

AUTONATION, INC.  
Form DEF 14A  
March 23, 2011  
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**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)

Payment of Filing Fee (Check the appropriate box):

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AUTONATION, INC.

AutoNation Headquarters

200 SW 1st Ave

Fort Lauderdale, FL 33301

**NOTICE OF THE 2011 ANNUAL MEETING OF STOCKHOLDERS**

To Stockholders of AutoNation, Inc.:

The 2011 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 4, 2011, at 9:00 a.m. Eastern Time for the following purposes as more fully described in the proxy statement:

- (1) To elect the ten 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 2011;
- (3) To hold an advisory vote on executive compensation;
- (4) To hold an advisory vote on the frequency of the advisory vote on executive compensation;
- (5) To consider two stockholder proposals, if properly presented at the Annual Meeting; and
- (6) 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 17, 2011, 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 23, 2011

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**Important Notice Regarding the Availability of Proxy Materials**

**for the Stockholder Meeting to be Held on May 4, 2011**

Our 2010 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 2011 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 4, 2011, at 9:00 a.m. Eastern Time.

Only stockholders of record as of 5:00 p.m. Eastern Time on March 17, 2011 (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 149,420,388 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 23, 2011.

**QUESTIONS AND ANSWERS ABOUT OUR ANNUAL MEETING**

**What is the purpose of our 2011 Annual Meeting?**

Our 2011 Annual Meeting will be held for the following purposes:

To elect the ten 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 2011;

To hold an advisory vote on executive compensation;

To hold an advisory vote on the frequency of the advisory vote on executive compensation;

To consider two stockholder proposals, if properly presented at the Annual Meeting; and

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

In addition, senior management will report on our business and respond to your questions.

**Why did I receive a notice regarding the availability of proxy materials on the Internet instead of a full set 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 23, 2011, we began mailing to 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, how to vote, and how to request printed copies. 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.

**How can I attend 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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### **What are the voting rights of AutoNation stockholders?**

Each stockholder is entitled to one vote on each of the ten director nominees and one vote on each other matter properly presented at the Annual Meeting for each share of common stock owned by that stockholder on the record date.

### **How many shares must be present or represented to conduct business at the Annual Meeting?**

The holders of at least 74,710,195 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 are counted for the purpose of determining the presence of a quorum.

### **How do I vote?**

**Registered Stockholders.** If you are a registered stockholder (you hold your shares in your own name through our transfer agent), you may vote in person at the Annual Meeting. We will give you a ballot when you arrive. If you do not wish to vote in person or if you will not be attending the Annual Meeting, you may vote by proxy. You can vote by proxy over the Internet by following the instructions provided in the Notice, or, if you receive printed copies of the proxy materials by mail, you can also vote by mail or telephone by following the instructions provided on the proxy card.

**Beneficial Owners.** If you are a beneficial owner of shares (your shares are held in the name of a brokerage firm, bank, or a trustee) and you wish to vote in person at the Annual Meeting, you must obtain a valid proxy from the organization that holds your shares. If you do not wish to vote in person or you will not be attending the Annual Meeting, you may vote by proxy. You may vote by proxy over the Internet by following the instructions provided in the Notice, or, if you receive printed copies of the proxy materials by mail, you can also vote by mail or telephone by following the instructions provided on the proxy card. Please also refer to the instructions you receive from your brokerage firm, bank, or trustee on how to vote your shares.

**401(k) Participants.** If you participate in the AutoNation 401(k) Plan, you may vote the number of shares credited to your account as of 5:00 p.m. Eastern Time on March 17, 2011, by following the instructions provided by the Plan's trustee, Wells Fargo Bank, N.A. ( Wells Fargo ).

### **Will my shares be voted if I do not provide voting instructions?**

If your shares are held by a brokerage firm and you do not provide the firm specific voting instructions, that firm will have the authority to vote your shares only with respect to the ratification of the selection of our independent registered public accounting firm (Proposal 2), and your shares will not be voted and will be considered broker non-votes with respect to the election of directors (Proposal 1), the advisory vote on executive compensation (Proposal 3), the advisory vote on the frequency of the advisory vote on executive compensation (Proposal 4), and the two stockholder proposals (Proposals 5 and 6). See also [What are broker non-votes?](#) below. We urge you to provide voting instructions so that your shares will be voted.

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.

### **Can I change my vote after I have voted?**

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 on 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



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by attending the meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the meeting or specifically request in writing that your prior proxy be revoked.

### **What vote is required to elect directors or take other action at the Annual Meeting?**

**Proposal 1: Election of Directors.** To be elected, directors must receive a majority of votes cast (the number of shares voted for a director nominee must exceed the number of votes cast against that nominee).

**Proposal 2: Ratification of the Selection of Our Independent Registered Public Accounting Firm.** Ratification of the selection of KPMG LLP as our independent registered public accounting firm for the year ended December 31, 2011, requires the affirmative vote of the majority of shares present in person or by proxy and entitled to vote on the proposal.

**Proposal 3: Advisory Vote on Executive Compensation.** Advisory approval of the resolution on executive compensation requires the affirmative vote of the majority of shares present in person or by proxy and entitled to vote on the proposal.

**Proposal 4: Advisory Vote on Frequency of Advisory Vote on Executive Compensation.** Stockholders may indicate whether they prefer that we conduct future advisory votes on executive compensation every one, two, or three years, and the option receiving the highest number of votes will be deemed to be the preferred frequency of our stockholders.

**Proposal 5: Stockholder Proposal.** Approval of the stockholder proposal on special meetings requires the affirmative vote of the majority of shares present in person or by proxy and entitled to vote on the proposal.

**Proposal 6: Stockholder Proposal.** Approval of the stockholder proposal on cumulative voting requires the affirmative vote of the majority of shares present in person or by proxy and entitled to vote on the proposal.

### **What happens if an incumbent director fails to receive a majority vote?**

Our Corporate Governance Guidelines, available at <http://corp.autonation.com/investors>, provide that if an incumbent director fails to receive a majority vote in an uncontested election of directors, such director must offer his or her written resignation from the Board. The Guidelines provide procedures pursuant to which the Board will consider any such resignation.

### **What are broker non-votes?**

Broker non-votes occur when shares held by a brokerage firm are not voted with respect to a proposal because the firm has not received voting instructions from the beneficial owner of the shares and the firm does not have the authority to vote the shares in its discretion.

Under the rules of the New York Stock Exchange ( NYSE ), brokerage firms have the authority to vote shares held for a beneficial owner on routine matters, such as the ratification of the selection of our independent registered public accounting firm (Proposal 2), without instructions from the beneficial owner of those shares. The election of directors (Proposal 1), the advisory vote on executive compensation (Proposal 3), the advisory vote on the frequency of the advisory vote on executive compensation (Proposal 4), and the two stockholder proposals (Proposals 5 and 6) are considered non-routine matters. As a result, if a brokerage firm does not receive voting instructions from the beneficial owner of shares held by the firm, those shares will not be voted and will be considered broker non-votes with respect to those matters.

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### **How are abstentions and broker non-votes treated?**

Abstentions and broker non-votes are counted for purposes of determining whether a quorum is present. For Proposal 1, abstentions will not be counted in determining whether a director received a majority of votes cast (only FOR and AGAINST votes are counted). For Proposals 2, 3, 5, and 6, abstentions will have the same effect as negative votes. For Proposal 4, abstentions will not be counted in determining the preferred frequency for future advisory votes on executive compensation. Broker non-votes will not be counted for purposes of determining the voting results of any proposal. We urge you to provide voting instructions so that your shares will be voted.

### **How does the Board recommend I vote on the proposals?**

The Board recommends that you vote FOR election of each of the ten director nominees named in this proxy statement, FOR ratification of the selection of KPMG LLP as our independent registered public accounting firm for 2011, FOR advisory approval of the resolution on executive compensation, for every 3 YEARS as the preferred frequency for future advisory votes on executive compensation, and AGAINST each of the stockholder proposals. See Items To Be Voted On for more information.

### **How will the persons named as proxies vote?**

If you complete and submit a proxy, the persons named as proxies will follow your instructions. If you submit a proxy but do not provide instructions, or if your instructions are unclear, the persons named as proxies will vote your shares as follows: FOR election of each of the ten director nominees named in this proxy statement, FOR ratification of the selection of KPMG LLP as our independent registered public accounting firm for 2011, FOR advisory approval of the resolution on executive compensation, for every 3 YEARS as the preferred frequency for future advisory votes on executive compensation, and AGAINST each of the stockholder proposals. With respect to any other proposal that properly comes before 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.

### **Who will pay for the cost of soliciting proxies?**

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, fiduciaries, voting trustees, and other nominees for forwarding our proxy materials to each beneficial owner of common stock held of record by them.

**Table of Contents****BOARD OF DIRECTORS AND CORPORATE GOVERNANCE****Directors**

Our Board currently consists of ten members. Except for Ms. Rosenthal, each of our current directors was elected by our stockholders at our 2010 Annual Meeting of Stockholders. Upon the recommendation of the Corporate Governance and Nominating Committee, the Board appointed Ms. Rosenthal as a member of the Board effective March 14, 2011. An independent director recommended Ms. Rosenthal for consideration as a Board member.

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 2012 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 72% of our common stock is held by our directors or entities or persons related to our directors (as of March 15, 2011).

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.

<b>Nominee</b>	<b>Age</b>	<b>Current Position with AutoNation</b>	<b>Director Since</b>
Mike Jackson	62	Chairman of the Board and Chief Executive Officer	1999
Robert J. Brown	76	Director	2010
Rick L. Burdick	59	Director	1991
William C. Crowley	53	Director	2002
David B. Edelson	51	Director	2008
Robert R. Grusky	53	Director	2006
Michael Larson	51	Director	2010
Michael E. Maroone	57	Director, President and Chief Operating Officer	2005
Carlos A. Migoya	60	Director	2006
Alison H. Rosenthal	34	Director	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

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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.

*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, a broadline retailer, 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. 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 major 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. He has served as a director of CNA Surety Corporation, a 61%-owned subsidiary of CNA Financial Corporation, which is a 90%-owned subsidiary of Loews Corporation, since February 2007 and in January 2009 became its Chairman of the Board. 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.

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*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 also 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. 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.

*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. From February 2010 until December 2010, Mr. Migoya served as City Manager for the City of Miami. He formerly 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 also 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. 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

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Guidelines ), which were adopted by the Board in March 2003 and most recently amended as of February 2, 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 periodically reviewing 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 <http://corp.autonation.com/investors>. 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.

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 72% of our common stock is held by our directors or entities or persons related to our directors (as of March 15, 2011), 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.

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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 Annual Meeting of Stockholders, a stockholder proposal to amend our by-laws to require an independent Board chairman was presented, and 86% of the votes cast voted against such proposal.

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 CEO.

Our Board of Directors held 15 meetings and took one action by unanimous written consent during 2010. In 2010, 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 2010. 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. Except for Kim C. Goodman, who did not stand for re-election to the Board, each person who was then serving as a director attended the 2010 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 <http://corp.autonation.com/investors>, and you may obtain a printed copy of any of these charters by sending a written request to: Investor Relations, AutoNation, Inc., 200 SW 1st Ave, Fort Lauderdale, Florida 33301.

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	*			
Rick L. Burdick		*	*	**
William C. Crowley		**		*
David B. Edelson	*			
Robert R. Grusky	**			*
Michael Larson		*	*	
Carlos A. Migoya	*	*	**	*

\* Member

\*\* Chair



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*Audit Committee*

The Audit Committee primarily assists our Board in fulfilling its oversight responsibilities by reviewing our financial reporting and audit processes and our systems of internal control over financial reporting and disclosure controls. Among the Committee's core responsibilities are the following: (i) overseeing the integrity of our 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 experien