

LITHIA MOTORS
Stock Ownership Policy for
Directors

The Board of Directors believes that the Company's directors should hold sufficient shares of Lithia Motors common stock to meaningfully share the risks and rewards of ownership with the Company's shareholders and to appropriately align the interests of directors with Lithia's long-term goals. To that end, the Board of Directors has adopted the following policy:

- Each non-employee director is expected to own and maintain shares of common stock of the Company having a market value equal to at least five times the annual base cash compensation paid to the director within five years after the director's initial appointment to the Board of Directors (the "Stock Ownership Requirement").
- The following will be included for determining share ownership under this policy: (1) shares beneficially owned by the director, as determined under SEC Rule 13d-3; (2) shares underlying time-vesting only and other vested restricted stock units and similar awards; and (3) shares held under any retirement plan. Shares underlying unvested restricted stock units and other unvested, unsettled and/or unexercised equity awards do not count when determining share ownership.
- The Company will assess compliance with this policy annually as of December 31st of each year, based on the previous 40 trading day average closing price of the Company's common stock. Once a non-employee director achieves compliance with the Stock Ownership Requirement, the director will continue to be deemed in compliance with the Stock Ownership Requirement so long as the director has not at any time sold shares resulting in the director's noncompliance immediately following the sale. If a non-employee director's holdings at any time do not meet the Stock Ownership Requirement (including if the base compensation paid to the director increases or the market value of Company shares declines), the non-employee director is expected to retain net after-tax shares received as compensation and not otherwise transfer any shares until the Stock Ownership Requirement is again met.
- A director may not pledge, or agree to pledge, stock or rights to purchase Company stock except:
(1) as specifically approved by the Board of Directors and (2) that a director with stock pledged as of March 15, 2013 may continue to pledge such stock under existing or replacement arrangements.
- A director may not affect puts, calls, short sales, sales against the box or any other derivative transaction involving the Company common stock.

- A director may not engage in hedging or monetization transactions with Company stock, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds.

The Nominating and Corporate Governance Committee may make exceptions for individual directors based on financial hardship. Directors who are covered by the Lithia Motors Stock Ownership Policy for Officers are expected to follow that policy.

Approved: April 27, 2022