

AUTONATION, INC.  
Form DEF 14A  
March 26, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under § 240.14a-12

AutoNation, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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AutoNation, Inc.  
AutoNation Headquarters  
200 SW 1st Ave  
Fort Lauderdale, FL 33301

**NOTICE OF THE 2012 ANNUAL MEETING OF STOCKHOLDERS**

To Stockholders of AutoNation, Inc.:

The 2012 Annual Meeting of Stockholders of AutoNation, Inc. will be held on the 15th Floor of the AutoNation Headquarters, located at 200 SW 1st Ave, Fort Lauderdale, Florida 33301, on Wednesday, May 9, 2012, at 8:00 a.m. Eastern Time for the following purposes as more fully described in the proxy statement:

- (1) To elect the 10 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 2012;
- (3) To approve the AutoNation, Inc. Senior Executive Incentive Bonus Plan;
- (4) To consider three stockholder proposals, if properly presented at the Annual Meeting; and
- (5) 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 5:00 p.m. Eastern Time on March 15, 2012, 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 Annual Meeting in person. Even if you plan to attend the Annual Meeting, we ask that you please cast your vote as soon as possible. You may revoke your proxy and reclaim your right to vote at any time prior to its use. The proxy statement includes information on what you will need to attend the Annual Meeting.

By Order of the Board of Directors,  
Jonathan P. Ferrando  
Executive Vice President,  
General Counsel and Secretary  
March 26, 2012

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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 26, 2012, 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 May 9, 2012

Our 2011 Annual Report and this proxy statement are available at [www.edocumentview.com/an](http://www.edocumentview.com/an).

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AUTONATION, INC.  
 AutoNation Headquarters  
 200 SW 1st Ave  
 Fort Lauderdale, FL 33301

**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 2012 Annual Meeting of Stockholders or any adjournment or postponement thereof. Our Annual Meeting will be held on the 15th Floor of the AutoNation Headquarters, located at 200 SW 1st Ave, Fort Lauderdale, Florida 33301, on Wednesday, May 9, 2012, at 8:00 a.m. Eastern Time.

Only stockholders of record as of 5:00 p.m. Eastern Time on March 15, 2012 (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. As of the record date, there were 127,103,469 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 March 26, 2012.

**INFORMATION ABOUT THE ANNUAL MEETING**

**Agenda**

To elect the 10 director nominees named in this proxy statement, each for a term expiring at the next Annual Meeting of Stockholders or until their successors are duly elected and qualified

To ratify the selection of KPMG LLP as our independent registered public accounting firm for 2012

- To approve the AutoNation, Inc. Senior Executive Incentive Bonus Plan

To consider three stockholder proposals, if properly presented at the Annual Meeting

To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements of the Annual Meeting

**Vote Recommendations**

Proposal	Matter	Board Vote Recommendation
1	Election of Directors	FOR EACH NOMINEE
2	Ratification of the Selection of KPMG LLP as Independent Auditor for 2012	FOR
3	Approval of the AutoNation, Inc. Senior Executive Incentive Bonus Plan	FOR
4	Stockholder Proposal Regarding Independent Board Chairman	AGAINST
5	Stockholder Proposal Regarding Cumulative Voting	AGAINST
6	Stockholder Proposal Regarding Political Contributions	AGAINST

**Voting Matters**

Quorum. The holders of at least 63,551,735 shares (a majority of shares outstanding on the record date) must be present in person 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.

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**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 attend the Annual Meeting may vote in person by obtaining a ballot from the inspector of elections.

**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 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 in person at 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 the Annual Meeting and voting in person. Your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at 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 10 director nominees and one vote on each other matter. To be elected, directors 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 of the other matters on the agenda requires the affirmative vote of a majority of the shares of common stock present in person 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, 3, 4, 5, and 6, abstentions will be counted as having been voted and will have the same effect as negative votes. For Proposals 3, 4, 5, and 6, broker non-votes will not be counted as having been voted. Brokers will have discretionary authority to vote on Proposal 2 since it is considered a routine matter under NYSE rules. Since they are not counted as “for” votes, broker non-votes could prevent the election of our directors and/or approval of Proposals 3, 4, 5, and 6, so we urge you to provide voting instructions.

**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. If you hold shares through the AutoNation 401(k) Plan and you do not provide clear voting instructions, Wells Fargo will vote the shares in your 401(k) account in the same proportion that it votes shares for which it received valid and timely instructions.

### Proxy Solicitation

We will pay for the cost of soliciting proxies. 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

You are entitled to attend the Annual Meeting only if you were an AutoNation stockholder as of the record date or you hold a valid proxy for the Annual Meeting. You may be asked to present valid photo identification and proof of stock ownership as of the record date to be admitted to the Annual Meeting.



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## BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

## Directors

Our Board currently consists of ten members. Each of our current directors was elected by our stockholders at our 2011 Annual Meeting of Stockholders.

Upon the recommendation of the Corporate Governance and Nominating Committee, the Board has nominated each of our current directors to stand for election for a new term expiring at the 2013 Annual Meeting of Stockholders or until their successors are duly elected and qualified. See “Items To Be Voted On - Proposal 1: Election of Directors.” Our Board consists of a diverse group of leaders. Many of our directors have experience serving as executive officers or on boards and board committees of major companies. Many of our directors also have extensive corporate finance and investment banking experience as well as a broad understanding of capital markets. Our directors have a strong owner orientation - approximately 68% of our common stock is held by our directors or entities or persons related to our directors (as of March 15, 2012).

We have set forth below information regarding each of our directors, 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 directors provide the Company with the ability to address the evolving needs of the Company and represent the best interests of our stockholders.

Nominee	Current Position with AutoNation	Age	Director Since
Mike Jackson	Chairman of the Board and Chief Executive Officer	63	1999
Robert J. Brown	Director	77	2010
Rick L. Burdick	Director	60	1991
William C. Crowley	Director	54	2002
David B. Edelson	Director	52	2008
Robert R. Grusky	Director	54	2006
Michael Larson	Director	52	2010
Michael E. Maroone	Director, President and Chief Operating Officer	58	2005
Carlos A. Migoya	Director	61	2006
Alison H. Rosenthal	Director	35	2011

Mike Jackson has served as our Chairman of the Board since January 2003 and as our Chief Executive Officer and Director since September 1999. 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 eleven automotive dealership franchises, including Mercedes-Benz and other brands of automobiles. In January 2011, Mr. Jackson was appointed to the Board of Directors of the Federal Reserve Bank of Atlanta’s Miami Branch. Mr. Jackson’s automotive experience, his position as our Chief Executive Officer, 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.

Robert J. Brown has served as one of our directors since February 2010 and also previously served as one of our directors from May 1997 until May 2008. Mr. Brown has served as Chairman and Chief Executive Officer of B&C Associates, Inc., a management consulting, marketing research, and public relations firm, since 1973. Mr. Brown served as a director of Wachovia Corporation, a commercial and retail bank from April 1993 until April 2007, Sonoco Products Company, a manufacturer of industrial and consumer packaging products, from April 1993 until February 2007, and Duke Energy Corporation, an electric power company, from April 1994 until May 2005. Mr. Brown’s experience operating B&C Associates, Inc. and his prior public company board experience led the Board to conclude that he should serve as one of our directors.



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Rick L. Burdick has served as one of our directors since May 1991. Since 1988, Mr. Burdick has been a partner in Akin, Gump, Strauss, Hauer & Feld, L.L.P., a global full service law firm. Mr. Burdick is managing partner (international) and chair of the international corporate transactions practice of the firm. He also serves as Lead Director of CBIZ, Inc. (formerly, Century Business Services, Inc.), a provider of outsourced business services to small and medium-sized companies in the United States. Mr. Burdick's experience as a senior partner at a large 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.

William C. Crowley has served as one of our directors since January 2002. Since January 1999, Mr. Crowley has been President and Chief Operating Officer of ESL Investments, Inc., a private investment firm. He served as Executive Vice President of Sears Holdings Corporation from March 2005 until January 2011 and as Chief Administrative Officer of Sears Holdings Corporation from September 2005 until January 2011. Mr. Crowley also served as the Chief Financial Officer of Sears Holdings Corporation from March 2005 until September 2006 and from January 2007 until October 2007. Mr. Crowley has served as a director of Sears Canada Inc. since March 2005 and as the Chairman of the Board of Sears Canada Inc. since December 2006. From May 2003 until March 2005, Mr. Crowley served as director and Senior Vice President, Finance of Kmart Holding Corporation. Prior to joining ESL Investments in 1999, Mr. Crowley was a Managing Director at Goldman, Sachs & Co., a leading global investment banking and securities firm. Mr. Crowley is a director of AutoZone, Inc. and is director and chairman of Orchard Supply Hardware Stores Corporation, a former subsidiary of Sears Holdings Corporation. He served as a director of Sears Holdings Corporation from March 2005 until May 2010. Mr. Crowley's experience in corporate finance and investment banking, as well as his experience as a senior executive officer of a Fortune 500 company and his position as the President and Chief Operating Officer of ESL Investments, Inc., led the Board to conclude that he should serve as one of our directors.

David B. Edelson has served as one of our directors since July 2008. Mr. Edelson is Senior Vice President of Loews Corporation, a diversified holding company with subsidiaries in the property-casualty insurance, offshore drilling, natural gas transmission and storage, natural gas exploration and production, and lodging industries. He joined Loews in May 2005. 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. From February 2007 until June 2011, he served as a director of CNA Surety Corporation, and from January 2009 until June 2011, as Chairman of the Board of CNA Surety Corporation. 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.

Robert R. Grusky 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 equity 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 has been a Senior Advisor 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 Strayer Education, Inc., an education services company, and AutoZone, Inc. 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.

Michael Larson has served as one of our directors since February 2010. Mr. Larson serves as chief investment officer for William H. Gates III, a position he has held since 1994. He is responsible for Mr. Gates' non-Microsoft investments as well as the investments of the Bill & Melinda Gates Foundation Trust. He serves as a director of Republic Services, Inc., Ecolab Inc., Fomento Mexicano Economico, S.A.B. de C.V., and Grupo Televisa, S.A.B. In addition, he is

Chairman of the Board of Trustees for Western Asset/Claymore Inflation-Linked Securities & Income Fund and Western Asset/Claymore Inflation-Linked Opportunities & Income Fund. From November 1999 until December 2010, Mr. Larson served as a director of Pan American Silver Corp. Mr. Larson's investment and business experience and broad understanding of the capital markets, business cycles, and capital investment and allocation led the Board to conclude that he should serve as one of our directors.

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Michael E. Maroone has served as one of our directors since July 2005 and as our President and Chief Operating Officer since August 1999. Following our acquisition of the Maroone Automotive Group in January 1997, Mr. Maroone served as President of our New Vehicle Dealer Division. In January 1998, Mr. Maroone was named President of our Automotive Retail Group with responsibility for our new and used vehicle operations. Prior to joining AutoNation, Mr. Maroone was President and Chief Executive Officer of the Maroone Automotive Group, one of the country's largest privately-held automotive retail groups prior to its acquisition by us. Mr. Maroone's position as our President and his broad knowledge of our Company and the automotive retail industry led the Board to conclude that he should serve as one of our directors.

Carlos A. Migoya has served as one of our directors since June 2006. In May 2011, Mr. Migoya was named Chief Executive Officer of Jackson Health System. From February 2010 until December 2010, Mr. Migoya served as City Manager for the City of Miami. He previously served as Regional President - North Carolina of Wachovia Corporation, a Wells Fargo Company, from December 2007 until May 2009. From June 2006 until December 2007, Mr. Migoya served as State CEO for the Atlantic Region of Wachovia Corporation. In this position, Mr. Migoya was responsible for Wachovia's general banking businesses in New Jersey, Connecticut, and New York. From 1987 until 2006, Mr. Migoya served as Regional President - Dade and Monroe Counties of Wachovia Corporation, with responsibility for Wachovia's general banking businesses in the region. Mr. Migoya has more than 35 years of experience in banking. Mr. Migoya's management and banking experience led the Board to conclude that he should serve as one of our directors.

Alison H. Rosenthal has served as one of our directors since March 2011. From February 2006 until January 2011, Ms. Rosenthal led various initiatives in the Business Development Department at Facebook, Inc., where she served as Senior Manager from February 2006 until July 2008 and as Head of the Global Operator Program, Mobile from July 2008 until January 2011. Ms. Rosenthal served as an associate at General Atlantic Partners, LLC, a global private equity fund focused on IT, from February 2001 until June 2003 and as an analyst at Goldman, Sachs & Co., a leading global investment banking and securities firm, from July 1998 until July 2000. In December 2011, Ms. Rosenthal joined Greylock Partners, a leading venture capital firm, as an Executive in Residence. Ms. Rosenthal's technology experience, including in the areas of mobile applications and social media, and investment and finance 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 October 20, 2011. 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](http://investors.autonation.com). You also may obtain a printed copy of the Guidelines by sending a written request to: Investor Relations, AutoNation, Inc., 200 SW 1st Ave, Fort Lauderdale, FL 33301.

### 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.

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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, Corporate Governance and Nominating, and Compensation committees assist the Board in overseeing our management of risk. Our Audit Committee reviews with management significant risks as well as our process for assessing and managing risks. 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. Our Compensation Committee, in certain cases through its Executive Compensation Subcommittee, reviews and approves our executive compensation program and also reviews the general compensation structure for our corporate and key field employees. While our Board oversees our management of risk as outlined above, management is responsible for identifying and managing risks.

The positions of Chairman of the Board and Chief Executive Officer are both currently held by Mike Jackson. The Board believes that this leadership model is currently appropriate for the following reasons:

• Our Board has adopted strong and effective corporate governance policies and procedures to promote the effective and independent governance of the Company. See "Corporate Governance Guidelines and Codes of Ethics" above. Our Board is stockholder-oriented and focused on the best interests of our stockholders - approximately 68% of our common stock is held by our directors or entities or persons related to our directors (as of March 15, 2012), a significant portion of our director's compensation is equity-based, and the Board has established director stock ownership guidelines.

• The combined role enables decisive leadership, ensures clear accountability, and fosters alignment on corporate strategy.

• Our independent directors meet in regularly scheduled executive sessions led by a presiding director (rotated among Committee Chairs) without management present.

• Our independent directors annually review the performance of our Chairman and Chief Executive Officer.

• The Board believes that it functions well with its current leadership structure and with Mr. Jackson as Chairman of the Board.

At our 2009 and 2010 Annual Meetings of Stockholders, stockholder proposals to amend our by-laws to require an independent Board chairman were presented, and 86% and 85% of the votes cast, respectively, voted against such proposals.

In addition, we believe that the current leadership structure of the Board supports its risk oversight functions by providing independent leadership at the committee level, executive sessions of the Board of Directors with rotating presiding directors, and ultimate oversight by the full Board led by our Chairman and Chief Executive Officer.

Our Board of Directors held 14 meetings and took no action by unanimous written consent during 2011. In 2011, 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.

Our independent directors held four executive sessions without management present during 2011. Our Board has not appointed a lead independent director; instead, in accordance with our Guidelines, the presiding director for each executive session is rotated among the Chairs of our Board committees.

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 who was then serving as a director attended the 2011 Annual Meeting of Stockholders.

### Board Committees

Our Board has established 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. In addition, our Board has established the Executive Compensation Subcommittee, which is a subcommittee of the Compensation Committee. The charters for our Board committees are in compliance with SEC rules and NYSE listing standards. These charters are available at [investors.autonation.com](http://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, FL 33301.





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

Name	Audit Committee	Compensation Committee	Executive Compensation Subcommittee	Corporate Governance and Nominating Committee
Robert J. Brown	ü			
Rick L. Burdick		ü	ü	Chair
William C. Crowley		Chair		ü
David B. Edelson	ü			
Robert R. Grusky	Chair			
Michael Larson		ü	ü	
Carlos A. Migoya		ü	Chair	ü
Alison H. Rosenthal	ü			

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 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 risks 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, you should refer to the Audit Committee's charter.

The Audit Committee currently consists of four directors. 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 Mr. Grusky and Mr. Edelson 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 Mr. Grusky and Mr. Edelson.

The Audit Committee held six meetings and took one action by unanimous written consent during 2011. The Audit Committee Report for fiscal 2011, 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, 2011, is set forth below under "Audit Committee Report."

#### Compensation Committee

The Compensation Committee primarily assists our Board in fulfilling its compensation and management development and succession planning oversight responsibilities by, among other things: (i) reviewing our director compensation program; (ii) reviewing and approving the compensation of our Chief Executive Officer and other senior executive officers and, except as expressly delegated to the Executive Compensation Subcommittee, setting annual and long-term performance goals for these individuals; (iii) reviewing and approving the compensation of all of our corporate officers; and (iv) reviewing the Company's program for management development and succession planning.

Please refer to "Executive Compensation Subcommittee" below for a description of the Executive Compensation Subcommittee, which is a subcommittee of the Compensation Committee. Pursuant to the Compensation Committee's charter, the Committee may form subcommittees and may delegate to such subcommittees any or all power and authority of the Committee as the Committee deems appropriate, provided that no subcommittee may consist of fewer than two members, and provided further that the 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 Committee as a whole.

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The Committee reviews executive compensation at its meetings throughout the year and sets executive compensation. The Committee also reviews director compensation annually. As part of its review of executive compensation, the Committee reviews the executive compensation arrangements at other retail companies. The Committee reviews the data at a high level in order to evaluate and confirm whether our executive compensation is within a reasonably competitive range. The Committee, however, does not set executive compensation at a set target percentile based on the data. See “Executive Compensation - Compensation Discussion and Analysis - Setting Compensation Levels of Executive Officers.” The Committee did not engage a compensation consultant to advise the Committee with respect to executive or director compensation for 2011.

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. The Compensation Committee held four meetings and took five actions by unanimous written consent during 2011. 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.

**Executive Compensation Subcommittee**

The Executive Compensation Subcommittee is a subcommittee of the Compensation Committee. The Subcommittee assists the Board and the Compensation Committee in fulfilling their compensation oversight responsibilities by performing the following duties: (i) reviewing and approving performance-based compensation of executive officers as contemplated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), including bonuses and stock-based awards; (ii) administering the AutoNation, Inc. Senior Executive Incentive Bonus Plan, including establishing performance goals and certifying whether such goals are attained as contemplated under Section 162(m) of the Code; and (iii) administering our equity compensation plans, including approving stock-based awards.

Our Board has determined that each member of the Subcommittee 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 Code. The Executive Compensation Subcommittee held four meetings and took three actions by unanimous written consent during 2011. For more information on the responsibilities and activities of the Executive Compensation Subcommittee, please refer to the Executive Compensation Subcommittee’s charter.

**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; and (vii) recommending to our Board assignments to committees.

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 2011, the Corporate Governance and Nominating Committee held four meetings and took one 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.

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### Director Independence

The director independence standards set forth in our Guidelines, available at [investors.autonation.com](http://investors.autonation.com), meet and in some areas exceed the listing standards of the NYSE. Our Board has affirmatively determined that all of our directors, except Mr. Jackson, our Chairman and Chief Executive Officer, and Mr. Maroone, our President and Chief Operating Officer, are “independent” under our 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 (1) accept directly or indirectly any consulting, advisory, or other compensatory fee from the Company other than their director compensation or (2) be an affiliated person of the Company or any of its subsidiaries.

In making its independence determinations, the Board considered relationships and transactions since the beginning of 2009 between the Company and its subsidiaries and our non-employee directors, entities associated with those directors, or members of their immediate families, including the relationships and transactions described under “Certain Relationships and Related Transactions” below. The Board determined that none of the relationships and transactions it considered impaired the independence of our non-employee directors or disqualified any of our non-employee directors from serving as independent directors under our independence standards and the listing standards of the NYSE. The Board’s independence determinations included a review of the following relationships and transactions: Mr. Crowley is President and Chief Operating Officer of ESL Investments, Inc., and ESL Investments, Inc. together with its investment affiliates (collectively, “ESL”) beneficially owns approximately 53% of our common stock. In addition, Mr. Crowley and ESL have relationships with Sears Holdings Corporation (“Sears”) and AutoZone, Inc. (“AutoZone”), and in the ordinary course of business, we enter into transactions with Sears and AutoZone as a purchaser or supplier of goods or services. See “Certain Relationships and Related Party Transactions” below for more information regarding these relationships and transactions.

Mr. Grusky is a limited partner in ESL Partners, L.P., an investment affiliate of ESL Investments, Inc., and he serves as a director of AutoZone.

Mr. Edelson is Senior Vice President of Loews Corporation (“Loews”), and, in connection with certain of our insurance programs, we have paid premiums to American Casualty Company of Reading, Pennsylvania and to Continental Casualty Company, each a subsidiary of CNA Financial Corporation (“CNA Financial”), which is a 90%-owned subsidiary of Loews. In addition, we may from time to time use hotels owned by Loews Hotel Holdings Corporation, a wholly-owned subsidiary of Loews.

Michael Larson serves as chief investment officer for William H. Gates III, and all shares of our common stock owned by Cascade Investment, L.L.C. (“Cascade”) and the Bill & Melinda Gates Foundation Trust (the “Trust”) may be deemed to be beneficially owned by Mr. Gates. On a combined basis, Cascade and the Trust beneficially own approximately 14% of our common stock. In the ordinary course of business, we enter into transactions, as a purchaser or supplier of goods or services, with Republic Services, Inc. (“Republic”), and Mr. Larson serves as a director of Republic. In addition, Cascade and the Trust on a combined basis beneficially own approximately 17% of Republic’s common stock (based on publicly available data as of March 15, 2012).

### 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. The Committee has retained an executive search firm to identify and review candidates in the past.

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

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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 Committee, the Corporate Governance and Nominating Committee, the Compensation Committee, and the Executive Compensation Subcommittee also completes an annual self-evaluation, which includes a self-assessment questionnaire tailored specifically for such committee or subcommittee.

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.

### Board Compensation

Our non-employee director compensation program is designed to:

- ensure alignment with long-term stockholder interests;
- ensure we can attract and retain outstanding director candidates who meet the criteria outlined under "Director Selection Process" above; and
- recognize the time commitments necessary to oversee the Company.

### Summary

In 2011, our non-employee director compensation program consisted of the following:

- annual Board retainer of \$50,000 for each non-employee director;
- annual committee retainers of \$20,000 for the Chairman of the Audit Committee and \$10,000 for each other Audit Committee member;
- annual committee retainers of \$10,000 for the Chairmen of the Compensation Committee and the Corporate Governance and Nominating Committee and \$5,000 for the other members of the Compensation Committee and the Corporate Governance and Nominating Committee; and
- expense reimbursement in connection with Board and committee meeting attendance.

In addition, the AutoNation, Inc. 2007 Non-Employee Director Option Plan (as amended, the "2007 Plan") provides for an automatic grant of an option to purchase 5,000 shares of our common stock to each non-employee director on the first trading day of each March, June, September, and December.

The most recent amendment to the 2007 Plan was approved by our Board of Directors on February 1, 2012. Prior to the adoption of that amendment, each option granted under the 2007 Plan was immediately exercisable and expired on the 10th anniversary of the option grant date. The amendment provides that, with respect to grants made under the 2007 Plan after February 1, 2012, (1) each option will become exercisable with respect to 25% of the total number of shares underlying the option on June 1 of the year following the year in which the option is granted (the "initial vesting date") and with respect to an additional 25% on each of the next three succeeding anniversaries of the initial vesting date, (2) except as set forth in (3) below, in the event an optionee ceases to be a non-employee director, then any options held by such non-employee director will become immediately exercisable until the earlier of (a) 30 days following the date the optionee ceases to be a non-employee director and (b) the expiration of the options, (3) in the event an optionee ceases to be a non-employee director because of retirement, death, or permanent and total disability (each as defined in the 2007 Plan), then any options held by such non-employee director will become immediately exercisable until the earlier of (x) the third anniversary of the date of such retirement, death, or permanent and total disability and (y) the expiration of the options, and (4) each option will expire on the 10th anniversary of the first grant date in the year in which the option was granted.



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In November 2010, our non-employee directors became eligible to defer all or a portion of their annual and committee retainers under the AutoNation, Inc. Deferred Compensation Plan (the “DCP”). Please refer to “Executive Compensation - Compensation Tables - Non-Qualified Deferred Compensation in Fiscal 2011” for additional information regarding the DCP.

## 2011 Director Compensation

The following table sets forth the compensation earned during 2011 by each non-employee director.

## 2011 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$)(1)	Total (\$)
Robert J. Brown	60,000	305,410	365,410
Rick L. Burdick	65,000	(2)305,410	370,410
William C. Crowley	65,000	(2)305,410	370,410
David B. Edelson	60,000	305,410	365,410
Robert R. Grusky	71,667	305,410	377,077
Michael Larson	55,000	305,410	360,410
Carlos A. Migoya	63,333	305,410	368,743
Alison H. Rosenthal(3)	48,333	236,041	284,374

The amounts reported in this column are based on the grant date fair values computed in accordance with FASB ASC Topic 718. For a description of the assumptions used in the calculation of these amounts, see Note 10 of the (1) Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2011.

In 2011, each of our non-employee directors received an option to purchase 5,000 shares of common stock on each of March 1, June 1, September 1, and December 1, except for Ms. Rosenthal who only received the June 1, September 1, and December 1 option grants since she joined the Board on March 14, 2011. The following table sets forth information regarding each option award granted to our non-employee directors who were serving on the quarterly grant dates in 2011:

Grant Date	Number of Shares Underlying Option Award	Option Exercise Price (\$)	Grant Date Fair Value of Option Award (\$)
March 1, 2011	5,000	32.50	69,369
June 1, 2011	5,000	34.51	71,910
September 1, 2011	5,000	40.37	86,693
December 1, 2011	5,000	35.99	77,438

(2)Deferred under the DCP.

(3)Ms. Rosenthal joined the Board on March 14, 2011.

The following table sets forth information regarding the number of options held by each of our non-employee directors as of December 31, 2011:

Name	Number of Options Held as of December 31, 2011
Robert J. Brown	10,000
Rick L. Burdick	140,000
William C. Crowley	180,000
David B. Edelson	110,000
Robert R. Grusky	103,134
Michael Larson	70,000



Carlos A. Migoya  
Alison H. Rosenthal

60,000  
15,000

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## Director Stock Ownership Guidelines

The Board believes that non-employee directors should be stockholders and have a financial stake in the Company. Toward this end, the Board expects that each non-employee director will invest at least \$100,000 in the Company's common stock within five years of first becoming a non-employee director. Exceptions to this requirement may only be made by the Board under compelling mitigating circumstances.

The following table sets forth information regarding investments made by our non-employee directors in our common stock as of March 15, 2012.

## DIRECTOR STOCK OWNERSHIP GUIDELINES

Name	Number of Shares Owned <sup>(1)</sup>	Amount Deemed Invested (\$)	Progress	Deadline
Robert J. Brown	2,000	45,060	(2)45%	February 2015
Rick L. Burdick	7,365	139,935	(3)Achieved	N/A
William C. Crowley	182,241	(4)>4,000,000	(5)Achieved	N/A
David B. Edelson	4,850	100,447	(6)Achieved	N/A
Robert R. Grusky	6,450	103,915	(7)Achieved	N/A
Michael Larson	2,000	55,147	(6)55%	February 2015
Carlos A. Migoya	15,150	392,886	(8)Achieved	N/A
Alison H. Rosenthal	—	—	—	March 2016

(1)Based on filings with the SEC.

With respect to 1,000 shares, based on the closing price per share on February 24, 2010, the date he was appointed

(2)to the Board; and with respect to 1,000 shares, based on the closing price per share of our common stock on the date the shares were acquired in connection with the exercise of an option.

(3)Based on the closing price per share of our common stock on the date the shares were acquired in connection with the exercise of an option.

(4)Includes 83,545 shares held by Tynan, LLC, a limited liability company of which Mr. Crowley is the sole member.

(5)Estimated value based on the closing price per share on the dates shares were acquired.

(6)Based on the purchase price paid for the shares, as reported with the SEC.

With respect to 5,200 shares, based on the purchase price paid for the shares, as reported with the SEC; and with

(7)respect to 1,250 shares, based on the closing price per share of our common stock on the date the shares were acquired in connection with the exercise of an option.

With respect to 1,000 shares that Mr. Migoya held on the date he became a director, based on the closing price per

(8)share of our common stock on such date; with respect to 6,000 shares, based on the purchase price paid for the shares, as reported with the SEC; and with respect to 8,150 shares, based on the closing price per share of our common stock on the date the shares were acquired in connection with the exercise of an option.

## 2012 Option Grants

In accordance with the terms of the 2007 Plan, Messrs. Brown, Burdick, Crowley, Edelson, Grusky, Larson, and Migoya, and Ms. Rosenthal were each automatically granted an option to purchase 5,000 shares of our common stock at an exercise price equal to \$34.09 per share, the closing price per share of our common stock on March 1, 2012. Each non-employee director will also receive an option to purchase 5,000 shares of our common stock on the first trading day of each of June, September, and December 2012. Each option grant will have an exercise price equal to the closing price per share of our common stock on the applicable grant date.

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### Compensation Committee Interlocks and Insider Participation

During 2011, Messrs. Burdick, Crowley, Larson, and Migoya served on our Compensation Committee. Please refer to “Certain Relationships and Related Party Transactions” below for a description of certain transactions we entered into since January 1, 2011 in which Mr. Crowley may be deemed to have had an indirect material interest. None of our Compensation Committee members has ever been an officer or employee of AutoNation or any of our subsidiaries, and none of our executive officers has served on the compensation committee (or other committee serving an equivalent function) or board of directors of any company, one of whose executive officers served on our Board or our Compensation Committee.

### 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 all related party transactions valued between \$100,000 and \$500,000 and review with management all other related party transactions.

In accordance with SEC rules, we have set forth below a summary of transactions that occurred since January 1, 2011, in which the amount involved exceeded \$120,000, the Company or one of its subsidiaries was a participant, and any related party may be deemed to have had a direct or indirect material interest. Under SEC rules, a related party is any director, executive officer, nominee for director, or 5% stockholder of the Company, and their immediate family members. In each case, the transactions complied with our Board’s policy on related party transactions.

In the ordinary course of business, we enter into transactions with Sears as a purchaser or supplier of goods or services. As of March 15, 2012, ESL, which beneficially owns approximately 53% of our common stock, beneficially owns approximately 62% of Sear’s common stock (based on publicly available data as of March 15, 2012), and Edward S. Lampert, the Chairman, Chief Executive Officer and controlling principal of ESL Investments, Inc., serves as the Chairman of the Board of Sears. In addition, Mr. Crowley who serves as the President and Chief Operating Officer of ESL Investments, Inc., served in various executive positions at Sears from March 2005 until January 2011 and as a director of Sears from March 2005 until May 2010. He also serves as Chairman of the Board of Sears Canada Inc., a subsidiary of Sears. In 2011, we paid Sears approximately \$200,000 primarily for automotive parts and accessories, and Sears paid us approximately \$250,000 primarily for automotive parts, accessories, and services. We also enter into transactions with AutoZone, Inc., as a purchaser or supplier of goods or services, in the ordinary course of business. ESL owns approximately 10% of AutoZone’s common stock (based on publicly available data as of March 15, 2012), and Messrs. Crowley and Grusky serve as directors of AutoZone. In 2011, we paid AutoZone approximately \$765,000 primarily for automotive parts and accessories, and AutoZone paid us approximately \$135,000 primarily for automotive parts and accessories. In addition, in 2011, Lease Plan USA, a fleet leasing company, paid us approximately \$6.2 million for certain vehicles that were subsequently leased by Lease Plan USA to AutoZone.

In January 2009, our Board authorized and approved letter agreements with certain automotive manufacturers that, among other things, eliminated certain adverse consequences that would have been triggered under the framework agreements with those manufacturers upon ESL’s acquisition of a 50% or greater ownership interest in our Company. The letter agreements with American Honda Motor Co., Inc. (“Honda”) and Toyota Motor Sales, U.S.A., Inc. (“Toyota”) also contain governance-related and other provisions. ESL is also a party to both the Honda and Toyota agreements. Under the terms of the Honda and Toyota agreements, ESL has agreed to vote all shares of our common stock in excess of 50% of our outstanding shares in the same proportion as all non-ESL-owned shares are voted. For additional information regarding these agreements, please refer to “Agreements with Vehicle Manufacturers - Framework Agreements” in Part I, Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2011.

On November 29, 2011, we entered into an extension and amendment agreement to the Toyota Agreement (the “Extension and Amendment Agreement”) with Toyota and ESL. The Extension and Amendment Agreement grants an additional one-year extension of Toyota’s Consent under the Toyota Agreement and amends the Toyota Agreement to



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provide that the Toyota Agreement and Toyota's Consent will terminate in the event that ESL's ownership of the Company's outstanding common stock falls to 40% or lower (prior to the amendment, the termination threshold was 50% or lower). Toyota's Consent under the Toyota Agreement will now terminate on December 31, 2012 (unless it is terminated earlier as provided in the Toyota Agreement) with respect to purchases of the Company's common stock by ESL after such date, provided that ESL may continue to seek successive annual one-year extensions of Toyota's Consent, and Toyota may not unreasonably withhold or delay its consent thereto, except that if ESL has owned 50% or less of the Company's outstanding common stock for two years preceding the date that ESL seeks an extension, then Toyota may withhold such consent in its sole discretion.

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, FL 33301.

Stockholders and interested parties interested in communicating with our Board, any Board committee, any individual director, any group of directors (such as our independent directors), or our presiding director should send written correspondence to Board of Directors c/o Corporate Secretary, AutoNation, Inc., 200 SW 1st Ave, Fort Lauderdale, FL 33301. Additional information is available on our corporate website at [investors.autonation.com](http://investors.autonation.com).

Stockholder Proposals for Next Year's Annual Meeting

As more specifically provided in our by-laws, no business may be brought before an Annual Meeting unless it is specified in the notice of the Annual Meeting or is otherwise brought before the Annual Meeting by or at the direction of our Board of Directors or by a stockholder entitled to vote who has delivered 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. Accordingly, any stockholder proposal to be considered at the 2013 Annual Meeting of Stockholders, including nominations of persons for election to our Board, generally must be properly submitted to us not earlier than January 9, 2013 nor later than February 8, 2013. Detailed information for submitting stockholder proposals or nominations of director candidates will be provided upon written request to the Corporate Secretary of AutoNation, Inc., 200 SW 1st Ave, Fort Lauderdale, FL 33301.

These requirements are separate from the SEC's requirements that a stockholder must meet in order to have a stockholder proposal included in our Proxy Statement for the 2013 Annual Meeting of Stockholders. Stockholders interested in submitting a proposal for inclusion in our proxy materials for the 2013 Annual Meeting of Stockholders may do so by following the procedures set forth in Rule 14a-8 under the Exchange Act. To be eligible for inclusion in such proxy materials, stockholder proposals must be received by our Secretary not later than November 26, 2012.

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.



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## STOCK OWNERSHIP

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information as of March 15, 2012 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)	
ESL Investments, Inc. and related entities, as a group(2) 200 Greenwich Avenue, Greenwich, CT 06830	67,058,483	(3)52.7	%
William H. Gates III One Microsoft Way, Redmond, WA 98052	17,527,380	(4)13.8	%
Horizon Kinetics LLC 470 Park Avenue South, 4th Floor South, New York, NY 10016	7,326,527	(5)5.8	%

(1)Based on 127,103,469 shares outstanding at March 15, 2012.

The group consists of ESL Partners, L.P. (“Partners”), ESL Institutional Partners, L.P. (“Institutional”), ESL Investors, L.L.C. (“Investors”), ESL Investments, Inc. (“Investments”), CBL Partners, L.P. (“CBL”), Tynan, LLC (“Tynan”), RBS

(2)Partners, L.P. (“RBS”), RBS Investment Management, L.L.C. (“RBSIM”), Edward S. Lampert, and William C. Crowley. Partners, Institutional, Investors, Investments, CBL, Tynan, RBS, RBSIM, Mr. Lampert and Mr. Crowley are collectively referred to as the “ESL Group.”

Based on a Schedule 13D/A filed with the SEC on January 31, 2012 and a subsequent Form 4 filed by Mr. Crowley, the number of AutoNation shares beneficially owned by each member of the ESL Group as of March 15, 2012 consists of 36,630,644 shares held by Partners, 6,526 shares held by Institutional, 6,346,058 shares held in an account established by the investment member of Investors, 5,080,682 shares held by CBL, 83,545 shares held by Tynan, 18,627,332 shares held by Mr. Lampert, 98,696 shares held by Mr. Crowley, and 185,000 shares issuable upon the exercise of director stock options held by Mr. Crowley. Mr. Crowley disclaims beneficial ownership of AutoNation shares beneficially owned by the ESL Group, except for 83,545 shares held by Tynan, 98,696 shares held by Mr. Crowley, and 185,000 shares issuable upon the exercise of director stock options held by Mr. Crowley.

(3)Partners has sole voting and dispositive power with respect to 36,630,644 shares, Institutional has sole voting and dispositive power with respect to 6,526 shares, Investors has sole voting and dispositive power with respect to 6,346,058 shares, Investments has sole voting and dispositive power with respect to 48,063,910 shares, CBL has sole voting and dispositive power with respect to 5,080,682 shares, Tynan has sole voting power with respect to 83,545 shares and sole dispositive power with respect to 60,956 shares, RBS has sole voting and dispositive power with respect to 42,976,702 shares, RBSIM has sole voting and dispositive power with respect to 6,526 shares, Mr. Lampert has sole voting power with respect to 66,691,242 shares and sole dispositive power with respect to 51,456,760 shares, and Mr. Crowley has sole voting power with respect to 367,241 shares and sole dispositive power with respect to 283,579 shares.

On May 20, 2010, we filed with the SEC a Current Report on Form 8-K to disclose that ESL became the beneficial owner of a greater than 50% ownership interest in our common stock. Please refer to the Form 8-K and also to “Agreements with Vehicle Manufacturers - Framework Agreements” in Part I, Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2011, for a description of certain letter agreements by and among the Company, ESL, and certain automotive manufacturers relating to ESL’s ownership of our common stock. See also “Board of Directors and Corporate Governance - Certain Relationships and Related Party Transactions.”

(4)Based on a Schedule 13D/A filed with the SEC on February 17, 2012 and Form 4s filed by Mr. Gates and Cascade Investment, L.L.C. (“Cascade”) through March 16, 2012, the number of shares beneficially owned by Mr. Gates as of March 15, 2012 includes 15,128,664 shares held by Cascade and 2,398,716 shares held by the Bill & Melinda Gates Foundation Trust (the “Trust”). All shares of our common stock held by Cascade may be deemed to be beneficially owned by Mr. Gates as the sole member of Cascade, and all shares of our common stock beneficially owned by the Trust may be deemed to be beneficially owned by Mr. Gates as a co-trustee of the Trust. Mr. Gates has sole voting power with respect to 15,128,664 shares and shared voting power with respect to 2,398,716 shares.

The address of Cascade is 2365 Carillon Point, Kirkland, WA 98033, and the address of the Trust is 500 Fifth Avenue North, Seattle, WA 98119.



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(5) Based on a Schedule 13G filed with the SEC on January 26, 2012, Horizon Kinetics LLC has sole voting and dispositive power with respect to 7,326,527 shares.

**SECURITY OWNERSHIP OF MANAGEMENT**

The following table sets forth certain information as of March 15, 2012, unless otherwise indicated, regarding the amount of our common stock beneficially owned by (1) each of our directors, (2) each of our named executive officers, and (3) our directors and executive officers as a group. Beneficial ownership includes shares that may be acquired within 60 days of March 15, 2012 through the exercise of outstanding stock options (including, in the case of each executive officer who is retirement eligible under our equity compensation plans, currently unvested stock options that would accelerate in the event of retirement, and, in the case of each non-employee director, currently unvested stock options that would accelerate in the event of termination of Board service), as well as shares of restricted stock. Unless otherwise indicated, 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	84,463	1,373,083	(2) 1,457,546	1.1	%
Robert J. Brown	2,000	15,000	(3) 17,000	*	
Rick L. Burdick	7,365	145,000	(3) 152,365	*	
William C. Crowley	66,873,483	185,000	(3) 67,058,483	(4) 52.7	%
David B. Edelson	4,850	115,000	(3) 119,850	*	
Robert R. Grusky	6,450	108,134	(3) 114,584	(5)*	
Michael Larson	2,000	75,000	(3) 77,000	*	
Carlos A. Migoya	15,150	65,000	(3) 80,150	*	
Alison H. Rosenthal	—	20,000	(3) 20,000	*	
Michael E. Maroone	2,498,159	(6) 1,681,085	(7) 4,179,244	3.2	%
Michael J. Short	1,563	279,075	280,638	*	
Jonathan P. Ferrando	34,767	(8) 337,379	372,146	*	
David L. Koehler	4,036	(9) —	4,036	*	
Kevin P. Westfall(10)	8,598	45,949	54,547	*	
All directors and executive officers as a group (14 persons)	69,538,322	(11) 4,398,756	73,937,078	56.2	%

\*Less than 1%.

(1) Based on 127,103,469 shares outstanding at March 15, 2012.

(2) Includes 709,374 shares that may be acquired upon exercise of currently vested options, and 663,709 shares underlying currently unvested options since Mr. Jackson is eligible for retirement treatment under the Company's equity compensation plans. All options held by Mr. Jackson are owned by a trust of which he is the sole trustee and beneficiary.

(3) Includes 5,000 shares that may be acquired upon exercise of currently unvested options that would accelerate in the event of termination of Board service.

(4) Mr. Crowley is the President and Chief Operating Officer of ESL Investments, Inc., which together with various of its affiliates beneficially owns shares of AutoNation's common stock as set forth above under "Security Ownership of Certain Beneficial Owners." Based on a Schedule 13D/A filed with the SEC on January 31, 2012 and a subsequent Form 4 filed by Mr. Crowley, the number of shares beneficially owned by Mr. Crowley consists of 36,630,644 shares held by Partners, 6,526 shares held by Institutional, 6,346,058 shares held in an account established by the investment member of Investors, 5,080,682 shares held by CBL, 83,545 shares held by Tynan,

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18,627,332 shares held by Mr. Lampert, 98,696 shares held by Mr. Crowley, and 185,000 shares issuable upon the exercise of director stock options held by Mr. Crowley. Mr. Crowley disclaims beneficial ownership of AutoNation shares beneficially owned by the ESL Group, except for 83,545 shares held by Tynan, 98,696 shares held by Mr. Crowley, and 185,000 shares issuable upon the exercise of director stock options held by Mr. Crowley. Mr. Crowley has sole voting power with respect to 367,241 shares and sole dispositive power with respect to 283,579 shares.

Mr. Grusky is a limited partner in ESL Partners, L.P. ("ESL Partners"), which together with various of its affiliates owns shares of AutoNation's common stock. As a limited partner, Mr. Grusky is not deemed to have a reportable interest in the AutoNation shares held by ESL Partners, and Mr. Grusky disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein.

Includes 2,496,622 shares beneficially owned by Michael Maroone Family Partnership, a Nevada limited partnership controlled by Mr. Maroone, of which 951,646 shares are pledged as security for a loan, and 1,537 shares held through the AutoNation 401(k) Plan.

Includes 1,149,891 shares that may be acquired upon exercise of currently vested options, and 531,194 shares underlying currently unvested options since Mr. Maroone is eligible for retirement treatment under the Company's equity compensation plans.

Includes 33,000 shares owned by Mr. Ferrando and his wife as tenants by the entirety and 1,767 shares held through the AutoNation 401(k) Plan.

Represents unvested shares of restricted stock.

Mr. Westfall resigned from the Company effective November 9, 2011, and the information provided in this table speaks as of such date.

Includes 8,072 unvested shares of restricted stock and 3,304 shares held through the AutoNation 401(k) Plan.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that our directors, certain of our officers, and persons who beneficially own 10% or more of our stock file with the SEC initial reports of ownership and reports of changes in ownership of our stock and our other equity securities. To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the year ended December 31, 2011, our directors, executive officers, and greater than 10% beneficial owners complied with all such applicable filing requirements, except that two Form 4s involving a total of two transactions were filed late for Michael Stephan. A Form 4 was filed for Mr. Stephan on August 4, 2011 to report the withholding of 273 shares on June 1, 2011 and the withholding of 126 shares on August 1, 2011, in each case to satisfy tax withholding obligations in connection with the vesting of restricted stock.

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EXECUTIVE COMPENSATION  
COMPENSATION COMMITTEE AND  
EXECUTIVE COMPENSATION SUBCOMMITTEE REPORT

The following statement made by our Compensation Committee and Executive Compensation Subcommittee 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 and Executive Compensation Subcommittee of the Company have 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 and Executive Compensation Subcommittee 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, 2011.

Compensation Committee:

William C. Crowley, Chair

Rick L. Burdick

Michael Larson

Carlos A. Migoya

Executive Compensation Subcommittee:

Carlos A. Migoya, Chair

Rick L. Burdick

Michael Larson

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## COMPENSATION DISCUSSION AND ANALYSIS

## Overview

Our compensation programs are administered by the Compensation Committee (referred to as the “Committee” in this section) and the Executive Compensation Subcommittee (referred to as the “Subcommittee” in this section) of the Committee. The Committee primarily assists the Board in fulfilling its oversight responsibilities by, among other things: (i) reviewing our director compensation program; (ii) reviewing and approving the compensation of our Chief Executive Officer (“CEO”) and other senior executive officers and, except as expressly delegated to the Subcommittee, setting annual and long-term performance goals for these individuals and reviewing the performance of these individuals; and (iii) reviewing and approving the compensation of all of our corporate officers.

The Subcommittee assists the Board and the Committee in fulfilling their responsibilities by performing the following duties: (i) reviewing and approving performance-based compensation of executive officers as contemplated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), including bonuses and stock-based awards; (ii) administering the AutoNation, Inc. Senior Executive Incentive Bonus Plan, including establishing performance goals and certifying whether such goals are attained as contemplated under Section 162(m) of the Code; and (iii) administering our equity compensation plans, including approving stock-based awards.

During 2011, the Committee consisted of William C. Crowley (Chair), Rick L. Burdick, Michael Larson, and Carlos A. Migoya, and the Subcommittee consisted of Mr. Migoya (Chair), Mr. Burdick, and Mr. Larson.

This section discusses the Company’s compensation policies and programs as it relates to the following “named executive officers” whose compensation information is presented in the tables that follow:

Mike Jackson	Chairman and Chief Executive Officer
Michael E. Maroone	President and Chief Operating Officer
Michael J. Short	Executive Vice President and Chief Financial Officer
Jonathan P. Ferrando	Executive Vice President, General Counsel and Secretary
David L. Koehler	Senior Vice President, Sales
Kevin P. Westfall	Former Senior Vice President, Sales

Mr. Westfall resigned from the Company effective November 9, 2011. Mr. Koehler, who was hired as a Market President on April 11, 2011, was promoted to the position of Senior Vice President, Sales, an executive officer position, effective November 14, 2011.

## Compensation Philosophy and Objectives

The Committee’s fundamental philosophy is to closely link executive compensation with the achievement of performance goals and to create an owner-oriented culture. The Committee’s objectives in administering our compensation program for executive officers 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 also believes that overall compensation should be fair for the services rendered and that the compensation structure should be transparent, which is why the key components of executive compensation are limited to a base salary, an annual performance bonus based solely on the achievement of financial targets, and stock-based awards.

## 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 an executive’s duties and responsibilities and individual executive performance. Our CEO 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.



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As part of its review of executive compensation, the Committee reviews the executive compensation arrangements at peer group companies. Our peer group includes comparable specialty retail companies based on specific financial measures, including, but not limited to, revenue, total assets, market capitalization, and net income. The Committee's practice has been to make changes to our peer group only when necessary or when, in the Committee's judgment, comparison to a company is no longer appropriate. There were no changes to our peer group for 2011 as compared to 2010. For 2011, our peer group consisted of the following companies:

Advance Auto Parts, Inc.	J.C. Penney Company, Inc.	RadioShack Corporation
AutoZone, Inc.	Kohl's Corporation	Ross Stores, Inc.
BJ's Wholesale Club, Inc.	Limited Brands, Inc.	Staples, Inc.
CarMax, Inc.	Macy's Inc.	Tiffany & Co.
Family Dollar Stores, Inc.	Nordstrom, Inc.	The TJX Companies, Inc.
The Gap, Inc.	Office Depot, Inc.	

The Committee reviews the executive compensation benchmark data at a high level in order to evaluate and confirm whether our executive compensation is within a reasonably competitive range. The Committee, however, does not set executive compensation at a specific target percentile within the peer group. Instead, the Committee focuses on providing compensation that is fair for the services rendered, 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.

The Committee has no pre-established target for the allocation between either cash and non-cash or short-term and long-term incentive compensation. However, a significant portion of each executive officer's total compensation is allocated to incentive compensation in the form of an annual performance-based bonus and stock-based awards in order to provide incentives to create and maintain long-term stockholder value. The Committee reviews and considers total compensation in setting each element of compensation for our named executive officers.

#### 2011 Executive Compensation Elements

The key elements of our executive compensation program for the year ended December 31, 2011 were:

- base salary;
- annual incentive bonus; and
- stock-based awards.

Executive officers are also entitled to limited perquisites and other benefits as outlined below. The following is a summary of the considerations underlying each component of compensation paid to our named executive officers for 2011.

#### 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. However, the Committee does not as a practice grant annual base salary adjustments for executive officers, and it did not grant any base salary adjustments during 2011 for any of the named executive officers. Upon his promotion to the position of Senior Vice President, Sales, the Committee established a base salary of \$485,000 per year for Mr. Koehler.

#### Annual Incentive Bonus

##### 2011 Incentive Bonus

A core component of our compensation program is the AutoNation Operating Performance bonus plan (the "AOP"), the annual bonus program in which bonus-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 February 2011, the Subcommittee established performance goals under the AOP for 2011 based upon specified levels of adjusted operating income per basic share and adjusted operating income as a percentage of gross margin.



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The following table sets forth the 2011 bonus metrics under the AOP:

2011 Bonus Metrics	Weight	Threshold Payout Level	Target Payout Level	Maximum Payout Level
Adjusted Operating Income Per Basic Share	75%	\$3.29(1)	\$3.65	≥ \$4.38(2)
Adjusted Operating Income as a Percent of Gross Margin	25%	22.5%(3)	23.5%	N/A(4)

(1) 50% of target payout level.

(2) 200% of target payout level.

(3) 81.25% of target payout level.

There was no maximum for the adjusted operating income as a percentage of gross margin metric under the AOP.

(4) Each 0.1 percentage point change in this performance metric represented a plus or minus 1.875% payout versus target.

In calculating the level of our performance under the AOP, certain adjustments are made to operating income for both metrics to ensure that operating performance is measured to incentivize management appropriately (for example, floorplan interest expense is charged against operating income to ensure management manages this expense; on a generally accepted accounting principles basis, floorplan interest expense is not included in operating income). For the adjusted operating income per basic share metric, operating income per basic share is also adjusted to reflect a capital charge for acquisitions and 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 adjusted operating income as a percentage of gross margin metric is designed to incentivize management to increase variability in our expense structure and to increase the productivity of our operations so that bottom-line profitability and stockholder value are maximized.

Each year, the Subcommittee, in its sole discretion, determines which of our executive officers or other key employees will participate in a separate incentive bonus plan designed to create a direct link between pay and performance for our senior officers and to ensure that annual cash performance bonuses payable to our senior officers are tax-deductible by the Company pursuant to Section 162(m) of the Code. The incentive bonus plan for our senior officers that was approved by the Company's stockholders in 2007 is titled the "AutoNation, Inc. Senior Executive Incentive Bonus Plan" and is referred to as the "Executive Incentive Plan." Historically, the Subcommittee has selected only those officers who were likely to receive annual compensation in excess of \$1 million. Our executive officers may participate in either the AOP or the incentive bonus plan for our senior officers, but not both. The Subcommittee is also responsible for identifying annual "performance factors" and establishing specific performance targets with respect thereto that must be met in order for annual bonuses to be paid under the incentive bonus plan for our senior officers.

In February 2011, the Subcommittee established an incentive bonus program for 2011 for certain of our named executive officers under the Executive Incentive Plan. For 2011, the Subcommittee selected Messrs. Jackson, Maroone, Short, and Ferrando to participate in the Executive Incentive Plan. Under the terms of the Executive Incentive Plan, the Subcommittee set specific annual performance goals and established an objective formula for calculating the amount of the target awards for participants. The 2011 bonus metrics that the Subcommittee established under the Executive Incentive Plan were the same as those that the Committee established for 2011 under the AOP (set forth above) for all other corporate bonus plan participants, including Mr. Koehler (who participated in the AOP on a pro-rated basis based on the amount of time he served as Senior Vice President, Sales in 2011) and Mr. Westfall. The Subcommittee believes that symmetry between the AOP and the Executive Incentive Plan assures that all participants are appropriately aligned to achieve our objectives.

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





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The following table sets forth the 2011 threshold and target awards reflected as a percentage of salary for each of the participants under the Executive Incentive Plan and for Messrs. Koehler and Westfall under the AOP.

Participant	2011 Threshold (% of Salary)	2011 Target (% of Salary)	2011 Maximum
Mike Jackson	27.08%	133 <sup>1</sup> /3%	(1), (2)
Michael E. Maroone	20.31%	100%	(1), (2)
Michael J. Short			