

AUTONATION, INC.
Form 11-K
June 24, 2010
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-13107

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

AUTONATION 401(K) PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

AUTONATION, INC.

200 SW 1st Ave

Fort Lauderdale, Florida 33301

Table of Contents

AUTONATION

401(k) PLAN

FINANCIAL STATEMENTS

December 31, 2009 and 2008

CONTENTS

<u>REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS</u>	1
FINANCIAL STATEMENTS	
<u>STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS</u>	3
<u>STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS</u>	4
<u>NOTES TO FINANCIAL STATEMENTS</u>	5
<u>SUPPLEMENTARY SCHEDULE</u>	
<u>SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)</u>	16

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Plan Administrator of

AutoNation 401(k) Plan:

We have audited the accompanying statement of net assets available for benefits of AutoNation 401(k) Plan (the Plan) as of December 31, 2009, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2009, and the changes in net assets available for benefits for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, line 4i schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

June 23, 2010
Fort Lauderdale, Florida
Certified Public Accountants

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Plan Administrator of

AutoNation 401(k) Plan

Fort Lauderdale, Florida

We have audited the accompanying statement of net assets available for plan benefits of AutoNation 401(k) Plan (the Plan) as of December 31, 2008. This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2008, in conformity with U.S. generally accepted accounting principles.

/s/ Crowe Horwath LLP

South Bend, Indiana
June 24, 2009

Table of Contents

AUTONATION

401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

As of December 31,

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 321,184	\$ 195,240
Investments, at fair value (Note 3)	311,910,533	260,035,482
Participant loans	9,896,433	1,747,617
Receivables		
Employer contributions		3,454
Participant contributions	7,641	13,083
Total receivables	7,641	16,537
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	3,994,566	8,811,350
NET ASSETS AVAILABLE FOR BENEFITS	\$ 326,130,357	\$ 270,806,226

See accompanying notes to financial statements.

Table of Contents**AUTONATION****401(k) PLAN****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS****Year ended December 31, 2009**

Additions to net assets attributed to:	
Investment Income	
Dividends	\$ 4,912,141
Interest	381,106
Net appreciation in fair value of investments (Note 4)	70,129,969
	75,423,216
Contributions	
Participant	19,787,967
Participant Rollovers	510,251
Total Contributions	20,298,218
Other Income	164,701
Total Additions	95,886,135
Deductions from net assets attributed to:	
Benefits paid to participants	(39,032,245)
Distributions due to loan defaults	(1,161,894)
Administrative expenses	(367,865)
Total Deductions	(40,562,004)
Net increase	55,324,131
Net assets available for benefits	
Beginning of year	270,806,226
End of year	\$ 326,130,357

See accompanying notes to financial statements.

Table of Contents

AUTONATION

401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 1 - DESCRIPTION OF PLAN

General

The following description of the AutoNation 401(k) Plan, as amended through December 31, 2009 (the Plan), is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan.

The Plan was established effective January 1, 1994, to provide benefits to all eligible employees of AutoNation, Inc. (the Company, formerly Republic Industries, Inc.) The Plan is a defined contribution plan with a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code of 1986, as amended (IRC). The Plan is subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Employee Benefits Committee, which consists of members of the Company's senior management, is designated as the Plan Administrator.

Although it has expressed no intention to do so, the Company retains the right, if necessary, to terminate the Plan. In the event of the Plan's termination, all amounts credited to participants' accounts become fully vested subject to the requirements of ERISA. The Company also retains the right to amend the Plan.

Eligibility

Under the terms of the Plan, most employees who are at least 18 years of age are eligible to participate in the Plan immediately upon the date of hire with the Company. However, effective October 1, 2001, any employees employed by the Company after that date due to a business acquisition will not be eligible to participate in the Plan until the first day of the month coincident with or following three months of service.

The Plan also includes a provision to allow employees of certain subsidiaries of the Company to be eligible for participation in the Plan under these requirements.

Participant Accounts

Individual accounts are maintained for each of the Plan's participants to reflect the participant's contributions and related employer matching contributions, as well as the income attributable to the participant's account.

Contributions and Funding Policy

Under the provisions of the Plan, participants may direct the Company to defer a portion of their compensation to the Plan, subject to a minimum of 1% and a maximum of 30% of eligible compensation, as defined by the Plan. In 2009, the Plan allowed a participant to direct up to 10% of their contribution to be invested in shares of the Company's common stock. Amounts contributed by participants are fully vested when made. Each eligible participant could contribute up to \$16,500 in 2009, subject to other applicable IRC limitations. The Plan also allowed participants that had attained age 50 to make additional contributions to the Plan of up to \$5,500 for the year ended December 31, 2009. Effective January 1, 2006, the 401(k) contributions of Highly Compensated Employees are limited to 4% of eligible compensation as defined by the IRC. The Plan also allows for rollovers of vested contributions from participants' previous employers' qualified plans.

Table of Contents

AUTONATION

401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

A participant becomes fully vested in the employer match immediately upon contribution. The employer match is invested in shares of the Company's common stock. Participants are not able to re-direct these contributions until they have completed three years of service with the Company and, as such, these investments are nonparticipant-directed. The Company suspended matching contributions effective January 1, 2009. Additionally, the Company did not make any discretionary contributions for the 2009 Plan year as permitted by the Plan.

In no event will an attained vesting percentage be curtailed due to any subsequent amendments to vesting provisions.

Participant Loans

The Plan was amended November 24, 2008, to permit participant loans effective December 1, 2008. Prior to this, the Plan accepted and continues to service loans transferred from the plans of acquired companies.

Participants may borrow from their plan account a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 (reduced by the highest outstanding loan balance during the prior twelve month period) or 50 percent of their vested account balance. Participant loans are secured by the balance in their account and are made at an interest rate commensurate with prevailing rates as determined by the Plan Administrator. Interest rates on existing loans range from 5.25 to 10 percent with various maturity dates through 2023. Principal and interest on loans are repaid in substantially equal installments through payroll deductions. Participant loans are stated at their outstanding principal balances.

Investments

The Company entered into an agreement whereby Merrill Lynch Trust Company (the Trustee) has been appointed the trustee of the Plan's assets. Under the terms of the agreement, the Trustee holds and invests the funds of the Plan subject to the direction of the Employee Benefits Committee.

Payment of Benefits

On termination of service due to death, disability, retirement, or termination of employment, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or monthly, quarterly, or annual installments over a period not to exceed the participant's life expectancy or the joint life expectancy of the participant and the participant's surviving spouse or other designated beneficiary.

Upon meeting certain criteria specified in the Plan document, a participant may elect to receive an in-service withdrawal of his/her account, or portion of his/her account. A participant may receive a hardship distribution, may withdraw all or a portion of an after-tax account and rollover account at any time, may withdraw all or a portion of a prior plan account or grandfathered prior plan account after attaining five years of employment with the Company, and may take an in-service withdrawal of all or a portion of his/her account held in the Plan upon attaining age 59 1/2.

Table of Contents

AUTONATION

401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared under the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

While Plan investments are presented at fair value in the statement of net assets available for benefits, any material difference between the fair value of the Plan's direct and indirect interests in fully benefit-responsive investment contracts and their contract value is presented as an adjustment line in the statement of net assets available for benefits, because contract value is the relevant measurement attribute for that portion of the Plan's net assets available for benefits. Contract value represents contributions made to a contract, plus earnings, less participant withdrawals and administrative expenses. Participants in fully benefit-responsive contracts may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The Plan holds an indirect interest in such contracts through its investment in the Merrill Lynch Retirement Preservation Trust, a common collective trust fund. The Plan Administrator does not believe that any events related to the Merrill Lynch Retirement Preservation Trust which would limit the Plan's ability to transact at contract value with participants are probable of occurring. At December 31, 2009 and 2008, the Merrill Lynch Retirement Preservation Trust is stated at fair value with the related adjustment amount to contract value disclosed in the statements of net assets available for benefits. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on an accrual basis. The Plan records dividends on the ex-dividend date.

Risks and Uncertainties

The Plan provides for various investment options. The underlying investment securities are exposed to various risks, such as interest rate, market, liquidity and credit risks. Due to the level of risk associated with certain investment securities and the sensitivity of certain fair value estimates to changes in valuation assumptions, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits. At December 31, 2009 and 2008, approximately 13% and 10% of the Plan's net assets available for benefits were invested in AutoNation, Inc. common stock, respectively.

Table of Contents

AUTONATION

401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

Adoption of New Accounting Standards

The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles

In June 2009, the Financial Accounting Standards Board (FASB) issued *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification (the ASC) as the source of authoritative principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. This standard is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this standard did not have a material impact on our financial statements. References to authoritative accounting literature contained in our financial statements are made in accordance with the ASC.

Fair Value Measurements

In April 2009, the FASB issued an accounting standard on determining fair value when the volume and level of activity for an asset or liability have significantly decreased and identifying transactions that are not orderly. The standard emphasizes that even if there has been a significant decrease in the volume and level of activity, the objective of a fair value measurement remains the same. The standard provides a number of factors to consider when evaluating whether there has been a significant decrease in the volume and level of activity for an asset or liability in relation to normal market activity. In addition, when transactions or quoted prices are not considered orderly, adjustments to those prices based on the weight of available information may be needed to determine the appropriate fair value. The standard also requires increased disclosures. The standard is effective for interim and annual reporting periods ending after June 15, 2009. The adoption of this standard did not have a material impact on our financial statements.

In September 2009, the FASB issued an accounting standard which permits, as a practical expedient, a reporting entity to measure the fair value of an investment on the basis of the net asset value per share of the investment under the condition that the measurement is calculated in accordance with established fair value measurement principles provided in the FASB ASC. The standard provides factors to consider when determining fair value on the basis of net asset value per share such as restrictions on the Plan's ability to redeem the investment and the measurement date of the investee. The standard also requires increased disclosures. The standard is effective for interim and annual reporting periods ending after December 15, 2009. The adoption of this standard did not have a material impact on our financial statements. The Plan does not have any investments with unfunded commitments or with any redemption restrictions (with the exception of a Plan-level restriction on the Merrill Lynch Retirement Preservation Trust, a stable value common collective trust, that requires a phased withdrawal of funds in the event of a Plan-level determination to withdraw funds from the trust).

Table of Contents

AUTONATION

401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

New Accounting Standards Not Yet Adopted

Fair Value Measurements

In January 2010, the FASB issued an accounting standard on fair value measurement disclosures. The standard requires additional disclosure of fair value activity including significant transfers in and out of Levels 1 and 2 of the fair value hierarchy and separate presentation of items included in the reconciliation of Level 3 fair value measurements. The standard also provides guidelines in determining the appropriate level of disaggregation of assets and liabilities in fair value disclosures. Additionally, the standard requires disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements that fall in either Level 2 or Level 3 of the fair value hierarchy. The standard is effective for interim and annual reporting periods beginning after December 15, 2009, with the exception of disclosure requirements related to the reconciliation of Level 3 fair value measurements, which is effective for fiscal years beginning after December 15, 2010. Plan management does not expect the adoption to have a material effect on the Plan's financial statements.

NOTE 3 - FAIR VALUE MEASUREMENTS

On January 1, 2008, the Plan adopted the provisions for accounting standards for fair value measurements and subsequently adopted certain related accounting standards. The impact of adoption of these standards was not material to the Plan's net assets available for benefits. Accounting standards define fair value as the price that would be received from selling an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs within the fair value hierarchy that may be used to measure fair value are defined as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted market prices in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Table of Contents**AUTONATION****401(k) PLAN****NOTES TO FINANCIAL STATEMENTS****December 31, 2009 and 2008**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value, on a recurring basis, as of December 31, 2009 and 2008:

Description	December 31, 2009			Total
	Level 1	Level 2	Level 3	
Mutual funds	\$ 173,269,094	\$	\$	\$ 173,269,094
AutoNation, Inc. common stock	43,173,808			43,173,808
Common collective trusts		95,467,631		95,467,631
Total investments - fair value	\$ 216,442,902	\$ 95,467,631	\$	\$ 311,910,533

Description	December 31, 2008			Total
	Level 1	Level 2	Level 3	
Mutual funds	\$ 143,060,858	\$	\$	\$ 143,060,858
AutoNation, Inc. common stock	27,359,972			27,359,972
Common collective trusts		89,614,652		89,614,652
Total investments - fair value	\$ 170,420,830	\$ 89,614,652	\$	\$ 260,035,482

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Mutual funds: valued at quoted market prices, which represent the net asset value of the securities held in such funds.

AutoNation, Inc. common stock: AutoNation, Inc. common stock, which is traded on the New York Stock Exchange (NYSE) under the ticker symbol (AN) is valued at its quoted market price at the daily close of the NYSE.

Common collective trusts

Merrill Lynch Equity Index Trust XII: valued at the net asset value per unit as determined by the common collective trust as of the valuation date, which approximates fair value. The net asset value of the common collective trust is calculated daily and distributions from net investment income and net realized gains are retained by the trust. The trust seeks to provide investment results that, before expenses, replicate the total return of the Standard & Poor's 500 Composite Stock Price Index (the Index). This Index is a means to measure the performance of a broad base of large U.S. corporations. The trust invests primarily in a portfolio of equity securities (stocks) designed to substantially equal or match the performance of this Index, before expenses. The percentage of the trust's interest in each stock will generally be the same as the percentage that a particular stock represents in the Index. However, certain factors may make the purchase of some stocks impracticable or unnecessary.

Table of Contents**AUTONATION****401(k) PLAN****NOTES TO FINANCIAL STATEMENTS****December 31, 2009 and 2008**

Merrill Lynch Retirement Preservation Trust: the fair value of the Plan's interest in the stable value common collective trust reflects the net asset value of the common collective trust, adjusted for the variance between the contract value and fair value of the underlying investments of the trust, as reported by the fund managers. The net asset value of the common collective trust is calculated daily and distributions from net investment income are declared daily and are reinvested in additional units. The trust seeks to provide preservation of capital, liquidity, and current income at levels that are typically higher than those provided by money market funds. The trust invests primarily in a broadly diversified portfolio of guaranteed investment contracts and in high-quality money-market securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4 - INVESTMENTS

The following presents investments stated at fair value that represent 5 percent or more of the Plan's net assets as of December 31, 2009.

	2009	2008
Merrill Lynch Retirement Preservation Trust, 59,062,589 and 63,391,007 shares, respectively (contract value at 2009 - \$59,062,589; 2008 - \$63,391,007)	\$ 55,068,023	\$ 54,579,657
Merrill Lynch Equity Index Trust Fund XII, 2,891,883 and 3,170,588 shares, respectively	40,399,608	35,034,995
AutoNation, Inc. Common Stock, 2,254,507 and 2,769,228 shares, respectively	43,173,808*	27,359,972*
PIMCO Total Return Fund, 3,602,850 and 3,545,250 shares, respectively	38,910,781	35,948,831
American Century Small Cap Value Fund Inst Class, 4,079,999 and 4,574,351 shares, respectively	29,947,196	24,610,010
Oakmark International Fund, 1,685,944 and 1,915,880 shares, respectively	28,391,297	20,787,300
Munder MidCap Core Growth Cl Y, 763,105 and 867,165 shares, respectively	17,307,228	14,863,216
Van Kampen Growth & Income Fund Cl I, 982,833 and 1,029,921 shares, respectively	16,993,188	14,563,077
Turner Core Growth Fund II, 1,591,452 and 1,741,349 shares, respectively	16,678,414	13,234,253

* The Plan allows participants to direct the investment of a portion of their salary deferral contributions into shares of the Company's common stock. The Plan also provides that employer-matching contributions will be invested only in shares of the Company's common stock and will not be subject to participants' investment direction until the participant has completed three years of service with the Company. The portion of the Plan's investment in shares of the Company's common stock that was not subject to participant investment direction is detailed in Note 5. There were no employer-matching contributions in 2009 as the Company suspended matching contributions effective January 1, 2009.

Table of Contents

AUTONATION

401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

During 2009, the Plan's investments (including gains and losses on investments bought, sold, or held during the year) appreciated in value as follows:

	2009
Mutual funds	\$ 38,246,732
Common collective trusts	8,479,054
AutoNation, Inc. common stock	23,404,183
	\$ 70,129,969

NOTE 5 - NONPARTICIPANT-DIRECTED ASSETS

Information about the significant components of net assets and the changes in net assets relating to the nonparticipant-directed investments is as follows:

	2009	2008
Net assets		
AutoNation, Inc. common stock	\$ 38,699,889	\$ 24,642,276
Employer contribution receivable		3,454
	\$ 38,699,889	\$ 24,645,730

	2009
Changes in net assets	
Net appreciation	\$ 21,506,916
Benefits paid to participants	(4,293,677)
Transfers to participant-directed investment	(3,159,080)
Employer contributions	\$ 14,054,159

Table of Contents

AUTONATION

401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 6 - PARTY-IN-INTEREST TRANSACTIONS

Parties-in-interest are defined under Department of Labor Regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer and certain others. The following transactions represent party-in-interest transactions to the Plan.

Common Collective Trusts: These investments are managed by Merrill Lynch Asset Management Company, an affiliate to the Trustee. The value of these investments included in net assets available for benefits was \$99,462,197 as of December 31, 2009 and \$98,426,002 as of December 31, 2008, which include an adjustment from fair value to contract value for fully benefit-responsive contracts of \$3,994,566 and \$8,811,350, respectively.

AutoNation, Inc Common Stock: The fair value of investments in the Company's common stock was \$43,173,808 as of December 31, 2009 and \$27,359,972 as of December 31, 2008.

Participant Loans: The Plan accepts and services loans to plan participants as described in Note 1. The participant loans balance (including accrued interest) was \$9,896,433 as of December 31, 2009 and \$1,747,617 as of December 31, 2008.

Administrative fees: Certain administrative fees were paid by the Plan to the Trustee. These fees were \$367,865 for the plan year ended December 31, 2009. The Company pays certain fees and expenses of the Plan, which primarily consist of legal, administrative, and accounting fees.

NOTE 7 - INCOME TAX STATUS

The Internal Revenue Service has determined, and informed the Company by a letter dated August 11, 2003, that the Plan is designed and qualified in accordance with applicable sections of the IRC. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan has been amended since receiving this determination letter. However, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC, and remains qualified.

NOTE 8 - PLAN AMENDMENTS

Effective January 1, 2009, the Plan was amended to suspend the employer matching contributions to the Plan. Additionally, the Plan was amended to increase the allowable deferral rate from 25% of eligible compensation to 30% (if participant is deemed highly compensated by Internal Revenue Service guidelines, the participant is limited to a 4% deferral rate).

NOTE 9 - SUBSEQUENT EVENTS

We have evaluated the effects of subsequent events that have occurred subsequent to period end December 31, 2009.

Table of Contents

AUTONATION

401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

Effective January 1, 2010, the Plan was amended to reflect certain provisions of the Pension Protection Act of 2006 with regard to hardship withdrawals, expanding distributions to Qualified Reservists, allowing rollover distributions for non-spouse beneficiaries, and the determination of income or loss allocable to excess contributions, excess aggregate contributions, and excess deferrals.

Effective June 3, 2010, the Plan added the Harbor International Fund and the FFI Premier Institutional Fund. The Harbor International Fund replaced the Oakmark International Fund.

Table of Contents

SUPPLEMENTARY SCHEDULE

15

Table of Contents**AUTONATION****401(k) PLAN****SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)****December 31, 2009**

Name of Plan Sponsor: AutoNation, Inc.

Employer Identification Number: 73-1105145

Three Digit Plan Number: 001

	(b)	(c)	(d)	(e)
(a)	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
*	Merrill Lynch Retirement Preservation Trust	Common/collective fund (59,062,589 shares)	**	\$ 59,062,589
*	Merrill Lynch Equity Index Trust Fund XII	Common/collective fund (2,891,883 shares)	**	40,399,608
*	AutoNation, Inc.	Common stock (2,254,507 shares)	31,030,608	43,173,808
	PIMCO Total Return Fund	Registered investment company (3,602,850 shares)	**	38,910,781
	American Century Small Cap Value Fund Inst Class	Registered investment company (4,079,999 shares)	**	29,947,196
	Oakmark International Fund	Registered investment company (1,685,944 shares)	**	28,391,297
	Munder MidCap Core Growth Fund	Registered investment company (763,105 shares)	**	17,307,228
	Van Kampen Growth & Income Fund	Registered investment company (982,833 shares)	**	16,993,188
	Turner Core Growth Fund II	Registered investment company (1,591,452 shares)	**	16,678,414

Edgar Filing: AUTONATION, INC. - Form 11-K

American EuroPacific Fund	Registered investment company	**	10,041,191
	(266,203 shares)		
PIMCO Real Return Fund	Registered investment company	**	8,136,936
	(754,118 shares)		
Columbia Mid Cap Value Fund	Registered investment company	**	5,196,205
	(468,972 shares)		
Alger Small Cap Growth Institutional Fund	Registered investment company	**	1,666,658
	(75,201 shares)		
* Participant loans	Interest rates from 5.25% to 10% and maturity dates through 2023		9,896,433
Total			\$ 325,801,532

* Represents a party-in-interest to the Plan

** Cost information not required for participant directed investments.

Table of Contents

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

AutoNation 401(k) Plan
(Name of Plan)

Date: June 24, 2010

By: /s/ Michael J. Stephan
Title: Vice President, Corporate Controller

ER-BOTTOM: #ccffcc" width="1%">

	- 0 -
	- 0 -
	15,597,723
	15,598
	229,895
	(166,936
)	78,557
Note payable converted into preferred stock	232.27
	15,969
	15,969

The accompanying notes and the report of independent registered public accounting firm should be read in conjunction with the financial statements.

Edgar Filing: AUTONATION, INC. - Form 11-K

Options granted to consultants and professionals					8,484		8,484
Net loss						(909,745)	(909,745)
Retroactive restatement to reflect recapitalization on November 12, 2004	(232.27)	(15,969)			15,969		
Balance at December 31, 2003	- 0 -	- 0 -	15,597,723	15,598	254,348	(1,076,681)	(806,735)
Stock dividend on preferred stock	638.31	43,884				(43,884)	
Net loss						(538,076)	(538,076)
Options granted to consultants and professionals					5,315		5,315
Retroactive restatement to reflect recapitalization on November 12, 2004	(638.31)	(43,884)			43,884		
Balance at October 31, 2004	- 0 -	- 0 -	15,597,723	15,598	303,547	(1,658,641)	(1,339,496)
(Unaudited):							
Common Stock issued to Placement Agent on recapitalization			752,600	753	(753)		
Effect of recapitalization			752,600	752	(752)		
Options granted to consultants and professionals							
Conversion of Note payable to Common Stock			2,136,441	2,136	611,022		613,158
Issuance of Common Stock for cash, net of shares to Placement Agent			17,450,693	17,451	4,335,549		4,353,000
Issuance Costs					(329,673)		(329,673)
Net loss						(245,355)	(245,355)

The accompanying notes and the report of independent registered public accounting firm should be read in conjunction with the financial statements.

Restatement to reflect recapitalization on November 12, 2004 including cash paid of \$44,940					(88,824)		(88,824)
Balance at January 31, 2005	\$ - 0 -	\$ - 0 -	36,690,057	\$ 36,690	\$ 4,830,116	\$ (1,903,996)	\$ 2,962,810

The accompanying notes and the report of independent registered public accounting firm should be read in conjunction with the financial statements.

F-7

ADVAXIS, INC.
(a development stage company)
STATEMENT OF CASH FLOWS

	Period from March 1, 2002 (inception) to December 31, 2002	Year ended December 31, 2003	Tenth Month Period ended October 31 2003 (unaudited)	Tenth Month ended October 31 2004	Period from March 1, 2002 (inception) to October 31, 2004	Three-month period ended January 31, 2004 (unaudited)	Three-month period ended January 31, 2005 (unaudited)	Period from March 1, 2002 (inception) to January 31, 2005 (unaudited)
Cash flows from operating activities:								
Net loss	\$ (166,936)	\$ (909,745)	(825,907)	(538,076)	(1,614,757)	\$ (142,466)	\$ (245,355)	\$ (1,860,112)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:								
Value assigned to options given as payment to consultants and professionals	10,493	8,484		5,315	24,292	8,484		24,292
Amortization expense		3,171		15,818	18,989	800	6,817	25,806
Accrued interest on notes payable							7,968	7,968
Increase in Other Assets							(2,450)	(2,450)
Increase (decrease) in accounts payable	85,825	933,111	840,037	80,307	1,099,243	102,910	(356,756)	742,487
Net cash provided by (used in)	(70,618)	35,021	14,130	(436,636)	(472,233)	(30,272)	(589,776)	(1,062,009)

**operating
activities****CASH FLOWS USED****IN INVESTING****ACTIVITIES:**

Cash paid on acquisition of Great Expectations						(44,940)	(44,940)
Cost of Intangible Assets	(277,243)	(217,133)	(124,469)	(401,712)	(30,228)	(203,460)	(605,172)
Net cash used in Investing Activities	(277,243)	(217,133)	(124,469)	(401,712)	(30,228)	(248,400)	(650,112)

**Cash flows from
financing activities:**

Proceeds from notes payable	40,000	85,000	546,224	671,224	87,203		671,224
Net proceeds on issuance of preferred stock	235,000			235,000			235,000
Net Proceeds on Issuance of Common Stock						4,023,327	4,023,327
Cash provided by financing activities	275,000	85,000	546,224	906,224	87,203	4,023,327	4,929,551

Net increase (decrease) in cash	204,382	(157,222)	(203,003)	(14,881)	32,279	26,703	3,185,151	3,217,430
----------------------------------------	----------------	------------------	------------------	-----------------	---------------	---------------	------------------	------------------

Cash at beginning of period		204,382	204,382	47,160		1,379	32,279	
------------------------------------	--	----------------	----------------	---------------	--	--------------	---------------	--

Cash at end of period	\$ 204,382	\$ 47,160	\$ 1,379	\$ 32,279	\$ 32,279	\$ 28,082	\$ 3,217,430	\$ 3,217,430
------------------------------	-------------------	------------------	-----------------	------------------	------------------	------------------	---------------------	---------------------

The accompanying notes and the report of independent registered public accounting firm should be read in conjunction with the financial statements.

F-8

Period from March 1, 2002 (inception) to December 31, 2002	Year ended December 31, 2003	Tenth Month Period ended October 31, 2003	Tenth Month Period ended October 31, 2004	Period from March 1, 2002 (inception) to December 31, 2003	Three months ended January 31, 2005	Three months ended January 31, 2004	Period from March 1, 2002 (Inception) January 31, 2005
-----------------------------------------------------------------------------------------------	-------------------------------------------------	----------------------------------------------------------------------	----------------------------------------------------------------------	-----------------------------------------------------------------------------------------------	----------------------------------------------------------------	------------------------------------------------------------	---------------------------------------------------------------------------------------

SUPPLEMENTAL
SCHEDULE OF
NONCASH INVESTING
AND FINANCING
ACTIVITIES:

Common Stock issued to founders	\$ 40			\$ 40			\$ 40
Notes Payable and Accrued Interest Converted to Preferred Stock	\$ 15,969	\$ 15,969		\$ 15,969			\$ 15,969
Stock Dividend on Preferred Stock			\$ 43,884	\$ 43,884			\$ 43,884
Notes Payable and Accrued Interest Converted to Common						\$ 631,158	\$ 613,158
Intangible Assets Acquired with Notes Payable			\$ 360,000	\$ 360,000			\$ 360,000

The accompanying notes and the report of independent registered public accounting firm should be read in conjunction with the financial statements.

F-9

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended January 31, 2005 and 2004 is unaudited)

**1. PRINCIPAL
BUSINESS
ACTIVITY AND
SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES:**

Advaxis, Inc. (the "Company") was incorporated in 2002 and is a biotechnology company researching and developing new cancer-fighting techniques.

The Company is in the development stage and its operations are subject to all of the risks inherent in an emerging business enterprise. The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As shown in the financial statements, the Company has incurred losses from operations, and has a working capital deficit of \$971,776 and \$1,396,063, and a shareholders' deficiency of \$806,735 , and \$1,339,496 at December 31, 2003 and October 31, 2004 , respectively. Management has raised (see Note 8) and will continue to raise additional funds through equity and is working to develop technologies that will generate revenue that will allow the Company to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) No. 104, revenue from license fees and grants is recognized when the following criteria are met; persuasive evidence of an arrangement exists, services have been rendered, the contract price is fixed or determinable, and collectibility is reasonably assured. In licensing arrangements, delivery does not occur for revenue recognition purposes until the license term begins. Nonrefundable upfront fees received in exchange for products delivered or services performed that do not represent the culmination of a separate earnings process will be deferred and recognized over the term of the agreement using the straightline method or another method if it better represents the timing and pattern of performance.

For revenue contracts that contain multiple elements, the Company will determine whether the contract includes multiple units of accounting in accordance with EITF No. 00-21, *Revenue Arrangements with Multiple Deliverables*. Under that guidance, revenue arrangements with multiple deliverables are divided into separate units of accounting if the delivered item has value to the customer on a standalone basis and there is objective and reliable evidence of the fair value of the undelivered item.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

Intangible assets, which consist primarily of legal costs in obtaining trademarks and patents, are being amortized on a straight-line basis over 15 and 17 years, respectively.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered to be impaired when the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition exceeds its carrying amount. The amount of impairment loss, if any, is measured as the difference between the net book value of the asset and its estimated fair value.

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended
January 31, 2005 and 2004 is unaudited)

Basic loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the periods. Diluted earnings per share gives effect to dilutive options, warrants and other potential common stock outstanding during the period. Potential common stock has not been included in the computation of diluted loss per share, as the effect would be antidilutive.

Deferred income taxes are provided for the differences between the bases of assets and liabilities for financial reporting and income tax purposes. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates by management. Actual results could differ from these estimates.

The estimated fair value of the notes payable approximates the carrying amount based on the rates available to the Company for similar debt.

Accounts payable consists entirely of trade accounts payable.

Research and development costs are charged to expense as incurred.

Management does not believe that any recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended January 31, 2005 and 2004 is unaudited)

The Company has elected to apply APB Opinion No. 25 and related interpretations in accounting for its stock options granted to employees and has adopted the disclosure-only provisions of SFAS No. 123. Had the Company elected to recognize compensation cost based on the fair value of the options granted at the grant date as prescribed by SFAS No. 123, the Company's net loss would have been as follows:

	March 1, 2002 (date of inception) to December 31, 2002	Year ended December 31, 2003	10 months ended October 31, 2003	10 months ended October 31, 2004	3 months ended January 31 2004	3 months ended January 31, 2005
Net Loss as reported	\$ (166,936)	\$ (909,745)	\$ (825,907)	\$ (538,076)	\$ (142,466)	\$ (245,355)
Deduct stock option compensation expense determined under fair value based method	(8,566)	(32,923)	(30,199)	(70,019)	(22,612)	(18,573)
Adjusted Net Loss	\$ (175,502)	\$ (942,668)	\$ (856,106)	\$ (608,095)	\$ (165,078)	\$ (263,928)
Net Loss per share as reported	\$ (0.01)	\$ (0.06)	\$ (0.05)	\$ (0.04)	\$ (0.01)	\$ (0.01)
Net Loss per share pro forma	\$ (0.01)	\$ (0.06)	\$ (0.05)	\$ (0.04)	\$ (0.01)	\$ (0.01)

The Company accounts for nonemployee stock-based awards in which goods or services are the consideration received for the equity instruments issued based on the fair value of the equity instruments in accordance with the guidance provided in the consensus opinion of the Emerging Issues Task Force ("EITF") Issue 96-18, *Accounting for Equity Instruments that Are Issued to Other than Employees for Acquiring, or in Conjunction With Selling Goods or Services*.

The accompanying unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the requirements of item 310(b) of Regulation S-B. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The results of operations for the three-month period ended January 31, 2005 are not necessarily indicative of the results of operations expected for the year ended October 31, 2005.

In the opinion of management, the accompanying unaudited interim financial statements for the nine-month periods ended September 30, 2004 and 2003 include all adjustments (consisting only of those of a normal recurring nature) necessary for a fair statement of the

results of the interim period.

F-12

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended January 31, 2005 and 2004 is unaudited)

2. INTANGIBLE ASSETS: Intangible assets consist of the following:

	December 31, 2003		October 31, 2004
Trademarks	\$ 8,243	\$	8,243
Patents			117,377
License	269,000		360,000
Less:Accumulated Amortization			(15,818)
	\$ 277,243	\$	469,804

During the ten-month period ended October 31, 2004, the Company renegotiated certain payables with its attorney which reduced intangible assets by \$98,090.

Estimated amortization expense is as follows:

Year ending October 31,		
2005	\$	24,281
2006		24,281
2007		24,281
2008		24,281
2009		24,281

During the three-month period ended January 31, 2005, the Company acquired \$203,460 of new patents. Amortization expense during the period amounted to \$6,817.

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended January 31, 2005 and 2004 is unaudited)

**3. NOTES
PAYABLE:**

Notes payable consist of the following:

	December 31, 2003	2002	October 31 2004
Note payable with interest at 6% per annum, due on December 31, 2005. The amount is mandatorily convertible at the time of the closing of the Company's contemplated \$2,000,000 equity financing into the same class of shares issued at the equity financing at a conversion price per share equivalent to the price per share in the equity financing. Upon closing of an equity financing which is less than \$2,000,000, the holder has the right to convert, at the holder's option, into the same class of shares issued at the equity financing at a conversion price per share equivalent to the price per share in the equity financing.	\$ 10,060		\$ 605,190
Note payable with interest at 8% per annum, due on November 10, 2008.	10,112		10,647
Note payable with interest at 8% per annum, due on December 17, 2008.	40,122		42,590
Note payable with interest at 6% per annum, due on December 31, 2004. The amount is mandatorily convertible at the time of the closing of the Company's contemplated \$2,000,000 equity financing into the same class of shares issued at the equity financing at a conversion price per share equivalent to the price per share in the equity financing. Upon closing of an equity financing which is less than \$2,000,000, the holder has the right to convert, at the holder's option, into the same class of shares issued at the equity financing at a conversion price per share equivalent to the	25,408		

price per share in the equity financing.

Notes payable with no interest, due on December 15, 2006.	130,000
--------------------------------------------------------------	---------

Notes payable with no interest, due on December 15, 2007.	230,000
--------------------------------------------------------------	---------

F-14

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended
January 31, 2005 and 2004 is unaudited)

(continued)

	December 31, 2003	2002	October 31 2004
Note payable with interest at 6% per annum, due on June 30, 2005. The amount is convertible at the holder's option into Series A convertible preferred stock at a price per share of \$68.75.	\$ 26,500	\$ 25,000	
Note payable with interest at 6% per annum, due and payable on June 30, 2005. The amount is convertible at the holder's option into Series A convertible preferred stock at a price per share of \$68.75. The full amount of this note plus accrued interest of \$969 was converted into 232.27 shares of Series A preferred stock on September 22, 2003.		15,000	
	112,202	40,000	1,018,427
Less current portion	25,408		605,190
	\$ 86,794	\$ 40,000	\$ 413,237

Aggregate maturities of notes payable at October 31, 2004 are as follows:

Year ending December 31,

2005	605,190
2006	130,000
2007	230,000
2008	53,237
	\$ 1,018,427

F-15

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended January 31, 2005 and 2004 is unaudited)

- 4. STOCK OPTIONS:** The Company has adopted the Advaxis, Inc. 2002 Stock Option Plan (the "Plan"), which allows for grants up to 8,000 shares of the Company's common stock. The Plan shall be administered and interpreted by the Company's board of directors.

Stock option activity during the periods indicated is as follows:

	Options Granted		Weighted- average Exercise Price
Granted from the period March 1, 2002 (inception) to December 31, 2002	4,351	\$	73.63
Outstanding at December 31, 2002	4,351		73.63
Granted	1,777		97.47
Outstanding at December 31, 2003	6,464	\$	78.91
Granted	350	\$	117.32
Forfeited	(750)	\$	68.75
Outstanding at October 31, 2004	6,064	\$	80.95
Vested and exercisable at October 31, 2004	3,917	\$	87.63

At October 31, 2004, the weighted exercise prices and weighted-average remaining contractual life of outstanding options were \$80.95 and 7.70 years, respectively.

The fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions used for grants in 2004, 2003 and 2002: dividend yield of 0%; average risk-free interest rates of 6%; volatility of 0%; and an expected life of 10 years in each year.

Also under the Plan, the Company has granted 3,430 options to purchase the Company's common stock that are being accounted for under variable plan accounting because these options have an exercise price that is subject to a one-time price adjustment following the next round of equity financing. Accordingly, each period, increases in the stock price of the Company will result in a charge to operations for the increase in the Company's stock price

multiplied by the number of these options still outstanding. However, there has been no fluctuation in the Company's stock price from inception to December 31, 2003 and, as such, no charge has been taken on the accompanying statement of operations.

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended
January 31, 2005 and 2004 is unaudited)

On November 12, 2004, in connection with the recapitalization (see Note 8), the above options were canceled, and employees and consultants were granted options of Great Expectations. The pro forma disclosures in Note 1 are presented for the options outstanding prior to the recapitalization. The cancellation and replacement had no accounting consequence since the aggregate intrinsic value of the options immediately after the cancellation and replacement was not greater than the aggregate intrinsic value immediately before the cancellation and replacement, and the ratio of the exercise price per share to the fair value per share was not reduced. Additionally, the original options were not modified to accelerate vesting or extend the life of the new options.

- 5. SHAREHOLDERS' EQUITY:** Prior to the recapitalization (see Note 8), the Company had convertible preferred stock with \$.001 par value and 50,000 shares authorized. 6,000 of those shares were designated as Series A and 3,418.18, 3,650.45, and 3,640.45 were issued and outstanding at December 31, 2002, December 31, 2003 and October 31, 2004, respectively. The Company also had 100,000 shares authorized of \$.001 par value common stock with 40,000 shares issued and outstanding at December 31, 2002 and 2003, and at October 31, 2004.

The preferred stock and common stock amounts were retroactively restated to reflect the effects of the recapitalization on November 12, 2004 (see Note 8).

- 6. COMMITMENTS AND CONTINGENCIES:** Pursuant to multiple consulting agreements and a licensing agreement, the Company is contingently liable for the following:

The Company is obligated to pay \$35,500 to two consultants upon receiving financing of \$1,000,000 or greater.

The Company is obligated to pay \$20,000 to two consultants upon receiving financing of \$500,000 or greater and an additional \$20,000 upon receiving financing of \$2,000,000 or greater.

The Company is obligated to pay \$91,000 to two consultants upon receiving financing of \$4,000,000 or greater.

Under a licensing agreement, the Company has agreed to pay \$525,000 over a four-year period as a royalty after the first commercial sale of a product under the license. The Company is also obligated to pay annual license maintenance fees ranging from \$25,000 to \$125,000 per year after the first commercial sale of a product under the license. The Company is also obligated to pay up to \$660,000 to the licensor upon receiving financing. The amount due is contingent upon the size of the financing.

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended
January 31, 2005 and 2004 is unaudited)

As of October 31, 2004, the Company has an employment agreement with a key executive through December 31, 2004. The agreement shall be automatically renewed for one-year periods unless the Company or the key executive gives the other party written consent of its intent not to renew at least 30 days prior to the end of the term of the contract. The agreement provides for an annual base salary of \$150,000, which will be adjusted to \$225,000 to \$250,000 per annum once the Company closes on its next round of equity financing.

The Company is also obligated under two employment agreements to pay approximately \$220,000 per annum upon the closing of the next round of equity financing.

F-18

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended January 31, 2005 and 2004 is unaudited)

- 7. INCOME TAXES:** The Company has a net operating loss carryforward of approximately \$1,800,000 at October 31, 2004 available to offset taxable income through 2023.

The tax effects of loss carryforwards give rise to a deferred tax asset and a related valuation allowance as follows:

	December 31, 2003	October 31, 2004
Net operating losses	\$ 640,000	\$ 720,000
Less valuation allowance	(640,000)	(720,000)
Deferred tax asset	\$ - 0 -	\$ - 0 -

The difference between income taxes computed at the statutory federal rate of 34% and the provision for income taxes relates to the following:

	Period from 1-Mar-02 (inception) to December 31, 2002	Year ended December 31, 2003	Ten-month period ended October 31, 2004	three-month period ended January 31, 2004	three-month period ended January 31, 2005
Provision at federal statutory rate	34%	34%	34%	34%	34%
Valuation allowance	(34)	(34)	(34)	(34)	(34)
	-0-%	-0-%	-0-%	-0-%	-0-%

- 8. SUBSEQUENT EVENTS:** On November 12, 2004, Great Expectations and Associates, Inc. ("Great Expectations") acquired the Company through a share exchange and reorganization (the "Recapitalization"), pursuant to which the Company became a wholly owned subsidiary of Great Expectations. Great Expectations acquired (i) all of the issued and outstanding shares of common stock of the Company and the Series A preferred stock of the Company in exchange for an aggregate of 15,597,723 shares of authorized, but theretofore unissued, shares of common stock, no par value, of Great Expectations; (ii) all of the issued and outstanding warrants to purchase the Company's common stock, in exchange for warrants to purchase 584,885 shares of Great

Expectations; and (iii) all of the issued and outstanding options to purchase the Company's common stock in exchange for an aggregate of 2,381,525 options to purchase common stock of Great Expectations, constituting approximately 96% of the common stock of Great Expectations prior to the issuance of shares of common stock of Great Expectations in the private placement described below. Prior to the closing of the Recapitalization, Great Expectations performed a 200-for-1 reverse stock split, thus reducing the issued and outstanding shares of common stock of Great Expectations from 150,520,000 shares to 752,600 shares. Additionally, 752,600 shares of common stock of Great Expectations were issued to the financial advisor in connection with the Recapitalization. Pursuant to the Recapitalization, there are 17,102,923 common shares outstanding in Great Expectations.

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended
January 31, 2005 and 2004 is unaudited)

As a result of the transaction, the former shareholders of Advaxis are the controlling shareholders of the Company. Additionally, prior to the transaction, Great Expectations had no substantial assets. Accordingly, the transaction is treated as a recapitalization of a public shell, rather than a business combination. The historical financial statements of Advaxis are now the historical financial statements of the Company. Historical shareholders' equity (deficiency) of Advaxis has been restated to reflect the recapitalization, and include the shares received in the transaction.

Pro forma information has not been presented since the transaction is not a business combination.

November 12, 2004, the Company completed an initial closing of a private placement offering (the "Private Placement"), whereby it sold an aggregate of \$2.925 million worth of units to accredited investors. Each unit was sold for \$25,000 (the "Unit Price") and consisted of (a) 87,108 shares of common stock and (b) a warrant to purchase, at any time prior to the fifth anniversary following the date of issuance of the warrant, to purchase 87,108 shares of common stock included at a price equal to \$0.40 per share of common stock (a "Unit"). In consideration of the investment, the Company granted to each investor certain registration rights and anti-dilution rights. Also, in November 2004, the Company converted approximately \$618,000 of aggregate principal promissory notes and accrued interest outstanding into Units.

On December 8, 2004, the Company completed a second closing of the Private Placement, whereby it sold an aggregate of \$200,000 of Units to accredited investors.

On January 4, 2005, the Company completed a third and final closing of the Private Placement, whereby it sold an aggregate of \$128,000 of Units to accredited investors.

F-20

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended January 31, 2005 and 2004 is unaudited)

Pursuant to the terms of a investment banking agreement, dated March 19, 2004, by and between the Company and Sunrise Securities, Corp. (the "Placement Agent"), the Company issued to the Placement Agent and its designees an aggregate of 2,283,445 shares of common stock and warrants to purchase up to an aggregate of 2,666,900 shares of common stock. The shares were issued as part consideration for the services of the Placement Agent, as placement agent for the Company in the Private Placement. In addition, the Company paid the Placement Agent a total cash fee of \$50,530.

On January 12, 2005, the Company completed a second private placement offering whereby it sold an aggregate of \$1,100,000 of units to a single investor. As with the Private Placement, each unit issued and sold in this subsequent private placement was sold at \$25,000 per unit and is comprised of (i) 87,108 shares of common stock, and (ii) a five-year warrant to purchase 87,108 shares of our common stock at an exercise price of \$0.40 per share. Upon the closing of this second private placement offering the Company issued to the investor 3,832,753 shares of common stock and warrants to purchase up to an aggregate of 3,832,753 shares of common stock.

The aggregate sale from the four private placements was \$4,353,000, which was netted against transaction costs of \$329,673 for net proceeds of \$4,023,327.

Pursuant to the Recapitalization and the first closing of the private placement, there are 2,381,525 options to purchase the Company's common stock outstanding. These options have a 10-year life and vest ratably over a four-year period. A summary of the options outstanding are as follows:

Options	Exercise Price
1,966,939	\$ 0.1952
14,087	\$ 0.2839
35,639	\$ 0.2870
227,509	\$ 0.3549
137,351	\$ 0.4259
2,381,525	

Pursuant to the Recapitalization and the first closing of the private placement, there are 14,951,292 warrants to purchase the Company's common stock

outstanding. A summary of the warrants outstanding
are as follows:

F-21

ADVAXIS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS
(information related to the ten-month period ended October 31, 2003 and the three-month periods ended January 31, 2005 and 2004 is unaudited)

Amount	Exercise Price	Expiration
2,543,553	\$ 0.20	2009
35,218	\$ 0.28	2011
142,555	\$ 0.29	2007
2,038,328	\$ 0.29	2009
10,191,638	\$ 0.40	2009
14,951,292		

On December 20, 2004, the Company entered into an Amended and Restated Employment Agreement with J. Todd Derbin, its current chief executive officer and president ("Employment Agreement"). Pursuant to the terms of the Employment Agreement, Mr. Derbin shall serve as the Company's chief executive officer and president for a period of one year commencing on January 1, 2005. The Employment Agreement may be extended, in writing, by the Company and Mr. Derbin. Mr. Derbin's salary shall be \$200,000, provided that it shall be increased to \$225,000 or \$250,000 based upon certain milestones of the Company as set forth in the Employment Agreement. In addition, Mr. Derbin shall be entitled to bonuses in the form of equity and/or cash as set forth in the Employment Agreement and he shall be entitled to receive non-qualified stock options to purchase common stock of the Company (the "Options"), the amount of which when added to his existing 1,172,767 options shall equal 5% of the total issued and outstanding common stock of the Company, as of March 31, 2005. One-half of the Options shall vest on the grant date and one-half of the Options shall vest monthly over four years at a rate of 1/48th per month. The grant of the Options is subject to the Company adopting a 2005 Stock Option Plan, which is subject to stockholder approval.

The Company entered into an employment agreement with Dr. Vafa Shahabi PhD to become Head of Director of Science effective March 1, 2005, terminable on 30 days notice. The compensation is \$100,000 per annum with a potential bonus of \$20,000. In addition, Dr. Shahabi will be granted 150,000 options.

The Company entered into an employment agreement with Dr. John Rothman, Ph.D to become Vice President of Clinical Development effective March 7, 2005 for a term of one year ending February 28, 2006 and terminable on 30 days notice. His compensation is \$170,000 per annum, to increase to \$180,000 upon the closing of a \$15 million equity financing. Upon meeting incentives to be set by the Company, he will receive a bonus of up to \$45,000. In addition, Dr. Rothman will be granted 360,000 stock options.

F-22

56,320,114 Shares

ADVAXIS, INC.

Common Stock

PROSPECTUS

_____, 2005

Until [_____], 2005, all dealers that buy, sell, or trade the common stock, may be required to deliver a prospectus, regardless of whether they are participating in this offering. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Our articles of incorporation and by-laws include provisions to (1) indemnify the directors and officers to the fullest extent permitted by the Colorado Revised Statutes, including circumstances under which indemnification is otherwise discretionary and (2) eliminate the personal liability of directors and officers for monetary damages resulting from breaches of their fiduciary duty, except for liability for breaches of the duty of loyalty, acts, or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, violations under Section 7-108-704 of Colorado Law, or for any transaction from which the director derived an improper personal benefit. We believe that these provisions are necessary to attract and retain qualified persons as directors and officers.

We will enter into an indemnification agreement with each of our directors which provides that we will indemnify our directors and advance expenses to our directors, to the extent permitted by the laws of the State of Colorado.

We have directors and officers liability insurance in an amount not less than \$1 million.

Insofar as indemnification for liability arising under the Act may be permitted to our directors, officers and controlling persons as stated in the foregoing provisions or otherwise, we have been advised that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, if any, payable by the Registrant relating to the sale of common stock being registered. All amounts are estimates except the SEC registration fee.

SEC registration fee	\$ 6,628.94*
Printing and engraving expenses	\$ 10,000*
Legal fees and expenses	\$ 25,000*
Accounting fees and expenses	\$ 5,000*
Transfer agent and registrar's fees and expenses	\$ 10,000*
Miscellaneous expense	\$ 3,371.06*
Total	\$ 60,000*

* Estimates only.

RECENT SALES OF UNREGISTERED SECURITIES

During the last three years, we have issued unregistered securities to the persons, as described below. None of these transactions involved any underwriters, underwriting discounts or commissions, except as specified below, or any public offering, and we believe that each transaction was exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof and/or Regulation D promulgated thereunder. All recipients had adequate access, though their relationships with us, to information about us.

We issued on November 12, 2004 pursuant to the Share Exchange, 16,350,323 shares of our common stock, 2,381,525 options to purchase shares of common stock and 584,885 warrants to purchase shares of common stock.

We issued on November 12, 2004 pursuant to the conversion of \$595,000 principal amount of outstanding promissory notes, 2,136,441 shares of our common stock and warrants to purchase 2,136,441 shares of our common stock.

On November 12, 2004 in connection with the first closing of the Private Placement we issued 12,248,798 shares of our common stock and 12,229,966 warrants to purchase shares of our common stock.

On November 12, 2004 we issued a warrant to purchase 60,000 shares of common stock to RB Holdings, LLC, an affiliate of Reitler Brown & Rosenblatt LLC in connection with legal services rendered.

On December 8, 2004, in connection with the second closing of the Private Placement we issued 834,843 shares of our common stock and 836,237 warrants to purchase shares of our common stock.

On January 4, 2005, in connection with the third and final closing of the Private Placement we issued 534,299 shares of our common stock and 535,192 warrants to purchase shares of our common stock.

On January 12, 2005, in connection with the closing of a second private placement offering, we issued 3,832,752 shares of our common stock and 3,832,752 warrants to purchase shares of our common stock.

EXHIBITS

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION OF EXHIBIT</u>
Exhibit 3.1	Amended and Restated Articles of Incorporation. Incorporated by reference to Exhibit 3.1 to Report on Form 8K filed with the SEC on December 27, 2004.
Exhibit 3.2	Amended and Restated Bylaws. Incorporated by reference to Exhibit 3.1 to Report on Form 8K filed with the SEC on December 27, 2004.
Exhibit 4.1	Form of Warrant issued to purchasers. Incorporated by reference to Exhibit 4.1 to Report on Form 8K filed with the SEC on November 18, 2004.
Exhibit 4.2	Form of Warrant issued to Placement Agent. Incorporated by reference to Exhibit 4.2 to Report on Form 8K filed with the SEC on November 18, 2004.
Exhibit 5.1	Opinion of Frasca, Joiner, Goodman and Greenstein, PC

Edgar Filing: AUTONATION, INC. - Form 11-K

- Exhibit 10.1 Share and Exchange Agreement, dated as of August 25, 2004, by and among the Company, Advaxis and the shareholders of Advaxis. Incorporated by reference to Exhibit 10.1 to Report on Form 8K filed with the SEC on November 18, 2004.
- Exhibit 10.2 Form of Securities Purchase Agreement, by and among the Company and the purchasers listed as signatories thereto. Incorporated by reference to Exhibit 10.2 to Report on Form 8K filed with the SEC on November 18, 2004.
- Exhibit 10.3 Form of Registration Rights Agreement, by and among the Company and the persons listed as signatories thereto. Incorporated by reference to Exhibit 10.3 to Report on Form 8K filed with the SEC on November 18, 2004.
- Exhibit 10.4 Form of Standstill Agreement, by and among the Company and persons listed on Schedule 1 attached thereto. Incorporated by reference to Exhibit 10.4 to Report on Form 8K filed with the SEC on November 18, 2004.
- Exhibit 10.5 Amended and Restated Employment Agreement, dated December 20, 2004, by and between the Company and J.Todd Derbin. Incorporated by reference to Exhibit 10.1 to Report on Form 8K filed with the SEC on December 23, 2004.
- Exhibit 10.6 2004 Stock Option Plan of the Company. Incorporated by reference to Exhibit 10.1 to Report on Form 8K filed with the SEC on December 27, 2004.
- Exhibit 10.7 License Agreement, dated as of June 17, 2002, by and between Advaxis and The Trustees of the University of Pennsylvania*.
- Exhibit 10.8 Non-Exclusive License and Bailment, dated as of March 17, 2004, between The Regents of the University of California and Advaxis, Inc.
- Exhibit 10.9 Consultancy Agreement, dated as of January 19, 2005, by and between LVEP Management, LLC. and the Company.
- Exhibit 10.10 Government Funding Agreement, dated as of April 5, 2004, by and between David Carpi and Advaxis, Inc.
- Exhibit 10.11 Amended and Restated Consulting and Placement Agreement, dated as of May 28, 2003, by and between David Carpi and Advaxis, Inc., as amended
- Exhibit 10.12 Consultancy Agreement, dated as of January 22, 2005, by and between Dr. Yvonne Paterson and Advaxis, Inc.
- Exhibit 10.13 Consultancy Agreement, dated as of March 15, 2003, by and between Dr. Joy A. Cavagnaro and Advaxis, Inc.

Exhibit 10.14	Grant Writing Agreement, dated June 19, 2003, by and between DNA Bridges, Inc. and Adavaxis, Inc.
Exhibit 10.15	Consulting Agreement, dated as of July 2, 2004, by and between Sentinel Consulting Corporation and Advaxis, Inc.
Exhibit 10.16	Agreement, dated July 7, 2003, by and between Cobra Biomanufacturing PLC and Advaxis, Inc.*
Exhibit 10.17	Securities Purchase Agreement, dated as of January 12, 2005, by and between the Company and Harvest Advaxis LLC. Incorporated by reference to Exhibit 10.1 to Report on Form 8K filed with the SEC on January 18, 2005.
Exhibit 10.18	Registration Rights Agreement, dated as of January 12, 2005, by and between the Company and Harvest Advaxis LLC. Incorporated by reference to Exhibit 10.2 to Report on Form 8K filed with the SEC on January 18, 2005.
Exhibit 10.19	Letter Agreement, dated as of January 12, 2005 by and between the Company and Robert T. Harvey. Incorporated by reference to Exhibit 10.3 to Report on Form 8K filed with the SEC on January 18, 2005.
Exhibit 10.20	Consultancy Agreement, dated as of January 15, 2005, by and between Dr. David Filer and the Company.
Exhibit 10.21	Consultancy Agreement, dated as of January 15, 2005, by and between Pharm-Olam International Ltd. and the Company.
Exhibit 10.22	Agreement, dated February 1, 2004, by and between Strategic Growth International Inc. and the Company.
Exhibit 10.23	Letter Agreement, dated February 10, 2005, by and between Richard Berman and the Company.
Exhibit 10.24	Employment Agreement, dated February 8, 2005, by and between Vafa Shahabi and the Company.
Exhibit 10.25	Employment Agreement, dated March 1, 2005, by and between John Rothman and the Company.
Exhibit 10.26	Clinical Research Services Agreement, dated April 6, 2005, between Pharm-Olam International Ltd. and the Company.*
Exhibit 10.27	Amendment to Consultancy Agreement, dated as of April 4, 2005, between LVEP Management LLC and the Company.
Exhibit 14.1	Code of Ethics. Incorporated by reference to Exhibit 14.1 to Report on Form 8K filed with the SEC on November 18, 2004.

Edgar Filing: AUTONATION, INC. - Form 11-K

Exhibit 21.1	Advaxis, Inc., a Delaware corporation
Exhibit 23.1	Consent of Goldstein Golub Kessler LLP
Exhibit 23.2	Consent of Frasca, Joiner, Goodman and Greenstein, PC (included in Exhibit 5.1 above)
Exhibit 24.1	Power of Attorney (Included on the signature page)

* Confidential Treatment sought.

II-4

UNDERTAKINGS

The undersigned small business issuer hereby undertakes to:

(1) For determining any liability under the Securities Act of 1933, treat the information omitted from this form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the small business issuer under Rule 424(b) (1), or (4) or 497(h) under the Securities Act of 1933 as part of this registration statement as of the time the SEC declared it effective.

(2) For determining any liability under the Securities Act of 1933, treat each post-effective amendment that contains a form of prospectus as a new registration statement for the securities offered in this registration statement, and that offering of the securities at that time as the initial BONA FIDE offering of those securities.

The undersigned small business issuer hereby undertakes with respect to the securities being offered and sold in this offering:

(1) To file, during any period in which it offers or sells securities, a post-effective amendment to this Registration Statement to:

(a) Include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(b) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(c) Include any additional or changed material information on the plan of distribution.

(2) For determining liability under the Securities Act of 1933, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

(3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

Insofar as indemnification by the undersigned small business issuer for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, the small business issuer has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933, and is, therefore, unenforceable.

II-5

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Princeton, Mercer County, State of New Jersey, on the 31st day of May, 2005.

ADVAXIS, INC.

By: /s/ J. Todd Derbin

J. Todd Derbin
Chief Executive Officer

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
/s/ J. Todd Derbin J. Todd Derbin	Chief Executive Officer and Director (Principal Executive Officer)	May 31, 2005
* Roni Appel	Chief Financial Officer and Director (Principal Financial and Accounting Officer)	May 31, 2005
* Scott Flamm	Director	May 31, 2005
* Thomas McKearn	Director	May 31,, 2005
* James Patton	Director	May 31, 2005
* Steven Roth	Director	May 31, 2005

*by: /s/ J. Todd Derbin

J. Todd Derbin
Attorney-in-fact

II-6
