

Valued Shareholder,

The success your company achieved in 2013 is a demonstration of many things – our talented team of associates, our ability to develop and implement highly effective operating improvements, and our strategies for selling and servicing vehicles in a dynamic economic environment, to name a few. But if there is any one thing that marked 2013 more than anything else, it's ***the success of the AutoNation brand.***

2013 was the first year that we operated over 200 franchises on a coast to coast basis under the AutoNation name, and the awareness we generated proved to be instrumental in a highly successful year for your company. For the first year since our founding, "AutoNation" means as much to customers as it does to our shareholders. Through broadly effective marketing campaigns, community relations efforts and customer service initiatives, AutoNation is now recognized by millions of consumers in markets from coast to coast as America's leading automotive retailer when it comes to selection, pricing, service and satisfaction.

With the launch of the AutoNation brand, we were pleased to report record EPS from continuing operations in all four quarters and for full year 2013. Our revenue for the full year was \$17.5 billion, up 12% from 2012's \$15.7 billion. Net income from continuing operations was \$375.8 million, up 18% from 2012's \$317.3 million, and our EPS from continuing operations of \$3.05 in 2013 represented a 21% increase over 2012's \$2.52.

We're using our brand strength to do even more than reward our shareholders. We're also using our leadership position to reward the communities that we serve, particularly through our new partnership with IndyCar champion Ryan Hunter-Reay's Racing for Cancer charity. Through this company-wide initiative, we will raise millions of dollars towards cancer detection and prevention, and deliver those funds right back into the communities where our associates live and work.

And that's just the start of what we're able to achieve as a unified brand. We are delivering on our goal of building the country's first truly coast to coast automotive retail brand – a single name, a single

look and a peerless customer experience in markets across America. Yes, it's an ambitious objective, but considering our track record of accomplishing things that no other retailer can – like selling our 9 millionth vehicle in 2013 – it's a challenge we're looking forward to. I personally look forward to presenting the keys to the AutoNation customer who purchases the 10 millionth car or truck from us, an unprecedented achievement in auto retail.

We are also growing your company through acquisitions and new store opportunities, with a focus on adding brand representation within our existing markets. Over the last six quarters, we announced the acquisition of 12 franchises and the award of four new premium luxury franchises by our manufacturer partners. The 2013 revenue for the 12 acquired franchises together with the expected annual revenue of the four franchises awarded to us, once they are fully operational, is approximately \$1.1 billion. We will continue to be selective and prudent with our capital, which has served the company well over time, with a focus on investing to produce strong returns and long-term shareholder value.

When we ended 2012, we suggested that the year would best be appreciated as a precursor to even greater things as we moved forward. Now that we're able to look back on all that we've accomplished in the previous 12 months, we're pleased to see just how accurate that prediction was. 2012 did indeed see us lay a strong foundation for future performance, and 2013 saw us benefit from that foundation in meaningful ways including all-time record EPS for the full year. As we look now to the coming year and into future years, we are committed to continuing this success and realizing the continued benefits of our brand strength, our outstanding team and our peerless operational strategies. Thank you for your support; you can be certain that all of our efforts are directed towards generating the success you expect and deserve.

Yours,



Mike Jackson
Chairman and CEO