

GROUP 1 AUTOMOTIVE INC
Form DEF 14A
March 28, 2012
Table of Contents

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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 Rule 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)(4) 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:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. 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:

Table of Contents

March 28, 2012

Dear Fellow Stockholder:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Group 1 Automotive, Inc. to be held at 10:00 a.m., Central Daylight Time, on Tuesday, May 8, 2012, at Hotel Granduca, 1080 Uptown Park Boulevard, Houston, TX 77056.

The matters to be acted on at the meeting are set forth in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement. Additionally, we will report on the business and financial performance of Group 1.

It is important that your shares are represented at the meeting, whether or not you plan to attend the meeting in person and regardless of the number of shares you own. To make sure your shares are represented, we urge you to submit a proxy containing your voting instructions, as soon as possible, by telephone or through the Internet, or by requesting a proxy card to complete, sign and return by mail, each in the manner described in the accompanying Proxy Statement.

We hope you will be able to join us at our Annual Meeting in Houston on May 8th.

Sincerely,

John L. Adams
Chairman of the Board

Earl J. Hesterberg
President & Chief Executive Officer

Table of Contents

IMPORTANT VOTING INFORMATION

As a result of recent rule changes, your broker is not permitted to vote on your behalf on the election of directors and other matters to be considered at the stockholder meeting (except on ratification of the selection of Ernst & Young as independent registered public accounting firm for 2012), unless you provide specific instructions by completing and returning the Voting Instruction Form or following the instructions provided to you to vote your shares via telephone or the Internet. For your vote to be counted, you now will need to communicate your voting decisions to your broker, bank or other financial institution before the date of the stockholder meeting.

Your Participation in Voting the Shares You Own Is Important

Voting your shares is important to ensure that you have a say in the governance of your Company. Please review the proxy materials and follow the instructions on the proxy card or voting instruction form to vote your shares. We encourage our stockholders to have a say in our Company's future, so we hope you will exercise your rights and fully participate as a stockholder by voting on the matters herein.

More Information Is Available

If you have any questions about the proxy voting process, please contact the broker, bank or other financial institution where you hold your shares. The Securities and Exchange Commission (SEC) also has a website (www.sec.gov/spotlight/proxymatters.shtml) with more information about your rights as a stockholder.

Table of Contents

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
OF GROUP 1 AUTOMOTIVE, INC.**

Date: May 8, 2012
Time: 10:00 a.m.
Place: Hotel Granduca
1080 Uptown Park Boulevard
Houston, TX 77056

Matters to be voted on:

1. To elect two Class I directors to serve until the 2015 Annual Meeting of Stockholders;
2. To approve, on a non-binding advisory basis, executive compensation;
3. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2012; and
4. To transact such other business as may be properly brought before the meeting.

Stockholders of record at the close of business on March 12, 2012, 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.

In accordance with rules approved by the Securities and Exchange Commission, beginning on or about March 28, 2012, we mailed a Notice of Internet Availability of Proxy Materials to our stockholders containing instructions on how to access the proxy statement and vote online and made our proxy materials available to our stockholders over the Internet.

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 request a proxy card, which you may complete, sign and return by mail.

By Order of the Board of Directors,

Beth Sibley
Corporate Secretary

Houston, Texas

March 28, 2012

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

Edgar Filing: GROUP 1 AUTOMOTIVE INC - Form DEF 14A

FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 8, 2012

The Notice of Annual Meeting of Stockholders, our Proxy Statement for the Annual Meeting and our Annual Report to

Stockholders for the fiscal year ended December 31, 2011 are available at <http://www.proxyvote.com>.

Table of Contents**2012 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.

Annual Meeting of Stockholders:

Time & Date: 10:00 a.m., May 8, 2012
 Place: Hotel Granduca
 1080 Uptown Park Boulevard
 Houston, TX 77056
 Record date: March 12, 2012
 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 plurality vote. In plurality voting, the nominees who receive the highest number of votes are elected. All other matters submitted to the stockholders shall be decided by the affirmative vote of a majority of the votes cast with respect to the matter presented.

Meeting Agenda:

Election of two Class I director nominees to serve until 2015;

Advisory vote on executive compensation;

Ratification of Ernst & Young LLP as independent registered public accounting firm for 2012; and

Transact any other business that may come before the meeting.

Voting Matters:

	Board Vote Recommendation	Page (for more detail)
Election of Director Nominees	FOR Each Director Nominee	15
Advisory Vote on Executive Compensation	FOR	19
Ratification of Ernst & Young as Independent Registered Public Accounting Firm for 2012	FOR	20

RESPONSE TO OUR 2011 SAY-ON-PAY VOTE AND FREQUENCY OF SAY-ON-PAY VOTE

Our non-binding advisory vote on executive compensation (Say-on-Pay vote) held in 2011 was approved by our stockholders by a vote of 58%. Not satisfied with these results, our management engaged in conversations with some of our institutional investors regarding the voting results. Following those discussions, our Chief Executive Officer voluntarily agreed to amend his employment agreement to remove the excise tax gross-up provision, which we believe was the principal reason for a majority of the No votes.

Approximately 80% of our stockholders voted to hold the advisory Say-on-Pay vote on an annual basis. Based on the voting results, we will provide our stockholders with the opportunity to cast an annual advisory Say-on-Pay vote.

(i)

Table of Contents**DIRECTOR NOMINEES (PROPOSAL 1)**

The following table provides summary information about our Class I director nominees. If elected, each director will serve a three-year term, expiring in 2015. Both director nominees attended 100% of the Board meetings and committee meetings on which he or she served during 2011.

Nominee	Age	Director Since	Occupation	Experience/ Qualification	Committee Memberships				Other Boards
					IND	AC	CC	FRM	
Earl J. Hesterberg	58	2005	President & CEO,	Leadership				X	Stage Stores
			Group 1 Automotive	Industry					Greater Houston Partnership
				Marketing					Davidson College
				International					
Beryl Raff	61	2007	Chairman & CEO, Helzberg Diamond Shops, Inc.	Leadership	X		X	X	Jewelers Circular Keystone
				Retail					Jewelers of America
				Marketing					Jewelers Vigilance Committee
									NACD Heartland Chapter
								Make-a-Wish Foundation	

IND - Independent

AC - Audit Committee

CC - Compensation Committee

FRM - Finance/Risk Management Committee

NGC - Nominating/Governance Committee

The Board recommends a vote **FOR** each director nominee.

EXECUTIVE COMPENSATION ADVISORY VOTE (PROPOSAL 2)

We are asking our stockholders to approve on an advisory basis our Named Executive Officer compensation. The Board recommends a FOR vote because it believes that our compensation policies and practices are effective in achieving the 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.

Compensation Components

Type Form Terms

Edgar Filing: GROUP 1 AUTOMOTIVE INC - Form DEF 14A

Cash	Salary	Set annually based on market conditions, peer data and other factors
	Annual Non-Equity Incentive	Linked to financial based and mission-based goals, but discretionary factors are also considered
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 on pg 42), our CEO and his spouse will receive continued medical coverage for a period up to 36 months

(ii)

Table of Contents

Type	Form	Terms
	Deferred Compensation Plan	Allows deferral of up to 50% base salary and 100% of incentive bonus
	Perquisites	Demonstrator vehicle(s) and/or vehicle allowance
	Benefits	Our CEO may use the Company aircraft for up to 40 hours 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
	Indemnification Agreements	On same terms as other employees, including our employee stock purchase plan Indemnification for our Named Executive Officers provided the executive was acting in good faith and in the best interest of the Company

2011 Summary Compensation

Set forth below is the 2011 compensation for each Named Executive 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 (\$)	Total (\$)
Earl J. Hesterberg <i>President and CEO</i>	2011	1,000,000		2,015,750	1,000,000	78,285	243,145	4,337,180
John C. Rickel <i>Senior Vice President and CFO</i>	2011	500,000	20,000	564,410	500,000	78,389	24,983	1,687,782
Darryl M. Burman <i>Vice President and General Counsel</i>	2011	380,000	10,000	362,835	228,000	1,342	27,086	1,009,263
Peter C. DeLongchamps <i>Vice President, Financial Services, Manufacturer Relations and Public Affairs</i>	2011	402,000	20,000	362,835	241,200	25,366	24,108	1,075,509
J. Brooks O Hara <i>Vice President, Human Resources</i>	2011	280,200	5,000	362,835	168,120	19,196	18,650	854,001

(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. 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, 2011. Certain of these awards have no intrinsic value to the recipient until the performance or vesting schedule is met. Vesting schedules for equity and performance awards can be found in the footnotes to the Outstanding Equity Awards as of December 31, 2011 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 4.16%.

The Board recommends a vote **FOR** the non-binding proposal

to approve our executive compensation.

(iii)

Table of Contents**RATIFICATION OF ERNST & YOUNG LLP AS****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2012 (PROPOSAL 3)**

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 2012. Set forth below is summary information with respect to EY's fees for services provided in 2010 and 2011.

Type of Fees	2010 (\$)	2011 (\$)
Audit Fees	1,184,840	1,034,175
Audit-Related Fees		
Tax Fees	86,500	110,495
All Other Fees	2,200	2,200
Total	1,273,540	1,146,870

The Board recommends a vote **FOR** ratification of

Ernst & Young LLP as our independent registered public accounting firm for 2012.

(iv)

Table of Contents

TABLE OF CONTENTS

<u>2012 Annual Meeting Date and Location</u>	1
<u>Delivery of Proxy Materials</u>	1
<u>About the Annual Meeting</u>	1
<u>Corporate Governance</u>	4
<u>Information about our Board of Directors and Committees</u>	6
<u>Risk Assessment</u>	13
<u>Compensation Committee Interlocks and Insider Participation</u>	14
<u>Communications with Directors</u>	14
<u>Proposals to be Voted on by Stockholders</u>	15
Proposal 1 - <u>Election of Directors</u>	15
Proposal 2 - <u>Advisory Vote on Executive Compensation</u>	19
Proposal 3 - <u>Ratification of the Appointment of Ernst & Young LLP as our Independent Registered Public Accounting Firm</u>	20
<u>Report of the Audit Committee</u>	21
<u>Executive Officers</u>	22
<u>2011 Compensation Discussion and Analysis</u>	23
<u>Report of the Compensation Committee</u>	34
<u>Executive Compensation</u>	35
<u>Director Compensation</u>	45
<u>Transactions with Related Persons</u>	46
<u>Security Ownership Information</u>	48
<u>Equity Compensation Plan Information</u>	50
<u>Stockholder Proposals for 2013 Annual Meeting</u>	50
<u>2011 Annual Report</u>	51
<u>Householding</u>	51
<u>Other Matters</u>	51

Table of Contents

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 (our Board or the Board) of Group 1 Automotive, Inc. (Group 1 or the Company) for use at our 2012 Annual Meeting of Stockholders.

2012 ANNUAL MEETING DATE AND LOCATION

The annual meeting will be held at Hotel Granduca, 1080 Uptown Park Boulevard, Houston, Texas 77056, on Tuesday, May 8, 2012, 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

In accordance with rules and regulations adopted by the SEC, we are providing our stockholders access to our proxy materials on the Internet. Accordingly, a Notice of Internet Availability of Proxy Materials (the Notice) will be mailed to most of our stockholders on or about March 28, 2012. Stockholders will have the ability to access the proxy materials on a web site referred to in the Notice or request a printed set of the proxy materials to be sent to them by following the instructions in the Notice. Stockholders who have previously requested paper copies of the proxy materials will receive a paper copy of the notice of annual meeting and proxy materials by U.S. mail.

The Notice also provides instructions on how to inform us to send future proxy materials to you electronically by e-mail or in printed form by mail. If you choose to receive future proxy materials by e-mail, you will receive an e-mail 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 e-mail or printed form will remain in effect until you terminate it.

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

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 two directors, the approval of an advisory vote on executive compensation, the ratification of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012 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 2011 and respond to your questions.

Who is entitled to vote at the meeting?

Edgar Filing: GROUP 1 AUTOMOTIVE INC - Form DEF 14A

Only our stockholders as of 5:00 p.m., Central Daylight Time, on March 12, 2012, the record date, are entitled to receive notice of the annual meeting and to vote at the meeting. On March 12, 2012, there were 22,901,574 shares of Group 1 common stock issued and outstanding and entitled to vote at the meeting.

How many votes can 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 12, 2012, on all matters presented at the meeting.

Table of Contents

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

Most stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned in street name.

Stockholder of Record. If your shares are registered directly in your name with Computershare Shareowner Services, LLC (fka BNY Mellon Shareowner Services), our transfer agent, you are considered, with respect to those shares, the stockholder of record. As the stockholder of record, you have the right to grant your voting proxy directly or to vote in person at the annual meeting.

Street Name Stockholder. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. As the beneficial owner, you have the right to direct your broker or nominee how to vote and are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the annual meeting unless you obtained a signed proxy from the record holder giving you the right to vote the shares.

How do I vote my shares?

Stockholders of Record: Stockholders of record may vote their shares or submit a proxy to have their shares voted by one of the following methods:

By Internet. You may submit a proxy electronically on the Internet by following the instructions provided in the Notice of Internet Availability of Proxy Materials. Please have the Notice of Internet Availability of Proxy Materials in hand when you log onto the website. Internet voting facilities will be available 24 hours a day and will close at 11:59 p.m., Eastern Daylight Time, on May 7, 2012.

In Person. You may vote in person at the annual meeting by completing a ballot; however, attending the meeting without completing a ballot will not count as a vote.

By Telephone. If you request paper copies of the proxy materials by mail, you may submit a proxy by telephone (from U.S. and Canada only) using the toll-free number listed on the proxy card. Please have your proxy card in hand when you call. Telephone voting facilities will be available 24 hours a day and will close at 11:59 p.m. Eastern Daylight Time, on May 7, 2012.

By Mail. If you request paper copies of the proxy materials by mail, you may indicate your vote by completing, signing and dating your proxy card and returning it in the enclosed reply envelope.

Street Name Stockholders: Street name stockholders may generally vote their shares or submit a proxy to have their shares voted by one of the following methods:

By Mail. If you request paper copies of the proxy materials from your broker, you may indicate your vote by completing, signing and dating your proxy card and returning it in the enclosed reply envelope.

By Methods Listed on Proxy Card. Please refer to your proxy card or other information forwarded by your bank, broker or other holder of record to determine whether you may submit a proxy by telephone or electronically on the Internet, following

Edgar Filing: GROUP 1 AUTOMOTIVE INC - Form DEF 14A

the instructions on the proxy card or other information provided by the record holder.

In Person with a Proxy from the Record Holder. You may vote in person at the annual meeting if you obtain a legal proxy from your bank, broker or other nominee. Please consult the voting form or other information sent to you by your bank, broker or other nominee to determine how to obtain a legal proxy in order to vote in person at the annual meeting.

Table of Contents

Can I revoke my proxy?

Yes. If you are a stockholder of record, you can revoke your proxy at any time before it is exercised by:

submitting written notice of revocation to Darryl M. Burman, General Counsel, Group 1 Automotive, Inc., 800 Gessner, Suite 500, Houston, Texas 77024 no later than May 7, 2012;

submitting another proxy with new voting instructions by telephone or the Internet voting system; or

attending the meeting and voting your shares in person.

If you are a street name stockholder and you vote by proxy, you may change your vote by submitting new voting instructions to your bank, broker or nominee in accordance with that entity's procedures.

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 or other nominee describing how to vote your shares. If you do not instruct your broker or nominee how to vote your shares, they may vote your shares as they decide as to each matter for which they have discretionary authority under the rules of the New York Stock Exchange.

There are also non-discretionary matters for which brokers and other nominees do not have discretionary authority to vote unless they receive timely instructions from you. When a broker or other nominee does not have discretion to vote on a particular matter, you have not given timely instructions on how the broker or other nominee should vote your shares and the broker or other nominee indicates it does not have authority to vote such shares on its proxy, a broker non-vote results. 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-discretionary matters.

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.

If your shares are held in street name and you do not give voting instructions, pursuant to New York Stock Exchange Rule 452, the record holder will not be permitted to vote your shares with respect to Proposal 1 (*Election of Directors*) and Proposal 2 (*Advisory Vote on Executive Compensation*), and your shares will be considered broker non-votes with respect to these proposals. If your shares are held in street name and you do not give voting instructions, the record holder will nevertheless be entitled to vote your shares with respect to Proposal 3 (*Ratification of the Appointment of Ernst & Young LLP*) in the discretion of the record holder.

Proposal 1 (Election of Directors): To be elected, each nominee for election as a director must receive the affirmative vote of a plurality of the votes of our common stock, present in person or represented by proxy at the meeting and entitled to vote on the proposal. This means that director nominees with the most votes are elected. Votes may be cast in favor of or withheld from the election of each nominee. Votes that are withheld from a director's election will be counted toward a quorum, but will not affect the outcome of the vote on the election of a director. Broker non-votes will not be counted as votes cast, and, accordingly, will have no effect on the outcome of the vote for directors.

Proposal 2 (Advisory Vote on Executive Compensation): Approval of this proposal requires the affirmative vote of the holders of a majority of the votes of our common stock cast at the annual meeting with respect to the proposal. Abstentions and broker non-votes will not be counted as votes cast, and, accordingly, will not affect the outcome of these votes. While this vote is required by law, it will neither be binding on our Company or our Board, nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on, our Company or our Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions.

Proposal 3 (Ratification of the Appointment of Ernst & Young LLP): Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012 requires the affirmative vote of the holders of a majority of the votes of our common stock cast at the annual meeting with respect to the proposal. An abstention is not treated as a vote cast and therefore will not have an impact on the outcome of the vote or the proposal.

Table of Contents

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 shares voted by duly submitting a proxy by mail, telephone or Internet, the management proxy holders will vote all shares represented by such valid proxies as our Board recommends, unless a stockholder appropriately specifies otherwise.

Our Board recommends a vote:

FOR each of the nominees for director;

FOR the advisory vote on executive compensation; and

FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

What is a quorum?

A quorum is the presence at the annual meeting, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock as of the record date. There must be a quorum for the annual meeting to be held. If a quorum is not present, the meeting may be adjourned from time to time until a quorum is reached. 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.

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.

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 2013 Annual Meeting](#) for information regarding the submission of stockholder proposals and director nominations for consideration at next year's annual meeting.

CORPORATE GOVERNANCE

We are committed to good corporate governance. 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.

Table of Contents

Corporate Governance Guidelines

Our Board has adopted Corporate Governance Guidelines. Among other matters, the Guidelines include the following:

Director Qualification Standards

The Nominating/Governance Committee is responsible for establishing criteria for selecting new directors and actively seeking individuals to become directors for recommendation to our Board. This assessment includes members' qualification as independent, as well as consideration of diversity, age, skill and experience in the context of the needs of our Board.

The number of directors that constitutes our Board will be between three and nine. Our Board believes that a smaller board generally functions more effectively than a large board, as smaller boards generally promote greater participation by each board member, more effective and efficient decision making and greater individual accountability. Our Board currently has seven members.

No director may serve on more than four other public company boards.

Director Responsibilities

The basic responsibility of each director is to exercise his or her business judgment to act in what he or she reasonably believes to be in our best interest and the best interest of our stockholders.

Directors are expected to attend meetings of our Board and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to discharge their responsibilities properly.

Directors are encouraged to attend the annual meeting of stockholders.

Director Access to Management and Independent Advisors

Our Board, and each committee of our Board, has the power to hire independent legal, financial or other advisors as they may deem necessary.

Our Board has full and free access to our officers and employees and invites regular attendance by our senior officers at each meeting of our Board.

Chief Executive Officer Evaluation and Management Succession

The Compensation Committee annually reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluates the performance of the Chief Executive Officer in light of those goals and objectives and, after consultation with the full Board, sets the compensation of the Chief Executive Officer based on this evaluation.

The Nominating/Governance Committee meets annually on succession planning.

Annual Performance Evaluation, Director Orientation and Continuing Education

Our Board conducts an annual self-evaluation of itself and its committees.

All new directors participate in an orientation program.

Our Board periodically allocates meeting time to receive information and updates on corporate governance issues, director best practices and legal and regulatory changes.

Code of Ethics for Chief Executive Officer, Chief Financial Officer, Controller and Certain Other Officers

Our Board has adopted a Code of Ethics for our Chief Executive Officer, our Chief Financial Officer, our Controller and all other financial and accounting officers. Any change to, or waiver from, the Code of Ethics will be disclosed on our website within two business days after such change or waiver. Among other matters, the Code of Ethics requires each of these officers to:

act with honesty and integrity, including the ethical handling of actual or apparent conflicts of interest in personal and professional relations;

Table of Contents

avoid conflicts of interest and disclose any material transactions or relationships that reasonably could be expected to give rise to a conflict of interest;

work to ensure that we fully, fairly and accurately disclose information in a timely and understandable manner in all reports and documents that we file with the Securities and Exchange Commission (SEC) and in other public communications made by us;

comply with applicable governmental laws, rules and regulations; and

report any violations of the Code of Ethics to the Chief Executive Officer and the Chairman of the Audit Committee.

Code of Conduct

Our Board has adopted a Code of Conduct, which sets forth the standards of behavior expected of each of our employees, directors and agents. Among other matters, this Code of Conduct is designed to deter wrongdoing and to promote:

honest and ethical dealing with each other, with our clients and vendors, and with all other third parties;

respect for the rights of fellow employees and all third parties;

equal opportunity, regardless of age, race, sex, sexual orientation, ethnicity, creed, religion, national origin, marital status, veteran status, handicap or disability;

fair dealing with employees and all other third parties with whom we conduct business;

avoidance of conflicts of interest;

compliance with all applicable laws and regulations;

the safeguarding of our assets; and

the reporting of any violations of the Code of Conduct to the appropriate officers.

INFORMATION ABOUT OUR BOARD OF DIRECTORS AND COMMITTEES

Our Board held nine meetings and acted by unanimous written consent four times during 2011. The average attendance of all directors in 2011 was 99%. Under our Corporate Governance Guidelines, our directors are encouraged to attend the annual meeting of our stockholders. All of our directors attended our 2011 Annual Meeting of Stockholders.

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.

Board Leadership Structure

Our Board has determined that having an independent director serve as non-executive Chairman of the Board is in the best interest of our stockholders at this time. Our Chief Executive Officer is responsible for setting our strategic direction and providing us 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 Proposals to be Voted on by Stockholders - Proposal 1 - Election of Directors - Board of Directors.

Table of Contents

Board Diversity

Our Nominating and 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 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.

Independence of the Members of our Board

The current Board consists of seven directors, one of whom is currently employed by the Company (Mr. Hesterberg). Our Board has affirmatively determined that no member of our Board, other than Mr. Hesterberg (our President and Chief Executive Officer), has a material relationship with Group 1 and, therefore, the remaining members of our Board are independent as defined under the New York Stock Exchange's listing standards. In November 2010, we entered into a third party expense-sharing agreement with Mr. Strange for use of excess office space and related services at current market rates. The arrangement is an arms-length, negotiated transaction and the Board determined such an arrangement would not interfere with Mr. Strange's independence on our Board.

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 Board determined that any such affiliations did not impact the independence of our directors.

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.

Risk Oversight

Our Board, as a whole and through its committees, has broad responsibility for the oversight of risk management as well as specific risk management accountability for governance, overall operational risk, executive compensation, Chief Executive Officer succession and our system of internal controls, including financial reporting. In its risk management role, our Board has the responsibility to satisfy itself that our risk management processes and controls are adequate and functioning as designed and that our business is conducted wisely and in compliance with proper governance and applicable laws and regulations.

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 and management function. Each committee, except the Finance/Risk Management Committee, is comprised entirely of independent directors 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 management strategies, strategies for our insurance programs, litigation management and our compliance with 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 assists our Board in fulfilling its oversight responsibilities with respect to the accounting and financial reporting principles and policies and internal audit controls and procedures. The Audit Committee oversees our financial statements and the independent audit thereof. It evaluates the performance and independence of our outside auditors and selects appropriate outside auditors annually. The Audit Committee is responsible for monitoring risks related to our financial assets, accounting, legal and corporate compliance. It fulfills these responsibilities by systematic, regular reviews with

Edgar Filing: GROUP 1 AUTOMOTIVE INC - Form DEF 14A

support from internal Company personnel, the independent registered public accounting firm and consultants. In addition, the Audit Committee discusses legal and compliance matters and assesses the adequacy of our Company's risk-related internal controls. The Audit Committee members meet separately with representatives of our independent registered public accounting firm, management in charge of internal assurance and legal counsel.

Table of Contents

The Compensation Committee assists our Board in fulfilling its oversight responsibilities with respect to the management of risks associated with our compensation policies and programs. The Compensation Committee is responsible for determining salaries, incentives and other elements of total compensation for our executive officers, and it administers our various compensation and benefit plans to ensure sound pay practices with features that mitigate risk without changing the incentive nature of the compensation. 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 on page 13 of this proxy statement.

The Nominating/Governance Committee oversees potential risks related to management's monitoring of our corporate compliance program. Additionally, the Nominating/Governance Committee oversees potential risks related to our governance practices, including, among others, succession planning and the performance evaluations of the Board, its committees and the Chief Executive Officer.

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 system that management has implemented to assess, manage and monitor risks. 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, our 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 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		M
Earl J. Hesterberg				M
Louis E. Lataif	M	M	C	
Stephen D. Quinn	M		M	C
Beryl Raff		M	M	
J. Terry Strange	C	M		M
Max P. Watson, Jr.		C	M	M

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.

Table of Contents

Audit Committee

The Audit Committee is responsible for oversight of Company risks relating to accounting matters, financial reporting and legal and regulatory compliance.

Pursuant to its charter, the purposes 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;

retain our independent registered public accounting firm;

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.

In connection with these purposes and to satisfy its oversight responsibilities, the Audit Committee annually selects, engages and evaluates the performance and ongoing qualifications of, and determines the compensation for, our independent registered public accounting firm, reviews our annual and quarterly financial statements, and confirms the independence of our independent registered public accounting firm. 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 the Company's director of internal audit on a regular basis to review, among other things, the identified risk areas and scope of the internal audit approach. In addition, the Audit Committee meets with other members of management, as deemed appropriate. The Audit Committee receives regular reports regarding the status and findings of audits being conducted by the internal and independent auditors, accounting changes that could affect our financial statements and proposed audit adjustments. 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.

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.

Edgar Filing: GROUP 1 AUTOMOTIVE INC - Form DEF 14A

The Audit Committee, whose members consisted of Mr. Strange (Chairman), Mr. Adams, Mr. Lataif and Mr. Quinn, held 10 meetings during 2011. Mr. Strange also serves on the Audit Committees of New Jersey Resources Corporation, Newfield Exploration Company and SLM Corporation. Our Board has determined that Mr. Strange's simultaneous service on these other Audit Committees and our Audit Committee will not impair his ability to serve effectively on our Audit Committee.

All members of the Audit Committee are independent as that term is defined in the New York Stock Exchange's listing standards and by Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended (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. Our Board has also determined that Mr. Strange is an audit committee financial expert.

Table of Contents

following a determination that Mr. Strange met the criteria for such designation under the SEC's rules and regulations. For information regarding Mr. Strange's business experience, please read Proposals to be Voted on by Stockholders - Proposal 1 - Election of Directors - Board of Directors.

The Report of the Audit Committee is set forth on page 21 of this proxy statement.

Compensation Committee

The Compensation Committee is responsible for risks relating to employment policies and our compensation and 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.

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

review, evaluate, and approve our agreements, plans, policies, and programs to compensate our 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 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 corporate officers. The Compensation Committee reviews and approves the compensation of our 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 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 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 Vice President of Human Resources or (4) by the Compensation Committee's outside compensation consultant.

The Compensation Committee works with the management team, our Chief Executive Officer and our Vice President of Human Resources 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 employee performance;

establishing our business goals; and

recommending the compensation arrangements and components for our employees.

Table of Contents

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

evaluating corporate officer performance;

providing background information regarding our business goals; and

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

In addition, our Vice President of Human Resources is involved in the executive compensation process by:

providing the necessary compensation information to, and acting as our liaison with, our 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 corporate officers and directors and also has the sole authority to approve the consultant's fees and other retention terms.

During 2011, 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 benchmarking, 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, benchmarking 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 also advised the Compensation Committee with regard to the renewal of our Chief Executive Officer's employment agreement that expired in 2010, and the recent amendment of our Chief Executive Officer's employment agreement to remove his excise tax gross-up provision.

To the extent permitted by applicable law, the Compensation Committee may delegate some or all of its authority to subcommittees as it deems appropriate.

All members of the Compensation Committee are independent as that term is defined in the New York Stock Exchange's listing standards. The Compensation Committee, whose members consisted of Mr. Watson (Chairman), Mr. Adams, Mr. Lataif, Ms. Raff and Mr. Strange, held five meetings during 2011.

The Report of the Compensation Committee is set forth on page 34 of this proxy statement.

Nominating/Governance Committee

The Nominating/Governance Committee is responsible for oversight relating to management and Board succession planning, and stockholder responses to our ethics and business practices. 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.

Edgar Filing: GROUP 1 AUTOMOTIVE INC - Form DEF 14A

Pursuant to its charter, the purposes 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 director nominees to our Board for each of its committees;

Table of Contents

advise our Board about the appropriate composition of our Board and its committees;

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

review and make recommendations to our Board with respect to the form and amount of director compensation; 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 Restated Certificate of Incorporation, our Amended and Restated Bylaws and our Corporate Governance Guidelines, and identifies the qualities and characteristics necessary for an effective Chief Executive Officer.

The Nominating/Governance Committee is responsible for establishing criteria for selecting new directors and actively seeking individuals to become directors for recommendation to our Board. 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 and whether prospective nominees have relevant business and financial experience, have industry or other specialized expertise, and have high moral character.

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 by sending a written request to our Corporate Secretary at our principal executive offices, 800 Gessner, Suite 500, Houston, Texas 77024. For additional information on such requests and the applicable timing, please see Stockholder Proposals for 2013 Annual Meeting.

The stockholder recommendation procedures described above do not preclude a stockholder of record from making nominations of directors or making proposals at any annual stockholder meeting; provided that they comply with the requirements described in the section entitled Stockholder Proposals for 2013 Annual Meeting.

In addition, 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 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.

Table of Contents

All members of the Nominating/Governance Committee are independent as defined under the New York Stock Exchange's listing standards. The Nominating/Governance Committee, whose members consisted of Mr. Lataif (Chairman), Mr. Quinn, Ms. Raff and Mr. Watson, held four meetings during 2011.

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, securities repurchase activities and dividend policy, and authorize transactions within limits prescribed by our Board;

review and report to our Board regarding contingent liabilities and the status of material litigation;

review and assess risk exposure 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 our risk exposure 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.

During 2011, our Finance/Risk Management Committee requested that management perform a thorough review of all known and, within reason, potential unknown risks that may arise in the course of operating our business and develop an Enterprise Risk Management Program. Management presented to the full Board a robust Enterprise Risk Management Program concentrating primarily in four principal areas that are significant to our business: (i) safety and risk; (ii) strategic planning and operational risk; (iii) financial and accounting risk; and (iv) governance, regulatory and legislative risk.

All members of the Finance/Risk Management Committee, except for Mr. Hesterberg, our President and Chief Executive Officer, are independent as defined under the New York Stock Exchange's listing standards. The Finance/Risk Management Committee, whose members consisted of Mr. Quinn (Chairman), Mr. Adams, Mr. Hesterberg, Mr. Strange and Mr. Watson, held four meetings during 2011.

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 the 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.

Table of Contents

The compensation recovery policy allows the Company to claw back payments made using materially inaccurate financial results.

Executive officers are subject to 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 and procedures and provide various mechanisms for reporting issues.

We maintain an aggressive internal and external audit program, which enables us to verify that our compensation policies and practices are aligned with expectations, including periodic reviews and audits of our sales and finance departments at our dealerships.

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

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

John L. Adams, Louis E. Lataif, Beryl Raff, J. Terry Strange and Max P. Watson, Jr. served on the Compensation Committee in fiscal year 2011. None of the directors who served on the Compensation Committee in fiscal year 2011 has ever served as one of our officers or employees. During fiscal year 2011, none of our executive officers served as a director or member of the Compensation Committee (or other committee performing similar functions) of any other entity of which an executive officer served on our Board or Compensation Committee.

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

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.

Table of Contents**PROPOSALS TO BE VOTED ON BY STOCKHOLDERS****PROPOSAL 1 - ELECTION OF DIRECTORS**

Our Restated Certificate of Incorporation provides for a classified Board. The directors are divided into three classes, with each class serving for a period of three years. As a result, the stockholders elect approximately one-third of the members of our Board annually.

Based on recommendations from the Nominating/Governance Committee, our Board has nominated Earl J. Hesterberg and Beryl Raff for re-election as Class I directors to serve until the 2015 Annual Meeting and until their successors have been elected and qualified, or until their earlier resignation or removal. Each nominee is currently a director and was previously elected to our Board by the stockholders in 2009. Each nominee has consented to being named as a nominee in this proxy statement and has indicated a willingness to serve if elected. The term for our three Class II directors expires in 2013 and the term for our two Class III directors expires in 2014.

Stockholders may not cumulate their votes in the election of our directors. We have no reason to believe that the nominees will be unable or unwilling to serve if elected. However, if a nominee should become unable or unwilling to serve for any reason, proxies may be voted for another person nominated as a substitute by our Board, or our Board may reduce its size.

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

	Position and Offices with Group 1	Director Since	Age
Class I Nominees			
Earl J. Hesterberg	Director, President and Chief Executive Officer	2005	58
Beryl Raff	Director	2007	61
Class II Directors			
John L. Adams	Director, Chairman of the Board	1999	67
J. Terry Strange	Director	2003	68
Max P. Watson, Jr.	Director	2001	66
Class III Directors			
Louis E. Lataif	Director	2002	73
Stephen D. Quinn	Director	2002	56

BOARD OF DIRECTORS

Our Board believes that each of the Company's directors is highly qualified to serve as a member of our Board. Each of the 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 directors and 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.

Table of Contents

Nominees for Election to Term Expiring 2015 (Class I Directors)

Earl J. Hesterberg Mr. Hesterberg has served as our President and Chief Executive Officer and as a director since April 2005. Prior to joining Group 1, Mr. Hesterberg 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, Mr. Hesterberg 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 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, the Corporate Governance & Nominating Committee, and as the Chairman of the Compensation Committee of Stage Stores, Inc., a national retail clothing chain, on the Board of Directors of the Greater Houston Partnership, a local non-profit organization dedicated to building regional economic prosperity, and on the Board of Trustees of Davidson College.

As our President and Chief Executive Officer, Mr. Hesterberg sets the strategic direction of our Company under the guidance of the Board. He has extensive senior executive management experience in the automotive industry, including operations and automotive technology. 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. His knowledge and handling of the day-to-day issues affecting our business provide the Board with invaluable information necessary to direct the business and affairs of Group 1.

Beryl Raff