

AutoNation

NOTICE OF THE 2021 ANNUAL MEETING OF STOCKHOLDERS

To Stockholders of AutoNation, Inc.:

The 2021 Annual Meeting of Stockholders of AutoNation, Inc. will be held in a virtual format only, on Thursday, April 22, 2021, at 8:00 a.m. Eastern Time for the following purposes as more fully described in the proxy statement:

- (1) To elect the nine director nominees named in the proxy statement, each for a term expiring at the next Annual Meeting of Stockholders or until their successors are duly elected and qualified;
- (2) To ratify the selection of KPMG LLP as our independent registered public accounting firm for 2021;
- (3) To consider one stockholder proposal, if properly presented at the Annual Meeting; and
- (4) To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements of the Annual Meeting.

Only stockholders of record as of the close of business on February 26, 2021, the record date, are entitled to receive notice of the Annual Meeting and to vote at the Annual Meeting or any adjournments or postponements of the Annual Meeting.

We cordially invite you to attend the virtual Annual Meeting. Even if you plan to attend the Annual Meeting, we encourage you to vote your shares in advance using one of the methods described in this proxy statement to ensure that your vote will be represented at the Annual Meeting. To attend, vote, and submit questions at the 2021 Annual Meeting, please log in to www.virtualshareholdermeeting.com/AN2021 using the control number on your proxy card, voting instruction form, or Notice of Internet Availability of Proxy Materials. You may revoke your proxy and reclaim your right to vote at any time prior to its use at the Annual Meeting. The proxy statement includes information on what you will need to attend the virtual Annual Meeting.

By Order of the Board of Directors,



C. Coleman Edmunds
*Executive Vice President, General Counsel
and Corporate Secretary*

March 10, 2021

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INTERNET AVAILABILITY OF PROXY MATERIALS

In accordance with the rules of the Securities and Exchange Commission (“SEC”), we are furnishing our proxy materials, including this proxy statement and our annual report, to our stockholders primarily via the Internet. On March 10, 2021, we began mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials (the “Notice”) that contains instructions on how to access our proxy materials on the Internet. The Notice also contains instructions on how to vote via the Internet or by telephone. Other stockholders, in accordance with their prior requests, received an email with instructions on how to access our proxy materials and vote via the Internet, or have been mailed paper copies of our proxy materials and a proxy card or voting form. Stockholders may request to receive all future proxy materials in printed form by mail or electronically by email by following the instructions contained in the Notice.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on April 22, 2021

Our 2020 Annual Report and this proxy statement are available at <http://materials.proxyvote.com/05329W>.

AutoNation

PROXY STATEMENT

This Proxy Statement contains information relating to the solicitation of proxies by the Board of Directors (the “Board”) of AutoNation, Inc. (“AutoNation” or the “Company”) for use at our 2021 Annual Meeting of Stockholders or any adjournment or postponement thereof. Due to the COVID-19 pandemic, our Annual Meeting will be held in a virtual format only, on Thursday, April 22, 2021, at 8:00 a.m. Eastern Time. To attend, vote, and submit questions at the 2021 Annual Meeting, please log in to www.virtualshareholdermeeting.com/AN2021 using the control number on your proxy card, voting instruction form, or Notice of Internet Availability of Proxy Materials.

Only stockholders of record as of the close of business on February 26, 2021 (the “record date”) are entitled to receive notice of the Annual Meeting and to vote during the Annual Meeting or any adjournments or postponements of the Annual Meeting. As of the record date, there were 82,420,480 shares of AutoNation common stock issued and outstanding and entitled to vote at the Annual Meeting. We made copies of this proxy statement available to our stockholders beginning on or about March 10, 2021.

INFORMATION ABOUT THE ANNUAL MEETING

Annual Meeting Proposals

<u>Proposal</u>	<u>Matter</u>	<u>Board Vote Recommendation</u>
1	Election of Directors	FOR EACH NOMINEE
2	Ratification of the Selection of KPMG LLP as Independent Auditor for 2021	FOR
3	Stockholder Proposal Regarding Special Meetings	AGAINST

Voting Matters

Quorum. The holders of at least 41,210,241 shares (a majority of shares outstanding on the record date) must be present at the Annual Meeting or represented by proxy to conduct business at the Annual Meeting. Both abstentions and broker non-votes will be counted for the purpose of determining the presence of a quorum.

Voting by Stockholders of Record. If you are a stockholder of record (your shares are registered directly in your name with our transfer agent), you may vote by proxy via the Internet by following the instructions provided in the Notice of Internet Availability of Proxy Materials. If you receive printed copies of the proxy materials by mail, you may also vote by proxy via the Internet, by telephone, or by mail by following the instructions provided on the proxy card. Stockholders of record who virtually attend the Annual Meeting may vote during the Annual Meeting by visiting www.virtualshareholdermeeting.com/AN2021, entering the applicable control number, and following the instructions on the Annual Meeting website.

Voting by Beneficial Owners. If you are a beneficial owner of shares (your shares are held in the name of a brokerage firm, bank, or other nominee), you may vote by proxy by following the instructions provided in the Notice of Internet Availability of Proxy Materials, vote instruction form, or other materials provided to you by the brokerage firm, bank, or other nominee that holds your shares. If you do not provide specific voting instructions to the nominee that holds your shares, such nominee will have the authority to vote your shares only with respect to the ratification of the selection of KPMG LLP as our independent registered public accounting firm (such proposal is considered a “routine” matter under NYSE rules), and your shares will not be voted and will be considered “broker non-votes” with respect to the other proposals (such proposals are considered “non-routine” matters under NYSE rules). To vote during the Annual Meeting, you must obtain a legal proxy from the brokerage firm, bank, or other nominee that holds your shares.

Changing Your Vote. You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting. You may vote again on a later date via the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the meeting will be counted), by signing and returning a new proxy card with a later date, or by attending and voting during the Annual Meeting. Your virtual attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again during the Annual Meeting or specifically request in writing that your prior proxy be revoked.

Votes Required to Adopt Proposals. Each share of our common stock outstanding on the record date is entitled to one vote on each of the nine director nominees and one vote on each other matter. To be elected, director nominees must receive a majority of the votes cast (the number of shares voted “for” a director nominee must exceed the number of votes cast “against” that nominee). Approval of each other matter on the agenda requires the affirmative vote of a majority of the shares of common stock present at the Annual Meeting or represented by proxy and entitled to vote on the proposal.

Effect of Abstentions and Broker Non-Votes. For the election of directors, broker non-votes (shares held by brokers that do not have discretionary authority to vote on a proposal and have not received voting instructions from their clients) and abstentions will not be counted as having been voted. For Proposals 2 and 3, abstentions will be counted as present and entitled to vote and will have the same effect as negative votes. For Proposal 3, broker non-votes will not be counted as present and entitled to vote. Brokers will have discretionary authority to vote on Proposal 2, since it is considered a routine matter under NYSE rules.

Voting Instructions. If you complete and submit a proxy with voting instructions, the persons named as proxies will follow your instructions. If you are a stockholder of record and submit a proxy without voting instructions, or if your instructions are unclear, the persons named as proxies will vote as the Board recommends on each proposal. With respect to any other matters properly presented at the Annual Meeting, the persons named as proxies will vote as recommended by our Board of Directors, or if no recommendation is given, in their own discretion.

Proxy Solicitation

We will pay for the cost of soliciting proxies, and we have retained Innisfree M&A Incorporated to assist with the solicitation of proxies for an estimated fee of \$15,000 plus reimbursement for expenses. Our directors, officers, and other employees, without additional compensation, may solicit proxies personally or in writing, by telephone, email, or otherwise. As is customary, we will reimburse brokerage firms, banks, and other nominees for forwarding our proxy materials to each beneficial owner of common stock held of record by them.

Attending the Annual Meeting

We are pleased to welcome stockholders to our Annual Meeting. Due to the COVID-19 pandemic, the Annual Meeting will be held in a virtual format only to provide a safe experience for our stockholders and employees. We have designed the format of the Annual Meeting to ensure that stockholders are afforded the same rights and opportunities to participate as they would at an in-person meeting.

To attend and vote at the Annual Meeting, please visit www.virtualshareholdermeeting.com/AN2021 and follow the instructions included in our Notice of Internet Availability of Proxy Materials, on your proxy card, or in the email you received regarding our proxy materials. Online access to the Annual Meeting will begin approximately 15 minutes prior to the start of the Annual Meeting. Please see “Attending the 2021 Annual Meeting of Stockholders of AutoNation, Inc.” below for additional information.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Directors

The Board has nominated the nine persons listed below to stand for election for a term expiring at the 2022 Annual Meeting of Stockholders or until their successors are duly elected and qualified. See “Items To Be Voted On - Proposal 1: Election of Directors.” Except for Norman K. Jenkins, all of our director nominees were elected by our stockholders at our 2020 Annual Meeting of Stockholders. Mr. Jenkins was appointed as a member of the Board effective December 14, 2020. A non-employee director suggested Mr. Jenkins as a prospective Board candidate to the Corporate Governance and Nominating Committee for their consideration and evaluation.

Our Board nominees consist of a diverse group of leaders. Many of them have experience serving as executive officers or on boards and board committees of major companies. Many of them also have extensive corporate finance and investment banking experience as well as a broad understanding of capital markets.

We have set forth below information regarding each person nominated to stand for election, including the specific experience, qualifications, attributes, or skills that led the Board to conclude that such person should serve as a director. Our Corporate Governance and Nominating Committee and the Board believe that the experience, qualifications, attributes, and skills of our Board nominees provide the Company with the ability to address the evolving needs of the Company and represent the best interests of our stockholders. All of our directors are elected annually.

Mike Jackson, age 72, has served as our Chief Executive Officer since April 2020 and as a director since September 1999. He also served as our Chief Executive Officer from September 1999 until March 2019, as our Chairman of the Board from January 2003 until February 2021, as our President from February 2015 until January 2017 and from June 2017 until March 2019, and as our Executive Chairman from March 2019 until April 2020. From October 1998 until September 1999, Mr. Jackson served as Chief Executive Officer of Mercedes-Benz USA, LLC, a North American operating unit of DaimlerChrysler AG, a multinational automotive manufacturing company. From April 1997 until September 1999, Mr. Jackson also served as President of Mercedes-Benz USA. From July 1990 until March 1997, Mr. Jackson served in various capacities at Mercedes-Benz USA, including as Executive Vice President immediately prior to his appointment as President of Mercedes-Benz USA. Mr. Jackson was also the managing partner from March 1979 to July 1990 of Euro Motorcars of Bethesda, Maryland, a regional group that owned and operated 11 automotive dealership franchises, including Mercedes-Benz and other brands of automobiles. From January 2014 until December 2018, he served as a member of the Board of Directors of the Federal Reserve Bank of Atlanta, after having previously served on the Board of Directors of the Federal Reserve Bank of Atlanta’s Miami Branch. From January 2018 until December 2018, he served as Chair, and from January 2015 until December 2017 as Deputy Chair, of the Board of Directors of the Federal Reserve Bank of Atlanta. Mr. Jackson’s automotive experience and his broad knowledge of our Company and the automotive industry led the Board to conclude that he should serve as one of our directors.

Rick L. Burdick, age 69, has served as our Chairman of the Board since February 2021 and as one of our directors since May 1991. Mr. Burdick previously served as our Lead Independent Director from December 2018 until January 2021. Mr. Burdick also serves as Lead Independent Director of CBIZ, Inc., a provider of integrated business services and products. From 1988 through 2019, Mr. Burdick was a partner with Akin, Gump, Strauss, Hauer & Feld, L.L.P., a global full service law firm. Mr. Burdick’s experience as a senior partner at a national law firm advising large companies on a broad range of corporate transactions and on securities law and corporate governance matters led the Board to conclude that he should serve as one of our directors.

David B. Edelson, age 61, has served as one of our directors since July 2008. Mr. Edelson is Senior Vice President and Chief Financial Officer of Loews Corporation, a diversified holding company with subsidiaries in the property-casualty insurance, natural gas transmission and storage, packaging, and lodging industries. He joined Loews as a Senior Vice President in May 2005 and became its Chief Financial Officer in May 2014. Prior to joining Loews, Mr. Edelson was Executive Vice President & Corporate Treasurer of JPMorgan Chase & Co. He was named Corporate Treasurer in April 2001 and promoted to Executive Vice President in February 2003. Mr. Edelson spent the first 15 years of his career as an investment banker, first with Goldman, Sachs & Co. and subsequently with JPMorgan Chase & Co. Mr. Edelson’s experience as a senior executive officer of a large holding company owning a wide range of businesses, as well as his prior experience as an investment banker and corporate treasurer, led the Board to conclude that he should serve as one of our directors.

Steven L. Gerard, age 75, has served as one of our directors since April 2019. He served as the Chief Executive Officer of CBIZ, Inc., a provider of integrated business services and products, from October 2000 until his retirement in March 2016, and he continues to serve as the Chairman of its Board of Directors, a position he has held since October 2002. Mr. Gerard was Chairman and Chief Executive Officer of Great Point Capital, Inc., a provider of operational and advisory services, from 1997 to October 2000. From 1991 to 1997, he was Chairman and Chief Executive Officer of Triangle Wire & Cable, Inc. and its successor Ocean View Capital, Inc. Mr. Gerard's prior experience includes 16 years with Citibank, N.A. in various senior corporate finance and banking positions. Further, Mr. Gerard served 7 years with the American Stock Exchange, where he last served as Vice President of the Securities Division. Mr. Gerard also serves on the Board of Directors of Lennar Corporation. He previously served as a director of Las Vegas Sands Corp. from 2014 until 2019 and as a director of Joy Global, Inc. from 2001 until 2017. Mr. Gerard has been recognized as an NACD Board Leadership Fellow. Mr. Gerard's extensive executive experience and service as a director of other public companies led the Board to conclude that he should serve as one of our directors.

Robert R. Grusky, age 63, has served as one of our directors since June 2006. In 2000, Mr. Grusky founded Hope Capital Management, LLC, an investment management firm for which he serves as Managing Member. He co-founded New Mountain Capital, LLC, a private and public equity investment management firm, in 2000 and was a Principal, Managing Director and Member of New Mountain Capital from 2000 to 2005 and was a Senior Advisor through 2019, and a member of the Executive Leadership Council since then. From 1998 to 2000, Mr. Grusky served as President of RSL Investments Corporation, the primary investment vehicle for the Hon. Ronald S. Lauder. Prior thereto, Mr. Grusky served in a variety of capacities at Goldman, Sachs & Co. in its Mergers & Acquisitions Department and Principal Investment Area. Mr. Grusky is a director of Strategic Education, Inc., an education services company. Mr. Grusky's board experience and experience in investment management, private equity, and investment banking led the Board to conclude that he should serve as one of our directors.

Norman K. Jenkins, age 58, has served as one of our directors since December 2020. Mr. Jenkins is President and Chief Executive Officer of Capstone Development, a privately held firm he founded in 2009. Capstone develops and acquires commercial and multi-family real estate, with significant expertise in public-private partnerships and developing hospitality real estate that is generally affiliated with international lodging brands. Prior to launching Capstone, Mr. Jenkins was a senior executive and corporate officer of Marriott International Inc. During his 16 year tenure with Marriott, he served in a variety of leadership roles including, Senior Vice President - North American Lodging Development, Vice President and Chief Financial Officer - Ramada International, Vice President - Owner & Franchise Services and Acquisition Executive. Prior to joining Marriott, Mr. Jenkins spent 5 years with McDonald's Corporation where he held positions in finance and operations. Mr. Jenkins currently serves on the board of directors of Duke Realty and New Senior Investment Group. He is a member of the Washington DC Developer Roundtable and is a former member of the Suburban Hospital Board of Trustees and the Howard University Board of Trustees. Mr. Jenkins's executive and real estate experience led the Board to conclude that he should serve as one of our directors.

Lisa Lutoff-Perlo, age 63, has served as one of our directors since February 2020. Since December 2014, she has served as President and Chief Executive Officer of Celebrity Cruises, a multi-billion dollar cruise line and wholly-owned subsidiary of Royal Caribbean Cruises Ltd. From September 2012 until December 2014, Ms. Lutoff-Perlo was the Executive Vice President, Operations of Royal Caribbean International, RCL. Ms. Lutoff-Perlo was the Senior Vice President, Hotel Operations of Celebrity Cruises from 2007 to 2012, and the Vice President, Onboard Revenue of Celebrity Cruises from 2005 to 2007. Ms. Lutoff-Perlo held various senior positions with Royal Caribbean International from 1985 to 2005. Ms. Lutoff-Perlo's business operations and senior executive management experience led the Board to conclude that she should serve as one of our directors.

G. Mike Mikan, age 49, has served as one of our directors since March 2013. Since January 2019, Mr. Mikan has served as Vice Chairman and President of Bright Health Group, Inc., a consumer-focused health insurance and services business, and in April 2020, Mr. Mikan became its Chief Executive Officer. Mr. Mikan served as Chairman and Chief Executive Officer of Shot-Rock Capital, LLC, a private investment capital group, from January 2015 until December 2018. From January 2013 until December 2014, he served as President of ESL Investments, Inc. Mr. Mikan served as the Interim Chief Executive Officer of Best Buy Co., Inc. from April 2012 until September 2012. From November 1998 through February 2012, he served in various executive positions at UnitedHealth Group Incorporated, including as Executive Vice President and Chief Financial Officer and as Chief Executive Officer of UnitedHealth's Optum subsidiary. Mr. Mikan serves as a director of Princeton Private Investments Access Fund and as a Trustee of Ellington

Income Opportunities Fund. Mr. Mikan's operational and public company leadership experience and his broad understanding of capital investment and allocation led the Board to conclude that he should serve as one of our directors.

Jacqueline A. Travisano, Ed.D., age 51, has served as one of our directors since April 2018. Dr. Travisano is the Executive Vice President for Business and Finance and Chief Operating Officer of the University of Miami, a private research university. From 2011 to 2017, Dr. Travisano served as Executive Vice President and Chief Operating Officer of Nova Southeastern University. She began her career at Coopers & Lybrand and is a NACD Governance Fellow. Dr. Travisano's senior executive and financial, accounting, and operational experience led the Board to conclude that she should serve as one of our directors.

Corporate Governance Guidelines and Codes of Ethics

Our Board is committed to sound corporate governance principles and practices. Our Board's core principles of corporate governance are set forth in the AutoNation, Inc. Corporate Governance Guidelines (the "Guidelines"), which were adopted by the Board in March 2003 and most recently amended as of April 21, 2020. The Guidelines serve as a framework within which our Board conducts its operations. The Corporate Governance and Nominating Committee of our Board is charged with reviewing annually, or more frequently as appropriate, the Guidelines and recommending to our Board appropriate changes in light of applicable laws and regulations, the governance standards identified by leading governance authorities, and our Company's evolving needs.

In order to clearly set forth our commitment to conduct our operations in accordance with our high standards of business ethics and applicable laws and regulations, we have a company-wide Business Ethics Program, which includes a Code of Business Ethics applicable to all of our employees. We also maintain a 24-hour Alert-Line for employees to report any Company policy violations under our Business Ethics Program. In addition, our Board has adopted the Code of Ethics for Senior Officers and the Code of Business Ethics for the Board of Directors. These codes comply with NYSE listing standards.

A copy of the Guidelines and the codes referenced above are available on our corporate website at *investors.autonation.com*. You also may obtain a printed copy of the Guidelines and the codes referenced above by sending a written request to: Investor Relations, AutoNation, Inc., 200 SW 1st Ave, Fort Lauderdale, Florida 33301.

Corporate Governance, Environmental Stewardship, and Social Responsibility Highlights

- *Independent Chairman.* Rick L. Burdick, one of our independent directors, currently serves as our Chairman of the Board. In addition, our Guidelines provide for the selection of a Lead Independent Director whenever the Chairman of the Board is not an independent director.
- *Proxy Access.* Our bylaws permit a stockholder, or a group of up to 20 stockholders, who has owned 3% or more of our common stock for at least three years to nominate and include in our proxy materials director candidates representing up to the greater of two individuals or 20% of the Board, provided the stockholder(s) and the nominee(s) satisfy the requirements and conditions specified in our bylaws. See "Stockholder Proposals and Nominations for the 2022 Annual Meeting" below.
- *Majority Voting with Resignation Policy for Uncontested Director Elections.* Our Guidelines provide that an incumbent director who fails to receive a majority vote in an uncontested election shall tender his or her written resignation to the Chairman of the Board for consideration by the Corporate Governance and Nominating Committee.
- *Recoupment Policy.* Under the AutoNation, Inc. Policy Regarding Recoupment of Certain Incentive Compensation, if a covered officer engages in fraud, intentional misconduct, or gross negligence, and as a result, we are required to restate our financial statements due to material noncompliance with any financial reporting requirement, then we may require reimbursement or forfeiture of all or a portion of any excess incentive compensation paid to or received by such officer, during the three-year period preceding the date on which we are required to prepare the restatement, that would not have been paid or received under the specific terms of the applicable incentive award had the financial results been originally reported as set forth in the restatement. See "Compensation Discussion and Analysis - Policy Regarding Recoupment of Certain Incentive Compensation" below.

- *Stock Ownership Guidelines; Holding Requirement.* Our non-employee directors and executive officers are subject to robust stock ownership guidelines. In addition, our executive stock ownership guidelines provide that a covered executive is expected to retain 50% of any shares of our common stock, net of applicable tax withholding and the payment of any exercise or purchase price (if applicable), he or she receives upon the vesting or settlement of any equity awards or the exercise of any employee stock options, until the applicable threshold under the guidelines is met. See “Board Compensation - Director Stock Ownership Guidelines” and “Compensation Discussion and Analysis - Executive Stock Ownership Guidelines” below.
- *Prohibition on Hedging and Short Sales.* We prohibit our directors and our employees from purchasing any financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) or otherwise engaging in transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of our securities. In addition, we prohibit our directors and employees from engaging in short sales of our securities.
- *Environmental Stewardship.* We are committed to managing our environmental impact and continually work to reduce it where practicable. AutoNation has developed and implemented an Environmental, Health and Safety (“EHS”) Compliance Program. Our EHS Compliance Program is designed to meet our commitment of reducing our environmental impact by implementing AutoNation’s standards of practice for managing compliance with EHS regulations, supporting recycling initiatives and pollution prevention practices throughout our organization, encouraging ways to reduce the generation of hazardous waste, promoting environmental awareness to all of our associates and encouraging solution sharing and best practices at all AutoNation locations, and assessing the environmental impacts of our activities and setting appropriate environmental improvement objectives.
- *Product Offering.* We offer a wide variety of environmentally friendly vehicles, including electric, flex fuel/electric hybrid, gas/electric hybrid, and flex fuel capable. We expect our manufacturer partners to continue to enhance their offerings of these types of vehicles.
- *Drive Pink.* We are committed to supporting the communities in which we operate, and we encourage our associates to be active members in the communities where they live and work through volunteerism and charitable giving. Cancer touches nearly everyone and that is why supporting cancer research and treatment is so important to us. We have transformed our brand through our *Drive Pink* initiative. More than a charitable focus on cancer research and treatment, *Drive Pink* is a core element of our corporate culture and has impacted customers, associates, and our communities in meaningful ways. We fund national cancer research and treatment facilities from coast to coast through our philanthropic activities.

Through the combined efforts of our associates, vendors, partners, customers, and executive leadership, we have raised and donated over \$25 million to support the world-class AutoNation Institute for Breast Cancer Research and Care, the Moffitt Cancer Center, the Breast Cancer Research Foundation, St. Jude Children’s Research Hospital, and other leading cancer facilities. Our presence is felt at local community-based cancer events, as teams of our associates represent AutoNation at runs, walks, and other fundraisers. Yearly, AutoNation celebrates *Drive Pink Across America Day* by providing our associates with opportunities to deliver thousands of gift bags to local hospitals in our markets for patients undergoing cancer treatment. Vehicles sold at our AutoNation locations are fitted with a pink license plate frame as a symbol of our commitment to “driving out” cancer. More than two million pink license plate frames have been distributed to date.

- *Human Rights.* We support and respect the protection of human rights and we are committed to implementing policies, procedures, and training programs throughout our business that seek to advance human rights. We endeavor to work with business partners who share in our commitment, and we do not condone human trafficking, forced labor, child labor, harassment, or abuse of any kind. We expect our business partners to operate consistently with these principles.

- *Diversity and Inclusion.* We endeavor to attract and retain diverse and talented people throughout our Company by engaging in diversity and inclusion initiatives, including programs specifically designed to develop diverse groups of leaders and to recruit current and former military personnel, among others. We value the dignity of all employees and are committed to maintaining a work environment that is free from discrimination, where all associates can devote their best efforts to their jobs. AutoNation provides equal employment and promotional opportunities for all associates as well as any individual applying for employment without regard to race, religion, sex, sexual orientation, gender identity or expression, national origin, age, disability, or any other protected characteristic as defined by applicable federal, state, or local law.
- *Supplier Relationships.* We purchase products and services at a fair value regardless of the manufacturer or provider, while conducting our operations according to high standards of business conduct and all applicable legal requirements. For international suppliers that operate in geographic locations that do not mandate the same level of standards as the United States, we generally require such suppliers to adhere to various standards related to labor, environmental, health and safety, product safety, and anti-corruption, among others. We are also a member of an affiliate of the National Minority Supplier Development Council, which focuses on advancing business opportunities for certified minority business enterprises.

Role of the Board and Board Structure

Our business and affairs are managed under the direction of our Board, which is the Company's ultimate decision-making body, except with respect to those matters reserved to our stockholders. Our Board's mission is to maximize long-term stockholder value. Our Board establishes our overall corporate policies, selects and evaluates our senior management team, who is charged with the conduct of our business, and acts as an advisor and counselor to senior management. Our Board also oversees our business strategy and planning, as well as the performance of management in executing our business strategy, assessing and managing risks, and managing our day-to-day operations. Our Board reviews and approves the Company's long-term strategic plan developed by management. Our Board also reviews management's ongoing and long-term plans for capital allocation.

Our Board's oversight of our business strategy and planning and management of our day-to-day operations includes a review of risks that could impact our goals, objectives, and financial condition. In addition, our Audit, Compensation, and Corporate Governance and Nominating committees assist the Board in overseeing our management of risk. Our Audit Committee reviews with management significant risks related to financial reporting, internal controls, and cybersecurity, as well as our process for assessing and managing risks. Our Compensation Committee reviews and approves our executive compensation program and also reviews the general compensation structure for our corporate and key field employees. Our Corporate Governance and Nominating Committee oversees our company-wide Business Ethics Program, which includes a Code of Business Ethics applicable to all of our employees. While our Board oversees our management of risk as outlined above, management is responsible for identifying and managing risks.

Rick L. Burdick, one of our independent directors, currently serves as our Chairman of the Board. In addition, our Guidelines provide for the selection of a Lead Independent Director whenever the Chairman of the Board is not an independent director.

The Board believes that having an independent Chairman of the Board is in the best interests of the Company at this time because it allows Mr. Jackson to devote his time and attention to the day-to-day operations of the Company, while allowing Mr. Burdick to focus on leading the Board and supporting the initiatives of the Company and management. The Board also believes that our current leadership structure, with the separation of the Chairman of the Board and Chief Executive Officer positions together with independent leadership at the committee level, enhances the Board's effectiveness in risk oversight.

Our Board held twenty-five meetings and took one action by unanimous written consent during 2020. In 2020, each person serving as a director attended at least 75% of the total number of meetings of our Board and any Board committee on which he or she served (held during the period for which such person has been a director). Our independent directors held ten executive sessions without management present during 2020.

Our directors are expected to attend our Annual Meeting of Stockholders. Any director who is unable to attend our Annual Meeting is expected to notify the Chairman of the Board in advance of the Annual Meeting. Each person then serving as a director attended the 2020 Annual Meeting of Stockholders.

Board Committees

Our Board has three separately designated standing committees to assist the Board in discharging its responsibilities: the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee. The charters for each of our Board committees are in compliance with applicable SEC rules and NYSE listing standards. These charters are available at *investors.autonation.com*. You may obtain a printed copy of any of these charters by sending a request to: Investor Relations, AutoNation, Inc., 200 SW 1st Ave, Fort Lauderdale, Florida 33301. In February 2021, our Board dissolved its Finance Committee.

The following table sets forth the current membership of each of our Board’s committees:

Name	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
Rick L. Burdick		✓	✓
David B. Edelson	Chair		
Steven L. Gerard	✓	✓	
Lisa Lutoff-Perlo	✓		✓
G. Mike Mikan		Chair	
Jacqueline A. Travisano			Chair

Audit Committee

The Audit Committee primarily assists our Board in fulfilling its oversight responsibilities by reviewing our financial reporting and audit processes and our systems of internal control over financial reporting and disclosure controls. Among the Committee’s core responsibilities are the following: (i) overseeing the integrity of our consolidated financial statements, for which management is responsible, and reviewing and approving the scope of the annual audit; (ii) selecting, retaining, compensating, overseeing, and evaluating our independent registered public accounting firm; (iii) reviewing the Company’s critical accounting policies; (iv) reviewing the Company’s quarterly and annual financial statements prior to the filing of such statements with the SEC; (v) preparing the Audit Committee report for inclusion in our proxy statement; and (vi) reviewing with management significant financial risks or exposures and assessing the steps management has taken to minimize, monitor, and control such risks or exposures. For a complete description of our Audit Committee’s responsibilities, please refer to the Audit Committee’s charter.

Our Board has determined that each Audit Committee member has the requisite independence and other qualifications for audit committee membership under SEC rules, NYSE listing standards, the Audit Committee’s charter, and the independence standards set forth in the Guidelines (as discussed below under “Director Independence”). Our Board has also determined that each of our Audit Committee members is an “audit committee financial expert” within the meaning of Item 407(d)(5) of Regulation S-K under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). See “Directors” above for a description of the business experience of each of our Audit Committee members.

The Audit Committee held four meetings and took no action by unanimous written consent during 2020. The Audit Committee Report for 2020, which contains a description of the Audit Committee’s responsibilities and its recommendation with respect to our audited consolidated financial statements for the year ended December 31, 2020, is set forth below under “Audit Committee Report.”

Compensation Committee

The Compensation Committee primarily assists our Board in fulfilling its compensation oversight responsibilities by, among other things: (i) reviewing our director compensation program and suggesting changes in director compensation to the Board, if appropriate; (ii) reviewing and approving the compensation of our CEO and other senior executive officers and setting annual and long-term performance goals for these individuals; (iii) reviewing and approving the compensation of all of our corporate officers; (iv) reviewing the Company’s program for management development and succession planning; (v) reviewing and approving performance-based compensation of executive officers, including incentive awards and stock-based awards; and (vi) administering our equity compensation plans.

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

The Compensation Committee reviews executive compensation at its meetings throughout the year and sets executive compensation. The Compensation Committee also reviews director compensation annually and recommends to the full Board the compensation for non-employee directors. Our CEO reviews the performance of other named executive officers and makes recommendations, if any, to the Compensation Committee with respect to compensation adjustments for such officers. However, the Compensation Committee determines in its sole discretion whether to make any adjustments to the compensation paid to such executive officers.

From 2013 through 2019, the Compensation Committee engaged Pearl Meyer (“PM”), an independent compensation consulting firm, to provide research and analysis and to make recommendations as to the form and amount of executive and director compensation. In October 2019, the Compensation Committee engaged a new compensation consultant, Meridian Compensation Partners, LLC (“Meridian”). The Compensation Committee sought input from Meridian on executive and director compensation matters for 2020, including the design and competitive positioning of our executive and director compensation programs, our peer group, appropriate compensation levels, and evolving compensation trends. While the Compensation Committee considered input from Meridian, the Committee’s decisions reflect many factors and considerations.

Meridian did not provide any other services to the Company or its subsidiaries. The Compensation Committee assessed the independence of Meridian pursuant to SEC and NYSE rules and concluded that no conflict of interest exists that would prevent Meridian from serving as an independent consultant to the Compensation Committee. The Compensation Committee reviews the appointment of its independent compensation consulting firm annually. As part of the review process, the Compensation Committee considers the independence of the firm in accordance with applicable SEC rules and NYSE listing standards.

For more information on the responsibilities and activities of the Compensation Committee, including the Committee’s processes for determining executive compensation, see “Executive Compensation” below, as well as the Compensation Committee’s charter.

Our Board has determined that each Compensation Committee member has the requisite independence for Compensation Committee membership under NYSE listing standards and the independence standards set forth in the Guidelines. Our Board has also determined that each Compensation Committee member qualifies as a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act and as an “outside director” under Section 162(m) of the Internal Revenue Code. The Compensation Committee held four meetings and took one action by unanimous written consent during 2020.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee assists our Board in fulfilling its oversight responsibilities by performing the following duties: (i) reviewing annually, or more frequently as appropriate, the corporate governance principles and practices set forth in the Guidelines, in comparison to the governance standards identified by leading governance authorities and our evolving needs, and making recommendations to the Board with respect to any appropriate amendment to the Guidelines; (ii) considering and advising the Board with respect to other corporate governance issues; (iii) periodically reviewing our codes of ethics and conduct for directors, officers, and employees; (iv) leading annual evaluations of Board and Board committee performance; (v) assessing periodically our Board’s needs in terms of skills and qualifications and recommending to our Board candidates for nomination and election to our Board; (vi) reviewing Board candidates recommended by our stockholders; (vii) recommending to our Board assignments to committees; and (viii) reviewing and evaluating the Company’s programs, policies, and practices relating to social and environmental issues.

Our Board has determined that each Corporate Governance and Nominating Committee member is independent under NYSE listing standards and the independence standards set forth in the Guidelines. In 2020, the Corporate Governance and Nominating Committee held four meetings and took no action by unanimous written consent.

The Corporate Governance and Nominating Committee has a policy with regard to the consideration of director candidates recommended by stockholders. For information regarding this policy, refer to “Stockholder Communications - Stockholder Director Recommendations” below.

Director Independence

Under our Guidelines, our Board must consist of a substantial majority of directors who qualify as independent directors under the listing standards of the NYSE. To be considered independent:

- our Board must affirmatively determine that a director has no material relationship with the Company (either directly or as a partner, stockholder, or officer of an organization that has a relationship with the Company); and
- a director must not have a disqualifying relationship, as set forth in the NYSE listing standards.

To assist the Board in determining whether a director is independent, our Board has established director independence standards, which are part of our Guidelines available at *investors.autonation.com*. Under our director independence standards, none of our non-employee directors has a material relationship with the Company that impairs his or her independence, and our Board has affirmatively determined that each person who served as one of our directors since the beginning of the last fiscal year, other than Ms. Miller (who is no longer on our Board) and Mr. Jackson, was “independent” under our director independence standards and the listing standards of the NYSE.

In addition to our independence standards, the directors who serve on our Audit Committee each satisfy standards established by the SEC providing that to qualify as “independent” for the purposes of membership on that committee, members of audit committees may not:

- accept directly or indirectly any consulting, advisory, or other compensatory fee from the Company or any of its subsidiaries other than their director compensation, or
- be an affiliated person of the Company or any of its subsidiaries.

In accordance with the listing standards of the NYSE, in affirmatively determining the independence of each director who serves on our Compensation Committee, our Board also considered all factors specifically relevant to determining whether each such director has a relationship to the Company which is material to his or her ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to:

- the source of compensation of each such director, including any consulting, advisory, or other compensatory fee paid by the Company to him or her, and
- whether he or she is affiliated with the Company, a subsidiary of the Company, or an affiliate of a subsidiary of the Company.

Director Selection Process

The Corporate Governance and Nominating Committee is responsible for identifying, evaluating, and recommending candidates to the Board for nomination and election to the Board. The Committee is also responsible for assessing the appropriate balance of skills and characteristics required of our Board members. The Committee considers candidates suggested by its members and other Board members, as well as management and stockholders.

In accordance with the Guidelines, candidates, including candidates recommended by stockholders, are selected on the basis of, among other things, broad experience, financial expertise, wisdom, integrity, ability to make independent analytical inquiries, understanding of our business environment, the candidate’s ownership interest in the Company, and willingness and ability to devote adequate time to Board duties, all in the context of assessing the needs of our Board at that point in time and with the objective of ensuring diversity in the background, experience, and viewpoints of our Board members. The Guidelines provide that the number of directors should permit diversity of experience without hindering effective discussion, diminishing individual accountability, or exceeding a number that can function efficiently as a body.

The Board periodically reviews the size of the Board to determine the size that will be most effective for the Company. In addition, the Board completes an annual self-evaluation, which includes a self-assessment questionnaire for each Board member. The self-assessment questionnaire addresses topics such as the structure of the Board, the skills and backgrounds of the current directors, the size of the Board, and the Board's committee structure. Each of the Audit, Compensation, and Corporate Governance and Nominating committees also completes an annual self-evaluation, which includes a self-assessment questionnaire tailored specifically for each committee.

Candidates recommended by our stockholders are considered on the same basis as if such candidates were recommended by one of our Board members or other persons. See "Stockholder Communications - Stockholder Director Recommendations" below.

Certain Relationships and Related Party Transactions

Our Board has adopted a written policy which requires that transactions with related parties must be entered into in good faith on fair and reasonable terms that are no less favorable to us than those that would be available in a comparable transaction in arm's-length dealings with an unrelated third party. Our Board, by a vote of the disinterested directors, must approve all related party transactions valued over \$500,000, while our Audit Committee must approve related party transactions valued between \$100,000 and \$500,000 and review with management all other related party transactions. Under SEC rules, a related party is defined as any director, executive officer, nominee for director, or greater than 5% stockholder of the Company, and their immediate family members. Since the beginning of 2020, the Company has not participated in any related party transaction in which any related party had or will have a direct or indirect material interest.

Board Compensation

Our non-employee director compensation program is designed to ensure alignment with long-term stockholder interests, to ensure we can attract and retain outstanding directors who meet the criteria outlined under "Director Selection Process" above, and to recognize the time commitments necessary to oversee the Company.

For 2020, our non-employee director compensation program consisted of the following:

- annual Board retainer of \$50,000 for each non-employee director (in April 2020, in response to the COVID-19 pandemic, our Board of Directors waived their annual Board retainer until May 1, 2020, and the Board retainer for 2020 was adjusted accordingly);
- annual retainer of \$25,000 for the Lead Independent Director;
- annual committee retainers of \$20,000 for the Chair of the Audit Committee and \$10,000 for the Chair of each of the Compensation and Corporate Governance and Nominating Committees;
- annual award of restricted stock units based on a fixed dollar value of \$250,000 as described further below; and
- expense reimbursement in connection with Board and committee meeting attendance.

On January 2, 2020, each of our non-employee directors received a grant of 5,110 (calculated by dividing \$250,000 by the closing price of our common stock on the grant date and rounding down to the nearest whole number) vested restricted stock units ("RSUs") under the AutoNation, Inc. 2014 Non-Employee Director Equity Plan (as amended, the "2014 Director Plan"), which was approved by our stockholders at our 2014 Annual Meeting of Stockholders. The RSUs will settle in shares of the Company's common stock on the first trading day of February in the third year following the date of grant, except to the extent a recipient elected to defer settlement of the RSUs beyond such date in accordance with the terms of the award and the 2014 Director Plan. Settlement of the RSUs will be accelerated in certain circumstances as provided in the terms of the award and the 2014 Director Plan, including in the event the recipient ceases to serve as a non-employee director of the Company. If the Company pays a dividend with respect to its common stock, each RSU award will be credited with a number of additional RSUs equal to (i) the aggregate amount or value of the dividends paid with respect to the number of shares subject to the award on the dividend record date divided by (ii) the fair market value per share on the payment date for such dividend. Any such additional RSUs will be subject to the same terms and conditions of the award, and the shares subject to such additional RSUs will be distributed only upon the distribution of the underlying shares with respect to which the dividend equivalents were granted.

Our non-employee directors are eligible to defer all or a portion of their annual and committee retainers under the AutoNation, Inc. Deferred Compensation Plan. We do not provide matching contributions to non-employee directors that participate in the DCP.

Director Compensation

The following table sets forth the compensation earned during 2020 by each non-employee director who served in 2020.

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)	Total (\$)
Thomas J. Baltimore, Jr.	46,175	249,981	296,156
Rick L. Burdick	71,175	249,981	321,156
David B. Edelson	66,175	249,981	316,156
Steven L. Gerard	46,175	249,981	296,156
Robert R. Grusky	56,175	249,981	306,156
Norman K. Jenkins	4,235(3)	—(3)	4,235
Lisa Lutloff-Perlo	41,940(4)	—(4)	41,940
G. Mike Mikan	56,175	249,981	306,156
Jacqueline A. Travisano	56,175	249,981	306,156

- (1) In April 2020, in response to the COVID-19 pandemic, our Board of Directors waived their annual Board retainer until May 1, 2020, and the Board retainer for 2020 was adjusted accordingly.
- (2) The amounts reported in this column reflect the grant date fair value of awards computed in accordance with FASB ASC Topic 718. On January 2, 2020, each person then serving as one of our non-employee directors received a grant of 5,110 vested RSUs under the 2014 Director Plan. The grant date fair value of each RSU granted on January 2, 2020 was \$48.92, the closing price per share of our common stock on such date.
- (3) Mr. Jenkins joined the Board in December 2020, and his Board retainer was prorated accordingly. Since he was not serving as director on January 2, 2020, he was not eligible for an RSU award in 2020.
- (4) Ms. Lutloff-Perlo joined the Board in February 2020, and her Board retainer was prorated accordingly. Since she was not serving as director on January 2, 2020, she was not eligible for an RSU award in 2020.

Outstanding Equity Awards

The following table sets forth information regarding the number of RSUs and the number of options held, as of December 31, 2020 by each non-employee director who served in 2020, as of December 31, 2020:

Name	Aggregate Number of RSUs Held as of 12/31/2020	Aggregate Number of Options Held as of 12/31/2020
Thomas J. Baltimore, Jr.	5,110	—
Rick L. Burdick	16,808	45,000
David B. Edelson	28,567	55,000
Steven L. Gerard	5,110	—
Robert R. Grusky	24,010	20,000
Norman K. Jenkins	—	—
Lisa Lutloff-Perlo	—	—
G. Mike Mikan	26,140	15,000
Jacqueline A. Travisano	12,044	—

Director Stock Ownership Guidelines

Under our director stock ownership guidelines, each of our non-employee directors is expected to hold shares of the Company's common stock having a fair market value of not less than \$750,000 by the fifth anniversary of the date of his or her initial appointment to the Board. The following table sets forth information regarding the number of shares (including vested RSUs) held as of February 26, 2021 by our non-employee directors, each of whom has satisfied the guidelines or has time remaining to do so.

Name	Number of Shares Held	Fair Market Value of Shares Held (\$)(1)	Progress Towards Stock Ownership Guidelines
Rick L. Burdick	54,301	4,073,661	Achieved
David B. Edelson	45,811	3,436,741	Achieved
Steven L. Gerard	9,781	733,771	98%
Robert R. Grusky	48,392	3,630,368	Achieved
Norman K. Jenkins	3,671	275,398	37%
Lisa Lutoff-Perlo	3,671	275,398	37%
G. Mike Mikan	44,311	3,324,211	Achieved
Jacqueline A. Travisano	15,715	1,178,939	Achieved

(1) The fair market value of the shares is based on the closing price of our common stock on February 26, 2021 (\$75.02).

Stockholder Communications

Communications with the Company and the Board

Stockholders and interested parties may communicate with the Company through its Investor Relations Department by writing to Investor Relations, AutoNation, Inc., 200 SW 1st Ave, Fort Lauderdale, Florida 33301. Stockholders and interested parties interested in communicating with our Board, any Board committee, any individual director, or any group of directors (such as our independent directors) should send written correspondence to Board of Directors c/o Corporate Secretary, AutoNation, Inc., 200 SW 1st Ave, Fort Lauderdale, Florida 33301. Additional information is available on our corporate website at investors.autonation.com.

Stockholder Director Recommendations

The Corporate Governance and Nominating Committee has established a policy pursuant to which it considers director candidates recommended by our stockholders. All director candidates recommended by our stockholders are considered for selection to the Board on the same basis as if such candidates were recommended by one or more of our directors or other persons. To recommend a director candidate for consideration by our Corporate Governance and Nominating Committee, a stockholder must submit the recommendation in writing to our Corporate Secretary not later than 120 calendar days prior to the anniversary date of our proxy statement distributed to our stockholders in connection with our previous year's annual meeting of stockholders, and the recommendation must provide the following information: (i) the name of the stockholder making the recommendation; (ii) the name of the candidate; (iii) the candidate's resume or a listing of his or her qualifications to be a director; (iv) the proposed candidate's written consent to being named as a nominee and to serving as one of our directors if elected; and (v) a description of all relationships, arrangements, or understandings, if any, between the proposed candidate and the recommending stockholder and between the proposed candidate and us so that the candidate's independence may be assessed. The stockholder or the director candidate also must provide any additional information requested by our Corporate Governance and Nominating Committee to assist the Committee in appropriately evaluating the candidate.

Stockholder Proposals and Nominations for the 2022 Annual Meeting

Proposals for Inclusion in our Proxy Materials

Under SEC rules, if a stockholder wishes to submit a proposal for inclusion in our Proxy Statement for the 2022 Annual Meeting of Stockholders, the proposal must be received by our Corporate Secretary not later than November 10, 2021. All proposals must comply with Rule 14a-8 under the Exchange Act.

Nominations for Inclusion in our Proxy Materials (Proxy Access)

Under our proxy access bylaw, a stockholder (or a group of up to 20 stockholders) owning three percent or more of our common stock continuously for at least three years may nominate and include in our proxy statement candidates for up to 20% of our Board (rounded down, but not less than two). Nominations must comply with the requirements and conditions of our proxy access bylaw, including delivering proper notice to us not earlier than October 11, 2021 nor later than November 10, 2021. Detailed information for submitting proxy access nominations will be provided upon written request to the Corporate Secretary of AutoNation, Inc., 200 SW 1st Ave, Fort Lauderdale, Florida 33301.

Other Proposals and Nominations

Any stockholder who wishes to make a nomination or introduce an item of business, other than as described above, must comply with the procedures set forth in our bylaws, including delivering proper notice to us not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's Annual Meeting, which means not earlier than December 23, 2021 nor later than January 22, 2022. Detailed information for submitting stockholder proposals or nominations, other than for inclusion in our proxy statement, will be provided upon written request to the Corporate Secretary of AutoNation, Inc., 200 SW 1st Ave, Fort Lauderdale, Florida 33301.

STOCK OWNERSHIP

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information as of February 26, 2021 regarding beneficial owners of more than five percent of the outstanding shares of our common stock.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class(1)
William H. Gates III One Microsoft Way, Redmond, WA 98052	18,431,162(2)	22.4%
ESL Investments, Inc. and related entities(3) 1170 Kane Concourse, Suite 200, Bay Harbor, FL 33154	11,841,533(4)	14.4%
The Vanguard Group 100 Vanguard Blvd., Malvern, PA 19355	6,860,169(5)	8.3%
Dimensional Fund Advisors LP Building One, 6300 Bee Cave Road, Austin, TX 78746	4,926,001(6)	6.0%
BlackRock, Inc. 55 East 52nd Street, New York, NY 10055	4,798,206(7)	5.8%

- (1) Based on 82,420,480 shares outstanding at February 26, 2021.
- (2) Based on a Schedule 13D/A filed with the SEC on February 18, 2021, all shares held by Cascade Investment, L.L.C. (“Cascade”) may be deemed to be beneficially owned by William H. Gates III as the sole member of Cascade. Cascade and Mr. Gates have sole voting and dispositive power with respect to 18,431,162 shares. The address of Cascade is 2365 Carillon Point, Kirkland, WA 98033.
- (3) Includes ESL Partners, L.P. (“Partners”), RBS Partners, L.P. (“RBS”), ESL Investments, Inc. (“Investments”), The Lampert Foundation (the “Foundation”), and Edward S. Lampert. Partners, RBS, Investments, the Foundation, and Mr. Lampert are collectively referred to as the “ESL Entities.”
- (4) Based on a Schedule 13D/A filed with the SEC on January 24, 2020 and a Form 4 filed on January 12, 2021, the total number of AutoNation shares beneficially owned by the ESL Entities consists of 2,008,862 shares held or controlled by Partners, 176,370 shares held by the Foundation, and 9,656,301 shares held by Mr. Lampert. Each of Partners, RBS, and Investments has sole voting and dispositive power with respect to 2,004,454 shares and shared dispositive power with respect to 9,656,301 shares; the Foundation has sole voting and dispositive power with respect to 176,370 shares; and Mr. Lampert has sole voting power with respect to 11,841,533 shares, sole dispositive power with respect to 2,185,232 shares, and shared dispositive power with respect to 9,656,301 shares.
- (5) Based on a Schedule 13G/A filed with the SEC on February 10, 2021, The Vanguard Group has sole voting power with respect to zero shares, shared voting power with respect to 42,201 shares, sole dispositive power with respect to 6,768,440 shares, and shared dispositive power with respect to 91,729 shares.
- (6) Based on a Schedule 13G filed with the SEC on February 12, 2021, Dimensional Fund Advisors LP has sole voting power with respect to 4,829,300 shares and sole dispositive power with respect to 4,926,001 shares.
- (7) Based on a Schedule 13G/A filed with the SEC on January 29, 2021, BlackRock, Inc. has sole voting power with respect to 4,602,659 shares and sole dispositive power with respect to 4,798,206 shares.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth certain information as of February 26, 2021 regarding the amount of our common stock beneficially owned by (1) each of our directors, (2) each of our 2020 named executive officers, and (3) our directors and executive officers as a group. Beneficial ownership includes (1) shares that may be acquired within 60 days of February 26, 2021 through the exercise of outstanding stock options and (2) vested restricted stock units held by our non-employee directors. Unless otherwise indicated and subject to applicable community property laws, each person listed in the table has sole voting and investment power with respect to the securities listed.

Name of Beneficial Owner	Number of Shares of Common Stock Owned	Number of Shares Acquirable Within 60 days	Shares of Common Stock Beneficially Owned	
			Number	Percent(1)
Mike Jackson	142,268	629,786	772,054	*
Rick L. Burdick	33,822	65,479(3)	99,301	*
David B. Edelson	13,573	87,238(4)	100,811	*
Steven L. Gerard	1,000	8,781(2)	9,781	*
Robert R. Grusky	22,840	30,552(5)	53,392	*
Norman K. Jenkins	—	3,671(2)	3,671	*
Lisa Lutloff-Perlo	—	3,671(2)	3,671	*
G. Mike Mikan	18,759	40,552(5)	59,311	*
Jacqueline A. Travisano	—	15,715(2)	15,715	*
James R. Bender	6,805	32,064	38,869	*
Joseph T. Lower	2,070	—	2,070	*
Marc Cannon	20,990	45,240	66,230	*
C. Coleman Edmunds	24,800	42,176	66,976	*
Christopher Cade	—	965	965	*
Cheryl Miller(6)	19,200	—	19,200	*
All current directors and executive officers as a group (13 persons)	286,927	1,004,925	1,291,852	1.5%

* Less than 1%.

- (1) Based on 82,420,480 shares outstanding at February 26, 2021.
- (2) Represents vested restricted stock units.
- (3) Includes 20,479 vested restricted stock units.
- (4) Includes 32,238 vested restricted stock units.
- (5) Includes 25,552 vested restricted stock units.
- (6) Based on a questionnaire completed by Ms. Miller on January 27, 2021.

EXECUTIVE COMPENSATION
COMPENSATION COMMITTEE REPORT

The following statement made by our Compensation Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate such statement by reference.

The Compensation Committee of the Company has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and, based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Compensation Committee:

G. Mike Mikan, Chair
Rick L. Burdick
Steven L. Gerard

COMPENSATION DISCUSSION AND ANALYSIS

Overview

This Compensation Discussion and Analysis provides a detailed description of our executive compensation philosophy and programs, the compensation decisions the Compensation Committee (referred to as the “Committee” in this section) of the Board has made under those programs, and the factors considered in making those decisions.

Executive Officer Transitions in 2020. On January 13, 2020, Joseph T. Lower became our Executive Vice President and Chief Financial Officer, and Christopher Cade resumed his role as our Senior Vice President and Chief Accounting Officer, after previously serving as our Interim Chief Financial Officer from July 22, 2019, until January 13, 2020.

In April 2020, our Board granted the request of Cheryl Miller, who was then serving as our Chief Executive Officer and President, for a leave of absence for health reasons, and appointed Mike Jackson to serve as our Chief Executive Officer and James R. Bender to serve as our President and Chief Operating Officer. Also in April 2020, our Board appointed Marc Cannon to serve as our Executive Vice President and Chief Customer Experience Officer.

Mr. Jackson had previously served as our Chief Executive Officer for nearly 20 years, from September 1999 until March 2019. Pursuant to the terms of his prior employment agreement, Mr. Jackson had transitioned to the role of Executive Chairman, effective as of March 11, 2019, and was scheduled to retire from the Company on December 31, 2021. In light of the challenges posed by the COVID-19 pandemic and the Company’s need for continuity and steady leadership, at the Board’s request, Mr. Jackson agreed to return to his former role as our Chief Executive Officer effective upon Ms. Miller’s leave of absence.

Ms. Miller did not return from her leave of absence, and, in July 2020, she resigned from the Company. Her separation of employment constituted a resignation for “good reason” under the terms of her employment agreement (as previously disclosed in a Current Report on Form 8-K filed with the SEC on July 14, 2020). See “Potential Payments Upon Termination or Change in Control - Named Executive Officer Departure” for a description of the separation agreement we entered into with Ms. Miller in July 2020.

In connection with Ms. Miller’s resignation and the appointment of Mr. Jackson as our Chief Executive Officer, we entered into an amended employment agreement with Mr. Jackson in July 2020. His employment agreement provides for compensation arrangements consistent with those he received immediately prior to his transition from Chief Executive Officer to Executive Chairman in March 2019.

Named Executive Officers. Our “named executive officers” for 2020 are listed in the table below. The titles shown represent each officer’s current position with the Company (except for Ms. Miller, who is no longer with the Company).

Mike Jackson	Chief Executive Officer and Director
James R. Bender	President and Chief Operating Officer
Joseph T. Lower	Executive Vice President and Chief Financial Officer
Marc Cannon	Executive Vice President and Chief Customer Experience Officer
C. Coleman Edmunds	Executive Vice President, General Counsel and Corporate Secretary
Christopher Cade	Senior Vice President and Chief Accounting Officer
Cheryl Miller	Former Chief Executive Officer and President

2020 Financial Highlights

Our adjusted operating income, adjusted net income from continuing operations, and adjusted earnings per share from continuing operations each increased significantly in 2020 as compared to 2019, as shown in the table below. Please refer to our Annual Report on Form 10-K for the year ended December 31, 2020 for additional information regarding our financial results and see Annex A for a reconciliation of non-GAAP financial measures to our results as reported under GAAP. The table below also sets forth our total shareholder return from January 1, 2020 through December 31, 2020.

FY 2020 versus FY 2019			2020 Total Shareholder Return
Adjusted Operating Income	Adjusted Net Income from Continuing Operations	Adjusted EPS from Continuing Operations	
↑24%	↑53%	↑56%	↑44%

Compensation Philosophy and Objectives

Our executive compensation programs are administered by the Committee. The Committee's fundamental philosophy is to closely link executive compensation with the achievement of performance goals and to create an owner-oriented culture through our executive compensation programs. The objectives of our executive compensation program are to ensure that we are able to attract and retain highly skilled executives and to provide a compensation program that incentivizes management to optimize business performance, deploy capital productively, and increase long-term stockholder value. The Committee believes that total compensation for each of our executive officers should be fair for the services rendered and competitive with market practice. In addition, the Committee designs our executive compensation program to be transparent and easily understood and administered, which is why the key components of executive compensation are limited to a base salary, an annual cash incentive award based on the achievement of a predetermined performance goal, and long-term incentive awards in the form of performance-based equity awards. The Committee strives to ensure executive compensation aligns management with the Company's annual and long-term plans and strategy.

Setting Compensation Levels of Executive Officers

The Committee reviews executive compensation at its meetings throughout the year and sets executive compensation based primarily on our financial and operating performance and on executive management's performance in executing the Company's business strategy, optimizing the Company's business performance and productivity of its business operations, and increasing long-term stockholder value. The Committee also considers the scope of each executive's experience, duties and responsibilities, individual performance, and total compensation, as well as compensation market data derived from our peer group. Our Chief Executive Officer reviews the performance of other named executive officers and makes recommendations, if any, to the Committee with respect to compensation adjustments for such officers. However, the Committee determines in its sole discretion whether to make any adjustments to the compensation paid to such executive officers.

For 2020, as in prior years, a significant portion of each named executive officer's total compensation was allocated to compensation in the form of an annual performance-based cash incentive award and performance-based equity awards in order to provide incentives to enhance long-term stockholder value.

The Role of the Compensation Consultant. From 2013 through 2019, the Committee engaged Pearl Meyer ("PM"), an independent compensation consulting firm, to provide research and analysis and to make recommendations as to the form and level of executive compensation. In October 2019, the Committee engaged a new compensation consultant, Meridian Compensation Partners, LLC. The Committee sought input from Meridian on executive compensation matters for 2020, including the design and competitive positioning of our executive compensation program, our peer group, appropriate compensation levels, and evolving compensation trends. See "Board of Directors and Corporate Governance - Board Committees - Compensation Committee" above for more information regarding the Committee's engagement of Meridian.

The Role of Peer Companies and Benchmarking. As part of its review of executive compensation for 2020, the Committee reviewed the executive compensation arrangements at peer group companies. Our peer group includes comparable specialty retail companies selected based on specific financial measures, including, but not limited to, revenue, total assets, headcount, market capitalization, net income, and profit margins. For purposes of 2020 executive compensation decisions, the Committee undertook a review of our peer group used for 2019. The Committee determined that, for 2020, GameStop Corp. should be removed from the peer group, due to recent turnover in the Chief Executive Officer role, and replaced with Penske Automotive Group, Inc., a publicly-traded automotive retailer. For 2020, our peer group consisted of the following companies:

AutoZone, Inc.	The Gap, Inc.	Penske Automotive Group, Inc.
Bed Bath & Beyond Inc.	Genuine Parts Company	Ross Stores, Inc.
Best Buy Co., Inc.	Kohl's Corporation	Tiffany & Co.
CarMax, Inc.	L Brands, Inc.	The TJX Companies, Inc.
Dollar General Corporation	Macy's Inc.	
Dollar Tree, Inc.	Nordstrom, Inc.	

The Committee reviewed executive compensation benchmark data in order to evaluate and confirm whether our executive compensation was within a reasonably competitive range and to set executive compensation for 2020. Market compensation data compiled by Meridian and reviewed by the Committee in October 2020 indicated that the aggregate target total direct compensation of our executive officers serving at such time, excluding Mr. Jackson, was positioned well below the 50th percentile. The Committee, however, did not set executive compensation at a specific target percentile within the peer group.

The Committee focuses on providing compensation that is fair for the services rendered and reflects an executive's experience, performance, and scope of responsibilities, closely linking executive compensation with the achievement of Company performance goals, and creating an owner-oriented culture, where the interests of our executive officers are aligned with the long-term interests of our stockholders.

2020 Executive Compensation Elements

The key elements of our executive compensation program for the year ended December 31, 2020 were:

- base salary;
- an annual performance-based cash incentive award; and
- long-term incentive compensation in the form of performance-based restricted stock units ("RSUs").

Nearly 90% of Mr. Jackson's target total compensation for 2020 was provided in the form of performance-based compensation.

Executive officers are also entitled to limited perquisites and other benefits as outlined below under "Perquisites and Other Benefits." The following is a summary of the considerations underlying each element of compensation paid to our named executive officers for 2020.

Base Salary

We provide our named executive officers and other officers with a base salary to compensate them for services rendered during the fiscal year. The Committee reviews and, as appropriate, adjusts the base salaries for our named executive officers. The factors that the Committee considers in setting salaries include the scope of job responsibilities, individual contributions to our success, company-wide performance, and market compensation. For 2020, each of our named executive officers, other than Messrs. Jackson and Lower, received base salary merit increases equal to 3%, effective as of February 2020.

In April 2020, in response to the COVID-19 pandemic, the Committee implemented base pay reductions for all of our associates, including each of our named executive officers. The compensation adjustments included salary reductions of 50% for each of Mr. Jackson (who was then serving as our Executive Chairman) and Ms. Miller (who was then serving as our Chief Executive Officer and President), 35% for our Executive Vice Presidents, including Messrs. Bender,

Lower, Cannon, and Edmunds, 30% for our Senior Vice Presidents and Region Presidents, including Mr. Cade, and 20% for our remaining associates. Salaries were restored for all of our associates effective as of May 1, 2020, and the reductions were disregarded for purposes of calculating the 2020 annual incentive award discussed below.

In connection with his appointment as our President and Chief Operating Officer in April 2020, Mr. Bender’s base salary was increased from \$798,250 to \$940,000. In connection with his appointment as our Chief Customer Experience Officer and assumption of responsibilities for our Information Technology department in April 2020, Mr. Cannon’s base salary was increased from \$700,400 to \$750,000.

Annual Incentive Awards

A core component of our compensation program is the AutoNation Operating Performance incentive plan (the “AOP”), the annual performance-based cash incentive compensation program in which incentive award-eligible, corporate-level employees participate. The AOP is designed to incentivize management to continually improve our operating performance and to use capital to maximize returns. In January 2020, the Committee established a performance goal under the AOP for 2020 based upon a specified level of adjusted operating income per basic share, taking into consideration our 2019 financial results, anticipated industry vehicle unit sales for 2020, planned capital investments, anticipated corporate transactions, macroeconomic factors, including anticipated interest rates, payout opportunities, and pay-for-performance alignment.

The following table sets forth the 2020 threshold, target, and maximum payout levels established under the AOP based on the adjusted operating income per basic share performance metric:

Performance		Payout
Threshold	\$6.55	50%
Target	\$8.19	100%
Maximum	\$13.10	200%

In calculating the level of our performance under the AOP, certain adjustments are made to operating income per basic share to ensure that operating performance is fairly measured to incentivize management appropriately. For example, floorplan interest expense is charged against operating income to ensure management manages this expense. On a U.S. generally accepted accounting principles basis, floorplan interest expense is not included in operating income. Operating income per basic share is also adjusted for acquisitions and to reflect a capital charge for the repurchase of shares of our common stock. The capital charge is designed to encourage more productive uses of capital and to discourage less productive uses of capital. The Committee also has the authority to make, and from time to time makes, appropriate equitable adjustments to reflect the impact of unusual or infrequently occurring items.

The Committee established an incentive compensation program for 2020 under the AutoNation, Inc. 2017 Employee Equity and Incentive Plan (the “2017 Plan”) using the same performance goal established under the AOP, for each of our named executive officers, other than Mr. Cade, who participated in the AOP only since he was not an executive officer at the time the 2020 incentive compensation program was established under the 2017 Plan. The participants under the 2017 Plan for 2020 incentive award-purposes did not participate in the AOP.

For 2020, the adjusted operating income per basic share target was set more than 9% higher than the target for 2019. The 2020 target was set modestly lower than our actual performance in 2019, because the 2019 results benefited from certain items not related to the Company’s core operations that we did not expect to repeat in 2020. Given the expectations at the beginning of 2020, the 2020 target was viewed by the Committee as an appropriately challenging performance goal.

One hundred percent of the target incentive award for each participant in the AOP and the 2017 Plan was based upon achievement of the predetermined performance goal. Incentive awards under the AOP and the 2017 Plan were payable on a sliding scale based on the Company’s actual achievement relative to the predetermined goal, with the possibility that awards earned may exceed or be less than the targeted payout level. The Committee had absolute “negative discretion” to eliminate or reduce the amount of any award under the AOP and the 2017 Plan.

The following table sets forth the 2020 threshold, target, and maximum annual incentive awards, expressed as a percentage of salary, established by the Committee for each named executive officer in 2020.

Participant	Threshold	Target	Maximum
Mike Jackson	100%	200%(1)	400%
James R. Bender	45%	90%	180%
Joseph T. Lower	45%	90%	180%
Marc Cannon	40%	80%(2)	160%
C. Coleman Edmunds	38%	75%	150%
Christopher Cade	25%	50%	100%
Cheryl Miller	75%	150%	300%

- (1) Mr. Jackson’s target for his annual incentive award has remained the same since 2016.
- (2) In connection with his appointment as our Chief Customer Experience Officer in April 2020, the Committee increased Mr. Cannon’s target incentive award for 2020 from 75% to 80% (on a prorated basis).

Following the onset of the COVID-19 pandemic, our management team led by Mr. Jackson took significant and decisive actions to reduce costs and manage our vehicle inventories. As a result, we were able to navigate the uncertainty and turbulence caused by the pandemic, and our actual results for 2020 were above the performance target set by the Committee. Based on our financial performance against the performance target, incentive awards under the AOP and the 2017 Plan were paid at 185.9% of the targeted levels.

The following table sets forth our performance under the AOP and the 2017 Plan for 2020:

2020 Performance Metric	Target	Attainment	Payout
Adjusted Operating Income Per Basic Share	\$8.19	\$11.95	185.9%

Actual payouts to our named executive officers are shown in our “Summary Compensation Table” under “Compensation Tables” below. Pursuant to the terms of her separation agreement, Ms. Miller received a prorated award based on the number of days she was employed in 2020.

For 2021, the Committee established a similar cash incentive compensation program under the 2017 Plan, based upon a specified level of adjusted operating income per basic share set at a level substantially higher than the target established for 2020.

Long-Term Incentive Awards

The Committee grants stock-based awards to our named executive officers in order to provide long-term incentives, which align the long-term interests of management with the long-term interests of our stockholders. The Committee believes that stock-based awards motivate our named executive officers to focus on optimizing our long-term business performance and stockholder value and creating an owner-oriented culture.

Stock-based awards are approved on an annual basis in amounts determined by the Committee, while carefully considering the cost to us and our stockholders, including common stock dilution. The sum of all stock-based awards granted to AutoNation employees in 2020 represented potential share issuances equal to approximately 0.9% of our outstanding common stock, based on the number of shares outstanding at the beginning of 2020.

For 2020, the Committee, advised by Meridian and based on a review of peer group and market data, approved the 2020 long-term incentive plan under the 2017 Plan, which included RSU awards (the “2020 RSU Awards”) for each of our named executive officers. The Committee generally sets the target award levels for long-term incentive awards for each job grade at the senior executive level, taking into account the executive’s position, experience, and job duties. While the Committee considers peer group data, the Committee does not target a specific percentile within the peer group. The Committee also considers an executive’s individual skills, experience, both in general and in the role, and future potential in establishing the target value of each executive’s award.

In addition to the 2020 RSU Awards, in July 2020, the Committee approved certain “top-up” equity awards for Messrs. Jackson (in connection with his appointment as our Chief Executive Officer), Bender (in connection with his appointment as our President), and Cannon (in connection with his appointment as our Chief Customer Experience Officer). In establishing the “top-up” awards, the Committee considered such officers’ added responsibilities and leadership, as well as each officer’s extraordinary efforts under challenging circumstances to successfully steer the business during the COVID-19 pandemic.

The following table sets forth the target grant date fair value for the 2020 RSU Awards approved for each of our named executive officers in 2020 and for the “top-up” equity awards approved for Messrs. Jackson, Bender, and Cannon.

Participant	2020 RSU Award Target Value	July 2020 “Top-Up” Equity Awards
Mike Jackson	\$5,000,000	\$2,946,158
James R. Bender	\$1,300,000	\$346,988
Joseph T. Lower	\$1,800,000	—
Marc Cannon	\$1,300,000	\$277,565
C. Coleman Edmunds	\$1,300,000	—
Christopher Cade	\$500,000	—
Cheryl Miller	\$5,800,000(1)	—

(1) Ms. Miller forfeited her 2020 RSU Awards as of her separation date.

Mr. Jackson’s 2020 RSU Award. In accordance with the terms of Mr. Jackson’s prior employment agreement, in January 2020, when Mr. Jackson was serving as our Executive Chairman, the Committee approved a target long-term incentive award value of \$5,000,000 for Mr. Jackson. The award was made on March 2, 2020 in the form of restricted stock units, subject to (1) the achievement by the Company of not less than \$450 million of “Adjusted EBIT” (defined as gross profit, less selling, general, and administrative expenses, less floorplan interest expense, and less depreciation and amortization) for fiscal year 2020 (the “2020 Performance Goal”) and (2) a four-year installment vesting schedule.

The 2020 Performance Goal represented a 12.5% increase compared to the similar goal established in 2019. At the time that the 2020 RSU Awards were approved, the Committee believed that the 2020 Performance Goal was appropriate, in light of the Company’s prior performance, including following the most recent downturn in industry vehicle sales. As of the end of the first quarter of 2020, we did not expect to achieve the 2020 Performance Goal due to the COVID-19 pandemic, which resulted in significant business disruptions. Due to the Company’s significant and decisive actions to reduce costs and manage vehicle inventories, we were able to navigate the uncertainty and turbulence caused by the pandemic and surpass the 2020 Performance Goal. The Committee certified the achievement of the 2020 Performance Goal in February 2021.

Mr. Cade’s 2020 RSU and One-Time Awards. In January 2020, the Committee approved a target long-term incentive award value of \$500,000 for Mr. Cade. The award was made on March 2, 2020 in the form of restricted stock units, subject to a four-year installment vesting schedule (Mr. Cade was not an executive officer at the time the Committee approved the award). In light of his service as our Interim Chief Financial Officer in 2019 and 2020, the Committee approved an additional award of restricted stock units for Mr. Cade with a value of \$350,000, which was also granted on March 2, 2020, subject to a two-year installment vesting schedule.

2020 RSU Awards for our Other Named Executive Officers. The 2020 RSU Awards were granted to each of our other named executive officers (Messrs. Bender, Lower, Cannon, and Edmunds and Ms. Miller) in the form of four different grants of performance-based RSUs. Each of those awards was granted subject to the achievement of the 2020 Performance Goal described above.

The first grant, representing approximately two-thirds of the total number of RSUs granted to our other named executive officers in 2020, was made subject to the 2020 Performance Goal and a four-year vesting schedule pursuant to which 25% of the grant will vest on March 2, 2021, March 1, 2022, March 1, 2023, and March 1, 2024.

The second, third, and fourth grants (collectively, the “2020-2022 RSUs”), together representing approximately one-third of the total number of RSUs granted to our other named executive officer in 2020, were made subject to (i) the 2020 Performance Goal and (ii) a three-year performance period (fiscal years 2020-2022) based on (a) an additional measure of earnings for the second grant (referred to as “Adjusted EBITDA” below), (b) a measure of return on invested capital for the third grant (referred to as “ROIC” below), and (c) certain customer satisfaction indices for the fourth grant (referred to as “CSI” below). The second, third, and fourth grants represented 40%, 40%, and 20%, respectively, of the total number of 2020-2022 RSUs granted in 2020.

The 2020-2022 RSUs will cliff vest (provided they have not been forfeited earlier) following the three-year performance period, with zero to 150% of the target number of shares vesting depending on the Company’s performance relative to the applicable performance goal. Target levels of Adjusted EBITDA, ROIC, and CSI were established by the Committee in January 2020 after consultation with Meridian and a review of the strategic plan for fiscal years 2020-2022. The target levels for the 2020-2022 RSUs were set at levels viewed as challenging but attainable, while the maximum goals were considered to be much more demanding.

The Committee chose Adjusted EBITDA as a performance measure because it is a strong indicator of overall financial performance and a key indicator used by industry analysts to evaluate operating performance and it motivates our executives to drive company growth and profitability. The ROIC measure is intended to hold executives accountable for returns on capital investments. The CSI measure is intended to increase customer satisfaction and retention. The Committee believes that these performance measures appropriately align the interests of our executive officers with the interests of our stockholders, incentivize our executives to strive for continuously improving performance, and provide variable compensation based on performance achieved against pre-established goals.

July 2020 “Top-Up” Equity Awards. In connection with his appointment as our Chief Executive Officer and for the reasons described above, in July 2020, Mr. Jackson received a “top-up” equity award with an aggregate grant date fair value of \$2,946,158, to bring the award previously provided to him up, on a prorated basis, to the level that he would have been entitled to if he had been serving as our Chief Executive Officer at the time the 2020 RSU Awards were approved. The “top-up” equity award was granted in the same proportion, and subject to the same performance goals and vesting schedules (except that the first tranche of the RSUs subject to a four-year vesting schedule will vest on the first anniversary of the grant date), as the four grants of performance-based RSUs awarded to Messrs. Bender, Lower, Cannon, and Edmunds and Ms. Miller described above.

In connection with their promotions and for the reasons described above, Messrs. Bender and Cannon also received similar “top-up” equity awards in July 2020, with aggregate grant date fair values of \$346,988 and \$277,565, respectively.

Mr. Lower’s Sign-On Award. In addition to the 2020 RSU Awards described above, Mr. Lower received a sign-on award of 40,305 restricted stock units on January 13, 2020, subject to a three-year installment vesting schedule. This award was intended to replace certain stock-based awards that Mr. Lower forfeited from prior employment in connection with his recruitment to the Company.

Settlement of 2018-2020 RSUs. In the first quarter of 2021, the Committee certified the Company's performance relative to the performance goals established for the 2018-2020 RSUs awarded to Messrs. Jackson, Cannon, and Edmunds in 2018. None of our other named executive officers received an award of 2018-2020 RSUs. The following table sets forth our performance relative to each performance goal established for the 2018-2020 RSUs.

2018-2020 RSUs	Threshold(1)	Target	Maximum(2)	Actual	Payout(3)
Adjusted EBITDA Metric (3-year cumulative)(4)	\$2,081	\$2,774	\$3,051	\$2,814	105%
ROIC Metric (3-year average)(5)	8.25%	10.25%	12.25%	11.01%	119%
CSI Metric (3-year average)(6)	60%	70% - 75%	85%	79.50%	123%

- (1) 50% payout.
- (2) 150% payout.
- (3) A linear interpolation is applied for performance above threshold and below maximum.
- (4) Our Adjusted EBITDA metric is defined as gross profit, less selling, general, and administrative expenses, less floorplan interest expense, subject to certain adjustments approved by the Committee to reflect the impact of unusual or infrequently occurring items in accordance with the terms of the 2017 Plan. Amounts presented in millions.
- (5) Our ROIC metric is defined as (x) gross profit, less selling, general, and administrative expenses, less floorplan interest expense, less depreciation and amortization, and less income taxes divided by (y) our Adjusted Average Invested Capital, subject to certain adjustments approved by the Committee to reflect the impact of unusual or infrequently occurring items in accordance with the terms of the 2017 Plan. Adjusted Average Invested Capital is defined as the average balance for each quarter-end during the three-year performance period of long-term debt, plus current maturities of long-term debt, plus commercial paper, plus total shareholders' equity, less cash and cash equivalents.
- (6) Our CSI metric is calculated based on customer satisfaction indices established by certain vehicle manufacturers.

The Adjusted EBITDA, ROIC, and CSI grants represented 40%, 40%, and 20%, respectively, of the total number of 2018-2020 RSUs awarded to Messrs. Jackson, Cannon, and Edmunds in 2018. Accordingly, the payout for the 2018-2020 RSUs was 114%, on a weighted-average basis, of the target number of shares awarded.

Perquisites and Other Benefits

Our compensation program for named executive officers also includes limited perquisites, including participation in Company car programs entitling the executives to a demonstrator vehicle and/or a vehicle allowance, executive health benefits, personal use of sporting or entertainment event tickets, and occasional use of secretarial services with respect to personal matters. The Company car programs are part of a competitive compensation package used to attract and retain executive talent in our industry and to familiarize our executive officers with the products that we sell. In 2020, the Company provided Mr. Bender with temporary housing benefits (treated as taxable income to him) when his promotions within the Company required his increased presence at our headquarters in Fort Lauderdale, Florida, in particular following the onset of the COVID-19 pandemic. In addition, Mr. Jackson's amended employment agreement provides for limited personal use of corporate aircraft. The personal use of corporate aircraft is offered in consideration of the time demands of Mr. Jackson and to more effectively utilize travel time. Mr. Jackson recognizes imputed taxable income and is not provided a tax reimbursement for personal use of corporate aircraft. The Committee believes that the perquisites provided to the named executive officers are consistent with market practice and contribute to executive productivity and retention.

Our compensation program for named executive officers also includes other benefits, including participation in the Company's life and health insurance and similar benefit programs (including the AutoNation 401(k) Plan and the AutoNation, Inc. Deferred Compensation Plan) on the same general terms as other participants in these programs.

Employment Agreement with CEO

We enter into employment agreements with persons serving as our Chief Executive Officer. The Committee believes that an employment agreement is appropriate to provide certainty regarding terms and conditions of employment and to aid in recruitment and retention. In July 2020, we entered into an amended employment agreement with Mr. Jackson, pursuant to which he serves as our Chief Executive Officer.

The Committee believes that entering into the amended employment agreement with Mr. Jackson furthered our efforts to retain him and obtain his assistance with the transition of leadership of the Company. See the narrative following the “Summary Compensation Table” below for more information.

Severance and Change in Control Policy and Agreements for Post-Termination Payments

We have a policy governing severance and change in control agreements with the Company’s named executive officers, which is set forth in our Corporate Governance Guidelines. Generally, the policy provides that we will not enter into any severance agreements with senior executives that provide specified benefits in an amount exceeding 299% of the sum of such executive’s base salary plus bonus unless such severance agreement has been submitted to a stockholder vote. Further, unless such severance agreement has been submitted to a stockholder vote, we will not enter into a severance agreement that provides for the payment of specified benefits to an executive triggered by (i) a change in control of our Company that is approved by stockholders but not completed, or (ii) a completed change in control of the Company in which the named executive officer remains employed in a substantially similar capacity by the successor entity. We have not entered into any change in control agreements with any of our named executive officers.

Our employment agreement with Mr. Jackson provides, and our employment agreement with Ms. Miller provided, for payments or benefits at, following, or in connection with, termination under certain circumstances. We do not have employment agreements with our other named executive officers. The 2017 Plan, which is our active equity compensation plan, provides for vesting of unvested awards if they are not continued, assumed, or substituted, or in the event a qualifying termination of employment occurs within 24 months, following a change in control. These provisions are designed to promote stability and continuity of senior management.

In April 2018, the Board adopted the AutoNation, Inc. Executive Severance Plan (the “Severance Plan”) to help retain key employees and maintain a stable work environment by providing severance benefits to covered employees in the event of certain terminations of employment. Under the Severance Plan, in the event a covered employee is terminated without cause, or a covered employee terminates his or her employment for good reason, as long as such person (a) is not in material breach of any restrictive covenant agreement with the Company, (b) does not breach any such restrictive covenant agreement as if it had been in effect through the 18-month period following the applicable termination date, and (c) signs a waiver and release of claims, then such person will be entitled to receive:

- in equal installments over 18 months, 1.5 times the sum of such person’s annual base salary and target annual bonus,
- at the same time bonuses are paid to active employees generally, an amount equal to such person’s annual bonus as determined by the Committee based on actual performance, prorated for the number of days the person was employed during the calendar year, and
- a payment equal to the cost of health insurance coverage under COBRA, grossed up for taxes, based on such person’s then-current elections for an 18-month period.

Each named executive officer who was serving as an executive officer of the Company as of December 31, 2020, other than Mr. Jackson, was covered by the Severance Plan as of such date.

See “Potential Payments Upon Termination or Change in Control - Named Executive Officer Departure” for a description of the separation agreement we entered into with Ms. Miller in connection with her separation of employment from the Company.

Policy Regarding Recoupment of Certain Incentive Compensation

In February 2015, the Board adopted the AutoNation, Inc. Policy Regarding Recoupment of Certain Incentive Compensation (the “Recoupment Policy”). Under the Recoupment Policy, if an officer (as defined for purposes of Section 16 of the Securities Exchange Act of 1934, as amended) of the Company engages in fraud, intentional misconduct, or gross negligence, and as a result, we are required to restate our financial statements due to material noncompliance with any financial reporting requirement, then we may require reimbursement or forfeiture of all or a portion of any excess incentive compensation paid to or received by such officer, during the three-year period preceding the date on which we are required to prepare the restatement, that would not have been paid or received under the specific terms of the applicable incentive award had the financial results been originally reported as set forth in the restatement. Each of our named executive officers is covered by the Recoupment Policy. A copy of the Recoupment Policy is available at *investors.autonation.com*.

Prohibition on Hedging and Short Sales

We prohibit our directors and our employees from purchasing any financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) or otherwise engaging in transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of our securities. In addition, we prohibit our directors and employees from engaging in short sales of our securities.

Consideration of the Company’s Stockholder Vote on Executive Compensation

At both our 2011 and 2017 Annual Meetings of Stockholders, our stockholders voted, on an advisory basis, to approve a triennial holding of the advisory vote on executive compensation. The Committee considers the results of each advisory vote on executive compensation. At our 2011, 2014, 2017, and 2020 Annual Meetings of Stockholders, our executive compensation program was approved by our stockholders, on an advisory basis, by more than 96%, 98%, 98%, and 98% of the votes cast, respectively. The Committee interpreted these results as an endorsement of our compensation program’s design and direction.

Tax Policies

To maintain flexibility and the ability to pay competitive compensation, we do not require all compensation to be deductible. Section 162(m) of the Internal Revenue Code generally limits to \$1.0 million the amount of remuneration that the Company may deduct in any calendar year for certain executive officers. Prior to 2018, we structured our annual incentive awards and long-term incentive awards with the intention of meeting the exception to this limitation for “performance-based” compensation, as defined in Section 162(m), so that these amounts could be fully deductible for income tax purposes. The performance-based exception was eliminated effective as of January 1, 2018, and compensation paid to our named executive officers in excess of \$1.0 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017. We will continue to maintain flexibility and the ability to pay competitive compensation by not requiring all compensation to be deductible.

Executive Stock Ownership Guidelines

In order to further align the long-term interests of management with the interests of our stockholders and to ensure an owner-oriented culture, the Board has established stock ownership guidelines for our Chief Executive Officer, President and each Executive Vice President. These guidelines provide that the Board expects that the person(s) holding the offices of Chief Executive Officer and/or President will hold shares of our common stock having a fair market value of not less than four times his or her annual base salary and that each Executive Vice President will hold shares of our common stock having a fair market value of not less than two times his or her annual base salary. These guidelines further provide that a covered executive is expected to retain 50% of any shares of our common stock, net of applicable tax withholding and the payment of any exercise or purchase price (if applicable), he or she receives upon the vesting or settlement of any equity awards or the exercise of any employee stock options, until the applicable threshold under the guidelines is met. In addition, the guidelines provide that each covered executive is expected to satisfy the guidelines by the later of January 31, 2022, or five years after he or she became a covered executive.

The following table sets forth information regarding the number and dollar value of shares held by each of our executive officers as of February 26, 2021, and lists the specific ownership requirements under the ownership guidelines. Each of our executive officers has satisfied such guidelines or has time remaining to do so under the guidelines.

Name	Ownership as of February 26, 2021		Ownership Requirement
	Number of Shares(1)	Dollar Value of Shares(2)	
Mike Jackson	142,268	\$10,672,945	\$5,200,000 (4 x Salary)
James R. Bender	6,805	\$510,511	\$3,760,000 (4 x Salary)
Joseph T. Lower	2,070	\$155,291	\$1,500,000 (2 x Salary)
Marc Cannon	20,990	\$1,574,670	\$1,500,000 (2 x Salary)
C. Coleman Edmunds	24,800	\$1,860,496	\$1,297,800 (2 x Salary)

- (1) Includes common stock beneficially owned by each executive and excludes shares underlying stock options and unvested restricted stock units.
- (2) The value of the shares is based on the closing price of our common stock on February 26, 2021 (\$75.02).

Conclusion

The Committee believes that our compensation programs appropriately reward executive performance and align the interests of our named executive officers and key employees with the long-term interests of our stockholders, while also enabling the Company to attract and retain talented executives. The Committee will continue to evolve and administer our compensation program in a manner that the Committee believes will be in the best interests of our Company and our stockholders.

COMPENSATION TABLES

Summary Compensation Table

The following table provides information regarding compensation earned by each of our named executive officers for 2020, 2019, and 2018, except in the case of Mr. Lower who was not a named executive officer in 2019 or 2018, and Messrs. Bender, Edmunds, and Cade, who were not named executive officers in 2018. This table should be read in conjunction with the narrative descriptions and analysis under “Compensation Discussion and Analysis.”

Name and Principal Position	Year	Salary \$(1)	Bonus (\$)	Stock Awards \$(2)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation \$(3)	Total (\$)
Mike Jackson Chief Executive Officer and Director	2020	1,250,758	—	7,946,117	—	4,833,400	167,796(4)	14,198,071
	2019	1,300,000	—	9,099,975	—	3,952,000	148,898	14,500,873
	2018	1,293,750	—	9,099,959	—	1,963,000	115,870	12,472,579
James R. Bender President and Chief Operating Officer	2020	879,845	—	1,646,973	—	1,500,140	92,699(5)	4,119,657
	2019	774,115	—	1,099,978	—	1,058,989	28,626	2,961,708
Joseph T. Lower Executive Vice President and Chief Financial Officer	2020	707,386	—	3,649,992	—	1,213,683	22,192(6)	5,593,253
Marc Cannon Executive Vice President and Chief Customer Experience Officer	2020	720,161	—	1,577,550	—	1,072,905	26,794(7)	3,397,410
	2019	678,125	—	1,099,978	—	723,520	28,783	2,530,406
	2018	662,500	—	1,099,955	—	351,453	17,316	2,131,224
C. Coleman Edmunds Executive Vice President, General Counsel and Corporate Secretary	2020	629,332	—	1,299,985	—	904,729	25,583(8)	2,859,629
	2019	620,000	—	1,099,978	—	670,320	23,822	2,414,120
Christopher Cade Senior Vice President and Chief Accounting Officer	2020	435,396	—	849,955	—	418,275	17,054(9)	1,720,680
	2019	410,919	—	499,974	—	315,390	19,458	1,245,741
Cheryl Miller Former Chief Executive Officer and President	2020	536,813	—	8,852,752(10)	—	1,614,999	1,357,957(11)	12,362,521
	2019	887,847	—	4,999,932	—	2,024,292	59,278	7,971,349
	2018	693,750	—	1,849,989	—	369,950	32,843	2,946,532

- (1) In April 2020, in response to the COVID-19 pandemic, the Committee implemented base pay reductions for each of our named executive officers, which were eliminated effective as of May 1, 2020.
- (2) The amounts reported reflect the aggregate grant date fair value of each award computed in accordance with FASB ASC Topic 718 for each year shown in the table. For additional information regarding the calculation of these amounts, see Note 14 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2020.

Assuming the highest level of performance is achieved under the applicable performance conditions, the maximum possible value of the performance-based RSUs granted to Messrs. Jackson, Bender, Lower, Cannon, and Edmunds, and Ms. Miller in 2020 as of the grant date would be as follows:

Mr. Jackson	Mr. Bender	Mr. Lower	Mr. Cannon	Mr. Edmunds	Ms. Miller
\$8,437,144	\$1,921,441	\$2,099,923	\$1,840,430	\$1,516,613	\$6,766,618

- (3) The amounts reported for personal use by Mr. Jackson of corporate aircraft are calculated based on the aggregate incremental cost to the Company. Such incremental cost to the Company is calculated based on the direct operating costs to the Company, including fuel costs, crew fees and travel expenses, trip-related repairs and maintenance, landing fees, and other direct operating costs. The amounts reported for personal usage of cars are based on imputed income attributable to each named executive officer calculated in accordance with Treasury regulations, which amounts we believe are equal to or greater than our incremental costs of providing such usage. The temporary housing costs for Mr. Bender reflect the Company’s out-of-pocket expense in procuring temporary housing in the Fort Lauderdale area. The temporary housing costs constituted taxable income to Mr. Bender in 2020. In addition to the perquisites and other benefits identified in the footnotes below, our named executive officers also are eligible to use our on-site fitness facility, and from time to time, use our tickets for sporting and

entertainment events for personal purposes, and receive occasional secretarial support with respect to personal matters. These items do not represent incremental costs to the Company.

- (4) Includes \$73,467 for personal usage of corporate aircraft, \$43,250 for a vehicle allowance, \$1,810 for demonstrator vehicle usage, and \$49,269 for group term life insurance premiums.
- (5) Includes \$37,537 for temporary housing, \$24,354 for tax reimbursement, \$15,600 for a vehicle allowance, and \$9,358 for group term life insurance premiums.
- (6) Includes \$10,049 for a vehicle allowance, \$9,958 for demonstrator vehicle usage, and \$2,185 for group term life insurance premiums.
- (7) Includes \$15,600 for a vehicle allowance, \$5,104 for group term life insurance premiums, and the cost of a Company paid executive health examination.
- (8) Includes \$15,600 for a vehicle allowance and \$4,283 for group term life insurance premiums.
- (9) Includes \$15,600 for a vehicle allowance and \$1,454 for group term life insurance premiums.
- (10) Includes approximately \$5.8 million in respect of performance-based equity awards that Ms. Miller forfeited as of her separation date.
- (11) Includes \$1,327,519 for severance compensation (received pursuant to the terms of her separation agreement described below under “Potential Payments Upon Termination or Change in Control - Named Executive Officer Departure”), \$14,448 for demonstrator vehicle usage, \$12,102 for a vehicle allowance, \$1,183 for group term life insurance premiums, and the cost of a Company paid executive health examination.

Employment Agreement with Mr. Jackson. In July 2020, we entered into an amended employment agreement with Mr. Jackson, pursuant to which he will serve as our Chief Executive Officer until April 12, 2022, or the date that a new chief executive officer commences employment with the Company, if earlier. The amended employment agreement provides for compensation arrangements consistent with those he received immediately prior to his transition from Chief Executive Officer to Executive Chairman in March 2019.

Mr. Jackson’s amended employment agreement provides that his annual base salary will be \$1.3 million (unchanged since 2018) and his target annual incentive award will be 200% (unchanged since 2016) of his annual base salary. For 2022, his annual incentive award will be prorated based on the number of days he is employed with the Company and will be paid based on actual performance.

In connection with his assumption of the Chief Executive Officer role and pursuant to the terms of his employment agreement, in July 2020, Mr. Jackson received a “top-up” equity award with an aggregate grant date fair value of \$2,946,158. Mr. Jackson received equity awards with a grant date fair value equal to \$9,100,000 in March 2021 (consistent with the grant date fair value of equity awards that Mr. Jackson received when he was serving as Chief Executive Officer in 2018 and 2019 and in light of his invaluable experience gained as our Chief Executive Officer for nearly 20 years), and he will be eligible to receive equity awards with a grant date fair value equal to \$2,543,014 in 2022. Mr. Jackson’s actual payout under the terms of those awards could be zero shares (or \$0), to the extent that any applicable performance conditions are not met.

See “Potential Payments Upon Termination or Change in Control” for a description of certain provisions in Mr. Jackson’s employment agreement that provide for payments or benefits to him at, following, or in connection with, termination under certain circumstances. The agreement also contains certain restrictive covenants and provides that Mr. Jackson is entitled to certain benefits during his employment, including limited personal use of our corporate aircraft.

Employment Agreement with Ms. Miller. We entered into an employment agreement with Ms. Miller in August 2019, which was subsequently terminated. The employment agreement provided her with (i) an annual base salary of \$1,050,000 and (ii) a target award level under the Company's annual incentive plan of 150% of her then-current annual base salary.

Ms. Miller's employment agreement provided that, upon a termination of her employment by the Company without "cause" or her resignation for "good reason," then, subject to her compliance with all applicable restrictive covenants and her execution of a mutually acceptable severance agreement and release, she would be entitled to receive: (i) in equal installments over 24 months, 2 times the sum of her annual base salary and target annual bonus and (ii) in a lump sum at the same time bonuses are paid to active employees generally, an amount equal to her annual bonus as determined by the Committee based on actual performance, prorated for the number of days she was employed during the calendar year through the applicable termination date.

See "Potential Payments Upon Termination or Change in Control - Named Executive Officer Departure" below for a description of the separation agreement we entered into with Ms. Miller in connection with her separation of employment.

Grants of Plan-Based Awards in Fiscal 2020

The following table sets forth certain information with respect to the non-equity incentive plan awards and the stock-based awards granted to our named executive officers in 2020 under the 2017 Plan (other than in the case of Mr. Cade, who received an annual incentive award under the AOP). The material terms of these awards are described above in the sections titled “Annual Incentive Awards” and “Long-Term Incentive Awards” under “Compensation Discussion and Analysis.”

Name	Award Type	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			Grant Date Fair Value of Stock and Option Awards \$(1)
				Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	
Mike Jackson	PBR SU	3/2/2020	1/30/2020					113,558		4,999,959
	PBR SU	7/14/2020	7/14/2020					45,100		1,964,105
	PBR SU-EBITDA	7/14/2020	7/14/2020				4,510	9,020	13,530	392,821
	PBR SU-ROIC	7/14/2020	7/14/2020				4,510	9,020	13,530	392,821
	PBR SU-CSI	7/14/2020	7/14/2020				2,255	4,510	6,765	196,411
	Annual Cash			1,300,000	2,600,000	5,200,000				
James R. Bender	PBR SU	3/2/2020	1/30/2020					19,683		866,642
	PBR SU-EBITDA	3/2/2020	1/30/2020				1,968	3,937	5,905	173,346
	PBR SU-ROIC	3/2/2020	1/30/2020				1,968	3,937	5,905	173,346
	PBR SU-CSI	3/2/2020	1/30/2020				984	1,968	2,952	86,651
	PBR SU	7/20/2020	7/20/2020					5,191		231,311
	PBR SU-EBITDA	7/20/2020	7/20/2020				519	1,038	1,557	46,253
	PBR SU-ROIC	7/20/2020	7/20/2020				519	1,038	1,557	46,253
	PBR SU-CSI	7/20/2020	7/20/2020				260	520	780	23,171
	Annual Cash(2)			403,481	806,961	1,613,922				
Joseph T. Lower	RSU	1/13/2020	11/21/2019					40,305		1,850,000
	PBR SU	3/2/2020	1/30/2020					27,254		1,199,994
	PBR SU-EBITDA	3/2/2020	1/30/2020				2,725	5,451	8,176	240,008
	PBR SU-ROIC	3/2/2020	1/30/2020				2,725	5,451	8,176	240,008
	PBR SU-CSI	3/2/2020	1/30/2020				1,362	2,725	4,087	119,982
	Annual Cash			326,435	652,869	1,305,738				
Marc Cannon	PBR SU	3/2/2020	1/30/2020					19,683		866,642
	PBR SU-EBITDA	3/2/2020	1/30/2020				1,968	3,937	5,905	173,346
	PBR SU-ROIC	3/2/2020	1/30/2020				1,968	3,937	5,905	173,346
	PBR SU-CSI	3/2/2020	1/30/2020				984	1,968	2,952	86,651
	PBR SU	7/20/2020	7/20/2020					4,153		185,058
	PBR SU-EBITDA	7/20/2020	7/20/2020				415	830	1,245	36,985
	PBR SU-ROIC	7/20/2020	7/20/2020				415	830	1,245	36,985
	PBR SU-CSI	7/20/2020	7/20/2020				208	416	624	18,537
	Annual Cash(3)			288,571	577,141	1,154,282				
C. Coleman Edmunds	PBR SU	3/2/2020	1/30/2020					19,683		866,642
	PBR SU-EBITDA	3/2/2020	1/30/2020				1,968	3,937	5,905	173,346
	PBR SU-ROIC	3/2/2020	1/30/2020				1,968	3,937	5,905	173,346
	PBR SU-CSI	3/2/2020	1/30/2020				984	1,968	2,952	86,651
		Annual Cash			243,338	486,675	973,350			
Christopher Cade	RSU	3/2/2020	1/30/2020					11,355		499,961
	RSU	3/2/2020	1/30/2020					7,949		349,994
		Annual Cash			112,500	225,000	450,000			
Cheryl Miller	PBR SU(4)	3/2/2020	1/30/2020					87,819		3,866,671
	PBR SU-EBITDA(4)	3/2/2020	1/30/2020				8,782	17,564	26,346	773,343
	PBR SU-ROIC(4)	3/2/2020	1/30/2020				8,782	17,564	26,346	773,343
	PBR SU-CSI(4)	3/2/2020	1/30/2020				4,390	8,781	13,171	386,627
	PBR SU(5)	7/14/2020	7/14/2020					26,512		1,154,598
	PBR SU(5)	7/14/2020	7/14/2020					43,586		1,898,170
	Annual Cash(6)			434,373	868,746	1,737,492				

- (1) Amounts reported in this column are based on the grant date fair value of awards computed in accordance with FASB ASC Topic 718.
- (2) Mr. Bender’s annual incentive payout was calculated on a prorated basis taking into account his salary adjustments discussed above under “Compensation Discussion and Analysis.”
- (3) Mr. Cannon’s annual incentive payout was calculated on a prorated basis taking into account his salary and target incentive award adjustments discussed above under “Compensation Discussion and Analysis.”

- (4) Ms. Miller forfeited these awards as of her separation date.
- (5) Pursuant to the terms of her separation agreement described below under “Potential Payments Upon Termination or Change in Control - Named Executive Officer Departure,” the Company agreed to treat Ms. Miller as “retirement” eligible solely with respect to certain restricted stock units that she received in 2019. The grant date shown for these awards represents the modification date, and the grant date fair values are reported in accordance with FASB ASC Topic 718. The Committee certified the achievement of the performance conditions established for these awards in January 2020.
- (6) Pursuant to the terms of her separation agreement, Ms. Miller received a prorated award based on the number of days she was employed with the Company in 2020.

Outstanding Equity Awards at End of Fiscal 2020

The following table provides information concerning unexercised stock options and unvested restricted stock units held by our named executive officers as of December 31, 2020.

Name	Grant Date	Option Awards(1)				Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(2)
Mike Jackson(3)	3/1/2013	25,316	—	43.45	3/1/2023		
	6/3/2013	25,316	—	46.22	3/1/2023		
	9/3/2013	25,316	—	47.25	3/1/2023		
	12/2/2013	25,316	—	48.80	3/1/2023		
	3/3/2014	47,731	—	52.65	3/3/2024		
	6/2/2014	47,732	—	57.44	3/3/2024		
	9/2/2014	47,732	—	54.04	3/3/2024		
	12/1/2014	47,732	—	58.29	3/3/2024		
	3/2/2015	47,731	—	62.60	3/2/2025		
	6/1/2015	47,732	—	62.93	3/2/2025		
	9/1/2015	47,732	—	58.08	3/2/2025		
	12/1/2015	47,732	—	64.48	3/2/2025		
	3/1/2016	247,932	—	52.53	3/1/2026		
	4/19/2017					31,288(4)	2,183,590
	3/1/2018					61,703(4)	4,306,252
	3/1/2018					37,022(5)	2,583,765
	3/1/2018					37,022(6)	2,583,765
	3/1/2018					18,512(7)	1,291,952
	3/1/2019					130,410(4)	9,101,314
	3/1/2019					17,388(8)	1,213,509
3/1/2019					17,388(8)	1,213,509	
3/1/2019					8,694(8)	606,754	
3/2/2020					113,558(4)	7,925,213	
7/14/2020					45,100(4)	3,147,529	
7/14/2020					4,510(8)	314,753	
7/14/2020					4,510(8)	314,753	
7/14/2020					2,255(8)	157,376	
James R. Bender	3/1/2013	1,626	—	43.45	3/1/2023		
	6/3/2013	1,626	—	46.22	3/1/2023		
	9/3/2013	1,626	—	47.25	3/1/2023		
	12/2/2013	1,626	—	48.80	3/1/2023		
	3/3/2014	2,130	—	52.65	3/3/2024		
	6/2/2014	2,130	—	57.44	3/3/2024		
	9/2/2014	2,130	—	54.04	3/3/2024		
	12/1/2014	2,130	—	58.29	3/3/2024		
	3/2/2015	2,130	—	62.60	3/2/2025		
	6/1/2015	2,130	—	62.93	3/2/2025		
	9/1/2015	2,130	—	58.08	3/2/2025		
	12/1/2015	2,130	—	64.48	3/2/2025		
	3/1/2016	8,520	—	52.53	3/1/2026		
	4/19/2017					1,509(4)	105,313
	3/1/2018					2,288(4)	159,680
3/1/2019					15,764(4)	1,100,170	
3/1/2019					2,102(8)	146,699	

Name	Grant Date	Option Awards(1)				Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(2)
James R. Bender (continued)	3/1/2019					2,102(8)	146,699
	3/1/2019					1,051(8)	73,349
	3/2/2020					19,683(4)	1,373,677
	3/2/2020					1,969(8)	137,417
	3/2/2020					1,969(8)	137,417
	3/2/2020					984(8)	68,673
	7/20/2020					5,191(4)	362,280
	7/20/2020					519(8)	36,221
	7/20/2020					519(8)	36,221
	7/20/2020					260(8)	18,145
Joseph T. Lower	1/13/2020					40,305(9)	2,812,886
	3/2/2020					27,254(4)	1,902,057
	3/2/2020					2,726(8)	190,248
	3/2/2020					2,726(8)	190,248
	3/2/2020					1,363(8)	95,124
Marc Cannon	3/3/2014	3,427	—	52.65	3/3/2024		
	6/2/2014	3,427	—	57.44	3/3/2024		
	9/2/2014	3,427	—	54.04	3/3/2024		
	12/1/2014	3,427	—	58.29	3/3/2024		
	3/2/2015	3,427	—	62.60	3/2/2025		
	6/1/2015	3,427	—	62.93	3/2/2025		
	9/1/2015	3,427	—	58.08	3/2/2025		
	12/1/2015	3,427	—	64.48	3/2/2025		
	3/1/2016	17,824	—	52.53	3/1/2026		
	4/19/2017					3,576(4)	249,569
	3/1/2018					7,459(4)	520,564
	3/1/2018					4,475(5)	312,310
	3/1/2018					4,475(6)	312,310
	3/1/2018					2,238(7)	156,190
	3/1/2019					15,764(4)	1,100,170
	3/1/2019					2,102(8)	146,699
	3/1/2019					2,102(8)	146,699
	3/1/2019					1,051(8)	73,349
	3/2/2020					19,683(4)	1,373,677
	3/2/2020					1,969(8)	137,417
	3/2/2020					1,969(8)	137,417
3/2/2020					984(8)	68,673	
7/20/2020					4,153(4)	289,838	
7/20/2020					415(8)	28,963	
7/20/2020					415(8)	28,963	
7/20/2020					208(8)	14,516	
C. Coleman Edmunds	6/3/2013	3,270	—	46.22	3/1/2023		
	9/3/2013	3,270	—	47.25	3/1/2023		
	12/2/2013	3,270	—	48.80	3/1/2023		
	3/3/2014	2,741	—	52.65	3/3/2024		
	6/2/2014	2,741	—	57.44	3/3/2024		
	9/2/2014	2,741	—	54.04	3/3/2024		
	12/1/2014	2,741	—	58.29	3/3/2024		
	3/2/2015	3,427	—	62.60	3/2/2025		

Name	Grant Date	Option Awards(1)				Stock Awards	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(2)
C. Coleman Edmunds (continued)	6/1/2015	3,427	—	62.93	3/2/2025		
	9/1/2015	3,427	—	58.08	3/2/2025		
	12/1/2015	3,427	—	64.48	3/2/2025		
	3/1/2016	10,964	—	52.53	3/1/2026		
	4/19/2017					2,682(4)	187,177
	5/1/2017					1,501(4)	104,755
	3/1/2018					6,781(4)	473,246
	3/1/2018					4,068(5)	283,906
	3/1/2018					4,068(6)	283,906
	3/1/2018					2,034(7)	141,953
	3/1/2019					15,764(4)	1,100,170
	3/1/2019					2,102(8)	146,699
	3/1/2019					2,102(8)	146,699
	3/1/2019					1,051(8)	73,349
	3/2/2020					19,683(4)	1,373,677
3/2/2020					1,969(8)	137,417	
3/2/2020					1,969(8)	137,417	
3/2/2020					984(8)	68,673	
Christopher Cade	12/1/2015	965	—	64.48	3/2/2025		
	4/19/2017					1,341(4)	93,588
	3/1/2018					4,068(4)	283,906
	3/1/2019					10,748(4)	750,103
	3/2/2020					11,355(4)	792,465
	3/2/2020					7,949(10)	554,761
Cheryl Miller	3/1/2019					26,512(11)	1,850,272
	8/1/2019					32,690(11)	2,281,435

- (1) Stock options vested in 25% annual increments on each of the first four anniversaries of June 1 of the year in which they were granted for awards granted prior to 2016 and March 1 of the year in which they were granted for awards granted in 2016.
- (2) Based on the closing price per share of our common stock on December 31, 2020 (\$69.79).
- (3) Options and RSUs transferred by Mr. Jackson pursuant to transactions that were exempt from Section 16 of the Exchange Act pursuant to Rule 16a-12 promulgated thereunder are not shown in the table.
- (4) These RSUs vest in 25% annual increments on each of the first four anniversaries of March 1 of the year in which they were granted (except that the first tranche of the March 2020 RSU Awards vested on March 2, 2021 and that the first tranche of the July 2020 RSU Awards will vest on the first anniversary of the grant date).
- (5) These RSUs are shown at the maximum amount (150% of the target number of shares awarded). In February 2021, the Committee certified the Company's performance relative to the performance goal established for this award and approved a payout equal to 105% of the target number of shares awarded.
- (6) These RSUs are shown at the maximum amount (150% of the target number of shares awarded). In February 2021, the Committee certified the Company's performance relative to the performance goal established for this award and approved a payout equal to 119% of the target number of shares awarded.
- (7) These RSUs are shown at the maximum amount (150% of the target number of shares awarded). In February 2021, the Committee certified the Company's performance relative to the performance goal established for this award and approved a payout equal to 123% of the target number of shares awarded.

- (8) These RSUs are shown at the threshold amount (50% of the target number of shares awarded). These awards are scheduled to cliff vest on the date that the achievement of the applicable performance goal is certified following the applicable three-year performance period. Each of the Adjusted EBITDA, ROIC, and CSI performance goals are discussed under “Compensation Discussion and Analysis - Long-Term Incentive Awards” above.
- (9) These RSUs vest in one-third annual increments on each of the first three anniversaries of March 1 of the year in which they were granted.
- (10) These RSUs vest in annual increments of 50% on each of the first two anniversaries of March 1 of the year in which they were granted.
- (11) One-third of these RSUs vested on March 1, 2021 and an additional one-third will vest on each of March 1, 2022 and March 1, 2023, subject to Ms. Miller’s compliance with certain restrictive covenants.

Option Exercises and Stock Vested in Fiscal 2020

The following table provides information concerning exercises of stock options and vesting of restricted stock and restricted stock units held by the named executive officers during 2020.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Mike Jackson	90,819	1,353,596	135,450	5,955,166
James R. Bender	—	—	8,422	370,821
Joseph T. Lower	—	—	—	—
Marc Cannon	13,080	242,896	20,270	891,284
C. Coleman Edmunds	29,244	672,290	13,380	591,071
Christopher Cade	5,793	51,438	7,360	324,061
Cheryl Miller	160,416	719,408	44,490	2,053,482

Non-Qualified Deferred Compensation in Fiscal 2020

The AutoNation, Inc. Deferred Compensation Plan (“DCP”) affords our named executive officers and certain other employees the opportunity to defer up to 75% of base salary and 90% of bonuses and/or commissions on a pre-tax basis. For 2020, we provided eligible participants under the DCP a matching contribution of 100% on the first \$5,700 deferred. The 2020 matching contributions were credited by the Company as of January 4, 2021. One-third of the 2020 matching contributions vested as of January 4, 2021, and an additional one-third will vest in January 2022 and 2023, provided that a participant’s matching contribution will immediately vest in the event of death, disability, or the attainment of age sixty with at least six years of service by such participant. For 2021, we suspended the DCP matching contributions for our named executive officers and other eligible employees.

Earnings on deferrals are based on “deemed” investments in funds selected for inclusion in the DCP by us. Additionally, the DCP provides for payment of vested deferrals and earnings upon separation from service, death, and disability as well as upon specified payment dates selected by the participants. Participants may elect to receive payments upon specified in-service dates (in the form of a lump sum payment or up to five annual installments) or upon separation from service (in the form of a lump sum payment or up to 15 annual installments). The DCP is intended to meet the requirements of Section 409A of the Internal Revenue Code and other relevant provisions thereunder and related Treasury regulations.

The following table sets forth the non-qualified deferred compensation activity for each named executive officer during 2020.

Name	Executive Contributions in Last Fiscal Year (\$)	AutoNation Contributions in Last Fiscal Year (\$)	Aggregate Earnings (Loss) in Last Fiscal Year \$(1)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year-End (\$)
Mike Jackson	—	—	—	—	—
James R. Bender	104,756(2)	5,700(3)	98,914	—	921,617(4)
Joseph T. Lower	—	—	—	—	—
Marc Cannon	150,000(2)	5,700(3)	215,312	—	1,360,387(5)
C. Coleman Edmunds	50,284(2)	5,700(3)	39,871	—	605,759(6)
Christopher Cade	—	—	—	—	—
Cheryl Miller	51,940(2)	(5,567)(7)	56,598	—	454,934(8)

- (1) These amounts are not included in the “Summary Compensation Table.”
- (2) Amounts are included in the “Salary” column for 2020 in the “Summary Compensation Table,” except for \$75,000 for Mr. Cannon and \$20,243 for Ms. Miller, which amounts are included in the “Non-Equity Incentive Plan Compensation” column for 2019 in the “Summary Compensation Table” for each of them.
- (3) Amounts represent 2020 matching contributions under the DCP, which were credited by the Company as of January 4, 2021.
- (4) \$98,194 of this amount has been previously reported as compensation in the “Summary Compensation Table” for previous years.
- (5) \$338,800 of this amount has been previously reported as compensation in the “Summary Compensation Table” for previous years.
- (6) \$84,933 of this amount has been previously reported as compensation in the “Summary Compensation Table” for previous years.
- (7) Represents matching contributions under the DCP that Ms. Miller forfeited as of her separation date.
- (8) \$239,816 of this amount has been previously reported as compensation in the “Summary Compensation Table” for previous years.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The tables below reflect the amount of compensation that would have been payable to each of our named executive officers serving on December 31, 2020, under any contract, agreement, plan, or arrangement with us that provides for any payment to such officer in the event of termination of such officer's employment or a change in control of the Company, in each case assuming the termination or change in control occurred effective as of December 31, 2020, the last business day of our last completed fiscal year. See "Named Executive Officer Departure" below for information regarding a separation agreement we entered into with Ms. Miller on July 14, 2020.

The amount of compensation payable to each named executive officer serving on December 31, 2020, upon "termination for cause," "voluntary termination" (or "voluntary termination for good reason" and "voluntary termination without good reason"), "death or disability," "retirement," "involuntary termination without cause," and "change in control," as applicable, is shown below. We have prepared the tables based on the assumptions set forth below under "General Assumptions," and the tables should be considered in conjunction with those assumptions and the disclosures below the tables.

In April 2018, the Board adopted the AutoNation, Inc. Executive Severance Plan to help retain key employees and maintain a stable work environment by providing severance benefits to covered employees in the event of certain terminations of employment. Under the Severance Plan, in the event a covered employee is terminated without cause, or a covered employee terminates his or her employment for good reason, as long as such person (a) is not in material breach of any restrictive covenant agreement with the Company, (b) does not breach any such restrictive covenant agreement as if it had been in effect through the 18-month period following the applicable termination date, and (c) signs a waiver and release of claims, then such person will be entitled to receive:

- in equal installments over 18 months, 1.5 times the sum of such person's annual base salary and target annual bonus,
- at the same time bonuses are paid to active employees generally, an amount equal to such person's annual bonus as determined by the Committee based on actual performance, prorated for the number of days the person was employed during the calendar year, and
- a payment equal to the cost of health insurance coverage under COBRA, grossed up for taxes, based on such person's then-current elections for an 18-month period.

Each named executive officer who was serving as an executive officer of the Company as of December 31, 2020, other than Mr. Jackson, was covered by the Severance Plan as of such date.

General Assumptions

Annual Incentive and Vested Restricted Stock Unit Awards

Since the assumed date of termination is December 31, 2020, the end of the applicable performance period, the payment of an annual incentive award in respect of 2020 pursuant to any employment agreement or the Severance Plan is reflected under the "Non-Equity Incentive Plan Compensation" column in the "Summary Compensation Table," and not as "Cash Severance" in the tables below. In addition, the tables below do not reflect the value of shares that were paid out in respect of the 2018-2020 RSUs awarded to Messrs. Jackson, Cannon, and Edmunds, since the 2018-2020 RSUs vested based on performance through December 31, 2020. See "Compensation Discussion and Analysis" and the "Outstanding Equity Awards at End of Fiscal 2020" table above for additional information regarding the 2018-2020 RSUs.

Unvested Restricted Stock Unit Awards

In the event of a participant's death, the vesting of RSUs would be accelerated or would continue on a prorated basis, subject to the satisfaction of applicable performance goals. In certain cases upon a termination of employment (other than as a result of death), the vesting of RSUs would continue in full or on a prorated basis, subject to the satisfaction of applicable performance goals, following the termination of employment.

To determine the market value of unvested RSUs that would accelerate and the market value of unvested RSUs that would continue to vest in the applicable cases, we multiplied (x) the number of unvested RSUs that would accelerate or continue to vest by (y) the closing price per share of our common stock on December 31, 2020, which was \$69.79. In addition, in the case of unvested RSUs that would continue to vest on a prorated basis subject to the satisfaction of applicable performance goals, we assumed that the target level of performance would be achieved.

Change in Control

We have not entered into any change in control agreements with any of our named executive officers. Under the 2017 Plan, if an outstanding award is continued, assumed, or substituted in connection with a “change in control” (as defined in the 2017 Plan and related agreements), then, in the case of awards subject to performance goals, the performance goals will be deemed to be achieved at the target level of performance, and the awards will vest in full at the end of the applicable performance period, subject to the participant’s continued employment. If within 24 months following such change in control, a participant’s employment or service is terminated without cause or the participant resigns with good reason (as defined in the 2017 Plan and related agreements), all restrictions on such participant’s RSUs will immediately lapse and such awards will be settled as soon as reasonably practicable.

Under the 2017 Plan, if an outstanding award is not continued, assumed, or substituted in connection with a change in control, then all restrictions on such participant’s RSUs will immediately lapse and such awards will be settled as soon as reasonably practicable (if applicable, assuming achievement at the target level of performance goals).

The tables below disclose the value of unvested RSUs held by our named executive officers that would have accelerated if a change in control had taken place on December 31, 2020. To determine such value, we used the formula and assumptions described above under “Unvested Restricted Stock Unit Awards.” With respect to awards granted under the 2017 Plan, we assumed that such awards were not continued, assumed, or substituted in connection with the change in control.

Restrictive Covenant Agreements

Our named executive officers have entered into restrictive covenants and other obligations as contained in various stock-based award agreements, non-competition agreements, and other similar agreements with us in connection with their employment or the grant of stock-based awards. Generally, these restrictive covenants provide a restriction of one year in which the named executive officer may not perform certain activities within specified geographic regions. The competitive activities include generally (i) participating or owning an interest in an entity engaged in the auto business (as defined in the applicable agreement) or any other business of the type and character engaged in by us, (ii) employing any person that was employed by us within the prior six months or seeking to induce any such person to leave his or her employment, (iii) soliciting any customer to patronize any business in competition with our business, or (iv) requesting or advising our customers or vendors to withdraw, curtail, or cancel their business with us. In certain cases, the receipt of post-termination benefits by our named executive officers is conditioned upon their compliance with these restrictive covenants. In addition, if a named executive officer violates these restrictive covenants or other Company policy, (x) all employee stock options held by him or her would terminate immediately, and he or she would be required to pay to the Company an amount equal to the gain on any exercise of any stock option exercised by him or her during the preceding 12 months and (y) all unvested restricted stock units held by him or her would be immediately forfeited, and he or she would be required to pay to the Company an amount equal to the value of any restricted stock units that vested during the preceding 12 months. The following tables assume that each of our named executive officers would have complied with these agreements.

Receipt of Benefits

To the extent required in order to comply with Section 409A of the Internal Revenue Code, certain payments that would otherwise be made during the six-month period immediately following the executive’s termination of employment may instead be paid on the first business day after the date that is six months following the executive’s “separation from service” within the meaning of Section 409A.

Description of Triggering Events

Termination for Cause

Under our employment agreement with Mr. Jackson, termination for “cause” generally means termination because of (i) the executive’s breach of any covenants contained in the employment agreement, (ii) the executive’s failure or refusal to perform the duties and responsibilities required to be performed by him under the terms of his employment agreement, (iii) the executive willfully engaging in illegal conduct or gross misconduct (provided that no act or failure to act shall be deemed “willful” if done, or omitted to be done, in good faith and with the reasonable belief that such action or omission was in our best interest), (iv) the executive’s commission of an act of fraud or dishonesty affecting us or the commission of an act constituting a felony, or (v) the executive’s violation of our policies in any material respect.

Under the Severance Plan, termination for “cause” means that a covered employee has (i) breached his or her restrictive covenants set forth in any agreement with the Company, (ii) failed or refused to perform his or her assigned duties and responsibilities to the Company in any material respect, after notice and a reasonable opportunity to cure, (iii) willfully engaged in illegal conduct or gross misconduct in the performance of his or her duties to the Company (provided that no act or failure to act shall be deemed “willful” if done, or omitted to be done, in good faith and with the reasonable belief that such action or omission was in our best interest), (iv) committed an act of fraud or dishonesty affecting the Company or committed an act constituting a felony, or (v) willfully violated any material Company policies in any material respect.

Under our equity compensation plans, except to the extent defined in an individual employment agreement, termination for “cause” generally means termination because of (i) the executive’s conviction for commission of a felony or other crime, (ii) the commission by the executive of any act against us constituting willful misconduct, dishonesty, fraud, theft, or embezzlement, (iii) the executive’s failure, inability, or refusal to perform any of the material services, duties, or responsibilities required of him or her by us or to materially comply with the policies or procedures established from time to time by us, for any reason other than his illness or physical or mental incapacity, (iv) the executive’s dependence, as determined in good faith by us, on any addictive substance, including, but not limited to, alcohol or any illegal or narcotic drugs, (v) the destruction of or material damage to our property caused by the executive’s willful or grossly negligent conduct, and (vi) the willful engaging by the executive in any other conduct which is demonstrably injurious to us or our subsidiaries, monetarily or otherwise.

Termination for Good Reason

Under our employment agreement with Mr. Jackson, “good reason” means the occurrence of (i) a material change by us in the executive’s duties or responsibilities which would cause the executive’s position to become of materially and substantially less responsibility and importance than those associated with the duties or responsibilities as of the date of the employment agreement, or (ii) a material breach of the employment agreement by us, which breach is not cured within ten days after written notice is received by us.

Under the Severance Plan, “good reason” generally means the occurrence (without the executive’s express written consent) of (i) the assignment to the executive of any duties inconsistent with such executive’s status or a substantial adverse alteration in the nature or status of such executive’s responsibilities, (ii) a reduction by the Company in the executive’s annual base salary, (iii) the relocation of the executive’s principal place of employment by more than 50 miles, (iv) the failure by the Company to pay to the executive any portion of such employee’s current compensation, or to pay to a covered employee any portion of an installment of deferred compensation under any deferred compensation program, or (v) the failure by the Company to continue in effect any compensation plan in which the executive participates which is material to such executive’s total compensation, unless a comparable arrangement has been made with respect to such plan, or an adverse change in the executive’s participation therein either in terms of the amount or timing of payment of benefits provided or the level of such executive’s participation relative to other participants.

Retirement

“Retirement” (as defined in our equity compensation plans) generally means the named executive officer’s termination of employment or other service from us or a subsidiary of ours after attainment of age 55 and completion of at least six years of service with us or a subsidiary of ours (disregarding any service with an entity prior to becoming a

subsidiary or after ceasing to be a subsidiary). As of December 31, 2020, Messrs. Jackson, Bender, Cannon, and Edmunds were, but Messrs. Lower and Cade were not, “retirement” eligible under our equity compensation plans.

Mike Jackson

	Termination for Cause	Voluntary Termination for Good Reason	Voluntary Termination Without Good Reason	Death or Disability	Retirement	Involuntary Termination Without Cause	Change in Control
Cash Severance	—	\$4,997,541	—	—	—	\$4,997,541	—
Equity Awards	—	\$11,660,929	—	—	—	\$11,660,929	—
Continued Vesting or Acceleration of Unvested RSUs	—	—	—	\$31,233,678	\$31,233,678	—	\$34,305,206
Post-Separation Health and Welfare Benefits	—	\$13,207	—	—	—	\$13,207	—

Termination for Cause

If we had terminated Mr. Jackson’s employment for “cause,” he would not have been entitled to any payments triggered by the termination, and all equity awards held by him on the date of termination, whether vested or unvested, would have been canceled.

Voluntary Termination for Good Reason

If Mr. Jackson had terminated his employment with us for “good reason,” as long as he remained in compliance with the restrictive covenants and confidentiality provisions of his employment agreement and signed a reasonable and mutually acceptable severance agreement, he would have been entitled to receive an amount equal to (i) the sum of his remaining salary to be paid through April 12, 2022 plus the target annual bonus(es) for each year of the remaining employment period that has not commenced as of the date of termination, as well as (ii) an amount equal to the annual bonus to which he would have been entitled for the year of such termination had he not been terminated, to the extent applicable performance targets are met. Payment of the amount due under clause (i) above would have been made by us within 30 days following the termination (or at a later date, to the extent required to comply with Section 409A of the Internal Revenue Code), and payment of the amount due under clause (ii) above would have been made by us at the same time as the annual bonuses were paid to other bonus-eligible employees (or at a later date, to the extent required to comply with Section 409A). Mr. Jackson also would have been entitled to receive the remaining target equity awards set forth in his employment agreement that had not yet been granted as of the date of termination.

Since Mr. Jackson is eligible for “retirement” treatment, he would have been entitled to the benefits described in the “Retirement” paragraph below.

Mr. Jackson and his dependents also would have been entitled to continue to participate in our group health and welfare benefit plans for a period of 18 months following the termination at the same cost to Mr. Jackson as provided to him prior to termination. The table above reflects our estimated expense based on the applicable premiums as of January 1, 2021.

Voluntary Termination Without Good Reason

If Mr. Jackson had terminated his employment with us without “good reason,” he would not have been entitled to any payments triggered by the termination. Since Mr. Jackson is eligible for “retirement” treatment (as defined in our equity compensation plans), he would have been entitled to the benefits described in the “Retirement” paragraph below.

Termination Due to Death or Disability

If Mr. Jackson’s employment had terminated due to death or disability (as defined in our equity compensation plans), all options held by Mr. Jackson at the time of termination would have remained exercisable until the earlier of the expiration date of the option or the third anniversary of the date of termination.

With respect to RSUs, if Mr. Jackson’s employment had terminated due to death, the RSUs that were granted subject to a four-year installment vesting schedule would have immediately vested, and the RSUs that were granted subject to a three-year performance goal would have continued to vest on a prorated basis (with the payout level

determined based on actual performance). If Mr. Jackson’s employment had terminated due to disability, then he would have continued to vest in any RSUs that were granted subject to a four-year installment vesting schedule and in a prorated portion of any RSUs that were granted subject to a three-year performance goal (with the payout level determined based on actual performance), only if he fully complied with any non-compete, non-disparagement, confidentiality, and other restrictive covenants set forth in any agreement entered into between him and the Company determined, notwithstanding the time periods set forth therein, as if all such restrictive covenants applied at all times while any such awards were outstanding.

Retirement

If Mr. Jackson had retired, he would have continued to vest in any RSUs that were granted subject solely to a one-year performance goal and in a prorated portion of any RSUs that were granted subject to a three-year performance goal (with the payout level determined based on actual performance), only if he fully complied with any non-compete, non-disparagement, confidentiality, and other restrictive covenants set forth in any agreement entered into between him and the Company determined, notwithstanding the time periods set forth therein, as if all such restrictive covenants applied at all times while any such awards were outstanding.

Involuntary Termination Without Cause

If we had terminated Mr. Jackson’s employment without “cause,” as long as he remained in compliance with the restrictive covenants and confidentiality provisions of his employment agreement and signed a reasonable and mutually acceptable severance agreement (including a release and a covenant of reasonable cooperation), he would have been entitled to receive the same payments and benefits described under “Voluntary Termination for Good Reason” above.

James R. Bender

	Termination for Cause	Voluntary Termination for Good Reason	Voluntary Termination Without Good Reason	Death or Disability	Retirement	Involuntary Termination Without Cause	Change in Control
Cash Severance	—	\$2,715,886	—	—	—	\$2,715,886	—
Continued Vesting or Acceleration of Unvested RSUs	—	—	—	\$3,879,417	\$3,879,417	—	\$4,702,590

Joseph T. Lower

	Termination for Cause	Voluntary Termination for Good Reason	Voluntary Termination Without Good Reason	Death or Disability	Retirement	Involuntary Termination Without Cause	Change in Control
Cash Severance	—	\$2,137,500	—	—	—	\$2,137,500	—
Continued Vesting or Acceleration of Unvested RSUs	—	\$2,812,886	—	\$5,031,929	—	\$2,812,886	\$5,665,971

Marc Cannon

	Termination for Cause	Voluntary Termination for Good Reason	Voluntary Termination Without Good Reason	Death or Disability	Retirement	Involuntary Termination Without Cause	Change in Control
Cash Severance	—	\$2,076,119	—	—	—	\$2,076,119	—
Continued Vesting or Acceleration of Unvested RSUs	—	—	—	\$4,299,972	\$4,299,972	—	\$5,098,997

C. Coleman Edmunds

	Termination for Cause	Voluntary Termination for Good Reason	Voluntary Termination Without Good Reason	Death or Disability	Retirement	Involuntary Termination Without Cause	Change in Control
Cash Severance	—	\$1,751,707	—	—	—	\$1,751,707	—
Continued Vesting or Acceleration of Unvested RSUs	—	—	—	\$3,956,884	\$3,956,884	—	\$4,659,321

Christopher Cade

	Termination for Cause	Voluntary Termination for Good Reason	Voluntary Termination Without Good Reason	Death or Disability	Retirement	Involuntary Termination Without Cause	Change in Control
Cash Severance	—	—	—	—	—	—	—
Continued Vesting or Acceleration of Unvested RSUs	—	—	—	\$2,474,823	—	—	\$2,474,823

Termination for Cause

If we had terminated Messrs. Bender’s, Lower’s, Cannon’s, Edmunds’s, or Cade’s employment for “cause,” they would not have been entitled to any payments triggered by the termination, and all equity awards held by them on the date of termination would have been canceled.

Voluntary Termination for Good Reason

Pursuant to the terms of the Severance Plan, as described above, if any of Messrs. Bender, Lower, Cannon, or Edmunds had voluntarily terminated his employment for “good reason,” as long as (a) he was not in material breach of any restrictive covenant agreement with the Company, (b) he did not breach any such restrictive covenant agreement as if it had been in effect through the 18-month period following the applicable termination date, and (c) he signed a waiver and release of claims, then the executive would have been entitled to receive:

- in equal installments over 18 months, 1.5 times the sum of (i) his annual base salary and (ii) his target annual bonus,
- at the same time bonuses are paid to active employees generally, an amount equal to his annual bonus as determined by the Committee based on actual performance, prorated for the number of days he was employed during the calendar year, and
- a payment equal to the cost of health insurance coverage under COBRA, grossed up for taxes, based on his then-current elections for an 18-month period.

Since each of Messrs. Bender, Cannon, and Edmunds were “retirement” eligible under our equity compensation plans, they would have been entitled to the benefits described in the “Retirement” paragraph below.

In connection with his appointment as our Executive Vice President and Chief Financial Officer, Mr. Lower received a sign-on award of restricted stock units on January 13, 2020, subject to a three-year installment vesting schedule. If Mr. Lower had voluntarily terminated his employment for “good reason” (as defined in the 2017 Plan), then his sign-on award would have immediately vested in full.

Mr. Cade was not eligible for any severance payments or benefits under the Severance Plan as of December 31, 2020, since he was not then serving as an executive officer. His options would have remained exercisable until 60 days following his date of termination, and his unvested restricted stock units would have been canceled.

Voluntary Termination Without Good Reason

If any of Messrs. Bender, Lower, Cannon, Edmunds, or Cade had terminated his employment with us without “good reason,” he would not have been entitled to any payments triggered by the termination.

Since each of Messrs. Bender, Cannon, and Edmunds are eligible for “retirement” treatment (as defined in our equity compensation plans), he would have been entitled to the benefits described in the “Retirement” paragraph below.

Termination Due to Death or Disability

If Messrs. Bender's, Lower's, Cannon's, Edmunds's, or Cade's employment had terminated because of death or disability, they would not have been entitled to any payments triggered by the termination. Any RSUs held by them that were granted subject to a four-year installment vesting schedule would have immediately vested, and any RSUs that were granted subject to a three-year performance goal would have continued to vest on a prorated basis (with the payout level determined based on actual performance).

If Messrs. Bender's, Lower's, Cannon's, Edmunds's, or Cade's employment had terminated due to disability, then they would have continued to vest in any RSUs that were granted subject to a four-year installment vesting schedule and in a prorated portion of any RSUs that were granted subject to a three-year performance goal (with the payout level determined based on actual performance), only if they fully complied with any non-compete, non-disparagement, confidentiality, and other restrictive covenants set forth in any agreement entered into between them and the Company, determined, notwithstanding the time periods set forth therein, as if all such restrictive covenants applied at all times while any such awards are outstanding.

Retirement

If Messrs. Bender, Cannon, or Edmunds had retired, they would have continued to vest in any RSUs that were granted subject solely to a one-year performance goal and in a prorated portion of any RSUs that were granted subject to a three-year performance goal (with the payout level determined based on actual performance), only if they fully complied with any non-compete, non-disparagement, confidentiality, and other restrictive covenants set forth in any agreement entered into between them and the Company determined, notwithstanding the time periods set forth therein, as if all such restrictive covenants applied at all times while any such awards were outstanding.

Involuntary Termination Without Cause

If we had terminated Messrs. Bender's, Lower's, Cannon's, Edmunds's, or Cade's employment without "cause," then they would have been entitled to receive the same payments and other benefits described under the section "Voluntary Termination for Good Reason" above.

Named Executive Officer Departure

In July 2020, we entered into a Separation Agreement and General Release of All Claims with Ms. Miller in connection with her separation of employment, which constituted a resignation for good reason under the terms of her employment agreement (as previously disclosed in a Current Report on Form 8-K filed with the SEC on July 14, 2020). Pursuant to the terms of her separation agreement, in consideration for, among other things, her compliance with certain restrictive covenants and all other agreements between her and the Company, we agreed, consistent with the terms of her employment agreement, to (i) pay severance compensation equal to \$5,407,500, less applicable taxes and withholdings, over 24 months, (ii) pay a prorated annual bonus for 2020, based on the Company's actual performance in 2020, and (iii) pay an amount equal to the cost of health insurance coverage under COBRA, grossed up for taxes, for an 18-month period. In addition, we agreed to treat Ms. Miller as "retirement" eligible solely with respect to certain restricted stock units that she received in 2019. We determined that this treatment to allow a modest number of awards to continue to vest was fair due to Ms. Miller's past exemplary services to the Company. The Committee certified the achievement of the applicable performance goal for those awards in January 2020. Ms. Miller forfeited 202,720 restricted stock units and 72,414 stock options in connection with her separation of employment.

PAY RATIO

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, the Compensation Committee determined that the total annual compensation paid to our Chief Executive Officer, Mr. Jackson, in respect of 2020 was approximately 263 times the median of the total annual compensation of all of our employees (other than Mr. Jackson) in respect of 2020.

In April 2020, our Board granted the request of Cheryl Miller, who was then serving as our Chief Executive Officer and President, for a leave of absence for health reasons, and appointed Mike Jackson, who was then serving as our Executive Chairman, to serve as our Chief Executive Officer. Mr. Jackson has continued to serve as our Chief Executive Officer since that appointment. For 2020, Mr. Jackson did not receive any compensation adjustments in connection with his appointment as our Chief Executive Officer, other than the “top-up” equity award described in “Compensation Discussion and Analysis” above.

Pursuant to SEC rules, for purposes of this pay ratio disclosure, we calculated the annual total compensation of our Chief Executive Officer by looking to Mr. Jackson, our Chief Executive Officer serving as of December 31, 2020, and applying the same methodology we use for all of our named executive officers in the “Summary Compensation Table” above. For 2020, the total compensation as reported in the “Total” column of the “Summary Compensation Table” above (which included his “top-up” equity award) for Mr. Jackson was \$14,198,071.

We identified the median employee by examining 2020 total compensation for all individuals who were employed by us on December 31, 2020, excluding the compensation received by Mr. Jackson in 2020. We included all individuals employed by us on December 31, 2020, whether employed on a full-time or part-time basis, and excluded independent contractors. We calculated annual total compensation for all employees using the same methodology we use for our named executive officers as set forth in the “Summary Compensation Table” above and annualized the compensation of employees who were not employed for the entire year. The total annual compensation of our median compensated employee was \$54,025.

AUDIT COMMITTEE REPORT

The following statement made by our Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate such statement by reference.

The Board has determined that each Audit Committee member has the requisite independence and other qualifications for audit committee membership under SEC rules, the listing standards of the NYSE, our Audit Committee Charter, and the independence standards set forth in our Corporate Governance Guidelines. The Board has also determined that each member of our Audit Committee is an “audit committee financial expert” as defined under Item 407(d)(5) of Regulation S-K under the Securities Exchange Act of 1934, as amended.

As more fully described below, in carrying out its responsibilities, the Audit Committee looks to management and AutoNation’s independent registered public accounting firm. The Audit Committee members are not professionally engaged in the practice of accounting or auditing. The Audit Committee operates under a written charter that is reviewed annually and is available at *investors.autonation.com*.

Our primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing AutoNation’s financial reporting, audit processes, internal control over financial reporting, and disclosure controls. Management is responsible for the Company’s consolidated financial statements and the financial reporting process, including internal control over financial reporting. We also monitor the preparation by management of the Company’s quarterly and annual consolidated financial statements. KPMG LLP (“KPMG”), AutoNation’s independent registered public accounting firm, is accountable to us and is responsible for expressing an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of AutoNation in conformity with U.S. generally accepted accounting principles. KPMG also is responsible for auditing and reporting on internal control over financial reporting. We are solely responsible for selecting and reviewing the performance of AutoNation’s independent registered public accounting firm and, if we deem appropriate in our sole discretion, terminating and replacing the independent registered public accounting firm. We also are responsible for reviewing and approving the terms of the annual engagement of AutoNation’s independent registered public accounting firm, including the scope of audit and non-audit services to be provided by the independent registered public accounting firm and the fees to be paid for such services, and discussing with the independent registered public accounting firm any relationships or services that may impact the objectivity and independence of the independent registered public accounting firm.

In fulfilling our oversight role, we met and held discussions, both together and separately, with the Company’s management and KPMG. Management advised us that the Company’s consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles, and we reviewed and discussed the consolidated financial statements and key accounting and reporting issues with management and KPMG, both together and separately, in advance of the public release of operating results and filing of annual or quarterly reports with the SEC. We discussed significant matters with KPMG, including those matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (“PCAOB”) and the rules of the SEC, and reviewed a letter from KPMG disclosing such matters.

KPMG also provided us with the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent registered public accounting firm’s communications with the Audit Committee concerning independence, and we discussed with KPMG matters relating to their independence and considered whether their provision of certain non-audit services is compatible with maintaining their independence. In the letter, KPMG confirmed its independence, and we determined that KPMG’s provision of non-audit services to AutoNation is compatible with maintaining their independence. We also reviewed a report by KPMG describing the firm’s internal quality-control procedures and any material issues raised in the most recent internal quality-control review or external peer review or inspection performed by the PCAOB.

Based on our review with management and KPMG of AutoNation's audited consolidated financial statements and KPMG's report on such consolidated financial statements, and based on the discussions and written disclosures described above and our business judgment, we recommended to the Board of Directors that the audited consolidated financial statements be included in AutoNation's Annual Report on Form 10-K for the year ended December 31, 2020 for filing with the SEC.

Audit Committee:

David B. Edelson, Chair

Steven L. Gerard

Lisa Lutoff-Perlo

ITEMS TO BE VOTED ON

PROPOSAL 1: ELECTION OF DIRECTORS

Our Board has nominated each of the following nine persons to stand for election for a term expiring at the 2022 Annual Meeting of Stockholders or until their successors are duly elected and qualified: Mike Jackson, Rick L. Burdick, David B. Edelson, Steven L. Gerard, Robert R. Grusky, Norman K. Jenkins, Lisa Lutoff-Perlo, G. Mike Mikan, and Jacqueline A. Travisano. Each of the nominees is willing and able to serve as a director of AutoNation. See “Board of Directors and Corporate Governance - Directors” for information regarding each of the director nominees. Proxies cannot be voted for a greater number of persons than the number of nominees named in this proxy statement.

Recommendation of the Board

The Board recommends that you vote “FOR” the election of each of the persons nominated by the Board.

PROPOSAL 2: RATIFICATION OF THE SELECTION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of our Board of Directors is directly responsible for the appointment, compensation, retention, and oversight of the Company’s independent registered public accounting firm. To fulfill this responsibility, the Committee engages in a comprehensive annual evaluation of the independent registered public accounting firm’s qualifications, performance, and independence and considers whether the independent registered public accounting firm should be rotated and the advisability and potential impact of selecting a different independent registered public accounting firm.

The Audit Committee has selected KPMG LLP (“KPMG”) as our independent registered public accounting firm for the year ending December 31, 2021. KPMG has served in this capacity since May 6, 2003. In accordance with SEC rules and KPMG policies, audit partners are subject to rotation requirements to limit the number of consecutive years an individual partner may provide audit services to our Company. For the lead audit engagement partner and the engagement quality control reviewing partner, the maximum number of consecutive years of service in that capacity is five years. In selecting the Company’s lead audit engagement partner pursuant to this rotation policy, management interviews candidates proposed by KPMG and recommends the final candidate to the Audit Committee. The Chair of the Audit Committee and, to the extent possible, all other members of the Audit Committee meet with the final candidate for the role, and the full Committee holds a discussion in executive session and with management regarding the final candidate and his or her qualifications.

The Audit Committee and the Board of Directors believe that the continued retention of KPMG as our independent registered public accounting firm is in the best interest of the Company and our stockholders, and we are asking our stockholders to ratify the selection of KPMG as our independent registered public accounting firm for 2021. Although not required by our organizational documents or applicable law, our Board is submitting the selection of KPMG to our stockholders for ratification because we value our stockholders’ views on the Company’s independent registered public accounting firm, and we believe doing so is consistent with good corporate governance. If the selection of KPMG as our independent registered public accounting firm is not ratified by our stockholders, the Audit Committee will re-evaluate its selection, taking into consideration the stockholder vote on the ratification. However, the Audit Committee is solely responsible for selecting and terminating our independent registered public accounting firm and may do so at any time at its discretion. A representative of KPMG is expected to attend the Annual Meeting and be available to respond to appropriate questions. The representative also will be afforded an opportunity to make a statement, if he or she desires to do so.

Auditor Fees and Services

The Audit Committee is responsible for the compensation of the Company's independent registered public accounting firm and oversees the audit fee negotiations associated with the Company's retention of KPMG. The following table shows the fees for audit and other services provided by KPMG for fiscal years 2019 and 2020.

Fee Category	2019	2020
Audit Fees.....	\$ 2,820,000	\$ 2,787,500
Audit-Related Fees.....	—	—
Tax Fees.....	—	—
All Other Fees.....	1,780	—
Total Fees.....	\$ 2,821,780	\$ 2,787,500

Audit Fees. This category includes fees billed for professional services rendered by KPMG for the audit of our consolidated financial statements, audit of our internal control over financial reporting, review of the consolidated financial statements included in our Form 10-Q quarterly reports, and services that are normally provided by the independent registered public accounting firm in connection with acquisitions, new accounting or audit standards, and statutory or regulatory filings or engagements, including comfort letters and consents issued in connection with SEC filings.

Audit-Related Fees. No audit-related fees were billed by KPMG in 2019 or 2020.

Tax Fees. No tax fees were billed by KPMG in 2019 or 2020.

All Other Fees. This category consists of fees billed for our use of KPMG's online technical research service.

Policy for Approval of Audit and Permitted Non-Audit Services

Our Audit Committee's policies require pre-approval of all audit and permissible non-audit services provided by our independent registered public accounting firm other than services permitted under the de minimis exception under applicable SEC rules (which are approved by our Audit Committee prior to our independent registered public accounting firm's completion of its annual audit). Under our Audit Committee's policies, pre-approval generally is detailed as to the particular service or category of services and is subject to a specific budget. Under our Audit Committee's policies, all tax planning services and services that do not constitute audit, audit-related, or tax-compliance services are subject to a formal bidding process and may not be provided by our independent registered public accounting firm unless our Audit Committee concludes that such services may be provided most effectively or economically by our independent registered public accounting firm and that the independence of our registered public accounting firm would not be affected adversely by the provision of such services. Our Audit Committee has delegated to its Chair the authority to approve, within guidelines and limits established by the Committee, specific services to be provided by our independent registered public accounting firm and the fees to be paid. Any such approval must be reported to the Audit Committee at the next scheduled meeting. As required by Section 10A of the Exchange Act, our Audit Committee pre-approved all audit and non-audit services provided by our independent registered public accounting firm during 2019 and 2020, and the fees paid for such services.

Recommendation of the Board

The Board recommends that you vote "FOR" the ratification of the selection of KPMG as our independent registered public accounting firm for us and our subsidiaries for 2021.

PROPOSAL 3: STOCKHOLDER PROPOSAL

The stockholder proposal set forth below was submitted to the Company by John Chevedden, 2215 Nelson Avenue, No. 205, Redondo Beach, California 90278, a purported owner of “no fewer than” 100 shares of our common stock, or approximately 0.0001% of our outstanding shares. Mr. Chevedden’s proposal is printed below verbatim, and we have not endeavored to correct any inaccurate statements that may be contained therein. The Company is not responsible for the contents of this proposal or the supporting statement. Our Board has recommended a vote against the proposal for the reasons set forth following the proposal.

“Shareholder right to Call a Special Shareholder Meeting

Shareholders ask our board to take the steps necessary to amend the appropriate company governing documents to give the owners of a combined 10% of our outstanding common stock the power to call a special shareholder meeting. The Board of Directors would continue to have its existing power to call a special meeting.

This proposal topic won our 36%-support at the 2020 annual meeting - the highest support for a shareholder proposal at AutoNation in at least 10-years. This is all the more impressive due to the double-digit insider holdings at AutoNation. Insiders almost always oppose improving corporate governance.

It is time to update the corporate governance of AutoNation and adopt this proposal. The 2020 management objections to this proposal have largely evaporated. In 2020 management said that only management should be able to call a special meeting because management wanted more control. With the almost universal adoption of online shareholder meetings management will have the control it wants.

Shareholder questions and comments can be arbitrarily screened out at an online special meeting - giving management exactly the control it wanted according to its 2020 proxy. For instance Goodyear management hit the mute button right in the middle of a formal shareholder proposal presentation at its 2020 online shareholder meeting.

Any claim that a shareholder right to call a special meeting can be costly - is more moot than ever. There is hardly any cost for an online meeting and almost all the meeting materials can be distributed electronically.

With the CEO succession problems at AutoNation shareholders may want to elect a replacement director for the Chairman of the AutoNation Nomination Committee, Mr. Rick Burdick-especially given his 30-years tenure at AutoNation. Shareholders may not want to wait for an annual meeting.

It is also more important than ever to be able to replace a director at a special meeting because it is almost impossible to get a Board of Directors to remove a director who gets a failed vote at the regular annual shareholder meeting. Too many Board of Directors have found ways to keep marginal directors on the Board who fail to obtain a minimal 51%-vote in an uncontested election.

This proposal topic, sponsored by William Steiner, won 78% support at a Sprint annual meeting with 1.7 Billion yes-votes. This 78% support might have been even higher if more shareholders had access to independent proxy voting advice.

Nuance Communications (NUAN) shareholders gave 94%-support to a 2018 shareholder proposal calling for 10% of shareholders to call a special meeting.

The Board could consider adopting this proposal with a provision that if any shareholder owned 10% or more of AutoNation stock then such a shareholder would need the participation of another 10% of company stock to call a special meeting.

Please vote yes:
Shareholder right to Call a Special Shareholder Meeting - Proposal 3”

Board of Directors' Response

The Board believes that adoption of the proposal is unnecessary and not in the best interest of the Company or its stockholders. Our by-laws already permit stockholders to act by written consent at any time in lieu of a meeting.

The proposal, which includes multiple ambiguities, would represent a less-than-clear mandate for the Board, if adopted. In particular, the proposal is unclear as to the ownership threshold stockholders would be required to meet in order to call a special meeting. It also is unclear what type of "participation" would be required by another 10% of Company stock, as suggested by the proposal.

Setting aside these ambiguities, the Board believes it should retain the exclusive ability to call a special meeting. The Board believes this is appropriate from a corporate governance perspective because it:

- enables the orderly conduct of our business;
- affords the Board of Directors ample notice and opportunity to respond to proposals; and
- allows our directors, according to their fiduciary obligations, to exercise their business judgment to determine when it is in the best interests of stockholders to convene a special meeting.

The Board also does not believe it is appropriate to enable a small percentage of our stockholders to have an unlimited ability to call special meetings for any purpose at any time. Enabling the holders of only 10% of the Company's outstanding stock to call special meetings could subject the Company and the Board to disruption from a small percentage of our stockholders or special interest groups with an agenda not in the best interests of the Company or long-term stockholders. In addition, although the proposal suggests that a provision could be added to require the "participation" of another 10% of the Company's stock to call a special meeting, even such a provision, if properly understood by us, would not deter a small percentage of our stockholders or special interest groups intent on calling a special meeting. Further, allowing stockholders to call special meetings could impose substantial administrative and financial burdens on the Company and could significantly disrupt the conduct of the Company's business.

For a company with as many stockholders as AutoNation, a special meeting of stockholders is a very expensive and time-consuming affair because of the legal costs associated with preparing required disclosure documents and the related printing and mailing costs. Additionally, preparing for stockholder meetings requires significant time and attention of the Board of Directors, members of senior management and significant employees, diverting their time and attention away from their primary function of operating the business of the Company in the best interests of our stockholders. Calling special meetings of stockholders is not a matter to be taken lightly, and special meetings should be extraordinary events that only occur when either fiduciary obligations or strategic concerns require that the matters to be addressed cannot wait until the next annual meeting.

Because each director is elected annually, our directors are already accountable to the Company's stockholders. The Board also believes that the current timing and process set forth in our by-laws to allow stockholders to submit a proposal and bring a matter to an annual meeting for a vote is an effective means for stockholders to voice their concerns, as well as an efficient use of the Company's resources. The timing and process to submit a proposal for the 2022 Annual Meeting is described on page 14 of this proxy statement.

Mr. Chevedden has previously presented similar stockholder proposals, and they have been soundly rejected by AutoNation stockholders. Approximately 66%, 82%, 86%, 87%, 84%, 84% and 63% of the votes cast in 2007, 2008, 2009, 2010, 2011, 2013 and 2020, respectively, voted against these proposals.

Given the reasons discussed above, the Board believes that adoption of the proposal is unnecessary and not in the best interests of the Company or its stockholders.

Recommendation of the Board

The Board recommends that you vote "AGAINST" this stockholder proposal.

OTHER MATTERS

We are not aware of any other matters that will be properly brought before the Annual Meeting. However, if any additional matters are properly brought before the Annual Meeting, Mr. Jackson and Mr. Edmunds will vote as recommended by our Board of Directors or, if no recommendation is given, in accordance with their judgment. Mr. Jackson and Mr. Edmunds were designated to be your proxies by our Board of Directors.

HOUSEHOLDING; AVAILABILITY OF ANNUAL REPORT AND PROXY STATEMENT

The SEC permits companies and intermediaries, such as a brokerage firm or a bank, to satisfy the delivery requirements for Notices and proxy materials with respect to two or more stockholders sharing the same address by delivering only one Notice or set of proxy materials to that address. This process, which is commonly referred to as “householding,” can effectively reduce our printing and postage costs.

Certain of our stockholders whose shares are held in street name and who have consented to householding will receive only one Notice or set of proxy materials per household. If you would like to receive a separate Notice or set of proxy materials in the future, or if your household is currently receiving multiple copies of the same items and you would like to receive only a single copy at your address in the future, please contact Household Department by mail at 51 Mercedes Way, Edgewood, NY 11717 or by telephone at 866-540-7095 and indicate your name, the name of each of your brokerage firms or banks where your shares are held, and your account numbers.

If you would like to receive a copy of our 2020 Annual Report or this proxy statement, please contact our Investor Relations by mail at Investor Relations, AutoNation, Inc., 200 SW 1st Ave, Fort Lauderdale, Florida 33301 or by telephone at (954) 769-7342, and we will send a copy to you without charge. Please note, however, that if you wish to receive a paper proxy card or other proxy materials for the purpose of the Annual Meeting, you should follow the instructions included in the Notice of Internet Availability of Proxy Materials.

ATTENDING THE 2021 ANNUAL MEETING OF STOCKHOLDERS OF AUTONATION, INC.

Due to the COVID-19 pandemic, the 2021 Annual Meeting of Stockholders of AutoNation, Inc. will be held in a virtual format only, on Thursday, April 22, 2021, at 8:00 a.m. Eastern Time. You are entitled to attend the virtual Annual Meeting only if you were an AutoNation stockholder as of the record date or you hold a valid proxy for the Annual Meeting.

We have designed the format of the Annual Meeting to ensure that stockholders are afforded the same rights and opportunities to participate as they would at an in-person meeting. To attend, vote, and submit questions at the Annual Meeting, please log in to www.virtualshareholdermeeting.com/AN2021 using the control number on your proxy card, voting instruction form, or Notice of Internet Availability of Proxy Materials. Online access to the Annual Meeting will begin approximately 15 minutes prior to the start of the Annual Meeting. As part of the Annual Meeting, we will hold a live Q&A session during which we intend to answer questions submitted during the meeting that are pertinent to the Company and meeting matters, as time permits. We will offer live technical support for all stockholders attending the Annual Meeting. If there are any technical issues in convening or hosting the meeting, we will promptly post information to our Investor Relations website, www.autonation.com/investors, including information on when the meeting will be reconvened.

We encourage you to vote your proxy via the Internet, by telephone, or by mail prior to the Annual Meeting, even if you plan to attend the virtual Annual Meeting. A list of stockholders entitled to vote at the Annual Meeting will be accessible during the Annual Meeting by visiting the meeting website and entering the control number referenced above. Additional information regarding the rules and procedures for participating in the Annual Meeting will be provided in our meeting rules of conduct, which stockholders can view during the Annual Meeting at the meeting website.

Annex A — Reconciliation of Non-GAAP Financial Measures

The Company reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP” or referred to herein as “reported”). However, management believes that certain non-GAAP financial measures provide investors with additional meaningful financial information that should be considered when assessing our underlying business performance and trends. Management also uses these non-GAAP financial measures in making financial, operating, compensation and planning decisions and in evaluating the Company’s performance. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company’s reported results prepared in accordance with GAAP. Our non-GAAP financial measures do not represent a comprehensive basis of accounting. For additional details regarding the reconciliation of GAAP and non-GAAP financial measures below, see the Company’s Annual Report on Form 10-K and Current Report on Form 8-K filed with the SEC on February 16, 2021.

	2020	2019	Variance
Operating Income (GAAP)	\$ 563.2	\$ 823.6	
Aftermarket collision parts (“ACP”) inventory valuation adjustment	17.6	—	
SG&A costs associated with exit of ACP business	6.9	—	
Other costs associated with exit of ACP business	12.2	—	
Executive separation costs	5.5	11.0	
Goodwill and franchise rights impairment	375.8	9.6	
Asset impairments and net gains on store/property dispositions	8.4	(39.4)	
Legal settlements	—	(7.1)	
Adjusted Operating Income (Non-GAAP)	\$ 989.6	\$ 797.7	24%
Net Income (GAAP)	\$ 381.6	\$ 450.0	
Discontinued operations, net of taxes	0.2	0.8	
Unrealized gain on equity investment	(97.5)	(19.5)	
ACP inventory valuation adjustment	13.3	—	
SG&A costs associated with exit of ACP business	5.2	—	
Other costs associated with exit of ACP business	9.3	—	
Executive separation costs	4.5	10.2	
Goodwill and franchise rights impairment	308.4	7.3	
Asset impairments and net gains on store/property dispositions	6.2	(29.8)	
Legal settlements	—	(5.4)	
Adjusted Net Income from Continuing Operations (Non-GAAP)	\$ 631.2	\$ 413.6	53%
Diluted EPS (GAAP)	\$ 4.30	\$ 4.97	
Discontinued operations, net of taxes	\$ —	\$ 0.01	
Unrealized gain on equity investment	\$ (1.10)	\$ (0.22)	
ACP inventory valuation adjustment	\$ 0.15	\$ —	
SG&A costs associated with exit of ACP business	\$ 0.06	\$ —	
Other costs associated with exit of ACP business	\$ 0.10	\$ —	
Executive separation costs	\$ 0.05	\$ 0.11	
Goodwill and franchise rights impairment	\$ 3.48	\$ 0.08	
Asset impairments and net gains on store/property dispositions	\$ 0.07	\$ (0.33)	
Legal settlements	\$ —	\$ (0.06)	
Adjusted Diluted EPS from Continuing Operations (Non-GAAP)⁽¹⁾	\$ 7.12	\$ 4.57	56%

⁽¹⁾ Diluted earnings per share amounts are calculated discretely and therefore may not add up to the total due to rounding.

