time exceed the Used Vehicle Swing Line Commitment or such lesser amount as is permitted to be outstanding on the Used Vehicle Swing Line Loans at such time (it being understood that in order to attain such objective, Swing Line Lender may request refunding of the Used Vehicle Swing Line Loans even though the principal balance of the Used Vehicle Swing Line Loans at the time of such request is less than the Used Vehicle Swing Line Commitment or the amount permitted to be outstanding on the Used Vehicle Swing Line Loans). 73

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(ii) If the Agent makes a request for funding under this Section 3.2.7(a) by 1:00 p.m. (Pacific Time) on any Business Day, the Lenders will deliver the required amount to the Agent no later than 11:00 a.m. (Pacific Time) on the Business Day after such request. The proceeds of all Refunding Used Vehicle Floorplan Loans shall be paid by the Agent to the Swing Line Lender in repayment of the outstanding principal balance of the applicable Used Vehicle Swing Line Loans.

(b) Funding of Participations. In addition to the right of the Swing Line Lender to request refunding of the Used Vehicle Swing Line Loans pursuant to Section 3.2.6(a), upon the request of the Swing Line Lender, the Agent may request each Lender (including Swing Line Lender in its capacity as a Lender) to fund its participation in the Used Vehicle Swing Line Loans by paying to the Agent, for the account of the Swing Line Lender, its Pro Rata Share of the principal amount of the Used Vehicle Swing Line Loans. If the Agent makes such request by 1:00 p.m. (Pacific Time) on any Business Day, the Lenders will deliver such amount to the Agent no later than 11:00 a.m. (Pacific Time) on the Business Day after such request. All participations funded by the Lenders under this Section 3.2.6(b) shall be treated as the funding of the Revolving Loans for purposes of the calculation of the Used Vehicle Floorplan Commitment Fee. If any payment paid to any Lender with respect to its participating interest in any Used Vehicle Swing Line Loan is thereafter recovered from or must be returned or paid over by Swing Line Lender for any reason, such Lender will pay to the Agent for the account of the Swing Line Lender, such Lender's Pro Rata Share of such amount and of any interest and other amounts paid or payable by the Swing Line Lender with respect to such amount. The Agent agrees not to request any funding of the Lender's participations in the Used Vehicle Swing Line Loans under this Section 3.2.6(b) at any time that such participations may be legally repaid using advances of Used Vehicle Floorplan Loans under Section 3.2.6(a). (c) Payment to Swing Line Lender. Notwithstanding any contrary provision of this Agreement (i) except as set forth in clause (ii) of this Section 3.2.6(c) all payments of principal and interest on the Used Vehicle Swing Line Loans shall be paid by the Agent solely to the Swing Line Lender, and (ii) with respect to each participation in Used Vehicle Swing Line Loans which is funded by any Lender, such Lender (including Swing Line Lender in its capacity as Lender) shall be entitled to receive its Pro Rata Share of payments of (A) principal on such Used Vehicle Swing Line Loans and (B) interest on such Used Vehicle Swing Line Loans only for the period following the date such participation is funded.

(d) Obligations Unconditional. The obligation of each Lender to make Used Vehicle Floorplan Loans to repay Used Vehicle Swing Line Loans pursuant to Section 3.2.6(a) or to fund its participation interests in Used Vehicle Swing Line Loans pursuant to Section 3.2.6(b) shall be absolute and unconditional and shall not be affected by the occurrence of a Default or Event of Default, the fact that any one or more of the conditions in Article 9 is not satisfied, the termination of the availability of Loans, the fact that such Used Vehicle Floorplan Loan is made after the Termination Date to refinance Used Vehicle Swing Line Loans made prior to the Termination Date, any defense, setoff, counterclaim or claim for recoupment of any Lender against Agent or Swing Line Lender or any other circumstance, whether or not similar to the foregoing. Notwithstanding the foregoing, the Lenders shall not be required to repay Used Vehicle Swing Line Loans pursuant to Section 3.2.6(a) or to fund their participation interests in Used Vehicle Swing Line Loans pursuant to Section 3.2.6(b) with 74 115525625.4 0063724-00082 respect to any portions of the outstanding principal balance of the Used Vehicle Swing Line Loans that are funded by Swing Line Lender after Agent is deemed to have knowledge or notice of the occurrence of a Default or after the Termination Date. 3.2.7 Credit Sweep. (a) Notwithstanding the provisions of Section 3.2.3, in addition to Used Vehicle Swing Line Loans requested pursuant to Section 3.2.3, the Used Vehicle Floorplan Borrower may also obtain and repay Used Vehicle Swing Line Loans in accordance with the provisions of this Section 3.2.7 (each, a "Used Vehicle Sweep Advance"). Used Vehicle Sweep Advances shall be Used Vehicle Swing Line Loans. (b) Funds may be transferred between one or more deposit accounts maintained by the Used Vehicle Floorplan Borrower with the Agent (each, a "Used Vehicle Floorplan DDA") and the Swing Line Loans. Collected funds in the Used Vehicle Floorplan DDA may be transferred to the Used Vehicle Swing Line Loans to reduce the outstanding principal balance thereof and Used Vehicle Sweep Advances may be made to maintain an agreed upon collected balance in the Used Vehicle Floorplan DDA. (c) All Used Vehicle Sweep Advances shall be deemed to have been requested by the Used Vehicle Floorplan Borrower and shall be subject to the terms and conditions of this Agreement and the other Loan Documents, and shall also be subject to the Agent's deposit account, treasury management and other agreements with the Used Vehicle Floorplan Borrower, provided, however, that if there is any conflict between the terms of such agreements and the Loan Documents, the terms of the Loan Documents shall control. (d) The Used Vehicle Floorplan Borrower may terminate this service by written notice executed by the Used Vehicle Floorplan Borrower and delivered to the Agent. The Agent may change the terms or discontinue this service at any time upon written notice to the Used Vehicle Floorplan Borrower. (e) The Used Vehicle Floorplan Borrower shall pay such fees for this sweep service as may be disclosed to the Used Vehicle Floorplan Borrower by the Agent. Such fees shall be for the sole account of the Agent. 3.3 Service Loaner Vehicle Floorplan Loans. 3.3.1 Service Loaner Vehicle Floorplan Commitment. Subject to the terms and conditions of this Agreement, each Lender severally and not jointly agrees to make loans (each a "Service Loaner Vehicle Floorplan Loan") to the Service Loaner Vehicle Floorplan Borrower on a revolving credit basis during the period from the Closing Date to but not including the Termination Date, provided that (a) the aggregate outstanding principal balance of the Service Loaner Vehicle Floorplan Loans made by each Lender, plus the outstanding principal balance of such Lender's participating interest in the Service Loaner Vehicle Swing Line Loans shall not at any time exceed an amount equal to such Lender's Service Loaner Vehicle Floorplan Commitment; (b) the outstanding principal balance of all Service Loaner Vehicle Floorplan Loans shall not at any time exceed, in the 75

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aggregate, as to all Lenders, the Maximum Service Loaner Vehicle Floorplan Amount, and (c) the outstanding principal balance of all Service Loaner Vehicle Floorplan Loans, plus the outstanding principal balance of all Service Loaner Vehicle Swing Line Loans, shall not at any time exceed, in the aggregate, as to all Lenders, the Maximum Service Loaner Vehicle Floorplan Amount. Subject to the terms and conditions hereof, Borrower may borrow, prepay and reborrow Service Loaner Vehicle Floorplan Loans. 3.3.2 Purpose of Service Loaner Vehicle Floorplan Loans. The Service Loaner Vehicle Floorplan Borrower shall use the proceeds of the Service Loaner Vehicle Floorplan Loans to finance Service Loaner Vehicles owned by a Dealership and to refinance Service Loaner Vehicle Swing Line Loans. 3.3.3 Requests for Service Loaner Vehicle Floorplan Loans. Whenever the Service Loaner Vehicle Floorplan Borrower wishes to obtain a Service Loaner Vehicle Floorplan Advance, it shall give Agent irrevocable notice thereof no later than 11:00 a.m. (Pacific Time) at least one Business Day prior to the date of the requested borrowing. Such notice shall specify the requested borrowing date (which must be a Business Day), the amount of the Service Loaner Vehicle Floorplan Loan Advance, and include any other information and documentation reasonably requested by the Agent. The Agent will promptly notify each Lender of its receipt of any request for a Service Loaner Vehicle Floorplan Advance and of the amount of its Pro Rata Share of such Service Loaner Vehicle Floorplan Advance. Each Service Loaner Vehicle Floorplan Advance shall be in a minimum amount of \$1,000,000.001,000,000 and in multiples of \$100,000.00100,000 above such amount. 3.3.4 Funding of Service Loaner Vehicle Floorplan Loans. If the Agent notifies the Lenders of a request for a Service Loaner Vehicle Floorplan Advance by 1:00 p.m. (Pacific Time) on any Business Day, each Lender will deliver its Pro Rata Share of such Service Loaner Vehicle Floorplan Advance to the Agent by 11:00 a.m. (Pacific Time) on the Business Day after such notification. 3.3.5 Service Loaner Vehicle Floorplan Payments. (a) Interest Payments. Interest on the unpaid principal balance of the Service Loaner Vehicle Floorplan Loans shall be paid monthly by the Service Loaner Vehicle Floorplan Borrower in an amount equal to all interest accrued during the prior calendar month. Such interest payments shall be made on each Used Vehicle/Revolving/Service Loaner Vehicle Monthly Payment Date commencing with the first such date to occur following the Closing Date and continuing thereafter. All accrued interest outstanding on the Termination Date shall be due and payable in full on the Termination Date. (b) Voluntary Principal Payments. The Service Loaner Vehicle Floorplan Borrower may make voluntary repayments of all or a portion of the outstanding principal balance of the Service Loaner Vehicle Floorplan Loans if the Service Loaner Vehicle Floorplan Borrower gives Agent written or telephonic notice of such voluntary repayment no later than 11:00 a.m. (Pacific Time) at least one Business Day prior to the date of such repayment; provided that each such voluntary principal repayment shall be in a minimum amount of \$1,000,000.001,000,000 and in multiples of \$100,000.00100,000 above such amount 76 115525625.4 0063724-00082 unless the Service Loaner Vehicle Floorplan Loans are being repaid in full. Such notice shall specify the anticipated date of the voluntary repayment and the principal amount of the Service Loaner Vehicle Floorplan Loans that will be repaid on such date. Any voluntary repayment of the Service Loaner Vehicle Floorplan Loans that is received by the Agent without such notice shall be deemed to have been received by the Agent on the Business Day after such payment is actually received by the Agent and interest shall accrue on the amounts so repaid through the date of such deemed receipt. (c) Principal Payment at Maturity. The entire outstanding principal balance of the Service Loaner Vehicle Floorplan Loans plus all interest accrued thereon shall be due and payable in full by the

Service Loaner Vehicle Floorplan Borrower on the Termination Date. (d) Principal Payment Upon Dual Subsidiary Financing Commencement Date. If the Company designates a Subsidiary as a Dual Subsidiary in accordance with Section 6.19, then the Service Loaner Vehicle Floorplan Borrower shall repay each Service Loaner Vehicle Floorplan Loan and each Service Loaner Vehicle Swing Line Loan with respect to any Service Loaner Vehicle that is subsequently financed by Permitted Dual Subsidiary Indebtedness immediately upon the Dual Subsidiary Financing Commencement Date. 3.3.6 Voluntary Reduction or Termination of Commitment. The Service Loaner Vehicle Floorplan Borrower may from time to time on at least ten (10) Business Day's prior written notice to the Agent (which shall promptly advise each Lender thereof) permanently reduce the Aggregate Service Loaner Vehicle Floorplan Commitment to an amount not less than the then outstanding principal balance of the Service Loaner Vehicle Floorplan Loans and Service Loaner Vehicle Swing Line Loans. Concurrently with any reduction of the Aggregate Service Loaner Vehicle Floorplan Commitment to zero, (a) no further Service Loaner Vehicle Floorplan Loans or Service Loaner Vehicle Swing Line Loans will be made, and (b) the Service Loaner Vehicle Floorplan Borrower shall pay all principal and interest on the Service Loaner Vehicle Floorplan Loans and Service Loaner Vehicle Swing Line Loans and all fees and other amounts owing to the Agent and the Lenders. All reductions of the Aggregate Service Loaner Vehicle Floorplan Commitment shall reduce the Service Loaner Vehicle Floorplan Commitments pro rata among the Lenders according to their respective Pro Rata Shares, and except as otherwise set forth in the proviso to this Section 3.3.6, shall reduce the Service Loaner Vehicle Swing Line Commitment in proportion to the reduction of the Aggregate Service Loaner Vehicle Floorplan Commitment; provided, however, that (unless the Aggregate Service Loaner Vehicle Floorplan Commitment is reduced to less than such amount), the Service Loaner Vehicle Swing Line Commitment shall not be reduced. 3.3.7 Service Loaner Vehicle Floorplan Commitment Fee. The Service Loaner Vehicle Floorplan Borrower agrees to pay to the Agent, for the account of the Lenders, a commitment fee (the "Service Loaner Vehicle Floorplan Commitment Fee") calculated at a per annum rate equal to the Service Loaner Vehicle Floorplan Commitment Fee Rate on the average daily amount by which the Aggregate Service Loaner Vehicle Floorplan Commitment exceeds the sum of (a) the actual aggregate outstanding principal balance of the Service Loaner Vehicle Swing Line Loans on each day (it being understood that any portion of the outstanding principal balance of the Service Loaner Vehicle Swing Line Loans ceases to be outstanding 77 115525625.4 0063724-00082



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under the Service Loaner Vehicle Swing Line Loans and commences being a portion of the outstanding principal balance under the Service Loaner Vehicle Floorplan Loans on the date that the Service Loaner Vehicle Floorplan Loans are funded to repay such portion of the outstanding principal balance of the Service Loaner Vehicle Swing Line Loans) plus (b) the actual aggregate outstanding principal balance of the Service Loaner Vehicle Floorplan Loans on each day, provided that, if the aggregate amount of the Service Loaner Vehicle Floorplan Commitment Fee payable for any period to the Lenders other than the Swing Line Lender (as set forth in the third sentence of this paragraph) exceeds the amount calculated under this sentence, then the Service Loaner Vehicle Floorplan Borrower agrees to pay to the Agent, for the account of such Lenders, such additional amounts so that each Lender other than the Swing Line Lender receives the full amount of the Service Loaner Vehicle Floorplan Commitment Fee described in the third sentence of this paragraph. The accrued Service Loaner Vehicle Floorplan Commitment Fee shall be due and payable in arrears on each Quarterly Payment Date hereafter and on the Termination Date for the three month period or other time period ending on the last day of the preceding fiscal quarter or on the Termination Date. The Service Loaner Vehicle Floorplan Commitment Fee payable to each Lender other than the Swing Line Lender shall be based upon the amount determined by multiplying such Lender's Pro Rata Share by the average daily amount by which the Aggregate Service Loaner Vehicle Floorplan Commitment exceeds the actual aggregate outstanding principal balance of the Service Loaner Vehicle Floorplan Loans on each day. The Service Loaner Vehicle Floorplan Commitment Fee payable to the Lender which is the Swing Line Lender shall be based upon the amount determined by multiplying such Lender's Pro Rata Share by the average daily amount by which the Aggregate Service Loaner Vehicle Floorplan Commitment exceeds the actual aggregate outstanding principal balance of the Service Loaner Vehicle Floorplan Loans on each day and subtracting from that amount the average daily outstanding principal balance of the Service Loaner Vehicle Swing Line Loans. 3.3.8 Additional Payments. The Lenders shall have no obligation whatsoever, and they have no present intention, to make any Service Loaner Vehicle Floorplan Loan or Service Loaner Vehicle Swing Line Loan after the Termination Date or which would cause the principal amount outstanding under this Agreement to exceed any of the limitations stated in this Agreement. Notwithstanding the foregoing, the Service Loaner Vehicle Floorplan Borrower is and shall be and remain unconditionally liable to the Lenders for, and the Service Loaner Vehicle Floorplan Borrower hereby promises to pay to the Agent for the account of the Lenders the amount of all Service Loaner Vehicle Floorplan Loans, Service Loaner Vehicle Swing Line Loans, and other Service Loaner Vehicle Floorplan Obligations hereunder, including without limitation Loans in excess of the limitations set forth herein and Service Loaner Vehicle Floorplan Loans and Service Loaner Vehicle Swing Line Loans made after the Termination Date. The Service Loaner Vehicle Floorplan Borrower shall pay to the Agent: (a) upon demand, or if earlier immediately upon becoming aware of the overadvance, the amount of any Service Loaner Vehicle Floorplan Loans and Service Loaner Vehicle Swing Line Loans in excess of any limitation contained in this Agreement; and (b) upon demand, the amount of any Service Loaner Vehicle Floorplan Loans and Service Loaner Vehicle Swing Line Loans made after the Termination Date; together with interest on the principal amount of such Service Loaner Vehicle Floorplan Loans and Service Loaner Vehicle Swing Line Loans, as set forth herein. 3.4 Service Loaner Vehicle Swing Line Loans. 79 115525625.4 0063724-00082 3.4.1 Service Loaner Vehicle Swing Line Commitment. Subject to the terms and conditions of this Agreement, the Swing Line Lender shall make loans (each a "Service Loaner Vehicle Swing Line Loan") to the Service Loaner Vehicle Floorplan Borrower on a revolving credit basis during the period from the Closing Date to but not including the Termination Date; provided that (a) the aggregate outstanding principal balance of the Service Loaner Vehicle Swing Line Loans shall not at any time exceed the Service Loaner Vehicle Swing Line Commitment; and (b) the outstanding principal balance of all Service Loaner Vehicle Floorplan Loans made by all Lenders plus the outstanding principal balance of all Service Loaner Vehicle Swing Line Loans, shall not at any time exceed the Maximum Service Loaner Vehicle Floorplan Amount. Subject to the terms and conditions hereof, the Service Loaner Vehicle Floorplan Borrower may borrow, prepay and reborrow Service Loaner Vehicle Swing Line Loans. 3.4.2 Purpose of Service Loaner Vehicle Swing Line Loans. The Service Loaner Vehicle Floorplan Borrower shall use the proceeds of Service Loaner Vehicle Swing Line Loans for purposes permitted by Section 3.3.2 and to fund Service Loaner Vehicle Sweep Advances pursuant to Section 3.4.7. 3.4.3 Requests for Service Loaner Vehicle Swing Line Loans. Except as set forth in Section 3.4.7, whenever the Service Loaner Vehicle Floorplan Loan Borrower wishes to obtain a Service Loaner Vehicle Swing Line Loan, the Service Loaner Vehicle Floorplan Borrower shall give Agent irrevocable notice thereof no later than 1:00 p.m. (Pacific Time) on the requested date of such Service Loaner Vehicle Swing Line Loan, unless Swing Line Lender agrees in each instance, in its sole discretion, to a shorter time period. Such notice shall specify the requested borrowing date (which must be a Business Day) and the amount of the Service Loaner Vehicle Swing Line Loan and include any other documentation and information reasonably requested by the Agent. 3.4.4 Service Loaner Vehicle Swing Line Loan Payments. (a) Interest Payments. Interest on the unpaid principal balance of the Service Loaner Vehicle Swing Line Loans shall be paid monthly by the Service Loaner Vehicle Floorplan Borrower in an amount equal to all interest accrued during the prior calendar month. Such interest payments shall be made on each Used Vehicle/Revolving/Service Loaner Vehicle Monthly Payment Date commencing with the first such date to occur following the Closing Date and continuing thereafter. All accrued interest outstanding on the Termination Date shall be due and payable in full on the Termination Date. (b) Principal Payments. The entire outstanding principal balance of the Service Loaner Vehicle Swing Line Loans plus all interest accrued thereon shall be due and payable in full by the Service Loaner Vehicle Floorplan Borrower on the Termination Date. In addition, the principal balance of the Service Loaner Vehicle Swing Line Loans shall be due and payable as required by Section 3.4.6. 3.4.5 Participation in Service Loaner Vehicle Swing Line Loans. Immediately upon the making of a Service Loaner Vehicle Swing Line Loan by the Swing Line Lender, the Swing Line Lender shall be deemed to have sold and transferred to each Lender and 79 115525625.4 0063724-00082



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each Lender shall be deemed to have purchased and received from the Swing Line Lender, without any further action by any party, an undivided participating interest in each Service Loaner Vehicle Swing Line Loan in an amount equal to such Lender's Pro Rata Share; provided, however, that (a) no Lender shall be required to fund its participation in any Service Loaner Vehicle Swing Line Loan except as set forth in Section 3.4.6(b), and (b) no Lender shall be entitled to share in any payments of principal or interest in respect of its participation except, with respect to any participation funded by such Lender, as set forth herein. Such participation shall be subject to the terms and conditions of this Agreement. 3.4.6 Settlement of Service Loaner Vehicle Swing Line Loans. (a) Refunding of Loans. (i) Upon the request of the Swing Line Lender, the Agent from time to time shall, on behalf of the Service Loaner Vehicle Floorplan Borrower (and the Service Loaner Vehicle Floorplan Borrower hereby irrevocably authorizes the Agent to so act on its behalf) request each Lender (including Swing Line Lender in its capacity as a Lender) to make a Service Loaner Vehicle Floorplan Loan to the Service Loaner Vehicle Floorplan Borrower, in accordance with the provisions of this Section 3.4.6(a), which shall be applied to repay all or a portion of the outstanding principal balance of the Service Loaner Vehicle Swing Line Loans (each such Service Loaner Vehicle Floorplan Loan, a "Refunding Service Loaner Vehicle Floorplan Loan"), in an amount equal to that Lender's Pro Rata Share of all or a portion of the then outstanding principal balance of the Service Loaner Vehicle Swing Line Loans. (ii) Without limiting the foregoing, each Lender agrees that the Agent may request the Lenders to make Refunding Service Loaner Vehicle Floorplan Loans at any time if (A) a Default has occurred and is continuing, or (B) in the judgment of Swing Line Lender, taking into account the outstanding principal balance of the Service Loaner Vehicle Swing Line Loans and the anticipated usage of the Service Loaner Vehicle Swing Line Loans, and the operation of the Credit Sweep pursuant to Section 3.4.7, such Refunding Service Loaner Vehicle Floorplan Loans are reasonably necessary to ensure that the outstanding principal balance of the Service Loaner Vehicle Swing Line Loans will not at any time exceed the Service Loaner Vehicle Swing Line Commitment or such lesser amount as is permitted to be outstanding on the Service Loaner Vehicle Swing Line Loans at such time (it being understood that in order to attain such objective, Swing Line Lender may request refunding of the Service Loaner Vehicle Swing Line Loans even though the principal balance of the Service Loaner Vehicle Swing Line Loans at the time of such request is less than the Service Loaner Vehicle Swing Line Commitment or the amount permitted to be outstanding on the Service Loaner Vehicle Swing Line Loans). (iii) If the Agent makes a request for funding under this Section 3.4.7(a) by 1:00 p.m. (Pacific Time) on any Business Day, the Lenders will deliver the required amount to the Agent no later than 11:00 a.m. (Pacific Time) on the Business Day after such request. The proceeds of all Refunding Service Loaner Vehicle Floorplan Loans shall be paid by the Agent to the Swing Line Lender in repayment of the outstanding principal balance of the applicable Service Loaner Vehicle Swing Line Loans. 80 115525625.4 0063724-00082 (b) Funding of Participations. In addition to the right of the Swing Line Lender to request refunding of the Service Loaner Vehicle Swing Line Loans pursuant to Section 3.4.6(a), upon the request of the Swing Line Lender, the Agent may request each Lender (including Swing Line Lender in its capacity as a Lender) to fund its participation in the Service Loaner Vehicle Swing Line Loans by paying to the Agent, for the account of the Swing Line Lender, its Pro Rata Share of the principal amount of the Service Loaner Vehicle Swing Line Loans. If the Agent makes such request by 1:00 p.m. (Pacific Time) on any Business Day, the Lenders will deliver such amount to the Agent no later than

11:00 a.m. (Pacific Time) on the Business Day after such request. All participations funded by the Lenders under this Section 3.4.6(b) shall be treated as the funding of the Revolving Loans for purposes of the calculation of the Service Loaner Vehicle Floorplan Commitment Fee. If any payment paid to any Lender with respect to its participating interest in any Service Loaner Vehicle Swing Line Loan is thereafter recovered from or must be returned or paid over by Swing Line Lender for any reason, such Lender will pay to the Agent for the account of the Swing Line Lender, such Lender's Pro Rata Share of such amount and of any interest and other amounts paid or payable by the Swing Line Lender with respect to such amount. The Agent agrees not to request any funding of the Lender's participations in the Service Loaner Vehicle Swing Line Loans under this Section 3.4.6(b) at any time that such participations may be legally repaid using advances of Service Loaner Vehicle Floorplan Loans under Section 3.4.6(a). (c) Payment to Swing Line Lender. Notwithstanding any contrary provision of this Agreement (i) except as set forth in clause (i) of this Section 3.4.6(c) all payments of principal and interest on the Service Loaner Vehicle Swing Line Loans shall be paid by the Agent solely to the Swing Line Lender; and (ii) with respect to each participation in Service Loaner Vehicle Swing Line Loans which is funded by any Lender, such Lender (including Swing Line Lender in its capacity as Lender) shall be entitled to receive its Pro Rata Share of payments of (A) principal on such Service Loaner Vehicle Swing Line Loans and (B) interest on such Service Loaner Vehicle Swing Line Loans only for the period following the date such participation is funded. (d) Obligations Unconditional. The obligation of each Lender to make Service Loaner Vehicle Floorplan Loans to repay Service Loaner Vehicle Swing Line Loans pursuant to Section 3.4.6(a) or to fund its participation interests in Service Loaner Vehicle Swing Line Loans pursuant to Section 3.4.6(b) shall be absolute and unconditional and shall not be affected by the occurrence of a Default or Event of Default, the fact that any one or more of the conditions in Article 9 is not satisfied, the termination of the availability of Loans, the fact that such Service Loaner Vehicle Floorplan Loan is made after the Termination Date to refinance Service Loaner Vehicle Swing Line Loans made prior to the Termination Date, any defense, setoff, counterclaim or claim for recoupment of any Lender against Agent or Swing Line Lender or any other circumstance, whether or not similar to the foregoing. Notwithstanding the foregoing, the Lenders shall not be required to repay Service Loaner Vehicle Swing Line Loans pursuant to Section 3.4.6(a) or to fund their participation interests in Service Loaner Vehicle Swing Line Loans pursuant to Section 3.4.6(b) with respect to any portions of the outstanding principal balance of the Service Loaner Vehicle Swing Line Loans that are funded by Swing Line Lender after Agent is deemed to have knowledge or notice of the occurrence of a Default or after the Termination Date. 81 115525625.4 0063724-00082



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3.4.7 Credit Sweep. (a) Notwithstanding the provisions of Section 3.4.3, in addition to Service Loaner Vehicle Swing Line Loans requested pursuant to Section 3.4.3, the Service Loaner Vehicle Floorplan Borrower may also obtain and repay Service Loaner Vehicle Swing Line Loans in accordance with the provisions of this Section 3.4.7 (each, a "Service Loaner Vehicle Sweep Advance"). Service Loaner Vehicle Sweep Advances shall be Service Loaner Vehicle Swing Line Loans. (b) Funds may be transferred between one or more deposit accounts maintained by the Service Loaner Vehicle Floorplan Borrower with the Agent (each, a "Service Loaner Vehicle Floorplan DDA") and the Swing Line Loans. Collected funds in the Service Loaner Vehicle Floorplan DDA may be transferred to the Service Loaner Vehicle Swing Line Loans to reduce the outstanding principal balance thereof and Service Loaner Vehicle Sweep Advances may be made to maintain an agreed upon collected balance in the Service Loaner Vehicle Floorplan DDA. (c) All Service Loaner Vehicle Sweep Advances shall be deemed to have been requested by the Service Loaner Vehicle Floorplan Borrower and shall be subject to the terms and conditions of this Agreement and the other Loan Documents, and shall also be subject to the Agent's deposit account, treasury management and other agreements with the Service Loaner Vehicle Floorplan Borrower, provided, however, that if there is any conflict between the terms of such agreements and the Loan Documents, the terms of the Loan Documents shall control. (d) The Service Loaner Vehicle Floorplan Borrower may terminate this service by written notice executed by the Service Loaner Vehicle Floorplan Borrower and delivered to the Agent. The Agent may change the terms or discontinue this service at any time upon written notice to the Service Loaner Vehicle Floorplan Borrower. (e) The Service Loaner Vehicle Floorplan Borrower shall pay such fees for this sweep service as may be disclosed to the Service Loaner Vehicle Floorplan Borrower by the Agent. Such fees shall be for the sole account of the Agent. ARTICLE 4 REVOLVING LINE OF CREDIT 4.1 Revolving Loans. 4.1.1 Revolving Loan Commitment. Subject to the terms and conditions of this Agreement, each Lender severally and not jointly agrees to make loans (each a "Revolving Loan") to the Revolving Loan Borrower on a revolving credit basis during the period from the Closing Date to but not including the Termination Date; provided that (a) the aggregate outstanding principal balance of the Revolving Loans made by each Lender, plus the outstanding principal balance of such Lender's participating interest in the Revolving Swing Line Loans and Letters of Credit shall not at any time exceed an amount equal to such Lender's Revolving Loan Commitment; (b) the outstanding principal balance of all Revolving Loans shall not at any time 82 115525625.4 0063724-00082 exceed, in the aggregate, as to all Lenders, the Maximum Revolving Loan Amount; and (c) the outstanding principal balance of all Revolving Loans, plus the outstanding principal balance of all Revolving Swing Line Loans, plus the LC Obligations shall not at any time exceed, in the aggregate, as to all Lenders, the Maximum Revolving Loan Amount. Subject to the terms and conditions hereof, Borrower may borrow, prepay and reborrow Revolving Loans. 4.1.2 Purpose of Revolving Loans. The Revolving Loan Borrower shall use the proceeds of the Revolving Loans, for Permitted Acquisitions, capital expenditures, its general corporate purposes and to refinance Revolving Swing Line Loans. 4.1.3 Requests for Revolving Loans. Whenever the Revolving Loan Borrower wishes to obtain a Revolving Loan Advance, it shall give Agent irrevocable notice thereof no later than 11:00 a.m. (Pacific Time) at least one Business Day prior to the date of the requested borrowing. Such notice shall specify the requested borrowing date (which must be a Business Day), the amount of the Revolving Loan Advance, and include any other information and documentation reasonably requested by the Agent. The Agent will promptly notify each Lender of its receipt of any request for a Revolving Loan Advance and of the amount of its Pro Rata Share of such Revolving Loan Advance. Each Revolving Loan Advance shall be in a minimum amount of \$1,000,000.001,000,000 and in multiples of \$100,000.00100,000 above such amount. 4.1.4 Funding of Revolving Loans. If the Agent notifies the Lenders of a request for a Revolving Loan Advance by 1:00 p.m. (Pacific Time) on any Business Day, each Lender will deliver its Pro Rata Share of such Revolving Loan Advance to the Agent by 11:00 a.m. (Pacific Time) on the Business Day after such notification. 4.1.5 Revolving Loan Payments. (a) Interest Payments. Interest on the unpaid principal balance of the Revolving Loans shall be paid monthly by the Revolving Loan Borrower in an amount equal to all interest accrued during the prior calendar month. Such interest payments shall be made on each Used Vehicle/Revolving/Service Loaner Vehicle Monthly Payment Date commencing with the first such date to occur following the Closing Date and continuing thereafter. All accrued interest outstanding on the Termination Date shall be due and payable in full on the Termination Date. (b) Voluntary Principal Payments. The Revolving Loan Borrower may make voluntary repayments of all or a portion of the outstanding principal balance of the Revolving Loans if the Revolving Loan Borrower gives Agent written or telephonic notice of such voluntary repayment no later than 11:00 a.m. (Pacific Time) at least one Business Day prior to the date of such repayment; provided that each such voluntary principal repayment shall be in a minimum amount of \$1,000,000.001,000,000 and in multiples of \$100,000.00100,000 above such amount unless the Revolving Loans are being repaid in full. Such notice shall specify the anticipated date of the voluntary repayment and the principal amount of the Revolving Loans that will be repaid on such date. Any voluntary repayment of the Revolving Loans that is received by the Agent without such notice shall be deemed to have been received by the Agent 83 115525625.4 0063724-00082



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on the Business Day after such payment is actually received by the Agent and interest shall accrue on the amounts so repaid through the date of such deemed receipt. (c) Principal Payment at Maturity. The entire outstanding principal balance of the Revolving Loans plus all interest accrued thereon shall be due and payable in full by the Revolving Loan Borrower on the Termination Date. 4.1.6 Voluntary Reduction or Termination of Commitment. The Revolving Loan Borrower may from time to time on at least ten (10) Business Day's prior written notice to the Agent (which shall promptly advise each Lender thereof) permanently reduce the Aggregate Revolving Loan Commitment to an amount not less than the then outstanding principal balance of the Revolving Loans and Revolving Swing Line Loans plus the LC Obligations. Concurrently with any reduction of the Aggregate Revolving Loan Commitment to zero, (a) no further Revolving Loans or Revolving Swing Line Loans will be made and no further Letters of Credit will be issued, (b) the Revolving Loan Borrower shall pay all principal and interest on the Revolving Loans and Revolving Swing Line Loans and all fees and other amounts owing to the Agent and the Lenders, and (c) the Revolving Loan Borrower shall grant to the Agent a security interest in cash collateral to be held in the LC Collateral Account in an amount equal to the LC Obligations at such time. All reductions of the Aggregate Revolving Loan Commitment shall reduce the Revolving Loan Commitments pro rata among the Lenders according to their respective Pro Rata Shares; and except as otherwise set forth in the proviso to this Section 4.1.6, shall reduce the Revolving Swing Line Commitment in proportion to the reduction of the Aggregate Revolving Loan Commitment; provided, however, that (unless the Aggregate Revolving Loan Commitment is reduced to less than such amount), the Revolving Swing Line Commitment shall not be reduced. 4.1.7 Revolving Loan Commitment Fee. The Revolving Loan Borrower agrees to pay to the Agent, for the account of the Lenders, a commitment fee (the "Revolving Loan Commitment Fee") calculated at a per annum rate equal to the Revolving Loan Commitment Fee Rate on the average daily amount by which the Aggregate Revolving Loan Commitment exceeds the sum of (a) the actual aggregate outstanding principal balance of the Revolving Swing Line Loans on each day (it being understood that any portion of the outstanding principal balance of the Revolving Swing Line Loans ceases to be outstanding under the Revolving Swing Line Loans and commences being a portion of the outstanding principal balance under the Revolving Loans on the date that the Revolving Loans are funded to repay such portion of the outstanding principal balance of the Revolving Swing Line Loans); plus (b) the actual aggregate outstanding principal balance of the Revolving Loans plus the LC Obligations on each day; provided that, if the aggregate amount of the Revolving Loan Commitment Fee payable for any period to the Lenders other than the Swing Line Lender (as set forth in the third sentence of this paragraph) exceeds the amount calculated under this sentence, then the Revolving Loan Borrower agrees to pay to the Agent, for the account of such Lenders, such additional amounts so that each Lender other than the Swing Line Lender receives the full amount of Revolving Loan Commitment Fee described in the third sentence of this paragraph. The accrued Revolving Loan Commitment Fee shall be due and payable in arrears on each Quarterly Payment Date hereafter and on the Termination Date for the three month period or other time period ending on the last day of the preceding fiscal quarter or on the Termination Date. The Revolving Loan Commitment Fee payable to each Lender other than the Swing Line 84 115525625.4 0063724-00082 Lender shall be based upon the amount determined by multiplying such Lender's Pro Rata Share by the average daily amount by which the Aggregate Revolving Loan Commitment exceeds the actual aggregate outstanding principal balance of the Revolving Loans plus the LC Obligations on each day. The Revolving Loan Commitment Fee payable to the Lender which is the Swing Line Lender shall be based upon the amount determined by multiplying such Lender's Pro Rata Share by the average daily amount by which the Aggregate Revolving Loan Commitment exceeds the actual aggregate outstanding principal balance of the Revolving Loans plus the LC Obligations on each day and subtracting from that amount the average daily outstanding principal balance of the Revolving Swing Line Loans. 4.1.8 Additional Payments. The Lenders shall have no obligation whatsoever, and they have no present intention, to make any Revolving Loan or Revolving Swing Line Loan after the

Termination Date or which would cause the principal amount outstanding under this Agreement to exceed any of the limitations stated in this Agreement. Notwithstanding the foregoing, the Revolving Loan Borrower is and shall be and remain unconditionally liable to the Lenders for, and the Revolving Loan Borrower hereby promises to pay to the Agent for the account of the Lenders the amount of all Revolving Loans, Revolving Swing Line Loans, LC Obligations and other Revolving Loan Obligations hereunder, including without limitation Loans in excess of the limitations set forth herein and Revolving Loans and Revolving Swing Line Loans made after the Termination Date. The Revolving Loan Borrower shall pay to the Agent: (a) upon demand, or if earlier immediately upon becoming aware of the overadvance, the amount of any Revolving Loans and Revolving Swing Line Loans and LC Obligations in excess of any limitation contained in this Agreement; and (b) upon demand, the amount of any Revolving Loans and Revolving Swing Line Loans made after the Termination Date; together with interest on the principal amount of such Revolving Loans and Revolving Swing Line Loans and LC Obligations, as set forth herein. 4.1.9 Reserve Amount. (a) In addition to any other limitations set forth in this Article 4, in the event that on any day the outstanding principal balance of all New Vehicle Floorplan Loans, plus New Vehicle Swing Line Loans, plus requests for New Vehicle Floorplan Loans and New Vehicle Swing Line Loans exceeds ninety-five percent (95%) of the Aggregate New Vehicle Floorplan Loan Commitment as of such date, then until the next Business Day on which such condition no longer exists (i) a portion of the Aggregate Revolving Loan Commitment (the "Reserve Amount") in an amount equal to the lesser of (A) Fifteen Million Dollars (\$15,000,000.00/15,000,000) or (B) an amount equal to the Maximum Revolving Loan Amount as of any date, minus the sum of the outstanding principal balance of the Revolving Loans, Revolving Swing Lines Loans and LC Obligations as of such date, shall be reserved and, except as set forth in Section 4.1.9 (b) shall no longer be available for funding Revolving Loans or Revolving Swing Line Loans or for issuance of Letters of Credit, and (ii) the Maximum Revolving Loan Amount shall be reduced by the amount of the Reserve Amount. (b) (i) Notwithstanding any contrary provision in Section 4.1.9(a), the Reserve Amount may be used to fund Revolving Loans and Revolving Swing Line Loans which are used to repay New Vehicle Swing Line Loans or New Vehicle Floorplan Loans, so long as after giving effect to such Loans, the outstanding principal balance of the Revolving Loans. 85 115525625.4 0063724-00082



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Revolving Swing Line Loans and LC Obligations does not exceed the Maximum Revolving Loan Amount (calculated without giving effect to reduction by the Reserve Amount); and (ii) if, after giving effect to any payment described in Section 4.1.9(b)(i), the circumstances giving rise to the requirement for a Reserve Amount are still in effect, then the requirements and limitations in Section 4.1.9(a) shall continue in effect, including without limitation the requirement to maintain the Reserve Amount and the restrictions on borrowing set forth therein. 4.2 Revolving Swing Line Loans. 4.2.1 Revolving Swing Line Commitment. Subject to the terms and conditions of this Agreement, the Swing Line Lender shall make loans (each, a "Revolving Swing Line Loan") to the Revolving Loan Borrower on a revolving credit basis during the period from the Closing Date to but not including the Termination Date, provided that (a) the aggregate outstanding principal balance of the Revolving Swing Line Loans shall not at any time exceed the Revolving Swing Line Commitment; and (b) the outstanding principal balance of all Revolving Loans made by all Lenders plus the outstanding principal balance of all Revolving Swing Line Loans, plus the LC Obligations, shall not at any time exceed the Maximum Revolving Loan Amount. Subject to the terms and conditions hereof, the Revolving Loan Borrower may borrow, prepay and reborrow Revolving Swing Line Loans. 4.2.2 Purpose of Revolving Swing Line Loans. The Revolving Loan Borrower shall use the proceeds of Revolving Swing Line Loans for purposes permitted by Section 4.1.2. 4.2.3 Requests for Revolving Swing Line Loans. Whenever the Revolving Loan Borrower wishes to obtain a Revolving Swing Line Loan, the Revolving Loan Borrower shall give Agent irrevocable notice thereof no later than 1:00 p.m. (Pacific Time) on the requested date of such Revolving Swing Line Loan, unless Swing Line Lender agrees in each instance, in its sole discretion, to a shorter time period. Such notice shall specify the requested borrowing date (which must be a Business Day) and the amount of the Revolving Swing Line Loan and include any other documentation and information reasonably requested by the Agent. 4.2.4 Revolving Swing Line Loan Payments. (a) Interest Payments. Interest on the unpaid principal balance of the Revolving Swing Line Loans shall be paid monthly by the Revolving Loan Borrower in an amount equal to all interest accrued during the prior calendar month. Such interest payments shall be made on each Used Vehicle/Revolving/Service Loaner Vehicle Monthly Payment Date commencing with the first such date to occur following the Closing Date and continuing thereafter. All accrued interest outstanding on the Termination Date shall be due and payable in full on the Termination Date. (b) Principal Payments. The entire outstanding principal balance of the Revolving Swing Line Loans plus all interest accrued thereon shall be due and payable in full by the Revolving Loan Borrower on the Termination Date. In addition, the principal balance of the Revolving Swing Line Loans shall be due and payable as required by Section 4.2.6. 86 115525625.4 0063724-00082 4.2.5 Participation in Revolving Swing Line Loans. Immediately upon the making of a Revolving Swing Line Loan by the Swing Line Lender, the Swing Line Lender shall be deemed to have sold and transferred to each Lender and each Lender shall be deemed to have purchased and received from the Swing Line Lender, without any further action by any party, an undivided participating interest in each Revolving Swing Line Loan in an amount equal to such Lender's Pro Rata Share; provided, however, that (a) no Lender shall be required to fund its participation in any Revolving Swing Line Loan except as set forth in Section 4.2.6(b), and (b) no Lender shall be entitled to share in any payments of principal or interest in respect of its participation except, with respect to any participation funded by such Lender, as set forth herein. Such participation shall be subject to the terms and conditions of this Agreement. 4.2.6 Settlement of Revolving Swing Line Loans. (a) Refunding of Loans. (i) Upon the request of the Swing Line Lender, the Agent from time to time shall, on behalf of the Revolving Loan Borrower (and the Revolving Loan Borrower hereby irrevocably authorizes the Agent to so act on its behalf) request that each Lender (including Swing Line Lender in its capacity as a Lender) make a Revolving Loan to the Revolving Loan Borrower, in accordance with the provisions of this Section 4.2.6(a), which shall be applied to repay all or a portion of the outstanding principal balance of the Revolving Swing Line Loans (each such Revolving Loan, a "Refunding Revolving Loan"), in an amount equal to that Lender's Pro Rata Share of all or a portion of the then outstanding principal balance of the Revolving Swing Line Loans. (ii) Without limiting the foregoing, each Lender agrees that the Agent may request the Lenders to make Refunding Revolving Loans at any time if (A) a Default has occurred and is continuing, or (B) in the judgment of Swing Line Lender, taking into account the outstanding principal balance of the Revolving Swing Line Loans, and the anticipated usage of the Revolving Swing Line Loans, such Refunding Revolving Loans are reasonably necessary to ensure that the outstanding principal balance of the Revolving Swing Line Loans will not at any time exceed the Revolving Swing Line Commitment or such lesser amount as is permitted to be outstanding on the Revolving Swing Line Loans at such time (it being understood that in order to attain such objective, Swing Line Lender may request refunding of the Revolving Swing Line Loans even though the principal balance of the Revolving Swing Line Loans at the time of such request is less than the Revolving Swing Line Commitment or the amount permitted to be outstanding on the Revolving Swing Line Loans). (iii) If the Agent makes a request for funding under this Section 4.2.6(a) by 1:00 p.m. (Pacific Time) on any Business Day, the Lenders will deliver the required amount to the Agent no later than 11:00 a.m. (Pacific Time) on the Business Day after such request. The proceeds of all Refunding Revolving Loans shall be paid by the Agent to the Swing Line Lender in repayment of the outstanding principal balance of the applicable Revolving Swing Line Loans. (b) Funding of Participations. In addition to the right of the Swing Line Lender to request refunding of the Revolving Swing Line Loans pursuant to Section 87 115525625.4 0063724-00082



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4.2.6(a), upon the request of the Swing Line Lender, the Agent may request each Lender (including Swing Line Lender in its capacity as a Lender) to fund its participation in the Revolving Swing Line Loans by paying to the Agent, for the account of the Swing Line Lender, its Pro Rata Share of the principal amount of the Revolving Swing Line Loans. If the Agent makes such request by 1:00 p.m. (Pacific Time) on any Business Day, the Lenders will deliver such amount to the Agent no later than 11:00 a.m. (Pacific Time) on the Business Day after such request. All participations funded by the Lenders under this Section 4.2.6(b) shall be treated as the funding of the Revolving Loans for purposes of the calculation of the Revolving Loan Commitment Fee. If any payment paid to any Lender with respect to its participating interest in any Revolving Swing Line Loan is thereafter recovered from or must be returned or paid over by Swing Line Lender for any reason, such Lender will pay to the Agent for the account of the Swing Line Lender, such Lender's Pro Rata Share of such amount and of any interest and other amounts paid or payable by the Swing Line Lender with respect to such amount. The Agent agrees not to request any funding of the Lender's participations in the Revolving Swing Line Loans under this Section 4.2.6(b) at any time that such participations may be legally repaid using advances of the Revolving Loan under Section 4.2.6(a). (c) Payment to Swing Line Lender. Notwithstanding any contrary provision of this Agreement (i) except as set forth in clause (ii) of this Section 4.2.6(c) all payments of principal and interest on the Revolving Swing Line Loans shall be paid by the Agent solely to the Swing Line Lender; and (ii) with respect to each participation in Revolving Swing Line Loans which is funded by any Lender, such Lender (including Swing Line Lender in its capacity as Lender) shall be entitled to receive its Pro Rata Share of payments of (A) principal on such Revolving Swing Line Loans and (B) interest on such Revolving Swing Line Loans only for the period following the date such participation is funded. (d) Obligations Unconditional. The obligation of each Lender to make Revolving Loans to repay Revolving Swing Line Loans pursuant to Section 4.2.6(a) or to fund its participation interests in Revolving Swing Line Loans pursuant to Section 4.2.6(b) shall be absolute and unconditional and shall not be affected by the occurrence of a Default or Event of Default, the fact that any one or more of the conditions in Article 9 is not satisfied, the termination of the availability of Loans, the fact that such Revolving Loan is made after the Termination Date to refinance Revolving Swing Line Loans made prior to the Termination Date, any defense, setoff, counterclaim or claim for recoupment of any Lender against Agent or Swing Line Lender or any other circumstance, whether or not similar to the foregoing. Notwithstanding the foregoing, the Lenders shall not be required to repay Revolving Swing Line Loans pursuant to Section 4.2.6(a) or to fund their participation interests in Revolving Swing Line Loans pursuant to Section 4.2.6(b) with respect to any portions of the outstanding principal balance of the Revolving Swing Line Loans that are funded by Swing Line Lender after Agent is deemed to have knowledge or notice of the occurrence of a Default or after the Termination Date. ARTICLE 5 LETTERS OF CREDIT 5.1 Letter of Credit Commitment 88 115525625.4 0063724.00082 . Subject to and upon the terms and conditions of this Agreement, LC Issuer may from time to time during the period from the Closing Date to the date which is 30 days prior to the Termination Date issue and renew, extend and amend ("Modify" and such action, a "Modification") one or more standby letters of credit for the account of the Revolving Loan Borrower or a Subsidiary acceptable to LC Issuer, (so long as the Revolving Loan Borrower is the applicant on and liable for repayment of such Letter of Credit under the applicable LC Agreement); provided that (a) the LC Obligations shall not exceed at any time the Letter of Credit Commitment; and (b) the outstanding principal balance of all Revolving Loans made by all Lenders, plus the outstanding principal balance of all Revolving Swing Line Loans, plus the LC Obligations shall not at any time exceed the Maximum Revolving Loan Amount. 5.2 Existing Letters of Credit. LC Issuer has previously issued certain letters of credit for the account of the Revolving Loan Borrower or a Subsidiary under the Existing Loan Agreement ("Existing Letters of Credit"). Each of the Existing Letters of Credit shall be a Letter of Credit under and shall be subject to the terms and conditions of this Agreement. 5.3 LC Agreements. From time to time as required by LC Issuer, the Revolving Loan Borrower shall execute and deliver to LC Issuer a letter of credit reimbursement agreement or an amendment to existing agreements executed by the Revolving Loan Borrower (each, an "LC Agreement") in a form acceptable to LC Issuer. Whenever the Revolving Loan Borrower wishes to

request the issuance of a Letter of Credit, the Revolving Loan Borrower shall execute and deliver to LC Issuer an application therefor in LC Issuer's standard form appropriately completed with all required information (an "LC Application") and such other documents and information as LC Issuer reasonably requires. Each Letter of Credit shall be subject to all terms and conditions of this Agreement and of the applicable LC Application and LC Agreement. In the event of any express conflict between the terms of this Agreement and of the applicable LC Agreement, the terms of this Agreement shall control. 5.4 Expiry Date. No Letter of Credit shall be issued later than 30 days prior to the Termination Date. Each Letter of Credit shall have an expiration date no later than the earlier of (a) two years after the issuance date (or date of extension or renewal, if applicable); or (b) the Termination Date. Drafts drawn under a Letter of Credit may be sight drafts or time drafts; provided, however, that no draft shall have a maturity date later than the Termination Date. If there are any Letters of Credit outstanding on the Termination Date, the Agent may require the Revolving Loan Borrower to deliver to the Agent funds in an amount equal to the LC Obligations. The Revolving Loan Borrower immediately shall deliver to the Agent all such funds required by the Agent and the Agent shall hold such funds in the LC Collateral Account as collateral for the Obligations and Permitted Swap Obligations. 5.5 Requests for Letters of Credit 89 115525625.4 0063724-00082



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Each LC Application or request for a Modification shall be submitted to the LC Issuer, with a copy to the Agent, at least five Business Days prior to the proposed date of issuance or Modification (unless the LC Issuer, in any instance, in its sole discretion, agrees to a shorter time period). The Agent shall promptly notify the LC Issuer whether such LC Application, and the issuance of a Letter of Credit pursuant thereto, conform to the requirements of this Agreement. Upon issuance or Modification of a Letter of Credit, the LC Issuer shall promptly notify the Agent, and the Agent shall promptly notify the Lenders, of the amount and terms thereof. The LC Issuer shall have no independent duty to ascertain whether the conditions set forth in Article 9 have been satisfied; provided, however, that the LC Issuer shall not issue a Letter of Credit if, on or before the proposed date of issuance, the LC Issuer has received notice from the Agent or Required Lenders that any such condition has not been satisfied or waived. In the event of any conflict between the terms of this Agreement and the terms of any LC Application or LC Agreement, the terms of this Agreement shall control.

5.6 Participation in Letters of Credit. Upon the issuance of a Letter of Credit in accordance with this Agreement (or on the Closing Date with respect to Existing Letters of Credit), each Lender shall be deemed to have purchased a pro rata participation in such Letter of Credit and the related LC Obligations from the LC Issuer in an amount equal to its Pro Rata Share of the related LC Obligations. Without limiting the scope and nature of each Lender's participation in any Letter of Credit, to the extent that the LC Issuer is not reimbursed by the Revolving Loan Borrower (and funds are not available in the LC Collateral Account) for any payment made by the LC Issuer under any Existing Letter of Credit or any other Letter of Credit issued in accordance with the terms hereof, or if any reimbursement received by LC Issuer is rescinded or must be returned, each Lender shall reimburse Agent, for the benefit of the LC Issuer, an amount equal to its Pro Rata Share of such reimbursement amount as set forth below. To obtain funding by the Lenders of any reimbursement amount, the Agent shall request, before 1:00 p.m. (Pacific Time) on a Business Day, each Lender (including the LC Issuer in its capacity as a Lender) to fund an amount equal to each Lender's Pro Rata Share of the reimbursement amount. The Lenders shall fund to the Agent the amounts so requested no later than 11:00 a.m. (Pacific Time) on the Business Day after the date that such request is delivered to the Lenders and all amounts so funded shall be paid by the Agent to the LC Issuer in satisfaction of each Lender's participation obligations. The obligation of each Lender to so reimburse Agent, on behalf of the LC Issuer, shall be absolute and unconditional and shall not be affected by the occurrence of a Default or Event of Default, the termination of the availability of Letters of Credit, the fact that any one or more of the conditions in Article 9 is not satisfied, the fact that reimbursement is requested after the Termination Date, any defense, setoff, counterclaim or claim for recoupment against Agent or LC Issuer, or any other circumstance, whether or not similar to the foregoing. Any such reimbursement shall not relieve or otherwise impair the obligation of the Revolving Loan Borrower to reimburse the LC Issuer for the amount of any payment made by the LC Issuer under any Letter of Credit, together with interest as provided herein.

5.7 Payments. The Revolving Loan Borrower agrees to pay to the LC Issuer, on the date any payment is made by the LC Issuer, an amount equal to any payment made by the LC Issuer with respect to 90 115525625.4 0063724-00082 each Letter of Credit, together with interest on such amount from the date of any payment made by the LC Issuer at the Revolving Loan Borrowing Rate for the first three days and thereafter at the Default Rate applicable to Revolving Loans. The principal amount of any such payment shall be used to reimburse the LC Issuer for the payment made by it under the Letter of Credit and, to the extent that the Lenders have not reimbursed the Agent pursuant to Section 5.6, the interest amount of any such payment shall be solely for the account of the LC Issuer. Each Lender that has reimbursed the Agent pursuant to Section 5.6 for its Pro Rata Share of any payment made by the LC Issuer under a Letter of Credit shall thereupon acquire a pro rata participation, to the extent of such reimbursement, in the claim of the LC Issuer against the Revolving Loan Borrower for reimbursement of principal and interest under this Section 5.7 and shall share, in accordance with that pro rata participation, in any principal payment made by the Revolving Loan Borrower with respect to such claim and in any interest payment made by the Revolving Loan Borrower (but only with respect to periods subsequent to the date such Lender reimbursed the Agent) with respect to such claim. The LC Issuer shall promptly make available to the Agent, in immediately available funds, any amounts due to the Lenders under this Section 5.7. The LC Issuer shall notify the Revolving Loan Borrower and the Agent whenever any demand for payment is made under any Letter of Credit by the beneficiary thereof.

5.8 Terms Satisfactory to LC Issuer. Notwithstanding any contrary provision of this Agreement, any LC Agreement, LC Application, or any other Loan Document, all terms and conditions of each Letter of Credit must be acceptable to LC Issuer in its sole discretion and each Letter of Credit must conform to all requirements of the LC Issuer.

5.9 Obligations Absolute. The obligation of the Revolving Loan Borrower to pay to the LC Issuer the amount of any payment made by the LC Issuer under any Letter of Credit shall be absolute, unconditional, and irrevocable. Without limiting the foregoing, the Revolving Loan Borrower's obligation shall not be affected by any of the following circumstances, except in the event of LC Issuer's gross negligence or intentional misconduct: (a) any lack of validity or enforceability of the Letter of Credit, this Agreement, the other Loan Documents, or any other agreement or instrument relating thereto; (b) the existence of any claim, setoff, defense, or other rights which any Loan Party may have at any time against the LC Issuer, any beneficiary of the Letter of Credit (or any Persons for whom any such beneficiary may be acting) or any other Person, whether in connection with the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto, or any unrelated transactions; (c) any draft, demand, statement, or any other document presented under the Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect whatsoever.



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(d) the solvency or financial responsibility of any party issuing any documents in connection with a Letter of Credit; (e) any failure or delay in notice of shipments or arrival of any property; (f) any error, omission, interruption, delay, or loss in the transmission or delivery of any draft, message, notice, advice, or other communication relating to a Letter of Credit or any delay or interruption in any such message; (g) any error, neglect or default of any correspondent of the LC Issuer in connection with a Letter of Credit; (h) any error in interpretation of technical terms or any consequence arising from circumstances beyond the control of the LC Issuer; (i) any other circumstance whatsoever, whether or not similar to any of the foregoing that might constitute a legal or equitable discharge of, or provide a right of setoff against, the Obligations of the Revolving Loan Borrower. 5.10 Letter of Credit Fees. 5.10.1 The Revolving Loan Borrower agrees to pay to the Agent, for the account of the Lenders ratably in accordance with their Pro Rata Shares, on the date any Letter of Credit is issued, renewed or extended, with respect to each Letter of Credit, a letter of credit fee at a per annum rate equal to the LC Fee Percentage times the daily maximum amount available to be drawn under such Letter of Credit ("LC Fee"). The LC Fee on Letters of Credit shall be (i) computed on a quarterly basis in arrears and (ii) due and payable on the first (1st) day of each April, July, October and January, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit expiration date and thereafter on demand; provided, further, that if any payment to be made by the Borrower under this Section 5.10.1 shall come due on a day other than a Business Day, such payment shall be due on the next succeeding Business Day. All fees paid under this Section 5.10.1 are non-refundable, even if the Letter of Credit for which they are paid is terminated or amended before its anticipated expiration or extended expiration date. 5.10.2 The Revolving Loan Borrower agrees to pay to LC Issuer, for its sole account on demand, (a) the fees agreed to between them as set forth in any fee letter or as otherwise agreed from time to time, and (b) with respect to each Letter of Credit and each draft drawn thereunder LC Issuer's customary fees and charges, including processing, drawing, transfer, amendment, negotiation, acceptance, and other fees and all out-of-pocket expenses incurred by the LC Issuer in accordance with the issuance, Modification, administration or payment of any Letter of Credit. 5.11 LC Collateral Account. The Revolving Loan Borrower will, upon the request of the Agent or Required Lenders and until the final expiration date of any Letter of Credit and thereafter as long as any amount is 92.115825625.4.0063724.00082 payable to the LC Issuer or the Lenders in respect of any Letter of Credit, maintain a special collateral account pursuant to arrangements satisfactory to the Agent (the "LC Collateral Account") in the name of the Revolving Loan Borrower but under the sole dominion and control of the Agent, for the benefit of the Lenders and in which the Revolving Loan Borrower shall have no interest. The Revolving Loan Borrower hereby pledges, assigns and grants to the Agent, on behalf of and for the ratable benefit of the Lenders and the LC Issuer, a security interest in all of the Revolving Loan Borrower's right, title and interest in and to all funds which may from time to time be on deposit in the LC Collateral Account to secure the prompt and complete payment and performance of the Obligations and Permitted Swap Obligations. The Agent will invest any funds on deposit from time to time in the LC Collateral Account in certificates of deposit of the Agent having a maturity not exceeding 30 days. Nothing in this Section shall either obligate the Agent to require the Revolving Loan Borrower to deposit any funds in the LC Collateral Account or limit the right of the Agent to release any funds held in the LC Collateral Account. 5.12 Borrower Indemnification. The Revolving Loan Borrower hereby agrees to indemnify and hold harmless each Lender, the LC Issuer and the Agent, and their respective parent corporations, affiliates, subsidiaries, successors, assigns, officers, directors, employees, agents, attorneys and advisors (the "Indemnified Persons") from and against any and all claims, losses, liabilities, demands, damages, actions, causes of action, penalties, costs and expenses (including Attorney Costs), defenses, counterclaims, setoffs and claims for recoupment (collectively, "Claims") which such Lender, the LC Issuer or the Agent may incur (or which may be claimed against such Lender, the LC Issuer or the Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Letter of Credit or any actual or proposed use of any Letter of Credit, including, without limitation, any claims, damages, losses, liabilities, costs or expenses which the LC Issuer may incur by reason of or in connection with (a) the failure of any other Lender to fulfill or comply with its obligations to the LC Issuer hereunder (but nothing herein contained shall affect any rights the Revolving Loan Borrower may have against any Defaulting Lender) or (b) by reason of or on account of the LC Issuer issuing any Letter of Credit which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Letter of Credit does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the LC Issuer, evidencing the appointment of such successor Beneficiary; provided that the Revolving Loan Borrower shall not be required to indemnify any Lender, the LC Issuer or the Agent for any Claim to the extent, but only to the extent, caused by (y) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented



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5.13 Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify the LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Revolving Loan Borrower) against any Claims (except such as result from the LC Issuer's gross negligence or willful misconduct or the LC Issuer's failure to pay under any Letter of Credit after the presentation to it of a request strictly complying with the terms and conditions of the Letter of Credit) that such indemnitees may suffer or incur in connection with this Article 5 or any action taken or omitted by such indemnitees hereunder. ARTICLE 6 CERTAIN ADDITIONAL PROVISIONS 6.1 Interest. 6.1.1 Interest Rate. Unless the Default Rate or the rate set forth in Section 7.3 is applicable, (a) New Vehicle Floorplan Loans and New Vehicle Swing Line Loans shall bear interest at a variable rate per annum equal to the New Vehicle Floorplan Borrowing Rate, (b) Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans shall bear interest at a variable rate per annum equal to the Used Vehicle Floorplan Borrowing Rate, (c) Service Loaner Vehicle Floorplan Loans and Service Loaner Vehicle Swing Line Loans shall bear interest at a variable rate per annum equal to the Service Loaner Vehicle Floorplan Borrowing Rate and (d) Revolving Loans and Revolving Swing Line Loans shall bear interest at a variable rate per annum equal to the Revolving Loan Borrowing Rate, in each case adjusted without notice on the date of each change in Adjusted Daily Simple SOFR, Adjusted Term SOFR or the Term SOFR Alternative Rate, as applicable. 6.1.2 Rates Applicable After Event of Default. During the continuance of an Event of Default the Required Lenders may, at their option, by notice to the Company, declare that (a) the Loans shall bear interest at a rate per annum equal to the interest rate which would otherwise be in effect from time to time pursuant to Section 6.1.1, plus 2% per annum (each, a "Default Rate"), and (b) the LC Fee shall be increased by 2% per annum, provided that, during the continuance of an Event of Default under Section 14.1.8, the interest rate set forth in clause (a) above and the increase in the LC Fee set forth in clause (b) above shall automatically be applicable to all Loans, Letters of Credit, and Credit Extensions without any election or action on the part of the Agent or any Lender. After an Event of Default has been cured or waived, the interest rate applicable to the Loans and the LC Fee shall revert to the rates applicable prior to the occurrence of an Event of Default. 6.1.3 Determination of Rate. Notwithstanding any provision of this Agreement to the contrary, each Lender shall be entitled to fund and maintain its funding of all or any part of the Loans in any manner it elects. 6.2 Evidence of Debt. The Loans made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Agent in the ordinary course of business. The accounts or 94 115525625.4 0063724-00082 records maintained by the Agent and each Lender shall be conclusive absent manifest error of the amount of the Loans made by the Lenders to the New Vehicle Floorplan Borrowers, Used Vehicle Floorplan Borrower, Service Loaner Vehicle Floorplan Borrower and Revolving Loan Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Agent in respect of such matters, the accounts and records of the Agent shall control in the absence of manifest error. 6.3 Borrowing Procedure. 6.3.1 Requests for Loans. Whenever the New Vehicle Floorplan Borrowers, the Used Vehicle Floorplan Borrower, Service Loaner Vehicle Floorplan Borrower or the Revolving Loan Borrower, as applicable, wishes to request a Loan, the Company shall give Agent irrevocable notice thereof within the time required by this Agreement. The Company (on behalf of the applicable Borrower or Borrowers) may request a Loan in writing or by telephone (or with respect to Used Vehicle Sweep Advances, as set forth in Section 3.2.7 and Service Loaner Vehicle Sweep Advances, as set forth in Section 3.4.7) for deposit into the Company's deposit account(s) with the Agent. Requests for Loans to be deposited or forwarded elsewhere shall be in writing in such form and containing such additional information as the Agent may reasonably require in order to confirm the request and transmit funds. Each Borrower hereby authorizes Lenders and the Agent to make Advances and to transfer funds based on telephonic notices made by any Person which the Agent or any Lender in good faith believes to be acting on behalf of the Company, it being understood that the foregoing authorization is specifically intended to allow requests for Advances to be given telephonically. The Company agrees to deliver promptly to the Agent a written confirmation (which may include e-mail) of each telephonic notice. If the written confirmation differs in any material respect from the action taken by the Agent and the Lenders, the records of the Agent and the Lenders shall govern absent manifest error. 6.3.2 Lending Installations. Each Lender may book its Advances and its participation in any LC Obligations and Swing Line Loans and the LC Issuer may book the Letters of Credit at any Lending Installation selected by such Lender or the LC Issuer, as the case may be, and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans, Letters of Credit, and participations in LC Obligations and Swing Line Loans shall be deemed held by each Lender or the LC Issuer, as the case may be, for the benefit of any such Lending Installation. Each Lender and the LC Issuer may, by written notice to the Agent and the Company, designate replacement or additional Lending Installations through which Loans will be made by it or Letters of Credit will be issued by it and for whose account Loan payments or payments with respect to Letters of Credit are to be made. 6.4 Obligations Several 95 115525625.4 0063724-00082



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The failure of any Lender to make any Loan shall not relieve any other Lender of its obligation to make its Loan on any date, but no Lender shall be responsible for the failure of any other Lender to make any Loan to be made by such other Lender. 6.5 Non-Receipt of Funds by the Agent . Unless the Company (on behalf of any Borrower or Borrowers) or a Lender, as the case may be, notifies Agent prior to the date on which Lender or a Borrower or Borrowers is scheduled to make payment to the Agent of (a) in the case of a Lender, the proceeds of a Loan or participation or (b) in the case of a Borrower or Borrowers, a payment of principal, interest or fees to the Agent for the account of the Lenders, that it does not intend to make such payment, the Agent may assume that such payment has been made. The Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or Borrower or Borrowers, as the case may be, has not in fact made such payment to the Agent, the recipient of such payment shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date Agent recovers such amount at a rate per annum equal to (y) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three days and, thereafter, the interest rate applicable to the relevant Loan or (z) in the case of payment by a Borrower or Borrowers, the interest rate applicable to the relevant Loan or Reimbursement Obligations. 6.6 Authorization . Any Loan made to any one or more of the Borrowers shall be conclusively presumed to have been made to or for the benefit of such Borrower or Borrowers when the proceeds of such Loan (a) are deposited to the credit of a Borrower in an account of a Borrower with the Agent, or (b) are transmitted to any other bank with directions to credit the same to the account of any Borrower at such bank, regardless of whether Persons other than those authorized to make requests for Loans have authority to draw against any such account. Each Borrower acknowledges that the Agent cannot effectively determine whether a particular request for a Loan is valid, authorized, or authentic. Therefore, each Borrower assumes all risk of the validity, authenticity, and authorization of such requests, whether or not the individual making such requests has authority to request Loans. The Agent shall be entitled to act on the instructions of anyone identifying himself or herself as authorized to request Loans and each Borrower shall be bound thereby in the same manner as if the Person were actually so authorized. The Agent is authorized to credit any account of (w) any New Vehicle Floorplan Borrower with the Agent (or any account any New Vehicle Floorplan Borrower designates in writing) for Loans made to the New Vehicle Floorplan Borrowers, (x) the Used Vehicle Floorplan Borrower with the Agent (or any account the Used Vehicle Floorplan Borrower designates in writing) for loans made to the Used Vehicle Floorplan Borrower, (y) the Service Loaner Vehicle Floorplan Borrower with the Agent (or any account the Service Loaner Vehicle Floorplan Borrower designates in writing) for loans made to the Service Loaner Vehicle Floorplan Borrower, and (z) the Revolving Loan Borrower with the Agent (or any account the Revolving Loan Borrower designates in writing) for loans made to the Revolving Loan Borrower. A Borrower's failure to confirm any telephonic request or otherwise comply with the 96 115525625.4 0063724-00082 provisions of this Section 6.6 shall not in any manner affect the obligation of the applicable Borrower or Borrowers to repay such Loans in accordance with the terms of this Agreement. Each Borrower agrees not to hold Agent or the Lenders liable for any errors or misunderstanding in complying with any written or oral directions for Loans; and each Borrower agrees to indemnify and hold Agent and the Lenders and the other Indemnified Persons harmless from any and all Claims which may arise or be created by the acceptance of instructions (telephonic or otherwise) for making Loans by wire transfer or otherwise, or for application of payments, other than as a result of the Agent's gross negligence or willful misconduct. 6.7 Interest and Fee Basis . All interest rates and fees referred to herein shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (Pacific Time) at the place of payment. If any payment of principal or interest shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in computing interest on such payment. 6.8 Method of Payment . All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Agent at the Agent's address specified for notice herein, or at any other Lending Installation of the Agent specified in writing by the Agent to the Company, by noon (Pacific Time) on the date when due and shall (except (a) with respect to repayments of Swing Line Loans, (b) in the case of Reimbursement Obligations for which the LC Issuer has not been fully indemnified by the Lenders, or (c) as otherwise specifically required hereunder) be applied ratably by the Agent among the Lenders, in accordance with their Pro Rata Shares. Each payment delivered to the Agent for the account of any Lender shall be delivered promptly by the Agent to such Lender in the same type of funds that the Agent received at its address specified for notice herein, or at any Lending Installation specified in a notice received by the Agent from such Lender. Each reference to the Agent in this Section shall also be deemed to refer, and shall apply equally, to the LC Issuer, in the case of payments required to be made by the Revolving Loan Borrower to the LC Issuer. 6.9 Payment by Automatic Debit . Each Borrower hereby authorizes Agent to automatically deduct the amount of all principal and interest payments, Reimbursement Obligations and fees from one or more deposit accounts of the Company with the Agent specified in a writing provided by the Company to the Agent. Each Borrower will pay all the fees on the account which result from the automatic deductions, including any overdraft and non-sufficient funds charges. If for any reason Agent does not charge the account for a payment, or if an automatic payment is reversed, the payment is still due. The Company may change any account number by notifying Agent of the new account number. 97 115525625.4 0063724-

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6.10 Late Charges. Subject to any limitations imposed by Applicable Law, if any payment of principal or interest on the Loans, the LC Obligations, or other Obligations is fifteen (15) days or more past due, the New Vehicle Floorplan Borrowers, Used Vehicle Floorplan Borrower, Service Loaner Vehicle Floorplan Borrower, or the Revolving Loan Borrower, as applicable, shall pay to the Agent on demand, for the account of the Lenders, a late charge of five percent of the delinquent payment. Each party hereto agrees that it would be difficult or costly to determine the actual costs incurred by any Lender by reason of late payment. Therefore, the parties agree that this late charge represents a fair and reasonable estimate of the costs incurred by each Lender and is reasonable under the circumstances existing as of the date hereof. Collection of the late payment fee shall not be deemed to be a waiver of any Default hereunder. 6.11 Limitation of Interest. Borrowers, the Agent and Lenders intend to strictly comply with all Applicable Laws, including applicable usury laws. Accordingly, the provisions of this Section shall govern and control over every other provision of this Agreement or any other Loan Document which conflicts or is inconsistent with this Section, even if such provision declares that it controls. As used in this Section, the term "interest" includes the aggregate of all charges, fees, benefits or other compensation which constitute interest under Applicable Law, provided that, to the maximum extent permitted by Applicable Law, (a) any non-principal payment shall be characterized as an expense or as compensation for something other than the use, forbearance or detention of money and not as interest, and (b) all interest at any time contracted for, reserved, charged or received shall be amortized, prorated, allocated and spread, in equal parts during the full term of the Obligations. In no event shall any Borrower or any other Person be obligated to pay, or any Lender have any right or privilege to reserve, receive or retain, (v) any interest in excess of the maximum amount of nonusurious interest permitted under the Applicable Laws (if any) of the United States or of any applicable state, or (z) total interest in excess of the amount which such Lender could lawfully have contracted for, reserved, received, retained or charged had the interest been calculated for the full term of the Obligations at the Highest Lawful Rate. On each day, if any, that the interest rate (the "Stated Rate") called for under this Agreement or any other Loan Document exceeds the Highest Lawful Rate, the rate at which interest shall accrue shall automatically be fixed by operation of this sentence at the Highest Lawful Rate for that day, and shall remain fixed at the Highest Lawful Rate for each day thereafter until the total amount of interest accrued equals the total amount of interest which would have accrued if there were no such ceiling rate as is imposed by this sentence. Thereafter, interest shall accrue at the Stated Rate unless and until the Stated Rate again exceeds the Highest Lawful Rate when the provisions of the immediately preceding sentence shall again automatically operate to limit the interest accrual rate. The daily interest rates to be used in calculating interest at the Highest Lawful Rate shall be determined by dividing the applicable Highest Lawful Rate per annum by the number of days in the calendar year for which such calculation is being made. None of the terms and provisions contained in this Agreement or in any other Loan Document which directly or indirectly relate to interest shall ever be construed without reference to this Section, or be construed to create a contract to pay for the use, forbearance or detention of money at an interest rate in excess of the Highest Lawful Rate. If the term of any Obligation is shortened by reason of acceleration of maturity as 98 115525625.4 0063724-00082 a result of any Event of Default or by any other cause, or by reason of any required or permitted prepayment, and if for that (or any other) reason any Lender at any time, including but not limited to, the stated maturity, is owed or receives (and/or has received) interest in excess of interest calculated at the Highest Lawful Rate, then and in any such event all of any such excess interest shall be canceled automatically as of the date of such acceleration, prepayment or other event which produces the excess, and, if such excess interest has been paid to such Lender, it shall be credited against the then-outstanding principal balance of the obligations of the applicable Borrower or Borrowers to such Lender, effective as of the date or dates when the event occurs which causes it to be excess interest, until such excess is exhausted or all of such principal has been fully paid and satisfied, whichever occurs first, and any remaining balance of such excess shall be promptly refunded to its payor. 6.12 Increase Option. 6.12.1 The Company may from time to time request an increase in the Aggregate New Vehicle Floorplan Commitment, in minimum increments of \$50,000,000,0050,000,000 or such lower amount as is agreed to between the Company and the Agent, so long as, after giving effect thereto, (a) the aggregate amount of all such increases requested after the Closing Date does not exceed \$750,000,000,00750,000,000, and (b) the Aggregate Commitment does not exceed \$4,500,000,000,004,500,000,000. 6.12.2 The Company may arrange for any such increase to be provided by one or more Lenders (each Lender so agreeing to an increase in its Commitment, an "Increasing Lender"), or by one or more new banks, financial institutions (each such new bank, financial institution or other entity, an "Additional Lender"), which Lender or Lenders shall increase their existing Commitments, or extend Commitments, as the case may be; provided that (a) each Additional Lender and each Increasing Lender and the amount of the increase of each Additional Lender and Increasing Lender shall be subject to the reasonable approval of the Company, the Agent and the LC Issuer, (b) (i) in the case of an Increasing Lender, the Agent, Borrowers and such Increasing Lender shall execute an Increasing Lender Agreement substantially in the form of Exhibit N hereto, and (ii) in the case of an Additional Lender, the Agent, Borrowers and such Additional Lender shall execute an Additional Lender Agreement substantially in the form of Exhibit M hereto, and (c) the applicable Borrower or Borrowers, Increasing Lender, Additional Lender and any other Loan Party shall each deliver to the Agent such other documents or amendments to existing Loan Documents as the Agent reasonably deems necessary. 6.12.3 No consent of any Lender (other than the Lenders participating in the increase) shall be required for any increase pursuant to this Section 6.12. Increases and new Commitments created pursuant to this Section 6.12 shall become effective on the date agreed by the Company, the Agent and the relevant Increasing Lenders or Additional Lenders, and the Agent shall notify each Lender thereof. Notwithstanding the foregoing, no increase in the Aggregate New Vehicle Floorplan Commitment (or in the Commitment of any Lender) shall become effective unless (a) on the proposed effective date of such increase, (i) no Default has occurred and is continuing or will exist after giving effect to the increase and any Credit Extensions to be made on the effective date, (ii) all representations and warranties in this Agreement are true and correct in all material respects as of the effective date, (iii) the Company and its Subsidiaries will be in compliance (on a Pro Forma Basis reasonably acceptable to the 99 115525625.4 0063724-00082



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Agent) with the financial covenants in Section 11.1 after giving effect to the increase, and (iv) Agent has received a certificate with respect to the matters set forth in the foregoing clauses (a)(i), (i) and (ii) dated the effective date and executed by the Company's chief financial officer or other officer acceptable to the Agent, together with such supporting documentation as the Agent requires; and (b) the Agent has received such documents as it requires to evidence the power and authority of the Borrowers to borrow and the Guarantors to guaranty hereunder after giving effect to such increase. 6.12.4 On the effective date of any increase in the Aggregate New Vehicle Floorplan Commitment, (a) each relevant Increasing Lender and Additional Lender shall make available to the Agent such amounts in immediately available funds as the Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such increase and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding New Vehicle Floorplan Loans of all the Lenders to equal its applicable Pro Rata Share of such outstanding Loans, and (b) the Borrowers shall make such other payments and adjustments as the Agent reasonably deems necessary in connection with the changes in the Commitments and Pro Rata Shares of the Lenders. 6.13 Authorization Each Borrower authorizes Agent and the Lenders (a) to furnish information about the Loans to each manufacturer or distributor of Vehicles, and (b) to advise each such manufacturer or distributor of any change or termination which may occur with respect to the Obligations. 6.14 Defaulting Lenders. 6.14.1 Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by Applicable Law: (a) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders. (b) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article 14 or otherwise) or received by the Agent from a Defaulting Lender pursuant to Section 17.8 shall be applied at such time or times as may be determined by the Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the LC Issuer and Swing Line Lender hereunder; third, to Cash Collateralize the LC Issuer's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 6.14.4; fourth, as the Company may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Agent; fifth, if so determined by the Agent and the Company, to be held in a 100 115525625.4 0063724-00082 deposit account (including the LC Collateral Account) and released pro rata in order to (i) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (ii) Cash Collateralize the LC Issuer's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement. In accordance with Section 6.14.4; sixth, to the payment of any amounts owing to the Lenders, the LC Issuer or Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the LC Issuer or Swing Line Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to any Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; eighth, if so determined by the Agent, distributed to the Lenders other than the Defaulting Lender until the ratio of the Outstanding Credit Exposure of such Lenders to the Aggregate Outstanding Credit Exposure equals such ratio immediately prior to the Defaulting Lender's failure to fund any portion of any Loans or participations in Letters of Credit or Swing Line Loans; and ninth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction, provided that if (i) such payment is a payment of the principal amount of any Loans or Letters of Credit issuances in respect of which such Defaulting Lender has not fully funded its appropriate share, and (ii) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Sections 9.2 and 9.3 were satisfied or waived, such payment shall be applied solely to pay the Credit Extensions and funded participations of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Credit Extensions or funded participations of such Defaulting Lender until such time as all Loans and funded and unfunded participations in LC Obligations and Swing Line Loans are held by the Lenders pro rata in accordance with the Commitments without giving effect to Section 6.14.1(d). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 6.14.1(b) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto. (c) Certain Fees. (i) No Defaulting Lender shall be entitled to receive any New Vehicle Floorplan Commitment Fee, Used Vehicle Floorplan Commitment Fee, Service Loaner Vehicle Floorplan Commitment Fee, Revolving Loan Commitment Fee or Per Annum Fee for any period during which that Lender is a Defaulting Lender (and no Borrower shall be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender). (ii) Each Defaulting Lender shall be entitled to receive LC Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its ratable share of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 6.14.4. (iii) With respect to any New Vehicle Floorplan Commitment Fee, Used Vehicle Floorplan Commitment Fee, Service Loaner Vehicle Floorplan Commitment Fee, Revolving Loan Commitment Fee or LC Fee not required to be paid to any Defaulting 101 115525625.4 0063724-00082



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Lender pursuant to clause (c)(i) or (ii) above, the applicable Borrower or Borrowers shall (X) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in LC Obligations or Swing Line Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (d) below, (Y) pay to the LC Issuer and Swing Line Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to the LC Issuer's or Swing Line Lender's Fronting Exposure to such Defaulting Lender, and (Z) not be required to pay the remaining amount of any such fee. (d) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in LC Obligations and Swing Line Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Pro Rata Shares (calculated without regard to such Defaulting Lender's interest as provided in the definition of Pro Rata Share) but only to the extent that (i) the conditions set forth in Sections 9.2 and 9.3 are satisfied at the time of such reallocation (and, unless the Company shall have otherwise notified the Agent at such time, each Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (ii) such reallocation does not cause the aggregate Outstanding Credit Exposure, Outstanding New Vehicle Floorplan Exposure, Outstanding Used Vehicle Floorplan Exposure, Outstanding Service Loaner Vehicle Floorplan Exposure or Outstanding Revolving Loan Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's applicable Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation. (e) Cash Collateral. Repayment of Swing Line Loans. If the reallocation described in clause (d) above cannot, or can only partially, be effected, the applicable Borrowers shall, without prejudice to any right or remedy available to it hereunder or under law, (i) first, prepay Swing Line Loans in an amount equal to the Swing Line Lender's Fronting Exposure and (ii) second, Cash Collateralize the LC Issuer's Fronting Exposure in accordance with the procedures set forth in Section 6.14.4. 6.14.2 Defaulting Lender Cure. If the Borrower, the Agent, the Swing Line Lender and the LC Issuer agree in writing that a Lender is no longer a Defaulting Lender, the Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held pro rata by the Lenders in accordance with the Commitments (without giving effect to Section 6.14.1(d)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of any Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a 102 115525625.4 0063724-00082 waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. 6.14.3 New Swing Line Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (a) the Swing Line Lender shall not be required to fund any Swing Line Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swing Line Loan and (b) the LC Issuer shall not be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto. 6.14.4 Cash Collateral. At any time that there shall exist a Defaulting Lender, within one (1) Business Day following the written request of the Agent or the LC Issuer (with a copy to the Agent) the Revolving Loan Borrower shall Cash Collateralize the LC Issuer's Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 6.14.1(d) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount. (a) Grant of Security Interest. The Revolving Loan Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Agent, for the benefit of the LC Issuer, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lender's obligation to fund participations in respect of LC Obligations, to be applied pursuant to clause (b) below. If at any time the Agent determines that Cash Collateral is subject to any right of claim of any Person other than the Agent and the LC Issuer as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Revolving Loan Borrower will, promptly upon demand by the Agent, pay or provide to the Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender). (b) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 6.14 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of LC Obligations (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein. (c) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce the LC Issuer's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 6.14.4 following (i) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Agent and the LC Issuer that there exists excess Cash Collateral; provided that, subject to this Section 6.14 the Person providing Cash Collateral and the LC Issuer may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations and provided further, such 103 115525625.4 0063724-00082



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Cash Collateral shall remain subject to the security interest granted pursuant to the Loan Documents. 6.15 Replacement of Lender . If Borrowers are required pursuant to Section 7.1, 7.2 or 7.4 to make any additional payment to any Lender or if any Lender's obligation to make Advances based on Adjusted Daily Simple SOFR, Adjusted Term SOFR or the Term SOFR Alternative Rate is suspended pursuant to Section 7.3 or if any Lender defaults in its obligation to make a Loan, reimburse the LC Issuer pursuant to Section 5.6 or the Swing Line Lender pursuant to Section 2.2.6, 3.2.6, or 4.2.6 or otherwise becomes a Defaulting Lender (any Lender so affected an "Affected Lender"), the Company may elect, if such amounts continue to be charged or such suspension is still effective, to replace such Affected Lender as a Lender party to this Agreement, provided that no Default or Event of Default shall have occurred and be continuing at the time of such replacement, and provided further that, concurrently with such replacement, (a) another bank or other entity which is reasonably satisfactory to the Company and the Agent shall agree, as of such date, to purchase for cash and to pay the Affected Lender on such date 100% of the outstanding principal amount of the Loans and other Obligations due to the Affected Lender pursuant to an Assignment Agreement and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 17.4 applicable to assignments, and (b) the Borrowers shall pay to such Affected Lender in same day funds on the day of such replacement all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrowers hereunder to and including the date of termination, including without limitation payments due to such Affected Lender under Sections 7.1, 7.2 and 7.4. 6.16 Per Annum Fee . The Borrowers agree to pay to the Agent, for the account of each Lender, a fee ("Per Annum Fee"), calculated for each Lender at a per annum rate equal to the rate set forth in the fee letter between such Lender and Borrowers, on the Aggregate Lender Commitment of such Lender as of the last day of each fiscal quarter. The Per Annum Fee shall be due and payable in arrears on each Quarterly Payment Date hereafter and on the Termination Date for the three month period or other time period ending on the last day of the preceding fiscal quarter or on the Termination Date. 6.17 Reallocation of Commitments. 6.17.1 Subject to the provisions of this Section 6.17 and so long as no Event of Default has occurred and is continuing or will exist after giving effect thereto, Borrowers may from time to time request a reallocation of all or part of any unused portion of (a) the Aggregate New Vehicle Floorplan Commitment to the Aggregate Used Vehicle Floorplan Commitment, the Aggregate Revolving Loan Commitment and/or the Aggregate Service Loaner Vehicle Floorplan Commitment, (b) the Aggregate Used Vehicle Floorplan Commitment to the Aggregate New Vehicle Floorplan Commitment, the Aggregate Revolving Loan Commitment and/or the Aggregate Service Loaner Vehicle Floorplan Commitment, (c) the Aggregate Revolving Loan Commitment to the Aggregate New Vehicle Floorplan Commitment, the Aggregate Used 104 115525625.4 0063724-00082 Vehicle Floorplan Commitment and/or the Aggregate Service Loaner Vehicle Floorplan Commitment, (d) the Aggregate Service Loaner Vehicle Floorplan Commitment to the Aggregate Used Vehicle Floorplan Commitment, the Aggregate New Vehicle Floorplan Commitment and/or the Aggregate Revolving Loan Commitment, (e) the Revolving Swing Line Commitment to the Used Vehicle Swing Line Commitment and/or the Service Loaner Vehicle Floorplan Swing Line Commitment, (f) the Used Vehicle Swing Line Commitment to the Revolving Swing Line Commitment and/or the Service Loaner Vehicle Floorplan Swing Line Commitment or (g) the Service Loaner Vehicle Floorplan Swing Line Commitment to the Used Vehicle Swing Line Commitment and/or the Revolving Swing Line Commitment (each a "Reallocation"). 6.17.2 Borrowers may request a Reallocation no more frequently than twice in any calendar month. If Borrowers wish to request a Reallocation, the Company shall give the Agent irrevocable written notice thereof substantially in the form attached hereto as Exhibit O, or in such other form as is acceptable to the Agent (a "Reallocation Request"), no later than 11:00 a.m. (Pacific Time) at least two Business Days prior to the requested effective date of the Reallocation. The Agent will promptly notify the Company and the Lenders of the effective date of any Reallocation, and the amount of the new Commitments for each Lender. 6.17.3 Following any Reallocation, (a) the Aggregate Commitment shall not change; (b) the Aggregate New Vehicle Floorplan Commitment shall not be less than the then outstanding principal balance of the New Vehicle Floorplan Loans and the New Vehicle Swing Line Loans (which, for purposes of this determination, shall not be deemed to be reduced by amounts in the PR Accounts); (c) the Aggregate Used Vehicle Floorplan Commitment shall not be less than the then outstanding principal balance of the Used Vehicle Floorplan Loans and the Used Vehicle Swing Line Loans; (d) the Aggregate Revolving Loan Commitment (i) shall not be more than 40.0040% of the amount of the Aggregate Commitment at the time of such Reallocation and (ii) shall not be less than the then outstanding principal balance of the Revolving Loans and Revolving Swing Line Loans plus the LC Obligations and any Reserve Amount; and (e) the Aggregate Service Loaner Vehicle Floorplan Commitment (i) shall not be more than 3.00% of the amount of the Aggregate Commitment at the time of such Reallocation and (ii) shall not be less than the then outstanding principal balance of the Service Loaner Vehicle Floorplan Loans and the Service Loaner Vehicle Swing Line Loans. 6.17.4 All Reallocations shall be made pro rata among the Lenders according to their respective Pro Rata Shares of the Aggregate New Vehicle Floorplan Commitment, Aggregate Used Vehicle Floorplan Commitment, Aggregate Revolving Loan Commitment, Aggregate Service Loaner Vehicle Floorplan Commitment, Revolving Swing Line Commitment, Used Vehicle Swing Line Commitment and/or Service Loaner Vehicle Floorplan Swing Line Commitment so that after giving effect to any Reallocation, there is no change in the Pro Rata Shares of the Lenders. 6.17.5 (reserved). 6.17.6 Following any Reallocation, the Aggregate New Vehicle Floorplan Commitment, Aggregate Used Vehicle Floorplan Commitment, Aggregate Revolving Loan Commitment and Aggregate Service Loaner Vehicle Floorplan Commitment and the Pro Rata

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Shares and New Vehicle Floorplan Commitment, Used Vehicle Floorplan Commitment, Revolving Loan Commitment, Service Loaner Vehicle Floorplan Commitment, Revolving Swing Line Commitment and Service Loaner Vehicle Floorplan Swing Line Commitment of each Lender shall be noted in the Agent's records, which records will be conclusive evidence thereof, absent manifest error; provided, however, that any failure by the Agent to record such information shall not affect or limit the obligations of the Borrowers hereunder. 6.18 Extension of Commitments. 6.18.1 Requests for Extension. The Company may, no more than one time per Loan Year, by notice to the Agent (who shall promptly notify the Lenders) not earlier than sixty (60) days and not later than thirty-five (35) days prior to the Anniversary Date in such Loan Year, request that each Lender extend such Lender's Termination Date for an additional Loan Year from the existing Termination Date. 6.18.2 Lender Elections to Extend. Each Lender, acting in its sole and individual discretion, shall, by notice to the Agent given not later than the date (the "Notice Date") that is thirty (30) days prior to the Anniversary Date in such Loan Year, advise Agent whether or not such Lender agrees to such extension and each Lender that determines not to so extend its Termination Date (a "Non-Extending Lender") shall notify the Agent of such fact promptly after such determination (but in any event no later than the Notice Date) and any Lender that does not so advise Agent on or before the Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree. Furthermore, the election of any Non-Extending Lender not to extend initially shall not prohibit such Lender from extending for an additional Loan Year at subsequent request of the Company, so long as (i) the Company has not prepaid all Loans outstanding of such Non-Extending Lender by such date and (ii) such Lender's Termination Date shall be modified to the Termination Date of all other Extending Lenders at such time. Once a Lender extends its Termination Date in accordance with this Section it shall no longer be deemed a Non-Extending Lender for all purposes of this Agreement. 6.18.3 Notification by the Agent. The Agent shall notify the Company of each Lender's determination under this Section no later than the date fifteen (15) days prior to the Anniversary Date in such Loan Year (or, if such date is not a Business Day, on the next preceding Business Day). 6.18.4 Additional Commitment Lenders. The Company shall have the right to replace each Non-Extending Lender with, and add as "Lenders" under this Agreement in place thereof, one or more Eligible Assignees (each, an "Additional Commitment Lender") as provided in Section 6.15; provided that each of such Additional Commitment Lenders shall enter into an Assignment Agreement pursuant to which such Additional Commitment Lender shall, effective as of the Anniversary Date in such Loan Year, undertake a Commitment (and, if any such Additional Commitment Lender is already 106 115525625.4 0063724-00082 a Lender, its Commitment shall be in addition to such Lender's Commitment hereunder on such date). 6.18.5 Minimum Extension Requirement. If (and only if) the total of the Commitments of the Lenders that have agreed to extend their Termination Date (each, an "Extending Lender") and the additional Commitments of the Additional Commitment Lenders shall be more than 80% of the Aggregate Commitment in effect immediately prior to the Anniversary Date in such Loan Year, then, effective as of the Anniversary Date in such Loan Year, the Termination Date of each Extending Lender and of each Additional Commitment Lender shall be extended to the date falling one year after the existing Termination Date (except that, if such date is not a Business Day, such Termination Date as so extended shall be the next preceding Business Day) and each Additional Commitment Lender shall thereupon become a "Lender" for all purposes of this Agreement. 6.18.6 Conditions to Effectiveness of Extensions. As a condition precedent to such extension, the Company shall deliver to the Agent a certificate of each Loan Party dated as of the Anniversary Date in such Loan Year (in sufficient copies for each Extending Lender and each Additional Commitment Lender) signed by a Responsible Officer of such Loan Party (i) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such extension and (ii) in the case of the Company, certifying that, before and after giving effect to such extension, (A) the representations and warranties contained in Article X and the other Loan Documents are true and correct on and as of the Anniversary Date in such Loan Year, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Section 6.18, the representations and warranties contained in Section 10.4 shall be deemed to refer to the most recent statements furnished pursuant to Section 11.1, and (B) no Default exists or would result therefrom. In addition, on the Termination Date of each Non-Extending Lender, the Company shall prepay any Loans outstanding on such date (and pay any additional amounts required pursuant to Section 7.5) to the extent necessary to keep outstanding Loans ratable of the respective Lenders effective as of such date. 6.18.7 Amendment: Sharing of Payments. In connection with any extension of the Termination Date, the Company, and each Extending Lender may make such amendments to this Agreement as the Agent determines to be reasonably necessary to evidence the extension. This Section 6.18 shall supersede any provisions in Section 17.9 to the contrary. 6.19 Designation of Dual Subsidiaries. The Company may designate any Subsidiary as a Dual Subsidiary in order to finance (x) new Vehicles only or (y) new Vehicles and used and/or service loaner Vehicles through Permitted Dual Subsidiary Indebtedness so long as: (a) with respect to any such Subsidiary that is (i) a New Vehicle Floorplan Borrower, the Company shall terminate the designation of such Subsidiary as a New Vehicle Floorplan Borrower with respect to each franchise (any such franchise, a  
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Franchise") that will obtain financing for new Vehicles through Permitted Dual Subsidiary Indebtedness or (ii) a Silo Subsidiary, the Company shall terminate the designation of such Subsidiary as a Silo Subsidiary; (b) the Company shall have (w) designated such Subsidiary as a Dual Subsidiary to the Agent in writing, (x) caused such Subsidiary to execute and deliver acknowledgements (in form and substance reasonably acceptable to the Agent) of such Subsidiary's continuing Obligations (or, with respect to any such Subsidiary that is a Silo Subsidiary immediately prior to such designation, such Silo Subsidiary's new Obligations) under the Loan Documents (including pursuant to the Guaranty and any other Collateral Documents) as requested by the Agent, (v) prepaid all outstanding Loans with respect to such designation as required by Section 2.1.5(d), Section 3.1.5(d), Section 3.3.5(d) and (z) otherwise complied with Section 13.16; (c) such Subsidiary otherwise qualifies as a "Dual Subsidiary" entitled to incur Permitted Dual Subsidiary Indebtedness pursuant to the terms of the Agreement at the time of such designation; (d) no Default or Event of Default then exists or will result therefrom. Following any such designation, such Subsidiary shall no longer be entitled to utilize the credit facilities provided for in Section 2 with respect to any Removed Franchise; (e) if the applicable Dual Subsidiary will finance any Used Vehicles with Permitted Dual Subsidiary Indebtedness or will grant a Lien in any Used Vehicle to a Dual Subsidiary Lender, the Company shall have provided to the Agent a Used Vehicle Loan Borrowing Base Certificate as of the date of and after giving effect to such designation of such Subsidiary as a Dual Subsidiary and deduction of all Used Vehicles of such Dual Subsidiary from the Used Vehicle Borrowing Base; (f) if the applicable Dual Subsidiary will finance any Service Loaner Vehicles with Permitted Dual Subsidiary Indebtedness or will grant a Lien in any Service Loaner Vehicle to a Dual Subsidiary Lender, the Company shall have provided to the Agent a Service Loaner Vehicle Borrowing Base Certificate as of the date of and after giving effect to such designation of such Subsidiary as a Dual Subsidiary and deduction of all Service Loaner Vehicles of such Dual Subsidiary from the Service Loaner Vehicle Borrowing Base; (g) the Company shall have provided to the Agent a Revolving Loan Borrowing Base Certificate as of the date of and after giving effect to such designation of such Subsidiary as a Dual Subsidiary and certifying that after giving effect to such designation the Revolving Loan Availability is not less than \$1.00; (h) the Company shall have provided to the Agent a Compliance Certificate (prepared on a Pro Forma Basis as of the most recent date for which a Compliance Certificate was furnished to the Agent) signed by the Company's chief financial officer or other officer acceptable to the Agent; (i) (A) the existing UCC-1 financing statement for the Dual Subsidiary that names the Agent as secured party shall have been amended to remove certain 108 115525625.4 0063724-00082 assets and (B) a new UCC-1 financing statement shall have been filed naming the Dual Subsidiary as debtor and the applicable Dual Subsidiary Lender as secured party, in each case, in accordance with the terms of the applicable Intercreditor Agreement, and (j) prior to or concurrently with the initial incurrence of Permitted Dual Subsidiary Indebtedness by any Dual Subsidiary from a Dual Subsidiary Lender, cause to be delivered to the Agent an Intercreditor Agreement, or a joinder to an existing Intercreditor Agreement, executed by each Required Intercreditor Counterparty, along with any applicable revised exhibits thereto. Notwithstanding the foregoing, this Section 6.19 shall not take effect until the Agent has received (x) a duly executed Intercreditor Agreement (or a joinder or supplement thereof), in form and substance satisfactory to the Agent and (y) any additional documentation requested by the Agent in its sole discretion. 6.20 Erroneous Payments (a) . (a) If the Agent notifies a Lender, LC Issuer or other holder of any Obligations (each, a "Lender Party"), or any Person who has received funds on behalf of a Lender Party (any such Lender Party or other recipient, a "Payment Recipient"), that the Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding clause (b)) that any funds received by such Payment Recipient from the Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously received by, such Payment Recipient (whether or not such error is known to any Payment Recipient) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "Erroneous Payment") and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Agent, and such Payment Recipient shall promptly, but in no event later than one Business Day thereafter, return to the Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Agent in same day funds at the greater of the Federal Funds Effective Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error. (b) Without limiting immediately preceding clause (a), if any Payment Recipient receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Agent (or any of its Affiliates) that (x) is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Agent 109 115525625.4 0063724-00082



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(or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Agent (or any of its Affiliates), or (z) such Payment Recipient otherwise becomes aware was transmitted, or received, in error (in whole or in part): (i) (A) in the case of immediately preceding clause (x) or (y), an error shall be presumed to have been made (absent written confirmation from the Agent to the contrary) or (B) in the case of immediately preceding clause (z), an error has been made, in each case, with respect to such payment, prepayment or repayment; and (ii) such Payment Recipient shall promptly (and, in all events, within one Business Day of its knowledge of such error) notify the Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Agent pursuant to this Section 6.20(b). (c) Each Lender Party hereby authorizes the Agent to set off, net and apply any and all amounts at any time owing to such Lender Party under any Loan Document, or otherwise payable or distributable by the Agent to such Lender Party from any source, against any amount due to the Agent under immediately preceding clause (a) or under the indemnification provisions of this Agreement. (d) An Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations, except to the extent such Erroneous Payment comprises funds received by the Agent from a Loan Party for the purpose of making such Erroneous Payment. (e) To the extent permitted by Applicable Law, each Payment Recipient hereby agrees not to assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment, including without limitation any defense based on "discharge for value" or any similar doctrine, with respect to any demand, claim or counterclaim by the Agent for the return of any Erroneous Payment. (f) Each party's agreements under this Section 6.20 shall survive the resignation or replacement of the Agent, any transfer of rights or obligations by, or the replacement of, a Lender or LC Issuer, the termination of the Commitments, or the repayment, satisfaction or discharge of any or all Obligations. ARTICLE 7 YIELD PROTECTION; TAXES 7.1 Yield Protection 110 115525625.4 0063724-00082. If, after the date of this Agreement, there occurs any adoption of or change in any law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) or in the interpretation, promulgation, implementation or administration thereof by any governmental or quasi-Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, including, notwithstanding the foregoing, all requests, rules, guidelines or directives (x) in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act or (y) promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities, in each case of clauses (x) and (y), regardless of the date enacted, adopted, issued, promulgated or implemented, or compliance by any Lender or applicable Lending Installation or the LC Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency (any of the foregoing, a "Change in Law") which: (a) subjects any Lender or any applicable Lending Installation, the LC Issuer, or the Agent to any Taxes (other than with respect to Indemnified Taxes, Excluded Taxes, and Other Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, or (b) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation or the LC Issuer (other than reserves and assessments taken into account in determining the interest rate applicable to SOFR Loans), or (c) imposes any other condition (other than Taxes) the result of which is to increase the cost to any Lender or any applicable Lending Installation or the LC Issuer of making, funding or maintaining its SOFR Loans, or of issuing or participating in Letters of Credit, or reduces any amount receivable by any Lender or any applicable Lending Installation or the LC Issuer in connection with its SOFR Loans, Letters of Credit, or participations therein, or requires any Lender or any applicable Lending Installation or the LC Issuer to make any payment calculated by reference to the amount of SOFR Loans, Letters of Credit, or participations therein held or interest or fees received by it, by an amount deemed material by such Lender or the LC Issuer as the case may be, and the result of any of the foregoing is to increase the cost to such Lender or the LC Issuer of making or maintaining its Loans or Commitments or of issuing or participating in Letters of Credit or to reduce the return received by such Lender or the LC Issuer in connection with such Loans or Commitment, Letters of Credit or participations therein, then, within fifteen (15) days after demand by such Lender or the LC Issuer, the Borrowers shall pay such Lender or the LC Issuer such additional amount or amounts as will compensate such Lender or the LC Issuer for such increased cost or reduction in amount received. Failure or delay on the part of any Lender or LC Issuer to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or LC Issuer's right to demand such compensation; provided that the Borrowers shall not be required to pay any amount to compensate any Lender or LC Issuer pursuant to the foregoing provisions of this Section 7.1 for any such increased costs incurred or reductions suffered more than nine months prior to the date that such Lender or such LC Issuer, as the case may be, notifies the 111 115525625.4 0063724-00082



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Company of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such LC Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect). 7.2 Changes in Capital Adequacy Regulations . If a Lender or the LC Issuer determines the amount of capital or liquidity required or expected to be maintained by such Lender or the LC Issuer, any Lending Institution of such Lender or the LC Issuer, or any corporation or holding company controlling such Lender or the LC Issuer is increased as a result of (a) a Change in Law or (b) any change after the date of this Agreement in the Risk-Based Capital Guidelines, then, within fifteen (15) days of demand by such Lender or the LC Issuer, the Borrowers shall pay such Lender or the LC Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender or the LC Issuer determines is attributable to this Agreement, its Outstanding Credit Exposure or its Commitment to make Loans and issue or participate in Letters of Credit, as the case may be, hereunder (after taking into account such Lender's or the LC Issuer's policies as to capital adequacy or liquidity), in each case that is attributable to such Change in Law or change in the Risk-Based Capital Guidelines, as applicable. Failure or delay on the part of any Lender or LC Issuer to demand compensation pursuant to this Section shall not constitute a waiver of such Lender or LC Issuer's right to demand such compensation; provided that the Borrowers shall not be required to pay any amount to compensate any Lender or LC Issuer pursuant to the foregoing provisions of this Section.

7.2 for any shortfall in the rate of return suffered more than nine months prior to the date that such Lender or such LC Issuer, as the case may be, notifies the Company of the Change in Law giving rise to such shortfall and of such Lender's or such LC Issuer's intention to claim compensation (except that, if the Change in Law giving rise to such shortfall is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect). 7.3 Availability of Types of Advances; Adequacy of Interest Rate . (a) Notwithstanding anything to the contrary in this Agreement or any other Loan Document (except as provided in clause (b) below), if the Agent determines (which determination shall be conclusive absent manifest error), or the Required Lenders notify the Agent that the Required Lenders have determined, that: (i) deposits of a type and maturity appropriate to match fund SOFR Loans are not available to such Lenders in the relevant market, or (ii) the interest rate applicable to the Term SOFR Alternative Rate Loans or Term SOFR Loans for any requested interest period is not ascertainable or available (including, without limitation, because the applicable Reuters Screen (or on any successor or substitute page on such screen) is unavailable) or does not adequately and fairly reflect the cost of making or maintaining the Term SOFR Alternative Rate Loans or Term SOFR Loans, 113 115525625.4 0063724-00082 then the Agent shall suspend the availability of the New Vehicle Floorplan Borrowing Rate, Used Vehicle Floorplan Borrowing Rate, Service Loaner Vehicle Floorplan Borrowing Rate, and Revolving Loan Borrowing Rate, the loans shall thereafter bear interest at the Alternate Base Rate plus the Alternate Base Rate Margin (New Vehicle) for New Vehicle Floorplan Loans and New Vehicle Swing Line Loans, the Alternate Base Rate plus the Alternate Base Rate Margin (Used Vehicle) for Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans, the Alternate Base Rate plus the Alternate Base Rate Margin (Service Loaner Vehicle) for Service Loaner Vehicle Floorplan Loans and Service Loaner Vehicle Swing Line Loans, and the Alternate Base Rate plus the Alternate Base Rate Margin (Revolving) for Revolving Loans and Revolving Swing Line Loans. (b) Benchmark Replacement Setting. (i) Benchmark Transition Event; Early Opt-in Election. Notwithstanding anything to the contrary herein or in any other Loan Document (and any Swap shall be deemed not to be a "Loan Document" for purposes of this Section 7.3(b)), if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then the Administrative Agent and the Borrower may amend this Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at or after 5:00 p.m. (New York City time) on the fifth Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and the Borrower without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. (ii) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. (iii) Notices; Standards for Decisions and Determinations. The Agent will promptly notify the Company and the Lenders of (A) the implementation of any Benchmark Replacement, and (B) the effectiveness of any Benchmark Replacement Conforming Changes. Any determination, decision or election that may be made by the Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 7.3(b), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 7.3(b). (iv) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in 113 115525625.4 0063724-00082



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connection with the implementation of a Benchmark Replacement, (i) if the then-current Benchmark is a term rate (including the Term SOFR Base Rate or Term SOFR) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove any tenor of such Benchmark that is unavailable or non-representative for any Benchmark settings and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor. (v) Benchmark Unavailability Period. Upon notice to the Company by the Agent in accordance with Section 17.11 of the commencement of a Benchmark Unavailability Period and until a Benchmark Replacement is determined in accordance with this Section 7.3(b), the Company may revoke any request for a SOFR Loan, or any request for the conversion or continuation of a SOFR Loan to be made, converted or continued during any Benchmark Unavailability Period at the end of the applicable Interest Period, and, failing that, the Company will be deemed to have converted any such request at the end of the applicable Interest Period into loans that bear interest at the Alternate Base Rate plus the Alternate Base Rate Margin (New Vehicle) for New Vehicle Floorplan Loans and New Vehicle Swing Line Loans, the Alternate Base Rate plus the Alternate Base Rate Margin (Used Vehicle) for Used Vehicle Floorplan Loans and Used Vehicle Swing Line Loans, the Alternate Base Rate plus the Alternate Base Rate Margin (Service Loaner Vehicle) for Service Loaner Vehicle Floorplan Loans and Service Loaner Vehicle Swing Line Loans, and the Alternate Base Rate plus the Alternate Base Rate Margin (Revolving) for Revolving Loans and Revolving Swing Line Loans. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternate Base Rate. 7.4 Taxes. 7.4.1 Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of the applicable withholding agent) requires the deduction or withholding of any Tax from any such payment, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax or Other Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 7.4) 115 115525625.4 0063724-00082 the applicable Lender, the LC Issuer or the Agent receives an amount equal to the sum it would have received had no such deduction or withholding been made as provided in this Section 7.4. 7.4.2 The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with Applicable Law or at the option of the Agent timely reimburse it for the payment of, any Other Taxes. 7.4.3 The Loan Parties shall indemnify the Lender, the LC Issuer or the Agent, within fifteen (15) days after demand therefor, for the full amount of any Indemnified Taxes and Other Taxes (including Indemnified Taxes and Other Taxes imposed or asserted on or attributable to amounts payable under this Section 7.4) payable or paid by such Lender, the LC Issuer or the Agent or required to be withheld or deducted from a payment to such Lender, the LC Issuer or the Agent and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes and Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to a Borrower by a Lender or LC Issuer (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender or LC Issuer, shall be conclusive absent manifest error. 7.4.4 Each Lender shall severally indemnify the Agent, within fifteen (15) days after demand therefor, for (a) any Indemnified Taxes and Other Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Agent for such Indemnified Taxes and Other Taxes and without limiting the obligation of the Loan Parties to do so), (b) any Taxes attributable to such Lender's failure to comply with the provisions of Section 17.3.3 relating to the maintenance of a Participant Register, and (c) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Agent to the Lender from any other source against any amount due to the Agent under this Section 7.4.4. 7.4.5 As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 7.4, such Loan Party shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent. 7.4.6 (a) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Company and the Agent, at the time or times reasonably requested by the Company or the Agent, such properly completed and executed documentation reasonably requested by the Company or the Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Company or the Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably 115 115525625.4 0063724-00082



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requested by the Company or the Agent as will enable the Company or the Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 7.4.6(b)(i), (b)(ii), and (b)(v)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender. (b) Without limiting the generality of the foregoing, (i) any Lender that is a United States person for U.S. federal income Tax purposes shall deliver to the Company and the Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding Tax; (ii) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Company and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Agent), whichever of the following is applicable: (A) in the case of a Non-U.S. Lender claiming the benefits of an income Tax treaty to which the United States is a party (1) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such Tax treaty and (2) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such Tax treaty; (B) executed copies of IRS Form W-8ECI; (C) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (1) a certificate to the effect that such Non-U.S. Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code and (2) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or (D) to the extent a Non-U.S. Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, IRS Form W-8IMY or IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable. 116 115525625.4 0063724-00082 (iii) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Company and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Agent), executed originals of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Company or the Agent to determine the withholding or deduction required to be made; and (iv) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Company and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Company or the Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Agent as may be necessary for the Company and the Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (v), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. (c) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Company and the Agent in writing of its legal inability to do so. 7.4.7 If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 7.4 (including by the payment of additional amounts pursuant to this Section 7.4), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed 117 115525625.4 0063724-00082



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to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person. 7.4.8 Each party's obligations under this Section 7.4 shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document. 7.4.9 For purposes of Sections 7.4.4 and 7.4.6, the term "Lender" includes the LC Issuer. 7.4.10 For purposes of determining withholding Taxes imposed under FATCA, from and after the Closing Date, the Company, the other Borrowers and the Agent shall treat (and the Lenders hereby authorize Agent to treat) the Loans and the LC Obligations as not qualifying as a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

7.5 Selection of Lending Installation; Mitigation Obligations; Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its SOFR Loans to reduce any liability of the Borrowers to such Lender under Sections 7.1, 7.2, and 7.4 or to avoid the unavailability of SOFR Loans under Section 7.3, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Company (with a copy to the Agent) as to the amount due, if any, under Sections 7.1, 7.2 or 7.4. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrowers in the absence of manifest error. Determination of amounts payable under such Sections in connection with a SOFR Loan shall be calculated as though each Lender funded its SOFR Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining SOFR. Term SOFR or the Term SOFR Base Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Company of such written statement. The obligations of the Borrowers under Sections 7.1, 7.2 and 7.4 shall survive payment of the Obligations and termination of this Agreement. ARTICLE 8 SECURITY AND GUARANTIES 8.1 Security. 8.1.1 Collateral. All present and future Loans, Letters of Credit, Obligations, Guarantor Obligations, and Permitted Swap Obligations of the Loan Parties to the Agent and the Lenders under this Agreement and the other Loan Documents shall be, subject to each Intercreditor Agreement (once effective), secured by a perfected security interest, subject only to Permitted Liens, in the property described in the Collateral Documents (collectively, "Collateral"), including, without limitation, the following property of the Company and all of its 118 115525625.4 0063724-00082 present and future Subsidiaries (except Persons that (x) are not Financed Entities or (y) are Excluded Subsidiaries, Silo Subsidiaries or Canadian/Foreign Subsidiaries), whether now owned or existing or hereafter acquired and wherever located, and all products and proceeds thereof: (a) All inventory (including, without limitation, all parts inventory, all Vehicles of whatever make, model and description, trade ins, repossessions and inventory held for display or demonstration purposes), equipment (other than fixtures), investment property, stock, partnership interests, membership interests, securities (certificated or uncertificated), security entitlements, securities accounts, accounts, instruments, documents, promissory notes, chattel paper (including electronic and tangible chattel paper), payment intangibles, general intangibles, deposit accounts, contract rights and other rights to payment, personal property leases, rebates, credits, factory holdbacks, incentive payments and other payments from any manufacturer, factory or distributor. (b) All attachments, acccessions, accessories, tools, parts, supplies, increases and additions to, and all replacements of, and substitutions for any property described in this Section 8.1.1; all products, produce, and supporting obligations of any of the property described in this Section 8.1.1; all proceeds (including insurance proceeds) of any of the property described in this Section 8.1.1; and all records and data relating to any of the property described in this Section 8.1.1, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all right, title and interest of the Company and each Subsidiary in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media. Notwithstanding the foregoing, the New Vehicle Floorplan Loan Obligations shall be secured only by the Collateral owned by the New Vehicle Floorplan Borrowers. For the avoidance of doubt and notwithstanding anything to the contrary set forth in this Agreement or any Security Document, the term "Collateral" as used in this Agreement and in the Security Documents shall not include any Excluded Property. 8.1.2 Collateral Documents. The security interests in the Collateral shall be evidenced by such security agreements, assignments, Uniform Commercial Code financing statements, Title Documents, trust deeds, mortgages, and other Collateral Documents covering the Collateral as the Agent or Required Lenders may at any time reasonably require. 8.1.3 Additional Acts. As a condition precedent to the effectiveness of this Agreement, and from time to time at the Agent's or any Lender's request, each Person granting Collateral shall execute and/or deliver to the Agent such security agreements, assignments, pledge agreements, control agreements, Title Documents, landlord and owner consents, amendments to any of the foregoing documents and any other documents and instruments (endorsed or assigned to the Agent as the Agent may request), and shall take such other actions, as may be required under Applicable Law or which the Agent or any Lender may reasonably request to effectuate the transactions contemplated hereunder and to grant, preserve, protect, perfect and continue the validity and priority of their security interests (subject to Permitted Liens). 119 115525625.4 0063724-00082



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8.1.4 Limitations. Notwithstanding any contrary provision of this Agreement or any Collateral Document, unless Agent otherwise requires (which the Agent may do at any time) (a) the security interest of the Agent and the Lenders in any Loan Party's patents, trademarks, copyrights, trade names and other intellectual property will not be perfected by filing with the United States Patent and Trademark Office or any other agency of the United States government; (b) the security interest of the Agent and the Lenders will not be noted on the Title Document for any Vehicle; (c) the security interest of the Agent and the Lenders in deposit accounts maintained by any Loan Party with a financial institution other than U.S. Bank may not be perfected if the Agent reasonably determines that the amounts generally maintained in such deposit accounts are not material; (d) the security interest of the Agent and the Lenders in investment property will not be perfected by control; and (e) the security interest of the Agent and the Lenders in aircraft will not be perfected. 8.2 Guaranties. All present and future Revolving Loans, Revolving Swing Line Loans, LC Obligations, Used Vehicle Floorplan Loans, Used Vehicle Swing Line Loans, Service Loaner Vehicle Floorplan Loans, Service Loaner Vehicle Swing Line Loans and other Revolving Loan Obligations, Service Loaner Vehicle Floorplan Obligations and Used Vehicle Floorplan Obligations of Revolving Loan Borrower, Service Loaner Vehicle Borrower and Used Vehicle Floorplan Borrower to the Agent and the Lenders shall be guaranteed by each of the Guarantors. ARTICLE 9 CONDITIONS PRECEDENT 9.1 Initial Conditions Precedent. The effectiveness of this Agreement and the obligation of the Lenders to make the initial Credit Extensions are subject to satisfaction of the following conditions (each, an "Initial Condition"):

9.1.1 The Agent has received the following: (a) Such fully executed original Loan Documents as the Agent or any Lender requires, including, without limitation, this Agreement, the Security Agreement, the Pledge Agreement, and any other Collateral Documents; the Guaranty signed by each Guarantor; any required LC Agreement; and each other Loan Document required by the Agent or any Lender. (b) Documentation satisfactory to the Agent to establish the due organization, valid existence and (if applicable) good standing of each Loan Party, its qualification to engage in business in each jurisdiction in which it is engaged in business or required to be so qualified, its authority to execute, deliver and perform any Loan Documents to which it is a party and the identity, authority and capacity of each Person authorized to act on its behalf, which shall, without limitation, include certified copies of articles or certificates of incorporation and amendments thereto, bylaws and amendments thereto, certificates of good 120 115525625.4 0063724-00082 standing, existence and/or qualification to engage in business, corporate resolutions, incumbency certificates, and the like. (c) A favorable opinion of acceptable independent counsel for each Loan Party covering such matters as the Agent or any Lender may reasonably request. (d) A certificate, signed by the chief financial officer of the Company, stating that on the date of the initial Credit Extension no Default or Event of Default has occurred and is continuing. (e) (i) One or more intercreditor agreements between the Agent and each Person extending floorplan financing to the Dealerships or an amendment to the existing intercreditor agreement, in form and content satisfactory to the Agent and the Required Lenders; and (ii) any other subordination or intercreditor agreements or amendments to existing intercreditor agreements required by the Agent or the Required Lenders, all in form and content satisfactory to the Agent and the Lenders. 9.1.2 The Agent shall have received copies of any Seller Agreements which it has requested, other than those disclosure of which is prohibited by the relevant manufacturer or distributor, which must be reasonably satisfactory to the Agent, and has received such evidence as it reasonably requires that all Seller Agreements which are necessary for the conduct of the Company's and each Dealership's business, are in full force and effect. 9.1.3 The Agent shall have a valid and perfected security interest in the Collateral (subject to the limitations found in Section 8.1.4) with a priority acceptable to the Agent and the Required Lenders and subject only to Permitted Liens and the Agent shall have received satisfactory evidence of perfection and the priority of such security interests, including without limitation such Uniform Commercial Code and other searches, termination statements, and other filings as it deems appropriate. 9.1.4 All required insurance shall be in full force and effect and the Agent shall have received such evidence thereof as it requires. 9.1.5 The representations and warranties contained in this Agreement and in each Loan Document shall be correct, accurate and complete in all material respects as of the Closing Date. 9.1.6 No Default shall have occurred and is continuing on the Closing Date or will exist after giving effect to the making of the Loans to be made on the Closing Date, the Existing Letters of Credit, and any Letters of Credit to be issued on the Closing Date. 9.1.7 All fees accrued under the Existing Loan Agreement for periods prior to the Closing Date and all interest accrued on the outstanding principal balance of the loans made under the Existing Loan Agreement as of the Closing Date shall be paid; provided that (a) interest and fees accrued under the Existing Loan Agreement as of the Closing Date in respect of the Aggregate New Vehicle Floorplan Commitment and New Vehicle Floorplan Loans shall be due and payable on the New Vehicle Monthly Payment Date immediately following the Closing 121 115525625.4 0063724-00082



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Date, and (b) the Per Annum Fee shall be due and payable on the Quarterly Payment Date immediately following the Closing Date. 9.1.8 All fees and Attorney Costs payable on or prior to the Closing Date shall have been paid. 9.1.9 The Agent shall have received such additional documents, opinions, approvals, consents and information and each Loan Party shall have satisfied such additional requirements as the Agent or any Lender may reasonably require. 9.1.10 Upon the reasonable request of any Lender made at least ten days prior to the Closing Date, the Loan Parties must have provided to such Lender the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including the PATRIOT Act, in each case at least five days prior to the Closing Date. 9.1.11 At least five days prior to the Closing Date, if any Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, such Borrower must deliver a Beneficial Ownership Certification in relation to such Borrower. 9.1.12 The Agent shall have received a Compliance Certificate (calculated on a Pro Forma Basis after giving effect to this Agreement), dated as of the last day of the fiscal quarter ending December 31, 2020 and signed by the Company's chief financial officer or other officer acceptable to the Agent. 9.1.13 The Agent shall have received (a) a Used Vehicle Borrowing Base Certificate dated as of the Closing Date certifying as to the Used Vehicle Borrowing Base as of the last day of the calendar month preceding the calendar month ending prior to the Closing Date, (b) a Service Loaner Vehicle Borrowing Base Certificate dated as of the Closing Date certifying as to the Service Loaner Vehicle Borrowing Base as of the last day of the calendar month preceding the calendar month ending prior to

the Closing Date and (c) a Revolving Borrowing Base Certificate, dated as of the Closing Date certifying as to the Revolving Borrowing Base as of the last day of the calendar month preceding the calendar month ending prior to the Closing Date, in each case, signed by the Company's chief financial officer or other officer acceptable to the Agent. 9.2 Conditions Precedent to Each Credit Extension. Except as otherwise set forth herein (including without limitation Sections 2.2.6(d), 3.2.6(d), and 4.2.6(d)), all of the following conditions must be satisfied on the date of any Credit Extension: 9.2.1 The Agent shall have received a request for the Loan or Letter of Credit as required by the provisions of this Agreement. 9.2.2 No Default shall have occurred and be continuing or will exist after giving effect to the making of such Credit Extension. 122 115525625.4 0063724-00082 9.2.3 All representations and warranties in this Agreement and the other Loan Documents shall be true and correct in all material respects as of such date, except to the extent they relate to another date, and except as previously disclosed to and accepted by the Agent in writing. 9.2.4 All Initial Conditions have been satisfied at the time of the initial Credit Extension. 9.2.5 The Agent, and/or any Lender, as applicable, shall have received such documents and information as they reasonably require. 9.2.6 All conditions in any other provision of this Agreement or any other Loan Document have been satisfied as of the time required. 9.2.7 With respect to each New Vehicle Loan Advance, the Agent shall have received the following: (a) For New Vehicle Loan Advances made under a Payment Commitment, Manufacturer or distributor invoice, cash draft, electronic record, depository transfer check, sight draft, or such other documents as specified in the applicable Payment Commitment, identifying the Vehicles delivered or to be delivered to a New Vehicle Floorplan Dealership. (b) For New Vehicle Loan Advances made to finance Fleet Vehicles, If required by the Agent, a copy of the applicable Fleet Sale Contract and/or an agreement from the purchaser of the Fleet Vehicles agreeing to pay the purchase price due to a New Vehicle Floorplan Dealership directly to the Agent. (c) For New Vehicle Loan Advances made to finance New Vehicles which are obtained from another dealer, Copy of manufacturer or distributor invoice (or substitute acceptable to the Agent) and bill of sale duly executed by the parties to the transaction or other documentation acceptable to the Agent evidencing the acquisition cost to a New Vehicle Floorplan Dealership of such Vehicles. (d) For New Vehicle Loan Advances made to finance any other New Vehicles, Manufacturer or distributor invoice or other documents acceptable to the Agent identifying the Vehicles purchased by a New Vehicle Floorplan Dealership. 9.3 Conditions Precedent to Initial Advance to any New Vehicle Floorplan Borrower. In addition to the requirements in Section 9.1 and 9.2, no New Vehicle Loans shall be made to finance New Vehicles owned by any Dealership (including the initial New Vehicle Floorplan Borrowers) and no Dealership shall become a New Vehicle Floorplan Borrower unless all of the following conditions have been satisfied with respect to such Dealership: 9.3.1 All indebtedness and obligations of the Dealership (or if Required Lenders, in their sole discretion, consent in writing, a franchise or location of a Dealership) to 123 115525625.4 0063724-00082



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any lender ("Former Lender") for flooring lines of credit (other than permitted Other Service Loaner Floorplan Financing) have been repaid or will be repaid with the proceeds of the first New Vehicle Loan Advance to be made to finance New Vehicles owned by such Dealership and all commitments of any Former Lender to extend floorplan financing to such Dealership (or if Required Lenders, in their sole discretion, consent in writing, the applicable franchise or location of such Dealership) have been terminated. 9.3.2 All Liens of any Former Lender in the Collateral (other than Permitted Liens) have been terminated, or at the Agent's sole discretion, satisfactory arrangements have been made for termination of such Liens, or if such Liens are permitted hereunder, any subordination or intercreditor agreement or amendment to any such agreement required by the Agent has been executed and delivered to the Agent. 9.3.3 The Agent shall have conducted such audits of the Collateral of the New Vehicle Floorplan Dealership as it requires, the results of which are satisfactory to the Agent. 9.3.4 The Agent shall have received such Repurchase Agreements relating to the New Vehicle Floorplan Dealership as it requires. 9.3.5 All conditions in Section 9.1.2, 9.1.3, and 9.1.4 shall be satisfied for such Dealership as of the date it becomes a New Vehicle Floorplan Dealership, and with respect to the Dealership, (i) if it is a Subsidiary as of the date of this Agreement or has previously executed a Guarantor Joinder Agreement, it shall have executed an Existing Subsidiary Joinder Agreement (ii) if it is a new Acquisition Subsidiary, all conditions in Section 13.13 shall have been satisfied, or (iii) if it is a new Subsidiary which is not an Acquisition Subsidiary, all conditions in Section 12.17 shall have been satisfied. 9.3.6 Each Loan Party has satisfied such other conditions as are reasonably required by the Agent. 9.4 Real Property Conditions . In addition to the other requirements set forth herein, no Real Property shall be included or remain in the Revolving Loan Borrowing Base as Eligible Real Property unless all of the following conditions have been satisfied and continue to be satisfied with respect to such Real Property: 9.4.1 A Real Estate Subsidiary or Dealership shall hold fee simple title to the Real Property free and clear of all Liens and encumbrances of any nature or kind whatsoever except any easements, rights of way, zoning restrictions and other minor encumbrances and exceptions which shall be the only encumbrances on the Real Property, and such Real Estate Subsidiary or Dealership shall not have entered into any agreement prohibiting or limiting its ability to grant a Lien on such Real Property to the Agent and the Lenders; provided, that, except for (x) tax liens securing obligations that are not yet due and payable or that are being contested in good faith by appropriate proceedings, or (y) mechanics', carriers', workmen's, repairmen's or other like liens arising or incurred in the ordinary course of business or amounts that are not delinquent and which are not, individually or in the aggregate, material to the business of the 124 115525625.4 0063724-00082 Borrower, any Lien securing a monetary obligation shall not be considered a minor encumbrance. 9.4.2 The Real Property shall be identified on a monthly basis in a schedule attached to the Revolving Loan Borrowing Base Certificate setting forth the owner name, address, valuation, valuation type (appraisal or tax assessed value) and date of valuation, and the Revolving Loan Borrowing Base Certificate shall set forth a certification by the Company that the information on such schedule is accurate and complete in all material respects and that the Real Property identified on the Schedule is Eligible Real Property. 9.4.3 Real Property can remain in the Revolving Loan Borrowing Base indefinitely. After the occurrence of an Event of Default, the Company shall deliver to the Agent, promptly after the Agent's request, the following with respect to Real Property that is included in the Revolving Loan Borrowing Base, each in form and substance satisfactory to the Agent: (a) an initial Phase I environmental site assessment report and such other environmental audits, assessments, studies and reports as the Agent requires, prepared by a geotechnical engineer or other qualified Person acceptable to the Agent ("Environmental Reports") and thereafter such new or updated Environmental Reports as the Agent requires, (b) such new or updated appraisals, evaluations or reports as the Agent requires to determine the Value of such Real Property, (c) such title reports with respect to such Real Property as the Agent requires and (d) flood hazard certifications and, if applicable, evidence of flood insurance coverage. 9.4.4 In addition to any other insurance required hereunder, all insurance covering the Real Property which is reasonably required by the Agent shall be in full force and effect and the Agent shall receive from time to time such evidence thereof as it requires. 9.4.5 The Real Property and improvements thereon shall be in good condition, and no part of the Real Property and improvements shall have been damaged by fire or other casualty or have been the subject of any eminent domain or condemnation proceedings. 9.4.6 There are no circumstances affecting the Real Property, including without limitation any requirement of Applicable Law of the jurisdiction in which it is located which, in the opinion of the Agent or its counsel, may materially affect the value of the Real Property. 9.4.7 The Agent shall have received such additional documents and information and each Loan Party shall have satisfied such additional requirements as the Agent reasonably requires, with respect to the Real Property. 9.4.8 The Revolving Loan Borrower shall pay all costs and expenses incurred by the Agent in connection with the Real Property, including without limitation all appraisal and appraisal review fees, costs of environmental audits and inspections, and fees of the Agent's counsel. ARTICLE 10 REPRESENTATIONS AND WARRANTIES 125 115525625.4 0063724-00082



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Except as set forth in the Disclosure Schedule, each Loan Party hereby represents and warrants to and agrees with the Agent and the Lenders: 10.1 Existence and Standing . Each Loan Party (a) is a corporation, partnership or limited liability company (i) duly and properly incorporated, organized or formed, as the case may be, validly existing and in good standing (to the extent such concept applies to such entity) or current status, in its jurisdiction of incorporation or organization and (ii) duly qualified and in good standing (to the extent such concept applies to such entity) or current status, in each other jurisdiction where the conduct of its business or the ownership of its properties requires such qualification, and (b) has full power, authority and legal right to carry on its business as presently conducted, and to own and operate its properties and assets, except in each case referred to in clause (a)(i) or (b), to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect. 10.2 Authorization and Validity . Each Loan Party has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution, delivery, and performance of the Loan Documents by each Loan Party have been duly authorized by proper corporate, limited liability company partnership or other entity proceedings. This Agreement constitutes, and each other Loan Document to which any Loan Party is a party when executed and delivered to the Agent will constitute a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium, fraudulent transfer and other similar laws affecting creditors' rights generally. 10.3 Conflict: Government Consent . Neither the execution and delivery by any Loan Party of the Loan Documents to which it is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (a) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on any Loan Party or (b) any Loan Party's articles or certificate of incorporation, partnership agreement, certificate of limited partnership, articles or certificate of formation or organization, by-laws, or operating or other management agreement, as the case may be, or (c) the provisions of any loan, loan agreement, indenture, instrument or agreement to which any Loan Party is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the property of any Loan Party pursuant to the terms of any such indenture, instrument or agreement, except, with respect to this clause (c), as could not reasonably be expected to have a Material Adverse Effect. No Governmental Approval of any Governmental Body is required for the due execution, delivery and performance of the Loan Documents except such as have been obtained and are in full force and effect. 10.4 Financial Statements . The financial statements that have heretofore been delivered to the Agent or any Lender, and all schedules and notes included in such financial statements, present fairly (a) the 126 115525625.4 0063724-00082 financial position of the Company and its Subsidiaries as of the date of such statements and (b) the results of its operations for the periods covered thereby; and with respect to the consolidated financial statements of the Company and its Subsidiaries (including, for the avoidance of doubt, all Minority Dealer Subsidiaries), there are not any material liabilities that should have been reflected in the financial statements or the notes thereto under GAAP, contingent or otherwise, including liabilities for taxes or any unusual forward or long-term commitments, that are not disclosed or reserved against in the statements referred to above or in the notes thereto or that are not disclosed herein. The consolidated financial statements of the Company and its Subsidiaries (including, for the avoidance of doubt, all Minority Dealer Subsidiaries) have been prepared in accordance with GAAP, except, as to interim financial statements, for the absence of footnotes and subject to year-end adjustments. 10.5 Material Adverse Effect . Since the date of the most recent audited financial statements delivered to the Agent, no event or circumstance has occurred which has had or which could reasonably be expected to have, a Material Adverse Effect. 10.6 Taxes . Each Loan Party has filed all federal, state, local, and other tax returns which are required to be filed and has paid all taxes due pursuant to said returns or pursuant to any assessment received by any Loan Party, except such taxes, if any, as are being contested in

good faith and by proper proceedings and as to which adequate reserves have been provided in accordance with GAAP and as to which no Lien exists. 10.7 Litigation . There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending against any Loan Party or, to the knowledge of any of their officers, threatened against or affecting any Loan Party which (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated thereby, which seeks to prevent, enjoin or delay the making of any Credit Extension, or (b) if determined adversely, could reasonably be expected to have a Material Adverse Effect. 10.8 Subsidiaries and Affiliates . Set forth in the Disclosure Schedule is a complete and accurate list as of the Closing Date of the Company and its Subsidiaries and Affiliates (including a complete and accurate list of each Subsidiary that has been designated as a Silo Subsidiary as of the Closing Date) excluding, as to Affiliates, (a) persons included in clause (c) of the definition of Affiliate, and (b) Persons holding 5% or more of the Company's Class A Common Stock who have filed required reports under Sections 13(d), 13(g) or or are not required to file such reports, showing the jurisdiction of incorporation of each and showing the percentage of the Company's ownership of the outstanding stock of each Subsidiary and Affiliate. All of the outstanding capital stock or other Equity Interests of each such Subsidiary that is owned, directly or indirectly, by the Company has been validly issued, is fully 127 115525625.4 0063724-00082 (the "Exchange Act").

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paid and nonassessable and is free and clear. 13 are intended to comply with all applicable conditions. all Liens other than Liens securing Rule 16b-3 or any successor exemption provision promulgated under Obligations. 10.9 ERISA. With respect to each Plan, each Loan Party and all ERISA Affiliates have paid all required minimum contributions and installments on or before Exchange Act. To due dates provided under Section 430(f) extent that any provision Code and could not reasonably be subject to a lien under Section 430(k) of Plan or any action by Code Committee Title IV of ERISA. Neither any Loan Party nor any ERISA Affiliate has filed, pursuant to Section 412(c) of Code or Section 302(c) of ERISA, an application for a waiver of the minimum funding standard. No ERISA Event has occurred Board fails, reasonably expected deemed occur that, when taken together with all other fail, to so comply. ERISA Events for which liability is reasonably expected to occur, could reasonably provision or action shall, expected to result in a Material Adverse Effect. 10.10 Accuracy of Information. 10.10.1 No report, financial statement, certificate or other written information furnished by or on behalf of any Loan Party (other than projected financial information, pro forma financial information) null, information of a general economic or industry nature void but only Agent or any Lender extent permitted by law and deemed advisable by the Committee connection with its discretion. 22. WITHHOLDING TAXES FOR DISQUALIFYING DISPOSITION. Whenever shares of Stock that were received upon transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other written information so furnished), when taken as a whole, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected and pro forma financial information, each Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation and delivery, it being understood that such projections may vary from actual results and that such variances may be material. 10.10.2 As of the Closing Date, the information included in any Beneficial Ownership Certification is true and correct in all respects. 10.11 Regulation U. Margin stock (as defined in Regulation U) constitutes less than 25% of the value of those assets which are subject to any limitation on sale, pledge, or other restriction hereunder. 10.12 Material Agreements. The Company and each other Loan Party which is a Dealership is in compliance with all Seller Agreements except as could not reasonably be expected to have a Material Adverse Effect. No Loan Party is a party to any agreement or instrument or subject to any charter or other corporate, partnership, or limited liability company or other restriction which could 128 115525625.4 0063724-00082 reasonably be expected to have a Material Adverse Effect. No Loan Party is in breach of or default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (a) any agreement to which it is a party, or which is binding on it or any of its assets, which default or default could reasonably be expected to have a Material Adverse Effect or (b) any agreement or instrument evidencing or governing Indebtedness in excess of Indebtedness of the Loan Parties described in Section 14.1.3. 10.13 Compliance with Laws. Each Loan Party is in compliance with all Applicable Laws, including without limitation all environmental permits, Environmental Laws, Access Laws, and the FLSA, except as could not reasonably be expected to have a Material Adverse Effect. 10.14 Ownership of Properties. Each Loan Party is the true and lawful owner of and has good title to, or valid leasehold interests in, all properties and assets material to its business, real and personal, intangible and tangible which it owns or leases, free of any liens and encumbrances, except Permitted Liens. 10.15 Plan Assets; Prohibited Transactions. No Loan Party is an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, exercise employee benefit plan (as defined in Section 3(3) option granted under the Plan are disposed ERISA) which is subject to Title within two years after the date ERISA grant of such option any plan one year from the date of exercise of such option 4975 of 423(a)(1), Code, and neither the execution of this Agreement nor the making of Credit Extensions hereunder gives rise to a Prohibited Transaction. 10.16 Trademarks, Patents, Etc. Each Loan Party possesses or has Company shall have use all licenses, permits, franchises, patents, copyrights, trademarks, trade names, servicemarks, or rights thereto, material require the Participant, the conduct of its business substantially as now conducted and as presently proposed to be conducted and none of the Loan Parties are in material violation of any valid rights of others with respect to any of the foregoing. 10.17 Burdensome Restrictions. No Loan Party is a party to or otherwise bound by any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any charter, corporate, limited liability company or partnership or other restriction which could reasonably be expected to have a Material Adverse Effect. 10.18 (Reserved). 10.19 Investment Company Act, Etc. 129 115525625.4 0063724-00082



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No Loan Party, Person Controlling any Loan Party, or Subsidiary is an "Investment Company" within the meaning of the Investment Company Act of 1940. No Loan Party is subject to regulation under the Federal Power Act, any state public utilities code, or any other federal or state statute or regulation limiting its ability to incur indebtedness. 10.20 Solvency. Each Loan Party is Solvent and, after the execution and delivery of the Loan Documents and the consummation of the transactions contemplated thereby, including the making of each Credit Extension and the use of the proceeds thereof, will be Solvent. 10.21 Franchise Agreements; Material Business Relationships. As of the Closing Date, neither the Company nor any of its Subsidiaries is a party to any dealer franchise agreement, dealer agreement, dealer sales and service agreement or similar agreement (each, a "Franchise Agreement") other than those specifically listed in the Disclosure Schedule, which schedule shows the applicable manufacturer or distributor and the Company or Subsidiary, as the case may be, that is a party to each such agreement, the date such agreement was entered into and the expiration date of such agreement. Except as could not reasonably be expected to result in a Material Adverse Effect: (a) each of such Franchise Agreements is currently in full force and effect; (b) neither the Company nor any Subsidiary has received any notice of termination with respect to any such agreement; and (c) except as disclosed on the Disclosure Schedule, neither the Company nor any Subsidiary is aware of any event that with notice, lapse of time or both would allow any manufacturer or distributor that is a party to any Franchise Agreement to terminate any such agreement. There exists no actual or threatened termination, cancellation or limitation of, or any modification or change in, the business relationship between the Company or any of its Subsidiaries and any customer or any group of customers or with any manufacturer or distributor that, in any case, could reasonably be expected to have a Material Adverse Effect. 10.22 Security Interests. The Liens created or to be created in favor of the Agent and the Lenders under the Collateral Documents do and will at all times on and after the Closing Date, constitute perfected security interests (subject to Section 8.1.4), subject only to the Permitted Liens, in the Collateral as security for the Obligations specified in the Collateral Documents. 10.23 Continuing Representations and Warranties. Each request for a Credit Extension shall be deemed to be each Borrower's representation and warranty that (a) such Credit Extension may be made without exceeding the applicable maximum amount determined in accordance with the provisions of this Agreement, (b) no Default has occurred, or will exist after giving effect to the making of such Credit Extension, and (c) all representations and warranties set forth in this Agreement, the Collateral Documents and the other Loan Documents are true, accurate and complete in all material respects as of the date of such request with the same effect as if made on each date, except as 130 115525625.4 0063724-00082 previously disclosed to and accepted by the Agent in writing, and except for representations and warranties which specifically refer only to another date. 10.24 Anti-Corruption Laws; Sanctions. The Borrowers, their Subsidiaries and their respective officers and employees, and to the knowledge of the Borrowers, their directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. Each Borrower has implemented and maintains in effect for itself and its Subsidiaries policies and procedures to ensure compliance by each Borrower, its Subsidiaries, and their respective officers, employees, directors, and agents with Anti-Corruption Laws and applicable Sanctions. None of the Borrowers, any of their Subsidiaries or any director, officer, employee, agent, or affiliate of such Borrower or any of its Subsidiaries is an individual or entity that is, or is 50% or more owned (individually or in the aggregate, directly or indirectly) or controlled by individuals or entities (including any agency, political subdivision or instrumentality of any government) that are (i) the target of any Sanctions or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (currently Crimea, Cuba, Iran, North Korea, Sudan and Syria). 10.25 Affected Financial Institution. No Loan Party is an Affected Financial Institution. ARTICLE 11 FINANCIAL COVENANTS AND INFORMATION During the term of this Agreement and until termination of the availability of Credit Extensions and payment and performance in full of all Obligations and Guarantor Obligations of each Loan Party under the Loan Documents, each Borrower agrees that, unless Required Lenders shall otherwise consent in writing: 11.1 Financial Covenants. 11.1.1 [Reserved]. 11.1.2 Fixed Charge Coverage Ratio. The Fixed Charge Coverage Ratio for the Company and its Subsidiaries, on a consolidated basis, as of the last day of any fiscal quarter, for the period of four consecutive fiscal quarters ending on such date (each, a "Measurement Period"), shall not be less than 1.20 to 1.0. As used herein "EBITDAR" means, for any Person, for any time period, (a) such Person's net income (or loss) for such time period (adjusted as set forth in the immediately following sentence), plus (b) without duplication, the amounts which, in determining net income or loss, have been deducted for (i) interest expense, (ii) income tax expense, (iii) depreciation, amortization, goodwill impairment charges, stock-based compensation charges and other non-cash charges approved by Required Lenders (less non-cash gains) and (iv) rental or lease 131 115525625.4 0063724-00082



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expense. For purposes of clause (a) of this paragraph, net income or loss (A) shall exclude (1) extraordinary gains or losses, and (2) Excluded Items, and (B) shall include net income or loss from discontinued operations. "Excluded Items" means gain or loss from (a) the sale, sale and leaseback or financing of real estate, or (b) the sale of all or substantially all of the Equity Interests or assets of (i) a Dealership or other Subsidiary, (ii) a Dealership location, or (iii) any business unit or franchise of a Dealership or other Subsidiary or a Dealership location. "Fixed Charge Coverage Ratio" means, as of the last day of any fiscal quarter, the ratio for the Measurement Period ending on such date of (a) (i) EBITDAR, minus (ii) dividends and other distributions in respect of Equity Interests and of the Company or any Subsidiary (except to the extent such dividends or other distributions are paid, remitted or another Subsidiary), minus (iii) amounts expended to repurchase Equity Interests from a Person that is not a Loan Party in accordance with clause (z)(i) of the last sentence of Section 13.4 and equal to the amount in excess of the Equity Interest Repurchase Threshold for such Measurement Period, minus (iiiiv) income tax expense to the extent paid, minus (ivv) an allowance for maintenance capital expenditures in equal, sufficient \$85,000 for each Dealership location, plus (vvi) satisfy federal, state and local withholding and payroll tax requirements. Permitted Acquisition has occurred during any Measurement Period, Pro Forma EBITDAR minus rental or lease expense, such disposition prior to authorizing such disposition or permitting the delivery of new Acquisition Subsidiary certificate, business acquired, certificates with respect thereto. 23. NO RESTRICTION ON CORPORATE ACTION. Subject to Section 19, nothing contained connection with the Plan shall be construed to prevent the Board or any Employer from taking any corporate action which is deemed by the Employer to be appropriate or in its best interest, whether or not Permitted Acquisition, as applicable, calculated as if the Permitted Acquisition had occurred, action would have an adverse effect, first day of such Measurement Period (it being understood and agreed that Pro Forma EBITDAR minus rental or lease expense may not be included in this calculation to the extent that it results in an annualized increase of more than 10% in the Company's consolidated EBITDAR minus rental or lease expense prior to such adjustment, unless the Company provides to the Agent and the Required Lenders the supporting calculations for such adjustment and such other information as they may reasonably request to determine the accuracy of such calculations); to (b) the sum for the applicable Measurement Period of (i) cash interest, plus (ii) required principal payments on Indebtedness (excluding principal payments on Indebtedness described in subsection (r) of Section 13.10) plus (iii) rental or lease expense. 11.1.3 Leverage Ratio. The Leverage Ratio for the Company and its Subsidiaries on a consolidated basis, as of the last day of any fiscal quarter, shall not be greater than 5.75 to 1.0. As used herein "Leverage Ratio" means, as of the last day of any fiscal quarter, the ratio for the Company and its Subsidiaries on a consolidated basis of: (a) (i) the then outstanding principal balance of all Funded Debt (minus the sum of (A) unrestricted cash and cash equivalents plus (B) any amounts held in the PR Accounts plus (C) any amounts held in accounts established by Dual Subsidiaries or Silo Subsidiaries as an offset to floorplan notes payable (or interest thereon); provided that the aggregate reduction for all of the foregoing clauses (A) through (C) shall not exceed \$200,000,000), minus (ii) the sum of the then outstanding principal balance of the New Vehicle Floorplan Loans, New Vehicle Swing Line Loans, Used Vehicle Floorplan Loans, Used Vehicle Swing Line Loans, Service Loaner Vehicle Floorplan Loans, Service Loaner Vehicle Swing 132 115525625.4 0063724-00082 Line Loans, principal amount of any Other Service Loaner Floorplan Financing, Funded Debt permitted under subsection (o) of Section 13.10 (but only to the extent constituting floor plan financing), Funded Debt permitted under subsection (p) of Section 13.10 (but only to the extent constituting floor plan financing), Funded Debt permitted under subsection (r) of Section 13.10 (but only to the extent not guaranteed by the Company), and Funded Debt permitted under subsection (s) of Section 13.10 and, without duplication, Funded Debt permitted under subsection (t) of Section 13.10 (but only to the extent the underlying indebtedness that is guaranteed constitutes floor plan financing), plus (iii) six times rental or lease expense for the Measurement Period ending on such date; to (b) (i) Pro Forma EBITDAR for the Measurement Period ending on such date (it being understood and agreed that Pro Forma EBITDAR minus rental or lease expense may not be included in this calculation to the extent that it results in an annualized increase of more than 10% in the Company's consolidated EBITDAR minus rental or lease expense prior to such adjustment, unless the Company provides to the Agent and the Required Lenders the supporting calculations for such adjustment and such other information as they may reasonably request to determine the accuracy of such calculations), minus (ii) interest expense with respect to the New Vehicle Floorplan Loans, New Vehicle Swing Line Loans, Used Vehicle Floorplan Loans, Used Vehicle Swing Line Loans, Service Loaner Vehicle Floorplan Loans, Service Loaner Vehicle Swing Line Loans and Funded Debt permitted under subsection (o) of Section 13.10 (but only to the extent constituting floor plan financing), Funded Debt permitted under subsection (p) of Section 13.10 (but only to the extent constituting floor plan financing), Funded Debt permitted under subsection (r) of Section 13.10 (but only to the extent not guaranteed by the Company), and Funded Debt permitted under subsection (s) of Section 13.10, in each case for the Measurement Period ending on such date. 11.2 Financial Information. The Company shall provide to the Agent and each Lender: 11.2.1 As soon as available and in any event within 120 days after the end of each Fiscal Year of the Company, the Form 10(k) for the Company and its Subsidiaries as filed with the Securities and Exchange Commission, including financial statements certified by independent public accountants of recognized national standing which are reasonably acceptable to the Agent (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit and without any other material qualification or exception) to the effect that such financial statements present fairly in all material respects the financial condition and results of operations of the Company and its Subsidiaries (including, for the avoidance of doubt, all Minority Dealer Subsidiaries) on a consolidated basis in accordance with GAAP consistently applied. 11.2.2 As soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of each Fiscal Year of the Company, the Form 10-Q for the Company and its Subsidiaries, as filed with the Securities and Exchange Commission certified by the Company's chief financial officer or other officer acceptable to the Agent as presenting fairly in all material respects the financial condition and results of operations of the Company and its Subsidiaries (including, for the avoidance of doubt, all Minority Dealer Subsidiaries) on a 133 115525625.4 0063724-00082



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consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes. 11.2.3 Promptly following the Agent's or any Lender's request, the internally prepared consolidated balance sheet and statement of operations for the Company and its Subsidiaries (including, for the avoidance of doubt, all Minority Dealer Subsidiaries) for such month and for the fiscal year to date, including such detail as the Agent or any Lender reasonably requires, certified by the Company's chief financial officer or other officer acceptable to the Agent as presenting fairly in all material respects the financial condition and results of operations of the Company and its Subsidiaries (including, for the avoidance of doubt, all Minority Dealer Subsidiaries) on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes. 11.2.4 Within 10 days following delivery thereof, copies of all financial statements, proxy statements, and all material written reports and information provided to its shareholders generally, and copies of all registration statements, regular, periodic or special reports, and other documents of Company or any Subsidiary filed with the Securities and Exchange Commission (or any successor agency), any other national securities exchange, or any other governmental securities regulatory authority having jurisdiction over Company or its Subsidiaries. 11.2.5 With the financial statements required by Sections 11.2.1 and 11.2.2, and in any event within the time required for delivery of such financial statements by Sections 11.2.1 and 11.2.2, a Compliance Certificate signed by the Company's chief financial officer or other officer acceptable to the Agent. 11.2.6 Within 30 days after the end of each month (or with respect to each month ending December 31, within 45 days after the end of such month) (or more frequently if required by the Agent or Required Lenders during the existence of a Default), a Used Vehicle Borrowing Base Certificate, prepared as of the last day of such month, showing the calculation of the Used Vehicle Borrowing Base. 11.2.7 Within 30 days after the end of each month (or with respect to each month ending December 31, within 45 days after the end of such month) (or more frequently if required by the Agent or Required Lenders during the existence of a Default), a Revolving Loan Borrowing Base Certificate, prepared as of the last day of such month, showing the calculation of the Revolving Loan Borrowing Base. 11.2.8 Within 30 days after the end of each month (or with respect to each month ending December 31, within 45 days after the end of such month) (or more frequently if required by the Agent or Required Lenders during the existence of a Default), a Service Loaner Vehicle Borrowing Base Certificate, prepared as of the last day of such month, showing the calculation of the Service Loaner Vehicle Borrowing Base. 11.2.9 Promptly following the Agent's or any Lender's request, a projected consolidated balance sheet for the Company and its Subsidiaries (including, for the avoidance of doubt, all Minority Dealership Subsidiaries) and related statements of income and cash flows for 134. 115525625.4 0063724-00082 the time period requested by the Agent or any Lender, signed by the Company's chief financial officer or other officer acceptable to the Agent, acknowledging his or her review of such projections. 11.2.10 Promptly following the Agent's or any Lender's request, copies of each financial statement delivered to a manufacturer or distributor by any Dealership, as required by its agreement with the manufacturer or distributor. 11.2.11 Promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of any Loan Party, or compliance with the terms of this Agreement, as the Agent or any Lender may reasonably request, which may include without limitation a monthly statement of cash flows. If any information which is required to be furnished to the Lenders under this Section is required by law or regulation to be filed by any Loan Party with a government body on an earlier date, then the information required hereunder shall be furnished to the Lenders at such earlier date. Any financial statement required to be furnished pursuant to Section 11.2.1, 11.2.2, or 11.2.4 shall be deemed to have been furnished on the date on which the Lenders receive notice that the Company has filed such financial statement with the Securities and Exchange Commission and is available on the EDGAR website on the Internet at [www.sec.gov](http://www.sec.gov) or any successor government website that is freely and readily available to the Agent and the Lenders without charge, provided that the Company shall give notice of any such filing to the Agent (who shall then give notice of any such filing to the Lenders). Notwithstanding the foregoing, the Company shall deliver paper copies of any such financial statement to the Agent if the Agent so requests, until written notice to cease delivering such paper copies is given by the Agent. ARTICLE 12 AFFIRMATIVE COVENANTS During the term of this Agreement and until termination of the availability of Credit Extensions and payment and performance in full of all Obligations and Guarantor Obligations of each Loan Party under the Loan Documents, each Loan Party agrees that, unless Required Lenders shall otherwise consent in writing: 12.1 Maintenance of Existence and Permits . Except as permitted by Section 13.1, each Borrower shall, and the Company shall cause each Subsidiary to, preserve and maintain its corporate, limited liability company, partnership, trust or other existence and good standing or current status in the jurisdiction of its incorporation or organization and qualify and remain qualified, as a foreign corporation, limited liability company or other entity in each jurisdiction in which such qualification is required (except to the extent such failure to qualify in a foreign jurisdiction could not reasonably be expected to have a Material Adverse Effect), and to maintain all patents, trademarks, copyrights, trade names, intellectual property, franchises, licenses, and permits to the extent material and necessary for the conduct of its business and the transactions contemplated by the Loan Documents. 135 115525625.4 0063724-00082



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12.2 ERISA . Each Borrower shall maintain, and the Company shall cause each Subsidiary to maintain, each Plan in compliance with all material applicable requirements of ERISA and of the Code and with all applicable rulings and regulations issued under the provisions of ERISA and of the Code and will not and not permit any of the ERISA Affiliates to (a) engage in any transaction in connection with which any Loan Party or any of the ERISA Affiliates would be subject to either a civil penalty assessed pursuant to Section 502(f) of ERISA or a tax imposed by Section 4975 of the Code, (b) fail to make full payment when due of all amounts which, under the provisions of any Plan, any Loan Party or any ERISA Affiliate is required to pay as contributions thereto, or (c) fail to make any payments to any Multiemployer Plan that any Loan Party or any of the ERISA Affiliates may be required to make under any agreement relating to such Multiemployer law pertaining thereto. 12.3 Inspection . Each Borrower shall, and option granted under Company shall cause each Subsidiary to, permit representatives of the Agent and the Lenders to visit and inspect any of its properties, audit and inspect any of the Collateral and examine any of its books and records (and make copies at its expense) wherever located, including, but not limited to, all manufacturers' statements of origin, titles, demonstrator agreements, factory invoices, purchase orders, deal jackets and papers included therein, buy-back agreements and other agreements with manufacturers, distributors, Plan, No Employee, beneficiary sellers of Vehicles (excluding agreements to the extent that disclosure is specifically prohibited by the terms of such agreements), and all other instruments, documents and records at person shall have reasonable time and as often as the Agent or claim against Lender may reasonably desire, and each Borrower shall and the Company shall cause each other Loan Party to, assist the Agent and the Lenders in so doing. 12.4 Collateral Audits . Each Borrower will, and the Company will cause each Subsidiary to, permit the Agent by or through any of the Agent's representatives, third party inspectors, independent contractors, attorneys or accountants, at such intervals as may be required by the Agent in its sole discretion, to conduct audits of and to verify, the Collateral. Audit reports for any month shall be provided by the Agent to the Lenders in the following month. The New Vehicle Floorplan Borrowers shall pay to the Agent, for the Agent's sole account, such fees as are agreed to between them for collateral audits relating to New Vehicles owned by the New Vehicle Floorplan Dealerships; provided, that, (a) prior to the occurrence of an Event of Default, (i) the New Vehicle Floorplan Borrowers shall not be required to pay such fee for more than three New Vehicle collateral audits in any period of twelve consecutive months, if the Leverage Ratio is equal to or less than 2.50 to 1.0 as of the end of each fiscal quarter during such time period, and (ii) the New Vehicle Floorplan Borrowers shall not be required to pay such fee for more than four New Vehicle collateral audits in any period of twelve consecutive months, if the Leverage Ratio is greater than 2.50 to 1.0 as of the end of any fiscal quarter during such time period; and (b) following the occurrence of an Event of Default, the New Vehicle Floorplan Borrowers shall pay the costs of 136 115525625.4 0063724-00082 all New Vehicle collateral audits required by the Agent. The Company shall pay the cost of all collateral audits other than collateral audits relating to New Vehicles. 12.5 Books and Records . Each Borrower shall, and the Company shall cause each Subsidiary to, keep adequate records and books of account in which complete entries will be made reflecting all material financial transactions and matters involving the assets and business of the Company or such Subsidiary, as the case may be, including, books and records specifying the year, make, model, cost, price, location and vehicle identification number of each New Vehicle owned by the Company or such Subsidiary. The Company will prepare all financial statements, computations and information required hereunder for the Company and its Subsidiaries (including, for the avoidance of doubt, all Minority Dealership Subsidiaries) consolidated in accordance with GAAP. 12.6 Maintenance of Properties . Each Borrower shall, and the Company shall cause each Subsidiary to, maintain, repair, and preserve all of each Loan Party's properties (whether owned, leased or subleased) that are used or useful in the conduct of the business of the Loan Parties, or where any Collateral is located ("Properties") in good working order and condition, ordinary wear and tear excepted, and will from time to time make or cause to be made all necessary and proper replacements, repairs, renewals, and improvements so that the efficiency and value of its Properties and facilities shall not be materially impaired. 12.7 Taxes and Other Obligations . Each Borrower shall, and the Company shall cause each Subsidiary to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by law and to pay and discharge when due all indebtedness, taxes, and other obligations for which it is liable or to which its income or property is subject and all claims for labor and materials or supplies which, if unpaid, might become by law a lien upon its assets, unless it is contesting the indebtedness, taxes, or other obligations in good faith and provision has been made for the payment thereof through setting aside on its books appropriate reserves with respect thereto in accordance with GAAP. 12.8 Insurance. 12.8.1 Maintenance of Insurance. Each Borrower shall, and the Company shall cause each Subsidiary to, maintain policies of insurance upon all of the insurable Collateral, and on its properties and operations, carried with companies reasonably acceptable to the Agent, in such form and amounts and covering such risks as the Agent may reasonably require and as are required by Applicable Law. Without limiting the foregoing, each Borrower shall, and the Company shall cause each Subsidiary to, maintain with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of such types and in such amounts as are customarily carried under similar circumstances by Persons engaged in the same or similar businesses. 137 115525625.4 0063724-00082



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12.8.2 Form of Policies. All policies shall be written in form, amounts, coverages and basis reasonably acceptable to the Agent and shall be issued by a company or companies reasonably acceptable to the Agent. The Agent shall be designated as loss payee with a "Lender's Loss Payable" endorsement on casualty policies covering the Collateral and as an additional insured on liability policies. All policies shall include a provision that such policies will not be cancelled or materially amended, which term shall include any reduction in the scope or limits of coverage, without at least thirty (30) days prior written notice to the Agent. Each policy also shall include an endorsement providing that coverage in favor of the Agent will not be impaired in any way by any act, omission or default of any Loan Party. 12.8.3 Delivery of Certificates. Each Borrower shall, and the Company shall cause each Subsidiary to, furnish to the Agent a certificate of insurance in a form reasonably acceptable to the Agent evidencing such insurance coverage. At least thirty (30) days prior to the expiration date of each policy, the Agent shall be provided with a renewal certificate, together with evidence that the renewal premium has been paid. 12.9 Compliance with Laws; Performance Under Agreements. Each BorrowerThe Company shall, and shall cause each Subsidiary to, (i) comply with Applicable Laws, including, without limitation, all applicable Environmental Laws, Anti-Corruption Laws and applicable Sanctions, except as could not reasonably be expected to have a Material Adverse Effect and (ii) perform its obligations under agreements to which it is a party except to the extent the failure to perform could not reasonably be expected to have a Material Adverse Effect. Each BorrowerThe Company shall maintain in effect and enforce policies and procedures designed to ensure compliance by such Borroweritself, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions. The Borrowers shall not use or allow any tenants or subtenants to use, or permit any Subsidiary to use or allow any tenants or subtenants to use, its Property for any business activity that violates in any material respect any federal or state law or that supports a business that violates in any material respect any federal or state law. 12.10 Agreements with Sellers. Each Borrower shall, and the Company shall cause each Subsidiary to, comply with Franchise Agreements, other Seller Agreements, and all other agreements between such Person and any manufacturer or distributor of New Vehicles in all respects and shall maintain all such agreements in full force and effect, except (a) in accordance with the disposition of or other transaction involving a Dealership or Subsidiary in accordance with Section 13.1, (b) as a result of the extent such termination or cessation of business not restricted byis necessary to comply with Section 13.812.22, or (c) to the extent the failure to comply with this Section 12.10 could not reasonably be expected to have a Material Adverse Effect. 12.11 Repurchase Agreements. Each New Vehicle Floorplan Borrower shall comply with all terms and conditions of any applicable Repurchase Agreement, except to the extent the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each New Vehicle Floorplan 138 115525625.4.0063724-00082 Borrower shall take any actions reasonably required by the Agent with respect to any Repurchase Agreement. 12.12 [Reserved]. 12.13 Landlord's Consents. Promptly following the Closing Date and from time to time thereafter, each Borrower shall, and the Company shall cause each present and future Subsidiary to, use commercially reasonable efforts to obtain and deliver to the Agent an agreement, release and consent to the security interest of the Agent and the Lenders in the Collateral, in form and substance reasonably acceptable to the Agent from any present or future owner or landlord of any real property leased by a Loan Party (other than a Silo Subsidiary) as lessee (each a "Landlord's Consent"). 12.14 Notification. Promptly after learning thereof, the Company will notify the Agent in writing of: 12.14.1 The occurrence of any Default, and if such Default is then continuing, will deliver to the Agent a certificate of the Company's chief financial officer or other authorized officer setting forth the details thereof and the action which it is taking or proposes to take with respect thereto. 12.14.2 The occurrence of any of the following that could reasonably be expected to have a Material Adverse Effect: (i) the release of any Hazardous Substances on, under, about, from, or affecting any of the Properties, any adjacent property, employer, contamination, release or activity on the Properties, or any Collateral or (ii) any other condition threatened or asserted with respect to property arising under any Environmental Laws. 12.14.3 action. 24. USE OF FUNDS. details of any lien, litigation, administrative proceeding or judgment involving \$35,000,000.0035,000,000 or more individually or in the aggregate threatened (in writing), instituted or completed against any Loan Party, any Collateral, or any assets of any Loan Party. 12.14.4 Any citation, order to show cause, or other legal process or order that has or could reasonably be expected to have a Material Adverse Effect, directing any Loan Party to become a party to or to appear at any proceeding or hearing by or before any Governmental Body that has granted to it any Governmental Approval, and include with such notice a copy of any such citation, order to show cause, or other legal process or order. 12.14.5 Any (a) refusal, denial, threatened denial, or failure by any Governmental Body to grant, issue, renew, or extend any material Governmental Approval; (b) proposed or actual revocation, termination, or modification (whether favorable or adverse) of any material Governmental Approval by any Governmental Body; (c) dispute or other adverse action with regard to any material Governmental Approval by any Governmental Body; (d) notice from any Governmental Body of the imposition of any material fines or penalties or 139 115525625.4.0063724-00082



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forfeitures, or (e) written threats or written notice with respect to any of the foregoing or with respect to any proceeding or hearing that might result in any of the foregoing. 12.14.6 Any dispute concerning or any threatened nonrenewal or modification of any lease for real or personal property to which it is a party if such dispute or nonrenewal or modification could reasonably be expected to result in a Material Adverse Effect. 12.14.7 Any material change in the relationship between any Dealership and any Vehicle manufacturer or distributor including, without limitation, the loss or cancellation, or threatened loss or cancellation, of a franchise, or any notice of the existence of a default under any Franchise Agreement or other Seller Agreement. 12.14.8 Any other event or circumstance which has or could reasonably be expected to have a Material Adverse Effect. 12.14.9 The receipt of any material notices (including notices of default or acceleration) received from any holder or trustee of, under or with respect to its Subordinated Debt (if any) (which Employers include copies of such notices). 12.14.10 With respect to a Plan, (i) any failure to pay promptly transfer required minimum contributions and installments on or before the due dates provided amounts withheld 430(f) of the Code or (ii) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA, of an application for a waiver of the minimum funding standard. 12.14.11 The occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in material liability. 12.15 Further Assurances. From time to time, when requested by the Agent or any Lender, it shall, and the Company shall cause each Subsidiary to, duly execute and deliver or cause to be duly executed and delivered to the Agent such further instruments, agreements, and documents and do or cause to be done such further acts as the Agent or any Lender deems reasonably necessary to carry out more effectively the provisions and purpose of this Agreement and the other Loan Documents. Without limiting the foregoing, each Borrower shall, and the Company shall cause each Subsidiary to, promptly correct any defect or error that may be discovered in any Loan Document or in the execution, acknowledgment or recordation thereof. Promptly upon request by the Agent, each Borrower shall, and the Company shall cause each Subsidiary to, do, execute, acknowledge, deliver, record, re-record, file, re-file, register and reregister any and all deeds, conveyances, mortgages, deeds of trust, trust deeds, assignments, estoppel certificates, financing statements and continuations thereof, notices of assignment, transfers, certificates, assurances and other instruments as the Agent may reasonably require from time to time in order: (a) to carry out more effectively the purposes of the Loan Documents and (b) to better assure, convey, grant, assign, transfer, preserve, protect and confirm unto the Agent the rights granted now or hereafter intended to be granted to the Agent or the Lenders under any Loan Document or under any other instrument executed in connection with any Loan Document or that any Loan Party may be or become bound to convey, mortgage or assign to the Agent in order to carry out the 140 115525625.4 0063724-00082 intention or facilitate the performance of the provisions of any Loan Document. Each Borrower shall, and the Company shall cause each Subsidiary to, furnish to the Agent evidence satisfactory to the Agent of every such recording, filing or registration. 12.16 Deposit Accounts. Except as consented to in writing by the Agent and Required Lenders, which consent shall not be unreasonably withheld, each Borrower shall, and the Company shall cause each Subsidiary (other than (x) a CanadianForeign Subsidiary, that is not a Financed Entity, (y) an Excluded Subsidiary or (z) a Silo Subsidiary) to, maintain its primary operating deposit accounts with one or more of the Lenders. Except as provided in Subsection (c) of Section 8.1.4, all such deposit accounts other than trust accounts shall be subject to a control agreement (in form and content reasonably satisfactory to the Agent and the Required Lenders) between any Lender having a security interest in such account, depository bank, the Agent, and the applicable Loan Parties, which control agreement shall establish a perfected priority security interest (subject only to the Permitted Liens) in favor of the Agent, for the benefit of the Lenders, in all such deposit accounts. 12.17 Joinder of New Subsidiaries and Dealerships. Each Person that becomes a Subsidiary of the Company (other than (x) a CanadianForeign Subsidiary, (y) an Excluded Subsidiary or (z) a Silo Subsidiary) and that owns or operates a Dealership shall, within thirty (30) days thereof (or such longer period as determined by the Agent in its sole discretion), execute a Guarantor Joinder Agreement (or if it is to become a New Vehicle Floorplan Borrower, a Borrower Joinder Agreement) and shall execute such other documents and satisfy such requirements as the Agent reasonably requires so that such Person becomes a Guarantor and a Loan Party and, if applicable, a New Vehicle Floorplan Borrower, and grants a security interest to the Agent for the benefit of the Lenders in the Collateral owned by such Person. Each such Person that becomes a Subsidiary of the Company (other than a Silo Subsidiary) shall satisfy all requirements applicable to an Acquisition Subsidiary which are set forth in Section 13.13 (d), (g), (i), (j), (k) (if such Subsidiary is a Dealership), (l) and (p). Each Person that becomes a Silo Subsidiary shall execute a Guarantor Joinder Agreement, but only to become a "Guarantor" (as defined in the Loan Agreement and Guaranty) and a Loan Party, and not to become a "Grantor" (as defined in the Security Agreement and Pledge Agreement). The Company may cause, at any time and from time to time, any Subsidiary that is a Real Estate Subsidiary to execute a Guarantor Joinder Agreement and such other documents and satisfy such requirements as the Agent reasonably requires so that such Person becomes a Guarantor and a Loan Party and grants a security interest to the Agent for the benefit of the Lenders in the Collateral owned by such Real Estate Subsidiary. In connection with each Subsidiary becoming a Borrower or a Guarantor hereunder, (a) the Agent shall promptly notify the Lenders of the proposed designation of a Subsidiary as a Borrower or Guarantor hereunder and (b) the Loan Parties shall provide to each Lender requesting the same the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including the 141 115525625.4 0063724-00082



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PATRIOT Act, in each case at least five days prior to such Subsidiary becoming a Borrower or a Guarantor. 12.18 Use of Proceeds . The Borrowers will not request any Loan or Letter of Credit, and will not use, and the Borrowers will ensure that their Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Loan or Letter of Credit in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws. The Borrowers will not, directly or indirectly, use the proceeds of the Loans or any Letter of Credit, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (ii) in any other manner that would, to any Borrower's knowledge, result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as underwriter, advisor, investor, or otherwise). 12.19 Anti-Money Laundering Compliance . Each Borrower shall, and shall cause each Subsidiary to, provide such information and take such actions as are reasonably requested by the Agent or any Lender in order to assist the Agent and the Lenders in maintaining compliance with anti-money laundering laws and regulations. 12.20 Joinder of Additional Dual Subsidiary Lenders . To the extent not otherwise required to be delivered pursuant to Section 13.16, prior to or concurrently with the initial incurrence of Permitted Dual Subsidiary Indebtedness by any Dual Subsidiary from a Dual Subsidiary Lender, cause to be delivered to the Agent an Intercreditor Agreement or a joinder agreement to an existing Intercreditor Agreement, executed by each Required Intercreditor Counterparty, along with any applicable revised exhibits thereto. 12.21 Financed Entities . Notwithstanding any other provision of this Agreement or any other Loan Document, the Company and each Subsidiary thereof that is a Financed Entity shall pledge Collateral pursuant to Section 8.1 at all times that it is a Financed Entity, subject to the exceptions with respect to Dual Subsidiaries contained in Section 13.16, and shall be a Guarantor, provided if any such Person ceases to be a Financed Entity and is no longer required to be a Guarantor pursuant to the terms of this Agreement, its assets shall not be included in any of the Revolving Loan Borrowing Base, the Service Loaner Vehicle Borrowing Base or the Used Vehicle Borrowing Base. 12.22 Type of Business . The Company shall, and the Company shall cause each Subsidiary to, conduct their business and engage, as a whole, principally in a line or lines of business similar or 142 115525625.4 0063724-00082 complementary to those heretofore engaged in, including, without limitation, Vehicle Retailing Activities, and activities that are reasonably related thereto or extensions thereof. ARTICLE 13 NEGATIVE COVENANTS During the term of this Agreement and until termination of the availability of Credit Extensions and payment and performance in full of all Obligations and Guarantor Obligations of each Loan Party under the Loan Documents, each Loan Party agrees that, unless Required Lenders shall otherwise consent in writing: 13.1 Mergers, Etc. 13.1.1 (a) Each Borrower shall not, and the Company shall not permit any Subsidiary to, wind up, liquidate, dissolve or reorganize, merge into or consolidate with any other Person, permit any other Person to merge into or consolidate with it, or convey, sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or any substantial part of its assets (except, with respect to sales of less than substantially all of its assets, for sales of inventory, chattel paper and equipment in the ordinary course of business) or all or any substantial part of the stock or other Equity Interests of Subsidiaries of the Company (in each case, whether now owned or hereafter acquired), or take any action to authorize winding up, dissolution, or liquidation, except that, if at the time thereof and after giving effect thereto no Default shall have occurred and be continuing (i) any Subsidiary may merge into the Company in a transaction in which the Company is the surviving corporation, (ii) any wholly-owned Subsidiary may merge into another wholly-owned Subsidiary, (iii) any wholly-owned Subsidiary may sell, transfer, lease or otherwise dispose of its assets to the Company or to another wholly-owned Subsidiary, (iv) the Company or any wholly-owned Subsidiary may sell, transfer or otherwise dispose of a portion or all of the Equity Interests of any wholly-owned Subsidiary to the Company or to another wholly-owned Subsidiary and (v) the Company or any wholly-owned Subsidiary may engage in a transaction to convert its legal form of organization from one entity type to another entity type or change its jurisdiction of organization, so long as the Agent and the Lenders shall continue to have a perfected security interest in any transferred Collateral, subject to no Liens other than Permitted Liens existing on the date of the transfer. (b) If (i) any New Vehicle Floorplan Dealership is involved in a transaction described in clause (i), (ii), (iii), (iv) or (v) of Section 13.1.1(a) or in Section 13.1.2 and, as a result thereof, will cease to be a New Vehicle Floorplan Dealership, (ii) any Minority Dealer that is a New Vehicle Floorplan Borrower ceases to be a Minority Dealer Subsidiary because a Loan Party is no longer the manager of such Minority Dealer or because the manager of the Minority Dealer has no longer delegated to a Loan Party all or a substantial portion of such manager's power and authority under the Minority Dealer's applicable organizational documents, (iii) any New Vehicle Floorplan Dealership ceases to own or operate any Dealership and any Eligible Real Property or (iv) any New Vehicle Floorplan Dealership will otherwise cease to be a New Vehicle Floorplan Dealership (whether as a result of becoming a Minority Dealer Affiliate, otherwise ceasing to be a Subsidiary or otherwise), the Subsidiary that is the transferor or will not survive the merger or otherwise will cease to be a New Vehicle Floorplan Dealership ("Terminating Borrower") shall execute a Borrower Termination Agreement (or if 143 115525625.4 0063724-

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the Dealership will also cease to be a Guarantor, a Loan Party Termination Agreement), the Dealership Loan Limit for such Dealership shall be deleted, and the Agent shall obtain any required amendment to any intercreditor agreement, the Related Principal Portion of all New Vehicle Loans made to finance New Vehicles for such Terminating Borrower shall be repaid, and all conditions in Section 9.3 shall be satisfied with respect to any transferee or surviving New Vehicle Floorplan Dealership. (c) If (i) any Subsidiary other than a New Vehicle Floorplan Dealership is involved in a transaction described in clause (i), (ii), (iv) or (v) of Section 13.1.1(a) or in Section 13.1.2 and, as a result thereof, will cease

to be a Guarantor, (ii) any Subsidiary ceases to own or operate any Dealership and any Eligible Real Property or (iii) any Subsidiary otherwise ceases to be a Guarantor (whether as a result of becoming a Minority Dealer Affiliate, otherwise ceasing to be a Subsidiary or otherwise), the Subsidiary that is the transferor or will not survive the merger or otherwise will cease to be a Guarantor shall execute a Loan Party Termination Agreement and satisfy such other conditions as the Agent reasonably requires to remove such Subsidiary as a Guarantor. 13.1.2 Notwithstanding the provisions of Section 13.1.1, the Company or any Subsidiary may sell (y) any Equity Interests in any Minority Dealer or any Dealership that as a result of such sale becomes a Minority Dealer (provided such Equity Interests are sold to a Minority Dealer Partner in such Minority Dealer) and (z) all or any substantial part of the assets of, or all or any substantial part of its capital stock or Equity Interests in, any Dealership or other Subsidiary (or of any business unit or franchise of a Dealership or other Subsidiary) for not less than fair market value, if, in each case, (a)(i) after giving Pro Forma Effect to such sale (and all other sales permitted under this Section 13.1.2), the Company shall be in compliance with the requirements of Section 11.1, (ii) if the sales price (excluding real property and Vehicle inventory) for the assets or Equity Interests sold is greater than \$20,000,000.00/20,000,000, the Company shall have delivered to the Agent a Revolving Loan Borrowing Base Certificate, Used Vehicle Floorplan Borrowing Base Certificate and Service Loaner Vehicle Borrowing Base Certificate, each calculated on a Pro Forma Basis after giving effect to such sale, (iii) no Default shall exist immediately prior to or upon giving effect to any such sale and (iv) the conditions in Section 13.1.1 are satisfied, or (b) Required Lenders have consented in writing to the sale, and each Loan Party has complied with all terms and conditions of such consent. 13.1.3 Notwithstanding the provisions of this Agreement (including Sections 12.1, 12.22, 13.1.1, 13.1.2, 13.8 and 13.9), any Subsidiary that no longer has assets (or that has assets (x) with an aggregate book value less than \$25,000 or (y) that will be distributed solely to a Loan Party) may discontinue operations and dissolve or liquidate unless such action would constitute a Material Adverse Effect or any Default shall exist immediately prior to or upon giving effect thereto. 13.2 [Reserved]. 13.3 Liens 144 115525625.4 0063724-00082. Each Borrower shall not, and the Company shall not permit any Subsidiary to, grant or permit to exist a security interest in or Lien on its presently owned or hereafter acquired real or personal property except: (a) Liens in favor of the Agent for the benefit of the Lenders which secure the Obligations, Guarantor Obligations, and Permitted Swap Obligations. (b) Liens for taxes, assessments or other government charges or levies not yet due and payable or, if due and payable, if they are being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained. (c) Liens imposed by law, such as mechanics', materialmen's, landlords', warehousemen's, and carriers' Liens, and other similar Liens, securing obligations incurred in the ordinary course of business which are not past due for more than 30 days or which are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established. (d) Liens under workers' compensation, unemployment insurance, Social Security, or similar legislation (excluding, however, Liens arising under ERISA) which are not past due for more than sixty (60) days or which are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established. (e) Liens, deposits, or pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), leases (permitted under the terms of this Agreement), public or statutory obligations, surety, stay, appeal, indemnity, performance or other similar bonds, or other similar obligations arising in the ordinary course of business which are not past due for more than 30 days or which are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established. (f) Judgment and other similar Liens arising in connection with court proceedings, in an aggregate amount not in excess of 3% of Tangible Net Worth as of the last day of the most recently ended fiscal quarter of the Company and its Subsidiaries; provided the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings, and the existence thereof does not constitute a Default hereunder. (g) Easements, rights-of-way, zoning restrictions, and other similar encumbrances in existence on the date of this Agreement or which, in the aggregate, do not materially interfere with the occupation, use, and enjoyment by any Loan Party of the property or assets encumbered thereby in the normal course of its business or materially impair the value of the property subject thereto. (h) Liens on Service Loaner Vehicles of a Dealership and proceeds thereof securing Other Service Loaner Floorplan Financing permitted by Section 13.10(e), and which are, only as to liens in existence on the Closing Date, securing Indebtedness listed on the Disclosure Schedule; provided that if required by the Agent, the Other Service Loaner Floorplan 145 115525625.4 0063724-00082



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Lender providing such financing has entered into an intercreditor agreement with the Agent in form and content reasonably satisfactory to the Agent and the Required Lenders. (i) Purchase money Liens hereafter created by any Loan Party to secure the purchase price of equipment acquired after the Closing Date, so long as (i) such equipment is acquired in the ordinary course of such Person's business, (ii) such Lien attaches to such equipment no later than 10 days after the acquisition thereof, (iii) such Lien does not extend to any property other than the equipment acquired, (iv) such Lien secures only the obligation to pay the purchase price of such equipment, and (v) the Indebtedness secured is permitted by Section 13.10(j) hereof. (j) Liens in existence on the Closing Date securing Indebtedness permitted by Section 13.10 hereof (if such Indebtedness is permitted to be secured), which are listed on the Disclosure Schedule. (k) Liens securing obligations in respect of Capitalized Leases provided that such Capitalized Leases are otherwise permitted under this Agreement, and such Liens attach only to the property being leased. (l) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution (provided that such deposit accounts are permitted) and, if such deposit accounts are with a Lender (or with another financial institution, if required by the Agent), such liens are subordinated to the Liens in favor of the Agent and the Lenders under the Collateral Documents. (m) Liens on property (excluding Collateral) acquired after the Closing Date which are in existence at the time such property is acquired, which were not incurred in contemplation of the acquisition, and which secure Indebtedness permitted by this Agreement. (n) Liens on assets owned by any Excluded Tax Credit Investment Subsidiary or any other Subsidiary (other than Collateral and Eligible Real Property) which secure Indebtedness permitted by Section 13.10(d), and Liens on Equity Interests in Excluded Tax Credit Investment Subsidiaries (other than LCDC) granted in connection with Investments described in Section 13.6(p). (o) Liens consented to in writing by the Agent and Required Lenders. (p) Liens on Vehicles and other assets of a Silo Subsidiary securing Funded Debt permitted by Section 13.10(o), provided that such Vehicles and other assets do not constitute Collateral. (q) Liens on assets of, or Equity Interests in, Canadian Foreign Subsidiaries that are not Financed Entities and proceeds thereof securing Canadian Foreign Subsidiary Indebtedness. 146 115525625.4 0063724-00082 (r) (x) Restrictions on transfer and (y) with respect to Equity Interests in Minority Dealer Subsidiaries, call options or other buy-sell rights in favor of Minority Partners, in each case, set forth in the organizational documents of Subsidiaries. (s) Liens securing Pari Passu Funded Debt. (t) Liens (including, without limitation, certain rights of set-off and title retention agreements) in favor of an Original Equipment Manufacturer attaching to Inventory sold to a Loan Party by such Original Equipment Manufacturer and securing amounts owing in connection with the purchase of such Inventory by such Loan Party from such Original Equipment Manufacturer, so long as such Liens do not secure Indebtedness and such Liens arise in the ordinary course of business consistent with the Company's existing business practices, and Liens consisting of purchase options and rights of first refusal arising under any Franchise Agreement or Repurchase Agreement. (u) Liens not otherwise permitted under this Section 13.3 provided that (i) at the time of the creation or incurrence of any such Lien, no Default or Event of Default shall exist or would result from such Lien, (ii) no such Lien attaches to any Collateral, and (iii) the aggregate amount of Indebtedness secured by all such Liens shall not exceed \$50,000,000 at any time. (v) Liens securing Funded Debt incurred by any DFC Subsidiary to the extent such Funded Debt is permitted by Section 13.10(r). (w) Liens securing Permitted Dual Subsidiary Indebtedness so long as each Required Intercreditor Counterparty has executed and delivered an Intercreditor Agreement, or a joinder to an existing Intercreditor Agreement, to the Agent and such Liens are subject to an Intercreditor Agreement. (x) Liens securing obligations arising in connection with credit card processing services, merchant card processing services and similar services or arrangements in the ordinary course of business. (y) Liens granted by Persons that are not Financed Entities but are parties to a Canadian Foreign Receivables or Securitization Transaction arising in connection with such Canadian Foreign Receivables or Securitization Transaction. (z) Liens on (1) the assets of any Subsidiary that is not a Loan Party and (2) the Equity Interests of any Subsidiary that is not a Loan Party, in each case securing Indebtedness of any Subsidiary that is not a Loan Party and that is permitted by Section 13.10 hereof. Notwithstanding the foregoing, except for Liens in favor of the Agent, there shall not be any Liens on any of the capital stock or other Equity Interests of any Subsidiary except for (1) capital stock or Equity Interests owned, directly or indirectly, by a Person other than the Company or any Subsidiary where such ownership is otherwise permitted by this Agreement or (2) capital stock or Equity Interests of Canadian Subsidiaries that are not Financed Entities and proceeds 147 115525625.4 0063724-00082



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hereof if, but only if, the Liens described in this clause (2) do not secure any obligations other than Canadian Subsidiary Indebtedness permitted under Section 13.10. 13.4 Restricted Payments Each Borrower shall not, and the Company shall not permit any Subsidiary to (a) declare or pay, or agree to declare or pay, or set aside funds for the payment, directly or indirectly of, any Restricted Payment, or (b) pay or agree to pay or set aside funds to pay any management fees or similar fees in the case of the Company, to any direct or indirect Affiliate thereof, or in the case of any other Loan Party, to any direct or indirect owner of its Equity Interests or any direct or indirect Affiliate thereof, except (c) (i) Subsidiaries of the Company may make Restricted Payments or payments of such fees to (i) other Loan Party, (ii) brokerage firm engaged to administer Accounts, as directed by the Company. All payroll deductions received or held by may reacquire shares from eligible participants in its stock incentive plans, as required terms of the plans to permit cashless exercise and tender of shares to meet withholding obligations for income tax purposes and (iii) any Subsidiary Plan make dividends or distributions to the holders of its Equity Interests that are not Loan Parties so long as, if any Loan Party is a holder of such Equity Interests, such Loan Party receives at least its pro rata share of such dividends or distributions. Notwithstanding the foregoing, and so long as no Default or Event of Default has occurred and is continuing or would exist after giving effect thereto, (w) each Minority Dealer may make distributions to any of its Minority Dealer Partners, (x) be used by or for Subsidiary may acquire, from time to time, any Equity Interests in any Minority Dealer, directly or indirectly, from a Minority Dealer Partner, (y) the Company may pay dividends on its capital stock and other distributions in respect of its Equity Interests and (z) the Company may pay amounts expended to repurchase shares of its capital stock Equity Interests from a Person that is not a Loan Party (i) in an unlimited amount so long as the Leverage Ratio is not greater than 3.75 to 1 (determined on a pro forma basis for the most recently ended Measurement Period based upon the most recently delivered financial statements prior to such payment), and (ii) to the extent that the Leverage Ratio is greater than 3.75 to 1 (determined on a pro forma basis for the most recently ended Measurement Period based upon the most recently delivered financial statements prior to such payment), the Company may make additional payments to repurchase Equity Interests from a Person that is not a Loan Party, provided, however, that any such additional payments made pursuant to this clause (2)(i) in excess of \$500,000,000 (the "Equity Interest Repurchase Threshold") shall be deducted from the calculation of the Fixed Charge Coverage Ratio in accordance with the definition thereof.

13.5 Subordinated Debt. If any Subordinated Debt is outstanding, each Borrower shall not, **corporate purpose**, shall **will** permit any Subsidiary **be obligated** (a) make any amendment or modification to the indenture, note or other agreement evidencing or governing any Subordinated Debt; (b) make any scheduled payment of the principal of or interest on any Subordinated Debt which would be prohibited by the terms of **segregate** Subordinated Debt or any related subordination agreement; (c) directly or indirectly make any prepayment on or purchase, redeem or defease any Subordinated Debt or offer to do so (whether such prepayment, purchase or redemption or offer with respect thereto, is voluntary or mandatory); (d) take or omit to take any action if as a result of such action or omission the subordination of such Subordinated Debt, or any part thereof, to the 148 115525625.4 0063724-00082 Obligations might be terminated, impaired or adversely affected; or (e) omit to give Agent prompt notice of any notice received from any holder of Subordinated Debt, or any trustee therefor, or of any default under any agreement or instrument relating to any Subordinated Debt by reason whereof such Subordinated Debt might become or be declared to be due or payable. 13.6 Loans **payroll deductions**; 25. MISCELLANEOUS; 25.1 Options Carry Same Rights Investments. Each Borrower shall not, and the Company shall not permit any Subsidiary to (a) make or contract to make any loan or advance to any Person (other than short term trade advances in the ordinary course of business); or (b) purchase or otherwise acquire, any capital stock, obligations, or other securities of, make any capital contributions to, or otherwise invest in or acquire any interest in any Person, or participate as a partner or joint venturer with any other Person (the matters described in clause (a) and (b) are collectively, "Investments"), except: (a) Investments by the Company in any Subsidiary or Affiliate or by any Subsidiary in any of its Subsidiaries or Affiliates, in each case, which exist as of the Closing Date; (b) In the ordinary course of business, Investments by the Company in any Subsidiary or by any Subsidiary in the Company, or by any Subsidiary in any other Subsidiary, by way of capital contributions, intercompany loans, advances or guaranties, to **Privileges**; **Te** permitted by this Agreement; (c) (i) Investments made by any Canadian-foreign Subsidiary that is not a Financed Entity in any other Canadian-foreign Subsidiary and (ii) Investments made by the Company or any Subsidiary (other than a Canadian-foreign Subsidiary) provided that the aggregate amount of such Investments outstanding under this clause (c)(ii) does not exceed thirty percent (30%) of Stockholders' Equity (measured as of the date such Investment is made based upon the most recently delivered financial statements); (d) Cash Equivalent Investments; (e) Bank deposits in the ordinary course of business; (f) Investments in securities of account debtors received pursuant **required** any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such account debtors or otherwise in settlement of claims arising in the ordinary course of business; (g) Investments pursuant to a Permitted Acquisition; (h) Investments not otherwise permitted under this Section 13.6 provided that the aggregate amount of such Investments does not exceed \$100,000,000 at any time outstanding; (i) Investments listed on the Disclosure Schedule; 149 115525625.4 0063724-00082



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(j) Extensions of credit to customers made in the ordinary course of business and in connection with the sale or lease of inventory in the ordinary course of business; (k) (i) Investments (other than loans or other advances) in Minority Dealers, including the acquisition of equity ownership interests of Minority Dealers from one or more Minority Dealer Partners, and (ii) Investments not exceeding \$60,000,000 in the aggregate at any time outstanding consisting of loans or other advances to Minority Dealers or the Minority Dealer Partners in such Minority Dealers; (l) Such other Investments as are consented to by the Required Lenders in their sole discretion; (m) Extensions of credit to Persons acquiring the assets of a Dealership or another Subsidiary pursuant to a sale permitted by Section 13.1.2 ("Seller Notes"); provided, that at least 75% of consideration received from such sale (together with all other consideration received in all other such sales since the Closing Date, on a cumulative basis) is cash; (n) Investments in equity interests in Permitted New Dealerships; (o) Investments not in the ordinary course of business in equity interests in Other New Subsidiaries; provided that the aggregate of all investments in Other New Subsidiaries under this clause (o) shall not exceed \$4,000,000,004,000,000 during the time period from the Closing Date to the Termination Date; (p) Investments by the Company or any Subsidiary (i) in Community Development Entities under the Federal New Markets Tax Credit Program or (ii) in any other Person formed for (and continuing to operate for) the purpose of making investments that are intended to qualify for renewable energy or other tax credits, provided that the aggregate amount of such Investments do not exceed \$50,000,000,00 outstanding50,000,000 at any one time outstanding; (q) Investments by the Company and its Subsidiaries in Shift consisting of (a)(i) preferred equity investments, together with warrants to acquire additional equity interests and any additional equity interests acquired upon exercise of such warrants in an aggregate amount not to exceed \$54,000,000, or (ii) other equity investments, loans or other extensions of credit by the Company and its Subsidiaries to Shift (and/or one or more of its subsidiaries) in an aggregate amount not to exceed \$25,000,000 at any time outstanding and (b) guarantees or direct financing by the Company of the Shift Facility or the acquisition of the Shift Facility from the lenders providing such financing to Shift (each, a "Shift Investment" and collectively, the "Shift Investments"); (r) Investments by the Company and its Subsidiaries with the proceeds of any issuance of Equity Interests by such Person; and (s) (i) Investments made solely by one or more CanadianForeign Subsidiaries that are not Financed Entities in connection with any CanadianForeign Receivables 150 115525625.4 0063724-00082 or Securitization Transaction and (ii) Investments made solely by one or more DFC Subsidiaries; provided that (x) any Investment which when made complies with the requirements of the definition of the term "Cash Equivalent Investment" may continue to be held notwithstanding that such Investment if made thereafter would not with such requirements; and (v) no Investment otherwise permitted by clause (c), (q), (n), or (k) shall be permitted to be made if, immediately before or after giving effect thereto, any Default or Event of Default exists; and (z) the Company shall not, and shall not permit any Subsidiary to, create or acquire, or make any Investment in any Subsidiary not organized under the laws of a State of the United States or a province or the federal laws of Canada. 13.7 Transactions with Affiliates. Other than (i) service agreements with DiMar Holdings, LLC and its subsidiaries and, (ii) agreements with Minority Dealer Affiliates, and (iii) any agreement, contract or transaction entered into in connection with the Shift Investments, each Borrower shall not, and the Company shall not permit any Subsidiary to, enter into any transaction with any Affiliate, except a Loan Party, including without limitation, the purchase, sale, or exchange of property or the rendering of any service, except upon fair and reasonable terms no less favorable to it than those that would prevail in a comparable arm's length transaction with a Person not an Affiliate. 13.8 Type of Business (Reserved). Each Borrower shall not, and the Company shall not permit any Subsidiary to (i) engage in any line of business different from those lines of business conducted by the Company and its Subsidiaries on the date hereof, which shall be deemed to include motorcycle dealerships, or any business substantially related or incidental thereto or (ii) except as a result of transactions permitted by Sections 13.1, interrupt or cease to engage in, for a time deemed material by the Agent, any material portion of its business activities or operations. 13.9 Structure. Each Borrower shall not, and the Company shall not permit any Subsidiary to, make any material change in its organizational structure or capital structure, or make any material modification in its Articles of Organization or Incorporation, Partnership Agreement, Operating Agreement, Bylaws, or other organizational documents, in each case to the extent such change or modification impairs the enforceability of any Loan Documents, impairs the ability of any Loan Party to perform its obligations under any Loan Document or would otherwise reasonably be expected to result in a Material Adverse Effect. 13.10 Indebtedness. Each Borrower shall not, and the Company shall not permit any Subsidiary to, incur or permit to exist any Indebtedness to any Person except: 151 115525625.4 0063724-00082



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(a) Indebtedness (including Contingent Obligations) incurred pursuant to this Agreement and the Loan Documents. (b) Short-term unsecured trade obligations incurred in the ordinary course of business which are outstanding not more than 90 days after the original date on which such trade obligations were created. (c) Indebtedness in respect of Permitted Swap Obligations. (d) Funded Debt of any Subsidiary which is secured primarily by real estate owned by such Subsidiary, and Funded Debt of any Excluded Tax Credit Investment Subsidiary (other than LCDCI). (e) Subject to satisfaction of the requirements of Section 13.3(h) by each Other Service Loaner Floorplan Lender, Funded Debt of the Dealerships with respect to Other Service Loaner Floorplan Financing provided by Other Service Loaner Floorplan Lenders. (f) Unsecured guarantees by the Company of, and unsecured coborrower obligations of the Company in respect of, (i) Other Service Loaner Floorplan Financing obligations of Dealerships to Other Service Loaner Floorplan Lenders, (ii) debt of any Subsidiary which is permitted under Section 13.10(d), (iii) operating leases of its Subsidiaries and Minority Dealer Affiliates, (iv) extensions of credit to a Minority Dealer Affiliate, all proceeds of which are used to purchase New Vehicles or Service Loaner Vehicles to be held by the Minority Dealer Affiliate for sale and/or lease in the ordinary course of business, (v) obligations of Dealerships to manufacturers or distributors of New Vehicles under Seller Agreements and (vi) Indebtedness which is permitted under Section 13.10(o), (p) and (s); provided, that, for the avoidance of doubt, this clause (f) shall not be deemed to prohibit the provision by the Company of other unsecured guarantees that are permitted under other clauses of this Section 13.10. (g) Unsecured Indebtedness of the Company to any Subsidiary. (h) Unsecured Indebtedness of any Subsidiary to the Company or another Subsidiary. (i) Indebtedness existing on the Closing Date and set forth on the Disclosure Schedule, solely to the extent that such Indebtedness is not increased and no additional collateral is provided for such Indebtedness. (j) Funded Debt consisting of purchase money indebtedness incurred to acquire equipment which is secured only by the equipment acquired and proceeds therefrom and such equipment secures only the obligation to pay the purchase price. (k) Unsecured guaranties by a Subsidiary of the obligations of any other Subsidiary on (i) real estate leases between such other Subsidiary and an owner of real estate which has been subleased by such other Subsidiary to such Subsidiary, and (ii) 152 115525625.4 0063724-00082 Indebtedness incurred by such other Subsidiary which is permitted under Subsection 13.10(d) and which is obtained to finance real estate leased by such other Subsidiary to such Subsidiary. (l) Additional Funded Debt, including, without limitation, (i) Pari Passu Funded Debt and (ii) Contingent Obligations in respect of Funded Debt of the Company or any of its Subsidiaries, provided that, after giving Pro Forma Effect to the incurrence of such additional Funded Debt, the Company would have been in compliance with Section 11.1.3 as of such day (and for purposes of determining such compliance for any Funded Debt incurred in connection with a Permitted Acquisition, "Pro Forma Effect" shall take into account, for the Measurement Period most recently ended prior to the incurrence, the Pro Forma EBITDAR attributable to the business or businesses acquired, less interest expense attributable to the business or businesses acquired with respect to vehicle floor plan financing, calculated as if the Permitted Acquisition had occurred on the first day of such Measurement Period). (m) Indebtedness appearing as a claims reserve (or similar term) on the balance sheet of the Company and its Subsidiaries, which represents amounts which have been received but which will be expended to pay warranty and service claims by customers of the Dealerships. (n) Guaranties by Lithia Financial Corporation of Permitted Swap Obligations. (o) Funded Debt owing by a Silo Subsidiary, provided that no Loan Party other than (i) the Company and (ii) one or more Silo Subsidiaries, has any obligation (contingent or otherwise) with respect to such Funded Debt. (p) Funded Debt of Canadian Foreign Subsidiaries (i) that are not Financed Entities and (ii) not secured by any assets of the Company or any Subsidiary other than (1) assets of Canadian Foreign Subsidiaries other than Financed Entities and/or (2) a pledge by the Company or any Subsidiary of Equity Interests in a Canadian Foreign Subsidiary that is not a Financed Entity ("Canadian Foreign Subsidiary Indebtedness"). (q) Obligations in respect of put rights and other buy-sell rights granted to a Minority Dealer Partner that are set forth in the organizational documents of a Minority Dealer. (r) Funded Debt incurred by any (i) DFC Subsidiary and not secured by any assets of the Company or any Subsidiary other than assets of a DFC Subsidiary ("DFC Indebtedness") or (ii)



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(s) Permitted Dual Subsidiary Indebtedness so long as each Required Intercreditor Counterparty has executed and delivered an Intercreditor Agreement, or a joinder to an existing Intercreditor Agreement, to the Agent. 13.11 Margin Stock; Speculation. Each Borrower shall not, and the Company shall not permit any Subsidiary to, use any part of the proceeds of any Loan, either directly or indirectly, for the purpose, whether immediate, incidental, or ultimate, of purchasing or carrying any margin stock (within the meaning of Regulation U) or extending credit to others for the purpose of purchasing or carrying any margin stock or for any purpose which violates any applicable provision of any regulation of the Board of Governors of the Federal Reserve System. No Loan Party shall be engaged principally or as one of its important activities in the business of extending credit for the purpose of purchasing or conveying any margin stock. No part of the proceeds of any Loan will be used for speculative investment purposes, including without limitation speculating or hedging in the commodities and/or futures market. 13.12 Restrictive Agreements. Except for Permitted Restrictions, the provisions of this Agreement and the other Loan Documents or as could not reasonably be expected to have a Material Adverse Effect, each Borrower shall not, and the Company shall not permit any Subsidiary (which, for the avoidance of doubt, includes any Real Estate Subsidiary or Dealership) to, (a) enter into or permit to exist any arrangement, contract, or agreement which directly or indirectly prohibits any Loan Party from or imposes any restrictions on creating, assuming or incurring any Lien upon all or any portion of its properties, revenues or assets or those of any of its Subsidiaries (other than Excluded Subsidiaries) whether now owned or hereafter acquired, to secure the Obligations or to secure any renewals, refundings, replacements, refinancings or restructurings of the Obligations in an aggregate outstanding principal amount or aggregate committed amount that is less than or equal to the Aggregate Commitments as of the date of such arrangement, contract, or agreement, (b) enter into or permit to exist any agreement, contract or arrangement restricting the ability of any Subsidiary (other than Excluded Subsidiaries) from paying or making dividends or distributions in cash or kind to the Company or any other Loan Party, from making loans, advances or other payments of whatsoever nature to the Company or any other Loan Party, from making transfers of distributions of all or any part of its assets to the Company or any other Loan Party, (c) enter into or permit to exist any agreement, contract or arrangement which directly or indirectly prohibits any Subsidiary (other than an Excluded Subsidiary) from guarantying, or imposes restrictions on the ability of any Subsidiary to guaranty, the Obligations, or (d) enter into or permit to exist any agreement or arrangement which would be violated by the extensions of credit contemplated hereunder or the performance by any Loan Party of its obligations under the Loan Documents. 13.13 Permitted Acquisitions. Except as otherwise permitted by Section 13.6 and except for acquisitions of real estate, each Borrower shall not, and the Company shall not permit any Subsidiary to acquire Control of any Person or acquire all or substantially all of the assets of any Person or of any 154 115525625.4 0063724-00082 business unit or line of business of any Person (an "Acquisition") except upon satisfaction of the following requirements: (a) The Acquisition consists of the acquisition by the Company, directly or indirectly, of (i) a Person engaged in a line of business that the Company is not prohibited from engaging in under Section 13.8 of this Agreement, (ii) a Real Estate Subsidiary or (iii) a non-operating holding company, provided, that in each case of the foregoing clauses (i) through (iii), such entity is organized under the laws of a State of the United States or a province or the federal laws of Canada on a pro forma basis, after giving effect to such Acquisition, the Company and its Subsidiaries (including each Person acquired in such Acquisition) will be in compliance with Sections 12.9 and 12.22. (b) The Company shall give Agent prior written notice of the proposed Acquisition at least 30 days prior to the closing date of such Acquisition or, if later, within 5 days after execution of the purchase agreement for such Acquisition. (c) The Board of Directors (or other Persons exercising similar functions) of the seller have not disapproved the transaction or recommended that such transaction be disapproved. (d) [Reserved]. (e) Each New Loan Party shall have executed a Guarantor Joinder Agreement or Borrower Joinder Agreement, as applicable, and any other documents reasonably required by the Agent so that such New Loan Party (i) becomes a Guarantor of the Used Vehicle Floorplan Obligations, Service Loaner Vehicle Floorplan Obligations, Revolving Loan Obligations, (ii) if applicable, becomes a New Vehicle Floorplan Borrower, and (iii) if applicable, grants a security interest in the Collateral of such Acquisition Subsidiary. (f) Subject to Section 1.5, all representations and warranties in this Agreement shall be true and correct in all material respects as of the date of any Acquisition unless such representation or warranty refers to another date and except as previously disclosed to and accepted by the Agent in writing, and no Default shall have occurred and be continuing or will exist after giving effect to the Acquisition. For purposes of this determination, all requirements applicable to any Guarantor, New Vehicle Floorplan Borrower (if applicable), or Subsidiary shall be deemed to apply to any Acquisition Subsidiary. (g) The Agent shall have received the organizational documents, status or good standing certificates and resolutions, or other authorizations demonstrating the due organization, valid existence, qualification to do business, good standing and authority of each New Loan Party to become a Loan Party, New Vehicle Floorplan Borrower (if applicable), and Guarantor. (h) The Agent shall have received copies of the purchase agreement and lease, if any, relating to that Acquisition. (i) The Agent shall have perfected security interests in the Collateral owned by the New Loan Party as security for all of the Used Vehicle Floorplan Obligations. 155 115525625.4 0063724-00082



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Service Loaner Vehicle Floorplan Obligations, Revolving Loan Obligations, Guarantor Obligations, and Permitted Swap Obligations, and if applicable, the New Vehicle Floorplan Loan Obligations, subject only to Permitted Liens, and shall have received satisfactory evidence of perfection and the priority of such security interests, including without limitation such Uniform Commercial Code and other searches, signed termination statements or payoff letters and other filings as the Agent deems appropriate, which shall include evidence of the termination of, or reasonably satisfactory arrangements for the termination of, the security interests of any secured party in any of the assets acquired or of the New Loan Party. (j) The Agent shall have conducted such audits of any Collateral being acquired or which is owned by any New Loan Party as is desired by the Agent, the results of which shall be satisfactory to the Agent. (k) The Company and/or any New Loan Party shall have received approval of all material Seller Agreements (including without limitation Franchise Agreements), between any New Loan Party and any manufacturer or distributor of Vehicles for which the New Loan Party will act as a dealer as may be necessary for the New Loan Party to conduct its intended business following the Acquisition. The Company or the New Loan Party shall deliver to the Agent copies of all such Seller Agreements promptly upon receipt, other than those disclosure of which is prohibited by the relevant manufacturer or distributor, if requested by the Agent. (l) All insurance required under Section 12.8 shall have been obtained and the Agent shall have received evidence thereof in the form of a certificate of insurance as required under Section 12.8. (m) The Company has delivered to the Agent a certificate in a form acceptable to the Agent and signed by its chief financial officer or other officer acceptable to the Agent, certifying that all conditions in Section 13.13(a), (c), (f) and (k) have been satisfied or will be satisfied as of the date of the Acquisition. (n) If requested by the Agent, the Company has delivered to the Agent, (i) a Compliance Certificate, together with all supporting documentation reasonably required by the Agent, prepared on a Pro Forma Basis as of the most recent date for which a Compliance Certificate was furnished to the Agent, demonstrating that the Company and its Subsidiaries would have been in compliance 11.1 If the Acquisition had occurred on the first day of the period covered by the Compliance Certificate, and (ii) if requested by the Agent, copies of the seller's financial statements. The Agent hereby agrees to promptly provide to the Lenders copies of all documents received under the foregoing clauses (l) and (ii). (o) For any single Acquisition or group of related Acquisitions, either (x) on the date of consummation of such Acquisition or group of related Acquisitions (or in the case of a Limited Condition Acquisition, on the LCA Test Date) and after giving Pro Forma Effect thereto, the Leverage Ratio is below 5.75 to 1.0, or (y) the aggregate consideration paid for the assets acquired (other than real property and Vehicles), or the Equity Interests acquired, is less than or equal to 10% of Tangible Net Worth as of the last day of the fiscal quarter of the 156 115525625.4 0063724-00082 Company and its Subsidiaries most recently ended prior to the date of consummation of such Acquisition or Acquisitions. For purposes of this subsection (o) of Section 13.13, "Pro Forma Effect" shall mean that the Leverage Ratio shall be calculated as if (i) such Acquisition or Acquisitions had occurred on the first day of the Measurement Period most recently ended prior to consummation of such Acquisition or Acquisitions, taking into account the Pro Forma EBITDAR attributable to the business or businesses acquired, less interest expense attributable to the business or businesses acquired with respect to vehicle floor plan financing, and (ii) any Indebtedness incurred or acquired in connection with such Acquisition or Acquisitions (including without limitation any Indebtedness incurred to enable the Company or any Subsidiary to effect such Acquisition or Acquisitions) had been incurred or acquired on the last day of such Measurement Period. (p) Agent has received such additional documents, approvals, consents and information and each Loan Party has satisfied such additional requirements as the Agent reasonably requests. 13.14 Accounting Changes; Fiscal Year. Each Borrower shall not, and the Company shall not permit any Subsidiary to, make any change in accounting treatment or reporting practices, except as permitted by GAAP, or change its Fiscal Year. 13.15 Excluded Tax Credit Investment Subsidiaries. No Excluded Tax Credit Investment Subsidiary (other than LCDC) shall own any assets other than Investments permitted under Section 13.6(p). 13.16 Dual Subsidiaries. Each Borrower shall not, and the Company shall not designate any Subsidiary as a Dual Subsidiary unless (i) each Required Intercreditor Counterparty has delivered to the Agent an Intercreditor Agreement or a joinder agreement to an existing Intercreditor Agreement, (ii) no New Vehicles of any Removed Franchise of any such Dual Subsidiary shall be financed by the New Vehicle Floorplan Facility, (iii) prior to the time of designation of such Subsidiary as a Dual Subsidiary, all outstanding New Vehicle Floorplan Loans with respect to all Removed Franchises of such Subsidiary shall have been repaid, (iv) with respect to any Dual Subsidiary that will obtain Permitted Dual Subsidiary Indebtedness consisting of floorplan financing to acquire used Vehicles, such Dual Subsidiary shall not finance the acquisition of any Used Vehicles under the Used Vehicle Floorplan Facility, and prior to the time of designation of such Subsidiary as a Dual Subsidiary, all outstanding Used Vehicle Floorplan Loans with respect to such Subsidiary shall have been repaid, (v) with respect to any Dual Subsidiary that will obtain Permitted Dual Subsidiary Indebtedness consisting of floorplan financing to acquire service loaner Vehicles, such Dual Subsidiary shall not finance the acquisition of any Service Loaner Vehicles under the Service Loaner Vehicle Floorplan Facility, and prior to the time of 157 115525625.4 0063724-00082





Designation of such Subsidiary as a Dual Subsidiary, all outstanding Service Loaner Vehicle Floorplan Loans with respect to such Subsidiary shall have been repaid, and (vi) the Company has complied with all requirements set forth in Section 6.19 and this Section 13.16. Notwithstanding the foregoing, this Section 13.16 shall not take effect until the Agent (w) has received a duly executed Intercreditor Agreement, in form and substance satisfactory to the Agent, (x) the existing UCC-1 financing statements for any Dual Subsidiaries shall have been amended in accordance with the applicable Intercreditor Agreement, (y) new UCC-1 financing statements have been filed naming each Dual Subsidiary as debtor and the applicable Dual Subsidiary Lender as secured party, in each case, in form and substance satisfactory to the Agent and (z) the Agent has received any additional documentation requested by the Agent in its sole discretion.

The Lenders party hereto hereby consent to the Agent entering into each Intercreditor Agreement (and any joinder or supplement thereof) on or after the Closing Date on behalf of the Lenders. 13.17 Additional Credit Support Documentation. Each Borrower shall not, and the Company shall not permit any Subsidiary to Guarantee or grant any Lien in favor of any Dual Subsidiary Lender in respect of Permitted Dual Subsidiary Indebtedness except for such Guarantees by and Liens granted by Dual Subsidiaries which receive Permitted Dual Subsidiary Indebtedness from such Dual Subsidiary Lender. Without limiting the foregoing and without limiting the generality of the Guaranty or Section 12.17, in the event any Dual Subsidiary Lender receives a Guarantee or Lien in violation of the previous sentence, the Company shall cause the applicable Subsidiaries to provide substantially similar Guarantees to the Agent, each L/C Issuer and the Lenders or grant substantially similar Liens in favor of the Agent (for the benefit of the Secured Parties) to the same extent. ARTICLE 14 DEFAULT AND REMEDIES 14.1 Events of Default. The occurrence of any of the following shall constitute an Event of Default under this Agreement and each of the Loan Documents: 14.1.1 Any Loan Party shall fail to pay (a) when due, any principal owing under this Agreement, Letter of Credit, LC Agreement, or any other Loan Document, except as described in the following clause (d), or (b) within five (5) days after it is due, any interest or fee payable under this Agreement, Letter of Credit, LC Agreement, or any other Loan Document or (c) when due and uncured within five (5) days after notice from the Agent that such amount remains unpaid, any other amount payable under this Agreement, Letter of Credit, LC Agreement, or any other Loan Document or (d) the Company shall fail to cure any Out of Balance Condition, which condition shall remain unremedied for a period of four (4) days after notice from the Agent, New Vehicle Swing Line Lender, Used Vehicle Swing Line Lender or Service Vehicle Swing Line Lender. 159 115525625.4 0063724-00082 14.1.2 Any default under or any failure of any Loan Party to perform or comply with any term, condition, covenant or obligation (a) set forth in Section 11.1, 12.1, 12.10 or Article 13 of this Agreement (except Section 13.15) or (b) set forth in any provision of this Agreement (except an Event of Default specified in Section 14.1.1, 14.1.2(a) or elsewhere in Section 14.1), any other Loan Document or any other Agreement between the Agent or any Lender and any Loan Party, and such default or failure is not cured within 30 days after the earlier of the date any Loan Party knows thereof or the date on which the Agent gives written notice thereof to the Company (provided, however, that such cure period is available only if the applicable default or failure is reasonably capable of being cured). 14.1.3 Any Loan Party defaults in the payment or performance of any material provisions of any agreement or condition relating to any Indebtedness of such Loan Party (except as described in Section 14.1.16) in an aggregate amount outstanding for such Indebtedness for all Loan Parties that, together with amounts described in Section 14.1.16, is in excess of \$50,000,000 (other than Indebtedness owing under the Loan Documents but including Permitted Dual Subsidiary Indebtedness), and the period of grace, if any, to cure such default shall have passed, and the default constitutes (a) nonpayment or (b) any event or condition, the effect of which is to cause or permit the holder of such Indebtedness to cause such Indebtedness to become due prior to its maturity date. 14.1.4 (a) Any default occurs under or any Loan Party fails to pay, perform or comply with any material terms, conditions or obligations in any Collateral Document or (b) other than in accordance with the terms of such Collateral Document, any Lien created or purported to be created by any Collateral Document shall cease to be, or shall be asserted by any Person not to be, a valid, perfected Lien with a priority that is subject only to the Permitted Liens, and in each case, such default or failure is not cured within ten (10) days after the earlier of the date any Loan Party knows thereof or the date on which the Agent gives written notice thereof to the Company. 14.1.5 (a) Other than in accordance with the terms of the Loan Documents, any Guaranty or other Loan Document ceases to be, or shall be asserted by any Borrower or any Guarantor not to be, in full force and effect, or (b) any Guarantor shall attempt to revoke, repudiate, or limit any Guaranty. 14.1.6 Any warranty, representation, statement, or information made or furnished to the Agent or any Lender by or on behalf of any Loan Party proves to have been false or misleading in any material respect when made, furnished, or certified, or when deemed made, furnished, or certified. 14.1.7 Custody or control of any substantial part of the property of any Loan Party is assumed by any Governmental Body or any Governmental Body takes any final action, the effect of which would be a Material Adverse Effect. 14.1.8 (a) Any Loan Party shall commence any case, proceeding, or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seek 159 115525625.4 0063724-00082



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reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian, or other similar official for it or for all or any substantial part of its assets, or any Loan Party shall make a general assignment for the benefit of its creditors; or (b) there shall be commenced against any Loan Party any case, proceeding, or other action of a nature referred to in clause (a) above which (iii) results in the entry of an order for relief or any such adjudication or appointment or (iv) remains undismissed, undischarged, unstayed, or unbonded for a period of 30 days; or (c) there shall be commenced against any Loan Party any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within 30 days from the entry thereof; or (d) any Loan Party shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in any of the acts set forth in clauses (a), (b), or (c) above; (e) any Loan Party shall admit in writing its inability to pay its debts as they become due or shall, within the meaning of the United States Bankruptcy Code (11 U.S.C. §101 et seq.), generally not pay its debts as they become due; or (f) any Loan Party is not Solvent. 14.1.9 Except as permitted by Section 13.1, (a) any Loan Party which is a corporation, partnership, limited liability company or other type of entity is dissolved or liquidated or takes any action to authorize a dissolution or liquidation; or (b) any Loan Party which is a trust (or trustee acting with respect to property held in trust) is revoked, amended or terminated. 14.1.10 Any refusal or failure by any Governmental Body to issue, renew, or extend any material lease or Governmental Approval with respect to the operation of the business of any Loan Party or its Subsidiaries, or any denial, forfeiture or revocation by any Governmental Body of any Governmental Approval, that could reasonably be expected to have a Material Adverse Effect. 14.1.11 One or more judgments, writs of attachment, or similar process, in an aggregate amount in excess of \$50,000,000 (in excess of insurance coverage) shall be entered or filed against any Loan Party or any property of any Loan Party and remains unpaid, unvacated, unbonded or unstayed for a period of sixty (60) days or more. 14.1.12 (a) With respect to a Plan, a Loan Party or an ERISA Affiliate is subject to a lien in excess of \$50,000,000, pursuant to Section 430(k) 423 or Section 302(c) or ERISA or Title IV or ERISA, or (b) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect. 14.1.13 (a) The Company or any New Vehicle Floorplan Dealership fails to pay, perform or comply with any term, condition or obligation in any Seller Agreement, or any such agreement ceases to be, or is asserted by any Person not to be, in full force and effect, or the other party to such agreement gives notice of default to the Company or any New Vehicle Floorplan Dealership, or (b) any event specified in clause (a) occurs with respect to any Loan Party other than a New Vehicle Floorplan Borrower, except in each case described in clauses (a) and (b) above to the extent such failure, cessation, assertion or notice of default (either 160.115525625.4.0063724-00082 individually or in the aggregate with all other such failures, cessations, assertions and notices of default) could not reasonably be expected to have a Material Adverse Effect. 14.1.14 Any Repurchase Agreement ceases to be, or is asserted by any manufacturer or distributor of Vehicles not to be, in full force and effect, except in each case to the extent such cessation or assertion (either individually or in the aggregate with all other such cessations and assertions) could not reasonably be expected to have a Material Adverse Effect. 14.1.15 There is any Change in Control. 14.1.16 (a) Any default occurs under or any Loan Party fails to pay, perform or comply with the terms of any Swap or (b) there occurs under any Swap an Early Termination Date (as defined in such Swap) resulting from (i) any event of default under such Swap as to which the Company or any Subsidiary is the Defaulting Party (as defined in such Swap) or (ii) any Termination Event (as so defined) under such Swap as to which the Company or any Subsidiary is an Affected Party (as so defined) and, in either event, the Swap Termination Value owing by the Applicable Loan Parties under all such Swaps as a result thereof, together with all defaulted indebtedness of the Loan Parties described in Section 14.1.3, is greater than 1.25% of the amount of the Aggregate Commitment. 14.2 Consequences of Default: Rights and Remedies - Time is of the essence of this Agreement. 14.2.1 Upon the occurrence or existence of any Event of Default (other than an Event of Default referred to in Section 14.1.8) and at any time thereafter during the continuance of such Event of Default, the Agent shall have the right, by written notice to the Company, to: (a) terminate the availability of PR Account Advances and terminate the Commitments to make Loans and issue Letters of Credit; (b) declare all outstanding Obligations payable by the Revolving Loan Borrower Used Vehicle Floorplan Borrower, Service Loaner Vehicle Floorplan Borrower, and the New Vehicle Floorplan Borrowers to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Loan Documents to the contrary notwithstanding; (c) direct the Revolving Loan Borrower to deliver to the Agent funds in an amount equal to the aggregate stated amount of the LC Obligations, such funds to be held in the LC Collateral Account, and/or (d) direct the New Vehicle Floorplan Borrowers to deliver to the Agent funds in an amount which the Agent estimates it or the Swing Line Lender may be required to pay pursuant to Payment Commitments which may be presented thereafter, such collateral to be held in the Payment Commitment Collateral Account. The applicable Borrowers shall immediately deliver to the Agent all such funds required by the Agent. 14.2.2 Upon the occurrence or existence of any Event of Default described in Section 14.1.8, immediately and without notice, (a) the Commitments and the availability of Loans and Letters of Credit shall automatically terminate, (b) all outstanding Obligations shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Loan Documents to the contrary notwithstanding, (c) the Revolving Loan 161.115525625.4.0063724-00082



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Borrower shall automatically become obligated to deliver to the Agent Cash Collateral in an amount equal to the aggregate stated amount of the LC Obligations, which funds shall be held by the Agent in the LC Collateral Account, and (d) the New Vehicle Floorplan Borrowers shall automatically become obligated to deliver to the Agent funds in an amount which the Agent estimates it or the Swing Line Lender may be required to pay pursuant to Payment Commitments which may be presented thereafter, which funds shall be held by the Agent in the Payment Commitment Collateral Account. 14.2.3 In addition to the foregoing remedies, upon the occurrence or existence of any Event of Default, the Agent and the Lenders shall have the right to exercise any right, power or remedy available under this Agreement, any of the other Loan Documents, or otherwise available at law or in equity. 14.2.4 The Agent shall promptly inform the Lenders of the occurrence of any Event of Default of which it is deemed to have knowledge or notice pursuant to Section 16.9 and will promptly provide the Lenders with copies of any and all notices that the Agent has received with respect thereto. After such notification, the Lenders shall meet to determine the desired course of action and the Agent shall take such course of action, and pursue such rights and remedies. Employees granted options. Loan Documents, as the Required Lenders shall determine. If the Required Lenders have not agreed upon a course of action within 90 days after the date that the Lenders have received a notice from the Agent of the occurrence of an Event of Default, the Agent shall (and shall be obligated to) terminate the Commitments, accelerate all of the Obligations, apply all amounts collected from the Borrowers, any Guarantors and the Collateral as set forth herein and pursue such other rights and remedies as are prudent under the circumstances. During the time between the Agent's giving notice of the occurrence of an Event of Default. Plan. The Lenders and the earlier of (a) the Required Lender's agreement on a course of action or (b) the expiration of the 90 day decision period, the Agent shall take such actions on behalf of the Lenders as the Agent deems prudent. To the extent inconsistent with Section 14.2.2, this Section shall not apply to any Event of Default referred to in Section 14.1.8 and any Event of Default referred to in Section 14.1.8 shall be governed by Section 14.2.2. However, decisions as to how to handle, vote, or compromise the Agent's claims on behalf of the Lenders in any bankruptcy or insolvency proceeding shall be governed by this Section. This Section confers no rights upon any Loan Party. 14.3 Application of Payments. If the Obligations have become due and payable in full or if at any time insufficient funds are received by and available to the Agent to fully pay all fees, costs, expenses, principal, interest and other amounts due to the Agent and the Lenders under this Agreement and the other Loan Documents, such funds received by the Agent shall be applied: (a) first, to the payment of fees, costs, disbursements, indemnities and other expenses (including Attorney Costs of the Agent's counsel) owing to the Agent, including without limitation, if applicable, amounts incurred in realizing on Collateral or otherwise enforcing the Loan Documents; (b) second, to the payment of fees, costs, disbursements, indemnities, and other expenses owing to the Lenders (other than LC Fees, Revolving Loan Commitment Fee, Used Vehicle Floorplan Commitment Fee, Service Loaner Vehicle Floorplan Commitment Fee and New Vehicle Floorplan Commitment Fee), including without limitation, if applicable, amounts incurred in realizing on 162 115525625.4 0063724-00082 Collateral or otherwise enforcing the Loan Documents and amounts owing pursuant to Article 7 and Section 17.1; (c) third, to the payment of LC Fees, Revolving Loan Commitment Fees, New Vehicle Floorplan Commitment Fee, Used Vehicle Floorplan Commitment Fee and Service Loaner Vehicle Floorplan Commitment Fee; (d) fourth to the payment of accrued interest on all of the Loans and other Obligations; (e) fifth to the payment to Swing Line Lender of any principal amount of the New Vehicle Swing Line Loans in excess of the New Vehicle Swing Line Commitment; (f) sixth, to the payment of the remaining principal owing to all of the Lenders on all of the Loans, LC Obligations, and other Obligations, allocated to the Lenders based upon their Pro Rata Shares; (g) seventh, to fully cash collateralize the LC Obligations and any outstanding Payment Commitments; (h) eighth, to payment of the Permitted Swap Obligations, ratably among the Lenders in proportion to the respective amounts described in this clause (h) held by them; and (i) ninth, the balance, if any, to the Borrowers or as otherwise required by law. ARTICLE 15 HAZARDOUS SUBSTANCES 15.1 Representations and Warranties. Each Borrower represents and warrants that to its knowledge, as of the Closing Date, any Properties identified as such in the Disclosure Schedule are the only Properties requiring remedial action under applicable Environmental Laws, resulting from the use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any Hazardous Substances on, under, about or from any of the Properties. The performance of such remedial actions will not have a Material Adverse Effect on any Loan Party or its businesses. 15.2 Activities. Each Borrower shall, and the Company shall cause each Subsidiary to use, generate, manufacture, store, treat, release or dispose of Hazardous Substances on, under, about or from the Properties only as is reasonable and necessary in the operation of its business, and in substantial compliance with all applicable Environmental Laws. 15.3 Inspections. Each Borrower will permit and the Company will cause each other Loan Party to permit representatives of the Agent and the Lenders to enter upon the Properties to make such inspections and tests as they may reasonably deem appropriate to determine compliance of the Properties with this Article. Any such inspections or tests shall be at the expense of Borrowers and for Agents' and the Lenders' purposes only, and shall not be construed to create any responsibility or liability on the part of the Agent or any Lender to any Borrower or any other Person. 15.4 Release and Indemnity. Each Borrower hereby (a) releases and waives any future claims against Agent and each Lender for indemnity or contribution in the event the Company or any of its Subsidiaries becomes liable for cleanup or other costs under any Environmental Laws, and (b) agrees to 163 115525625.4 0063724-00082



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indemnify and hold harmless Agent and each Lender and the other Indemnified Persons against any and all Claims which such Person may directly or indirectly sustain or suffer resulting from a breach of this Article by the Company or any other Borrower or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a Hazardous Substance on the Properties, except to the extent arising from the gross negligence or willful misconduct of such Indemnified Person. 15.5 Survival . The provisions of this Article, including the obligation to indemnify, shall survive the repayment of the Loans and Letters of Credit and other liabilities and Obligations of any one or more of the Borrowers under this Agreement and the other Loan Documents, and the termination or expiration of this Agreement, and, if applicable, shall not be affected by Lender's acquisition of any interest in any of the Properties, whether by foreclosure or otherwise. ARTICLE 16 THE AGENT 16.1 Appointment; Nature of Relationship . U.S. Bank is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the "Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Agent agrees to act as such contractual representative upon the express conditions contained in this Article 16. Notwithstanding the use of the defined term "Agent," it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Agent (a) does not hereby assume any fiduciary duties to any of the Lenders, (b) is a "representative" of the Lenders within the meaning of the term "secured party" as defined in the Uniform Commercial Code and (c) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives. 16.2 Powers . The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Agent. 16.3 General Immunity 164 115525625.4 0063724-00082 . Neither Agent nor any of its directors, officers, agents or employees shall be liable to any Borrower or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person. 16.4 No Responsibility for Loans, Recitals, Etc. Neither Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article 9, except receipt of items required to be delivered solely to the Agent; (d) the existence or possible existence of any Default or Event of Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any Collateral; or (g) the financial condition of any Loan Party or of any of any Loan Party's Subsidiaries. The foregoing notwithstanding, however, the Agent shall, upon a reasonable request from a Lender, provide such information as may be necessary to demonstrate to such Lender that the Agent has the ability to comply, or has in fact complied, with all regulations or mandates from a governing entity that are applicable to the Loans, including without limitation, the Flood Disaster Protection Act of 1973 and the national Flood Insurance Reform Act (1994). 16.5 Action on Instructions of Lenders . The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action. 16.6 Employment of the Agents and Counsel . The Agent may perform any of its duties as the Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning the contractual 165 115525625.4 0063724-00082



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arrangement between Agent and the Lenders and all matters pertaining to the Agent's duties hereunder and under any other Loan Document. 16.7 Reliance on Documents; Counsel . The Agent shall be entitled to rely upon any notice, consent, certificate, affidavit, letter, telegram, facsimile, telex, electronic mail message, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent. For purposes of determining compliance with the conditions specified in Article 9, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless Agent shall have received notice from such Lender prior to the applicable date specifying its objection thereto. 16.8 Reimbursement and Indemnification . The Lenders agree to reimburse and indemnify Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (a) for any amounts not reimbursed by the Borrowers for which the Agent is entitled to reimbursement by a Borrower or Borrowers under the Loan Documents, (b) for any other expenses incurred by the Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Agent in connection with any dispute between Agent and any Lender or between two or more of the Lenders) and (c) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against Agent in connection with any dispute between Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, provided that (y) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Agent and (z) any indemnification required pursuant to Section 7.4.4 shall, notwithstanding the provisions of this Section, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section shall survive payment of the Obligations and Permitted Swap Obligations and termination of this Agreement. 16.9 Notice of Event of Default . The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent, unless (i) Agent has actual knowledge of such Default or Event of Default or (ii) Agent has received written notice from a 166 115525625.4 0063724-00082 Lender or Borrower referring to this Agreement describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders, provided that, except as expressly set forth in the Loan Documents, the Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to a Loan Party or any of its Subsidiaries that is communicated to or obtained by the bank serving as the Agent or any of its Affiliates in any capacity. 16.10 Rights as a Lender . The Agent purchase Common Stock powers hereunder privileges hereunder. 25.2 Headings. Any headings or subheadings in this Plan are inserted for convenience of reference only under are to be ignored in the construction or interpretation of other Loan Document with respect to its Commitments provisions hereof. 25.3 Gender . Its Loans as any Lender tense. Any words herein used in the masculine shall be read may exercise construed in same feminine when appropriate. Words in the singular shall be read and construed it were not Agent, and the term "Lender" or "Lenders" shall, at any time when Agent is a Lender, unless the context otherwise indicates, include Agent in its individual capacity. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with any Loan Party, or any of their Subsidiaries and Affiliates in which any Loan Party is not restricted hereby from engaging with any other Person. 16.11 Lender Credit Decision, Legal Representation. (a) Each Lender acknowledges that it has, independently and without reliance upon Agent, or any other Lender and based on the financial statements prepared by the Borrowers and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon Agent, or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents. Except for any notice, report, document or other information expressly required to be furnished to the Lenders by the Agent hereunder or as may be reasonably requested by a Lender from the Agent, the Agent shall have no duty or responsibility (either initially or on a continuing basis) to provide any Lender with any notice, report, document, credit information or other information concerning the affairs, financial condition or business of any Loan Party or any of its Affiliates that may come into the possession of the Agent (whether or not in its capacity as the Agent) or any of their Affiliates. (b) Each Lender further acknowledges that it has had the opportunity to be represented by legal counsel in connection with its execution of this Agreement and the other Loan Documents, that it has made its own evaluation of all Applicable Laws relating to the transactions contemplated hereby, and that the counsel to the Agent represents only Agent and not the Lenders in connection with this Agreement and the transactions contemplated hereby. 16.12 Successor Agent . The Agent may resign at any time by giving written notice thereof to the Lenders and the Company, such resignation to be effective upon the appointment of a successor Agent or, if 167 115525625.4 0063724-00082



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no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. Upon any such resignation, the Required Lenders shall have the right to appoint, on behalf of the Borrowers and the Lenders, a successor Agent. Unless a Default exists, such successor Agent shall be reasonably acceptable to the Company. If no successor Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint, on behalf of Borrowers and the Lenders, a successor Agent. Notwithstanding the previous sentence, the Agent may at any time without the consent of any Borrower or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Agent hereunder. If the Agent has resigned and no successor Agent has been appointed, the Lenders may perform all the duties of the Agent hereunder and each Borrower shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank having capital and retained earnings of at least \$3,000,000,000.003,000,000,000. Upon the acceptance of any appointment as the Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Agent. Upon the effectiveness of the resignation of the Agent, the resigning Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation of an Agent, the provisions of this Article 16 shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Agent by merger, or Agent assigns its duties and obligations to an Affiliate pursuant to this Section, then the term "Prime Rate" as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Agent. 16.13 Agent's Fees . Each Borrower agrees to pay to the Agent, for its account, the fees agreed to by such Borrower and the Agent pursuant to any fee letter between them, or as otherwise agreed from time to time. 16.14 Delegation to Affiliates . Each Borrower and the Lenders agree that the Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees), which performs duties in connection with this Agreement shall be (i) entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Agent is entitled under this Agreement, and (ii) subject to the same obligations of the Agent hereunder. 16.15 Execution of Collateral Documents . The Lenders hereby empower and authorize Agent to execute and deliver the Collateral Documents and all related agreements, documents or instruments as shall be necessary or appropriate to effect the purposes of the Collateral Documents. 168 115525625.4 0063724-00082 16.16 Collateral Releases . The Lenders hereby empower and authorize Agent to execute and deliver on their behalf any agreements, documents or instruments as shall be necessary or appropriate to effect any releases of Collateral which shall be permitted by the terms hereof or any other Loan Document or which shall otherwise have been approved by the Required Lenders (or, if required by the terms of this Agreement, all of the Lenders) in writing. If any of the Collateral shall be sold or otherwise disposed of by any Loan Party in a transaction permitted by the Loan Documents, then Agent, at the request and sole expense of the applicable Loan Party, shall execute and deliver to such Loan Party all releases and other documents reasonably necessary or advisable for the release of the Liens created under the Loan Documents on such Collateral, provided that the applicable Loan Party shall provide to the Agent evidence of such transaction's compliance with the Loan Documents as the Agent shall reasonably request. 16.17 No Advisory or Fiduciary Responsibility . In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Borrower acknowledges and agrees that: (a)(i) the arranging and other services regarding this Agreement provided by the Lenders are arm's-length commercial transactions between each Borrower and its Affiliates, on the one hand, and the Lenders, on the other hand, (ii) each Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) each Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b)(i) each of the Lenders is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for any Borrower or any of its Affiliates, or any other Person and (ii) no Lender has any obligation to any Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in other Loan Documents plural; (c) each of the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers and their Affiliates, and no Lender has any obligation to disclose any of such interests to any Borrower or its Affiliates. To the fullest extent permitted by law, each Borrower hereby waives and releases any claims that it may have against each of the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby. 16.18 Co-Documentation Agents, Syndication Agent, etc. Neither any Documentation Agent or the Syndication Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Persons as it makes with respect to the Agent in Section 16.11. 169 115525625.4 0063724-00082



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16.19 Certain ERISA Matters. (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agent and the Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Company or any other Loan Party, that at least one of the following is and will be true: (i) such Lender is not using "plan assets" within the meaning of 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, of any Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit or the Commitments, (ii) the transaction exemption set forth in one or more prohibited transaction exemptions issued by the Department of Labor (each, a "PTE"), such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, (iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or (iv) such other representation, warranty and covenant as may be agreed in writing between the Agent, in its sole discretion, and such Lender. (b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agent and the Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Company or any other Loan Party, that the Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the 170 115525625.4 0063724-00082 reservation or exercise of any rights by the Agent under this Agreement, any Loan Document or any documents related hereto or thereto). ARTICLE 17 MISCELLANEOUS 17.1 Expenses; Indemnification. Each Borrower hereby agrees: (a) to pay or reimburse Agent on demand for all reasonable costs and expenses (including reasonable Attorney Costs of the Agent's counsel) incurred in connection with the syndication, negotiation, due diligence, preparation, execution, delivery, distribution (including, without limitation, via DebtX and any other internet service selected by the Agent), review, administration and enforcement of the Loan Documents and the transactions contemplated thereby, and any amendment, supplement or modification to the Loan Documents and any other documents prepared in connection therewith, whether or not the transactions contemplated hereby are consummated, including without limitation all recording costs, filing fees, consultants' fees, travel expenses, costs of appraisals and reviews, environmental audits and reviews (including costs of internal review of a third party report), collateral audits (subject to Section 12.4), title insurance, lien searches, and costs of perfecting, continuing, monitoring, preserving and protecting security interests in the Collateral; (b) to pay or reimburse Agent and each Lender for all their reasonable costs and expenses incurred in connection with, and to pay, indemnify, and hold the Indemnified Persons harmless from and against any and all claims, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, disbursements, and Attorney Costs of every kind and nature arising out of or in connection with, the collection, enforcement or protection of any rights and remedies under the Loan Documents and any other documents prepared in connection therewith (including without limitation in connection with negotiations or workout or restructuring affecting the Loan Documents or Obligations and any bankruptcy, or similar proceeding or other legal proceeding involving any Loan Party); (c) to pay, indemnify, and to hold the Indemnified Persons harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any failure or delay in paying, stamp, excise and other taxes (other than income and gross revenue taxes), if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, any Loan Document and any such other documents including reasonable Attorney Costs of counsel to the Agent and each Lender in connection with the foregoing and in connection with advising Agent with respect to its rights and responsibility under any Loan Document; and (d) to pay, indemnify, and hold the Indemnified Persons harmless from and against any and all other liabilities, obligations, losses, damages, penalties, 171 115525625.4 0063724-00082



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actions, judgments, suits, costs, expenses or disbursements of any kind or nature (including reasonable Attorney Costs) which may be incurred by or asserted against any Indemnified Person arising out of or in connection with the Loan Documents, the transactions contemplated by the Loan Documents, or the use of the proceeds of the Loans (including, without limitation, in connection with any investigation, litigation, or proceeding or preparation of defense in connection therewith), whether or not any of the indemnified Persons is a party thereto, or by reason of or in connection with the execution and delivery or transfer of, or payment or failure to make payments under, Letters of Credit (it being agreed that nothing in this Section 17.1 is intended to limit the Revolving Loan Borrower's obligations pursuant to Section 5.9). Notwithstanding the foregoing, a Borrower shall have no obligation to indemnify any Indemnified Person with respect to any costs of the matters described in subsections (a), (b), (c) and (d) of this Section 17.1 which arise from the gross negligence or willful misconduct of such Indemnified Person. The agreements in this Section 17.1 shall survive repayment of the Obligations and Permitted Swap Obligations and termination of this Agreement. Without limiting the provisions of Section 7.4, this Section 17.1(d) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim. 17.2 Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrowers and the Lenders and their respective successors and assigns permitted hereby, except that (a) no Borrower shall have the right to assign its rights or obligations under the Loan Documents without the prior written consent of each Lender, (b) any assignment by any Lender must be made in compliance with Section 17.4, and (c) any transfer by participation must be made in compliance with the terms of this Agreement. Any attempted assignment or transfer by any party not made in compliance with this Section shall be null and void, unless such attempted assignment or transfer is treated as a participation in accordance with the terms of this Agreement. The parties to this Agreement acknowledge that clause (b) of this Section relates only to absolute assignments and this Section 17.2 does not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by any Lender of all or any portion of its rights under this Agreement to a Federal Reserve Bank; provided, however, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 17.4. The Agent may treat the Person which made any Loan as the owner thereof for all purposes hereof unless and until such Person complies with Section 17.4; provided, however, that the Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan to direct payments relating to such Loan to another Person. Any assignee of the rights to any Loan agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan, shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan. 172 115525625.4 0063724-00082 17.3 Participations. 17.3.1 Permitted Participants; Effect. Any Lender may, in accordance with Applicable Law, at any time sell to one or more banks or other entities (each, a "Participant") participating interests in any Outstanding Credit Exposure owing to such Lender, the Commitments of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Outstanding Credit Exposure for all purposes under the Loan Documents, all amounts payable by Borrowers under this Agreement shall be determined as if such Lender had not sold such participating interests, and Borrowers and Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents. 17.3.2 Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents; provided, however, that any agreement pursuant to which any Lender sells a participating interest may require the Lender to obtain Participant's consent to any amendment, modification or waiver which would require the consent of all Lenders pursuant to Section 17.9. 17.3.3 Benefit of Certain Provisions. Each Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 17.8 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 17.8 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 17.8, agrees to share with each Lender any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 17.7 as if each Participant were a Lender. Each Borrower further agrees that each Participant shall be entitled to the benefits of Sections 7.1, 7.2, 7.4, and 17.1 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 17.4, provided that (a) a Participant shall not be entitled to receive any greater payment under Sections 7.1 or 7.2, or 7.4 than the Lender who sold the participating interest to such Participant would have received had it retained such interest for its own account, unless the sale of such interest to such Participant is made with the prior written consent of the Company, and (b) a Participant shall not be entitled to receive any greater payment under Section 7.4 than the Lender who sold the participating interest to such Participant would have received had it retained such interest for its own account (i) except to the extent such entitlement to receive a greater payment results from a change in treaty, law or regulation (or any change in the interpretation or administration thereof by any Governmental Authority) that occurs after the Participant acquired the applicable participation and (ii), in the case of any Participant that would be a Non-U.S. Lender if it were a Lender, such Participant agrees to comply with the provisions of Section 7.4 to the same extent as if it were a Lender (it being understood that the documentation required under Section 7.4.6 shall be delivered to the participating Lender). Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrowers, maintain a register on which it enters the name and address of each 173 115525625.4 0063724-00082



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Participant and the principal amounts (and stated interest) of each Participant's interest in any Outstanding Credit Exposure, any Commitment or any other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Outstanding Credit Exposure, any Commitment or any other obligations under the Loan Documents) to any Person except to the extent that such disclosure is necessary to establish that such Outstanding Credit Exposure, any Commitment or any other obligations under the Loan Documents is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as the Agent) shall have no responsibility for maintaining a Participant Register. 17.4 Assignments. 17.4.1 Permitted Assignments. Any Lender may at any time sell to one or more Eligible Assignees or other financial institutions reasonably acceptable to the Agent (each an "Assignee") all or a ratable part of its Loans and participations in Swing Line Loans and Letters of Credit and other interests under this Agreement and the Loan Documents; provided, however, that (a) unless each of the Company and the Agent otherwise consents, each assignment shall be in a minimum amount of \$5,000,000 or if less, the entire Aggregate Lender Commitment and Outstanding Credit Exposure of such Lender; (b) after giving effect to any Assignment, the Aggregate Lender Commitment of the assigning Lender shall be at least \$5,000,000,005,000,000 or shall be \$0; and (c) each assignment shall be of a constant and not a varying, percentage of all of the interests of such Lender in its Outstanding Credit Exposure and all Commitments, Loans and Letters of Credit. Any assignment shall be pursuant to an Assignment Agreement in such other form reasonably acceptable to the Agent as may be agreed to by the parties thereto. 17.4.2 Consents. The consent of the Company shall be required prior to an assignment becoming effective unless the Assignee is a Lender, an Affiliate of a Lender or an Approved Fund, provided that the consent of the Company shall not be required if an Event of Default has occurred and is continuing; provided further that the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Agent within five (5) Business Days after having received written notice thereof. The consent of the Agent shall be required prior to an assignment becoming effective unless the Assignee is a Lender, an Affiliate of a Lender or an Approved Fund. The consent of each of the LC Issuer and the Swing Line Lender shall be required prior to an assignment of a Commitment becoming effective unless the Assignee is a Lender with a Commitment. Any consent required under this Section 17.4.2 shall not be unreasonably withheld or delayed. 17.4.3 Effect: Effective Date. Upon (a) delivery to the Agent of an Assignment Agreement, together with any required consents, and (b) payment of a \$3,500 fee to the Agent for processing such assignment (unless such fee is waived by the Agent), such assignment shall become effective on the effective date specified in such assignment. The assignment shall contain a representation by the Assignee to the effect that none of the consideration used to make 174 115525625.4 0063724-00082 the purchase of the Commitments and Outstanding Credit Exposure under the applicable Assignment Agreement constitutes "plan assets" as defined under ERISA and that the rights and interests of the Assignee in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, the Assignee shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party thereto, and the transferor Lender shall be released with respect to the Commitments and Outstanding Credit Exposure assigned to the Assignee without any further consent or action by any Borrower, the Lenders or the Agent. In the case of an assignment covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a Lender hereunder but shall continue to be entitled to the benefits of, and subject to, those provisions of this Agreement and the other Loan Documents which survive payment of the Obligations and termination of the applicable agreement. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 17.3. 17.4.4 Tax Treatment. If any interest in any Loan Document is transferred to any Assignee or Participant which is not incorporated under the laws of the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 7.4. 17.5 Register. The Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at one of its offices in the United States of America, a copy of each Assignment delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender, and participations of each Lender in Letters of Credit, pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by any Borrower or Lender at any reasonable time and from time to time upon reasonable prior notice. 17.6 Dissemination of Information. Each Borrower, for itself and its Subsidiaries, authorizes each Lender to disclose to any Participant or Assignee and prospective Participant or Assignee any and all financial or other information in such Lender's possession concerning any Loan Party, subject to the confidentiality requirements of Section 17.26 of this Agreement. 17.7 Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Credit Exposure, Outstanding New Vehicle Floorplan Exposure, Outstanding Used 175 115525625.4 0063724-00082



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Vehicle Floorplan Exposure, Outstanding Service Loaner Vehicle Floorplan Exposure, and/or Outstanding Revolving Loan Exposure (other than payments received pursuant to Sections 7.1, 7.2 or 7.4 or payments specifically payable only to such Lender) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Aggregate Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Aggregate Outstanding Credit Exposure, Outstanding New Vehicle Floorplan Exposure, Outstanding Used Vehicle Floorplan Exposure, Outstanding Service Loaner Vehicle Floorplan Exposure and/or Outstanding Revolving Loan Exposure. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral or other protection ratably in proportion to their respective Pro Rata Shares. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made. 17.8 Setoff. Each Borrower hereby grants each Lender a security interest in all deposits, credits and deposit accounts (including all account balances, whether provisional or final and whether or not collected or available) of such Borrower with such Lender or any Affiliate of such Lender (the "Deposits"). In addition to, and without limitation of, any rights of the Lenders under Applicable Law, if any Borrower is not Solvent, or if any Event of Default occurs, each Borrower authorizes each Lender to offset and apply all such Deposits toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part thereof, shall then be due and regardless of the existence or adequacy of any collateral, guaranty or any other security, right or remedy available to such Lender or the Lenders; provided, that in the event that any Defaulting Lender shall exercise such right of setoff, (a) all amounts so set off shall be paid over immediately to the Agent for further application in accordance with the provisions of Section 6.14 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Agent, the LC Issuer, and the Lenders, and (b) the Lender shall provide promptly to the Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The aforesaid rights may be exercised by the Agent or such Lender against any Borrower or against any trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver or execution, judgment or attachment creditor of any Borrower or against anyone else claiming through or against any Borrower or such trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor, notwithstanding the fact that such right of setoff shall not have been exercised by the Agent or such Lender prior to the occurrence of an Event of Default. 17.9 Amendments and Waivers. 17.9.1 Subject to the provisions of this Section 17.9, the Required Lenders (or the Agent with the consent in writing of the Required Lenders) and the Borrowers may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or Borrowers hereunder or 176 115525625.4 0063724-00082 waiving any Event of Default hereunder; provided, however, that no such supplemental agreement shall: (a) without the consent of all Lenders, extend the final maturity of any Loan, or extend the expiry date of any Letter of Credit to a date after the Termination Date or postpone or reduce the amount of any regularly scheduled payment of principal of any Loan or forgive all or any portion of the principal amount thereof or any Reimbursement Obligation, or reduce the rate (except as provided in Section 7.3) or extend the time of payment of interest or fees thereon or on Reimbursement Obligations or increase the amount of any Commitment of any Lender hereunder; (b) without the consent of all of the Lenders, change the definition of Required Lenders or the Pro Rata Shares (or payment mechanics provided in Section 6.9) required to take any action hereunder; (c) without the consent of all of the Lenders, extend the Termination Date, or permit any Borrower to assign its rights under this Agreement; (d) without the consent of all of the Lenders, amend this Section 17.9, or any provision herein which requires consent of other action by all Lenders; (e) without the consent of all of the Lenders, except as permitted by this Agreement, release any Guarantor or, except as provided herein or in the Collateral Documents, release all or a substantial part of the Collateral; (f) without the consent of all of the Lenders, except pursuant to an Intercreditor Agreement or as otherwise permitted by this Agreement, (i) subordinate, or have the effect of subordinating, the Obligations hereunder to any other Indebtedness or other obligation or (ii) subordinate, or have the effect of subordinating, the Liens securing the Obligations to Liens securing any other Indebtedness or other obligation; or (g) without the consent of all of the Lenders, amend Section 14.3 or Section 17.7. No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent, and no amendment of any provision relating to the LC Issuer shall be effective without the written consent of the LC Issuer. No amendment to any provision of this Agreement relating to the Swing Line Lender or any Swing Line Loans shall be effective without the written consent of the Swing Line Lender. 17.9.2 Notwithstanding the foregoing, or the provisions of this Section 17.9, any fee or other amount payable by any Borrower or Borrowers solely to the Agent, the Swing Line Lender or the LC Issuer, may be changed with the consent of only such Borrower or Borrowers and the Agent and, if applicable, the affected Swing Line Lender or LC Issuer, provided that no Lender will be required to pay any such fee to which it has not agreed. 17.10 Waiver; Cumulative Remedies

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No failure or delay on the part of the Agent or any Lender in exercising any right, power, remedy or privilege hereunder or under any of the other Loan Documents and no course of dealing between any Loan Party and the Agent or any Lender will operate as a waiver of such right, power, remedy or privilege, nor will any single or partial exercise of any right, power or privilege hereunder preclude other or further exercise thereof or the exercise of any other right, power, remedy or privilege. Waiver of any Default shall not be a waiver of any other subsequent or prior Default. No waiver of any Default (whether or not Agent or any Lender knows or should have known of such Default) shall be deemed to

have occurred unless Agent (to the extent authorized under Section 14.2.4 or 17.9.2) or the Required Lenders has expressly agreed in writing specifying such waiver. No amendment, modification or waiver of, or consent with respect to any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed and delivered by the Agent, the Required Lenders, or all of the Lenders, as otherwise set forth in this Agreement. Any waiver of any provision of this Agreement, and any consent to any departure by any Loan Party from the terms of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on any Loan Party not required hereunder shall in any event entitle any Loan Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the Agent or any Lender to any other or further action in any circumstances without notice or demand. The rights and remedies herein specified are cumulative and are not exclusive of any rights or remedies which the Agent or any Lender would otherwise have at law or in equity or otherwise by agreement. 17.11 Notices. 17.11.1 Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 17.11.2 below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows: (a) if to any Borrower, at its address or facsimile number set forth on the signature page hereof; (b) if to the Agent, at its address or facsimile number set forth on the signature page hereof; (c) if to LC Issuer, at its address or facsimile number set forth on the signature page hereof; (d) if to a Lender, to it at its address or facsimile number set forth in its Administrative Questionnaire, a copy of which Administrative Questionnaire shall be provided to the Company. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given **vice-versa** received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next 178 115525625.4 0063724-00082 Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 17.11.2 below, shall be effective as provided in said Section 17.11.2. Notwithstanding any contrary provision hereof, any request for a Credit Extension shall not be effective until received by the Agent. 17.11.2 Electronic Communications. (a) Notices and other communications to the Lenders and the LC Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by the Agent or as otherwise determined by the Agent, provided that the foregoing shall not apply to notices to any Lender or the LC Issuer if such Lender or the LC Issuer, as applicable, has notified the Agent that it is incapable of receiving notices by electronic communication. The Agent or any Borrower may, in its respective discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it or as it otherwise determines, provided that such determination or approval may be limited to particular notices or communications. (b) Unless the Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (a) of notification that such notice or communication is available and identifying the website address therefor. 17.11.3 Change of Address. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto. 17.12 Interpretation; Conflicting Terms. **appropriate, 25.4 Governing Law.** Agreement (including the exhibits and schedules) together with the other Loan Documents embody the entire agreement of the parties on the subject matter hereof and except as otherwise specifically set forth in this Agreement or any other Loan Document, supersedes and replaces all prior agreements, oral and written, on such subject matter. If any term of any of the other Loan Documents expressly conflicts with the provisions of this Agreement, the provisions of this Agreement shall control; provided, however, that the inclusion of additional, greater or supplemental rights and remedies of the Agent and Lenders or the inclusion of additional or greater obligations and responsibilities of the Loan Parties, in any of the other Loan Documents shall not be deemed a conflict with this Agreement. 17.13 Governing Law 179 115525625.4 0063724-00082



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Except to the extent that the Agent or any Lender has greater rights and remedies under federal law or to the extent otherwise specifically stated in any Loan Document, this Agreement and the other Loan Documents [Plan](#) by and enforced without regard to conflicts of law principles but giving effect to federal laws applicable to national banks, except that matters concerning the validity and perfection of security interests covered thereby shall be governed by the conflicts of law provisions of the applicable Uniform Commercial Code. 17.14 Consent To Jurisdiction. EACH BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR STATE COURT LOCATED IN OR WITH JURISDICTION OVER PORTLAND, OREGON IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE OBLIGATIONS AND THE LOAN DOCUMENTS AND EACH BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT, THE LC ISSUER OR ANY LENDER TO BRING PROCEEDINGS AGAINST ANY BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY BORROWER AGAINST THE AGENT, THE LC ISSUER OR ANY LENDER OR ANY AFFILIATE OF THE AGENT, THE LC ISSUER OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT LOCATED IN OR WITH JURISDICTION OVER PORTLAND, OREGON. 17.15 Documents Satisfactory. Agent [extent not preempted by federal law](#), 25.5 Regulatory Approvals, Required Lenders. All information, documents [Compliance](#), The Company's obligation to sell, instruments required [deliver Common Stock under the Plan is at all times subject](#), be executed or delivered to [all approvals of and compliance with](#). Agent shall be in form and substance reasonably satisfactory to the Agent and the Required Lenders. 17.16 Exhibits. All exhibits and schedules referred to herein are attached hereto and hereby incorporated by reference as if fully set forth herein. 17.17 Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation [of regulations](#) of the provisions of the Loan Documents. 17.18 Nonliability of Lenders 180 115525625.4 0063724-00082. The relationship between the Borrowers on the one hand [applicable stock exchanges \(including NASDAQ\)](#), the Lenders, the LC Issuer and the Agent on the other hand shall be solely that of borrower and lender. Neither the Agent, the Arranger, the LC Issuer nor [the](#) Lender shall have any fiduciary responsibilities to any Borrower. Neither the Agent, the Arranger, the LC Issuer nor any Lender undertakes any responsibility to any Borrower to review or inform any Borrower of any matter in connection with any phase of any Borrower's business or operations. Each Borrower agrees that neither the Agent, the Arranger, the LC Issuer nor any Lender shall have liability to any Borrower (whether sounding in tort, contract or otherwise) for losses suffered by any Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the Agent, the Arranger, the LC Issuer nor any Lender shall have any liability with respect to, and each Borrower hereby waives, releases and agrees not to sue for, any special, indirect, consequential or punitive damages suffered by any Borrower in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby. It is agreed that the Arranger shall, in its capacity as such, have no duties or responsibilities under the Agreement or any other Loan Document. Each Lender acknowledges that it has not relied and will not rely on the Arranger in deciding to enter into the Agreement or any other Loan Document or in taking or not taking any action. 17.19 Survival of Representations. All representations and warranties of any Borrower contained in this Agreement shall survive the making of the Credit Extensions herein contemplated. 17.20 Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, neither the LC Issuer nor any Lender shall be obligated to extend credit to the Borrowers in violation of any limitation or prohibition provided by any Applicable Law. 17.21 Counterparts. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement. 17.22 Severability. Whenever possible, each provision of this Agreement and each of the other Loan Documents shall be interpreted in such a manner as to be valid and effective under Applicable Law. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or 181 115525625.4 0063724-00082



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validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable. 17.23 Construction . This Agreement and the other Loan Documents are the result of negotiations among, and have been reviewed by, each Loan Party, each Lender, the Agent and their respective counsel (or, if any party has not had the Loan Documents reviewed by its counsel, such party has had the opportunity to do so and has voluntarily chosen not to do so). Accordingly, the Loan Documents shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against any Loan Party, the Agent, or any Lender. 17.24 USA Patriot Act Notification . The following notification is provided to each Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318: Each Lender that is subject to the requirements of the PATRIOT Act hereby notifies each Borrower and each other Loan Party that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the PATRIOT Act. 17.25 Nonreliance . Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U) of the Board for the repayment of the Credit Extensions provided for herein. 17.26 Confidentiality . The Agent and each Lender agree to take reasonable precautions, in accordance with customary procedures, to maintain the confidentiality of all non-public information provided to it by any Loan Party under this Agreement or any other Loan Document, which is identified as confidential at the time such Person provides the information, and agrees that it shall not use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents or in connection with other business now or hereafter existing or contemplated with any Loan Party, except to the extent such information (a) was or becomes generally available to the public other than as a result of disclosure by the Agent or Lender, or (b) was or becomes available on a non-confidential basis from a source other than a Loan Party, provided that such source is not bound by a confidentiality agreement with a Loan Party known to the Agent or such Lender; provided, however, that the Agent or any Lender may disclose such confidential information (p) at the request or pursuant to any requirement of any Governmental Body or in connection with an examination of the Agent or such Lender by any such authority, (q) pursuant to subpoena or other court process; (r) when requested or required to do so in accordance with the provisions of any Applicable Law; (s) to the extent reasonably required in connection with any litigation or proceeding to which the Agent, any Lender or their

respective affiliates may be party, (i) to the extent reasonably 14 governmental authorities exercise authorization, issuance, sale or delivery 182 115525625.4 0063724-00082 such Stock, as well as federal, state and foreign securities laws. 25.6 Severability. In the event that remedy hereunder provision of this Plan shall be held illegal, invalid, unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of the Plan, and the Plan shall be construed and enforced as if the illegal, invalid, or unenforceable provision had not been included herein. 25.7 Refund of Contributions on Noncompliance with Tax Law. In the event the Company should receive notice that this Plan fails to qualify as an "employee stock purchase plan" any other Loan Document, (u) Section 423 of the Code, all then existing Account balances will be paid Agent's Participants and the Plan shall immediately terminate. 25.8 No Guarantee of Tax Consequences. The Company, Board, and the Committee do not make any commitment such Lender's and its affiliates, directors, officers, employees and agents, including accountants, attorneys and other professional advisors who are subject to similar limitations; (v) guarantee that any tax treatment will apply or be available Participant person participating Assignee, actual or potential, provided that such Person agrees in writing eligible keep such information confidential to the same extent required of the Lenders hereunder; (w) to its direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties; (x) to rating agencies if requested or required by such agencies in connection with a rating relating to the Obligations hereunder; (y) as to the Agent or any Lender or its affiliates, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which any Loan Party is party or is deemed party with the Agent or such Lender or affiliate and (z) to its affiliates; provided, that with respect to disclosures under clauses (g) and (r), such Lender shall use commercially reasonable efforts to notify the Company (unless such notification is prohibited by any Applicable Law) of the proposed disclosure before such disclosure is made to reasonably afford the Company the opportunity to seek to prevent such disclosure. 17.27 Ford Letter Agreement. Each Lender hereby agrees to the terms and conditions set forth participate letter agreement regarding Clarification of Supplemental Terms and Conditions Agreement dated April 5, 2012 and agreed to on April 10, 2012 between Ford Motor Company and the Company, a copy of which has been provided to each Lender. 17.28 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH BORROWER, THE AGENT, THE LC ISSUER AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THE OBLIGATIONS AND THE LOAN DOCUMENTS OR THE RELATIONSHIP ESTABLISHED THEREUNDER. EACH OF THEM REPRESENTS TO THE OTHER PARTIES THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN. 17.29 Disclosure. Under Oregon law, most agreements promises and commitments made plan, including, without limitation, any tax imposed any Lender concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by the Lender to be enforceable. 17.30 Acknowledgement and Consent to Bail-in of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan 183 115525625.4 0063724-00082



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Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by: (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder that may be payable to it by any party hereto that is an Affected Financial Institution; and (b) the effects of any Bail-In Action on any such liability, including, if applicable: (i) a reduction in full or in part or cancellation of any such liability; (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority. 17.31 Amendment and Restatement. This Agreement constitutes an amendment and restatement of the Existing Loan Agreement effective from and after the Closing Date. The execution and delivery of this Agreement shall not constitute a novation of any indebtedness or other obligations owing to the existing Lenders or Agent under the Existing Loan Agreement. On the Closing Date, the credit facilities described in the Existing Loan Agreement shall be amended, supplemented, modified and restated in their entirety as described herein, and all loans and other obligations of the Company and the other Borrowers outstanding as of such date under the Existing Loan Agreement shall be deemed to be loans and obligations outstanding under the corresponding facilities described herein, without any further action by any Person, except that the Agent shall make such transfers of funds as are necessary in order that the outstanding balance of such loans, together with any extensions of credit made on the Closing Date, reflect the Commitments of the Lenders hereunder. 17.32 Acknowledgement Regarding any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap or any other agreement or instrument that is a QFC (such support, "QFC Credit Support", and each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the 184 115525625.4 0063724-00082 "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of [redacted] other [redacted] of the United States): (a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and hereof interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC [redacted] estate tax, [redacted] QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under [redacted] tax imposed by a foreign government, 25.9 Company as Agent for [redacted] U.S. Special Resolution Regime if [redacted] Employers, Each Employer, by adopting [redacted] Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support. (b) As used in this Section 17.31, the following terms have the following meanings: "BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party. "Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b). "Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable. "QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

[Signature pages follow] 184 115525625.4 0063724-00082



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SCHEDULE 1	Name of Financial Institution	Pro Rata Share of Aggregate Lender Commitment	New Vehicle Floorplan Commitment	Used Vehicle Floorplan Commitment	Revolving Loan Commitment	Service Loaner Vehicle Commitment
	U.S. Bank [***] [***] [***] [***] [***]					
	JP Morgan Chase Bank [***] [***] [***] [***] [***]					
	Toyota Motor Credit [***] [***] [***] [***] [***]					
	Bank of America [***] [***] [***] [***] [***]					
	Mercedes-Benz Financial [***] [***] [***] [***] [***]					
	American Honda Finance Corporation [***] [***] [***] [***] [***]					
	TD Bank [***] [***] [***] [***] [***]					
	Truist Bank [***] [***] [***] [***] [***]					
	Wells Fargo Bank, NA [***] [***] [***] [***] [***]					
	Capital One NA [***] [***] [***] [***] [***]					
	BMW Financial Services [***] [***] [***] [***] [***]					
	PNC Bank, National Association [***] [***] [***] [***] [***]					
	Santander Bank, N.A. [***] [***] [***] [***] [***]					
	Allly Bank [***] [***] [***] [***] [***]					
	The Huntington National Bank [***] [***] [***] [***] [***]					
	VW Credit, Inc. [***] [***] [***] [***] [***]					
	BMO Harris Bank [***] [***] [***] [***] [***]					
	Hyundai Capital America [***] [***] [***] [***] [***]					
	M&T Bank [***] [***] [***] [***] [***]					
	Nissan Motor Acceptance Corporation [***] [***] [***] [***] [***]					
	TOTAL	\$3,750,000,000.00	\$1,700,000,000.00	\$1,000,000,000.00	\$1,000,000,000.00	\$50,000,000.00



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115525625.4 0063724-00082 0.75% Leverage Ratio Greater than 4.50 to 1.00 Greater than 3.50 to 1.00 but less than or equal to 4.00 to 1.00 1.50% 2.00% 0.25% LC Fee Percentage/ Revolving Loan Margin 0.50% 0.40% PRICING SCHEDULE In addition to the terms defined elsewhere in this Agreement, for purposes of determining the applicable interest rates and fees, the following terms shall have the meanings set forth in this Pricing Schedule: "Alternate Base Rate Margin (New Vehicle)" means a percentage rate per annum equal to 0.10%. "Alternate Base Rate Margin (Service Loaner Vehicle)" means a percentage rate per annum equal to 0.10%. "Alternate Base Rate Margin (Used Vehicle)" means a percentage rate per annum equal to 0.40%. "LC Fee Percentage" means the applicable percentage rates per annum set forth below opposite the applicable Leverage Ratio, as adjusted from time to time. "New Vehicle Floorplan Commitment Fee Rate" means a percentage rate per annum equal to 0.15%. "New Vehicle Floorplan Margin" means a percentage rate per annum equal to 1.10%. "Revolving Loan Margin", "Revolving Loan Commitment Fee Rate" and "Alternate Base Rate Margin (Revolving)" mean the applicable percentage rates per annum set forth below opposite the applicable Leverage Ratio, as adjusted from time to time. Greater than 2.50 to 1.00 but less than or equal to 3.50 to 1.00 1.00% 1.25% Revolving Loan Commitment Fee Rate 0.20% 0.25% Greater than 4.00 to 1.00 but less than or equal to 4.50 to 1.00 Less than or equal to 2.50 to 1.00 Alternate Base Rate Margin (Revolving) 1.00% 1.75% 0.15% 0.15% 0.30% The Revolving Loan Margin ("Applicable Margin") and Revolving Loan Commitment Fee Rate ("Applicable Fee Rate") shall be determined by the Agent from time to time based upon the information set forth in Borrower's financial statements and Compliance Certificate furnished to the Agent pursuant to this Agreement as of the end of each fiscal quarter and shall be based upon the Leverage Ratio as of such date. Any change in the Applicable Margin or Applicable Fee Rate shall take effect on the first Business Day of the month following the date of delivery to the Agent of the applicable financial statements and Compliance Certificate, and the Applicable Margin and Applicable Fee Rate, as so determined, shall remain in effect until the earlier of: a. the first Business Day of the month following the delivery to the Agent of a subsequent financial statement and Compliance Certificate indicating a Leverage Ratio requiring a change in the Applicable Margin or Applicable Fee Rate, or b. the day upon which the Company fails to deliver to the Agent the applicable financial statements and Compliance Certificate within the time provided under this Agreement. Upon any failure of the Company to deliver to the Agent the applicable financial statements and Compliance Certificate within the time required by this Agreement, the Applicable Margin and Applicable Fee Rate shall be the highest Applicable Margin and Applicable Fee Rate set forth in the foregoing table, which shall remain in effect until five Business Days following the date of delivery to the Agent of financial statements and Compliance Certificate reflecting a Leverage Ratio for which a lower Applicable Margin and Applicable Fee Rate would be applicable. Notwithstanding the foregoing, the Revolving Loan Margin shall be 1.25% and the Revolving Loan Commitment Fee Rate shall be 0.20% from the Closing Date until the earlier of (a) the first Business Day of the month following the delivery to the Agent of a financial statement and Compliance Certificate indicating a Leverage Ratio requiring a change in the Applicable Margin or Applicable Fee Rate, per the delivery requirements set forth in Section 11.2.5, or (b) the day upon which the Company fails to deliver to the Agent the applicable financial statements and Compliance Certificate within the time provided under this Agreement. If, as a result of any restatement of or other adjustment to the financial statements of Plan, appoints the Board as Subsidiaries or for any other reason, the Agent determines that the calculation agents to exercise on its behalf all Leverage Ratio powers and authorities hereby conferred upon as of the last day of any fiscal quarter was inaccurate and a correct calculation of the Leverage Ratio would have resulted in a higher Applicable Margin and Applicable Fee Rate, the Applicable Margin and Applicable Fee Rate shall be retroactively adjusted to the rate that would have been applicable if the Leverage Ratio had been correctly calculated. Promptly upon demand by the Agent, the Revolving Loan Borrower shall pay to the Agent for the account of the Lenders the additional interest and fees that would have been payable based upon the correct calculation of the Leverage Ratio. Nothing set forth herein shall limit the Required Lenders' right to increase the interest rate upon the occurrence of an Event of Default. 115525625.4 0063724-00082



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"Service Loaner Vehicle Floorplan Commitment Fee Rate" means a percentage rate per annum equal to 0.15%. "Service Loaner Vehicle Floorplan Margin" means a percentage rate per annum equal to 1.20%. "Used Vehicle Floorplan Commitment Fee Rate" means a percentage rate per annum equal to 0.15%. "Used Vehicle Floorplan Margin" means a percentage rate per annum equal to 1.40%. 115525625.4 0063724-00082



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Execution Copy 154966862v3 AMENDMENT NO. 8 TO AMENDED AND RESTATED LOAN AGREEMENT This AMENDMENT NO. 8, dated as of November 17, 2022 (this "Amendment"), is executed by and among SCFC BUSINESS SERVICES LLC (the "Borrower"), CHARIOT FUNDING LLC ("Chariot"), and JPMORGAN CHASE BANK, N.A. ("JPMorgan"), in its capacities as administrative agent (in such capacity, the "Administrative Agent"), as a Committed Lender and as the Agent for the JPMorgan Lender Group (in such capacity, the "JPMorgan Agent"), and amends the Amended and Restated Loan Agreement, dated as of December 31, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among the Borrower, Driveway Finance Corporation ("DFC"), as the servicer, collateral custodian, the lenders from time to time parties thereto, the agents from time to time parties thereto, and JPMorgan, as Administrative Agent and as the account bank. Capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed thereto in the Loan Agreement. WITNESSETH: WHEREAS, as of the date of this Amendment, Chariot is the sole Conduit Lender under the Loan Agreement and JPMorgan is the sole Committed Lender under the Loan Agreement (Chariot and JPMorgan, together in such respective capacities, the "Lenders"); WHEREAS, the Borrower and the Lenders desire to amend the Loan Agreement, in accordance with Section 13.01 thereof, on the terms set forth herein; WHEREAS, the Consenting Lenders desire to provide the waivers set forth below, in accordance with Section 13.01 of the Loan Agreement; and NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows: SECTION 1. Amendments to the Loan Agreement. The Loan Agreement is hereby amended as follows: (a) Section 1.01 (Definitions) is amended by deleting the definition of "Weighted Average Hedge Rate" in its entirety and replacing it with the following: "Weighted Average Hedge Rate" means, as of any date of determination, either (i) if the Borrower is party to one or more Hedge Transactions on such date (after giving effect to any Hedge Transactions that the Borrower enters into or terminates on such date), the weighted average (weighted by the notional amount of the related Hedge Transaction with respect to each amount described in clause (a) or clause (b) and by the excess, if any, of the Loans Outstanding over the aggregate notional amount of all outstanding Hedge Transactions with respect to the amount described in clause (c)) of (a) for each such Hedge Transaction that is in the form of an interest rate cap transaction, the threshold rate above which payments are made by the related Hedge Counterparty to the Borrower, (b) with respect to each such Hedge Transaction that is in the form of an interest rate swap,



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- 2 - 154966862v3 transaction, the fixed rate payable by the Borrower thereunder, and (c) with respect to an amount equal to the excess, if any, of the Loans Outstanding over the aggregate notional amount of all outstanding Hedge Transactions on such date (after giving effect to any Hedge Transactions that the Borrower enters into or terminates on such date), the cap rate set forth in clause (B) of the definition of 'Hedge Reserve Account Required Amount' or (ii) if the Borrower is not party to any Hedge Transactions on such date (after giving effect to any Hedge Transactions that the Borrower enters into or terminates on such date), the cap rate set forth in clause (B) of the definition of 'Hedge Reserve Account Required Amount.'" (b) Schedule F (Financial Covenants (Lithia)) is deleted in its entirety and replaced with Exhibit A to this Amendment. SECTION 2. Representations, Warranties and Confirmations. The Borrower hereby confirms that all representations and warranties made by it pursuant to Sections 5.01 and 5.02 of the Loan Agreement were true and correct as of the date as of which they were made and that it is in compliance with all covenants made by it pursuant to the Loan Agreement as of the date hereof. By its acknowledgment of this Amendment, DFC hereby confirms that all representations and warranties made by it pursuant to Section 5.03 of the Loan Agreement were true and correct as of the date as of which they were made and that it is in compliance with all covenants made by it pursuant to the Loan Agreement as of the date hereof. Furthermore, the Borrower and DFC each hereby represents and warrants as to itself that: (a) It has the power to execute, deliver and perform this Amendment and the transactions contemplated hereby. (b) The execution and delivery of this Amendment and the performance of this Amendment and the Loan Agreement (as amended hereby) have been duly authorized by it by all necessary company action (including any necessary action by its members). (c) This Amendment has been duly executed and delivered on its behalf. This Amendment and the Loan Agreement (as amended hereby) constitute its legal, valid and binding obligations, enforceable against it in accordance with their respective terms, except as enforcement of such terms may be limited by insolvency Laws affecting the enforcement of creditors' rights generally and by the availability of equitable remedies. (d) It is in compliance in all material respects with all Applicable Laws. SECTION 3. Effectiveness of Amendment. (a) This Amendment shall be effective, as of the date hereof, upon the delivery of a fully executed copy hereof to the Administrative Agent. (b) Except as expressly amended Board this Amendment, all terms the Plan, including but not by way of limitation, the power to amend conditions of terminate Loan Agreement shall remain in full force and effect and are hereby ratified and confirmed. This Amendment is effective only for the specific purpose for which it is given and shall not operate as a consent, waiver, amendment or other modification of any other



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- 3 - 154966862v3 term or condition set forth in the Loan Agreement. Upon the effectiveness of this Amendment, (i) each reference in the Loan Agreement to "this Agreement" or "this Loan Agreement" or words of like import shall mean and be references to the Loan Agreement as amended hereby and (ii) each reference in any other Basic Document to the Loan Agreement or to any terms defined in the Loan Agreement which are modified hereby shall mean and be references to the Loan Agreement or to such terms as modified hereby. The parties hereto acknowledge and agree that this Amendment shall constitute a Basic Document. This Amendment does not constitute a novation or termination of the Loan Agreement or any other Basic Document and all obligations thereunder are in all respects continuing with only the terms thereof being modified as provided herein. SECTION 4. Amendments, etc. No provision of this Amendment shall be waived, amended or otherwise modified except as provided in Section 13.01 of the Loan Agreement. SECTION 5. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. SECTION 6. Severability. If one or more of the covenants, agreements, provisions or terms of this Amendment shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Amendment and shall in no way affect the validity or enforceability of the other provisions of this Amendment or the Loan Agreement as amended hereby. SECTION 7. Binding Effect. This Amendment shall be binding upon and shall be enforceable by the parties hereto and their respective successors and permitted assigns. SECTION 8. Captions, etc. The captions and section numbers appearing in this Amendment are inserted only as a matter of convenience and do not define, limit, construe or describe the scope or intent of the provisions of this Amendment. SECTION 9. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or by electronic mail in a ".pdf" file shall be effective as delivery of a manually executed counterpart of this Amendment. Each party agrees that this Amendment and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Amendment or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility. [Signature Page Follows]



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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective authorized officers as of the date first above written. SCFC BUSINESS SERVICES LLC, as Borrower By: ...  
&4....., -ff. /4,f--- Name: Title: ACKNOWLEDGED AND AGREED: DRIVEWAY FINANCE CORPORATION, as Servicer and Collateral Custodian By:--- /--- - ---0/--- Name: Title: (Signature Page to Amendment No. 8 to  
A&R Loan Aqt. (SCFC Business Services LLC) | S4966862v2 Charles D. Lietz, President Charles D. Lietz, President



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[Signature Page to Amendment No. 8 to A&R Loan Agt. (SCFC Business Services LLC) 154966862v2 CHARIOT FUNDING LLC, as Conduit Lender By: JPMORGAN CHASE BANK, N.A., as its attorney-in-fact By: Name: Title: JPMORGAN CHASE BANK N.A., as JPMorgan Agent, as a Committed Lender, and as Administrative Agent By: Name: Title: Elizabeth S. Trainor Executive Director Elizabeth S. Trainor Executive Director]



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\* - No amendments that are made to, waivers that are granted with respect to, or other modifications that are made with respect to the Lithia Loan Agreement that would change the amount of Funded Debt that is permitted under such Section shall be given effect hereunder unless consented to by the Administrative Agent. 154966862v3 Exhibit A SCHEDULE F FINANCIAL COVENANTS (LITHIA) "Financial Covenants (Lithia)" means each of: (i) as of any date of determination, the ratio for the four consecutive fiscal quarters ending on the last day of the most recently completed fiscal quarter of (a) (1) EBITDAR, minus (2) dividends and other distributions in respect of Equity Interests and amounts expended to repurchase Equity Interests from a Person that is not a Loan Party, minus (3) income tax expense to the extent paid in cash, minus (4) an allowance for maintenance capital expenditures in an amount equal to \$85,000 for each Dealership location, plus (5) if any Permitted Acquisition has occurred during any Measurement Period, Pro Forma EBITDAR minus rental or lease expense attributable to any new Acquisition Subsidiary or business acquired in connection with such Permitted Acquisition, as applicable, calculated as if the Permitted Acquisition had occurred on the first day of such Measurement Period (it being understood and agreed that Pro Forma EBITDAR minus rental or lease expense may not be included in this calculation to the extent that it results in an annualized increase of more than 10% in Lithia's consolidated EBITDAR minus rental or lease expense prior to such adjustment, unless Lithia provides to the Agent and the Required Lenders the supporting calculations for such adjustment and such other information as they may reasonably request to determine the accuracy of such calculations); to (b) the sum for the applicable Measurement Period of (1) cash interest, plus (2) required principal payments on Indebtedness plus (3) rental or lease expense, shall not be less than 1.20 to 1.0; and (ii) as of any date of determination, the ratio for Lithia and all Related Subsidiaries of Lithia on a consolidated basis of (a) (1) the then outstanding principal balance of all Funded Debt (minus the sum of (A) unrestricted cash and cash equivalents plus (B) any amounts held in the PR Accounts plus (C) any amounts held in accounts established by Dual Subsidiaries or Silo Subsidiaries as an offset to floorplan notes payable (or interest thereon), provided that the aggregate reduction for all of the foregoing clauses (A) through (C) shall not exceed \$200,000,000), minus (2) the sum of the then outstanding principal balance of the New Vehicle Floorplan Loans, New Vehicle Swing Line Loans, Used Vehicle Floorplan Loans, Used Vehicle Swing Line Loans, Service Loaner Vehicle Floorplan Loans, Service Loaner Vehicle Swing Line Loans, principal amount of any Other Service Loaner Floorplan Financing, Funded Debt permitted under subsection (o) of Section 13.10 of the Lithia Loan Agreement\* (but only to the extent constituting floor plan financing), Funded Debt permitted under subsection (p) of Section 13.10 of the Lithia Loan Agreement\* (but only to the extent constituting floor plan financing), Funded Debt permitted under subsection (r) of



slide7

No amendments that are made to, waivers that are granted with respect to, or other modifications that are made with respect to the Lithia Loan Agreement that would change the amount of Funded Debt that is permitted under such Section shall be given effect hereunder unless consented to by the Administrative Agent. A-2 154966862v3 Section 13.10 of the Lithia Loan Agreement\* (but only to the extent not guaranteed by Lithia) and Funded Debt permitted under subsection (s) of Section 13.10 of the Lithia Loan Agreement\* and, without duplication, Funded Debt permitted under subsection (f) of Section 13.10 of the Lithia Loan Agreement\* (but only to the extent the underlying indebtedness that is guaranteed constitutes floor plan financing), plus (3) six times rental or lease expense for the Measurement Period ending on such date; to (b) (1) Pro Forma EBITDAR for the Measurement Period ending on such date (it being understood and agreed that Pro Forma EBITDAR minus rental or lease expense may not be included in this calculation to the extent that it results in an annualized increase of more than 10% in Lithia's consolidated EBITDAR minus rental or lease expense prior to such adjustment, unless Lithia provides to the Agent and the Required Lenders the supporting calculations for such adjustment and such other information as they may reasonably request to determine the accuracy of such calculations), minus (2) interest expense with respect to the New Vehicle Floorplan Loans, New Vehicle Swing Line Loans, Used Vehicle Floorplan Loans, Used Vehicle Swing Line Loans, Service Loaner Vehicle Floorplan Loans, Service Loaner Vehicle Swing Line Loans and Funded Debt permitted under subsection (o) of Section 13.10 of the Lithia Loan Agreement\* (but only to the extent constituting floor plan financing), Funded Debt permitted under subsection (p) of Section 13.10 of the Lithia Loan Agreement\* but only to the extent constituting floor plan financing), Funded Debt permitted under subsection (n) of Section 13.10 of the Lithia Loan Agreement\* (but only to the extent not guaranteed by Lithia) and Funded Debt permitted under subsection(s) of Section 13.10 of the Lithia Loan Agreement\*, in each case for the Measurement Period ending on such date, shall not be greater than 5.75 to 1.0. For purposes of the foregoing Financial Covenants (Lithia), "Lithia Loan Agreement" means the Fourth Amended and Restated Loan Agreement, dated as of April 29, 2021, by and among Lithia, Lithia's subsidiaries that are from time to time parties thereto, each financial institution that is from time to time party thereto as a lender, and U.S. Bank National Association, as agent for the lenders thereunder and "Related Subsidiaries of Lithia" means, as of any date of determination, all entities that are defined as "subsidiaries" of Lithia in accordance with the Lithia Loan Agreement as of such date (without giving effect to any amendments to the related definition of "subsidiary" on or after the Closing Date other than those that have been consented to by the Administrative Agent). Furthermore, all capitalized terms used in the foregoing Financial Covenants (Lithia) that are not defined in Section 1.01 of the Agreement have the meanings assigned thereto in the Lithia Loan Agreement, without giving effect to any amendments that are made to, waivers that are granted with respect to, or other modifications that are made with respect to the Lithia Loan Agreement on or after the Closing Date unless the same have been consented to by the Administrative Agent. [Plan](#).

## SUBSIDIARIES OF LITHIA MOTORS, INC.

(as of December 31, 2021 December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
797 Valley Street LLC	New Jersey	
6200 Centennial Center Holdco, LLC	Nevada	
7150 West Sahara Holdco, LLC	Nevada	
7200 West Sahara Property Holdco II, LLC	Nevada	
Ann Arbor-B, LLC	Michigan	BMW of Ann Arbor
Ann Arbor-CC, LLC	Michigan	Suburban Chevrolet Cadillac of Ann Arbor Suburban Chevrolet Cadillac Collision of Ann Arbor Suburban Used Car Outlet
Ann Arbor-CJD, LLC	Michigan	Suburban Chrysler Dodge Jeep Ram Fiat of Ann Arbor
Ann Arbor-M, LLC	Michigan	Mercedes-Benz of Ann Arbor
Austin-H, Inc.	Texas	
Howdy Honda		
Austin-KI, Inc.	Texas	Kia of North Austin
Avondale-N, Inc.	Arizona	Avondale Nissan
Back in Texas Auto Sales, LLC	Texas Delaware	Grapevine Honda
Baierl Auto Parts, LLC	Pennsylvania	
Baierl Automotive Corporation	Pennsylvania	Baierl Acura
Baierl Chevrolet, Inc.	Pennsylvania	Baierl Chevrolet
Baierl Chevrolet Collision Center		
Baierl Holding, LLC	Pennsylvania	
Bellevue-S, LLC	Washington	Michael's Subaru of Bellevue
Bellevue-T, LLC	Washington	Michael's Toyota of Bellevue
Bend-CDJR, LLC	Oregon	
Lithia Chrysler Dodge Jeep Ram of Bend		
Bend-N, LLC	Oregon	
Lithia Nissan of Bend		
Cadillac of Portland Lloyd Center, LLC	Oregon	Cadillac of Portland
Caldwell-Air, LLC	Idaho	Boise Airstream Adventures
Camp Automotive, Inc.	Washington	Camp Chevrolet
Lithia Downtown Body and Paint		
Carbone Auto Body, LLC	New York	

## SUBSIDIARIES OF LITHIA MOTORS, INC.

(as of December 31, 2023)

**Carbone  
Collision  
Center**

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Centennial-Hy, LLC	Nevada	Centennial Hyundai
Chamblee-H, LLC	Georgia	Curry Honda
Chantilly-N, LLC	Virginia	Priority Nissan Chantilly
Chesapeake-A, LLC	Virginia	Priority Acura
Chesapeake-C, LLC	Virginia	Priority Chevrolet Greenbrier Chesapeake Priority Collision Center
Chesapeake-H, LLC	Virginia	Priority Honda Chesapeake
Chesapeake-Hy, LLC	Virginia	Priority Hyundai
Chesapeake-I, LLC	Virginia	Priority Infiniti
Chesapeake-T, LLC	Virginia	Priority Toyota Chesapeake Freedom Super Body Shop
Clackamas-Air, LLC	Oregon	Portland Airstream Adventures
Clackamas Ultimate Airstreams, LLC	Oregon	Ultimate Airstreams
Clear Lake-I, Inc.	Texas	
Clear Lake Infiniti		
Clinton-C, LLC	Michigan	
Coral Springs-A, LLC	Florida	Audi Coral Springs
Costa Mesa-CJD, Inc.	California	Orange Coast Chrysler Dodge Jeep Ram Fiat
Cranberry Automotive, Inc.	Pennsylvania	
Baierl Toyota		
Dah Chong Hong CA Trading LLC	Delaware	
Dah Chong Hong Trading Corporation	New Jersey	

**EXHIBIT 21**

**SUBSIDIARIES OF LITHIA MOTORS, INC.**

(as of December 31, 2021)

NAME OF ENTITY	STATE OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Dallas-H, Inc.	Texas	John Eagle Honda of Dallas
Dallas-K, Inc.	Texas	Southwest Kia
Dallas-T, Inc.	Texas	
John Eagle Sport City Toyota		
Dallas Collision, Inc.	Texas	All American Collision Center of Dallas
Daron Motors LLC	New Jersey	DCH Academy Honda
DCH Bloomfield LLC	New Jersey	BMW of Bloomfield
DCH (Oxnard) Inc.	California	DCH Honda of Oxnard
DCH Auto Group (USA) Inc.	Delaware	
DCH CA LLC	California	
DCH Calabasas-A, LLC	California	Audi Calabasas

## SUBSIDIARIES OF LITHIA MOTORS, INC.

(as of December 31, 2023)

Audi Calabasas NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
DCH California Investments LLC	California	
DCH California Motors Inc.	California	DCH Toyota of Oxnard
DCH Del Norte, Inc.	California	
DCH DMS NJ, LLC	New Jersey	
DCH Essex Inc.	New Jersey	
DCH Audi Millburn Audi		
DCH Financial NJ, LLC	New Jersey	
DCH Freehold LLC	New Jersey	DCH Freehold Toyota
DCH Holdings LLC	Delaware	
DCH Investments Inc. (New Jersey)	New Jersey	
DCH Investments Inc. (New York)	New York	Dah Chong Hong (USA)
DCH Korean Imports LLC	California	
DCH Kia of Temecula		
DCH Mamaroneck LLC	Delaware	
DCH Toyota City		
DCH Mission Valley LLC	California	DCH Honda of Mission Valley
DCH Monmouth LLC	New Jersey	
BMW of Freehold		
DCH Montclair LLC	New Jersey	DCH Montclair Acura
DCH Motors LLC	New Jersey	DCH Kay Honda
DCH Nanuet LLC	New York	
DCH Honda of Nanuet		
DCH North America Inc.	Delaware	
DCH NY Motors LLC	Delaware	DCH Wappingers Falls Toyota
DCH Wappingers Falls Auto Group		
DCH Oxnard 1521 Imports Inc.	California	DCH Audi of Oxnard
Audi of Oxnard		
DCH Riverside-S, Inc.	California	DCH Subaru of Riverside
DCH Support Services, LLC	New Jersey	
DCH Temecula Imports LLC	California	DCH Honda of Temecula
DCH Honda Temecula		
DCH Temecula Motors LLC	California	DCH Chrysler Dodge Jeep Dodge Ram Fiat of Temecula
DCH Chrysler Jeep of Temecula		
DCH Dodge Temecula		

## SUBSIDIARIES OF LITHIA MOTORS, INC.

(as of December 31, 2021)

NAME OF ENTITY	STATE OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
DCH Thousand Oaks-F, Inc.	California	DCH Ford of Thousand Oaks
DCH TL Holdings LLC	Delaware	
DCH TL NY Holdings LLC	Delaware	
DCH Torrance Imports Inc.	California	
DCH Toyota of Torrance		
Torrance Toyota		
Denver Exotics, LLC	Colorado	Ferrari of Denver

EXHIBIT 21

**SUBSIDIARIES OF LITHIA MOTORS, INC.**

(as of December 31, 2023)

Bentley  
Denver

Lotus of Denver NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	
Rimac Denver		
Pininfarina Denver		
Morgan Denver		
SSC Denver		
Karma Denver		ASSUMED BUSINESS NAME(S) (if different than entity name)
Desert-CJD, LLC	Nevada	Desert 215 Superstore
DFC Business Services, LLC	Delaware	
DFC Funding, LLC	Delaware	
Doral-A, LLC	Florida	Doral Acura
Doral-G, LLC	Florida	Doral Genesis
Doral-Hy, LLC	Florida	Doral Hyundai
Doral-K, LLC	Florida	Doral Kia
Doral-VW, LLC	Florida	Doral Volkswagen
Driveway Motors, LLC	Delaware	
Driveway		Motors Driveway
Driveway & Logistics LLC	Delaware	
Edmonds-T, LLC	Washington	
Elk Grove-F, Inc.	California	Elk Grove Ford
Fairfield-Air, Inc.	California	Bay Area Airstream Adventures
Farmington Hills Imports, LLC	Michigan	Audi Farmington Hills
Porsche Farmington Hills		
Suburban Imports of FH		
Suburban Mazda		
Suburban Mazda of Farmington Hills		
Suburban Volkswagen		
Suburban Volkswagen of Farmington Hills		
Farmington Hills-CJD, LLC	Michigan	Suburban CDJR of Farmington Hills
Suburban CDJR of FH		
Suburban Chrysler Dodge Jeep Ram of Farmington Hills		
The Suburban Collection		
Farmington Hills-H, LLC	Michigan	Suburban Honda
The Suburban Collection		
Farmington Hills-N, LLC	Michigan	Suburban Nissan
Suburban Nissan of Farmington Hills		
Farmington Hills-T, LLC	Michigan	Suburban Toyota of Farmington Hills
Ferndale Collision, LLC	Michigan	
Suburban Nissan of FH Ferndale-BG, LLC	Michigan	
The Ferndale-F, LLC	Michigan	Suburban Collection Ford of Ferndale
FH Collision, LLC	Michigan	
FL Doral-S, LLC	Florida	
Florida City-H, LLC	Florida	Largo Honda
Frisco-K, Inc.	Texas	Kia of Frisco

## SUBSIDIARIES OF LITHIA MOTORS, INC.

(as of December 31, 2021 December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Farmington Hills-T, LLC	Michigan	Suburban Toyota
Suburban Toyota of Farmington Hills		
Suburban Toyota of FH		
The Suburban Collection		
Ferndale Collision, LLC	Michigan	Suburban Collision of Ferndale
Ferndale-BG, LLC	Michigan	Suburban Buick GMC
Suburban Buick GMC of Ferndale		
The Suburban Collection		
Ferndale-F, LLC	Michigan	Suburban Ford of Ferndale
The Suburban Collection		
FH Collision, LLC	Michigan	Suburban Collision Centers
Suburban Collision of Farmington Hills		
The Suburban Collection		
Florida City-H, LLC	Florida	Largo Honda
Frisco-K, Inc.	Texas	
Lithia Florida Holding, Inc.	Florida	
Florida SS, LLC	Florida	
Fontana-H, Inc.	California	Rock Honda
Fort Worth-CJD, LLC	Texas	
Freehold Nissan LLC	New Jersey	DCH Freehold Nissan
Freehold Nissan		Meador Chrysler Dodge Jeep Ram
Wesley Chapel-C, LLC (formerly known as Fort Pierce-CJD, LLC)	Florida	
Chevrolet of Wesley Chapel		
Fuse Auto Sales, LLC	Oregon	
Garden City-CJD, LLC	Michigan	Suburban CDJR of Garden City
Suburban CDJR of GC		
Suburban Chrysler Dodge Jeep Ram of Garden City		
Suburban Chrysler Dodge Jeep Ram Collision of Garden City		
The Suburban Collection		
Suburban Collision Centers		
Greencars, Inc.	Oregon	
Hampton-H, LLC	Virginia	Priority Honda Hampton
Hampton-T, LLC	Virginia	
Henderson-Hy, LLC	Nevada	Henderson Hyundai Superstore &
Genesis of Henderson		
Houston-A, Inc.	Texas	
John Eagle Acura		
Houston-H, Inc.	Texas	John Eagle Honda of Houston
Houston-I, Inc.	Texas	
Southwest Infiniti		
Hutchins Eugene Nissan, Inc.	Oregon	Lithia Nissan of Eugene
Hutchins Imported Motors, Inc.	Oregon	Lithia Toyota of Springfield
Jackson-T, LLC	Mississippi	Toyota of Jackson
Katy-H, Inc.	Texas	

Honda Cars of Katy		
Knoxville-CJD, LLC	Tennessee	West Knoxville Chrysler Dodge Jeep Ram
LA Motors Holding, LLC	California	
LAD Advertising, Inc.	Oregon	LAD Advertising LAD Printing The Print Shop at the Commons The Print Shop
LAD Carson-N, LLC	California	Carson Nissan
LAD Mission Viejo-JLR, Inc.	California	Jaguar Land Rover Mission Viejo
LAD Mobu, Inc.	Delaware	
LAD-AU, LLC	California	Audi Downtown LA
LAD-F, LLC	California	Ford of Downtown LA

EXHIBIT 21

**SUBSIDIARIES OF LITHIA MOTORS, INC.**  
(as of December 31, 2021 December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Knoxville-CJD, LLC	Tennessee	Jim Cogdill Chrysler Dodge Jeep Ram
LA Motors Holding, LLC	California	
LAD Advertising, Inc.	Oregon	LAD Advertising
LAD Printing		
The Print Shop at the Commons		
The Print Shop		
LAD Carson-N, LLC	California	
Carson Nissan		
LAD Mission Viejo-JLR, Inc.	California	
Jaguar Land Rover Mission Viejo		
LAD Mobu, Inc.	Delaware	
LAD-AU, LLC	California	
Audi Downtown LA		
LAD-F, LLC	California	Ford of Downtown LA
LAD-MB, LLC	California	Mercedes-Benz of Downtown LA
Downtown LA Motors		
LAD-N, LLC	California	
Nissan of Downtown LA		
LAD-P, LLC	California	Porsche of Downtown LA
LAD-T, LLC	California	
Toyota of Downtown LA		
LAD-V, LLC	California	Volkswagen of Downtown LA
Las Vegas-CJD, LLC	Nevada	Sahara CJDR Chrysler Dodge Ram
Las Vegas-G, LLC	Nevada	Genesis of Las Vegas
Las Vegas-Hy, LLC	Nevada	Hyundai of Las Vegas
Las Vegas-J, LLC	Nevada	Jeep Only
Latham Ford-F, LLC	New York	Ford of Latham
Lauderdale-A, LLC	Florida	Audi Fort Lauderdale

LBMP, LLC	Oregon	
BMW Portland		
League City-H, Inc.	Texas	
Honda of Clear Lake		
Lexington-CJD, LLC	Kentucky	TBD Freedom Chrysler Dodge Ram of Lexington Freedom RAM Truck Center of Lexington Freedom Jeep of Lexington
LFKF, LLC	Oregon	Lithia Ford of Klamath Falls
LGPAC, Inc.	Oregon	Lithia's Grants Pass Auto Center
Xpress Lube		
Lithia AcDM, Inc.	Iowa	
Acura of Johnston		
Lithia Aircraft, Inc.	Oregon	
Lithia Anchorage-C, LLC	Alaska	
Chevrolet of Wasilla		
Lithia Anchorage-H, LLC	Alaska	Lithia Kia of Anchorage
Lithia Armory Garage, LLC	Delaware	Armory Chrysler Dodge Jeep Ram Fiat of Albany
Lithia Auction & Recon, LLC	Delaware	Auction & Recon
Lithia Auto Services, Inc.	Oregon	Lithia Body & Paint
Lithia BA Holding, Inc.	Delaware	
Lithia Baierl-S, LLC	Pennsylvania	Baierl Subaru Collision Center
Lithia BNM, Inc. (non-operating)	Oregon	

EXHIBIT 21

**SUBSIDIARIES OF LITHIA MOTORS, INC.**  
(as of December 31, 2021 December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Lithia Body & Paint		
Assured Dealer Services		
Lithia BA Holding, Inc.	Delaware	
Lithia Baierl-S, LLC	Pennsylvania	
Baierl Subaru		
Lithia BNM, Inc. (non operating)	Oregon	
Lithia Bryan Texas, Inc.	Texas	Lithia Chrysler Dodge Jeep Dodge of Ram Fiat of Bryan College Station
Lithia CCTF, Inc.	Idaho	
Lithia CDH, Inc.	Montana	Lithia Chrysler Dodge Jeep Dodge Ram Fiat of Helena
Lithia CIMR, Inc.	California	Lithia Chevrolet of Redding
Lithia CJDO, Inc.	Texas	All American Chrysler Jeep Dodge of Odessa
Lithia CJDSA, Inc.	Texas	All American Chrysler Dodge Jeep Ram Fiat of San Angelo
All American Autoplex		
Lithia CJDSF, Inc.	New Mexico	Lithia Chrysler Dodge Jeep Ram Fiat of Santa Fe
Lithia CM, Inc.	Texas	All American Chevrolet of Midland All American Collision of Midland
Lithia CO, Inc.	Texas	All American Chevrolet of Odessa
All American Collision		
Lithia Community Development Company, Inc.	Oregon	
Lithia Crater Lake-F, Inc.	Delaware	
Crater Lake Ford Lincoln		
Lithia Crater Lake-M, Inc.	Delaware	
Crater Lake Mazda		
Lithia CSA, Inc.	Texas	All American Chevrolet of San Angelo All American Collision Center of San Angelo
Lithia DE, Inc.	Oregon	Lithia Chrysler Dodge Jeep Ram Fiat of Eugene
Lithia Des Moines-VW, LLC	Iowa	Lithia Volkswagen of Des Moines
Lithia DM, Inc.	Oregon	Lithia Chrysler Dodge Jeep Dodge
Lithia Dodge		
Xpress Lube		Ram Fiat
Lithia DMID, Inc.	Texas	All American Dodge of Midland
All American Chrysler Jeep Dodge Ram of Midland		
Lithia Dodge of Tri-Cities, Inc.	Washington	Lithia Chrysler Dodge Jeep Ram Fiat of Tri-Cities

EXHIBIT 21

**SUBSIDIARIES OF LITHIA MOTORS, INC.**  
(as of December 31, 2023)

Lithia  
Chrysler  
Jeep  
Dodge  
of Tri-  
Cities

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Lithia Eatontown-F, LLC	New Jersey	
DCH Ford of Eatontown		
Lithia Financial Corporation (previously Lithia Leasing, Inc. and Lithia Credit, Inc.)	Oregon	Lithia Leasing
Lithia FLCC, LLC	Texas	Access Ford Lincoln of Corpus Christy Collision Center
Lithia FMF, Inc.	California	Lithia Ford of Fresno
Lithia Ford Lincoln of Fresno		
Lithia Ford of Boise, Inc.	Idaho	Lithia Ford Lincoln of Boise
Lithia Ford Fresno, Inc.	California	Lithia Subaru of Boise Fresno
Lithia Georgia Real Estate, LLC	Georgia	
Auto Credit Lithia Hamilton-H, LLC	New Jersey	Hamilton Honda
Lithia Hazleton-H, LLC	Pennsylvania	
Lithia HDM, Inc.	Iowa	Honda of Ames
Lithia HGF, Inc.	Montana	
Lithia HMID, Inc.	Texas	Hyundai of Odessa
Lithia HPI, Inc. (non-operating)	Oregon	
Lithia Idaho Falls-F, Inc.	Delaware	Lithia Body and Paint of Idaho Falls
Lithia Imports of Anchorage, Inc.	Alaska	Lithia Anchorage Auto Body
Lithia Insurance Services, LLC	Oregon	
Lithia JEF, Inc.	California	Lithia Hyundai of Fresno
Lithia Klamath, Inc.	Oregon	Lithia Chrysler Jeep Dodge of Klamath Falls Lithia Body and Paint of Klamath Falls
Lithia Klamath-T, Inc.	Oregon	Lithia Toyota of Klamath Falls
Lithia LSGF, Inc.	Montana	
Lithia MBDM, Inc.	Iowa	Mercedes-Benz of Des Moines
Lithia Medford HON, Inc.	Oregon	Lithia Honda
Lithia Michigan Holding, Inc.	Michigan	
Lithia Middletown-L, LLC	New York	Lexus of Orange County
Lithia Monroeville-C, LLC	Pennsylvania	
Lithia Monroeville-F, LLC	Pennsylvania	
Lithia Moon-S, LLC	Pennsylvania	Driveway Subaru of Moon Township

EXHIBIT 21

**SUBSIDIARIES OF LITHIA MOTORS, INC.**

(as of December 31, 2021 December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Lithia Body & Paint of Boise		
Lithia Fresno, Inc.	California	Lithia Subaru of Fresno
Fresno Mitsubishi		
Lithia Hamilton-H, LLC	New Jersey	
DCH Hamilton Honda		
Lithia Hazleton-H, LLC	Pennsylvania	
Lithia HDM, Inc.	Iowa	
Honda of Ames		
Lithia HGF, Inc.	Montana	Honda of Great Falls
Lithia HMID, Inc.	Texas	
Hyundai of Odessa		
Lithia HPI, Inc. (non operating)	Oregon	
Lithia Idaho Falls-F, Inc.	Delaware	Lithia Ford of Idaho Falls
Lithia Body and Paint of Idaho Falls		
Lithia Imports of Anchorage, Inc.	Alaska	Lithia Anchorage Auto Body
Lithia-Hyundai of Anchorage		
Lithia JEF, Inc.	California	Lithia Hyundai of Fresno
Genesis of Fresno		
Lithia Klamath, Inc.	Oregon	Lithia Chrysler Jeep Dodge of Klamath Falls
Lithia Toyota of Klamath Falls		
Lithia Klamath Falls Auto Center		
Lithia Body and Paint of Klamath Falls		
Lithia Klamath-T, Inc.	Oregon	Lithia Toyota of Klamath Falls
Lithia LBGGF, Inc.	Montana	
Lithia LHGF, Inc.	Montana	
Lithia MBDM, Inc.	Iowa	Mercedes Benz of Des Moines
European Motorcars Des Moines		
Lithia McMurray-C, LLC	Pennsylvania	
Lithia Medford HON, Inc.	Oregon	
Lithia Honda		
Lithia Michigan Holding, Inc.	Michigan	
Lithia Middletown-L, LLC	New York	DCH Prestige Lexus of Middletown
Lexus of Orange County		
Lithia Monroeville-A, LLC	Pennsylvania	
Lithia Monroeville-C, LLC	Pennsylvania	
Lithia Monroeville-F, LLC	Pennsylvania	
Ford of Monroeville		
Lithia Moon-S, LLC	Pennsylvania	Subaru of Moon Township
Lithia Moon-V, LLC	Pennsylvania	Volkswagen of Moon Township
Lithia Morgantown-CJD, LLC	West Virginia	Chrysler Dodge Jeep Ram Fiat of Morgantown
Lithia Morgantown-F, LLC	West Virginia	Ford Lincoln of Morgantown
Lithia Morgantown-S, LLC	West Virginia	Subaru of Morgantown
Lithia Motors Support Services, Inc.	Oregon	Lithia's LAD Travel Service
Lithia MTLM, Inc.	Oregon	Lithia Toyota
Lithia's Pre-Owned Outlet		
Lithia NA, Inc.	Alaska	BMW of Anchorage

EXHIBIT 21

**SUBSIDIARIES OF LITHIA MOTORS, INC.**  
(as of December 31, 2021)

NAME OF ENTITY	STATE OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
MINI of Anchorage		
Lithia NC, Inc.	California	
Lithia Nissan of Clovis		
Lithia ND Acquisition Corp. #1	North Dakota	Lithia Ford Lincoln of Grand Forks
Lithia ND Acquisition Corp. #3	North Dakota	
Lithia Chrysler Jeep Dodge of Grand Forks ND Acquisition Corp. #4	North Dakota	
Lithia NDM, Inc.	Iowa	Lithia Nissan of Ames
Lithia NE Tech Training, LLC	New Jersey	
Lithia NF, Inc.	California	
Lithia Nissan of Fresno		
Lithia Northeast Real Estate, LLC	New Jersey	
Lithia Northwest Real Estate, LLC	Oregon	
Lithia NSA, Inc.	Texas	Honda of San Angelo
All American Autoplex Lithia of Abilene, LLC	Texas	
Los Angeles-M, Inc.	California	Keyes European
Lithia of Anchorage, Inc.	Alaska	Lithia Chrysler Dodge Jeep Ram Fiat of Anchorage
Lithia Value Autos		
Lithia of Bend #1, LLC	Oregon	
Bend Honda		
Lithia of Bend #2, LLC	Oregon	Chevrolet Cadillac of Bend
Lithia Body & Paint of Bend		
Lithia of Bennington - 1, LLC	Vermont	Bennington Ford
Lithia of Bennington - 2, LLC	Vermont	Bennington Hyundai
Lithia of Bennington - 3, LLC	Vermont	Bennington Honda
Lithia of Bennington - 4, LLC	Vermont	Bennington Toyota
Lithia of Billings II LLC	Montana	Lithia Toyota of Billings
Lithia of Billings, Inc.	Montana	Lithia Chrysler Jeep Dodge of Billings
Lithia of Casper, LLC	Wyoming	Greiner Ford Lincoln of Casper
Lithia of Clear Lake, LLC	Texas	
Subaru of Clear Lake		
Lithia of Corpus Christi, Inc.	Texas	Lithia Dodge of Corpus Christi
Lithia Chrysler Jeep Dodge of Corpus Christi		
Lithia of Des Moines, Inc.	Iowa	BMW of Des Moines
European Motorcars Des Moines		
Lithia Body and Paint of Des Moines		
Lithia of Eureka, Inc.	California	Lithia Chrysler Dodge Jeep Ram Fiat of Eureka
Lithia of Fairbanks, Inc.	Alaska	Chevrolet Buick GMC of Fairbanks
Lithia of Great Falls, Inc.	Montana	Lithia Chrysler Jeep Dodge of Great Falls
Lithia of Helena, Inc.	Montana	Chevrolet of Helena
Chevrolet of Helena		
Lithia of Honolulu-A, Inc.	Hawaii	
Acura of Honolulu		
Lithia of Honolulu-BGMCC, LLC	Hawaii	Honolulu Cadillac
Honolulu Buick GMC		
Honolulu Buick GMC Cadillac		

## SUBSIDIARIES OF LITHIA MOTORS, INC.

(as of December 31, 2021 December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Lithia of Billings, Inc.	Montana	Lithia Chrysler Jeep Dodge of Billings Lithia Body and Paint of Billings
Lithia of Casper, LLC	Wyoming	Greiner Collision Center Greiner Ford of Casper
Lithia of Corpus Christi, Inc.	Texas	Lithia Body and Paint of Corpus Christi Lithia Pre-Owned Vehicles Lithia Chrysler Dodge Jeep Ram of Corpus Christi
Lithia of Des Moines, Inc.	Iowa	BMW of Des Moines Lithia Body and Paint of Des Moines
Lithia of Eureka, Inc.	California	
Lithia of Fairbanks, Inc.	Alaska	Chevrolet GMC of Fairbanks
Lithia of Great Falls, Inc.	Montana	Lithia Chrysler Dodge Jeep Ram of Great Falls
Lithia of Helena, Inc.	Montana	Lithia Chevrolet GMC of Helena
Lithia of Honolulu-A, Inc.	Hawaii	Acura of Honolulu
Lithia of Honolulu-BGMCC, LLC	Hawaii	Honolulu Buick GMC Cadillac
Lithia of Honolulu-F, LLC	Delaware	
Honolulu Ford		
Lithia of Honolulu-V, LLC	Hawaii	
Honolulu Volkswagen		
Lithia of Killeen, LLC	Texas	All American Chevrolet of Killeen
Lithia of Lodi, Inc.	California	Lodi Toyota
Lithia of Maui-H, LLC	Hawaii	
Island Honda		Island Auto Center
Lithia of Missoula II, LLC	Montana	Lithia Toyota of Missoula
Lithia of Missoula III, Inc.	Montana	
Lithia Ford of Missoula		
Lithia of Missoula, Inc.	Montana	Lithia Chrysler Jeep Dodge of Missoula
Lithia Auto Center of Missoula		
Lithia of Pocatello, Inc.	Idaho	Lithia Hyundai Chrysler Dodge Jeep Ram of Pocatello
Lithia Chrysler Jeep Dodge of Pocatello		
Lithia Dodge Trucks of Pocatello		
Lithia of Portland I, LLC	Oregon	Lithia Chrysler Dodge Jeep Ram of Portland
Lithia of Portland, LLC	Oregon	Buick GMC of Beaverton
Lithia of Robstown, LLC	Delaware	Chrysler Dodge Jeep Ram of Calallen

## SUBSIDIARIES OF LITHIA MOTORS, INC.

(as of December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Lithia of Roseburg, Inc. Lithia Roseburg Auto Center	Oregon	Lithia Chrysler Dodge Jeep Dodge Ram Fiat of Roseburg
Lithia of Santa Rosa, Inc.	California	
Lithia of Seattle, Inc. BMW Seattle	Washington	
Lithia of South Central AK, Inc.	Alaska	Chevrolet of South Anchorage
Lithia of Spokane II, Inc.	Washington	Lithia Chrysler Dodge Jeep Ram Fiat of Spokane
Lithia of Spokane, Inc.	Washington	
Lithia of Stockton, Inc. Kia of Stockton	California	Nissan of Stockton
Lithia of Stockton-V, Inc. Volkswagen of Stockton	California	
Lithia of TF, Inc.	Idaho	Lithia Chrysler Jeep Dodge of Twin Falls
Lithia of Troy, LLC Carbone Subaru Lithia of Utica - 1, LLC	New York	Subaru of Troy
Lithia of Utica - 2, LLC Don's Ford Body Shop Don's Ford	New York	
Lithia of Utica - 3, LLC Don's Subaru	New York	of Utica
Lithia of Utica - 4, LLC Carbone Cadillac of Utica	Delaware	Carbone Buick GMC Cadillac of Utica
Lithia of Walnut Creek, Inc.	California	Diablo Subaru of Walnut Creek Lithia Pre-Owned Center of Walnut Creek
Lithia of Wasilla, LLC	Alaska	Lithia Chrysler Jeep Dodge Ram of Wasilla
Lithia of Yorkville - 1, LLC Carbone Chevrolet of Yorkville	New York	Carbone Chevrolet Buick Cadillac GMC
Lithia of Yorkville - 2, LLC Chrysler Dodge Jeep Ram of Utica	New York	Carbone Chrysler Dodge Jeep Ram
Lithia of Yorkville - 3, LLC Lithia of Yorkville - 4, LLC	New York	
Lithia of Yorkville - 5, LLC	New York	
Lithia Orchard Park-H, LLC	Delaware	Ray Laks Honda
Lithia Paramus-M, LLC	New Jersey	Mercedes-Benz of Paramus
Lithia Pittsburgh-S, LLC	Pennsylvania	Subaru of South Hills
Lithia Ramsey-B, LLC	New Jersey	BMW of Ramsey
Lithia Ramsey-L, LLC	New Jersey	Prestige Lexus of Ramsey

EXHIBIT 21

**SUBSIDIARIES OF LITHIA MOTORS, INC.**  
(as of December 31, 2021 December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Carbone Honda		
Lithia of Yorkville - 4, LLC	New York	
Carbone Hyundai		
Lithia of Yorkville - 5, LLC	New York	
Carbone Nissan		
Lithia Orchard Park-H, LLC	Delaware	Ray Laks Honda of Orchard Park
Ray Laks Honda		
Lithia Paramus-M, LLC	New Jersey	Prestige Mercedes-Benz of Paramus
DCH Prestige Mercedes-Benz of Paramus		
Mercedes-Benz of Paramus		
Lithia Pittsburgh-S, LLC	Pennsylvania	
Subaru of South Hills		
Lithia Ramsey-B, LLC	New Jersey	Prestige BMW of Ramsey
DCH Prestige BMW of Ramsey		
BMW of Ramsey		
Lithia Ramsey-L, LLC	New Jersey	Prestige Lexus of Ramsey
DCH Prestige Lexus of Ramsey		
Lithia Ramsey-M, LLC	New Jersey	Prestige MINI of Ramsey
DCH Prestige MINI of Ramsey		
MINI of Ramsey		
Prestige MINI of Dutchess County		
DCH Prestige MINI of Dutchess County		
MINI of Wappingers Falls		
Lithia Ramsey-T, LLC	New Jersey	Prestige Toyota of Ramsey
DCH Prestige Toyota of Ramsey		
Lithia Real Estate, Inc.	Oregon	
Lithia Reno-CJ, LLC	Nevada	Lithia Chrysler Jeep of Reno
Lithia Reno-VW, LLC	Nevada	Lithia Volkswagen of Reno
Lithia Reno Sub-HYUN, Inc.	Nevada	
Lithia Body & Paint		Lithia Reno Subaru
Lithia Rose-FT, Inc.	Oregon	Lithia Body & Paint of Roseburg Lithia Ford Lincoln of Roseburg
Assured Dealer Services of Roseburg		
Lithia RV Holdings, Inc.	Oregon	
Lithia Salmir, Inc.	Nevada	
Lithia Hyundai of Reno		
Lithia Sea P, Inc.	California	
Porsche Monterey		
Lithia Seaside, Inc.		
	California	BMW of Monterey
Lithia SOC, Inc.	Oregon	Lithia Subaru of Oregon City
Lithia Spokane-B, LLC	Washington	BMW of Spokane
Lithia Spokane-S, LLC	Washington	Subaru of Spokane
Lithia SSP, LLC	Oregon	
Lithia TA, Inc.	Texas	Lithia Toyota of Abilene
Lithia Tennessee Holding, Inc.	Tennessee	

## SUBSIDIARIES OF LITHIA MOTORS, INC.

(as of December 31, 2021)

NAME OF ENTITY	STATE OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Lithia TO, Inc.	Texas	Lithia Toyota of Odessa
Lithia TR, Inc.	California	Lithia Toyota of Redding
Lithia Uniontown-C, LLC	Pennsylvania	
Lithia VA Real Estate, LLC	Virginia	
Lithia VA Sales and Credit, LLC	Virginia	Priority Value Auto Sales Central Atlantic Sales (Newport News)
Lithia VAuDM, Inc.	Iowa	
Audi Des Moines		
Lithia VF, Inc.	California	Volkswagen of Des Moines
Lithia Virginia Holding, Inc.	Virginia	
Lithia Wexford-H, LLC	Pennsylvania	
Baierl Honda		
LLL Sales Co LLC	California	DCH Gardena Honda
Gardena Honda		
Gardena Honda, a DCH Company		
All-Savers Auto Sales & Leasing		
LMBB, LLC		
	Oregon	Mercedes-Benz of Beaverton

## SUBSIDIARIES OF LITHIA MOTORS, INC.

(as of December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
LMBP, LLC	Delaware	Mercedes-Benz of Portland
Smart Center of Portland		
LMOP, LLC	Oregon	
MINI of Portland		
LSTAR, LLC	Oregon	
Madison-H, Inc.	Wisconsin	Wilde East Town Towne Honda   Madison
Wesley Chapel-M, LLC (formerly known as Margate-CJD, LLC)	Florida	
Mazda of Wesley Chapel		
Medford Insurance, LLC	Oregon	
Mesquite-K, Inc.	Texas	TBD Southwest Kia Mesquite
Mesquite-M, Inc.	Texas	
Miami Gardens-BG, LLC	Florida	Lehman Buick GMC
Miami Gardens-G, LLC	Florida	Lehman Genesis
Miami Gardens-Hy, LLC	Florida	Lehman Hyundai Lehman Auto World Collision Center
Miami Gardens-M, LLC	Florida	William Lehman Mitsubishi
Miami Gardens-S, LLC	Florida	Subaru of North Miami
Milton-Air, LLC	Washington	Seattle Airstream Adventures
Mission Hills-H, Inc.		
California		
	Keyes Hyundai of Mission Hills	
Mobile-S, LLC	Alabama	TBD
Morgan Hill-Air, Inc.	California	South Bay Airstream Adventures
Newport News-C, LLC	Virginia	Priority Chevrolet
New Port Richey-Moto, LLC	Florida	
Norfolk-F, LLC	Virginia	Priority Ford Norfolk Norfolk Priority Collision
Northland Ford Inc.	Pennsylvania	
Baierl Ford		
Novi-I, LLC	Michigan	Suburban Infiniti
Suburban Infiniti of Novi		
The Suburban Collection		
Orlando-JLR, LLC		

**EXHIBIT 21**
**SUBSIDIARIES OF LITHIA MOTORS, INC.**

(as of December 31, 2021)

NAME OF ENTITY	STATE OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Florida		
Oxnard Business Services Inc.	California	Land Rover Orlando
Wesley Chapel-Hy, LLC (formerly known as Palm Beach-CJD, LLC)	Florida	Hyundai of Wesley Chapel
PA Real Estate, LLC	Pennsylvania	

**SUBSIDIARIES OF LITHIA MOTORS, INC.**

(as of December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
PA Support Services, LLC	Pennsylvania	
Paramus Collision, Panama City-Moto, LLC	New Jersey	Prestige Auto Body
Prestige Collision Center	Florida	
Paramus World Motors LLC	New Jersey	DCH Paramus Honda
Paramus Honda		
Crown Leasing		
Personalized Marketing, LLC	Oregon	
Philadelphia-F, LLC	Pennsylvania	
Phoenix-T, Inc.	Arizona	
Arizona		
Bell Road Toyota		
Driveway Bell Road Toyota		
Bell Road Certified Collision Center		Bell Road Toyota
Plymouth-C, LLC	Michigan	
Suburban Cadillac		
of Plymouth Suburban Cadillac Collision of Plymouth		
Suburban Cadillac of Plymouth		
Suburban Collision Centers		
The Suburban Collection		
Ramsey HoldingCo, Inc.	Iowa	
Redwood-Hy, LLC	Nevada	ABC Hyundai
RFA Holdings, LLC	Oregon	
Roanoke-H, LLC	Virginia	Priority Honda Roanoke
Rock Business Services, Inc.	California	
Rockwall-H, Inc.	Texas	
Honda Cars of Rockwall		
Rockwall-K, Inc.	Texas	TBD Southwest Kia of Rockwall
Roseville-C, Inc.	California	John L. Sullivan Chevrolet
Roseville-K, Inc.	California	John L. Sullivan's Roseville Kia
Roseville-T, Inc.	California	Roseville Toyota
Round Rock-K, Inc.	Texas	Kia of Round Rock
Sacramento-L, Inc.	California	Lexus of Sacramento Lexus of Roseville
Lexus of Sacramento		
Salem-B, LLC	Oregon	
BMW of Salem		
Salem-H, LLC	Oregon	
Honda of Salem		
Salem-V, LLC	Oregon	
Volkswagen of Salem		
San Antonio-H, LLC	Texas	Hill Country Honda
Sanford-CJD, LLC	Florida	Chrysler Dodge Jeep Ram of Seminole County
San Francisco-B, Inc.	California	BMW of San Francisco MINI of San Francisco
SCFC Business Services LLC	Delaware	

## SUBSIDIARIES OF LITHIA MOTORS, INC.

(as of December 31, 2021 December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
BMW of San Francisco		
SCFC Business Services LLC	Delaware	
Sharlene Realty LLC	New Jersey	DCH Brunswick Toyota
Brunswick Toyota		
DCH Collision Center		
Sherman Oaks-A, Inc.	California	
California		
Keyes Audi		Van Nuys
Sherman Oaks-Ac, Inc.	California	Acura of Sherman Oaks
Sherman Oaks-B, Inc.	California	BMW of Sherman Oaks
Shift Portland, LLC	Oregon	
Smyrna-F, LLC	Georgia	TBD Wade Ford Wade Ford (Pre-Owned) Wade Ford (Fleet)
Driveway Finance Corporation (formerly known as Southern Cascades Finance Corporation)	Oregon	
Southeast SS, LLC	Tennessee	Southeast Support Services
Southwest Realty Holdings Holdco, LLC	Nevada	
Spokane Valley-Air, LLC	Washington	Spokane Airstream Adventures
Springfield-T, LLC	Virginia	Priority Toyota Springfield
Sterling Heights-F, LLC	Michigan	
Quick Lane Tire and Auto Center of Sterling Heights		
Suburban Collision Centers		
Suburban Ford of Sterling Heights		
Suburban Used Car Outlet		
The Suburban Collection		
Sterling-BM, LLC	Virginia	BMW of Sterling
MINI of Sterling		
Sterling-RLM, LLC	Virginia	
Lamborghini Washington		
McLaren Washington		
Rolls-Royce Motor Cars Washington		
Bugatti Washington		
Suburban Auto Agency, LLC	Michigan	
New Port Richey-H, LLC (formerly known as Tamarac-CJD, LLC)	Florida	
Genesis of New Port Richey Hyundai of New Port Richey		Hyundai of New Port Richey Certified Used Cars
New Port Richey-V, LLC	Florida	Volkswagen of New Port Richey
Tampa-F, LLC	Florida	Elder Ford of Tampa Elder Ford Collision
Tampa-H, LLC	Florida	Tampa Honda

Thousand Oaks-S, Inc.	California	DCH Subaru of Thousand Oaks
TN Real Estate, LLC		
Tennessee		
Troy Collision, LLC	Michigan	Suburban Collision Centers
Suburban Collision of Troy		
The Suburban Collection		
Troy Exotics, LLC	Michigan	Aston Martin Detroit
Aston Martin Troy		

EXHIBIT 21

**SUBSIDIARIES OF LITHIA MOTORS, INC.**

(as of December 31, 2021 December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Bentley Troy Tampa Bay-Moto, LLC	Florida	
Bugatti Troy Thousand Oaks-S, Inc.	California	DCH Subaru of Thousand Oaks
TN Real Estate, LLC	Tennessee	
Lamborghini Troy Collision, LLC	Michigan	Suburban Collision of Troy
Troy Exotics, LLC	Michigan	Aston Martin Detroit Bentley Troy Lamborghini Troy Maserati of Troy
Maserati Troy		
McLaren Troy		
Rolls-Royce Motor Cars of Michigan		
Suburban Exotics		
The Suburban Collection		
Troy-A, LLC	Michigan	
Troy-F, LLC	Michigan	Elder Suburban Ford of Troy
Troy-BG, LLC	Michigan	Suburban Buick GMC
Suburban Buick GMC of Troy		
The Suburban Collection		
Troy-C, LLC	Michigan	Suburban Cadillac
Suburban Cadillac of Troy		
The Suburban Collection		
Troy-CJD, LLC	Michigan	Suburban CDJR of Troy
Suburban Chrysler Dodge Jeep Ram of Troy		
The Suburban Collection		
Troy-H, LLC	Michigan	Hyundai of Troy
Suburban Hyundai of Troy		
Suburban Hyundai		
The Suburban Collection		
Troy-I, LLC	Michigan	Suburban Infiniti
Suburban Infiniti of Troy		
The Suburban Collection		
Troy-JLR, LLC	Michigan	

Jaguar Land Rover Troy		
Jaguar Troy		
Land Rover Troy		
The Suburban Collection		
Troy-N, LLC	Michigan	Suburban Nissan
Suburban Nissan of Troy		
The Suburban Collection		
Troy-S, LLC	Michigan	Suburban Subaru
Suburban Subaru of Troy		
The Suburban Collection		
Troy-T, LLC	Michigan	Suburban Toyota
Suburban Toyota of Troy		
The Suburban Collection		
Troy-V, LLC	Michigan	Suburban Volvo Cars
The Suburban Collection		
Troy-VW, LLC	Michigan	Suburban Volkswagen of Troy
Troy-M, LLC	Michigan	Suburban Nissan Mazda of Troy
Tustin Motors Inc.	California	DCH Tustin Acura
Union-H, LLC	New Jersey	Planet Honda
Union-K, LLC	New Jersey	
Urbandale-S, LLC	Iowa	Ramsey Subaru of Des Moines
Valencia-A, Inc.	California	

EXHIBIT 21

**SUBSIDIARIES OF LITHIA MOTORS, INC.**  
(as of December 31, 2021 December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Suburban Volkswagen		
Suburban Volkswagen of Troy		
The Suburban Collection		
Troy-M, LLC	Michigan	Suburban Mazda of Troy
Tustin Motors Inc.	California	DCH Tustin Acura
Tustin Acura		
Union-H, LLC	New Jersey	
Union-K, LLC	New Jersey	
Urbandale-S, LLC	Iowa	Ramsey Subaru of Des Moines
Ramsey Mazda		
Valencia-A, Inc.	California	Audi Valencia
Van Nuys-C, Inc.	California	Keyes Chevrolet
Van Nuys-H, Inc.	California	Keyes Hyundai of Van Nuys
Van Nuys-L, Inc.	California	Keyes Lexus
Keyes Lexus of Valencia		Keyes Lexus
Van Nuys-T, Inc.	California	Keyes Toyota
Vienna-MN, LLC	Virginia	
Washington-F, LLC	Michigan	Elder Suburban Ford of Romeo
Waterford-F, LLC	Michigan	
Suburban Collision Centers		
Suburban Ford of Waterford		
Suburban Ford Collision Centers of Waterford		
The Suburban Collection		
Waukesha-CJD, Inc.	Wisconsin	Wilde Chrysler Dodge Jeep Dodge Ram
Waukesha-H, Inc.	Wisconsin	Wilde Honda   Metro Milwaukee
Waukesha-S, Inc.	Wisconsin	Wilde Subaru
Wesley Chapel-H, LLC	Florida	Wesley Chapel Honda Wesley Chapel Pre-Owned Super Center
Wesley Chapel-T, LLC	Florida	Wesley Chapel Toyota
Wesley Chapel-Moto, LLC	Florida	
West Allis-T, Inc.	Wisconsin	Wilde Toyota
Yuba City-CJD, Inc.	California	John L. Sullivan Chrysler Dodge Jeep RAM
Zelienople Real Estate, L.L.C.	Pennsylvania	
Zelienople Real Estate I, L.P.	Pennsylvania	
Lithia Canada Holding Company, Inc	Canada	Lithia Canada Hold Co
Lithia Master LP Company, LP	Canada	Lithia Master LP and Pfaff APC
Lithia Master GP Company, Inc	Canada	
Lithia Canada Real Estate, Inc	Canada	
Lithia Canada Real Estate 2, Inc	Canada	
Canada-MC, LP	Canada	McLaren Distributorship
Canada-MC GP, Inc	Canada	
Motus Car Rental, LP	Canada	Motus Rental Car, Pfaff Wholesale-Parts & Pfaff Wholesale-Vehicles

EXHIBIT 21

**SUBSIDIARIES OF LITHIA MOTORS, INC.**

(as of December 31, 2023)

<b>NAME OF ENTITY</b>	<b>STATE OR COUNTRY OF ORIGIN</b>	<b>ASSUMED BUSINESS NAME(S) (if different than entity name)</b>
Motus Car Rental GP, Inc	Canada	
Vaughan-P, LP	Canada	Pfaff Porsche
Vaughan-P GP, Inc	Canada	
Vaughan-A, LP	Canada	Pfaff Audi
Vaughan-A GP, Inc	Canada	
Vaughan-S, LP	Canada	Singer
Vaughan-S GP, Inc	Canada	
Woodbridge-PA, LP	Canada	Pagani of Toronto
Woodbridge-PA GP, Inc	Canada	
Woodbridge-MC, LP	Canada	McLaren Toronto
Woodbridge-MC GP, Inc	Canada	
Autoworks Woodbridge, LP	Canada	Pfaff Autoworks & Pfaff Tuning
Autoworks Woodbridge GP, Inc	Canada	
Lithia Canada Leasing, LP	Canada	Pfaff Leasing & Pfaff Reserve
Lithia Canada Leasing GP, Inc	Canada	
Mississauga-B, LP	Canada	Pfaff BMW
Mississauga-B GP, Inc	Canada	
Guelph-S, LP	Canada	Pfaff Subaru
Guelph-S GP, Inc	Canada	
Markham-P, LP	Canada	Porsche Centre Markham
Markham-P GP, Inc	Canada	
Newmarket-V, LP	Canada	Volkswagen of Newmarket
Newmarket-V GP, Inc	Canada	
Newmarket-A, LP	Canada	H.J. Pfaff Audi
Newmarket-A GP, Inc	Canada	
Markham-B, LP	Canada	BMW Markham & Mini Markham
Markham-B GP, Inc	Canada	
Richmond Hill-H, LP	Canada	Pfaff Harley-Davidson

**EXHIBIT 21**

**SUBSIDIARIES OF LITHIA MOTORS, INC.**

(as of December 31, 2023)

NAME OF ENTITY	STATE OR COUNTRY OF ORIGIN	ASSUMED BUSINESS NAME(S) (if different than entity name)
Richmond Hill-H GP, Inc	Canada	
Autoworks Markham, LP	Canada	Pfaff Autoworks
Autoworks Markham GP, Inc	Canada	
Vancouver-MP, LP	Canada	McLaren Vancouver
Vancouver-MP GP, Inc	Canada	
Thornhill-H, LP	Canada	Sisley Honda of Thornhill
Thornhill-H GP, Inc	Canada	
Thornhill-A, LP	Canada	Acura of Thornhill
Thornhill-A GP, Inc	Canada	
Vaughan-D, LP	Canada	Ducati Toronto
Vaughan-D GP, Inc	Canada	
Lithia UK Holding Limited	United Kingdom	
Jardine Motors Group UK Limited	United Kingdom	
Jardine Sports Cars Limited	United Kingdom	
Jardine Specialist Cars Limited	United Kingdom	
Wayside Trade Parts Limited	United Kingdom	
Lancaster Public Limited Company	United Kingdom	
Jardine Motors Pension Trustee Limited	United Kingdom	
JMG (Scotland) Limited	United Kingdom	
Jardine Cars Limited	United Kingdom	
Jardine Luxury Vehicles Limited	United Kingdom	
Jardine Automotive Limited	United Kingdom	
JMG LP	United Kingdom	
Arden Maidstone Limited	United Kingdom	Arden Maidstone BMW Mini
Arden Tunbridge Wells Limited	United Kingdom	Arden Tunbridge Wells BMW Mini Motorrad
Arden Aylesford Limited	United Kingdom	
Arden 2 Limited	United Kingdom	

EXHIBIT 23

### CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors  
Lithia Motors, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-190192, 333-43593, 333-69169, 333-69169, 333-156410, 333-39092, 333-61802, 333-106686, 333-116839, 333-116840, 333-135350, 333-161590, 333-168737, 333-231255) on Form S-8 and (No. 333-239969) on Form S-3 of our reports dated February 24, 2023 February 23, 2024, with respect to the consolidated financial statements of Lithia Motors, Inc, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Portland, Oregon  
February 24, 2023 23, 2024

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Bryan B. DeBoer, certify that:

1. I have reviewed this annual report on Form 10-K of Lithia Motors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2023 February 23, 2024

By: /s/ Bryan B. DeBoer

Bryan B. DeBoer

Chief Executive Officer, President, Director, and Principal Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Tina Miller, certify that:

1. I have reviewed this annual report on Form 10-K of Lithia Motors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2023 February 23, 2024

By: /s/ Tina Miller

Tina Miller

Chief Financial Officer, Senior Vice President, and Principal Accounting Officer

EXHIBIT 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND 18 U.S.C. SECTION 1350**

In connection with the Annual Report of Lithia Motors, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bryan B. DeBoer, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2023 February 23, 2024

By: /s/ Bryan B. DeBoer

Bryan B. DeBoer

Chief Executive Officer, President, Director, and Principal Executive Officer

EXHIBIT 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND 18 U.S.C. SECTION 1350**

In connection with the Annual Report of Lithia Motors, Inc. (the "Company") on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tina Miller, Senior Vice President and Chief Financial Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **February 24, 2023** **February 23, 2024**

By: /s/ Tina Miller

Tina Miller

Chief Financial Officer, Senior Vice President, and Principal Accounting Officer



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LITHIA MOTORS, INC. (THE COMPANY) DODD-FRANK COMPENSATION RECOUPMENT POLICY Adopted July 27, 2023 Purpose Lithia Motors, Inc. (the "Company") has determined that it is in its best interest to adopt this compensation recoupment policy (this "Policy") to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank"), as codified by Section 10D of the Securities Exchange Act of 1934 (the "Exchange Act"), and Section 303A.14 of the New York Stock Exchange Listed Company Manual. Application This Policy provides for the Company's recoupment of certain incentive compensation paid to individuals who are, or were at any time, during the Covered Period (as defined below), executive officers as defined in Rule 10D-1(d) of the Exchange Act (each, a "Covered Executive") in the case of certain restatements of the Company's financial statements filed with the Securities and Exchange Commission ("SEC") to the extent permitted by applicable law. For the avoidance of doubt, a Covered Executive may include a former executive officer that left the Company, retired, or transitioned to an employee role (including after serving as an executive officer in an interim capacity) during a Covered Period. This Policy will be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives. Administration This Policy will be administered by the Compensation Committee (the "Committee") of the Company's Board of Directors (the "Board"). Any determinations made by the Committee will be final and binding on all affected individuals. Interpretation The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC and the New York Stock Exchange. Recoupment In the event the Company is required to prepare an accounting restatement of any of its financial statements filed with SEC under the Exchange Act, or the Securities Act of 1933 due to



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the Company's material noncompliance with any financial reporting requirement under the U.S. federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error correction was recognized in the current period or left uncorrected in the current period (in each case, a "Recoupment Event"), the Committee will review all Incentive Compensation that was received by the Covered Executives in the three fiscal years immediately preceding the earlier of: (i) the date the Board, the Committee, or the officer(s) authorized to take such action if Board or Committee action is not required, concludes, or reasonably should have concluded, that the Recoupment Event has occurred or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement (the "Covered Period"). The Covered Period shall also include any transition period (that results from a change in the Company's fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. For the avoidance of doubt, an out of period adjustment correcting immaterial errors in a prior period that is also not material to the current period is not a Recoupment Event. In connection with such review, the Committee will require that the Covered Employee promptly repay or forfeit to the Company the full amount of the excess of (1) any Incentive Compensation received, paid to, granted to, or earned or vested by the Covered Employee that was calculated based on the financial statements that were subsequently restated over (2) the amount of such Incentive Compensation to which the Covered Employee would have been entitled based on the restated financial statements. For Incentive Compensation based on (or derived from) stock price or total shareholder return where the amount of recoverable Incentive Compensation is not subject to mathematical recalculation directly from the information in the applicable restatement, the amount will be determined by the Committee based on a reasonable estimate of the effect of the restatement on the stock price or total shareholder return upon which the Incentive Compensation was received (in which case, the Company will maintain documentation of such determination of that reasonable estimate and provide such documentation to the New York Stock Exchange). For purposes of this Policy, the term "Incentive Compensation" means any compensation that is received, granted, earned, or vested (i) by an individual while they are a Covered Executive, and (ii) based wholly or in part upon the attainment of a financial reporting measure. "Financial reporting measures" are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, including stock price and total shareholder return. For the avoidance of doubt, Incentive Compensation does not include annual salary (except with respect to any salary increases earned wholly or in part based on the attainment of a financial reporting measure), bonuses paid solely at the discretion of the Committee or Board that are not paid from a "bonus pool" that is determined by satisfying a financial reporting measure performance goal, bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period, non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures; and equity awards that vest solely based on the passage of time and/or attaining one or more non-financial reporting measure.



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For purposes of this Policy, Incentive Compensation will be deemed to have been received during the fiscal period during which the financial reporting measure specified in the compensation award is attained, even if the payment or grant of such Incentive Compensation occurs after the end of such fiscal period. Impracticable The Committee will recover any excess Incentive Compensation received reasonably promptly and in accordance with this Policy unless such recovery would be impracticable, as determined by the Committee or, in the absence of such a Committee, a majority of independent directors on the Board, in accordance with Rule 10D-1 of the Exchange Act and applicable securities exchange rules, and either (i) pursuing such recovery would violate home country law of the jurisdiction of incorporation of the Company where that law was adopted prior to November 28, 2022 and the Company provides an acceptable opinion of counsel to the New York Stock Exchange to that effect; (ii) the direct expense paid to a third party to assist in enforcing this Policy would exceed the recoverable Incentive Compensation and the Company has (A) made a reasonable attempt to recover such amounts and (B) provided documentation of such attempts to recover to the New York Stock Exchange; or (iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of the Internal Revenue Code of 1986, as amended. The Committee will determine, in its sole discretion, the method for recouping Incentive Compensation pursuant to this Policy. Other Recoupment Rights Any rights or remedies under this Policy are in addition to, and not in lieu of, any other rights or remedies that the Company may have pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement, and any other legal rights and remedies available to the Company, or any actions that may be imposed by law enforcement agencies, regulators, administrative bodies or other authorities. This Policy shall apply and control to the extent inconsistent with the Company's Compensation Recoupment policy adopted in 2022 and the recoupment provisions in the Company's Short Term Incentive Plan and those found in the Company's equity award agreements. Amendment The Committee may amend this Policy from time to time in its discretion, and will amend this Policy as it deems necessary to reflect the regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with any rules or standards adopted by a national securities exchange on which the Company's securities are then listed.

Indemnification or Reimbursement



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The Company will not indemnify or reimburse any Covered Executives against the loss of any incorrectly awarded Incentive Compensation. Effective Date This Policy will be effective as of October 2, 2023 and will apply to Incentive Compensation for which the financial reporting measure is attained after that date.

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