

April 2013

AUTOCANADA INC.

**TERMS OF REFERENCE FOR THE LEAD DIRECTOR
OF THE BOARD OF AUTOCANADA INC.**

Outlined below are the terms of reference for the lead director (the “Lead Director”) of the board of directors (the “Board”) of AutoCanada Inc. (the “Company”).

GENERAL

For as long as the Chairman of the Board is not independent (as independence is defined in National Instrument 58-101 *Disclosure of Corporate Governance Practices*) the Board shall have a Lead Director. The Lead Director shall be independent. The Lead Director will provide a source of leadership for the Board that is complimentary to the leadership provided by the Chairman. The nominating and governance committee of the Company, in conjunction with the Chairman of the Board, shall be responsible for recommending a director for the position of Lead Director from among the independent members of the Board. The Board shall be responsible for approving and appointing the Lead Director.

The Lead Director shall hold office at the pleasure of the Board, until a successor shall have been duly elected or appointed or until the Lead Director resigns or is otherwise removed from the office by the Board.

The Lead Director shall provide independent leadership to the Board and shall facilitate the functioning of the Board independently of the Company’s management. The Lead Director will also maintain and enhance the quality of the Board’s governance practices. The Lead Director shall chair meetings of the Board.

The nominating and governance committee will review these terms of reference periodically and recommend to the Board any amendments that it considers appropriate. The Board shall approve these terms of reference, with any amendments deemed necessary.

The Lead Director shall be entitled to request materials and receive notice of and attend all meetings of committees of the Company.

DUTIES AND RESPONSIBILITIES

The primary responsibilities of the Lead Director are to:

- Provide leadership to ensure the Board works in an independent, cohesive fashion.
- Work with the Chairman of the Board and the Corporate Secretary to set the agenda for Board meetings.
- Recommend, where necessary, the holding of special meetings of the Board.
- Chair meetings of independent Board members without management present.

- Act as liaison between the independent directors, the non-independent directors and the Chairman of the Board on sensitive issues.
- Provide input and advice to the Chairman relating to the Board's goals and strategic plan for the Company.
- Together with the Chairman of the Board, and on the recommendations of the compensation committee, facilitate discussion among Board members relating to the compensation of officers.
- Assign tasks to members of the Board to fulfill the Board's goals and accomplish the Board's strategy.
- Oversee the functions delegated to the committees of the Board and monitor the committees' work to see that these functions are carried out and results are reported to the Board.
- Ensure that the Board, committees of the Board, individual directors and senior management of the Company understand and discharge their duties and obligations in accordance with the Company's governance practices.
- Review conflict of interest issues with respect to members of the Board as they arise.
- Chair Board meetings of the Board.
- Work with the Chairman of the Board to ensure that Board meetings provide an adequate opportunity for serious discussion of appropriate issues and that appropriate information is made available to Board members on a timely basis.