

LITHIA MOTORS, INC.

NOMINATING AND GOVERNANCE COMMITTEE CHARTER

Purpose

The primary objective of the Nominating and Governance Committee is to assist the Board of Directors in:

- identifying qualified individuals to become board members and recommending to the Board director nominees for each annual meeting of the shareholders of the Company;
- determining the composition of the Board and its committees;
- establishing effective corporate governance policies and procedures applicable to the Company; and
- developing and enforcing a Code of Business Conduct and Ethics.

Membership

The Nominating and Governance Committee will be composed of at least three directors appointed by the Board of Directors, all of whom must be “independent” as that term is defined by applicable securities regulations and listing standards. The Board will designate the membership of the Committee after considering the recommendation of the Nominating and Governance Committee. The Board will designate one of the Committee members to serve as the Chairperson of the Committee. Members of the Committee shall be appointed for one year terms, and may be removed by the Board at any time.

Meetings

The Committee will meet as often as it deems necessary to effectively perform its duties and responsibilities. Minutes of the Committee meetings shall be prepared and a copy provided to all members of the Committee, the Board of Directors and the Secretary of the Company.

Authority and Responsibilities

In carrying out its duties, the Committee will have the following authority and responsibilities:

- Establish policies and procedures for shareholders to submit director nominees to the Committee for consideration;
- Review the qualifications of director candidates, including candidates proposed by shareholders, in the context of the current composition of the Board of Directors, including such factors as business experience, other directorships, business and personal relationships with management, expertise in finance, knowledge of financial reporting and the business of the Company that are

likely to contribute to the effectiveness of the Board, the ability and willingness to devote adequate time in the performance of their duties, and to recommend nominees to the full Board for election at the Annual Meeting of the Shareholders;

- Review all applicable director resignations, including resignations made in accordance with the Corporate Governance Guidelines;
- Evaluate and determine the independence of each director and director nominee, and report such determination to the Board for final approval;
- Review and discuss with management the disclosure regarding the operations of the Committee and director independence, and to recommend that this disclosure be included in the Company's proxy statement or annual report on Form 10-K, as applicable;
- Evaluate and determine whether any of the independent directors possess the necessary qualifications to be considered an audit committee financial expert and recommend such person for confirmation by the full Board;
- Periodically review, no less than annually, and recommend to the full Board for approval, a written set of Corporate Governance Guidelines and monitor compliance with the approved Corporate Governance Guidelines;
- Monitor compliance with the Code of Business Conduct and Ethics, including granting any waivers to executives, officers or directors;
- Review and assess the Company's processes for administering its Code of Business Conduct and Ethics and recommend changes as necessary;
- At least annually, undertake an evaluation process of the effectiveness of the individual board members, and the full Board as a whole;
- At least annually, review and evaluate the performance of each committee and discuss the results of the performance review with the Board;
- At least annually, review and reassess the adequacy of this charter and recommend to the Board any proposed changes thereto;
- Establish policies and procedures for shareholders to communicate with the Board of Directors;
- To the extent it deems necessary or appropriate, retain outside consultants, counsel and other advisors, and the Committee shall have sole authority to retain and terminate any search firm used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its consultants, outside counsel and any other advisors;
- Delegate any of its responsibilities to a subcommittee, which subcommittee shall consist of at least two members of the Committee; and

- Consider other matters of corporate governance and make recommendations for consideration by the Board.

Reports to the Full Board

The Chairperson shall report to the full Board of Directors a summary of the Committee's activities and shall submit or refer to the full Board any matter that the Committee believes warrants the attention of the full Board of Directors or requires its approval.

April 25, 2019