

GROUP 1 AUTOMOTIVE INC
Form 8-K
March 21, 2007

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

March 19, 2007

Group 1 Automotive, Inc.

(Exact name of registrant as specified in its charter)

Delaware

1-13461

76-0506313

(State or other jurisdiction
of incorporation)

(Commission
File Number)

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

950 Echo Lane, Suite 100, Houston, Texas

77024

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

713-647-5700

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01 Entry into a Material Definitive Agreement.

Effective March 19, 2007, Group 1 Automotive, Inc. (the "Company") entered into an amended and restated five-year revolving syndicated credit arrangement with 22 financial institutions, including three manufacturer-affiliated finance companies (the "Revolving Credit Facility"). The facility matures in March 2012 and now provides a total of \$1.35 billion of financing. We can expand the facility to its maximum commitment of \$1.85 billion, subject to participating lender approval. This facility consists of two tranches: \$1 billion for vehicle inventory floorplan financing, which we refer to as the floorplan tranche, and \$350.0 million for working capital, including acquisitions. Up to half of the working capital line can be borrowed in either Euros or Pounds Sterling. The acquisition line bears interest at LIBOR plus a margin that ranges from 150 to 225 basis points, depending on our leverage ratio. The floorplan tranche bears interest at rates equal to LIBOR plus 87.5 basis points for new vehicle inventory and LIBOR plus 97.5 basis points for used vehicle inventory.

All of our dealership-owning subsidiaries are co-borrowers under our Revolving Credit Facility and as such, they are liable on a joint and several basis for obligations under the Revolving Credit Facility, with certain exceptions. Our Revolving Credit Facility contains a number of significant covenants that, among other things, restrict our ability to dispose of assets, incur additional indebtedness, create liens on assets, make investments and engage in mergers or consolidations. We are also required to comply with specified financial tests and ratios defined in the Revolving Credit Agreement, such as fixed-charge coverage, current ratio, leverage, and a minimum net worth requirement, among others. The Credit Agreement also contains typical events of default for both the floor plan tranche and the acquisition line, including change of control, non-payment of obligations and cross-defaults to our other material indebtedness. Upon the occurrence of an event of default, we could be required to immediately repay all or certain portions of the amount outstanding under the Credit Agreement.

Our obligations under the Revolving Credit Facility are secured by essentially all of our personal property (other than equity interests in dealership-owning subsidiaries) including all motor vehicle inventory and proceeds from the disposition of dealership-owning subsidiaries.

Our Ford and Lincoln Mercury dealerships will continue to obtain new vehicle floor plan financing from Ford Motor Credit Company.

A copy of the Revolving Credit Facility is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information provided in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

10.1 Seventh Amended and Restated Revolving Credit Agreement, effective as of March 19, 2007.

99.1 Press Release of Group 1 Automotive, Inc., dated as of March 20, 2007.

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SIGNATURES

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

Group 1 Automotive, Inc.

March 21, 2007

By: *Darryl M. Burman*

Name: Darryl M. Burman

Title: Vice President

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Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Seventh Amended and Restated Revolving Credit Agreement, effective as of March 19, 2007.
99.1	Press release of Group 1 Automotive, Inc., dated as of March 20, 2007.