

# Group 1 Automotive, Inc.

## Debt Covenant Summary

### JPM Credit Facility

#### 1 Senior Secured Adjusted Leverage Ratio must be < 3.75

##### **ADJUSTED SENIOR SECURED DEBT (numerator)**

- + Mortgage Facility and other real estate debt PLUS current
- + Capital leases
- + Acquisition Line
- + Rent Expense (Property and Equipment) x 8
- + US Letter of Credit for foreign debt

= **ADJUSTED SENIOR SECURED DEBT**

##### **Proforma EBITDA plus Proforma Rent (denominator)**

- + Pre-Tax Income - trailing 12 months (T12)
- + Add back Total Interest Expense (including FP) - T12
- + Add back Depreciation & Amortization - T12
- + Add back Asset Impairments - T12
- + Add Back Gain/Loss on Debt Buybacks or Capital Asset Disposals
- + Add back Other non-cash charges (including asset impairments and stock-based compensation) - T12
- + Add back force majeure charges (limited to \$10M) - T12
- + Add back Other non-recurring charges (limited to \$10M) - T12

= CONSOLIDATED EBITDA

- take out Floorplan Interest Expense - T12

= **CONSOLIDATED adjusted EBITDA (excludes FP Interest Exp)**

+ Add Proforma EBITDA (excluding FP Interest)

+ Proforma Rent Expense (Property and Equipment)

= **CONSOLIDATED PROFORMA EBITDA plus Proforma Rent**

#### 2 Total Adjusted Leverage Ratio must be < 5.50

##### **TOTAL DEBT (numerator)**

- + Mortgage Facility and other real estate debt PLUS current
- + Acquisition Line
- + Notes Payable (Capital lease obligations)
- + 5% Senior Notes (Face value)
- + Rent Expense (Property and Equipment) x 8
- + Retail loan guarantees
- + Guarantees of Foreign Subsidiaries Debt in excess of \$50 million
- + US Letter of Credit for foreign debt

= **ADJUSTED TOTAL DEBT (ex Floorplan)**

##### **Proforma EBITDA plus Proforma Rent (denominator)**

- + Pre-Tax Income - trailing 12 months (T12)
- + Add back Total Interest Expense (including FP) - T12
- + Add back Depreciation & Amortization - T12
- + Add back Asset Impairments - T12
- + Add Back Gain/Loss on Debt Buybacks or Capital Asset Disposals
- + Add back Other non-cash charges (including asset impairments and stock-based compensation) - T12

= CONSOLIDATED EBITDA

- take out Floorplan Interest Expense - T12

= **CONSOLIDATED adjusted EBITDA (excludes FP Interest Exp)**

+ Add Proforma EBITDA (excluding FP Interest)

+ Proforma Rent Expense (Property and Equipment)

= **CONSOLIDATED adjusted PROFORMA EBITDA plus Proforma Rent**

# Group 1 Automotive, Inc.

## Debt Covenant Summary

### 3 Fixed Charge Coverage Ratio must be > 1.35

#### **EARNINGS available for FIXED CHARGES (numerator)**

- = CONSOLIDATED adjusted EBITDA excludes FP Int Exp (see #2 or #3 ratios)
- + **PLUS Lease Expense - T12**
- LESS Cash Paid for Taxes - T12
- = **TOTAL EARNINGS available for FIXED CHARGES**

#### **FIXED CHARGES (denominator)**

- + Total Interest Expense (excluding FP) - T12
- LESS Non-cash interest
- + **PLUS Lease Expense - T12**
- + PLUS Required Principle Payments - T12
- + PLUS Cash paid for Dividends - T12
- + PLUS Maintenance CapEx (*calc \$175k per dealership per year*) - T12
- = **TOTAL FIXED CHARGES**

### 4 Current Ratio - No Requirement

### 5 Restricted Payment Basket

**\$125,000,000**

- + 50% of Consolidated Net Income since Dec 31, 2012
- + 50% of Asset Impairments since Dec 31, 2012
- + 50% of Gain/Loss on Debt Buybacks or Capital Asset Disposals since Dec 31, 2012
- + 50% of Other non-cash charges (including asset impairments and stock-based compensation) since Dec 31, 2012
- + PLUS 100% of Net Proceeds from Issuance of Equity since Dec 31, 2012
- Cumulative Cash Dividends since Dec 31, 2012
- Cumulative Stock Repurchases since Dec 31, 2012

#### **EXCESS REMAINING FOR RESTRICTED PAYMENTS**

#### **NOTE:**

All ratios exclude the UK, Brazil and discontinued operations  
All EBITDA and Fixed Charge items are trailing twelve months