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CONTACT: BERNARD A SINGER
PHONE: (954)985-8600 FAX #: (954)985-8477

NAME: KOONS FORD, INC.
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TALLAHASSEE, FLORIDA

ARTICLES OF MERGER
Merger Sheet

MERGING:

KOONS MERGER, INC., a Florida corporation, P97000106128

INTO

KOONS FORD, INC., a Florida corporation, 493643

File date: March 20, 1998

Corporate Specialist: Darlene Connell

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ARTICLES OF MERGER

MERGING

KOONS MERGER, INC.

INTO

KOONS FORD, INC.

FILED
98 MAR 20 AM 11:48
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Articles of Merger between **KOONS FORD, INC.**, a Florida corporation ("Koons Ford") and **KOONS MERGER, INC.**, a Florida corporation ("Koons Merger").

Pursuant to Section 607.1105 of the Florida Business Corporation Act (the "Act"), Koons Ford and Koons Merger adopt the following Articles of Merger:

1. The Agreement and Plan of Merger dated March 16, 1998 (the "Plan of Merger"), between Koons Ford and Koons Merger was approved and adopted by the shareholders of Koons Ford on December 17, 1997 and was approved and adopted by the shareholder of Koons Merger on December 17, 1997.

2. Pursuant to the Plan of Merger, Koons Merger is to be merged into Koons Ford with Koons Ford surviving the merger.

3. The Plan of Merger is attached as Exhibit "A" and made a part hereof.

4. Pursuant to Section 607.1105(b) of the Act, these Articles of Merger shall have an effective date as of the date of filing same with the Florida Secretary of State.

This document was prepared by:
Bernard A. Singer, Esq.
4925-A Sheridan Street
Hollywood, FL 33021
(954) 985-8600
Florida Bar# 240761

Fax Audit #H98000005056 0

IN WITNESS WHEREOF, the parties have executed these Articles of Merger this 16th day of March, 1998.

Witnesses:

KOONS FORD, INC.

By: _____
JAMES S. CARROLL, President

KOONS MERGER, INC.

By: _____
JOHN T. TURNER, President

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EXHIBIT "A"

The Plan of Merger

Fax Audit # H98000005056 0

March 16, 1998

AGREEMENT AND PLAN OF MERGER

Merging KOONS MERGER, INC. into KOONS FORD, INC.

THIS AGREEMENT AND PLAN OF MERGER, dated as of March 16, 1998 (this "Plan of Merger"), is by and between Koons Merger, Inc., a Florida corporation ("Merger Sub") and a wholly owned subsidiary of Group 1 Automotive, Inc., a Delaware corporation ("Group 1") and Koons Ford, Inc., a Florida corporation (the "Company"). Merger Sub and the Company are hereinafter sometimes referred to as the "Constituent Corporations."

PRELIMINARY STATEMENT

Group 1, Merger Sub and the Company desire that Merger Sub merge with and into the Company.

This Plan of Merger is being entered into pursuant to an Agreement and Plan of Reorganization dated as of December 17, 1997 (the "Agreement") among Group 1, Merger Sub, the Company and the stockholders of the Company.

Group 1 will acquire by merger (the "Other Mergers") Courtesy Ford, Inc., a Florida corporation and Perimeter Ford, Inc., a Delaware corporation (collectively, the "Other Companies") pursuant to plans of merger entered into among the Other Companies and subsidiaries of Group 1 (collectively, the "Other Plans of Merger").

The authorized capital stock of Merger Sub consists of 1,000 shares of common stock, par value $.01 per share ("Merger Sub Common Stock"), of which 1,000 shares are outstanding, all of which are owned by Group 1. The authorized capital stock of the Company consists of 5,000 shares of common stock, par value $.10 per share ("Company Common Stock"), of which 1,000 shares are outstanding and no shares are held in the Company's treasury.

The Boards of Directors and stockholders of each of the Constituent Corporations, respectively, have approved the Agreement and the Plan of Merger.

Accordingly, in consideration of the premises, and the mutual covenants and agreements herein contained, the parties hereto hereby agree, subject to the terms and conditions hereinafter set forth, as follows:

ARTICLE I

THE MERGER

1.1 *The Merger*. At the Effective Time (as defined in Section 1.3), Merger Sub shall be merged with and into the Company, the separate existence of Merger Sub shall cease, and the Company (i) shall continue as the surviving corporation (sometimes referred to herein as the "Surviving Corporation") under the corporate name "Koons Ford, Inc.", (ii) shall be governed by the laws of Florida (iii) shall maintain a registered office in the State of Florida at 3101 N. State Road 7, Hollywood, Florida 33021, and shall (iv) succeed to and assume all of the rights, properties and obligations of Merger Sub and the Company in accordance with the applicable provisions of the Florida Business Corporation Act (the "Code").

1.2 *Effect of the Merger*. The Merger shall have the effects set forth in Section 607.1106 of the Code.

1.3 *Consummation of the Merger*. As soon as practicable after all conditions set forth in Article VIII of the Agreement have been satisfied or waived, the parties hereto will file with the Secretary of State of the State of Florida articles of merger in such form as required by, and executed in accordance with, the relevant provisions of the Code (the effective time of the issuance of a certificate of merger by the Secretary of State of the State of Florida being the "Effective Time").

1.4 *Articles of Incorporation; Bylaws*. The articles of incorporation and bylaws of the Company, as in effect immediately prior to the Effective Time, shall be the articles of incorporation and bylaws of the Surviving Corporation and thereafter shall continue to be its articles of incorporation and bylaws until amended as provided therein and under the Code.

1.5 *Directors and Officers*. The directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation, each to hold office in accordance with the articles of incorporation and bylaws of the Surviving Corporation. The officers of the Surviving Corporation shall be as follows: (i) James S. Carroll--President, (ii) William C. Carroll--Vice President, (iii) Janet L. Giles--Chief Financial Officer and Treasurer and (iv) Frank R. Todaro--Secretary, in each case until their respective successors are duly elected or appointed and qualified.

1.6 *Conversion of Securities*. At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Merger Sub or their respective stockholders:

(a) Each share of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock of the Surviving Company.

(b) The shares of Company Common Stock issued and outstanding immediately prior to the Effective Time (the "Shares") shall be converted, subject to the provisions of this Section 1.6, into (i) the rights to receive, immediately following the Effective Date, an amount in cash (the "Initial Cash Consideration") as set forth in Section 1.6(b) below, and (ii) the rights to receive, periodically upon satisfaction of the conditions set forth in Section 1.6(c) below, additional shares of Group 1 Common Stock (the "Contingent Stock Consideration") and amounts in cash (the "Contingent Cash Consideration," and together with the Contingent Stock Consideration, the "Contingent Consideration") as set forth in Section 1.6(c) hereof; *provided, however,* that no fractional shares of Group 1 Common Stock shall be issued, and, in lieu thereof, a cash payment shall be made pursuant to Sections 1.6(h) and 1.6(i) hereof.

(c)(i) The Shares owned by J. Carroll Enterprises Trust shall be converted into the right to receive Initial Cash Consideration of $10,314,062 and the rights to receive a portion of any Contingent Consideration periodically payable to it in accordance with Section 1.6(c) hereof; (ii) the Shares owned by Janet L. Giles Revocable Living Trust shall be converted into the right to receive Initial Cash Consideration of $736,719 and the rights to receive a portion of any Contingent Consideration periodically payable to it in accordance with Section 1.6(c) hereof; (iii) the Shares owned by Ralph S. Kerr shall be converted into the right to receive Initial Cash Consideration of $736,719 and the rights to receive a portion of any Contingent Consideration periodically payable to him in accordance with Section 1.6(c) hereof; and (iv) the Shares owned by the William C. Carroll Revocable Living Trust shall be converted into the right to receive Initial Cash Consideration of $2,946,875 and the rights to receive a portion of any Contingent Consideration periodically payable to it in accordance with Section 1.6(c) hereof.

(d) As additional consideration for the capital stock of the Company, Group 1 hereby agrees to pay the Stockholders certain additional amounts as provided in this Section 1.6(c). Beginning with the year ended December 31, 1999, the audited operations of the Carroll Group will be reviewed with respect to their operations during the full twelve calendar months of 1999. To the extent that Group 1's Incremental Return exceeds 11%, the Group 1 investment will be increased to a level which will yield this required rate of Incremental Return. This increase will be paid to the Stockholders no later than April 30 of the following year, as additional consideration for the Merger and the Other Mergers. This review will be conducted after each of the five years commencing with calendar 1999, and increases in investment as determined above will be paid until such time as the maximum

increase has been reached. All additional consideration paid to the Stockholders pursuant to this Section 1.6(c) will be paid in cash and Group 1 Common Stock, in the same proportions as the aggregate consideration received by each Stockholder in the Merger and the Other Mergers. For the purposes of determining the number of shares of Group 1 Common Stock payable to the Stockholders hereunder, such shares shall be assigned a per share value of the average closing price of the Group 1 Common Stock on the New York Stock Exchange for the five trading days preceding the date on which such shares are issued.

The Contingent Consideration paid by Group 1 pursuant to this Section 1.6(c) and Section 1.6(c) of the Other Plans of Merger shall not exceed $7.5 million, $2.5 million of which (the "Guaranteed Payments") will be paid regardless of the results of the above computation, as follows: $900,000 on the first anniversary of the Closing Date, $900,000 on the second anniversary of the Closing Date, and $700,000 on the third anniversary of the Closing Date. The aggregate Guaranteed Payments actually paid to the Stockholders shall carry forward and be applied against any additional Contingent Consideration payable to the Stockholders hereunder. The Guaranteed Payments shall be reduced by the difference between the aggregate Contingent Consideration previously paid to the Stockholders and $2.5 million.

The Contingent Consideration payable under this Section 1.6(c) is additional consideration for the Stockholders' interests in the Company, and the parties hereto agree to report such amounts on such basis for income tax purposes.

(e) Each share of Company Common Stock that immediately prior to the Effective Time was held in the treasury of the Company shall be canceled and retired as a result of the Merger and no securities or cash shall be issued or paid with respect thereto. Any shares of preferred stock of the Company and any options, warrants or other rights to purchase Company Common Stock or any other securities of the Company which remain outstanding at the Effective Time shall automatically be canceled and retired as a result of the Merger without consideration therefor, and each holder thereof shall cease to have any rights with respect thereto.

(f) At or after the Effective Time, each holder of an outstanding certificate that prior thereto represented Shares shall be entitled, upon surrender thereof to Group 1, to receive immediately in exchange therefor (i) a certificate or certificates representing the number of whole shares of Initial Stock Consideration in such denominations and registered in such names as such holder may request and (ii) cash in the amount equal to the Initial Cash Consideration, into which the Shares so surrendered shall have been converted as described above. Each holder of Shares who would otherwise be entitled to a fraction of a share of Group 1 Common Stock shall, upon surrender of the certificates that, prior to the

Effective Time, represented Shares held by such holder, to Group 1, be paid an amount in cash in accordance with the provisions of Sections 1.6(i) and 1.6(j). Until so surrendered, each outstanding certificate that, prior to the Effective Time, represented Shares shall be deemed from and after the Effective Time, for all corporate purposes, other than the payment of earlier dividends and distributions, to evidence the ownership of the number of full shares of Initial Stock Consideration and Initial Cash Consideration into which such Shares shall have been converted pursuant to this Section 1.6. Unless and until any such outstanding certificates shall be surrendered, no dividends or other distributions payable to the holders of Group 1 Common Stock, as of any time on or after the Effective Time, shall be paid to the holders of such outstanding certificates which prior to the Effective Time represented Shares; *provided, however,* that, upon surrender and exchange of such outstanding certificates, there shall be paid to the record holders of the certificates issued and exchanged therefor, the amount, without interest thereon, of dividends and other distributions, if any, that theretofore were declared and became payable since the Effective Time with respect to the number of full shares of Group 1 Common Stock issued to such holders.

(g) All shares of Group 1 Common Stock into which the Shares shall have been converted pursuant to this Section 1.6 shall be issued and paid in full satisfaction of all rights pertaining to such converted shares.

(h) If any certificate for shares of Group 1 Common Stock is to be issued in a name other than that in which the certificate surrendered in exchange therefor is registered, it shall be a condition of the issuance thereof that the certificate so surrendered shall be properly endorsed and otherwise in proper form for transfer and that the person requesting such exchange shall have paid to Group 1 any transfer or other taxes required by reason of the issuance of a certificate for shares of Group 1 Common Stock in any name other than that of the registered holder of the certificate surrendered, or established to the satisfaction of Group 1 that such tax has been paid or is not payable.

(i) In lieu of any fraction of a share of Initial Common Stock, each holder of Shares who would otherwise be entitled to a fraction of a share of Group 1 Common Stock shall, upon surrender of the Shares held by such holder to Group 1, be paid an amount in cash equal to the value of such fraction of a share based upon a per share price $14.00. No interest shall be paid on such amount.

(j) In lieu of any fraction of a share of Contingent Common Stock, each person who would otherwise be entitled to a fraction of a share of Contingent Common Stock shall, upon satisfaction of the conditions precedent to such persons receipt of Contingent Common Stock, be paid an amount in cash equal to the value of such fraction of a share based upon the average closing price of Group 1 Common Stock on the New York Stock Exchange for

the five trading days preceding each respective issuance of Contingent Common Stock. No interest shall be paid on such amount.

(k) None of Group 1, Merger Sub, the Company or the Surviving Corporation shall be liable to a holder of the Shares for any amount properly paid to a public official pursuant to applicable property, escheat or similar law.

1.7 *Taking of Necessary Action; Further Action.* Merger Sub and the Company shall take all such reasonable and lawful action as may be necessary or appropriate in order to effectuate the Merger as promptly as possible. If, at any time after the Effective Time, any such further action is necessary or desirable to carry out the purposes of this Agreement and to vest the Surviving Corporation with full right, title and possession to all assets, property, rights, privileges, powers and franchises of the Company or Merger Sub, such corporations shall direct their respective officers and directors to take all such lawful and necessary action.

ARTICLE II

MISCELLANEOUS

2.1 *Counterparts.* This Plan of Merger may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to each of the other parties.

2.2 *Governing Law.* This Plan of Merger shall be governed by and construed in accordance with the laws of the State of Florida.

2.3 *Waiver and Amendment.* Any provision of this Plan of Merger may be waived at any time by the party that is, or whose stockholders are, entitled to the benefits thereof. This Plan of Merger may not be amended or supplemented at any time, except by an instrument in writing signed on behalf of each party hereto, only as may be permitted by applicable provisions of the Code. The waiver by any party hereto of any condition or of a breach of another provision of this Plan of Merger shall not operate or be construed as a waiver of any other condition or subsequent breach. The waiver by any party hereto of any of the conditions precedent to its obligations under this Plan of Merger shall not preclude it from seeking redress for breach of this Plan of Merger other than with respect to the condition so waived.

2.4 *Certain Definitions.*

(a) "Carroll Group" shall mean all dealerships under the executive management responsibility of James S. Carroll in Florida and Georgia (including the Companies and any

other dealerships acquired by Group 1 after the Closing Date) and additional dealerships acquired by Group 1 as a result of the efforts of James S. Carroll (whether or not such dealerships are under the executive management control of James S. Carroll).

(b) "Incremental Return" shall mean return on Group 1's investment in the operations of the Carroll Group that were not a part of the Companies on the date of this Agreement (total income after income taxes divided by total investment). " Income" and "investment" used for these purposes will be before any Group 1 management fees, allocations of indirect costs, cost of capital (including interest, loan origination fees, points and any other expenses incurred in obtaining or maintaining a loan) or amortization of goodwill. "Total investment" in these operations will include any loan proceeds, cash or stock invested by Group 1 to acquire the operations added to the Carroll Group after the date of this Agreement (including all investments made by Group 1 as a condition to manufacturer approval of such acquisitions).

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Plan of Merger to be duly executed as of the date first above written.

KOONS MERGER, INC.

By: _____
Name: John T. Turner
Title: President

KOONS FORD, INC.

By: _____
Name: James S. Carroll
Title: President