

**AutoNation, Inc.**  
**Compensation Committee Charter**  
**(amended as of February 14, 2019)**

The Compensation Committee (the "Committee") is a committee of the Board of Directors (the "Board") of AutoNation, Inc. (the "Company"). The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities by performing the duties described in this Compensation Committee Charter.

**DUTIES AND RESPONSIBILITIES**

The Committee shall have the following duties and responsibilities:

***Compensation of Directors***

- Reviewing on an annual basis the director compensation practices of the Company (the "Annual Review").
- Suggesting changes in director compensation to the Board, if appropriate, on the basis of the Annual Review, while endeavoring to maintain the Company's director compensation program so that it attracts and retains Directors who have the talent and experience necessary to advance the Company's long-term interests, with the general objective of providing Directors with compensation that is competitive in comparison to practices at similar companies. The Company's director compensation program should also include appropriate compensation for committee Chairs and members, in light of their additional commitment and contribution to the Company and the Board.

***Compensation of Officers and Employees***

- Setting the Company's executive compensation philosophy.
- At least annually, reviewing and approving the compensation of all corporate officers of the Company, including salaries, bonuses, stock-based awards, cash-based awards and other forms of compensation.
- Setting annual and long-term performance goals for the Chief Executive Officer (the "CEO"), meeting annually with the CEO to receive his recommendations concerning such goals, determining whether performance goals for the CEO are achieved, and submitting the goals and the evaluation for consideration by the outside Directors of the Board at a meeting of that group. The Chair of the Committee then shall meet with the CEO to evaluate his or her performance against such goals. In setting the annual and long-term incentive component of CEO compensation, the Committee may consider, among other factors, the Company's performance, including relative shareholder return, the value of incentive awards to CEOs at comparable companies, and the awards given to the Company's CEO in past years.
- Setting annual and long-term performance goals for, and evaluating the performance against such goals by, other executive officers of the Company, and submitting the goals and evaluation for consideration by the outside Directors of the Board at a meeting of that group.
- At least annually, reviewing and approving the compensation based on performance of the Company's executive officers (including the CEO), including bonuses, stock-based awards, cash-based awards and other compensation (collectively, the "Compensation"), annually evaluating the performance of the executive officers in light of the corporate goals and objectives relevant to executive officer compensation and determining and approving the level of executive officer Compensation based on this evaluation.

- Reviewing and approving the terms of employment agreements with the Company's officers.
- Reviewing and approving severance policies and programs applicable to corporate officers and the terms of any severance agreements or arrangements with corporate officers.
- Reviewing the general compensation structure for the corporate and key field employees of the Company.

#### ***Administering the Company's Employee Incentive Compensation and Equity-Based Plans***

- Reviewing the Company's incentive-compensation and equity-based plans and making recommendations to the Board with respect thereto.
- Approving cash-based and stock-based awards under the Company's incentive compensation and equity-based plans in effect from time to time.
- Administering in all respects the Company's incentive compensation and equity-based plans, in effect from time to time, and taking all actions and making all determinations required or provided for (a) under such plans, (b) under any award agreement entered into under such plans, and (c) with respect to any award granted under such plans, including establishing and administering performance goals and, to the extent deemed necessary to qualify for transition relief under Section 162(m) ("Section 162(m)") of the Internal Revenue Code of 1986, as amended (the "Code"), certifying that such performance goals are attained as contemplated by Section 162(m).

#### ***Succession and Management Development***

- Reviewing the Company's program for succession and management development, and reporting to the Board its recommendations with respect thereto.

#### ***Other Matters***

- Considering the results of the most recent shareholder advisory vote on executive compensation as required by Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and to the extent the Committee determines it appropriate to do so, take such results into consideration in connection with the review and approval of executive officer compensation.
- Considering the results of the most recent shareholder advisory vote on the frequency of the shareholder advisory vote on executive compensation, as required by Section 14A of the Exchange Act, and, to the extent the Committee determines it appropriate to do so, take such results into consideration in determining whether to conduct a shareholder advisory vote on executive compensation every one, two or three years.
- Reviewing the Company's compensation practices, policies and programs for executive officers and other employees to determine whether such practices, policies and programs encourage unnecessary or excessive risk taking and whether any risks arising from such practices, policies and programs are reasonably likely to have a material adverse effect on the Company.
- To the extent it deems necessary, reviewing and approving the terms of any compensation "clawback" or similar policy or agreement between the Company and the Company's executive officers or other employees subject to Section 16 of the Exchange Act.
- Reviewing and overseeing shareholder proposals relating to executive compensation.
- Monitoring compensation and regulatory developments and trends and solicit independent advice where appropriate.
- Annually reviewing and recommending to the Board that the "Compensation Discussion and Analysis" be included in the Company's annual proxy statement or annual report on Form 10-K and preparing a written report as required by the Securities and Exchange Commission for inclusion in the Company's annual proxy statement or annual report on Form 10-K.
- Address or take action with respect to any other matter specifically delegated to the Committee from time to time by the Board.

## **MEMBERSHIP**

- The Committee shall be comprised of at least two members. The members of the Committee shall be appointed and replaced, and the Chair of the Committee shall be designated, by the Board based on the recommendation of the Corporate Governance and Nominating Committee; provided, that, if the Board does not so designate a Chair of the Committee, the members of the Committee, by a majority vote, may designate a Chair.
- Any vacancy on the Committee shall be filled by a majority vote of the Board. No member of the Committee shall be removed except by a majority vote of the Board.
- Each member of the Committee must be qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange and any other applicable laws and regulations, as well as any additional requirements that the Board deems appropriate. Unless otherwise determined by the Board, members of the Committee shall also qualify as "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Exchange Act, and to the extent deemed necessary to qualify for transition relief under Section 162(m), "outside directors" within the meaning of Section 162(m).

## **MEETINGS AND PROCEDURES**

- The Committee may fix its own rules of procedure, which shall be consistent with the Amended and Restated By-Laws (the "By-Laws") of the Company and this Charter.
- The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than twice annually.
- The Chair or a majority of the members of the Committee may call meetings of the Committee upon such notice as is required for special Board meetings in accordance with the Company's By-Laws. The Committee may meet by telephone conference call or by any other means permitted by law or the Company's By-Laws.
- A majority of the members of the Committee, present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, shall constitute a quorum.
- The Chair of the Committee shall be responsible for leadership of the Committee, including approving the agenda, presiding over Committee meetings, making Committee assignments and reporting the Committee's actions to the Board as contemplated below.
- The Committee may request that any Director, officer or employee of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee (or portion thereof) to provide such pertinent information as the Committee requests.
- The Chair of the Committee (or other member designated by the Chair or the Committee in the Chair's absence) shall report to the full Board, on a periodic basis or at the request of the Board, with respect to those matters considered and acted upon by the Committee.
- The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

## **PERFORMANCE EVALUATION**

- The Committee shall conduct a self-evaluation of its performance annually, in such manner as the Committee deems appropriate.
- In conducting this review, the Committee shall evaluate whether this Charter adequately addresses the matters that are or should be within its scope and shall recommend such changes as it deems necessary or appropriate.
- In conducting this review, the Committee shall address all matters that it considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

- The Committee shall present to the Board the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies and procedures.

#### **DELEGATION OF AUTHORITY**

- The Committee may form subcommittees and may delegate to such subcommittees any or all power and authority of the Committee as the Committee deems appropriate; provided, however, that no subcommittee shall consist of fewer than two members; and provided further that the Committee shall not delegate to a subcommittee any power or authority required by any applicable laws, regulations or listing standards to be exercised by the Committee as a whole.

#### **INVESTIGATIONS AND STUDIES; OUTSIDE ADVISORS**

- The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and may retain compensation consultants, outside counsel and any other advisors, at the Company's expense, as the Committee determines appropriate or advisable to carry out its duties, including compensation consultants to advise the Committee with respect to amounts or forms of executive and director compensation. Additionally, the Committee shall have the authority to call upon the appropriate corporate staff for assistance in the conduct of its responsibilities.
- The Committee shall have the sole authority to retain or terminate any compensation consultant engaged by the Committee to assist the Committee in carrying out its responsibilities, including sole authority to approve the consultant's fees and other retention terms, such fees to be borne by the Company.
- The Committee may retain compensation consultants, outside counsel or any other advisers to the Committee only after taking into consideration, pursuant to the rules of the New York Stock Exchange, all factors enumerated therein relevant to that person's independence from management and such other factors as the Committee shall deem relevant. Nothing herein requires a compensation consultant, legal counsel or other adviser to the Committee to be independent, only provided that the Committee consider the factors described above before selecting or receiving advice from a compensation consultant, legal counsel or other adviser. The Committee may select or receive advice from any compensation consultant, legal counsel or other adviser it prefers, including ones that are not independent, after considering the factors described above.
- The Committee shall conduct the independence assessment with respect to any compensation consultant, legal counsel or other adviser that provides advice to the Committee, except that, to the extent permitted by the rules of the New York Stock Exchange and applicable law, the Committee may determine not to conduct the independence assessment with respect to: (i) in-house legal counsel; (ii) 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 the 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; and (iii) any other consultant, counsel or adviser.
- Nothing herein shall be construed: (1) to require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Committee; or (2) to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

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While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable federal or state law.