

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

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

### **Purposes**

The purposes of the Committee are:

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

### **Composition**

The Committee shall consist of at least three members, all of whom are members of the Board. One of the members shall serve as the chairperson (the “**Chair**”) of the Committee. Each member of the Committee shall satisfy the independence requirements of the rules of the New York Stock Exchange applicable to domestic listed companies and of any other applicable laws.

The Board shall appoint the members of the Committee based on the recommendation of the Nominating/Governance Committee of the Board. The Chair of the Committee shall be designated by the Board based on the recommendation of the Nominating/Governance Committee or, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee.

### **Authority and Responsibilities**

The Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Committee. The Committee may form and delegate some or all of its authority to subcommittees when it deems appropriate. Without limiting the generality of the

preceding statements, the Committee shall have authority, and is entrusted with the responsibility, to do the following actions:

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

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

5. When and as appropriate, the Committee shall review and approve, for the Chief Executive Officer and the corporate officers of the Company, all employment agreements, severance arrangements and change-in-control agreements and provisions.
6. The Committee shall review and approve, or review and recommend to the Board for its approval of, any transaction in equity securities of the Company, or derivatives of those equity securities, between the Company and any corporate officer or director of the Company who is subject to the reporting and short-swing liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended.
7. Subject to the express provisions set forth in the 1996 Stock Incentive Plan of the Company (the “**Plan**”), the Committee shall have the authority, in its discretion, to conclusively determine the following:
  - the persons that are entitled to receive incentive stock options, nonqualified options and restricted stock awards (“Awards”) under the Plan, taking into account:
  - the time or when an Award shall be made;
  - whether an incentive stock option or nonqualified options may be granted;
  - the number of shares to be subject to each Award; and
  - vesting provisions for the Award.

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

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

- make all other determinations necessary or advisable for administering the Plan.
8. The Committee shall review and discuss with the Company's management the CD&A to be included in the Company's Proxy Statement and, based on that review, determine whether to recommend to the Board that the CD&A be included in the Proxy Statement, in accordance with applicable rules and regulations.
  9. Each year, the Committee shall prepare a Compensation Committee Report and publish the report in the Company's Proxy Statement, in accordance with applicable rules and regulations.
  10. The Committee shall have the sole authority to retain, amend the engagement with, and terminate any compensation consultant to be used to assist in the evaluation of director, Chief Executive Officer or corporate officer compensation. The Committee shall have sole authority to approve the consultant's fees and other retention terms and shall have authority to cause the Company to pay the fees and expenses of such consultants. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors, to approve the fees and expenses of such outside advisors, and to cause the Company to pay the fees and expenses of such outside advisors.

## Procedures

1. **Meetings.** The Committee shall meet at the call of its Chair, two or more members of the Committee, or the Chairman of the Board. Meetings may, at the discretion of the Committee, include members of the Company's management, independent consultants, and such other persons as the Committee or its Chair may determine. The Committee may meet in person, by telephone conference call, or in any other manner in which the Board is permitted to meet under law or the Company's bylaws.
2. **Quorum and Approval.** A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Committee may also act by unanimous written consent in lieu of a meeting.
3. **Rules.** The Committee may determine additional rules and procedures, including designation of a Chair pro tempore in the absence of the Chair and designation of a secretary of the Committee or any meeting thereof.
4. **Reports.** The Committee shall make reports to the Board, directly or through the Chair.
5. **Review of Charter.** Each year the Committee shall review the need for changes in this Charter and recommend any proposed changes to the Board for approval.

6. ***Performance Review.*** Each year the Committee shall review and evaluate its own performance and shall submit itself to the review and evaluation of the Board.
7. ***Fees.*** Each member of the Committee shall be paid the fee set by the Board for his or her services as a member of, or Chair of, the Committee.