

**GROUP 1 AUTOMOTIVE, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**

**1. Director Qualification Standards**

The Board of Directors (the “**Board**”) of Group 1 Automotive, Inc. (the “**Company**”) will have a majority of directors who meet the criteria for independence required by the New York Stock Exchange. The Nominating/Governance Committee is responsible for establishing criteria for selecting new directors and actively seeking individuals to become directors for recommendation to the Board. This assessment will include members’ qualification as independent, as well as consideration of diversity, age, skill, and experience in the context of the needs of the Board. Nominees for directorship will be selected by the Nominating/Governance Committee in accordance with the policies and principles in its charter. The invitation to join the Board should be extended by the Board itself, by the Chairman of the Nominating/Governance Committee and by the Chairman of the Board.

The Board is divided into three classes. The number of directors that constitutes the Board of Directors shall be fixed from time to time pursuant to a resolution adopted by a majority of the directors then in office, subject to an increase in the number of directors by reason of stockholder action, but in no event shall be less than three directors nor greater than nine. The Board believes that a smaller board of directors generally functions more effectively than a large board as smaller boards generally promote greater participation by each board member, more effective and efficient decision making and greater individual accountability.

The Nominating/Governance Committee is responsible for reviewing, on an annual basis, the advisability or need for any change in the number and composition of the Board.

No director may serve on more than four other public company boards. Directors should advise the Chairman of the Nominating/Governance Committee in advance of accepting an invitation to serve on another public company board.

No director may be nominated to a new term if he or she would be age 72½ or older at the time of the election.

The Board does not believe directors who retire or change their principal occupation or business association should necessarily leave the Board. However, if a director has a substantial change in professional responsibilities, occupation or business association, he or she should promptly notify both the Nominating/Governance Committee and the Chairman of the Board of the Company and offer his or her resignation from the Board. The Nominating/Governance Committee will evaluate the facts and circumstances and make a recommendation to the full Board whether to accept the resignation or request that the director continue to serve.

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the

Nominating/Governance Committee will review each director's continuation on the Board every three years. This will also allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

## **2. Director Responsibilities**

The basic responsibility of each director is to exercise his or her business judgment to act in what he or she reasonably believes to be in the best interests of the Company and its stockholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The directors shall also be entitled to (i) have the Company purchase reasonable directors' and officers' liability insurance on their behalf; (ii) the benefits of indemnification to the fullest extent permitted by law and the Company's certificate of incorporation, bylaws and any indemnification agreements; and (iii) exculpation as provided by state law and the Company's certificate of incorporation.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors are also encouraged to attend the Company's annual meeting of stockholders. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting. Attendance at Board and committee meetings shall be considered by the Nominating/Governance Committee in assessing each director's performance.

The Board has no policy with respect to the separation of the offices of Chairman and the Chief Executive Officer. The Board believes that this issue is part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination regarding this issue as circumstances dictate.

The Chairman of the Board, in consultation with the presiding director, will establish the agenda for each Board meeting. At the beginning of the year, the Chairman of the Board will establish a schedule of agenda subjects, which will be included in a checklist, to be discussed during the year (to the degree this can be foreseen). Each director is free to suggest the inclusion of items on the agenda for each meeting. Each director is free to raise at any Board meeting subjects that are not on the agenda for that meeting; *provided*, that such director makes reasonable efforts to notify the Chairman of the Board and/or presiding director within a reasonable time prior to the meeting that he will raise such subjects at the meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

The non-management directors will meet in executive session at each regularly scheduled Board meeting. In the event that the non-management directors include directors who are not independent under the listing standards of the New York Stock Exchange, then at least once a year, there should be an executive session including only independent directors. The director who presides at these meetings will be chosen by the Board, based on the recommendations of the Nominating/Governance Committee, at the annual meeting of directors and will serve until

the next annual meeting of directors. The presiding director will be responsible for preparing an agenda for the meetings of the independent directors in executive session. The name of the presiding director will be disclosed in the annual proxy statement.

The Board believes that the management speaks for the Company. As such, it is not expected that individual directors will meet or otherwise communicate with stockholders, research analysts, vendors, the press or other external constituencies on behalf of the Company; unless such communication (i) is requested by the Chairman of the Board, the Chief Executive Officer or the full Board or (ii) is required to discharge his/her duties as set forth in committee charters.

### **3. Board Committees**

The Board will have at all times an Audit Committee, a Compensation Committee, a Finance/Risk Management Committee and a Nominating/Governance Committee. All of the members of the Audit Committee, the Compensation Committee and the Nominating/Governance Committee will be independent directors under the criteria established by the New York Stock Exchange and any applicable laws. Committee members and Committee Chairs will be appointed by the Board upon recommendation of the Nominating/Governance Committee, in accordance with all other such applicable criteria as may be established by the New York Stock Exchange and any applicable laws from time to time, with consideration given to the desires of individual directors.

Each committee will have its own charter. The charters will set forth the authority and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance.

The Chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of the year, each committee will establish a schedule of agenda subjects, which will be included in a checklist, to be discussed during the year (to the degree these can be foreseen). The checklist for each committee will be furnished to all directors.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

### **4. Director Access to Management and Independent Advisors**

The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief

Executive Officer or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, copy the Chief Executive Officer on any written communications between a director and an officer or employee of the Company.

The Board welcomes regular attendance at each Board meeting of senior officers of the Company. If the Chief Executive Officer wishes to have additional Company personnel attendees on a regular basis, this suggestion should be brought to the Board for approval.

## **5. Director Compensation**

The Nominating/Governance Committee will make a recommendation to the Board regarding the form and amount of director compensation in accordance with the policies and principles set forth in its charter, and the Nominating/Governance Committee will conduct an annual review of director compensation. The Nominating/Governance Committee will consider that directors' independence may be jeopardized if (i) director compensation and perquisites exceed customary levels, (ii) the Company makes substantial charitable contributions to organizations with which a director is affiliated, or (iii) the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director, or an immediate family member, or an organization with which the director is affiliated. Directors who are employees of the Company shall not receive any additional compensation for service on the Board.

## **6. Chief Executive Officer Evaluation and Management Succession**

The Compensation Committee will annually review and approve corporate goals and objectives relevant to the compensation of the 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.

The Nominating/Governance Committee will meet at least annually on succession planning. The Nominating/Governance Committee will evaluate potential successors to the Chief Executive Officer and other key officers of the Company. The Chief Executive Officer should at all time make available his or her recommendations and evaluations of potential successors for various positions, along with a review of any development plans recommended for such individuals.

## **7. Annual Performance Evaluation of the Board and its Committees**

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The performance evaluation will focus on the contribution to the Company by the Board and its committees. The Nominating/Governance Committee is tasked with the oversight of the annual performance evaluation and, as part of its oversight role, should review the criteria to be used in the Board and committee self-evaluations.

## **8. Director Orientation and Continuing Education**

All new directors must participate in an orientation program (“**Orientation Program**”), which should be conducted within two months of the annual meeting at which new directors are elected. This orientation will include presentations by senior management to familiarize new directors with the Company’s strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Conduct, its principal officers, and its internal and independent auditors. In addition, the Orientation Program will include visits to Company headquarters and, to the extent practical, certain of the Company’s significant facilities. All other directors are also invited to attend the Orientation Program.

Directors of the Company are encouraged to attend seminars once every three years that will educate our directors in the areas of corporate governance, ethics and responsibility or other areas that are useful to the director’s service to the Company. Expenses of attending a director continuing education seminar shall be paid by the Company and directors who serve on multiple boards should attempt to spread the cost among the multiple companies.

The Company is also committed to continuing director education and will periodically allocate Board meeting time to receive information and updates on corporate governance issues, director best practices and legal and regulatory changes. As part of the annual self-evaluation process, the Nominating/Governance Committee may suggest director education and training for the full Board, committees and/or individual directors.

## **9. Communications with Directors**

The Board welcomes communications from the Company’s stockholders and other interested parties. Stockholders and interested parties may send communications to the Board, to any Board committee, to the presiding director of the executive sessions or to any director in particular, to:

c/o Group 1 Automotive, Inc.  
800 Gessner, Suite 500  
Houston, Texas 77024

Any correspondence addressed to the Board, to any Board committee, to the presiding director of the executive sessions or to any one of the directors care of the Company’s offices should be forwarded to the addressee without review by management.