GROUP 1 AUTOMOTIVE INC
Form DEF 14A
April 10, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

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

GROUP 1 AUTOMOTIVE, 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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April 10, 2017

Dear Fellow Stockholder:

You are cordially invited to attend Group 1 Automotive s 2017 Annual Meeting of Stockholders to be held at the Company s Sterling McCall Lexus dealership, 10025 Southwest Freeway, Houston, Texas 77074, on Friday, May 12, 2017, at 10:00 a.m. Central Daylight Time.

2016 delivered record revenue of $10.9 billion, diluted earnings per share of $6.67 and record adjusted diluted earnings per share of $7.42. As the Company celebrates its 20th anniversary in business and as a leader in the industry in 2017, the Company remains focused on delivering stockholder value by leveraging revenue growth, optimizing brand diversity, strategically expanding presence while continuing to manage capital deployment, and capitalizing on the experience and expertise within our overall management team.

This year s meeting agenda includes a vote to: (i) approve the nominees for our board of directors named in the proxy statement; (ii) approve, on a non-binding advisory basis, our executive compensation; (iii) approve, on a non-binding advisory basis, the frequency of our executive compensation vote; and, (iv) approve Ernst & Young LLP as our independent registered public accountants for 2017. Management will also review the Company s business and financial performance.

Regardless of the number of shares you own, your vote matters. We hope you are able to join us at the Annual Meeting, but if you cannot, we look forward to hearing your voice via your participation in voting on the business items set forth in the attached notice. We encourage you to sign and return your proxy card, or use telephone or internet voting prior to the meeting, to assure that your shares are represented and voted at the meeting.

Thank you for your continued dedication of time and interest in Group 1. Our core values of integrity, transparency, professionalism, and teamwork promote success amongst our team, which includes our customers, our 13,000 employees worldwide, and you, our stockholders.

Sincerely,

John L. Adams	Earl J. Hesterberg
Chairman of the Board	President & Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

OF GROUP 1 AUTOMOTIVE, INC.

Date:	**May 12, 2017**
Time:	**10:00 a.m. Central Daylight Time**
Place:	**Sterling McCall Lexus**
	10025 Southwest Freeway
	Houston, Texas 77074

Matters to be voted on:

1. To elect the nine director nominees named in the proxy statement, each for a term expiring at the 2018 Annual Meeting of Stockholders or until their successors are duly elected and qualified;

2. To approve, on a non-binding advisory basis, our executive compensation;

3. To approve, on a non-binding advisory basis, the frequency of our executive compensation advisory vote;

4. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2017; and

5. To transact such other business as may be properly brought before the meeting.

Stockholders of record at the close of business on March 15, 2017, will be entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponements thereof. A list of stockholders will be available and may be inspected during normal business hours for a period of at least 10 days prior to the Annual Meeting at the offices of Group 1, 800 Gessner, Suite 500, Houston, Texas 77024. The list of stockholders will also be available for your review at the Annual Meeting. In the event there are not sufficient votes for a quorum or to approve the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies.

The proxy materials, including this Notice of Annual Meeting, the proxy statement, a proxy card, and our Annual Report to Stockholders on Form 10-K for the fiscal year ended December 31, 2016 are being distributed and made available on or about April 10, 2017.

Your vote is important. We urge you to review the accompanying materials carefully and to vote by telephone or internet as promptly as possible. Alternatively, you may complete, sign and return the proxy card, by mail.

By Order of the Board of Directors,

Beth Sibley

Corporate Secretary

Houston, Texas

April 10, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 12, 2017

The Notice of Annual Meeting of Stockholders, our Proxy Statement for the Annual Meeting and our Annual Report to Stockholders on Form 10-K for the fiscal year ended December 31, 2016 are available at http://www.proxyvote.com.

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2017 Proxy Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

This proxy statement is being distributed and made available beginning on April 10, 2017 in connection with the solicitation of proxies by the Board of Directors of Group 1 Automotive, Inc. for use at our 2017 Annual Meeting of Stockholders.

Annual Meeting of Stockholders:

Date:	May 12, 2017
Time:	10:00 a.m., Central Daylight Time
Place:	Sterling McCall Lexus 10025 Southwest Freeway Houston, Texas 77074
Record date:	March 15, 2017
Voting:	Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on. All elections of directors shall be decided by a majority of votes cast by stockholders entitled to vote in the election of directors. All other matters submitted to the stockholders shall be decided by the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on the matter.

Compensation and Corporate Governance Highlights:

- Non-Executive Chairman of the Board
- No Excise Tax Gross-Ups
- Say on Pay Advisory Vote Conducted Annually
- Robust Stock Ownership Guidelines for our Officers and Directors
- Annual Board and Committee Self-Evaluations
- Director Resignation Policy for Directors who do not receive a Majority Vote in an uncontested Director Election
- Clawback Provisions for Certain Restatements
- Average Board Attendance of 95% during 2016
- No Stockholder Rights Plan (Poison Pill)
- Company Policy Prohibits Pledging and Hedging of Group 1 Common Stock
- Annual Election of our Board of Directors
- Independent Compensation Consultant

Voting Matters and Board Recommendations:

Management Proposals:	**Board s Recommendation**	**Page (for more detail)**
Election of Nine Director Nominees	FOR Each Director Nominee	14
Approval, on a Non-Binding Advisory Basis, of our Executive Compensation	FOR	21
Approval, on a Non-Binding Advisory Basis, of the Frequency of our Executive Compensation Advisory Votes	ONE YEAR	22
Ratification of Ernst & Young as Independent Registered Public Accounting Firm	FOR	23

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Election of Directors (Proposal 1)

The following table provides summary information about our nominees for election to the Board of Directors. Additional information for all of our directors, may be found beginning on page 14.

Nominee[1]	Age	Director Since	Occupation	Committee Memberships[2]	Other Public Company Boards
John L. Adams	72	1999	Retired Vice Chairman, Trinity Industries	I, AC, CC FRM NGC (Chair)	Trinity Industries, Inc.
Carin M. Barth	54	2017	President, LB Capital, Inc.	I, AC	Enterprise Products Holdings LLC, Black Stone Minerals, L.P.
Earl J. Hesterberg	63	2005	President & Chief Executive Officer, Group 1 Automotive	FRM	Stage Stores, Inc.
Lincoln Pereira	57	2013	Regional Vice President, Brazil, Group 1 Automotive, Inc. and Chairman, UAB Motors Participações, Ltda.	FRM	
Stephen D. Quinn	61	2002	Retired General Partner & Managing Director, Goldman Sachs & Co.	I, AC, CC FRM (Chair)	Zions Bancorporation
J. Terry Strange	73	2003	Retired Vice Chairman, KPMG LLP	I, AC (Chair) CC, FRM	New Jersey Resources Corporation Newfield Exploration Company BBVA Compass
Charles L. Szews	60	2016	Retired Chief Executive Officer, Oshkosh Corporation	I, AC, CC	Commercial Metals Company Rowan Companies plc
Max P. Watson, Jr.	71	2001	Retired Chairman of the Board, President and CEO, BMC Software	I, CC (Chair) FRM, NGC	
MaryAnn Wright	55	2014			

	Group Vice President, Johnson Controls Power Solutions	I, AC NGC	Maxim Integrated Products, Inc.

(1) Mr. Arnold is not standing for re-election.
(2) I Independent Director
AC Audit Committee

CC Compensation Committee

FRM Finance/Risk Management Committee

NGC Nominating/Governance Committee

Our Board of Directors Recommends a Vote **FOR** the Election of each of the Nominees for Director.

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Advisory Vote on Executive Compensation (Proposal 2)

We are asking our stockholders to approve, on a non-binding advisory basis, the compensation of our named executive officers. We believe that our compensation policies and practices are effective in achieving our Company s goals of rewarding sustained financial and operating performance, leadership excellence and aligning the executives long-term interests with those of our stockholders. Our compensation philosophy is to set the fixed compensation of our named executive officers competitively for their demonstrated skills and industry experience. Our variable compensation, both annual and long-term, reflects the results of performance against a combination of quantitative and subjective measures. The Compensation Committee targets the median of the market for all elements of pay, including base salary, annual incentive, long-term incentives and appropriate perquisites. At last year s Annual Meeting of Stockholders, our stockholders approved the compensation of our named executive officers with a substantial majority of our stockholders (97% of votes cast) voting in favor.

Compensation Components

Type	Form	Terms
Cash	Salary	Set annually based on market conditions, peer data and other factors
Cash	Annual Incentive	Linked to financial-based and mission-based goals. Discretionary factors are considered when appropriate
Equity	Long-Term Incentive Awards	Restricted stock with restrictions lapsing over a five-year period: 0%-40%-20%-20%-20%, to reward performance and promote retention of certain key employees
Other	Employment Agreements and Severance and Change of Control Arrangements	Change of Control payment equal to 30 months base salary for our President/CEO and our Senior Vice President/CFO and 15 months base salary for our Vice President/General Counsel, plus prior year s pro rata annual bonus Under certain circumstances (as more fully described beginning on page 48), our CEO and his spouse will receive continued medical coverage for a period up to 36 months
Other	Deferred Compensation Plan	Allows deferral of up to 50% base salary and 100% of incentive bonus
Other	Perquisites	Demonstrator vehicle(s) and/or vehicle allowance Our CEO may use our Company aircraft for up to 40 hours of personal use, provided he reimburses us based on the published standard industry fare level valuation method; we pay for club membership privileges that are used for business and personal purposes by our CEO
Other	Benefits	

		On same terms as other employees, including our employee stock purchase plan
Other	Indemnification Agreements	Indemnification for our named executive officers provided the executive was acting in good faith and in the best interest of our Company

In evaluating this year s say-on-pay proposal, we recommend that you review the section entitled 2016 Compensation Discussion and Analysis (CD&A) beginning on page 28, which explains how and why the Compensation Committee arrived at its executive compensation actions and decisions for 2016.

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2016 Summary Compensation

Set forth below is the 2016 compensation for each named executive officer:

Name and Principal Position	Salary ($)	Bonus ($)	Stock Awards[(1)] ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[(2)] ($)	All Other Compensation[(3)] ($)	Total ($)
Earl J. Hesterberg *President and CEO*	1,100,000		1,813,700	1,210,000	237,057	213,565	4,574,322
John C. Rickel *Senior Vice President and CFO*	583,500		747,763	671,025	282,877	26,740	2,311,905
Frank Grese, Jr. *Senior Vice President, Human Resources, Training and Operations Support*	540,000		414,560	621,000	129,632	32,511	1,737,703
Darryl M. Burman *Vice President and General Counsel*	440,300		473,635	330,225	26,253	30,770	1,301,182
Peter C. DeLongchamps *Vice President, Financial Services, Manufacturer Relations and Public Affairs*	456,300		518,200	342,225	66,367	18,759	1,401,851

(1) The amounts in the Stock Awards column reflect the required accounting expense for these awards and do not correspond to the actual value that may be recognized. These amounts represent the grant date fair value of awards computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. Assumptions made in the calculation of these amounts are included in Note 5 to the audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. Certain of these awards have no intrinsic value to the recipient until the performance or vesting schedule is met. Vesting schedules for equity awards can be found in the footnotes to the Outstanding Equity Awards as of December 31, 2016 table.

(2) Amounts reflect above-market earnings on the Deferred Compensation Plan. Amounts are reflective of earnings in excess of 120% of the applicable federal long-term rate, with compounding, of 3.09%. We do not offer a pension plan.

(3) Includes 401(k) savings plan matching contribution, automobile allowance, use of demonstrator vehicle, airplane use and club membership and dues.

Our Board of Directors Recommends a Vote **FOR** the

Non-Binding Advisory Approval of our Executive Compensation.

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Advisory Vote on Frequency of Executive Compensation Advisory Votes (Proposal 3)

As described in Proposal No. 2, in accordance with the requirements of Section 14A of the Exchange Act and the related rules of the SEC, our stockholders have the opportunity to cast an advisory vote to approve the compensation of our named executive officers. This Proposal No. 3 affords stockholders the opportunity to cast an advisory vote on how often we should include a say-on-pay proposal in our proxy materials for future annual stockholder meetings. In 2011, our stockholders indicated a preference for an annual say-on-pay vote. We continue to believe that say-on-pay votes should be conducted every year so that our stockholders may annually express their views on our executive compensation program. Under this Proposal No. 3, stockholders may vote to have the say-on-pay vote:

One Year (Annually)

Every Two Years

Every Three Years

Abstain

As an advisory vote, this proposal is not binding on Group 1, the Board, or the Compensation Committee. Although the advisory vote is non-binding, our Compensation Committee and the Board of Directors will review the results and give serious consideration to the outcome of the vote. The option that receives the highest number of votes cast by stockholders will be the frequency of future advisory votes on executive compensation.

Our Board of Directors Recommends a Vote of **ONE YEAR**

for this Proposal.

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Ratification of Ernst & Young LLP as our Independent Registered Public Accounting Firm for 2017 (Proposal 4)

As a matter of good corporate governance, we are asking our stockholders to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2017. Set forth below is summary information with respect to Ernst & Young s fees for services provided in 2015 and 2016.

Type of Fees	**2015**	**2016**
Audit Fees	$ 2,427,500	$ 2,116,000
Audit Related Fees		
Tax Fees	278,733	198,000
All Other Fees	2,200	2,200
Total	**$ 2,708,433**	**$ 2,316,200**

Our Board of Directors Recommends a Vote **FOR** Ratification of the Appointment of Ernst & Young LLP as our Independent Registered Public Accounting Firm for the Fiscal Year Ending December 31, 2017.

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800 Gessner, Suite 500

Houston, TX 77024

Proxy Statement

This proxy statement is being furnished to you in connection with the solicitation of proxies by the Board of Directors (the Board) of Group 1 Automotive, Inc. (Group 1 or the Company) for use at our 2017 Annual Meeting of Stockholders (the Annual Meeting) and at any adjournment or postponement thereof. Proxy materials were first sent to stockholders on or about April 10, 2017.

2017 Annual Meeting Date and Location

Our Annual Meeting will be held at Sterling McCall Lexus, 10025 Southwest Freeway, Houston, TX 77074, on Wednesday, May 12, 2017, at 10:00 a.m., Central Daylight Time, or at such other time and place to which the meeting may be adjourned.

References in this proxy statement to the Annual Meeting also refer to any adjournments, postponements or changes in location of the meeting, to the extent applicable.

Delivery of Proxy Materials

The proxy materials, including this proxy statement, the Notice of Annual Meeting, a proxy card, and our Annual Report to Stockholders on Form 10-K for the fiscal year ended December 31, 2016 are being distributed and made available to stockholders beginning on April 10, 2017.

The proxy card provides instructions on how to inform us to send future proxy materials to you electronically by email. If you choose to receive future proxy materials by email, you will receive an email next year

with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email or printed form will remain in effect until you terminate it.

Choosing to receive future proxy materials by email will allow us to provide you with the information you need in a timelier manner, save us the cost of printing and mailing documents to you, and conserve natural resources.

Questions and Answers about the Annual Meeting

What is the purpose of the meeting?

At our Annual Meeting, stockholders will act upon the matters outlined in the notice of meeting, including the election of nine director nominees, the advisory vote to approve executive compensation, advisory vote to approve the frequency of executive compensation advisory votes, the ratification of Ernst & Young LLP as

our independent registered public accounting firm for the fiscal year ending December 31, 2017, and the consideration of any other matters properly presented at the meeting. In addition, senior management will report on our business and financial performance during fiscal year 2016 and respond to your questions.

Who is entitled to vote at the meeting?

Only our stockholders as of 5:00 p.m., Central Daylight Time, on March 15, 2017 (the record date) are entitled to receive notice of the Annual Meeting and to vote at

the meeting. On March 15, 2017, there were 21,473,563 shares of Group 1 common stock issued and outstanding and entitled to vote at the meeting.

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Questions and Answers about the Annual Meeting

How many votes may I cast?

You are entitled to one vote for each share of Group 1 common stock you owned at 5:00 p.m., Central

Daylight Time, on March 15, 2017, on all matters presented at the meeting.

What is the difference between a stockholder of record and a beneficial owner or street name holder?

If your shares are registered directly in your name with our registrar and transfer agent, American Stock Transfer & Trust Company, LLC, you are considered a stockholder of record with respect to those shares.

If your shares are held in a brokerage account or by a bank or other nominee, you are considered the

beneficial owner of those shares, and your shares are held in street name.

If you hold common stock in **BOTH** street name and as a stockholder of record, **YOU MUST VOTE SEPARATELY** for each position of common stock.

How do I vote my shares?

If you are a stockholder of record on the record date, you may vote in person at the Annual Meeting or by proxy using any of the following methods:

Online visit the website shown on the proxy card (www.proxyvote.com) and follow the instructions at that website at any time prior to 11:59 p.m., Eastern Daylight Time, on May 11, 2017;

Telephone within the United States (U.S.) or Canada, call the toll-free telephone number shown on the proxy card and follow the instructions at any time prior to 11:59 p.m., Eastern Daylight Time, on May 11, 2017; or

Mail if you receive a paper copy of the proxy materials, complete, sign and date the proxy card and return the proxy card in the prepaid envelope. Your proxy card must be received by the Company before the voting polls close at the Annual Meeting.

If you vote by internet or telephone, do not return your proxy card. The telephone and internet voting procedures are designed to authenticate stockholders identities, to allow stockholders to give their voting instructions and to confirm that stockholders instructions have been recorded properly.

Submitting your proxy by internet or telephone will not affect your right to vote in person should you decide to attend the Annual Meeting.

If you want to vote in person at the meeting, you must request a ballot. For directions to the Annual Meeting visit www.sterlingmccalllexus.com and click on the Map and Directions box.

If you hold your shares in street name, you will receive instructions from your broker, bank or other nominee describing how to vote your shares. Beneficial owners voting by telephone or internet are subject to the same deadlines as described above for holders of record. If you want to vote in person, you must obtain a legal proxy from your broker, bank or other nominee and bring it to the meeting.

Can I change my vote or revoke my proxy?

If you are a stockholder of record on the record date, you can revoke your proxy prior to the completion of voting at the Annual Meeting by:

- delivering an executed, later-dated proxy that is received by the Corporate Secretary of the Company before the voting polls close at the Annual Meeting;

- resubmitting your proxy by internet or telephone at any time prior to 11:59 p.m., Eastern Daylight Time, on May 11, 2017;
- delivering a written notice of revocation of the proxy to Beth Sibley, Corporate Secretary, Group 1 Automotive, Inc., 800 Gessner, Suite 500, Houston, Texas 77024 no later than May 11, 2017; or
- voting in person at the Annual Meeting.

Only your latest dated proxy that we receive prior to the Annual Meeting will be counted. Further, your attendance at the Annual Meeting will not automatically revoke your proxy.

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Questions and Answers about the Annual Meeting

If you are a street name stockholder you must follow the instructions of your broker, bank or other nominee to revoke your voting instructions. You may also vote in

person at the Annual Meeting if you obtain a legal proxy from your broker, bank or other nominee.

What is the effect of broker non-votes and abstentions and what vote is required to approve each proposal?

If you hold your shares in street name, you will receive instructions from your broker, bank or other nominee describing how to vote your shares. If you do not instruct your broker, bank or other nominee how to vote your shares, they may vote your shares as they decide as to each routine matter under the rules of the New York Stock Exchange. Only Proposal No. 4 is considered a routine matter.

If you do not provide specific voting instructions to your broker on non-routine matters, your broker may not cast a vote on the proposal, resulting in a broker non-vote. Although any broker non-vote would be

counted as present at the meeting for purposes of determining a quorum, it would be treated as not entitled to vote with respect to non-routine matters. If you are a beneficial owner holding shares through a broker, bank or other nominee and you do not provide voting instructions on certain matters, your broker may cast a vote on your behalf for Proposal No. 4, but may not cast a vote on Proposals No. 1, 2 or 3. Abstentions occur when stockholders are present at the Annual Meeting but fail to vote or voluntarily withhold their vote for any of the matters upon which the stockholders are voting.

The table below describes the vote required for approval of each matter to be brought before the meeting, as well as the treatment of abstentions and broker non-votes as to each matter.

Proposal	Vote Required	Treatment of Abstentions	Treatment of

			Broker Non-Votes
1	Each nominee must receive the affirmative vote of a majority of votes cast by stockholders entitled to vote in the election of directors. Nominees who receive more for votes than against votes are elected, subject to our director resignation policy described below	Not applicable	Not taken into account
2	The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote on the matter	Count as a vote against	Not taken into account
3	The frequency receiving the greatest number of for votes will be the frequency approved by stockholders	Not applicable	Not taken into account
4	The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote on the matter	Count as a vote against	Brokers have discretion

The Company s director resignation policy requires any director nominee in an uncontested election who receives a greater number of votes against than votes for his or her election to tender his or her resignation promptly following the certification of the election results. The Nominating/Governance Committee of the Board will consider all of the relevant facts and circumstances and make a recommendation to the Board with respect to whether to accept the resignation. Within 90 days, the Board is required to take action with respect to the recommendation and to promptly disclose its decision. The director resignation policy is more fully described in Information about Our

Board of Directors and Its Committees Director Resignation Policy.

Our Board has appointed Earl J. Hesterberg, our President and Chief Executive Officer, and John C. Rickel, our Senior Vice President and Chief Financial Officer, as the management proxy holders for the Annual Meeting. If you are a stockholder of record, your shares will be voted by the management proxy holders in accordance with the instructions on the proxy card you submit by mail, or the instructions provided for any proxy submitted by telephone or internet, as applicable. For stockholders who have their

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Questions and Answers about the Annual Meeting

shares voted by duly submitting a proxy by mail, telephone or internet, unless the stockholder appropriately specifies otherwise, the management

proxy holders will vote all shares represented by such valid proxies as our Board recommends.

How does the Board recommend I vote?

Our Board of Directors recommends that you vote your shares **FOR** each of the director nominees; **FOR** the approval, on a non-binding advisory basis, of our executive compensation; for **ONE YEAR** for the

frequency of executive compensation advisory votes; and **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2017.

What is a quorum?

We need a quorum with respect to each proposal being submitted for stockholder vote. A quorum will be present for purposes of proposals 1, 2, 3, and 4, if the holders of a majority of the shares of common stock entitled to vote are present in person or represented by proxy at the Annual Meeting. Our independent inspector of election, Broadridge Financial Solutions will determine whether or not a quorum is present. There must be a quorum for the Annual Meeting to be held. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of votes considered to be present at the Annual Meeting.

If less than a quorum is represented at the meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice, and the persons named as proxies will vote the proxies they have been authorized at the Annual Meeting in favor of such an adjournment.

In the event a quorum is present at the Annual Meeting but sufficient votes to approve any of the items proposed by our Board have not been received, the persons named as proxies may propose one or more adjournments of the meeting to permit further solicitation of proxies. A stockholder vote may be taken on one or more of the proposals in this proxy statement prior to such adjournment if sufficient proxies have been received and it is otherwise appropriate. Any adjournment will require the affirmative vote of the holders of a majority of those shares of common stock represented at the meeting in person or by proxy. If a quorum is present, the persons named as proxies will vote the proxies they have been authorized to vote on any other business properly before the meeting in favor of such an adjournment.

Who will bear the cost of soliciting votes for the Annual Meeting?

We have engaged Alliance Advisors to assist with the solicitation of proxies for a fee not to exceed $5,000, plus reimbursement for reasonable out-of-pocket expenses. We will bear all expenses of soliciting proxies. We may reimburse brokerage firms, custodians, nominees, fiduciaries and other persons representing beneficial owners of our common stock for their reasonable

expenses in forwarding solicitation material to such beneficial owners. Directors, officers and employees of Group 1 may also solicit proxies in person or by other means of communication. Such directors, officers and employees will not be additionally compensated but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation.

Who will count the votes?

We have engaged Broadridge Financial Solutions to tabulate the votes and to serve as inspector of election at the Annual Meeting for a fee of approximately $3,500. Broadridge will separately tabulate For,

Against and Withhold votes, abstentions and broker non-votes. Broadridge will also certify the election results and perform any other acts required by the Delaware General Corporation Law.

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Questions and Answers about the Annual Meeting

May I propose actions for consideration at next year s Annual Meeting of Stockholders or nominate individuals to serve as directors?

You may submit proposals for consideration at future stockholder meetings, including director nominations. Please read Stockholder Proposals for 2018 Annual

Meeting for information regarding the submission of stockholder proposals and director nominations for consideration at next year s Annual Meeting.

Information about our Board of Directors and its Committees

Meetings of the Board of Directors and its Committees

In 2016, the Board held six meetings and acted by unanimous written consent six times. Committees of the Board held a combined total of 21 meetings. Each incumbent director attended 95% or more of the aggregate of all meetings of the Board and the committees on which he or she served during the periods in which he or she served during fiscal 2016, and, except for one director who was unable to attend one Compensation Committee meeting, attendance at such meetings was 100% for all directors then currently serving. Under our Corporate Governance Guidelines, our directors are encouraged to attend the

Annual Meeting of our stockholders. All of our then-current directors attended our 2016 Annual Meeting of Stockholders. We currently expect all of our directors standing for election to be present at the 2017 Annual Meeting.

Our Board and each of its committees annually conduct a self-evaluation to assess, and identify opportunities to improve, their respective performance. The Nominating/Governance Committee leads our Board in its annual self-evaluation.

Corporate Governance

We are committed to good corporate governance which includes the highest standards of professional and personal conduct. Our Board has adopted several governance documents to guide the operation and direction of our Board and its committees, which include our Corporate Governance Guidelines, Code of Ethics, Code of Conduct and charters for the Audit Committee, Compensation Committee,

Nominating/Governance Committee and Finance/Risk Management Committee. Each of these documents is available on our website at *www.group1auto.com* and stockholders may obtain a printed copy, free of charge, by sending a written request to Group 1 Automotive, Inc., 800 Gessner, Suite 500, Houston, TX 77024, Attn: Corporate Secretary.

Board Leadership Structure

The Nominating/Governance Committee s charter provides that the committee will annually assess the leadership structure of the Board and recommend a structure to the Board for approval. In 2016, the Nominating/Governance Committee conducted that assessment, and determined that having an independent director serve as non-executive Chairman of the Board continues to be in the best interest of our stockholders at this time. Our Chief Executive Officer is responsible for setting our strategic direction and providing day-to-day leadership, while the Chairman of the Board

sets the agenda for Board meetings, presides over meetings of the full Board and provides guidance to our Chief Executive Officer. We believe this structure ensures a greater role for the independent directors in the oversight of our Company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of our Board. We discuss our directors qualifications and characteristics under Proposal 1 Election of Directors.

Board Diversity

Our Nominating/Governance Committee is responsible for identifying and recommending to our Board

qualified individuals to be nominated to serve on our Board. Our Board s objective is to select individuals

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Information about our Board of Directors and its Committees

that have a demonstrated record of integrity, sound business judgment, leadership, objectivity, independence of mind, and commitment. In selecting potential Board candidates, our Board seeks independent directors who represent a mix of backgrounds and experiences that will enhance the quality of our Board s deliberations and decisions. Board membership should reflect diversity in its

broadest sense, including persons diverse in perspectives, personal and professional experiences, geography, gender, and ethnicity. This process has resulted in a Board that is comprised of highly qualified directors that reflect diversity as we define it. The Nominating/Governance Committee assesses the effectiveness of this approach as part of our Board s annual self-evaluation process.

Independence of the Members of our Board

The Board has analyzed the independence of each director. It has affirmatively determined that Mses. Barth and Wright and Messrs. Adams, Arnold, Quinn, Strange, Szews and Watson (all of our non-employee directors) are independent directors under the New York Stock Exchange s listing standards. As part of its analysis, the Board determined that none of these directors has a material

relationship with our Company. Mr. Hesterberg was determined not to be independent because he is our President and Chief Executive Officer, and Mr. Pereira, who was appointed to the Board following our acquisition of UAB Motors Participações, S.A. (UAB), was determined not to be independent because he is our Regional Vice President, Brazil and the Chairman of UAB.

Charitable Contributions

We have in the past, and may, in the future, make donations to various charitable organizations. From time to time, some of our directors, officers and employees have been, and in the future may be, affiliated with such charities. During the annual independence review, our Nominating/Governance Committee determined that any such affiliations did not impact the independence of our directors.

Director Resignation Policy

Under our director resignation policy, in an uncontested election of directors, any nominee who receives a greater number of votes against than votes for his or her election will, promptly following the certification of the stockholder vote, tender his or her written resignation to the Board for consideration by the Nominating/Governance Committee. The Nominating/Governance Committee will consider the resignation and will make a recommendation to the Board concerning whether to accept or reject it.

In determining its recommendation to the Board, the Nominating/Governance Committee will consider all factors it considers relevant, which may include:

- the stated reason or reasons why stockholders who cast withhold votes for the director did so;
- the qualifications of the director; and
- the results of the most recent evaluation of the tendering director s performance by the Nominating/Governance Committee and other members of the Board.

Under our director resignation policy, the Board will take formal action on the recommendation no later than 90 days following the certification of the results of the stockholders meeting. In considering the recommendation, the Board will consider the information, factors and alternatives considered by the Nominating and Governance Committee and any additional information that the Board considers relevant. The Company will promptly disclose the Board s decision whether to accept or reject the director s tendered resignation. If applicable, the Board will also disclose the reason or reasons for rejecting the tendered resignation.

Executive Sessions of our Board

The independent directors meet in executive session at each regularly scheduled meeting of our Board. Mr. Adams, our non-executive Chairman of the Board,

presides over these meetings and is responsible for preparing an agenda for the meetings of the independent directors in executive session.

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Risk Oversight

Our Board, as a whole and through its committees, has broad responsibility for the oversight of risk management with a focus on the most significant risks facing the Company, including strategic, operational, financial and legal and compliance risk. In its risk management role, our Board has the responsibility to satisfy itself that our risk management processes and systems that have been put in place to identify and manage risks are reasonable and functioning as designed. Our Board also has specific risk management accountability for governance, executive compensation and Chief Executive Officer succession planning.

Much of our Board s oversight work is delegated to various committees, which meet regularly and report back to the full Board. All committees have significant roles in carrying out the risk oversight function. Each committee is comprised entirely of independent directors, except the Finance/Risk Management Committee, and is responsible for overseeing risks associated with its respective area of responsibility as further detailed below.

The Finance/Risk Management Committee is charged with oversight of our risk exposure related to our operations, including, among other things, cyber security and data protection and litigation management, enterprise risk management strategies, strategies for our insurance programs and our compliance with covenants of material debt instruments. The Finance/Risk Management Committee monitors our finance-related activities and provides guidance to management and the Board concerning our long-range financial policies and objectives.

The Audit Committee is responsible for oversight of Company risks relating to accounting matters, financial reporting (primarily internal control risks) and legal and regulatory compliance. In fulfilling these oversight responsibilities, the Audit Committee meets with our management and independent registered public accounting firm regarding the adequacy of our financial controls and our compliance with legal, tax and regulatory matters, as well as our significant financial and accounting policies. The Audit Committee also separately meets with our director of internal audit on a regular basis, and with other members of management, as deemed appropriate, to review, among other things, the identified risk areas and scope of the internal audit approach. The Audit Committee receives regular reports regarding the status and findings of audits being conducted by the internal auditors and independent registered public accounting firm, accounting changes that could affect our financial statements and proposed audit adjustments. Further, the Audit Committee chair routinely meets between formal Audit Committee meetings

with our chief financial officer, corporate controller, director of internal audit and our independent registered public accounting firm.

The Compensation Committee is responsible for overseeing risks relating to employment policies, our compensation policies and programs and our benefits systems. To assist it in satisfying these oversight responsibilities, from time to time the Compensation Committee has retained its own compensation consultant and meets regularly with management to understand the financial, human resources and stockholder implications of compensation decisions being made. A separate discussion regarding the risk considerations in our compensation programs, including the processes that are put in place by the Compensation Committee and management to identify, manage and mitigate potential risks in compensation, can be found beginning on page 39 of this proxy statement.

The Nominating/Governance Committee is responsible for oversight of risks relating to succession planning for our Chief Executive Officer and other key officers, our corporate governance guidelines and practices and our corporate compliance program. To satisfy these oversight responsibilities, the Committee receives regular reports from our officers that are responsible for each of these areas on matters such as progress against succession planning programs and goals that could affect our operations. In addition, on an annual basis, the Nominating/Governance Committee conducts a review of the performance of the Board and its committees and reviews and reassesses the adequacy of the corporate governance guidelines and recommends any proposed changes to the Board.

In addition to reports from its committees, our Board receives regular reports directly from the officers responsible for oversight of particular risks within our Company. Specifically, our officers report to our Board regarding the Enterprise Risk Management Program that management has implemented to assess, manage and monitor areas of risk that are significant to our business, including safety and risk, strategic planning and operational risk, financial and accounting risk, and governance, regulatory and legislative risk. Risk profiles are updated annually to ensure that all risks continue to be identified. Our officers also report to our Board on which risks management has assessed as the most significant, together with management s plans to mitigate those risks. Further, outside counsel reports in person to our Board periodically on an as-needed basis to keep our directors informed concerning legal risks and other legal matters involving our Company. Finally, we have robust internal audit systems in place

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Information about our Board of Directors and its Committees

to review adherence to policies and procedures, which are supported by a separate internal audit department.

Committees of our Board

Our Board has established four standing committees to assist it in discharging its responsibilities: the Audit Committee, the Compensation Committee, the Nominating/Governance Committee and the Finance/Risk Management Committee. The following chart reflects the current membership of each committee:

Name	Audit Committee	Compensation Committee	Nominating/ Governance Committee	Finance/Risk Management Committee
John L. Adams	M	M	C	M
Doyle L. Arnold[1]	M		M	
Carin M. Barth	M			
Earl J. Hesterberg				M
Lincoln Pereira				M
Stephen D. Quinn	M	M		C
J. Terry Strange	C	M		M
Max P. Watson, Jr.		C	M	M
Charles L. Szews	M	M		
MaryAnn Wright	M		M	

(1) Mr. Arnold is not standing for re-election.
M Member

C Chairman

Each of the committee charters is available on our website at *www.group1auto.com* and stockholders may obtain printed copies, free of charge, by sending a written request to Group 1 Automotive, Inc., 800 Gessner, Suite 500, Houston, TX 77024, Attn: Corporate Secretary.

Audit Committee

Pursuant to its charter, the purposes and responsibilities of our Audit Committee are to:

- oversee the quality, integrity and reliability of the financial statements and other financial information we provide to any governmental body or the public;
- oversee our compliance with legal and regulatory requirements;
- oversee the qualifications, performance and independence of our independent registered public accounting firm;
- oversee the performance of our internal audit function;
- oversee our systems of internal controls regarding finance, accounting, legal compliance and ethics that our management and our Board have established;
- provide an open avenue of communication among our independent registered public accounting firm, financial and senior management, the internal auditing department, and our Board, always emphasizing that the independent registered public accounting firm is accountable to the Audit Committee; and
- perform such other functions as our Board may assign to the Audit Committee from time to time.

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Information about our Board of Directors and its Committees

In addition to, and in connection with, the purposes and responsibilities described above, the Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm. The Audit Committee also reviews our annual and quarterly financial statements and confirms the independence of our independent registered public accounting firm.

While the Audit Committee has the responsibilities and powers set forth in its charter, it is not the duty of the Audit Committee to plan or conduct audits, to determine that our financial statements are complete and accurate, or to determine that such statements are in accordance with accounting principles generally accepted in the United States and other applicable rules and regulations. Our management is responsible for the preparation of our financial statements in accordance with accounting principles generally accepted in the United States and our internal controls. Our independent registered public accounting firm is responsible for the audit work on our financial statements. It is also not the duty of the Audit Committee to conduct investigations or to assure compliance with laws and regulations and our policies and procedures. Our management is responsible for compliance with laws and regulations and compliance with our policies and procedures.

All members of the Audit Committee are independent as that term is defined in the New York Stock

Exchange s (the NYSE) listing standards and by Rule 10A-3 promulgated under the Securities Exchange Act of 1934 (the Exchange Act). Our Board has determined that each member of the Audit Committee is financially literate and that Mr. Strange has the necessary accounting and financial expertise to serve as Chairman. Mr. Strange also serves on the Audit Committees of New Jersey Resources Corporation, Newfield Exploration Company and BBVA Compass. Our Board has determined that Mr. Strange s simultaneous service on these other Audit Committees and our Audit Committee does not impair his ability to serve effectively on our Audit Committee.

Our Board has also determined that each of Ms. Barth and Messrs. Arnold, Quinn, Strange and Szews is an audit committee financial expert following a determination that Ms. Barth and Messrs. Arnold, Quinn, Strange and Szews met the criteria for such designation under SEC rules and regulations. For information regarding the business experience for Ms. Barth and Messrs. Quinn, Strange and Szews, please read Proposal 1 Election of Directors. The Audit Committee held eight meetings during 2016, with all individuals who were members of the committee at such time attending each meeting.

The Report of the Audit Committee is set forth on page 25 of this proxy statement.

Compensation Committee

Pursuant to its charter, the purposes and responsibilities of our Compensation Committee are to:

- review, evaluate, and approve our agreements, plans, policies, and programs to compensate our senior corporate officers;

- review and discuss with our management the Compensation Discussion and Analysis to be included in our proxy statement for the Annual Meeting of Stockholders and to determine whether to recommend to our Board that the Compensation Discussion and Analysis be included in the proxy statement, in accordance with applicable rules and regulations;

- produce the Compensation Committee Report for inclusion in the proxy statement, in accordance with applicable rules and regulations;

- otherwise discharge our Board s responsibility relating to compensation of our senior corporate officers; and perform such other functions as our Board may assign to the Compensation Committee from time to time.

In connection with these purposes, our Board has entrusted the Compensation Committee with the overall responsibility for establishing, implementing and monitoring the compensation for our senior corporate officers (our executive officers and officers that report directly to our Chief Executive Officer). The Compensation Committee reviews and approves the compensation of our senior corporate officers and makes appropriate adjustments based on Company performance, achievement of predetermined goals and changes in an officer s duties and responsibilities. The Compensation Committee also approves all employment agreements related to the senior corporate officers and approves recommendations regarding equity awards for all employees. Together with management, and any counsel or other advisors deemed appropriate by the Compensation Committee, the Compensation Committee typically reviews and discusses the particular executive compensation matter presented and makes a final determination, with the exception of compensation

Information about our Board of Directors and its Committees

matters relating to our Chief Executive Officer. In the case of our Chief Executive Officer, the Compensation Committee reviews and discusses the particular compensation matter (together with our management and any counsel or other advisors deemed appropriate) and formulates a recommendation. The Compensation Committee s Chairman then generally reports the Compensation Committee s recommendation for approval by the full Board or, in certain cases, by the independent directors.

In general, executive compensation matters are presented to the Compensation Committee or raised with the Compensation Committee in one of the following ways: (1) at the request of the Compensation Committee Chairman or another Compensation Committee member or member of our Board, (2) in accordance with the Compensation Committee s agenda, which is reviewed by the Compensation Committee members and other directors on an annual basis, (3) by our Chief Executive Officer or Senior Vice President, Human Resources, Training and Operations Support, or (4) by the Compensation Committee s outside compensation consultant.

The Compensation Committee works with the management team, our Chief Executive Officer and our Senior Vice President, Human Resources, Training and Operations Support, to implement and promote our executive compensation strategy. The most significant aspects of management s involvement in this process are:

- preparing materials in advance of Compensation Committee meetings for review by the Compensation Committee members;
- evaluating executive performance;
- recommending our business goals; and
- recommending the compensation arrangements and components for our executives.

Our Chief Executive Officer is instrumental to this process. Specifically, the Chief Executive Officer assists the Compensation Committee by:

- evaluating senior corporate officer performance (other than his own);
- providing background information regarding our business goals; and

recommending compensation arrangements and components for our senior corporate officers (other than himself).

In addition, our Senior Vice President, Human Resources, Training and Operations Support is involved in the executive compensation process by:

- providing the necessary compensation information to, and acting as our liaison with, the compensation consultant;
- updating and modifying compensation plan policies, guidelines and materials, as needed; and
- providing recommendations to the Compensation Committee and our Chief Executive Officer regarding compensation structure, awards and plan design changes.

Under its charter, the Compensation Committee has the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of the compensation of our senior corporate officers and our directors and also has the sole authority to approve the consultant s fees and other retention terms. To the extent permitted by applicable law, the Compensation Committee may delegate some or all of its authority to subcommittees as it deems appropriate.

During 2016, the Compensation Committee engaged Pearl Meyer & Partners (PM&P) to conduct a compensation analysis which involved the comparison of long-term, short-term and total compensation of our named executive officers with a selected group of peer companies. We generally compare compensation data at the 25th, 50th and 75th percentiles of the market and engage PM&P to review our analysis. While we do not think it is appropriate to establish compensation based solely on market analysis, we believe that this practice is useful for two reasons.

First, our compensation practices must be competitive in order to attract and retain executives with the ability and experience necessary to provide leadership and to deliver strong performance to our stockholders. Second, reviewing market analysis allows us to assess the reasonableness of our compensation practices. This process allows us to achieve one of our primary objectives of maintaining competitive compensation to ensure retention when justified and rewarding the achievement of Company objectives so as to align with stockholder interest. PM&P is an independent compensation consulting firm and does not provide any other services to us outside of matters pertaining to executive officer and director compensation. PM&P reports directly to the Compensation Committee, which is the sole party responsible for determining the scope of services performed by PM&P and the directions given to PM&P regarding the performance of such services.

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Information about our Board of Directors and its Committees

In February 2017, the Compensation Committee considered the independence of PM&P in light of SEC rules and listing standards of the NYSE. The Compensation Committee requested and received a letter from PM&P addressing the consulting firm s independence, including the following factors: (1) other services provided to us by the consultant; (2) fees paid by us as a percentage of the consulting firm s total revenue; (3) policies or procedures maintained by the consulting firm that are designed to prevent a conflict of interest; (4) any business or personal relationships between the individual consultants involved in the engagement and a member of the Compensation Committee; (5) any company stock owned by the individual consultants involved in the engagement; and (6) any business or personal relationships between our executive officers and the consulting firm or the individual consultants involved in the engagement. The letter highlighted three additional factors that supported their independence: (1) PM&P has regular discussions with only the Compensation Committee (or select members of the Compensation Committee) present and where PM&P interacts with management, it is at

the Compensation Committee Chair s request and/or with the Chair s knowledge and approval, (2) PM&P has not provided any gifts, benefits or donations to our Company or received any gifts, benefits, or donations from our Company and (3) PM&P is bound by strict confidentiality and information sharing protocols. The Compensation Committee discussed these considerations, among other things, and concluded that the work of PM&P did not raise any conflict of interest.

All members of the Compensation Committee are independent as that term is defined in the NYSE s listing standards. The Compensation Committee held five meetings during 2016 and acted by unanimous written consent once. All individuals who were members of the Compensation Committee at such time attended each meeting of the Compensation Committee, except for one director who was unable to attend one Compensation Committee meeting.

The Report of the Compensation Committee is set forth on page 41 of this proxy statement.

Nominating/Governance Committee

Pursuant to its charter, the purposes and responsibilities of our Nominating/Governance Committee are to:

- assist our Board by identifying individuals qualified to become members of our Board and recommend director nominees to our Board for election at the Annual Meetings of stockholders or for appointment to fill vacancies;

- recommend to our Board the appropriate composition of our Board and its committees and Board committee membership and leadership;

- advise our Board about and recommend to our Board appropriate corporate governance guidelines and practices and assist our Board in implementing those guidelines and practices;

- lead our Board in its annual review of the performance of our Board and its committees;

- direct all matters relating to the succession of our Chief Executive Officer and other key officers of the Company; and

- perform such other functions as our Board may assign to the Nominating/Governance Committee from time to time.

In connection with these purposes, the Nominating/Governance Committee actively seeks

individuals qualified to become members of our Board, seeks to implement the independence standards required by law, applicable listing standards, our Amended and Restated Certificate of Incorporation, our Seconded Amended and Restated Bylaws and our Corporate Governance Guidelines, and identifies the qualities and characteristics necessary for an effective Chief Executive Officer.

In considering candidates for our Board, the Nominating/ Governance Committee will consider the entirety of each candidate s credentials. There is currently no set of specific minimum qualifications that must be met by a nominee recommended by the Nominating/Governance Committee, as different factors may assume greater or lesser significance at particular times and the needs of our Board may vary in light of its composition and the Nominating/Governance Committee s perceptions about future issues and needs. However, while the Nominating/Governance Committee does not maintain a formal list of qualifications, in making its evaluation and recommendation of candidates, the Nominating/Governance Committee may consider, among other factors, diversity, age, skill, experience in the context of the needs of our Board, independence qualifications, moral character and whether prospective nominees have relevant business and financial experience or have industry or other specialized expertise.

Information about our Board of Directors and its Committees

The Nominating/Governance Committee may consider candidates for our Board from any reasonable source, including from a search firm engaged by the Nominating/Governance Committee or stockholder recommendations, provided that the procedures set forth below are followed. The Nominating/Governance Committee does not intend to alter the manner in which it evaluates candidates based on whether the candidate is recommended by a stockholder or not. However, in evaluating a candidate s relevant business experience, the Nominating/Governance Committee may consider previous experience as a member of our Board. Any invitation to join our Board must be extended by our Board as a whole, by the Chairman of the Nominating/Governance Committee and by the Chairman of the Board.

Stockholders or a group of stockholders may recommend potential candidates for consideration by the Nominating/Governance Committee. For additional information on such requests and the applicable timing, please see Stockholder Proposals for 2018 Annual Meeting.

In addition to the purposes described above, our Board has entrusted the Nominating/Governance Committee

with the responsibility for establishing, implementing and monitoring the compensation for our directors. The Nominating/Governance Committee establishes, reviews and approves the compensation of our directors and makes appropriate adjustments based on Company performance, duties and responsibilities of the directors and competitive environment. The Nominating/Governance Committee s primary objectives in establishing and implementing director compensation are to:

ensure the ability to attract, motivate and retain the talent necessary to provide qualified Board leadership; and

use the appropriate mix of long-term and short-term compensation to ensure high Board/committee performance.

All members of the Nominating/Governance Committee are independent as defined under the NYSE s listing standards. The Nominating/Governance Committee held four meetings during 2016, with all individuals who were members at such time attending each meeting.

Finance/Risk Management Committee

Pursuant to its charter, the purposes of our Finance/Risk Management Committee are to:

- review, oversee and report to our Board regarding our financial status and capital structure, debt and equity financings, cash management and other banking activities, compliance with covenants of material debt instruments, investor/stockholder relations, relationships with various financial constituents and securities repurchase activities, and authorize transactions related thereto within limits prescribed by our Board;

- review return on investment for our stockholders through dividend and stock repurchase programs;

- review and assess risk exposure, including cybersecurity, and insurance related to our operations and authorize transactions within limits prescribed by our Board; and

- review capital expenditures and other capital spending plans, including significant acquisitions and dispositions of business or assets, and authorize transactions within limits prescribed by our Board.

In connection with these purposes, the Finance/Risk Management Committee reviews periodically our financial status and capital structure and can authorize finance-related activities within limits prescribed by our Board. The Finance/Risk Management Committee reviews with management the status of current litigation matters and regularly reports to our Board on litigation and contingent liabilities. The Finance/Risk Management Committee also consults with management on matters that could have a significant financial impact on our Company and reviews our financial policies and procedures, our compliance with material debt instruments and our significant banking relationships. In addition, the Finance/Risk Management Committee reviews and assesses periodically the risk exposure of our operations, including cybersecurity, and plans and strategies for insurance programs, and authorizes risk management-related activities within limits prescribed by our Board. The Finance/Risk Management Committee also provides direction for the assessment of future capital spending and acquisition opportunities and reviews capital expenditure plans, including significant acquisitions and dispositions of businesses and assets and other specific capital projects.

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Information about our Board of Directors and its Committees

At the request of the Finance/Risk Management Committee, management developed and presented to the Board a robust Enterprise Risk Management Program, concentrating primarily in four principal areas that are significant to our business: (1) safety and risk; (2) strategic planning and operational risk; (3) financial and accounting risk; and (4) governance, regulatory and legislative risk. Risk profiles are updated annually to ensure that all risks continue to be identified. Management updates the Finance/Risk Management Committee as new risks are identified, and the steps taken to mitigate such risks. On an annual basis, management reviews results from tests of key risks with the full Board and the steps taken to mitigate new risks which have been identified.

All members of the Finance/Risk Management Committee, except for Mr. Hesterberg, our President and Chief Executive Officer and Mr. Pereira, our Regional Vice President, Brazil, are independent as defined under the NYSE s listing standards. The Finance/Risk Management Committee held four meetings during 2016, and all members were in attendance.

Communications with Directors

Our Board welcomes communications from our stockholders and other interested parties. Stockholders and any other interested parties may send communications to our Board, to any committee of our Board, to the non-executive Chairman of the Board (who presides over the executive sessions of our independent and non-management directors), or to any director in particular, to:

c/o Group 1 Automotive, Inc.

800 Gessner, Suite 500

Houston, Texas 77024

Attn: Chairman of the Board

Any correspondence addressed to our Board, to any committee of our Board, to the non-executive Chairman of the Board, or to any one of the directors in care of our offices is required to be forwarded to the addressee or addressees without review by any person to whom such correspondence is not addressed.

Investor Outreach

We often attend investor conferences, and when requested, meet with investors on corporate governance matters. This ensures that management and the Board understand and consider the issues that matter most to our stockholders and enables the Company to address them effectively.

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Proposal 1 Election of Directors

At our 2015 Annual Meeting of Stockholders, we asked our stockholders to approve our Amended and Restated Certificate of Incorporation (Restated Certificate) and Second Amended and Restated Bylaws (Bylaws), which, among other things, declassified our Board of Directors. Our Restated Certificate and Bylaws currently provide for annual elections of directors.

Our Board of Directors has nominated nine directors for election at this Annual Meeting to hold office until the next annual meeting and the election of their successors. All of the nominees are currently directors. Charles L. Szews was appointed to our Board in November 2016, and Carin M. Barth was appointed to

the Board in February 2017. Mr. Arnold is not standing for re-election at the 2017 Annual Meeting. All of the other nominees were elected directors by a vote of the stockholders at the last annual meeting of stockholders which was held on May 18, 2016. Each nominee agreed to be named in this Proxy Statement and to serve if elected. All of the nominees are expected to attend the 2017 Annual Meeting. All eight directors, then serving on the Board, attended the 2016 Annual Meeting.

The following table sets forth certain information, as of the date of this proxy statement, regarding our director nominees.

Director	Position and Offices with Group 1	Director Since	Age
John L. Adams	Director, Chairman of the Board	1999	72
Carin M. Barth	Director	2017	54
Earl J. Hesterberg	Director, President and Chief Executive Officer	2005	63
Lincoln Pereira	Director, Regional Vice President, Brazil	2013	57
Stephen D. Quinn	Director	2002	61
J. Terry Strange	Director	2003	73
Charles L. Szews	Director	2016	60
Max P. Watson, Jr.	Director	2001	71
MaryAnn Wright	Director	2014	55

We have no reason to believe that any of the nominees will be unable or unwilling for good cause to serve if elected. However, if any nominee should become unable for any reason or unwilling for good cause to serve, proxies may be voted for another person nominated as a substitute by the Board, or the Board may reduce the number of directors.

The number of directors on our Board is reviewed annually and fixed by our Board from time to time. In November 2016, the Board approved the number of directors serving on the Board to be nine members, and in February 2017, the

Board expanded the number of directors serving on the Board to ten members. The Board will continue to evaluate the size of the Board and make adjustments as needed to meet the current and future needs of the Company.

Stockholders may not cumulate their votes in the election of our directors. Under Delaware law and our Bylaws, a majority of votes cast by stockholders entitled to vote in the election of directors, is required

for the election of directors. This means that director nominees who receive more for votes than against will be elected for that position. You may vote for or against with respect to the election of directors. Only votes for or against are counted in determining whether a majority has been cast in favor of a director. Abstentions are not counted for purposes of the election of directors.

Our director resignation policy requires, in an uncontested election, any nominee for director who receives a greater number of votes against his or her election than votes for to promptly tender his or her resignation following certification of the election results. The Nominating/Governance Committee will promptly consider the resignation and a range of possible responses based on the circumstances that led stockholders to withhold votes, if known, and make a recommendation to the Board. The Board will act on the committee s recommendation within 90 days following certification of the results of the election.

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Proposal 1 Election of Directors

Our Board of Directors

Our Board believes that each of our directors is highly qualified to serve as a member of our Board. Each of our directors has contributed to the mix of skills, core competencies and qualifications of our Board. Our directors are highly educated and have diverse backgrounds and talents and extensive track records of success in what we believe are highly relevant positions with some of the most reputable organizations in the world. Our Board has also considered the fact that all of our directors have worked for, or served on the boards of directors of, a variety of companies in a wide range of industries. Many of our directors also have served as directors of Group 1 for many years and

benefit from an intimate knowledge of our operations and corporate philosophy. Our Board believes that through their varying backgrounds, our directors bring a wealth of experiences and new ideas to our Board.

Described on the following pages are the principal occupations, positions and directorships for at least the past five years of our director nominees, as well as certain information regarding their individual experience, qualifications, attributes and skills that led our Board to conclude that they should serve on our Board. There are no family relationships among any of our directors or executive officers.

Skills and Qualifications of our Board of Directors

The following table includes the breadth and variety of business experience that each of our director nominees brings to our Board.

								Expertise
ve	Automotive	Retail	Engineering/Product Development	International	Finance	Human Resources/Cultural	Legal	Mergers & Acquisitions
			S					

IB	**IB**	**IB**

The lack of a for a particular item does not mean that the director does not possess that qualification, characteristic, skill or experience. We look to each director to be knowledgeable in these areas; however, the indicates that the item is a specific qualification, characteristic, skill or experience that the director brings to the Board.

IB covered industry as Investment Banker

S some experience

Proposal 1 Election of Directors

John L. Adams

John L. Adams has served as non-executive Chairman of the Board since April 2005 and as one of our directors since November 1999. Mr. Adams served as Executive Vice President of Trinity Industries, Inc., one of North America s largest manufacturers of transportation, construction and industrial products, from January 1999 through June 2005, and as Vice Chairman from July 2005 through March 2007. Before joining Trinity Industries, Mr. Adams spent 25 years in various positions with Texas Commerce Bank N.A. and its successor, Chase Bank of Texas, National Association. From 1997 to 1998, Mr. Adams was Chairman, President and Chief Executive Officer of Chase Bank of Texas. Mr. Adams serves on the Board of Directors, the Corporate Governance and Directors Nominating Committee and is Chairman of the Finance and Risk Management Committee of Trinity Industries, Inc. Mr. Adams also serves on the Board of Directors of the University of Texas Chancellor s Council, and the McCombs School of Business Advisory Board and President s Development Board. Mr. Adams recently retired from the Board of Directors and Audit Committee of Dr Pepper Snapple Group, Inc., a refreshment beverage business. Mr. Adams received his B.B.A. and J.D. from the University of Texas.

The Board believes Mr. Adam s extensive financial, strategic planning, capital allocation and executive management experience provides him with the necessary skills to be Chairman of our Board. His service on other public company boards has also provided exposure to various approaches to risk management, corporate governance and other key issues. Through his years of service on our Board, he has developed in-depth knowledge of the retail automotive industry generally and our Company in particular. The Board believes his experience and expertise in these matters makes him well qualified to serve as a member of the Board.

Carin M. Barth

Carin M. Barth has served as one of our directors since February 2017. She is co-founder and President of LB Capital, Inc., a private equity investment firm established in 1988. Since 2015, Ms. Barth has served on the Board of Directors of Enterprise Holdings, LLC, the General Partner of Enterprise Product Partners, L.P., one of the largest publicly traded partnerships and a leading North American provider of midstream energy services to producers and consumers of natural gas, and Black Stone Minerals, L.P., one of the largest oil and gas mineral and royalty companies in the United States, where she serves as Chair of the Audit Committee. Ms. Barth also serves as Chair of the Investment Advisory Committee for Texas Tech University, as a Trustee of the Welch Foundation, and as a Board member of the Ronald McDonald House in Houston, Texas. From 2008 to 2014, she served as a Commissioner for the Texas Department of Public Safety. Ms. Barth previously served on the Board of Directors of Bill Barrett Corporation where she served on the Compensation Committee and on the Nominating and Corporate Governance Committee from 2012 through 2016. Additional past board service includes Western Refining, Inc. from 2006 through 2016, where she served as Audit Committee Chair, Methodist Hospital Research Institute from 2007 through 2012, Encore Bancshares, Inc. from 2009 through 2012, Amegy Bancorporation, Inc. from 2006 through 2009, Texas Public Finance Authority from 2006 through 2008, and the Texas Tech University System Board of Regents from 1999 through 2005. Ms. Barth was also appointed by President George W. Bush to serve as Chief Financial Officer of the U.S. Department of Housing and Urban Development from 2004 to 2005. Ms. Barth received a B.S. from the University of Alabama and an M.B.A. from Vanderbilt University s Owen Graduate School of Management. Ms. Barth was identified as a potential Board candidate by one of our independent directors.

Ms. Barth has extensive experience in a variety of financial matters, including as chief financial officer for several entities. She also has a history of corporate and civic governance which provides additional depth and financial expertise to our Board. Her experience with mergers and acquisitions, in operating a private equity company, her previous and currently held board positions on other publicly traded companies and her audit committee experience are key attributes, among others, that make her well qualified to serve on our Board. Ms. Barth qualifies as an audit committee financial expert.

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Proposal 1 Election of Directors

Earl J. Hesterberg

Earl J. Hesterberg has served as our President and Chief Executive Officer and as a director since April 2005. Prior to joining us, Mr. Hesterberg had served as Group Vice President, North America Marketing, Sales and Service for Ford Motor Company, a global manufacturer and distributor of cars, trucks and automotive parts, since October 2004. From July 1999 to September 2004, he served as Vice President, Marketing, Sales and Service for Ford of Europe, and from 1999 until 2005, he served on the supervisory board of Ford Werke AG.
Mr. Hesterberg has also served as President and Chief Executive Officer of Gulf States Toyota, an independent regional distributor of new Toyota vehicles, parts and accessories. He has also held various senior sales, marketing, general management, and parts and service positions with Nissan Motor Corporation in U.S.A. and Nissan Europe, both of which are wholly-owned by Nissan Motor Co., Ltd., a global provider of automotive products and services. Mr. Hesterberg serves on the Board of Directors of Stage Stores, Inc., a national retail clothing chain with over 800 stores located in 39 states where he is a member of the Corporate Governance and Nominating Committee and Chairman of the Compensation Committee. He also is a past member of the Board of Trustees of Davidson College. Mr. Hesterberg also serves on the Board of Directors of the Greater Houston Partnership, where he serves on the Executive Committee and is Chairman of the Business Issues Committee. Mr. Hesterberg received his B.A. in Psychology at Davidson College and his M.B.A. from Xavier University in 1978.

As our President and Chief Executive Officer, Mr. Hesterberg sets the strategic direction of our Company under the guidance of our Board. He has extensive senior executive management experience in the automotive industry. His successful leadership of our Company, and extensive knowledge of the automotive industry provides our Board with a unique perspective on the opportunities and challenges we face, and makes him well-qualified to serve on the Board.

Lincoln Pereira

Lincoln Pereira has served as one of our directors since February 2013. Mr. Pereira has served as our Regional Vice President, Brazil since March 2013 and has served as chairman of our subsidiary, UAB Motors Participações Ltda. (which we acquired in February 2013), since 2007. From 1999 to 2005, Mr. Pereira served as a legal representative of United Auto do Brasil Ltda, a public auto group operating in São Paulo and controlled by United Auto Group. From 1995 through 2005, Mr. Pereira practiced law with Cunha Pereira Advogados, representing professional athletes and international race car drivers. He was also co-founder and a major stockholder in Cunha Pereira Negócios Imobiliários, a local Brazilian real estate company, and in 1999, he founded Atrium Telecomunicações Ltda, a provider of local exchange telecommunication services. Atrium was sold to Telefonica of Spain in December 2004, and Mr. Pereira founded E-Vertical Tecnologia, a leading provider of high tech facilities management services to commercial properties. From 1978 through 1995, Mr. Pereira held numerous positions with various banks, both in Brazil and abroad. Mr. Pereira serves on the Board of Boa Vista Servicos S.A.-SCPC, the second largest credit bureau in Brazil, is Vice Chairman of the Board of the São Paulo Chamber of Commerce (ACSP), serves as a member of the Board of the Associação Brasileira dos Concessionários Nissan (ABCN), and serves as a Director of the Associação Brasileira dos Concessionários BMW and Associação Brasileira do Distribuidores Toyota. He is also a Chapter Sponsorship Officer of YPO-WPO São Paulo, a not-for-profit, global network of young chief executives connected around the shared mission of becoming Better Leaders Through Education and Idea Exchange.™ Mr. Pereira received his LL.B. from Faculdade de Direito do Largo de São Francisco.

Mr. Pereira has extensive automotive retailing and manufacturer relations experience, as well as legal, finance, business and management expertise. He also has a deep understanding of the Brazilian finance, trade and legal sectors. Mr. Pereira s experience and expertise in the automotive industry make him well qualified to serve as a member of the Board.

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Proposal 1 Election of Directors

Stephen D. Quinn

Stephen D. Quinn has served as one of our directors since May 2002. Mr. Quinn joined Goldman, Sachs & Co., a full-service global investment banking and securities firm, in August 1981 where he specialized in corporate finance. From 1990 until his retirement in 2001, Mr. Quinn served as a General Partner and Managing Director of Goldman, Sachs. Mr. Quinn also serves on the Board of Directors, the Audit Committee and the Risk Oversight Committee of Zions Bancorporation, a large publicly-traded bank holding company. Mr. Quinn holds degrees from Brigham Young University and Harvard University Graduate School of Business.

Mr. Quinn was selected to serve as a director on our Board due to his valuable financial expertise and extensive experience with capital markets transactions. His judgment in assessing business strategies and the accompanying risks is an invaluable resource for our business model. Mr. Quinn also has significant historical knowledge of our Company as a result of his role at Goldman Sachs, an underwriter for our initial public offering. The Board believes his experience and expertise in these matters make him well qualified to serve as a member of the Board. Mr. Quinn qualifies as an audit committee financial expert.

J. Terry Strange

J. Terry Strange has served as one of our directors since October 2003. In 2002, Mr. Strange retired from KPMG, LLP, an independent accounting firm, where he served from 1996 to 2002 as Vice Chairman, Managing Partner of U.S. Audit Practice and head of KPMG s internal risk management program. He served as Global Managing Partner of Audit Business and a member of KPMG s International Executive Committee from 1998 to 2002. During his 34-year career at KPMG, his work included interaction with the Financial Accounting Standards Board and the SEC, testifying before both bodies on issues impacting the auditing profession and SEC registrants. Mr. Strange serves on the Board of Directors and as chair of the Audit Committee of New Jersey Resources Corporation, a retail and wholesale energy service provider. He also serves on the Board of Directors, of Newfield Exploration Company, an oil and gas exploration and production company, where he also serves on the Audit Committee and as Chairman of the Compensation and Management Development Committee, and previously served as Chairman of the Nominating and Governance Committee. In addition, Mr. Strange serves on the Board of Directors, Risk Committee and as Chairman of the Audit and Compliance Committee of BBVA Compass, a banking institution. Mr. Strange received his B.A. and M.B.A. in Accounting from the University of North Texas.

Mr. Strange was selected to serve on our Board due to his extensive background in public accounting, auditing, and risk management. His previous and current board positions on other publicly-traded companies have provided extensive years of audit committee experience, including as chair. His knowledge and experience with accounting practices, policies and rulemaking from his 34-year career at KPMG LLP, is especially important in his role as Chairman of the Audit Committee. The Board believes his experience and expertise in these matters make him well qualified to serve as a member of the Board. Mr. Strange qualifies as an audit committee financial expert.

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Proposal 1 Election of Directors

Charles L. Szews

Charles L. Szews has served as one of our directors since November 2016. Effective January 1, 2016, Mr. Szews retired from Oshkosh Corporation, a leading global manufacturer of specialty vehicles and vehicle bodies serving access equipment, defense, fire and emergency, and commercial markets. He joined Oshkosh in 1996 as Vice President and CFO, was appointed Executive Vice President in October 1997, and President and Chief Operating Officer in October 2007. Mr. Szews was appointed Chief Executive Officer in January 2011. Prior to joining Oshkosh, he began his career with Ernst & Young, and was Vice President and Controller at Fort Howard Corporation during its leveraged buyout. From November 2006 through July 2013, Mr. Szews served as a director of Gardner Denver, Inc., a worldwide provider of industrial equipment technologies and related parts and services, where he also served as Chairman of the Audit Committee and on the Nominating and Corporate Governance Committee. Since 2014, Mr. Szews has served as a director and on the Audit and Finance Committees for Commercial Metals Company, an operator of micro-steel mills located in the Southern United States. In August 2016, he was appointed to the board of directors of Rowan Companies plc, a global provider of contract drilling services, where he also serves on the Audit Committee. Mr. Szews holds a degree in Business Administration from the University of Wisconsin Eau Claire. Mr. Szews was identified as a potential Board candidate by a third-party search firm.

Mr. Szews was selected to serve on our Board due to his extensive operational and financial experience and his background in public accounting, auditing and risk management. His previous and current board positions on other publicly-traded companies have provided many years of audit committee experience, including as chair. Mr. Szews extensive financial and audit experience in a variety of senior management positions, combined with his operational experience, have provided him with a wealth of knowledge in dealing with complex financial and accounting matters and will be a complementary asset to our Board. Mr. Szews qualifies as an audit committee financial expert.

Max P. Watson, Jr.

Max P. Watson, Jr. has served as one of our directors since May 2001. Mr. Watson served as President and Chief Executive Officer of BMC Software, Inc., a provider of enterprise management solutions, from April 1990 to January 2001. He served as Chairman of the Board of Directors of BMC from January 1992 until his retirement in April 2001. Mr. Watson serves on the Board of Trustees of Texas Children s Hospital and as Chairman of the Quality and Safety Committee. From January 2007 through December 2008, Mr. Watson served as Chairman of the Board of Trustees of Texas Children s Hospital. He also serves on the Board of Directors of Scenic Houston, an organization dedicated to preserving and enhancing the visual character of Houston. Mr. Watson received his degree from Louisiana Tech University.

Mr. Watson s extensive business and management expertise from his position with a large global publicly-traded company makes him well qualified to serve as a member of our Board. As a former chairman, president and chief executive officer, Mr. Watson is familiar with many of the business issues we face today, including financial and strategic planning, technology, compensation, management development, international acquisitions, capital allocation, and stockholder relations.

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Proposal 1 Election of Directors

MaryAnn Wright

MaryAnn Wright has served as one of our directors since August 2014. Ms. Wright has been employed by Johnson Controls Power Solutions, the global leader in lead-acid automotive and advanced batteries, serving as Group Vice President of Engineering & Product Development since 2013, and Vice President of Technology and Innovation from 2009 to 2013. She served as Vice President and General Manager for Johnson Controls Hybrid Systems business and as CEO of Johnson Controls-Saft from 2007-2009. Prior to joining Johnson Controls, Ms. Wright served as Executive Vice President Engineering, Product Development, Commercial and Program Management for Collins & Aikman Corporation. From 1988-2005, Ms. Wright served as Director, Sustainable Mobility Technologies and Hybrid Vehicle Programs at Ford Motor Company, and was the Chief Engineer of the 2005 Ford Escape Hybrid, the industry s first full hybrid SUV and also led the launch of Ford s first hydrogen-powered fuel cell fleet program. Ms. Wright serves on the Board of Directors and the Nominating and Governance Committee of Maxim Integrated Products, Inc., a developer of innovative analog and mixed-signal products and technologies. She also serves as a director on the Board of Governors at Argonne National Laboratory, the Technical Advisory Board of Fallbrook Technology Incorporated, the Foundation Board of the University of Wisconsin-Milwaukee, the Board of Trustees of Lawrence Technological University, and the Advisory Board for the University of Chicago s Energy Policy Institute, and as Chairman of Friends for the Dearborn Animal Shelter.
Ms. Wright received a B.A. in Economics and International Business and a Master of Science in Engineering from the University of Michigan and an M.B.A. from Wayne State University.

Ms. Wright was selected to serve on our Board because of her extensive experience and her knowledge of the automotive industry, having been named one of the Leading 100 Women in the Automotive Industry by Automotive News. She is currently working in the area of energy storage solutions and a variety of advanced powertrain technologies. Ms. Wright s unique business, manufacturing, engineering and technology background and her extensive global automotive experience make her well qualified to serve as a member of the Board.

Our Board of Directors Recommends a Vote **FOR** the Election of each of the Nominees for Director.

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Proposal 2 Advisory Vote on Executive Compensation

Pursuant to Section 14A of the Exchange Act, our stockholders are entitled to cast a vote at the Annual Meeting to approve, on a non-binding advisory basis, the compensation of our named executive officers, as disclosed in this proxy statement. As an advisory vote, Proposal 2 is not binding on our Board or its Compensation Committee, will not overrule any previous decisions made by our Board or its Compensation Committee, or require our Board or its Compensation Committee to take any future or remedial action. Although the vote is non-binding, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions.

Our Board recognizes that executive compensation is an important matter for our stockholders. As described in detail in the CD&A section of this proxy statement, the Compensation Committee is tasked with the implementation of our executive compensation philosophy. The core of that philosophy has been and continues to be to pay our executive officers compensation that is competitive with amounts paid by our peer companies based on individual and Company performance. In particular, the Compensation Committee strives to attract, retain and motivate talented executives, to reward past performance measured against established goals and provide incentives for future performance, and to align executives long-term interests with the interests of our stockholders. To do so, the Compensation Committee uses a combination of short- and long-term incentive compensation to reward near-term performance and to encourage our executives commitment to our long-range, strategic business goals. It is always the intention of the Compensation Committee that our executive officers be compensated competitively and in a manner that is consistent with our strategy, sound corporate governance principles, and stockholder interests and concerns. Our Board believes that our compensation policies and practices are effective in achieving our Company s goals of rewarding sustained financial and operating performance, leadership excellence and aligning the executives long-term interests with those of our stockholders.

We believe that it is appropriate to seek the views of our stockholders on the design and effectiveness of our executive compensation program, and we value your opinion. Based on the stockholder vote on the frequency of an advisory vote on executive compensation that took place at our 2011 Annual Meeting of Stockholders,

our Board determined to hold the vote on executive compensation annually until the next stockholder vote on the frequency of such advisory vote, which we are conducting this year (See Proposal 3 Advisory Vote on the Frequency of Executive Compensation Advisory Votes).

At our 2016 Annual Meeting of Stockholders, 97% of the shares voted on the say-on-pay vote were in favor of the compensation paid to our named executive officers. The Compensation Committee believes this vote strongly endorses the compensation philosophy, policies and practices of the Company and, therefore, it did not make any significant changes in the structure of our executive compensation program as a result of this say-on-pay vote.

As described in the CD&A, we believe our compensation program is effective, appropriate and strongly aligned with the long-term interests of our stockholders and that the total compensation package provided to our named executive officers (including potential payouts upon a termination or change of control) is consistent with market practice. We also believe our executive compensation is reasonable and not excessive. In fact, as a result of continuing challenging economic conditions in our Oklahoma and Texas markets, management received no increases to base compensation in

2016 or 2017 and, instead, salaries for 2016 and 2017 remain at the 2015 levels.

As you consider this Proposal 2, we urge you to read the CD&A section of this proxy statement for additional details on executive compensation, including the more detailed information about our compensation philosophy and objectives and the past compensation of our named executive officers, and to review the tabular disclosures regarding our named executive officers compensation together with the accompanying narrative disclosures in the Executive Compensation section of this proxy statement.

In light of these reasons, we are recommending that our stockholders vote **FOR** the following resolution:

RESOLVED, that the compensation paid to our Company s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby Approved.

Our Board of Directors Recommends a Vote **FOR** the Non-Binding

Advisory Approval of our Executive Compensation.

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Proposal 3 Advisory Vote on the Frequency of Executive Compensation Advisory Votes

Every six years, we are required to conduct a nonbinding stockholder advisory vote on the frequency of future say-on-pay votes. At our 2011 Annual Meeting of Stockholders, our stockholders cast the highest number of votes for annual say-on-pay votes. In light of this result and other factors considered by our Board, we have since held such say-on-pay votes on an annual basis. As six years have passed, this Proposal 3 provides our stockholders with a second opportunity at the Annual Meeting to cast a nonbinding advisory vote on how often we should conduct a say-on-pay vote at future annual meetings of stockholders.

The Board believes that continuing to conduct say-on-pay votes **every year** (as opposed to every two years or three years) is appropriate for us. We believe that an annual advisory vote on executive compensation is the most appropriate option for us because it will allow our stockholders to provide more frequent, direct input on our compensation policies and practices, and the resulting compensation for our named executive officers. Stockholders will have the opportunity to consider our most recent compensation decisions and focus on increasing long-term stockholder value, and to give immediate and direct feedback on our executive compensation programs. The Board also believes an annual advisory stockholder vote promotes corporate transparency

and accountability for the Compensation Committee. In making this recommendation, the Board took into account that a majority of the votes cast at our 2011 Annual Meeting of Stockholders voted in favor of holding an annual advisory vote on executive compensation. In addition, we are aware of the significant interest in executive compensation matters by investors and the general public, and value and encourage constructive dialogue with our stockholders on these matters. We understand that our stockholders may have different views as to what is the best approach for the Board of Directors, and we look forward to hearing from our stockholders on this Proposal.

The option of one year, two years or three years that receives the highest number of votes cast by our stockholders will be the frequency selected by our stockholders for future advisory votes on executive compensation. Abstentions and broker non-votes will have no effect on the outcome of the vote. As an advisory vote, this proposal is nonbinding. Although the vote is nonbinding, the Board and the Compensation Committee value the opinions of our stockholders and will consider the outcome of the vote when setting the frequency of future advisory votes on named executive officer compensation.

Our Board of Directors Recommends a Vote of **ONE YEAR**

for this Proposal.

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Proposal 4 Ratification of the Appointment of Ernst & Young LLP as our Independent Registered Public Accounting Firm

The Audit Committee has appointed Ernst & Young, LLP (Ernst & Young) as the independent registered public accounting firm of Group 1 for the fiscal year ending December 31, 2017. We have been advised by Ernst & Young that the firm has no relationship with Group 1 or its subsidiaries other than

that arising from the firm s engagement as auditors, tax advisors and consultants. Representatives of Ernst & Young will be present at the Annual Meeting and will have the opportunity to make a statement and respond to appropriate questions from stockholders.

Audit and Other Fees

Set forth below is a summary of certain fees accrued by Ernst & Young, which has served as our independent registered public accounting firm since 2002, for services related to the fiscal years ended December 31, 2015 and 2016. In determining the independence of Ernst & Young, the Audit Committee considered whether the provision of non-audit services is compatible with maintaining Ernst & Young s independence.

	2015	**2016**
Audit Fees(1)	$ 2,427,500	$ 2,116,000
Audit Related Fees(2)		
Tax Fees(3)	278,733	198,000
All Other Fees(4)	2,200	2,200
Total	**$ 2,708,433**	**$ 2,316,200**

(1) Audit fees consisted of amounts accrued for services performed in association with the annual financial statement audit (including required quarterly reviews) for 2015 and 2016, and other procedures required to be performed by the independent registered public accounting firm to be able to form an opinion on our consolidated financial statements, as well as specific procedures performed by Ernst & Young in connection with their review of our internal control structure in accordance with the requirements of Section 404 of the Sarbanes Oxley Act of 2002. Other procedures included consultations relating to the audit or quarterly reviews. Also included in audit fees are amounts accrued for assurance and related

services that are related to the performance of the audit or review of our financial statements or that are traditionally performed by the independent registered public accounting firm, consisting primarily of statutory audits, services performed in connection with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities. Audit fees exclude reimbursed expenses of $36,913 and $31,872 for 2015 and 2016, respectively, to Ernst & Young in conjunction with their services.

(2) There were no audit related fees in 2015 or 2016.

(3) Tax fees consisted of amounts billed in 2015 and 2016 for tax preparation and compliance services, as well as tax advisory fees billed related to the restructuring of our UK entities that began in 2015 with final billings occurring in 2016.

(4) Other fees consisted of amounts accrued in 2015 and 2016 for subscriptions to Ernst & Young s online accounting and financial reporting research tool.

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Proposal 4 Ratification of the Appointment of Ernst & Young LLP as our Independent Registered Public Accounting Firm

The Audit Committee considers whether the provision of these services is compatible with maintaining Ernst & Young s independence, and has determined such services for fiscal 2015 and 2016 were compatible. All of the services described above were pre-approved by the Audit Committee pursuant to paragraph (c)(7)(ii)(C) of Rule 2-01 of Regulation S-X under the Exchange Act, to the extent that rule was applicable during fiscal 2015 and 2016.

The Audit Committee has established a policy requiring pre-approval by the Audit Committee of all services (audit and non-audit) to be provided to us by our independent registered public accounting firm. In accordance with this policy, the Audit Committee has given its annual approval for the provision of audit services by Ernst & Young, and has also given its approval for up to a year in advance for the provision by Ernst & Young of particular categories or types of audit-related, tax and permitted non-audit services, in each case subject to a specific budget.

Any proposed services to be provided by the independent registered public accounting firm not covered by one of these approvals, including proposed services exceeding pre-approved budget levels, requires special pre-approval by the Audit Committee. The Audit Committee does not delegate its

responsibilities to pre-approve services performed by the independent registered public accounting firm to management. All of the services listed on the preceding page were pre-approved pursuant to this policy.

The ratification of our Audit Committee s appointment of Ernst & Young as our independent registered public accounting firm for the fiscal year ending December 31, 2017 requires our receiving the affirmative vote of the holders of a majority of our common stock present in person or represented by proxy and entitled to vote on the proposal. Although ratification is not required by our bylaws or otherwise, as a matter of good corporate governance, we are asking our stockholders to approve the selection of Ernst & Young as our independent registered public accounting firm. If the selection is not ratified, the Audit Committee will consider whether it is appropriate to select another independent registered public accounting firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in our best interest and the best interest of our stockholders.

The Board of Directors recommends a vote **FOR** Ratification of the Appointment of Ernst & Young LLP as our Independent Registered Public Accounting Firm for the Fiscal Year Ending December 31, 2017.

Report of the Audit Committee

The Audit Committee (the Committee) is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities relating to our accounting policies, reporting policies, internal controls, compliance with legal and regulatory requirements, and the integrity of Group 1 s financial reports. The Board of Directors, upon the recommendation of its Nominating/Governance Committee, has determined that each member of the Audit Committee has the requisite independence and other qualifications for audit committee membership under New York Stock Exchange corporate governance listing standards, the Sarbanes-Oxley Act of 2002, the Audit Committee Charter and the Group 1 Automotive, Inc. Corporate Governance Guidelines.

The Committee acts under a written charter adopted and approved by the Board of Directors. The Committee reviews and reassesses the adequacy of the charter on an annual basis. Based on the recommendation of the Committee, the Board approved the Committee charter at a regularly scheduled meeting in February 2017. The Committee charter is posted on our website, *www.group1auto.com*, and you may obtain a printed copy of the Committee charter by sending a written request to Group 1 Automotive, Inc., 800 Gessner, Suite 500, Houston, TX 77024, Attn: Corporate Secretary.

The Committee assists the Board s oversight and monitoring of the Company s system of internal controls, including the internal audit function. The Committee discussed with our internal auditors the overall scope and plans for the 2016 audit. At each Committee meeting, the Committee is provided the opportunity to meet with the internal auditor with, and without, management present. During 2016, management made any necessary updates to its internal control documentation for changes in internal control and completed its testing and evaluation of the Company s system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes Oxley Act of 2002 and related regulations. The Committee has kept apprised of the progress of the evaluation and provided oversight and advice to management during the process. In connection with this oversight, the Committee received updates provided by management and the independent auditor at each regularly scheduled Committee meeting and met in executive session separately with the internal and the independent auditor to discuss the results of their examinations, observations and recommendations regarding internal control over financial reporting.

The independent registered public accounting firm is accountable to the Committee, and the Committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent registered public accounting firm. The Committee engages in an annual evaluation of the independent public accounting firm s qualifications, assessing the firm s quality of service, the firm s sufficiency of resources, the quality of the communication and interaction with the firm, and the firm s independence. The Committee makes its selection based on the best interests of the Company and its stockholders. The Committee participates in the selection of the lead Audit Partner (the Lead Partner) of the independent registered public accounting firm through its review of the Lead Partner s professional qualifications, experience, and prior performance on the Company s audit (if any); through in-person meetings with the Lead Partner, and through discussion between the Committee and Management regarding the selection of the Lead Partner.

The Committee has reviewed and discussed with management and Ernst & Young LLP, our independent registered public accounting firm, our audited financial statements as of and for the year ended December 31, 2016. The Committee has also discussed with Ernst & Young LLP the matters required to be discussed by Statement on Auditing Standard No. 1301 *Communications with Audit Committees,* issued by the Public Company Accounting Oversight

Board.

Ernst & Young LLP submitted to the Committee the written disclosures and the letter required by Rule 3526 of the Public Company Accounting Oversight Board, *Communication with Audit Committees Concerning Independence*. The Committee discussed with Ernst & Young LLP such firm s independence. The Committee has also considered whether the provision of non-audit services to our Company by Ernst & Young LLP is compatible with maintaining their independence.

Based on the review and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements referred to above be included in our Annual Report on Form 10-K for the year ended December 31, 2016, for filing with the SEC.

Respectfully submitted by the Audit Committee of the Board of Directors of Group 1,

J. Terry Strange (Chairman)

John L. Adams

Doyle L. Arnold

Carin M. Barth

Stephen D. Quinn

Charles L. Szews

MaryAnn Wright

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Executive Officers

Except as described under the heading Executive Compensation Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table , our executive officers serve at the discretion of our Board. The following table sets forth certain information as of the date of this proxy statement regarding our executive officers:

Name	Age	Position
Earl J. Hesterberg	63	President and Chief Executive Officer
John C. Rickel	55	Senior Vice President and Chief Financial Officer
Frank Grese, Jr.	65	Senior Vice President, Human Resources, Training and Operations Support
Darryl M. Burman	58	Vice President and General Counsel
Peter C. DeLongchamps	56	Vice President, Manufacturer Relations, Financial Services & Public Affairs

Mr. Hesterberg s biographical information may be found on page 17 of this proxy statement.

John C. Rickel

John C. Rickel was appointed Senior Vice President and Chief Financial Officer in December 2005. From 1984 until joining Group 1, Mr. Rickel held a number of executive and managerial positions of increasing responsibility with Ford Motor Company, a global manufacturer and distributor of cars, trucks and automotive parts. He most recently served as Controller, Ford Americas, where he was responsible for the financial management of Ford s western hemisphere automotive operations. Immediately prior to that, he was Chief Financial Officer of Ford Europe, where he oversaw all accounting, financial planning, information services, tax and investor relations activities. From 2002 to 2004, Mr. Rickel was Chairman of the Board of Directors of Ford Russia, and a member of the Board of Directors and the Audit Committee of Ford Otosan, a publicly traded automotive company located in Turkey and owned 41% by Ford. Mr. Rickel received his B.S.B.A. and M.B.A. from The Ohio State University.

Frank Grese, Jr.

Frank Grese, Jr. was appointed Senior Vice President of Human Resources, Training and Operations Support effective February 1, 2016. Prior to that appointment, Mr. Grese served as Regional Vice President of the West Region from January 2006 to January 2016, and served as the Platform President of Group 1 Atlanta from December 2004 to December 2005. Mr. Grese began his automotive career in the Ford Management Training Program in 1974 where he progressed through various assignments in district offices as well as Ford headquarters in Detroit. He joined Nissan in 1982 where he ultimately held the position of National Dealer Advertising Manager. In 1986, Mr. Grese left the manufacturer side of the business and began working in various executive positions, including chief operating officer and district president, with large public and private dealer groups. He last served as Director of

Dealership Operations, working extensively with underperforming stores, for a large private dealer group. Mr. Grese currently serves on the Board of Directors of the American Heart Association, Houston Division. Mr. Grese graduated from the University of Georgia with a degree in journalism.

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Executive Officers

Darryl M. Burman

Darryl M. Burman has served as Vice President and General Counsel since December 2006. From September 2005 to December 2006, Mr. Burman was a partner and head of the corporate and securities practice in the Houston office of Epstein Becker Green Wickliff & Hall, P.C. From September 1995 until September 2005, Mr. Burman served as the head of the corporate and securities practice of Fant & Burman, L.L.P. in Houston, Texas. Mr. Burman currently serves as a Director of the Texas General Counsel Forum Houston Chapter, on the Board of Directors of the University of South Florida Foundation and on the Board of Directors of South Texas College of Law. Mr. Burman holds a degree from the University of South Florida and a J.D. from South Texas College of Law.

Peter C. DeLongchamps

Peter C. DeLongchamps has served as Vice President, Financial Services, Manufacturer Relations and Public Affairs, since January 2012. He previously served as Vice President, Manufacturer Relations and Public Affairs from January 2006 through December 2011, and as Vice President, Manufacturer Relations from July 2004 through December 2005. Mr. DeLongchamps began his automotive retailing career in 1980, having worked for General Motors Corporation and BMW of North America, and holding various management positions in the automotive industry. Immediately prior to joining the Company in 2004, Mr. DeLongchamps was President of Advantage BMW, a Houston-based automotive retailer. Mr. DeLongchamps also serves on the Board of Directors of Junior Achievement of Southeast Texas. Mr. DeLongchamps received his B.B.A. from Baylor University.

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2016 Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides a detailed description of our executive compensation philosophy and programs, the compensation decisions the Compensation Committee has made under those programs and the factors considered in making those decisions. As discussed in greater detail below, our compensation plans are designed to reward our named executive officers for the achievement of these results for our Company and our stockholders. The Compensation Discussion and Analysis focuses on the compensation of our named executive officers as of December 31, 2016, who were:

Earl J. Hesterberg President and Chief Executive Officer;
John C. Rickel Senior Vice President and Chief Financial Officer;

Frank Grese, Jr. Senior Vice President, Human Resources, Training and Operations Support;

Darryl M. Burman Vice President and General Counsel; and

Peter C. DeLongchamps Vice President, Financial Services, Manufacturer Relations and Public Affairs.

Business and Financial Highlights

In 2016, Group 1 continued to deliver record setting financial results and increased operational effectiveness. Our results included:

2.4% increase in total revenue to a record $10.9 billion;

4.0% increase in total gross profit to a record $1.6 billion;

Diluted EPS of $6.67, an increase of 71.0% and record adjusted diluted EPS of $7.42, an increase of 8.0%;

U.K. revenues of $1.7 billion, an increase of 41.2%;

Achieved all-time U.S. Finance and Insurance (F&I) performance record of $1,599 per retail unit;

Increased U.S. new vehicle gross profit per unit by $170, or 10.1%, to $1,861;
4.8% U.S. same store parts and service revenue growth;

Record sales of 301,184 new and used retail vehicles;

SG&A as a % of gross profit of 73.4% and U.S. adjusted SG&A as a % of gross profit of 71.7%;

Repurchased approximately 2.3 million shares of common stock, or roughly 10% of our outstanding shares;

Issued dividends of $0.91 per share; and

Acquired 21 franchises with estimated annual revenues of $660.0 million.

See Exhibit 99.1 to our Current Report on Form 8-K (File No. 001-13461) filed February 2, 2017

for a reconciliation of the non-GAAP measures to the comparable GAAP measures.

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Compensation and Corporate Governance

The Committee continuously reviews best practices in executive compensation and has made several adjustments to elements of our compensation programs over the past several years to further align

our executive compensation structure with our stockholders interests and current governance practices, including:

Compensation and Corporate Governance Highlights

Non-Executive Chairman of the Board	Clawback Provisions for Certain Restatements
No Excise Tax Gross-Ups	Average Board Attendance of 95% during 2016
Say on Pay Advisory Vote Conducted Annually	No Stockholder Rights Plan (Poison Pill)
Robust Stock Ownership Guidelines for our Officers and Directors	Company Policy Prohibits Pledging and Hedging of Group 1 Common Stock
Annual Board and Committee Self-Evaluations	Annual Election of our Board of Directors
Director Resignation Policy for Directors who do not receive a Majority Vote in an uncontested Director Election	Independent Compensation Consultant

Role of the Compensation Committee, its Consultant and Management

Our Board has entrusted the Committee with overall responsibility for establishing, implementing and monitoring our executive compensation program. Our Chief Executive Officer and Senior Vice President of Human Resources, Training and Operations Support, also play a role in the implementation of the executive compensation process, by overseeing the performance and dynamics of the executive team and generally keeping the Committee informed. All final decisions regarding our named executive officers compensation remain with the Committee, except in the case of our Chief Executive Officer where the independent members of the Board make all decisions with the benefit of recommendations from the Committee.

The Committee has historically engaged Pearl Meyer & Partners (PM&P), an executive compensation firm, to serve as its compensation consultant and to advise on

executive compensation matters. In 2016, PM&P was engaged to conduct a competitive compensation analysis for the named executive officers. During that time, PM&P reviewed compensation data for our peer companies in comparison to our current compensation practices and made recommendations to the Committee. The Committee retains PM&P directly, although in carrying out assignments PM&P may interact with our management when necessary and appropriate. PM&P does not provide any services to our Company other than its consulting services to the Committee, and the Committee determined that no conflict of interest exists between PM&P and our Company. Please see Information About our Board of Directors and its Committees Compensation Committee for additional information on the role of the Committee, its consultant and management in setting executive compensation.

Objectives of Our Executive Compensation Program

Compensation Philosophy

The Committee believes that the most effective executive compensation program is one designed to recruit, retain and motivate capable leadership and reward those individuals upon the achievement of their

personal and departmental objectives, as well as upon our Company s achievement of specific annual, long-term and strategic goals. The Committee evaluates both market competitiveness, as well as

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individual and Company performance, to ensure that we maintain our ability to attract, retain and motivate talented employees in key positions. By maintaining competitive compensation and rewarding for performance, the Committee strives to support our overall business objectives and provide our stockholders with a superior rate of return over time.

Our strategic business focus during the fiscal year ended December 31, 2016 consisted of the following objectives:

- increasing total same store gross profit through efforts in the new vehicle, used vehicle, finance and insurance, parts, service and collision departments;
- continuing to consolidate key operating processes and systems to improve our customer responsiveness and efficiencies and reduce expenses;
- maintaining a cost level that aligns with the anticipated level of business activity; and
- seeking strategic portfolio management opportunities within the automotive retail market so that we can continue to optimize our business operations both in the United States and abroad.

Our named executive officers individual or departmental goals for the fiscal year ended December 31, 2016 generally consisted of one or more of the following criteria, which provide support for our business objectives:

- sustain sales momentum;
- maximize integration strategies of recently acquired dealership operations;
- continue to strengthen our processes and management for improved operating effectiveness and efficiency;
- control costs and expenses as sales levels fluctuate to maximize and leverage our scale;
- dispose of underperforming dealerships and deploy the proceeds into other capital appreciation opportunities with better return potential; and

drive the capital allocation process, which seeks investments that maximize return to our stockholders.

Stockholder Input on Executive Compensation Matters

In accordance with applicable law and as described in more detail in Proposal 2 above, our stockholders have the right to vote, on an advisory non-binding basis, on the approval of the compensation of our named executive officers at specified intervals (the say-on-pay vote). Stockholders last voted on this matter at the 2016 Annual Meeting of Stockholders, and in accordance with a vote at the 2011 Annual Meeting of Stockholders on the frequency of say-on-pay votes, stockholders currently will vote on such compensation every year.

The Compensation Committee will continue to consider on an annual basis the vote results for say-on-pay

proposals when making compensation decisions for our named executive officers.

In addition to such consideration given to the results of the say-on-pay vote, at various times throughout the year the Compensation Committee considers any input it may receive from stockholders and other stakeholders, and more general developments in executive compensation principles, in the development and implementation of the Company s executive compensation philosophy, policies and programs. For additional information on the say-on-pay vote with respect to the compensation paid to our executive officers in 2016, see Proposal 2 above.

Market Analysis

We again engaged PM&P to conduct an independent market-based analysis of our executive compensation program in 2016. The market analysis process involved the comparison of long-term, short-term and total compensation with a selected group of peer companies (Peer Companies). Compensation data was compared at the 25th, 50th and 75th percentiles of the market.

While we do not think it is appropriate to establish compensation based solely on market analysis, we believe that the practice of comparing our compensation program to the programs of our peers can be useful for two reasons. First, our compensation practices must be competitive in order to attract and retain executives with the ability and experience necessary to provide leadership and to deliver strong performance to our stockholders. Second, comparison analysis allows us to assess the reasonableness of our compensation

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practices. This process allows us to achieve one of our primary objectives of maintaining competitive compensation to ensure retention and assists in aligning compensation with stockholder interests.

Our Peer Companies remained unchanged for 2016, and include all of the publicly-traded automotive consolidators and specialty retailers associated with

automotive sales, and automotive parts and service against whom we most directly compete for executive talent. The list of our Peer Companies is periodically reviewed and updated by the Committee. Our 2016 Peer Companies were:

Advance Auto Parts, Inc.

Asbury Automotive Group, Inc.

AutoNation, Inc.

AutoZone, Inc.

CarMax, Inc.

Genuine Parts Co.

Lithia Motors, Inc.

LKQ Corp.

O Reilly Automotive, Inc.

Penske Automotive Group, Inc.

- The Pep Boys Manny, Moe & Jack
- Rush Enterprises, Inc.
- Sonic Automotive, Inc.

When evaluating the compensation data and making compensation decisions, the Committee has taken into consideration the variance in revenue size among the entities comprising our Peer Companies. Additionally, the Committee has considered other differences between us and our Peer Companies such as corporate structure, tenure of officers, variance in scope of duties for each officer and other factors when calculating a market value. This value is used as the basis of comparison of compensation provided by us and our

Peer Companies. However, any application of market analysis data is tempered by our basic staffing philosophy, which is to remain as lean as practical. This guiding principle results in certain of our executive officers having a broad range of job responsibilities, which, at certain of our Peer Companies, may be divided among multiple executive officers. The Committee s use of market analysis data for specific compensation components is described in more detail below.

Tally Sheets

In 2016, compensation tally sheets for the named executive officers were prepared by our Compensation Manager and reviewed by the Committee. This review consists of a twelve month summary of cash compensation earned, employee benefits provided, stock granted (with value at grant), and value of stock released (with value at release). Total shares and present value of unvested restricted stock is also presented for review. In addition to the PM&P market analysis, information from these tally sheets was also considered by the Committee in making compensation decisions for the named executive officers, as well as guiding the design of cash and non-cash compensation and benefit programs. The Committee specifically used tally sheets in the following contexts for each named executive officer:

- To determine the historical value of compensation paid;
- To determine the value of restricted stock awards forfeited in the event of a voluntary termination when making decisions regarding grants to encourage retention;
- To understand total compensation potentially payable to the named executive officers under all possible scenarios, including death/disability, retirement, voluntary termination, termination with and without cause and changes of control; and

To ensure that the structure of pay at different levels is fair and appropriate.

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Compensation Components

Our compensation program for executive officers includes annual cash compensation and long-term equity-based compensation. Annual cash compensation consists of annual base salary and payments under our annual cash incentive plan. Our long-term equity-based compensation consists of equity awards made under our long term incentive plan.

In addition, our named executive officers are eligible to (i) participate in our health and welfare plans, our Employee Stock Purchase Plan and our retirement plans (401(k) Savings Plan and Deferred Compensation Plan), (ii) receive a vehicle allowance and/or demonstrator vehicle(s), depending on the position held, and (iii) receive perquisites and other personal benefits as described under Other Benefits below.

Base Salary

Design. We provide our named executive officers with an annual base salary to compensate them for services rendered during the year. Our goal is to set base salaries for our named executive officers at levels that are competitive with comparable companies for the skills, experience and requirements of similar positions, using market analysis as previously discussed, in order to attract and retain top talent. In order to achieve this goal, we have generally sought to provide base salaries that fall near the 50th percentile of our Peer Companies. We believe that this range supports competitive compensation and ensures retention. In order to ensure that each officer is appropriately compensated, the Committee, when setting base salaries, considers individual performance, tenure and experience and our financial performance in addition to the compensation review of the Peer Companies. Individual base salary levels are generally reviewed each November and are adjusted as appropriate based on an analysis of current market salary levels at the Peer Companies, individual performance and experience and our financial performance.

Results. In November 2015, the Committee elected to increase the base salaries for our named executive officers by approximately 3.0%, to become effective January 1, 2016. In determining the base salaries for 2016, the Committee reviewed their salaries using the criteria described above and determined to make the increases to position them closer to the 50th percentile of the named executive officers of our Peer Companies. The base salaries at that time for Messrs. Rickel, Grese, Burman and DeLongchamps were $583,500, $540,000, $440,300 and $465,300, respectively. The 2016 base salaries of Messrs. Rickel, Grese, Burman and DeLongchamps were scheduled to be increased by approximately 3.0% to $598,500, $453,300 and $469,300, respectively. However, in light of challenging economic conditions in some of the Company s key markets including Texas, Oklahoma and Brazil, the approved 2016 salary increases for the named executive officers were rescinded, and their base salaries for 2016 remained at the 2015 levels. Mr. Hesterberg s base salary also remained at the 2015 level of $1,100,000. Mr. Grese s 2016 compensation was not considered for the 3.0% increase since he transitioned from business operations to the corporate office on January 1, 2016.

Compensation Changes for Fiscal 2017. In light of continuing challenging economic conditions in some of the Company s key markets including Texas, Oklahoma and Brazil, the base salaries for 2017 for our named executive officers remain at the 2015 base compensation levels.

Annual Incentive Compensation Plan

Annual cash incentive awards are intended to align our annual performance and results with the compensation paid to persons who are most responsible for such performance, and to motivate and reward achievement of Company and individual or departmental performance objectives. Meaningful, performance-related goals are established so that attaining or exceeding the performance targets is not assured, requires significant effort by each of our named executive officers, and if accomplished, contributes to the ongoing overall improvement and success of the Company.

For 2016, the annual incentive compensation plan was based upon achievement of financial and individual, or departmental, goals approved at the beginning of the year by the Committee. The financial and mission-based portions of the annual incentive awards could be awarded independently so that achievement of one was not predicated on the achievement of the other. There is, however, a minimum earnings per share goal established by the Committee at the beginning of each year which has to be achieved before any incentive award is paid. See page 33 for more detail.

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The following is a description of the 2016 performance metrics under the plan:

Financial Goal. For 2016, the financial goal portion of our annual cash incentive plan was based on achievement of diluted earnings per share (EPS). Diluted earnings per share is generally defined as our net income available to diluted common shares divided by the sum of the weighted average number of common shares outstanding during the period plus those that would have been outstanding, assuming issuance for all dilutive potential common shares. Under the 2016 annual incentive compensation plan, the Committee may, in its sole discretion, adjust the Company s EPS when determining achievement of the financial goal metric for extraordinary or unusual items that would be included in our annual operating results, but not typically considered at the time the targets were set, such as certain asset impairments or extraordinary dilutive events which materially affect EPS.

The Committee believes that EPS is the best metric for our financial goal portion of the plan because it incentivizes our executive officers to maximize stockholder

return and only rewards executive officers if our stockholders are rewarded. Further, no payments are made under the financial goal portion of the award unless a threshold level of EPS is achieved. The threshold, target and maximum levels of performance for the EPS metric set by the Committee for 2016 were as follows: Threshold $7.21; Target $7.39; and Maximum $7.56.

Mission-based Goals. Mission-based goals typically include four to six specific goals that are normally related to the individual s functional area and are established at the beginning of each fiscal year jointly by the executive officer and our Chief Executive Officer and reviewed by the Committee, or in the case of the Chief Executive Officer, by the Committee and the Board. These goals are integral toward achieving key business objectives, such as those listed on page 30 which help improve our financial performance, promote corporate efficiencies and contribute to the growth of our Company. In 2016, the following mission-based goals were assigned to each of our named executive officers:

Name	**Individual/Departmental Performance Targets**
Earl J. Hesterberg	Improve new and used U.S. vehicle margins
	Further strengthen Brazilian operations
	Increase U.K. operating profit from integration and operation of recently acquired Spire operations

	Implement cybersecurity improvement actions
	Develop succession planning options for key employees across the Company
	Achieve selling, general and administrative cost reduction target
John C. Rickel	Integrate Spire stores into Company s accounting and reporting system
	Develop improved warranty submission plan and process
	Develop monthly corporate expense reporting package with timely delivery
	Develop cybersecurity improvement plan
	Eliminate Company s subprime financing operations
	Achieve selling, general and administrative cost reduction target
	Assume responsibility for U.S. payroll operations (mid-year)
Frank Grese, Jr.	Implement applicant tracking system and restructure human resources department
	Achieve recruiting targets focusing on technicians and service advisors
	Improve and support service and sales call center activities
	Design and implement recognition program for various operations positions

Implement online training system for training and compliance

Achieve selling, general and administrative cost reduction target

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Name	Individual/Departmental Performance Targets
Darryl M. Burman	Develop policies and procedures for vetting construction department contractors and implementation of same
	Legal department restructuring
	Analyze and address legal needs in the U.K.
	Analysis of loaner car program to ensure liability protections and appropriate safeguards are in place
	Achieve selling, general and administrative cost reduction target
Peter C. DeLongchamps	Enhance relationships with key manufacturers and members of the investment community
	Maintain capital expenditure projects within budget while maintaining positive relationships with manufacturers
	Maintain minimum vehicle service contract penetration rate
	Eliminate Company s subprime financing operations
	Achieve selling, general and administrative cost reduction target

For 2016, the Committee decided that at achievement of threshold or target performance for EPS, each of the performance metrics financial and mission-based should be weighted 50%, with the award payout based on 100% of base salary for Messrs. Hesterberg, Rickel and Grese and 60% of base salary for Messrs. Burman and DeLongchamps. The Committee also determined that: (i) if the threshold EPS goal was attained, the executive officers would receive one-third of the financial goal portion of their award; and (ii) if the target EPS goal was attained, the executive officers would receive two-thirds of the financial goal portion of their award. In addition, the Committee decided that for 2016 as long as earnings per share was at least $6.50, the mission-based portion of the award would be payable from 0% to 100% according to individual goal achievement levels.

The Committee also decided that at achievement of maximum level of performance for EPS, the total

possible cash incentive plan payout for each executive should be increased and such increase would be entirely attributable to the financial performance metric. As such, the executive officers would be eligible to receive the same mission-based award discussed above, however Messrs. Hesterberg, Burman and DeLongchamps would receive 150% of the financial portion of their awards as otherwise described above and Messrs. Rickel and Grese would receive 130% of the financial portion of their awards as otherwise described above. As a result, assuming all mission-based goals were attained, the following table sets forth the threshold, target and maximum annual incentive compensation plan potential payouts for 2016, as a percentage of base salary. The target performance level was set such that, if attained, the total cash compensation paid to our executive officers would approximate the median paid to executive officers at our Peer Companies.

	2016 Incentive Payout as a % of Base Salary		
Named Executive Officer	**Threshold Performance**	**Target Performance**	**Maximum Performance**
Earl J. Hesterberg	67%	83%	125%
John C. Rickel	67%	83%	115%
Frank Grese, Jr.	67%	83%	115%
Darryl M. Burman	40%	50%	75%
Peter C. DeLongchamps	40%	50%	75%

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Results. For 2016, we achieved the maximum level of our financial goal (EPS). The company recognized an $11.7 million net settlement with Volkswagen (VW) for claims stemming from the diesel emissions scandal, associated with the Company s current and prior ownership of seven VW-branded dealerships in the U.S. After evaluating the nature of the VW settlement, the Committee exercised its authority to adjust actual performance criteria and elected to include the settlement with VW into its evaluation of the financial goal (EPS), determining the inclusion of such adjustment to be appropriate. Such adjustment increased the adjusted EPS to $7.75, an increase of $0.33 per share, which resulted in the financial goal portion of the annual incentive compensation being paid at the maximum level.

In connection with its review of the performance of our Chief Executive Officer, the Committee determined that Mr. Hesterberg had achieved 70% of his 2016 mission-based goals, resulting in a 70% payment of the mission based payout. Following extensive discussion with our Chief Executive Officer regarding his evaluation of the performance of our named executive officers, the Committee determined that Messrs. Rickel, Grese, Burman and DeLongchamps met or surpassed their individual and departmental goals, resulting in 100% payout of the mission-based payout. In making these determinations, the Committee specifically considered each executive s leadership in achieving each of the goals. Based on the Committee s evaluation of the performance of each of our named executive officers, it determined the degree to which each officer had achieved his goals and the following amounts of incentive compensation were paid:

Annual Incentive Compensation Plan

Named Executive Officer	2016 Mission Based Award Earned $	2016 Financial Based Award Earned $	2016 Incentive Payout as a % of Base Salary	Amount Paid $
Earl J. Hesterberg	385,000	825,000	110	1,210,000
John C. Rickel	291,750	379,275	115	671,025
Frank Grese, Jr.	270,000	351,000	115	621,000
Darryl M. Burman	132,090	198,135	75	330,225
Peter C. DeLongchamps	136,890	205,335	75	342,225

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Long Term Equity Incentive Compensation

Design. To align the compensation of our corporate officers with the attainment of our business goals and an increase in stockholder value, we award long-term equity incentive grants to our executive officers as part of our total compensation package. These awards have been made pursuant to the Group 1 Automotive, Inc. 2014 Long Term Incentive Plan and the 2007 Long Term Incentive Plan.

We believe that restricted stock, subject to time-based vesting requirements, appropriately align management s interests with those of our Company and our stockholders, while helping to motivate and retain key members of our management team.

When determining the size of the awards, we typically consider amounts that would provide our executive officers with long-term incentive opportunities that, when combined with base salary and annual cash In addition, in the event of a qualified retirement , which is a retirement after a minimum of ten years of service with our Company and the executive attaining the age of 63, upon satisfaction of a two year non-compete and certain non-disclosure covenants, all unvested shares of restricted stock or restricted stock units (granted in prior years) held by the executive officer as of his retirement date will vest.

2016 Awards. In February 2016, the Committee reviewed the tally sheets and the competitive analysis prepared by PM&P to determine how each named executive officer s base and total compensation compared to their peers and in order to assess all elements of each executive s pay relative to total compensation. The Committee also considered each executive s current equity position for purposes of reward and retention and considered other factors, such as size of previous awards, contribution to corporate results, leadership and Company performance during the year when

incentive opportunities, result in total direct compensation within the 50th to 75th percentile of our Peer Companies. We then take into account individual performance, the position and value of the named executive officer to our Company, experience and length of service to us, our desire to incentivize the officer to remain with our Company, and the amount of equity previously awarded to the officer.

Vesting of these awards is intended to facilitate retention, and the shares vest over a five-year period with the restrictions relating to the awards lapsing 40% after two years and 20% in each year thereafter. Since 2008, our vesting provisions have been based on the passage of time. Under the terms of the current award agreements, in the event of death or disability of any employee with unvested awards, all granted but unvested awards will automatically vest.

making the decision as to the size of the equity award for each named executive officer. Based on the analysis and review described above, on February 28, 2016, the Committee granted the following restricted stock awards to the named executive officers: Mr. Hesterberg (35,000 shares), Mr. Rickel (14,430 shares), Mr. Grese (8,000 shares), Mr. Burman (9,140 shares) and Mr. DeLongchamps (10,000 shares).

For more information on the 2016 equity awards, please see the section entitled Executive Compensation Grants of Plan Based Awards in 2016.

Compensation Changes for Fiscal 2017. The Committee has made no material changes to our long-term incentive compensation strategy for fiscal 2017.

401(k) Plan

We maintain the Group 1 Automotive, Inc. 401(k) Savings Plan (the 401(k) Savings Plan) to assist all employees in providing for their retirement. Matching contributions may be in the form of cash or shares of our common stock or a combination of both, as

determined by the Committee. All of our matches have been in cash for all employees. Amounts that we contributed to each named executive officer s 401(k) Savings Plan account are disclosed within the Summary Compensation Table.

Employee Stock Purchase Plan

Generally, under the Group 1 Automotive, Inc. Employee Stock Purchase Plan, all employees, including our named executive officers, are offered the opportunity to purchase up to $25,000 annually of our

common stock at a 15% discount to market, provided that the maximum number of shares that may be purchased by an employee shall not exceed 3,000 shares of common stock per quarter. This is an

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additional equity incentive we offer to all of our employees to further promote their interest in enhancing stockholder value. These shares may not

be sold by the employee for a minimum of six months following purchase.

Deferred Compensation Plan

The Group 1 Automotive, Inc. Deferred Compensation Plan (Deferred Compensation Plan) is designed as a retention tool for our corporate and regional officers, dealership general managers, other key employees and non-employee directors. It allows participants the opportunity to accumulate additional savings for retirement on a tax-deferred basis. Participants can choose from various defined investment options in which the deferred compensation is notionally

invested. Pursuant to the Deferred Compensation Plan, certain corporate officers, including our named executive officers, may defer up to 50% of their base salary and up to 100% of their incentive compensation and we may make contributions to the participants accounts. For a more detailed discussion of the Deferred Compensation Plan, please see the section entitled Executive Compensation Nonqualified Deferred Compensation.

Other Benefits

Health and Welfare Benefits. Our named executive officers are eligible to participate in our standard medical, dental, vision, disability insurance and life insurance plans to meet their health and welfare needs. These benefits are provided so as to assure that we are able to maintain a competitive position in terms of attracting and retaining executive officers and other employees. This is a fixed component of compensation and the benefits are provided on a non-discriminatory basis to all of our full-time employees.

Vehicle Allowance. Our Chief Executive Officer, under his employment agreement, is provided with two vehicles for his use. Our Senior Vice President and Chief Financial Officer and our Senior Vice President, Human Resources, Training and Operations Support receive a vehicle allowance of $15,000 per year and the use of one vehicle. Vice Presidents are provided with a vehicle allowance of $11,300 per year, a vehicle, or in certain limited cases, both. We have not modified these amounts since 2005.

Other Perquisites and Personal Benefits. We provide certain named executive officers with perquisites and other personal benefits that the Committee believes are reasonable and consistent with our overall compensation programs and philosophy. These benefits are provided in order to enable us to attract and retain these executives. For example, we pay for club membership privileges that are used primarily for business but also for occasional personal purposes by our Chief Executive Officer, Mr. Hesterberg. In addition, we own a fractional interest in an aircraft which is primarily used for business purposes. However, we make a portion of our time available to Mr. Hesterberg for personal use during the year. In 2016, Mr. Hesterberg was allowed a maximum of 40 flight hours for personal use; however, his actual personal usage was 20.5 hours. Mr. Hesterberg reimburses us for his personal use based on the published standard industry fare level valuation method. We provide this benefit to Mr. Hesterberg because it optimizes the use of his time and is consistent with similar benefits provided by our Peer Companies.

Employment Agreements, Severance Benefits and Change in Control Provisions

We maintain employment and other compensatory agreements with certain named executive officers to ensure they will perform their roles for an extended period of time. Certain provisions contained in these agreements, such as non-competition and non-solicitation provisions, as well as change in control payments, are essential to retaining our talent and protecting our stockholders. We believe that it is appropriate to compensate individuals to refrain from working with competitors following termination, and that compensation enhances the enforceability of such agreements. These agreements and our severance terminology are described in more detail elsewhere in

this proxy statement. Please read Executive Compensation Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table Employment, Incentive Compensation and Non-Compete Agreements. These agreements provide for severance compensation to be paid if the officer s employment is terminated under certain conditions, such as following a corporate change, involuntary termination, termination by us for cause, death or disability, each as defined in the applicable executive s agreement. The employment and other compensatory agreements between our Company and our named executive officers and the

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related severance provisions are designed to meet the following objectives:

Corporate Change. In certain limited scenarios, the potential for merger or being acquired may be in the best interests of our stockholders. As a result, we provide severance compensation to certain named executive officers if the officer s employment is terminated following a corporate change transaction. Our intent is to promote the ability of the officer to act in the best interests of our stockholders even though his or her employment could be terminated as a result of the transaction. However, as previously discussed, we do not provide any excise tax gross-ups to any of our named executive officers.

Termination without Cause. If we terminate the employment of certain corporate officers without cause as defined in the applicable agreement, we are obligated to pay the officer certain compensation and other benefits as described in greater detail in Executive Compensation - Potential Payments Upon Termination or Change in Control. We believe these payments are appropriate because the terminated officer is bound by confidentiality, non-solicitation and non-compete provisions ranging from one to two years after termination. Both parties have mutually agreed to a severance package that would be in place prior to any termination event. This provides us with more flexibility to make a change in senior management if such a change is in the best interests of our Company and its stockholders.

Hedging and Pledging Prohibitions

Our Directors and named executive officers are prohibited from engaging in short sales of our stock or otherwise hedging the risk of ownership of our stock. We have also adopted a policy that prohibits our

directors and officers from pledging their Company stock, or engaging in any other transaction of a similar nature that has the effect of using Group 1 securities as collateral.

Policy on Payment or Recoupment of Performance-Based Cash Bonuses and Performance-Based Stock Bonuses in the Event of Certain Restatements

The Committee has adopted a policy on payment or recoupment of performance-based cash bonuses and performance-based stock bonuses in the event of certain restatements, excluding those required by a change in generally accepted accounting principles, which provides that we will require the payment or reimbursement (to the extent permitted by governing law) of all or a portion of any performance-based cash or performance-based stock bonus where: (a) the payment was predicated upon the achievement of certain financial results that were subsequently the subject of a material restatement and (b) a higher or lower payment would have been made to the

employee based upon the restated financial results. In each of these instances, we will, to the extent practicable: (a) either make a payment of, or seek to recover, the cash amount by which the individual employee s annual performance-based bonus was recalculated based on the restated financial results; provided that we will not pay or seek to recover bonuses paid more than three years prior to the date the applicable restatement is disclosed; (b) cause the award or cancellation of any performance-based stock awards; and (c) seek reimbursement of any unearned gains realized on the vesting of performance-based stock attributable to such awards.

Stock Ownership Guidelines

Our Board has adopted Stock Ownership Guidelines that apply to our named executive officers, as well as other officers within our Company. The guidelines require our named executive officers to maintain a minimum number of shares of our common stock while they are employed by us. The guidelines reinforce the importance of aligning the longer-term interests of

our executive officers with the interests of our stockholders and are expressed in terms of the dollar value of their equity holdings as a multiple of each named executive officer s base salary. In February 2014, the Board increased the Stock Ownership Guidelines, as follows:

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Name	Prior Stock Ownership Guidelines	Current Stock Ownership Guidelines
Earl J. Hesterberg	4×annual base salary	6×annual base salary
John C. Rickel	2×annual base salary	3×annual base salary
Frank Grese, Jr.	2×annual base salary	3×annual base salary
Darryl M. Burman	1×annual base salary	2×annual base salary
Peter C. DeLongchamps	1×annual base salary	2×annual base salary

The dollar value of stock ownership is based on base salary times a multiple divided by the previous 36-month average stock price as calculated on December 31st of each year. Unvested restricted stock awards or restricted stock units are counted towards each named executive officer s ownership requirement.

Stock ownership levels should be achieved by each officer within five years of the adoption of these guidelines, or within five years of the individual s appointment as an officer. Each of our named executive officers is in compliance with current guidelines.

Tax Deductions for Compensation

In conducting our executive compensation programs, the Committee considers the effects of Section 162(m) of the Internal Revenue Code, which denies publicly held companies a tax deduction for annual compensation in excess of $1 million paid to their chief executive officer or any of their three other most highly compensated corporate officers, other than the chief financial officer, who are employed on the last day of a given year, unless their compensation is based on performance criteria that are established by a compensation committee which is made up of outside directors and approved, as to their material terms, by

their stockholders. The Committee considers its primary goal to design compensation strategies that further the best interests of our stockholders. In certain cases, it may determine that the amount of tax deductions lost is not significant when compared to the potential opportunity a compensation program provides for creating long-term stockholder value. The Committee therefore retains the ability to evaluate the performance of our executive officers and to pay appropriate compensation, even if some of it may be non-deductible, to ensure competitive levels of total compensation is paid to certain individuals.

Risk Assessment

We have reviewed our compensation policies and practices for all employees, including executive officers, and determined that our compensation programs are not reasonably likely to cause behaviors that would have a material adverse effect on our Company. Moreover, we believe that several design features of our compensation programs and policies reduce the likelihood of excessive risk-taking:

- The program design provides a balanced mix of cash and equity, annual and longer-term incentives, and performance metrics.

- We currently do not grant stock options.

- The Compensation Committee has discretion over incentive program payouts.
- The compensation recovery policy (which extends to all employees participating in the incentive plan) allows our Company to claw back payments made using materially inaccurate financial results.

- Executive officers are subject to robust stock ownership guidelines.

- Compliance and ethical behaviors are integral factors considered in all performance assessments.

- We set the proper ethical and moral expectations through our policies, values and procedures and provide various mechanisms for reporting issues.

- We maintain an evaluation program, utilizing internal and third-party resources, which enables us to verify that our compensation policies and

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2016 Compensation Discussion and Analysis

practices are aligned with expectations, including periodic reviews and audits of our dealership sales and finance departments.

A cap is placed on the number of shares of common stock that may be awarded to an individual in any calendar year.

We believe that, for all employees, our compensation programs do not encourage excessive risk and instead encourage behaviors that support sustainable value creation.

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Report of the Compensation Committee

During the last fiscal year, and this year in preparation for the filing of this proxy statement with the SEC, the Committee:

- reviewed and discussed the disclosure set forth under the heading 2016 Compensation Discussion and Analysis with management; and

- based on the reviews and discussions referred to above, recommended to the Board of Directors that the disclosure set forth under the heading 2016 Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into Group 1 Automotive, Inc. s Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Respectfully submitted by the Compensation Committee of the Board of Directors,

Max P. Watson, Jr. (Chairman)

John L. Adams

Stephen D. Quinn

J. Terry Strange

Charles L. Szews

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Executive Compensation

2016 Summary Compensation Table

The following table summarizes, with respect to our named executive officers, information relating to the compensation earned for services rendered in all capacities during 2016. Our named executive officers consist of our five executive officers, including our Chief Executive Officer and our Chief Financial Officer.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards[(1)] ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[(2)] ($)	All Other Compensation[(3)] ($)	Total ($)
Earl J. Hesterberg	2016	1,100,000		1,813,700	1,210,000	237,057	213,565	4,574,322
President and Chief	2015	1,100,000		2,911,125	1,320,000	170,001	179,746	5,680,872
Executive Officer	2014	1,000,000		2,881,350	1,250,000	119,519	553,792	5,804,661
John C. Rickel	2016	583,500		747,763	671,025	282,877	26,740	2,311,905
Senior Vice President and Chief Financial	2015	583,500		1,200,215	671,025	224,771	25,585	2,705,097
Officer	2014	566,500		992,465	651,475	155,433	24,550	2,390,423
Frank Grese, Jr. Senior Vice President, Human Resources, Training and Operations Support	2016	540,000		414,560	621,000	129,632	32,511	1,737,703
Darryl M. Burman	2016	440,300		473,635	330,225	26,253	30,770	1,301,182
Vice President and	2015	440,300		760,220	330,225	15,218	66,836	1,612,798
General Counsel	2014	427,500		640,300	320,625	11,147	28,586	1,428,158
Peter C. DeLongchamps	2016	456,300		518,200	342,225	66,367	18,759	1,401,851
Vice President, Mfr.	2015	456,300		800,144	342,225	55,765	61,899	1,716,333
Relations, Financial Services and Public Affairs	2014	443,000	100,000	704,330	332,250	40,559	25,060	1,645,199

(1) The amounts in the Stock Awards column reflect the required accounting expense for these awards and do not correspond to the actual value that may be recognized by our named executive officers. These amounts represent the grant date fair value of awards computed in accordance with FASB ASC Topic 718 in connection with restricted stock awards granted under the Group 1 Automotive, Inc. 2014 Long Term Incentive Plan and the Group 1 Automotive, Inc. 2007 Long Term Incentive Plan. Assumptions made in the calculation of these amounts in fiscal years 2014, 2015 and 2016 are included in Note 5 to the audited financial statements included in our Annual Reports on Form 10-K for the fiscal years ended December 31, 2014, December 31, 2015 and December 31, 2016, respectively. Certain of these awards have no intrinsic value to the recipient until the performance or vesting schedule is met. For example: As of December 31, 2016, our named executive officers had not realized any value from their 2016 awards because vesting will not begin until 2018, when forfeiture restrictions will lapse as to 40% of the awards. Forfeiture restrictions will lapse as to the remaining 60% of the 2016 awards in 20% increments in 2019, 2020 and 2021. Vesting schedules for equity awards can be found in the footnotes to the Outstanding Equity Awards as of December 31, 2016 table.

(2) Amounts reflect above-market earnings on the Deferred Compensation Plan. Amounts are reflective of earnings in excess of 120% of the applicable federal long-term rate, with compounding, of 3.09%. We do not offer a pension plan.

(3) The following table contains a breakdown of the compensation and benefits included under All Other Compensation for 2016:

Name	Year	401(k) Savings Plan Matching Contribution ($)	Automobile Allowance ($)	Use of Demonstrator Vehicle[(a)] ($)	Airplane Use[(b)] ($)	Club Membership and Dues ($)	Total ($)
Earl J. Hesterberg	2016	7,950		27,266	167,502	10,847	213,565
John C. Rickel	2016	7,950	15,000	3,790			26,740
Frank Grese, Jr.	2016	6,143	15,000	11,368			32,511
Darryl M. Burman	2016	7,899	11,300	11,571			30,770
Peter C. DeLongchamps	2016	1,107	11,300	6,352			18,759

(a) Represents the incremental cost for personal use of one or more Company demonstrator vehicles. The incremental cost is determined by multiplying the annual lease value of the vehicle by the percentage of personal use, which we track through travel logs.

(b) Represents the difference between the amount paid by the executive for the use of our leased airplane under the standard industry fare level (SIFL) method and the lease cost to us for such use. The SIFL method calculates the executive s use by multiplying the SIFL cents-per-mile rates applicable for the period during which the flight was taken by the appropriate aircraft multiple (a factor that is determined by using the weight of the aircraft being used, and is also dependent upon whether Mr. Hesterberg is considered a control employee, or an officer of our Company, which he is) and then adding the applicable terminal charge. The SIFL cents-per-mile rates in the formula and the terminal charge are calculated by the Department of Transportation and are revised semi-annually.

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Executive Compensation

Grants of Plan-Based Awards in 2016

The following table provides information concerning each grant of an award made to our named executive officers under our annual incentive compensation plan and 2014 Long Term Incentive Plan during 2016:

Name	Grant Date	Possible Payouts Under Non-Equity Incentive Plan Awards[1] Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards ($)
Earl J. Hesterberg			916,666	1,375,000		
	02/17/2016				35,000	1,813,700
John C. Rickel			486,250	671,025		
	02/17/2016				14,430	747,763
Frank Grese, Jr.			450,000	621,000		
	02/17/2016				8,000	414,560
Darryl M. Burman			220,150	330,225		
	02/17/2016				9,140	473,635
Peter C. DeLongchamps			228,150	342,225		
	02/17/2016				10,000	518,200

(1) Estimated possible payouts under the 2016 annual incentive compensation plan. The Threshold column shows dashes because the ultimate value of the annual incentive compensation payouts could be reduced to effectively zero. The amounts shown in the Target and Maximum columns assume achievement of 100% of the mission-based goals for each named executive officer. See the Non-Equity Incentive Plan Compensation column of the 2016 Summary Compensation Table for actual amounts paid to named executive officers under the annual incentive compensation plan for 2016 and 2016 Compensation Discussion and Analysis Annual Incentive Compensation Plan beginning on page 32 of this proxy statement for a description of the annual incentive compensation plan and how the payouts were determined.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

The following is a discussion of material factors we believe are necessary to an understanding of the information disclosed in the Summary Compensation Table and the Grants of Plan-Based Awards Table for 2016.

Employment, Incentive Compensation and Non-Compete Agreements

Earl J. Hesterberg. Effective May 19, 2015, we entered into an employment agreement with Mr. Hesterberg. Mr. Hesterberg s annual base salary under the employment agreement is $1,100,000 (retroactive to January 1, 2015), subject to increase by the Compensation Committee from time to time.

Subject to the terms and conditions of the agreement, we have agreed to employ Mr. Hesterberg through May 18, 2018. At that time, the employment agreement will automatically convert to a month-to-month relationship terminable at any time by either employer

or employee for any reason upon one year advance written notice.

John C. Rickel. Effective January 1, 2009, we entered into an employment agreement with Mr. Rickel. Subject to the terms and conditions of the agreement, we agreed to employ Mr. Rickel through December 31, 2010. Mr. Rickel s employment agreement automatically renews for successive one-year periods unless either party prior to the expiration of the term provides 60 days prior written notice of termination to the other party. Provisions of Mr. Rickel s employment agreement related to termination and change in control are discussed in Potential Payments upon Termination or Change in Control beginning on page 47 of this proxy statement.

Executive Compensation

Darryl M. Burman. Effective December 1, 2009, we entered into an employment agreement with Mr. Burman. Subject to the terms and conditions of the agreement, we agreed to employ Mr. Burman through November 30, 2011. Mr. Burman s employment agreement automatically renews for successive one-year periods unless either party prior to the expiration of the term provides 60 days prior written notice of termination to the other party. Provisions of Mr. Burman s employment agreement related to termination and change in control are discussed in Potential Payments upon Termination or Change in Control beginning on page 47 of this proxy statement.

Messrs. Hesterberg, Rickel, Grese, Burman and DeLongchamps are also entitled to participate, on the same basis generally as our other employees, in all general employee benefit plans and programs that are made available to all or substantially all of our employees.

In addition, Mr. Hesterberg is entitled to the use of two demonstrator vehicles of his choice, Messrs. Rickel and Grese are each entitled to one demonstrator vehicle of their choice and a vehicle allowance totaling $1,250 per month, and Messrs. Burman and DeLongchamps are each entitled to one demonstrator vehicle of their choice and a vehicle allowance totaling $941.66 per month.

All incentive compensation awards payable to Messrs. Hesterberg, Rickel and Burman will be determined by the Committee in its sole discretion in accordance with the terms of our annual incentive compensation program, and all payments pursuant to this program shall be made on or before March 15th of the year following the year of service to which the incentive compensation relates.

We have not entered into an employment or non-compete agreement with Mr. Grese or Mr. DeLongchamps.

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Outstanding Equity Awards at December 31, 2016

The following table provides information concerning restricted stock awards for our named executive officers. As of December 31, 2016, none of our named executive officers had any stock options.

		Stock Awards	
Name	Grant Date[1]	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested[2] ($)
Earl J. Hesterberg	03/02/2012	9,000	701,460
	02/27/2013	18,000	1,402,920
	02/25/2014	27,000	2,104,380
	02/24/2015	35,000	2,727,900
	02/17/2016	35,000	2,727,900
John C. Rickel	03/02/2012	3,000	233,820
	02/27/2013	6,000	467,640
	02/25/2014	9,300	724,842
	02/24/2015	14,430	1,124,674
	02/17/2016	14,430	1,124,674
Frank Grese, Jr.	03/02/2012	2,000	155,880
	02/27/2013	3,600	280,584
	02/25/2014	4,800	374,112
	02/24/2015	8,000	623,520
	02/17/2016	8,000	623,520
Darryl M. Burman	03/02/2012	2,000	155,880
	02/27/2013	4,000	311,760
	02/25/2014	6,000	467,640
	02/24/2015	9,140	712,372
	02/17/2016	9,140	712,372
Peter C. DeLongchamps	03/02/2012	2,000	155,880
	02/27/2013	4,400	342,936
	02/25/2014	6,600	514,404
	02/24/2015	9,620	749,783

	02/17/2016	10,000	779,400

(1) Forfeiture restrictions on our restricted stock awards lapse over a five-year period: 40% of the award on the second anniversary of the grant date, and 20% on the third, fourth and fifth anniversaries of the grant date, respectively.

(2) Calculated using value of our common stock at close of market on December 30, 2016 (the last trading day of the 2016 year) of $77.94.

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Executive Compensation

2016 Restricted Stock Vested

The following table provides information relating to the vesting of restricted stock during 2016 on an aggregated basis for each of our named executive officers. Our named executive officers currently do not have stock options.

	Stock Awards	
Name	Number of Shares Acquired on Vesting[(1)] (#)	Value Realized on Vesting[(2)] ($)
Earl J. Hesterberg	46,000	2,586,820
John C. Rickel	15,000	842,436
Frank Grese, Jr.	8,800	494,858
Darryl M. Burman	9,800	550,360
Peter C. DeLongchamps	10,400	583,670

(1) Represents the gross number of shares acquired upon vesting of restricted stock, without taking into account any shares withheld to satisfy applicable tax obligations.
(2) Represents the value of the vested restricted stock, calculated by multiplying (a) the number of vested shares of restricted stock by (b) the average of the high and low sales prices of our common stock on the vesting date, which is how we calculate market value for purposes of this table.

Nonqualified Deferred Compensation

The following table sets forth our named executive officers information regarding the Deferred Compensation Plan, including, with respect to each officer: (1) the aggregate contributions made by the officer, (2) the employer contribution, (3) the aggregate interest or other earnings accrued, and (4) the total balance of the officer s account.

Name	Executive Contributions in Last FY[(1)] ($)	Employer Match Contributions in Last FYE[(2)] ($)	Aggregate Earnings in Last FY[(3)] ($)	Aggregate Balance at Last FYE[(4)] ($)

Earl J. Hesterberg	847,000	806	371,915	5,012,707
John C. Rickel	904,425	806	455,022	6,116,958
Frank Grese, Jr.	321,300		211,248	2,821,787
Darryl M. Burman	108,974	798	40,719	543,411
Peter C. DeLongchamps	82,134	802	107,241	1,417,879

(1) Reported as compensation to the named executive officer in the Summary Compensation Table for 2016, (including any non-equity incentive plan compensation earned during 2016, but paid in 2017).

(2) Represents portion of Company 401(k) savings plan matching contributions that could not be contributed into the 401(k) savings plan for the individuals due to Code restrictions. The 401(k) Savings Plan matching contributions are reported as All Other Compensation in the Summary Compensation Table for 2016.

(3) The following portions of the aggregate earnings in the last fiscal year were reported in the 2016 Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the 2016 Summary Compensation Table because they were above-market earnings: Mr. Hesterberg ($237,057), Mr. Rickel ($282,877), Mr. Grese ($129,632), Mr. Burman ($26,253) and Mr. DeLongchamps ($66,367).

(4) The following portions of the aggregate balance amounts for each of the following named executive officers were reported as compensation to the officer in the Summary Compensation Table in previous years: Mr. Hesterberg $375,000 for 2014 and $924,000 for 2015; Mr. Rickel $560,835 for 2014 and $636,015 for 2015; Mr. Burman $105,806 for 2014 and $108,974 for 2015; and Mr. DeLongchamps $86,450 for 2014 and $82,134 for 2015.

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Executive Compensation

Pursuant to the Deferred Compensation Plan, certain corporate officers, including named executive officers, may defer up to 50% of their base salary and up to 100% of their incentive compensation. Deferral elections are to be made no later than the last day of the calendar year immediately preceding the calendar year in which such compensation is earned. At the plan administrative committee s discretion, deferral elections with respect to certain performance-based compensation may be made not later than six months prior to the end of the performance period in which such compensation is earned. In addition, for each calendar year, we contribute an amount on behalf of each executive equal to the amount of the employer match the executive forfeited under the 401(k) Savings Plan in order for the 401(k) Savings Plan to comply with the nondiscrimination requirements of the Internal Revenue Code. Currently, 100% of each named executive officer s account is vested. We may also make discretionary credits to an officer s account from time to time, which credits will be subject to a vesting schedule established by us at the time of such credit. We did not make any discretionary contribution credits during the 2015 or 2016 year. If no vesting schedule is established, the officer will be vested in a percentage of the discretionary employer deferral equal to the officer s vested interest in his employer contribution account under the 401(k) Savings Plan. If we undergo a corporate change, the officer will become fully vested in his account under the Deferred Compensation Plan.

Benefits under the Deferred Compensation Plan will be paid no earlier than upon the executive s termination of

service, or, upon a certain date elected by the officer. Benefits will be paid, at the participant s election, in a lump sum or in annual installments, although all distributions will be paid in cash. Payments upon an executive s termination of service may be delayed for six months to the extent necessary to comply with the requirements of Section 409A of the Internal Revenue Code. Except in the event of unforeseeable financial emergencies, in-service withdrawals are generally not permitted in the Deferred Compensation Plan, although the necessary portion of a participant s vested account balance may be distributed in order to satisfy certain employment, federal or state taxes. An unforeseeable financial emergency shall allow a participant to access vested funds in his accounts upon the occurrence of: (1) a severe financial hardship of the participant that results from an illness or accident of the participant, or the participant s beneficiary, spouse or dependent; (2) loss of the participant s or the beneficiary s property due to casualty; or (3) a similar extraordinary and unforeseeable circumstance as described in Section 409A of the Internal Revenue Code arising as a result of events beyond the participant s control.

Deferred amounts will be deemed to be notionally invested in such fund as the participants shall designate. Most of the funds are also available in the Group 1 401(k) Savings Plan except for the Group 1 Guaranteed Crediting Rate investment option which is the default investment option. The Group 1 Guaranteed Crediting Rate investment option is a declared interest rate, which was set by the Committee at 8% for 2016.

Potential Payments upon Termination or Change in Control

We believe providing certain executive officers with severance payments and accelerated vesting of equity awards in certain circumstances are important retention tools. In addition, we believe that providing for double-trigger payments and equity award vesting to certain key executives in connection with a change in corporate control helps maximize stockholder value by encouraging our executives to objectively review any proposed transaction, whether or not that executive will continue to be employed. Executive officers at other companies in the general market against which we compete for executive talent commonly have equity compensation plans that provide for accelerated vesting upon a corporate change and post-termination payments, and we have consistently provided this benefit to certain executive officers in order to remain competitive in attracting and retaining skilled professionals.

The discussion below discloses the amount of compensation and/or other benefits that would be

payable to each of our named executive officers in the event of termination of their employment under the following scenarios: death, disability, with and without cause, for certain constructive termination events, and following a corporate change. All potential payments to the executive officers upon termination of their employment or upon a corporate change that could have occurred on December 31, 2016 are governed by the 2014 Long Term Incentive Plan and the 2007 Long Term Incentive Plan pursuant to which various equity incentive awards were issued and, with respect to Messrs. Hesterberg, Rickel and Burman, the terms of employment agreements as described below. None of our named executive officers is entitled to an excise tax gross-up payment. For additional information regarding the employment agreements, see 2016 Compensation Discussion and Analysis Employment Agreements, Severance Benefits and Change in Control Provisions.

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Executive Compensation

Employment Agreements

We maintained employment agreements with Messrs. Hesterberg, Rickel and Burman during 2016. Each agreement provides that in the event the executive is terminated due to an Involuntary Termination or the executive terminates his employment following a Constructive Termination Event, the executive will be entitled to the following:

- a lump sum payment equal to the executive s base salary divided by 12 and multiplied by a severance multiplier. The severance multiplier in the case of Mr. Hesterberg, Mr. Rickel or Mr. Burman, is the greater of 12 months or the remaining months in the term of the employment agreement. The payment will be made on the first day of the seventh month following the termination of employment;

- a pro rata bonus calculated in accordance with our Annual Incentive Compensation Plan, paid in a single lump sum payment at the later of (1) the first day of the seventh month following the executive s separation from service, or (2) March 15th of the year following the release of earnings for the year in which the separation of service occurred;

- immediate vesting of all unvested restricted stock awards or stock options, which will be exercisable as if the executive had continued to be employed by us for the full term of his employment agreement;

- the use of a demonstrator vehicle for a period of six months; and

- in the case of Mr. Hesterberg, medical coverage for Mr. Hesterberg and his spouse until (1) Mr. Hesterberg receives comparable coverage at a new employer, (2) Mr. Hesterberg s death, or (3) a period of 36 months has passed, beginning on July 1, 2015. Mr. Hesterberg currently has coverage through another medical plan, and is not participating in the Company s medical coverage plan at this time.

In the event that the executive terminates employment following an involuntary reduction of his salary or incentive compensation targets within six months after a Corporate Change, the executive will be entitled to the same payments and benefits as described in the first three bullets above, except the severance multiplier will be 30 months for Messrs. Hesterberg and Rickel and 15 months for Mr. Burman. Each agreement further provides that if the executive s employment is terminated due to death or Disability, then the executive is entitled to:

his pro rata salary through the date of such termination and a pro rata bonus (based on his termination date), calculated in accordance with our Annual Incentive Compensation Plan, paid in a single lump sum payment at the later of (1) the first day of the seventh month following the executive s separation from service, or (2) March 15th of the year following the release of earnings for the year in which the separation of service occurred;

immediate vesting of all unvested restricted stock awards or stock options, which will be exercisable as if the executive had continued to be employed by us for the full term of his employment agreement;

in the case of Disability, the use of a demonstrator vehicle for a period of six months, or in the event of the executive s Death, for Messrs. Hesterberg and Rickel, the use of the vehicle would go to the surviving spouse, if any, for a period of twelve months; and

in the case of Mr. Hesterberg, medical coverage for Mr. Hesterberg and his spouse until (1) Mr. Hesterberg receives comparable coverage at a new employer, (2) Mr. Hesterberg s death, or (3) a period of 36 months has passed, beginning on July 1, 2015. Mr. Hesterberg currently has coverage through another medical plan, and is not participating in the Company s medical coverage plan at this time.

Mr. Hesterberg s agreement also provides that if he resigns at any time after May 18, 2018, all unvested equity awards held by Mr. Hesterberg will vest upon satisfaction of certain post-termination employment obligations set forth in his non-compete agreement (discussed below). In addition, if Mr. Hesterberg s employment is terminated for any reason after May 18, 2018, he will receive his pro rata bonus through the date of his termination, calculated in accordance with the annual incentive compensation plan and paid in a single lump sum payment.

In the event of a termination by the Company for Cause or a Voluntary Termination by the executive, all compensation and benefits will cease as of the respective date of termination. In these circumstances, the executive officers would only receive base salary earned but not yet paid.

The employment agreements contain a covenant that the executives will not sue or lodge any claim against us based upon an Involuntary Termination for any payments in addition to those described above. In the event that the executive breaches this covenant, we will be entitled to recover from that executive all sums we or any of our subsidiaries or affiliates have expended in relation to such action. We will also be

Executive Compensation

entitled to offset any amounts expended in relation to defending such claim against any amounts owed to the executive prior to a final determination of the arbitration provisions provided for in the employment agreement.

The executives have agreed not to disclose, during or at any time after their employment with us, any of our confidential information or trade secrets. The executives will return all proprietary materials, and all copies thereof, to us upon a termination of employment for any reason, and all copyrighted works that the executive may have created during his employment relating to us or our business in any manner shall remain our property.

These agreements generally contain the following terms, except where noted otherwise below, and the following provisions that could impact the amount of compensation that the executives receive at or following their separation from service from us:

Cause shall mean any of the following: (1) conviction or plea of nolo contendere to a felony or a crime involving moral turpitude; (2) breach of any material provision of either an agreement with us or our Code of Conduct; (3) the use, for his own benefit, of any confidential or proprietary information of ours, or willfully divulging for his benefit such information; (4) fraud or misappropriation or theft of any of our funds or property; (5) willful refusal to perform his duties or (6) gross negligence; provided, however, that we, before terminating the executive under (2) or (5), must first give written notice to him of the nature of the alleged breach or refusal and must provide him with a minimum of fifteen days to correct the problem. Before terminating him for purported gross negligence we must give written notice that explains the alleged gross negligence in detail and must provide him with a minimum of 20 days to correct the problem, unless correction is inherently impossible.

Corporate Change shall mean the first to occur of any of the following events: (1) any person acquires 50% or more of our common stock or voting securities, other than (a) any acquisition directly from or resulting from an acquisition of our shares by us, (b) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by us or any entity controlled by us, or (c) any acquisition by any entity pursuant to a transaction which complies with clauses (a) or (b); (2) the occurrence of a merger, reorganization, consolidation or disposition of all or substantially all of our assets, unless our stockholders prior to such transaction hold more than 50% of the equity and voting power of the resulting entity or entity holding such assets, no person (other than benefit plans of such entity) holds 50% or more of the equity or voting power of such entity and at least a majority of the board of directors of such entity were members of the Incumbent Board; or (3) our stockholders approve our complete liquidation or dissolution.

Constructive Termination Event shall occur upon: (1) the failure by us to pay the executive s compensation as provided in the applicable agreement; (2) relocation without his consent of his primary employment location of more than 50 miles; (3) our request that the executive perform any illegal activity or sign-off on any inappropriate financial statement or acknowledgement; (4) a material diminution in the executive s position, duties, responsibilities, reporting status, or authority; or (5) a material negative reduction in base salary or incentive compensation targets within six months after a Corporate Change, except that before exercising his right to terminate the employment relationship pursuant to any of the previous provisions, he must first give written notice to our Board of the circumstances purportedly giving rise to his right to terminate and must provide us with a minimum of thirty days to correct the problem, unless correction is inherently impossible.

Disability shall mean the executive s becoming incapacitated by accident, sickness or other circumstance that in the reasonable opinion of a qualified doctor approved by our Board, renders him mentally or physically incapable of performing the essential functions of the executive s position, with or without reasonable accommodation, and that will continue, in the reasonable opinion of the doctor, for a period of no less than 180 days.

Involuntary Termination shall mean a termination by the executive due to a Constructive Termination Event by itself or in relation to a Corporate Change, or by us for any reason without Cause, at the discretion of our Board; an Involuntary Termination also includes the nonrenewal of the executive s employment agreement by the Board.

Voluntary Termination shall mean a termination by the executive other than for a Constructive Termination Event.

Group 1 Automotive 2014 Long Term Incentive Plan

The 2014 Long Term Incentive Plan provides that, upon the occurrence of a Corporate Change, the

Compensation Committee may fully vest any restricted stock awards then outstanding and, upon such vesting,

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Executive Compensation

all restrictions applicable to the restricted stock will terminate. Further, if the Corporate Change constitutes a change in the ownership or effective control of us or of a substantial portion of our assets, within the meaning of Section 409A of the Code, the Committee may require the mandatory surrender of phantom stock awards upon payment of the maximum value of such awards to their holders.

The 2014 Long Term Incentive Plan provides that a Corporate Change occurs if (1) we are dissolved and liquidated; (2) if we are not the surviving entity in any merger or consolidation (or we survive only as a subsidiary of an entity); (3) if we sell, lease or exchange all or substantially all of our assets to any other person or entity; (4) any person, entity or group acquires or gains ownership or control of more than 50% of the outstanding shares of our voting stock; or (5) after a contested election of directors, the persons who were directors before such election cease to constitute a majority of our Board of Directors.

Our named executive officers do not currently, and at December 31, 2016 did not, hold any unvested stock

options or phantom stock awards, and therefore there are no amounts to report with respect to acceleration of stock option awards or payment of phantom stock awards by the Compensation Committee in connection with a Corporate Change.

The award agreements for restricted stock under the Company s 2014 Long Term Incentive Plan also establish vesting provisions applicable to termination of employment. The award agreement for all grants of restricted stock to our executive officers, provides for accelerated vesting if the executive officer s employment is terminated due to death or disability. The award agreements also provide for accelerated vesting in the case of death or disability and in the case of a qualified retirement. A qualified retirement is the termination of employment on a date that is on or after the employee s attainment of age 63 and following the employee s completion of a least ten years of service with the Company and upon satisfaction of a two year non-compete and certain non-disclosure covenants.

Non-Competition Agreements

Along with their respective employment agreements, Mr. Hesterberg has entered into a non-compete and Messrs. Rickel and Burman have entered into Incentive Compensation and Non-Compete agreements with us, each of which provide that for a period of two years with respect to Messrs. Hesterberg and Rickel, and one year with respect to Mr. Burman following the executive s termination of employment, the executive will not compete with us or induce any of our employees to leave his or her employment with us or hire any of our employees. However, upon such termination, Mr. Burman shall not be prohibited from immediately engaging in the practice of law, independently or with a law firm, or from performing legal services on our behalf or any business competitive with any line of business conducted by us or any of our subsidiaries or affiliates (including, without limitation, any public or private auto retailer), regardless of termination for Cause, Voluntary

Termination, Involuntary Termination, or expiration of his agreement.

If Mr. Hesterberg violates this agreement, he will also forfeit his rights to any restricted stock and stock options granted pursuant to his employment agreement, and we will have the right to refrain from making any further payments under that agreement, as well as to receive back from Mr. Hesterberg the full value of any payments which were made to him in the previous twelve months as well as the value of any restricted stock or stock options that may have vested during the past twelve months from the date of Mr. Hesterberg s termination. If Messrs. Rickel or Burman violate their respective agreements, we will have the right to demand forfeiture of any cash or equity award realized during the twelve months prior to the violation.

Termination and Change in Control Tables for 2016

The following tables summarize the compensation and other benefits that would have become payable to each named executive officer assuming his employment had terminated for the reasons specified below on December 31, 2016, given, if applicable, the named executive officer s base salary as of that date and the closing price of the Company s common stock on

December 30, 2016, which was $77.94. In addition, the following tables summarize the compensation that would become payable to Messrs. Hesterberg, Rickel and Burman assuming that a Corporate Change of the Company coupled with an involuntary reduction of his salary or incentive compensation target had occurred on December 31, 2016.

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Executive Compensation

Earl J. Hesterberg	Involuntary Termination ($)	Constructive Termination ($)	Corporate Change ($)	Death and Disability ($)
Salary and Bonus	2,768,333	2,768,333	3,960,000	1,210,000
Equity Compensation(1)	9,664,560	9,664,560	9,664,560	9,664,560
Use of Vehicle	13,633	13,633	13,633	20,383
Continued Medical(2)	23,005	23,005	23,005	23,005
Total	**12,469,531**	**12,469,531**	**13,661,198**	**10,917,948**

(1) The amount in the table was calculated by multiplying $77.94 by the 124,000 unvested shares of restricted stock Mr. Hesterberg held on December 31, 2016 that we assume for purposes of this calculation would be subject to accelerated vesting, to equal $9,664,560.

(2) Amounts shown here are calculated using the COBRA costs for continued coverage as of December 31, 2016. Pursuant to the terms of Mr. Hesterberg s employment agreement, this benefit is only available to him and his spouse to the extent they were covered under the Company s group medical benefits program for active employees at the date of termination. As of December 31, 2016, the actual amount for the table would be 0 since Mr. Hesterberg was not covered under the Company s group medical benefits program at that time.

John C. Rickel	Involuntary Termination ($)	Constructive Termination ($)	Corporate Change ($)	Death and Disability ($)
Salary and Bonus	1,254,525	1,254,525	2,129,775	671,025
Equity Compensation(1)	3,675,650	3,675,650	3,675,650	3,675,650
Use of Vehicle	1,895	1,895	1,895	3,790
Total	**4,932,070**	**4,932,070**	**5,807,320**	**4,350,465**

(1) The amount in the table was calculated by multiplying $77.94 by the 47,160 unvested shares of restricted stock Mr. Rickel held on December 31, 2016 that we assume for purposes of this calculation would be subject to accelerated vesting, to equal $3,675,650.

Frank Grese, Jr.	Involuntary Termination ($)	Constructive Termination ($)	Corporate Change[2] ($)	Death and Disability ($)
Equity Compensation[1]			2,057,616	2,057,616
Total			**2,057,616**	**2,057,616**

(1) The amount in the table was calculated by multiplying $77.94 by the 26,400 unvested shares of restricted stock Mr. Grese held on December 31, 2016 that we assume for purposes of this calculation would be subject to accelerated vesting, to equal $2,057,616.

(2) Assumes Compensation Committee determines to accelerate vesting in connection with a Corporate Change.

Executive Compensation

Darryl M. Burman	Involuntary Termination ($)	Constructive Termination ($)	Corporate Change ($)	Death and Disability ($)
Salary and Bonus	770,525	770,525	880,600	330,225
Equity Compensation(1)	2,360,023	2,360,023	2,360,023	2,360,023
Use of Vehicle	5,785	5,785	5,785	5,785
Total	**3,136,333**	**3,136,333**	**3,246,408**	**2,696,033**

(1) The amount in the table was calculated by multiplying $77.94 by the 30,280 unvested shares of restricted stock Mr. Burman held on December 31, 2016 that we assume for purposes of this calculation would be subject to accelerated vesting, to equal $2,360,023.

Peter C. DeLongchamps	Involuntary Termination ($)	Constructive Termination ($)	Corporate Change(2) ($)	Death and Disability ($)
Equity Compensation(1)			2,542,403	2,542,403
Total			**2,542,403**	**2,542,403**

(1) The amount in the table was calculated by multiplying $77.94 by the 32,620 unvested shares of restricted stock Mr. DeLongchamps held on December 31, 2016 that we assume for purposes of this calculation would be subject to accelerated vesting, to equal $2,542,403.

(2) Assumes Compensation Committee determines to accelerate vesting in connection with a Corporate Change.

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Director Compensation

2016 Director Compensation Table

The following table sets forth a summary of the compensation we paid to our non-employee directors in 2016. Directors who are our full-time employees receive no compensation for serving as directors. The only current employees serving as directors are Earl J.

Hesterberg, our President and Chief Executive Officer and Lincoln Pereira, Regional Vice President, Brazil, and Chairman of UAB. All compensation paid to Mr. Hesterberg as an employee may be found above in the Summary Compensation Table.

Name	Fees Earned or Paid in Cash ($)	Stock Awards(1)(2) ($)	All Other Compensation(3) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(4) ($)	Total ($)
John L. Adams	208,767	109,983	19,567	119,820	458,137
Doyle L. Arnold	86,017	109,983	17,600	3,798	217,398
Carin M. Barth(5)					
Stephen D. Quinn	107,767	109,983	17,600	103,283	338,633
J. Terry Strange	116,267	109,983	17,600	37,171	281,021
Charles L. Szews(6)	15,645	16,188	2,583		34,415
Max P. Watson, Jr.	93,767	109,983	17,600		221,350
MaryAnn Wright	86,017	109,983	15,504	3	211,507

(1) The amounts included in the Stock Awards column represent the grant date fair value of awards computed in accordance with FASB ASC Topic 718. Assumptions made in the calculation of these amounts are included in Note 5 to our audited financial statements for the fiscal year ended December 31, 2016 included in our Annual Report on Form 10-K.

(2) Our directors are offered the option of taking their annual retainer in restricted stock or restricted stock units. In 2016 each non-employee director received 1,474 shares of restricted stock or restricted stock units in payment of

the equity portion of the 2016 annual retainer, with the exception of Mr. Szews who joined the board on November 8, 2016 and received a pro rata annual retainer of 282 shares of restricted stock. The forfeiture restrictions on restricted stock lapse fully after six months. Pursuant to the 2014 Long Term Incentive Plan, restricted stock units held by a director may be settled in cash or shares of our common stock upon the termination of the director s membership on our Board. All unvested restricted stock or restricted stock units held by a director vest upon the retirement, death or disability of the director. In the event that a director s membership on our Board is terminated for cause, the director, for no consideration, forfeits to us all unvested restricted stock or restricted stock units. Restricted stock or unvested restricted stock units may not be sold or otherwise transferred. The 282 shares of restricted stock awarded to Mr. Szews on November 8, 2016 vests on May 8, 2017.

(3) Reflects the maximum cost associated with the personal use of one Company vehicle or the economic equivalent.

(4) Amounts reflect above-market earnings on the Deferred Compensation Plan. Amounts are reflective of earnings in excess of 120% of the applicable federal long-term rate, with compounding, of 3.09%. We do not offer a pension plan.

(5) Ms. Barth was appointed to the Board on February 13, 2017.

(6) Mr. Szews was appointed to the Board on November 8, 2016.

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Director Compensation

Retainers and Fees

The table below sets forth the compensation we paid to our non-employee directors which governed the 2016 compensation program. In November 2016, following consultation with PM&P, and upon the recommendation of the Nominating/Governance Committee, the Board adopted changes to their retainers and fees, as set forth below:

Retainer and Meeting Fees[1]	**2017 ($)**	**2016 ($)**
Annual Retainer		
Annual Cash Retainer	45,000	45,000
Equity Retainer[2]	190,000	110,000
Additional Annual Retainers		
Non-Executive Chairman of the Board	100,000	100,000
Audit Committee Chair	25,000	25,000
Compensation Committee Chair	15,000	15,000
Finance/Risk Management Committee Chair	15,000	15,000
Nominating/Governance Committee Chair	10,000	10,000
Board and Committee Meeting Fees[3]	1,500	
Board Meetings		2,500
Audit Committee Meetings		2,500
Non-Audit Committee Meetings		1,500
Vehicle Stipend	17,600	17,600

(1) All cash retainer amounts are paid quarterly.

(2) The equity portion of the retainer is paid annually in restricted stock or restricted stock units valued at approximately $190,000 at the time of the grant pursuant to the 2014 Long Term Incentive Plan.

(3) No meeting fees will be paid unless the Board or Committee meets more than eight times per year. In the event a Committee or the Board meets more than eight times in one year, meeting fees will be paid on a quarterly basis.

Equity-Based Compensation

The equity portion of non-employee directors retainers is paid annually in restricted stock or restricted stock units valued at approximately $110,000 (in 2016) at the time of the grant pursuant to the 2014 Long Term Incentive Plan. Directors can elect whether to receive the equity retainer in restricted stock or restricted stock units. In 2016, all of our then current Directors elected to receive their annual retainer in restricted stock, except for Ms. Wright, who elected to receive restricted stock units. The grant was effective January 4, 2016 and was determined based on the average of the high

and low market price of our common stock on that date. Accordingly, each non-employee director received 1,474 shares of restricted stock or restricted stock units in payment of the equity portion of the 2016 annual retainer.
Mr. Szews was elected to the Board on November 8, 2016. Upon his election, he received a pro rata annual retainer of 282 shares of restricted stock.

The restricted stock or restricted stock units vest fully after six months. All unvested restricted stock or

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Director Compensation

restricted stock units held by a director vest upon the retirement, death or disability of the director. The vested restricted stock units held by a director are settled in cash or shares of our common stock upon the termination of the director s membership on our Board of Directors. In the event that a director s

membership on our Board of Directors is terminated for any reason other than retirement, death or disability, the director, for no consideration, forfeits to us all of his unvested shares of restricted stock or restricted stock units. Any unvested restricted stock and any restricted stock units may not be sold or otherwise transferred.

Stock Ownership Guidelines

Our Board has adopted Stock Ownership Guidelines that apply to our non-employee directors. The guidelines currently require our non-employee directors to own and hold 10,000 shares of our common stock. The holding requirement was determined based on competitive market practice. Stock ownership levels should be achieved by each director within five years of first appointment to the Board. Stock that applies toward satisfaction of these guidelines includes:

(1) shares of common stock owned outright by the director and his or her immediate family members who share the same household, whether held individually or jointly and (2) awarded restricted stock and restricted stock unit shares. With the exception of Ms. Wright who joined our Board in August 2014, Mr. Arnold who joined our Board in February 2015, Mr. Szews who joined our Board in November 2016 and Ms. Barth who joined our Board in February 2017, each of our directors is currently in compliance with these guidelines.

Nonqualified Deferred Compensation

Messrs. Adams, Arnold, Quinn and Strange have elected to participate in the Company s Deferred Compensation Plan, described in greater detail above. The plan provides those directors who elect to participate an opportunity to accumulate additional savings for retirement on a tax-deferred basis. The non-employee directors may defer any portion of the cash compensation (annual retainer or meeting fees) that he or she receives with respect to the services provided to our Board, including any committee

services, and the director will be 100% vested in his account at all times. We have complete discretion over how the deferred funds are utilized and they represent our unsecured obligation to the participants.

Ms. Wright, while not an elected plan participant, has the cash portion of a marginal share from her annual equity retainer deferred into the Deferred Compensation Plan.

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Certain Relationships and Related Transactions

Transactions

During fiscal year 2016 we were not, and we are not currently, a party to a transaction or series of transactions in which the amount involved did or may exceed $120,000, in which any of our directors, executive officers, any holder of more than 5% of our common stock or any member of the immediate family of any of these persons had or will have a direct or indirect material interest, except as described below and the compensation arrangements (including with respect to equity compensation) described in 2016 Compensation Discussion and Analysis, Executive Compensation and Director Compensation.

Information below pertains to certain related party transactions related to the operations of our subsidiary UAB, which we acquired in February 2013. All of the operations of UAB are in Brazil. The conversion of amounts expressed in Brazilian Reais to U.S. Dollars was calculated by using the average currency exchange rate for 2016, as provided by Oanda. The applicable exchange rates are: R$3.49 = USD$1.00.

Lincoln Pereira and UAB

During 2016 we paid Mr. Lincoln Pereira, a Director of our Company, R$927,241.68 (USD$265,685.29) cash compensation for his services as our Regional Vice President, Brazil and as Chairman of our Brazilian subsidiary, UAB.

Mr. Pereira s brother, Ricardo Ribeiro da Cunha Pereira, serves as Commercial Vice President, Paraná. During 2016 we paid Mr. Ricardo Pereira R$405,406.01 (USD$116,162.18) in total compensation, consisting of R$368,051.49 (USD$105,458.87) of cash compensation and R$37,354.52 (USD$10,703.30) for health insurance.

Mr. Pereira s brother, Andre Ribeiro, serves as Commercial Operations Director. During 2016 we paid Mr. Ribeiro R$924,037.68 (USD$264,767.24) in total cash compensation.

UAB leases office and retail space at market rates from Santorini Negócios Imobiliários Ltda. (Santorini), a real estate company which was co-founded by Mr. Pereira. The lease provides for monthly payments of R$156,172.00 (USD$44,748.42) and is adjusted annually pursuant to the IGP-M/FGV index. The lease

expires in February 2029, but can be terminated with one month prior notice, subject to a three month early-termination penalty payment. Current owners of Santorini include Mr. Pereira s wife, Anna Luiza Flecha de Lima da Cunha Pereira, who also manages the property, Irene Maria Flecha de Lima, Mr. Pereira s mother-in-law, and Andrea Maria Flecha da Lima, Mr. Pereira s sister-in-law. Total payments to Santorini in 2016 are R$1,772,034.00 (USD$507,746). Mr. Pereira holds no ownership interest in Santorini.

UAB also leases office space at market rates from Irene Maria Flecha de Lima, Mr. Pereira s mother-in-law. The lease provides for monthly payments of R$20,864.00 (USD$5,978.22) and is adjusted annually pursuant to the IGP-M/FGV index. The lease expires in June 2020, but can be terminated at any time with one month prior notice. Total payments to Irene Maria Flecha de Lima in 2016 are R$226,623.00 (USD$64,934.96).

UAB is represented in in legal court cases solely relating to the State of Paraná, by Mr. Pereira s cousin, Joao Candido Cunha Pereira. These legal services are governed by a contractual relationship signed in January 2012 for an undetermined term, and can be terminated at any time with 90 days notice. All legal rates are at or below the current market rate for such legal services. Total payments to Joao Candido Cunha Pereira in 2016 are R$436,754.06 (USD$125,144.42). UAB was also represented previously in legal matters by Cunha Pereira Law Firm, which was controlled by Mr. Pereira and his father. Mr. Pereira closed the Cunha Pereira Law Firm in 2016, and no payments were made to the Cunha Pereira Law Firm in 2016.

UAB purchases newspaper and radio advertising space from RPC Comunicações (RPC), a communications group in the state of Parana owned by Therezinha Cunha Pereira, Guilherme Cunha Pereira and Ana Amelia Cunha Pereira, Mr. Pereira s aunt and two cousins, respectively. The prices are negotiated based on a price list published by RPC. UAB s marketing department purchases the advertising space directly from RPC without any involvement from Mr. Pereira. The advertising space is purchased at or below current market rates for such services, on an as-needed basis. Total payments to RPC in 2016 are R$80,000.00 (USD$22,922.63).

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Certain Relationships and Related Transactions

Policies and Procedures

We review all relationships and transactions in which we and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. Our General Counsel s office is primarily responsible for the development and implementation of procedures and controls to obtain information from the directors and executive officers with respect to related person transactions and for subsequently determining, based on the facts and circumstances disclosed to them, whether we or a related person has a direct or indirect material interest in the transaction. As required under the SEC s rules, transactions that are determined to be directly or indirectly material to us or a related person are filed with the SEC when required, and disclosed in our proxy statement.

Our Code of Conduct discourages all conflicts of interest and provides guidance on handling conflicts of interest. Under the Code of Conduct, conflicts of interest occur when private or family interests interfere in any way, or even appear to interfere, with the interests of our Company. Our restrictions on conflicts of interest under the Code of Conduct include related person transactions.

We have multiple processes for reporting conflicts of interests, including related person transactions. Under the Code of Conduct, all employees are required to report any actual or apparent conflict of interest, or potential conflict of interest, to their supervisors and all related person transactions involving our regional or market executives must be communicated in writing as part of their quarterly representation letter. This information is then reviewed by our Internal Audit Department, General Counsel, Audit Committee, our Board or our independent registered public accounting firm, as deemed necessary, and discussed with management. As part of this review, the following factors are generally considered:

- the nature of the related person s interest in the transaction;

- the material terms of the transaction, including, without limitation, the amount and type of transaction;

- the importance of the transaction to the related person;
- the importance of the transaction to a third party;

- the importance of the transaction to us;
- whether the transaction would impair the judgment of a director, executive officer or employee to act in the best interest of our Company;
- whether the transaction might affect the status of a director as independent under the independence standards of the New York Stock Exchange; and
- any other matters deemed appropriate with respect to the particular transaction.

Ultimately, all such transactions must be approved or ratified by our Board. Any member of our Board who is a related person with respect to a transaction is recused from the review of the transaction.

In addition, our legal staff annually distributes a questionnaire to our executive officers and members of our Board requesting certain information regarding, among other things, their immediate family members, employment and beneficial ownership interests. This information is then reviewed for any conflicts of interest under the Code of Conduct. At the completion of the annual audit, our Audit Committee and the independent registered public accounting firm review with management, insider and related person transactions and potential conflicts of interest. In addition, our internal audit function has processes in place, under its written procedure policies, to identify related person transactions and potential conflicts of interest and report them to senior management and the Audit Committee.

We also have other policies and procedures to prevent conflicts of interest, including related person transactions. For example, our Corporate Governance Guidelines require that our Board assess the independence of the non-management directors at least annually, including a requirement that it determine whether or not any such directors have a material relationship with us, either directly or indirectly, as defined therein and as further described under Information about our Board and its Committees Independence of the Members of our Board.

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Security Ownership Information

Security Ownership of Certain Beneficial Owners and Management

The following table shows the amount of our common stock beneficially owned (unless otherwise indicated) by our directors and nominees, our named executive officers, our current directors and named executive officers as a group, and any stockholders with over 5% of our common stock. Under SEC rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of, or to direct the disposition of, such security. A person is also deemed to be the

beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Under such rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he or she may disclaim any beneficial interest. Except as otherwise indicated, directors and executive officers possessed sole voting and investment power with respect to all shares of common stock in the table. In addition, except as otherwise indicated, all information is as of March 15, 2017.

Name and Address of Beneficial Owner(1)	Aggregate Number of Shares Owned(2)	Percent of Class Outstanding(3)
Earl J. Hesterberg	444,456(4)	2.07%
John C. Rickel	166,775	*
Frank Grese, Jr.	45,175	*
Darryl M. Burman	72,681	*
Peter C. DeLongchamps	50,489	*
John L. Adams	61,981(5)	*
Doyle L. Arnold	7,500(6)	*
Carin M. Barth	2,131	*
Lincoln Pereira	301,651(7)	1.4%
Stephen D. Quinn	39,873	*
J. Terry Strange	50,849	*
Charles L. Szews	2,675	*
Max P. Watson, Jr.	53,543	*
MaryAnn Wright	5,663	*
All directors and Executive Officers as a group (14 persons)	1,305,442(8)	6.08%

BlackRock, Inc. 55 East 52nd Street New York, NY 10055	2,338,881[(9)]	10.89%
Dimensional Fund Advisors LP. 6300 Bee Cave Road Austin, TX 78746	1,852,552[(10)]	8.63%
Eminence Capital, LP 65 East 55th Street, 25th Floor New York, NY 10022	1,806,687[(11)]	8.41%
Manulife Financial Corporation 200 Bloor Street East Toronto, Canada M4W 1E5	1,682,684[(12)]	7.84%
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	1,716,132[(13)]	7.99%

* Represents less than 1% of the outstanding common stock

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Security Ownership Information

(1) Except as otherwise indicated, the mailing address of each person or entity named in the table is Group 1 Automotive, Inc., 800 Gessner, Suite 500, Houston, Texas 77024.
(2) Includes restricted shares as to which the individual has voting, but not dispositive, power, as follows: Mr. Hesterberg (108,440 shares), Mr. Rickel (43,068 shares), Mr. Grese (25,310 shares), Mr. Burman (27,694 shares), and Mr. DeLongchamps (30,677 shares). Also includes the 2017 annual retainer of 2,393 shares of restricted stock or restricted stock units granted to each of Messrs. Adams, Arnold, Quinn, Strange, Szews and Watson, and Ms. Wright, on January 3, 2017 and 2,131 shares of restricted stock granted to Ms. Barth on February 13, 2017, along with the pro-rated 2016 annual retainer of 282 shares of restricted stock granted to Mr. Szews. The Board s retainer shares will vest on July 3, 2017, except that Mr. Szews retainer shares granted in November 2016 will vest on May 8, 2017 and Ms. Barth s retainer shares will vest on August 11, 2017.
(3) Based on total shares outstanding of 21,473,563 at March 15, 2017.
(4) Includes 58,800 shares held indirectly in five trusts for Mr. Hesterberg s children, of which his spouse is the Trustee.
(5) Includes 2,000 shares held indirectly through the Susie and John L. Adams Family Foundation.
(6) Includes 2,500 shares held indirectly through the Arnold Revocable Trust.
(7) Mr. Pereira has shared voting and dispositive power with respect to 234,226 shares; all such shares are owned by Abbe Investments, Ltd., a British Virgin Islands company, owned 98% by Mr. Pereira and 2% by his spouse. In addition, Mr. Pereira has sole voting, but no dispositive, power with respect to 287,965 shares held in escrow for the benefit of Mr. Pereira and João Alberto Gross Figueiró, André Ribeiro da Cunha Pereira, Maurício Vaz Rodrigues and Roger Penske, Jr., pursuant to a Stockholders Agreement dated February 28, 2013. Mr. Pereira has been designated the Stockholder Representative for those shares and directs voting of the shares. Of the 287,965 shares held in escrow, 67,425 shares have been designated for Mr. Pereira.
(8) Includes 251,960 restricted shares as to which the executive officers and directors currently have voting, but not dispositive, power, and 68,478 restricted stock units as to which the executive officers and directors do not have voting or dispositive power, although the restricted stock units do count towards the Company s stock ownership requirements.
(9) As reported on Amendment No. 8 to Schedule 13G as of December 31, 2016 and filed with the SEC on January 12, 2017. BlackRock, Inc., as a parent holding company or control person, has sole voting power over 2,286,085 shares, sole dispositive power over 2,338,881 shares, and aggregate beneficial ownership of, 2,338,881 shares. The subsidiaries of BlackRock, Inc. that acquired the shares reported by BlackRock, Inc. are as follows: BlackRock Fund Advisors, LLC (which owns 5% or greater of the outstanding shares being reported in the Amendment No. 8 to Schedule 13G), BlackRock (Netherlands) B.V., BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management Schweiz AG, BlackRock Financial Management, Inc., BlackRock Institutional Trust Company, N.A., BlackRock International Limited, BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Limited, BlackRock Investment Management, LLC, BlackRock Life Limited.
(10) As reported on Amendment No. 10 to Schedule 13G dated as of December 31, 2016 and filed with the SEC on February 9, 2017. Dimensional Fund Advisors LP, or certain of its subsidiaries (collectively, Dimensional) serve as investment manager to certain other commingled group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the Funds). In its role as investment advisor,

sub-adviser and/or manager, Dimensional possesses voting and/or investment power over the securities of the Issuer that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Issuer held by the Funds. Dimensional has sole voting power as to 1,833,542 shares and sole dispositive power as to 1,852,552 shares. Dimensional disclaims beneficial ownership of all such shares. The Funds have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the securities held in their respective accounts.

(11) As reported on Amendment No. 4 to Schedule 13G dated as of December 31, 2016 and filed with the SEC on February 14, 2017 by Eminence Capital, LP, Eminence GP, LLC, and Ricky C. Sandler. The foregoing entities

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Security Ownership Information

and person beneficially own 1,806,687 shares of common stock. Eminence Capital, LP has shared voting power and shared dispositive power with respect to 1,804,480 shares of common stock; and Eminence GP, LLC has shared voting power and shared dispositive power with respect to 1,423,382 shares of common stock. Ricky C. Sandler is the beneficial owner of 1,806,687 shares of common stock, having sole voting power and sole dispositive power with respect to 2,207 shares of common stock and shared voting power and shared dispositive power with respect to 1,804,480 shares of common stock.

(12) As reported on Amendment No. 2 to Schedule 13G dated as of February 28, 2017 and filed with the SEC on March 9, 2017. Manulife Financial Corporation (MFC) is the parent holding company of Manulife Asset Management (US) LLC, an investment adviser (MAM US), Manulife Asset Management (North America) Limited, an investment adviser (MAM NA), and Manulife Asset Management Limited, a non-U.S. institution (MAML). MAM US has sole voting power and sole dispositive power with respect to 1,666,832 shares of common stock, MAM NA has sole voting power and sole dispositive power with respect to 6,474 shares of common stock, and MAML has sole voting power and sole dispositive power with respect to 9,378 shares of common stock. Through its parent-subsidiary relationship to MAM US, MAM NA and MAML, MFC may be deemed to have beneficial ownership of these same shares.

(13) As reported on Amendment No. 5 to Schedule 13G dated as of December 31, 2016 and filed with the SEC on February 13, 2017. The Vanguard Group, Inc. has sole voting power as to 28,513 shares, shared voting power over 2,652 shares, sole dispositive power over 1,686,250 shares, shared dispositive power over 29,882 shares and aggregate beneficial ownership of 1,716,132 shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 27,230 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 3,935 shares as a result of its serving as investment manager of Australian investment offerings.

Section 16(a) Beneficial Ownership Reporting Compliance

Our executive officers, directors and any person who owns more than 10% of our common stock are required by Section 16(a) of the Exchange Act to file reports regarding their ownership of our stock. To our knowledge, based solely on a review of the copies of these reports furnished to us and written representations from these individuals that no other reports were required, all filing requirements were met, except a Form 4 for Mr. Pereira which was due on September 23, 2016, was filed late on October 21, 2016.

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Stockholder Proposals for 2018 Annual Meeting

Pursuant to the various rules promulgated by the SEC, stockholders interested in submitting a proposal for inclusion in our proxy materials and for presentation at the 2018 Annual Meeting of Stockholders may do so by following the procedures set forth in Rule 14a-8 under the Exchange Act. In general, to be eligible for inclusion in our proxy materials, stockholder proposals must be received by our Corporate Secretary no later than December 11, 2017. No stockholder proposal was received for inclusion in this proxy statement.

In addition to the requirements of Rule 14a-8, and as more specifically provided for in our Amended and Restated Bylaws, in order for a nomination of persons for election to our Board or a proposal of business to be properly brought before our Annual Meeting of Stockholders, it must be either specified in the notice of the meeting given by our Corporate Secretary or otherwise brought before the meeting by or at the direction of our Board or by a stockholder entitled to vote and who complies with the notice procedures set forth in our Amended and Restated Bylaws. Subject to the exception described below, a stockholder making a nomination for election to our Board or a proposal of business for the 2018 Annual Meeting of Stockholders must deliver proper notice to our Corporate Secretary no earlier than the close of business 120 days and no later than the close of business 90 days prior to the anniversary date of the 2017 Annual Meeting of Stockholders. In other words, for a stockholder nomination for election to our Board or a proposal of business to be considered at the 2018 Annual Meeting of Stockholders, it should be properly submitted to our Corporate Secretary no earlier than the close of business January 12, 2018 and no later than the close of business February 11, 2018. However, in the event that the date of an Annual Meeting is more than 30 days before or more than 60 days after the anniversary date of the preceding year s Annual Meeting, the stockholder notice must be delivered not earlier than 120 days prior to such Annual Meeting and not later than 90 days prior to such Annual Meeting or, if the first public announcement of the date of such Annual Meeting is less than 100 days prior to the date of such Annual Meeting, the 10^{th} day following the day on which public announcement of the date of such Annual Meeting is first made by the Company.

If we increase the number of directors to be elected at an Annual Meeting and do not make a public announcement naming all of the nominees for director and specifying the size of the increased Board at least 80 days prior to the first anniversary of the preceding year s Annual Meeting, a stockholder s notice regarding the nominees for the new positions created by the increase will be considered timely if it is delivered to our Corporate Secretary not later than the close of business on the 10th day following the day on which the public announcement is first made.

For each individual that a stockholder proposes to nominate as a director, the stockholder s written notice to our Corporate Secretary must include the candidate s name, contact information, biographical information and qualifications. The request must also include the potential candidate s written consent to being named in our proxy statement as a nominee and to serving as a director if nominated and elected. From time to time, the Nominating/Governance Committee may request additional information from the nominee or the stockholder. For any other business that a stockholder desires to bring before an Annual Meeting, the stockholder notice must provide a brief description of such business, the reasons for conducting the business and any material interest in the business of the stockholder and any beneficial owner on whose behalf the stockholder has made the proposal. Finally, if a stockholder provides notice for either event described above, the notice must also include the following information in addition to any other information required by Rule 14a- 8:

- the name and address of the stockholder as it appears on our books;

- the name and address of the beneficial owner, if any, as it appears on our books; and

- the class or series and the number of shares of our stock that are owned beneficially and of record by the stockholder and the beneficial owner.

Finally, our Bylaws contain detailed requirements that must be met in order for a stockholder to be able to nominate a director or bring any other business before an Annual Meeting.

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2016 Annual Report

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, including the financial statements and the financial statement schedules, if any, but not including exhibits, will be furnished at no charge to each person to whom a

proxy statement is delivered upon the written request of such person addressed to 800 Gessner, Suite 500, Houston, TX 77024, Attn: Corporate Secretary.

Householding

We may send a single set of proxy materials, as applicable, and other stockholder communications to any household at which two or more stockholders with the same last name reside, unless we have received contrary instructions from those stockholders. This process is called householding. This reduces duplicate mailings and saves printing and postage costs as well as natural resources. The proxy materials and other stockholder communications may be householded based on your prior express or implied consent. Stockholders who participate in householding will continue to have access to and utilize separate proxy voting instructions.

If you wish to opt out of householding, and would like to have separate copies of the proxy materials mailed to each stockholder sharing your address, or if you are receiving multiple copies and would like to receive a single copy, please contact Broadridge Financial

Solutions, Inc., by calling 1-800-542-1061 or by writing Broadridge Financial Solutions, Inc., Householding Department, 51 Mercedes Way, Edgewood, NY 11717. Broadridge will promptly deliver the requested materials. Beneficial owners (street name stockholders) sharing an address who are receiving multiple copies of the proxy materials, and other stockholder communications and who wish to receive a single copy of such materials in the future will need to contact their broker, bank or other nominee to request that only a single copy of such materials be mailed to all stockholders at the shared address in the future.

However, please note that if you want to receive a paper proxy card or other proxy materials for purposes of this year s meeting, you should follow the instructions included in the information that was sent to you.

Other Matters

As of the date of filing this proxy statement, our Board is not aware of any other business or nominee to be presented or voted upon at the Annual Meeting. If any other business or nominee is properly presented, the proxies solicited by our Board will provide the proxy

holders with the authority to vote on those matters and nominees in accordance with such persons discretion. Where a stockholder has appropriately specified how a proxy is to be voted, it will be voted by the proxy holders in accordance with the specification.

By Order of the Board of Directors,

Beth Sibley

Corporate Secretary

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GROUP 1 AUTOMOTIVE, INC.

800 GESSNER ROAD

SUITE 500

HOUSTON, TX 77024

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Daylight Time on May 11, 2017. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Daylight Time on May 11, 2017. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return

it to Vote Processing, c/o Broadridge, 51 Mercedes
Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E26704-P87421 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

TOMOTIVE, INC.	**For All**	**Withhold All**	**For All Except**	To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.

Directors recommends you vote FOR

n of Directors

ees:

hn L. Adams	06)	J. Terry Strange
arin M. Barth	07)	Charles L. Szews
arl J. Hesterberg	08)	Max P. Watson, Jr.
ncoln Pereira	09)	MaryAnn Wright
ephen D. Quinn		

f Directors recommends you vote FOR proposals 2 and 4, and for ONE YEAR for proposal 3.	**For**	**Against**
y Vote on Executive Compensation		

	1 Year	**2 Years**	**3 Years**
y vote on frequency of executive compensation advisory votes			

	For	**Against**
tion of the appointment of Ernst & Young LLP as independent registered public accounting firm of the Company		

al year ending December 31, 2017

eir discretion, such attorney-in-fact and proxies are authorized to vote upon such other business as may properly
the meeting or any adjournment or postponement thereof.

hanges and/or comments, please check
write them on the back where indicated.

Yes **No**

te if you plan to attend this meeting.

xactly as your name(s) appear(s) hereon. When signing as attorney,
ninistrator, or other fiduciary, please give full title as such. Joint
d each sign personally. All holders must sign. If a corporation or
please sign in full corporate or partnership name by authorized

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

V.1.1

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Annual Report to Stockholders on Form 10-K for the fiscal year ended

December 31, 2016 are available at www.proxyvote.com.

E26705-P87421

GROUP 1 AUTOMOTIVE, INC.

ANNUAL MEETING OF STOCKHOLDERS - MAY 12, 2017

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

The undersigned hereby revokes all prior proxies and appoints Earl J. Hesterberg and John C. Rickel, and each of them, as proxies with full power of substitution, to represent and to vote all shares of common stock of Group 1 Automotive, Inc. which the undersigned is entitled to vote, at the Annual Meeting of Stockholders to be held on May 12, 2017 at 10:00 a.m., Central Daylight Time at Sterling McCall Lexus, 10025 Southwest Freeway, Houston, Texas, and at any adjournment or postponement thereof, on any matter properly coming before the meeting, and specifically the matters described on the reverse side hereof.

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned. If no direction is given, this proxy will be voted FOR the nominees set forth in proposal 1, FOR proposal 2, for ONE YEAR for proposal 3, and FOR proposal 4. This proxy also delegates discretionary authority to vote upon such other matters as may properly come before the 2017 Annual Meeting of Stockholders or at any adjournment or postponement thereof. Please see the accompanying proxy statement for additional details.

Address Changes/Comments: ____ ________________________

____ ___________________

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side

V.1.1