

GROUP 1 AUTOMOTIVE®

AUDIT COMMITTEE CHARTER

The Board of Directors (the “**Board**”) of Group 1 Automotive Inc. (the “**Company**”) has heretofore constituted and established an Audit Committee of the Board (the “**Committee**”) with the authority, responsibility and specific duties as described in this Audit Committee Charter (this “**Charter**”).

I. Purpose

The purpose of the Committee is to assist the Board in the oversight and monitoring of: (i) the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; (iii) the independent auditor’s qualifications, independence and performance; (iv) the performance of the Company’s internal audit function; and (v) the Company’s internal control over financial reporting.

II. Composition

The Committee shall consist of at least three members of the Board. Each member of the Committee shall meet the applicable independence and experience requirements of the New York Stock Exchange and the rules and regulations of the Securities and Exchange Commission. At least one member of the Committee shall be an “audit committee financial expert” as defined by the SEC. Notwithstanding the foregoing membership requirements, no action of the Committee shall be invalid by reason of any such requirement not being met at the time such action is taken.

Each member of the Committee shall be appointed by, and serve at the discretion of, the Board based on the recommendation of the Governance & Corporate Responsibility Committee. Committee members may be removed from the Committee by the Board at any time, with or without cause, and any vacancies will be filled by the Board. The Chair of the Committee shall be a member of the Committee designated by the Board based on the recommendation of the Governance & Corporate Responsibility Committee or, if no such designation is made, elected by the affirmative vote of the majority of the Committee.

III. Authority and Responsibilities

The Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Committee as more specifically delineated below. Without limiting the generality of the preceding statements:

A. Authority

The Committee has the authority to:

1. Conduct or authorize investigations into any matter within the scope of the responsibilities delegated to the Committee, including to require the external

auditor, any officer, employee or advisor of the Company to meet with the Committee or any of its advisors;

2. Retain and determine funding for, and approve or modify contractual terms and fees payable to, legal counsel, accounting experts, or other experts and advisors, in the Committee's sole discretion and as it deems necessary or appropriate in carrying out its duties. The Company must provide for payment of (a) compensation, as determined by the Committee, to such advisors engaged by the Committee and (b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties;

3. In its sole discretion, appoint, compensate or replace the independent auditor (subject, if applicable, to stockholder ratification).

4. Delegate to its Chair, any one of its members or any subcommittee it may form, the responsibility and authority for any particular matter, as it deems appropriate from time to time under the circumstances and consistent with applicable law. Each subcommittee will keep minutes and regularly report to the Committee.

B. Responsibilities

The Committee has the following responsibilities:

1. *Oversight of Company's Relationship with the Independent Auditor.*

a) Direct responsibility for the engagement, compensation, evaluation and oversight of the work of the independent auditor (including the resolution of any disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor will report directly to the Committee.

b) Obtain and review a report from the independent auditor at least annually describing (i) the firm's internal quality-control procedures; (ii) any material issues raised by the most recent PCAOB inspection, internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, involving one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditor and the Company or its affiliates and the Company or individuals in a financial reporting oversight role at the Company that may reasonably be thought to bear on independence, consistent with applicable requirements.

c) Annually evaluate the qualifications, performance, and independence of the independent auditor, and determine whether the provision by the

independent auditor of any non-audit services to the Company is permitted and compatible with maintaining the independence of the independent auditor. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.

d) Consider whether, in order to ensure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent registered public accounting firm on a regular basis.

e) Review and evaluate the experience and qualifications of the lead partner. Ensure the rotation of the audit partners as required by law.

f) Pre-approve all audit services and all permitted non-audit services (including the fees and terms thereof) to be performed by the independent auditor. The Audit Committee may delegate authority to the Chair of the Audit Committee, when appropriate, to grant pre-approvals of audit and permitted non-audit services, provided that decisions of the Chair shall be presented to the full Audit Committee at its next scheduled meeting.

g) Discuss with the independent auditor its responsibilities under generally accepted auditing standards, the terms of the audit engagement, the audit plan, including overall strategy, scope, timing of the audit, and observations arising from the audit that are significant to the financial reporting process.

h) Set guidelines for the hiring of employees or former employees of the independent auditor.

i) Discuss with the independent auditor any matters required by applicable auditing standards, including any critical audit matters brought to the Committee's attention.

2. *Financial Statement and Disclosure Matters.*

a) Review and discuss with management and the independent auditor:

(i) major issues regarding (1) accounting principles and financial statement presentations, including any significant changes in the selection or application of accounting principles, and (2) the adequacy of the internal controls and any special audit steps adopted in light of material control deficiencies;

(ii) any analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and

- (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements.
- b) Discuss with the independent auditor any matters required by applicable auditing standards relating to the conduct of the audit, including (i) any difficulties incurred, (ii) any restrictions on the scope of activities or access to required information, or (iii) any significant disagreements with management and management's responses to such matters.
- c) Review and discuss with management and the independent auditor the audited and quarterly financial statements, including disclosures made relating to internal control over financial reporting and in management's discussion and analysis of financial condition and results of operations, prior to the filing of the applicable Form 10-K and Form 10-Q with the SEC. Based on the review of the audited financial statements, determine whether to recommend to the Board that the audited financial statements be included in the Form 10-K.
- d) Review and discuss with the independent auditor its reports on
 - (i) all critical accounting policies and practices to be used;
 - (ii) all alternative treatments of financial information within U.S. generally accepted accounting principles (GAAP) that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - (iii) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- e) Discuss with the independent auditor the matters required to be discussed under the standards of the PCAOB including:
 - (i) The scope and timing of audit plan, and
 - (ii) The independent auditor's responsibilities under generally accepted auditing standards.
- f) Review and discuss with management (including the senior internal audit executive) and the independent auditor the Company's internal controls report and the independent auditor's attestation report prior to the filing of the Form 10-K.
- g) Review the accounting and disclosure associated with any off-balance sheet structures.

h) Review and discuss with management earnings results to be included in press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, including the use of "pro forma" or "adjusted" non-GAAP information.

i) Review and discuss with management and the independent auditor any accounting restatement to determine if such accounting restatement was the result of the Company's material noncompliance with any financial reporting requirement under U.S. securities laws and would constitute an accounting restatement in accordance with Rule 10D-1 of the Exchange Act and/or the listing standards of the New York Stock Exchange. Following such review, the Committee shall inform the Compensation & Human Resources Committee of the Board of its determination whether an applicable accounting restatement did or did not occur. In reviewing and making such determination, the Committee shall be entitled to rely on representations of management, accounting experts or other advisors engaged by the Committee.

3. *Internal Audit.*

a) Periodically meet separately with the Company's internal auditor to discuss internal audit's responsibilities, budget and staffing, and any recommended changes to the scope of the internal audit plan.

b) Periodically meet and review with the senior internal auditing executive any significant reports to management prepared by the internal auditor and management's responses.

c) Review and approve the appointment, performance and replacement of the senior internal auditing executive, who shall have direct access to the Committee.

4. *Oversight of Risk and System of Internal Controls.*

a) Assess and discuss with management, and the senior internal auditing executive, the Company's major financial risk exposures and steps management has taken to monitor and control such financial risk exposures related to internal controls over financial reporting.

b) Consider and review with management, the internal auditor and the independent auditor any disclosures provided by the Chief Executive Officer or the Chief Financial Officer during the certification of the Company's quarterly and annual reports filed with the SEC regarding (i) significant deficiencies in the design or operation of internal controls or material weaknesses therein that are reasonably likely to adversely affect the company's ability to record, process, summarize, and report financial

data, and (ii) any fraud involving management or other employees who have a significant role in the internal controls.

c) Review reports from management regarding, and discuss the adequacy and effectiveness of, the Company's disclosure controls and procedures.

d) Review officer expense reports.

5. *Compliance Oversight.*

a) The Committee shall obtain from the independent auditor assurances that Section 10A(b) of the Exchange Act has not been implicated.

b) Advise the Board with respect to the Company's procedures regarding compliance with the law and with significant Company policies, including the Company's Code of Business Conduct and Ethics.

c) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and complaints received by the Company regarding potential violations of applicable laws, rules and regulations or of the Company's codes, policies and procedures. The Committee shall also establish procedures for the confidential and anonymous submission by employees of concerns regarding any such matters.

d) Review with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.

e) Review with management and others, as appropriate, any legal, tax or regulatory matters (excluding compensation matters and including compliance with Manufacturer Public Company Agreements) that may have a material impact on the financial statements or the Company's compliance policies and internal controls.

f) Discuss with management the formation of all offshore subsidiaries or affiliates of the Company.

g) Review, approve or ratify related person transactions as set forth in the Company's Code of Conduct.

6. *Other Committee Responsibilities.*

- a) Prepare a report to stockholders to be included in the proxy statement on an annual basis as required by the SEC.
- b) Discuss with management the Company's income tax accounting and strategic tax planning matters and approve, or recommend to the Board for approval, such matters.
- c) Annually review the adequacy and succession planning of the Company's accounting and financial personnel.
- d) The Committee shall perform any other duties or responsibilities delegated to the Committee by the Board from time to time.

IV. *Procedures*

A. ***Meetings.*** The Committee shall meet as frequently as necessary to carry out its responsibilities, but no less than once per quarter. The Committee shall meet at the call of its Chair, a majority of the members of the Committee or the Chair of the Board. Meetings will periodically, at the discretion of the Committee, include members of the Company's management, the independent auditor, the internal auditors and such other persons as the Committee or its Chair may determine, in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

B. ***Quorum and Approval.*** A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Committee may also act by unanimous written consent in lieu of a meeting.

C. ***Rules.*** The Committee may determine additional rules and procedures, including designation of a Chair *pro tempore* in the absence of the Chair.

D. ***Reports.*** The Committee shall maintain minutes of its meetings and make regular reports to the Board, directly or through the Chair.

E. ***Review of Charter.*** Each year, the Committee shall review the need for changes in this Charter and recommend any proposed changes to the Board for approval.

F. ***Performance Review.*** Each year, the Committee shall review and evaluate its own performance and shall submit itself to the Board's review and evaluation.

G. ***Fees.*** Each member of the Committee shall be paid the fee set by the Board for his or her services as a member of, or Chair of, the Committee.

V. *Posting Requirement*

The Company will make this Charter available on or through the Company's website as required by applicable rules and regulations. In addition, the Company will disclose in its Proxy Statement that a copy of this Charter is available on the Company's website and provide the website address.

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While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP, applicable rules and regulations. These are the responsibilities of management and the independent auditor.