

## **GROUP 1 AUTOMOTIVE, INC. COMPENSATION COMMITTEE CHARTER**

The Board of Directors (the “**Board**”) of Group 1 Automotive, Inc. (the “**Company**”) has established the Compensation Committee of the Board (the “**Committee**”) with authority, responsibility and specific duties as described in this Compensation Committee Charter.

### **Purposes**

The purposes of the Committee are:

1. To review, evaluate, and approve the agreements, plans, policies, and programs of the Company to compensate the Company’s senior corporate officers;
2. To review and discuss with the Company’s management the Compensation Discussion and Analysis (“**CD&A**”) to be included in the Company’s proxy statement for its annual meeting of stockholders (“**Proxy Statement**”) and to determine whether to recommend to the Board that the CD&A be included in the Proxy Statement, in accordance with applicable rules and regulations;
3. To produce the Compensation Committee Report for inclusion in the Company’s Proxy Statement, in accordance with applicable rules and regulations;
4. To otherwise discharge the Board’s responsibilities relating to compensation of the Company’s senior corporate officers; and
5. To perform such other functions as the Board may assign to the Committee from time to time.

### **Composition**

The size of the Committee shall be determined by the Board, but shall consist of at least three members, all of whom are members of the Board. One of the members shall serve as the chairperson (the “**Chair**”) of the Committee. Each member of the Committee shall (i) satisfy the independence requirements of the rules of the New York Stock Exchange (“**NYSE**”) applicable to domestic listed companies and of any other applicable laws, regulations, or rules; (ii) not be a party to any interlocking arrangement that would need to be disclosed in the Company’s proxy statement under Item 407(3)(4) of Regulation S-K; (iii) be “Non-Employee Directors” for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (“**Rule 16b-3**”); and (iv) be “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code (“**Section 162(m)**”).

In determining whether a director is eligible to serve on the Committee, the Board must also consider all factors specifically relevant to determining whether the director has a relationship to the Company that is material to the director’s ability to be independent from management in connection with the duties of a Committee member or that would impair the director’s ability to make independent judgments about the Company’s executive compensation.

These factors must include but are not limited to (1) the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by the Company to the directors and (2) whether the director is affiliated with the Company, a Company subsidiary or an affiliate of a Company subsidiary. Notwithstanding the foregoing membership requirements, no action of the Committee shall be invalid by reason of any such requirement not being met at the time such action is taken.

The Board shall appoint the members of the Committee based on the recommendation of the Nominating/Governance Committee of the Board. The Chair of the Committee shall be designated by the Board based on the recommendation of the Nominating/Governance Committee or, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee. Each Committee member will serve at the pleasure of the Board for such term as the Board may decide or until such Committee member is no longer a Board member.

### **Authority and Responsibilities**

The Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Committee. The Committee may form and delegate some or all of its authority to subcommittees when it deems appropriate. Without limiting the generality of the preceding statements, the Committee shall have authority, and is entrusted with the responsibility, to do the following actions:

1. The Committee shall exercise oversight of all matters of senior corporate officer compensation policy.
2. Each year, the Committee shall:
  - ◆ review, modify (if necessary) and approve the process for selecting consultants, data sources and peer groups for purposes of benchmarking;
  - ◆ review, modify (if necessary) and approve corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer and Chief Financial Officer;
  - ◆ review, modify (if necessary) and approve the Company's senior corporate officer compensation program in light of the Company's goals and objectives relative to senior corporate officer compensation;
  - ◆ evaluate the performance of the Company's Chief Executive Officer and Chief Financial Officer and, in consultation with the Chief Executive Officer, the Company's other senior corporate officers in light of the Company's compensation goals and objectives;
  - ◆ determine and approve the compensation of the Chief Executive Officer based on the performance evaluation, after consultation of the full Board, absent the Chief Executive Officer; and

- ◆ in consultation with the Chief Executive Officer, set the compensation of the Company's senior corporate officers, other than the Chief Executive Officer, based on the performance evaluation.
3. Each year, the Committee shall review and make recommendations to the Board with respect to incentive-compensation plans and equity-based plans. Stockholders shall be given the opportunity to vote on equity-compensation plans, as required by law, applicable listing standards, the Company's certificate of incorporation or bylaws, and the Company's corporate governance guidelines.
  4. Each year, the Committee shall review and approve, for the Company's Chief Executive Officer and senior corporate officers, all annual and other compensation arrangements and components, which may include the following:
    - ◆ the annual base salary level;
    - ◆ the annual incentive compensation plan;
    - ◆ the long-term incentive opportunity level;
    - ◆ the equity-based opportunity level;
    - ◆ the deferred compensation plan crediting rate; and
    - ◆ any special or supplemental benefits.

In determining the compensation arrangements and components, the Committee should consider the Company's performance and relative stockholder return, the market for comparable executive talent, the value of similar incentive awards to Chief Executive Officers and senior corporate officers at comparable companies and the awards given to the Chief Executive Officer and the senior corporate officers in past years.

5. When and as appropriate, the Committee shall review and approve all employment agreements, severance arrangements and change-in-control agreements and provisions for the Company's Chief Executive Officer and senior corporate officers.
6. The Committee shall review and approve, or review and recommend to the Board for its approval of, any transaction in equity securities of the Company, or derivatives of those equity securities, between the Company and any senior corporate officer or director of the Company who is subject to the reporting and short-swing liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended.
7. Subject to the express provisions set forth in the Company's 2007 Long Term Incentive Plan (the "**Plan**"), the Committee has the authority, in its discretion, to conclusively determine the following:

- ◆ the persons that are entitled to receive incentive stock options, nonqualified options, restricted stock awards, performance awards, phantom stock awards or bonus stock awards (“**Awards**”) under the Plan;
- ◆ the time or when an Award shall be made;
- ◆ whether an incentive stock option or nonqualified options may be granted;
- ◆ the number of shares to be subject to each Award; and
- ◆ vesting provisions for the Award.

In making such determinations, the Committee shall take into account the nature of the services rendered by the respective persons, their present and potential contribution to the Company’s success, and such other facts as the Committee in its discretion deems relevant. In addition, the Committee has the conclusive authority, subject to the express provisions of the Plan, to:

- ◆ construe the Plan and the respective agreements executed thereunder;
- ◆ prescribe rules and regulations relating to the Plan;
- ◆ determine the terms, restrictions and provisions of the agreement relating to each Award as required in the judgment of the Committee to cause designated options to qualify as incentive stock options;
- ◆ correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any agreement relating to an Award in the manner and to the extent it shall deem expedient; and
- ◆ make all other determinations necessary or advisable for administering the Plan.

8. The Committee shall review and discuss with the Company’s management the CD&A to be included in the Company’s Proxy Statement and, based on that review, determine whether to recommend to the Board that the CD&A be included in the Proxy Statement, in accordance with applicable rules and regulations.
9. Each year, the Committee shall prepare a Compensation Committee Report and publish the report in the Company’s Proxy Statement, in accordance with applicable rules and regulations.
10. The Committee shall review and recommend to the Board how frequently the Company should permit stockholders to have an advisory vote on executive officer compensation (“**say-on-pay**”). This review should take into account the historical results of stockholder advisory votes on the frequency of say-on-pay resolutions at the Company.

11. Following each stockholder meeting at which say-on-pay resolutions are proposed for a stockholder advisory vote, the Committee shall review the results of the advisory vote, and consider whether to make any adjustments to the Company's senior corporate officer compensation policies and practices.
12. The Committee shall review and modify (if necessary) its clawback policy to ensure that such policy complies with applicable rules and regulations, including the rules and regulations of the Securities and Exchange Commission, and the listing standards of the NYSE.
13. The Committee shall monitor the Company's compliance with the requirements of the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers and with all other applicable laws affecting employee compensation and benefits.
14. The Committee shall have the sole authority to retain, amend the engagement with, and terminate any compensation consultant to be used to assist in the evaluation of director, Chief Executive Officer or senior corporate officer compensation. The Committee shall have sole authority to approve the consultant's fees and other retention terms and shall have authority to cause the Company to pay the fees and expenses of such consultants. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors, to approve the fees and expenses of such outside advisors, and to cause the Company to pay the fees and expenses of such outside advisors.

If the Committee engages independent legal counsel, a compensation consultant or other advisers, then the Committee is directly responsible for the appointment, compensation and oversight of such counsel, consultant or adviser. Prior to any such engagement, the Committee shall analyze the relationships of such counsel, consultants or advisers have with members of the Committee as well as management and the Company as a whole.

In selecting and retaining, or receiving advice from, a compensation consultant, legal counsel or other adviser (other than in-house legal counsel or any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; or providing information that either is not customized for a particular company or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice), the Committee shall consider all relevant independence factors including:

- ◆ the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;

- ◆ the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of that person that employs the compensation consultant, legal counsel or other adviser;
  - ◆ the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
  - ◆ any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;
  - ◆ any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
  - ◆ any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.
15. The Committee shall have the authority to conduct or authorize investigations into any matter within the scope of the responsibilities delegated to the Committee as it deems appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Committee or any advisors engaged by the Committee.
16. The Committee shall, in consultation with appropriate officers of the Company, oversee regulatory compliance with respect to compensation matters, including overseeing any compensation programs intended to preserve tax deductibility, and, as may be required, establishing performance goals and determining whether performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
17. The Committee shall perform any other duties or responsibilities delegated to the Committee by the Board from time to time.

## **Procedures**

1. ***Meetings.*** The Committee shall meet as frequently as necessary to carry out its responsibilities under this Charter, but no less than once per quarter. The Committee shall meet at the call of its Chair, two or more members of the Committee, or the Chairman of the Board. Meetings may, at the discretion of the Committee, include members of the Company's management, independent consultants, and such other persons as the Committee or its Chair may determine. The Committee may meet in person, by telephone conference call, or in any other manner in which the Board is permitted to meet under law or the Company's bylaws.

2. ***Quorum and Approval.*** A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Committee may also act by unanimous written consent in lieu of a meeting.
3. ***Rules.*** The Committee may determine additional rules and procedures, including designation of a Chair pro tempore in the absence of the Chair and designation of a secretary of the Committee at any meeting thereof.
4. ***Reports.*** The Committee shall maintain minutes of its meetings and make reports to the Board, directly or through the Chair.
5. ***Review of Charter.*** Each year the Committee shall review the need for changes in this Charter and recommend any proposed changes to the Board for approval.
6. ***Performance Review.*** Each year the Committee shall review and evaluate its own performance and shall submit itself to the review and evaluation of the Board.
7. ***Fees.*** Each member of the Committee shall be paid the fee set by the Board for his or her services as a member of, or Chair of, the Committee.