

PENSKE AUTOMOTIVE GROUP, INC.

Form 11-K

June 22, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 11-K**

þ **Annual report pursuant to Section 15(d) of the Securities and Exchange Act of 1934 for the year ended December 31, 2009.**

o **Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____**

Commission file number: 001-12297

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

Penske Automotive Group 401(k) Savings and Retirement Plan

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

Penske Automotive Group, Inc.

2555 Telegraph Road

Bloomfield Hills, MI 48302-0954

**Penske Automotive Group 401(k) Savings and Retirement Plan
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* All other schedules required by Section 2520 103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Administrator and Participants of
Penske Automotive Group

401(k) Savings and Retirement Plan:

We have audited the accompanying statements of net assets available for benefits of Penske Automotive Group 401(k) Savings and Retirement Plan (the Plan) as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009. 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 audits. We conducted our audits in accordance with 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. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2009 and 2008, and the changes in net assets available for benefits for the year ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2009, 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 schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2009 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

Detroit, Michigan
June 21, 2010

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**Penske Automotive Group 401(k) Savings and Retirement Plan
Statements of Net Assets Available for Benefits
December 31, 2009 and 2008**

	December 31,	
	2009	2008
Assets:		
Cash	\$	\$ 362,576
Investments	177,276,048	146,439,688
Receivables:		
Participant contributions	1,655,421	1,665,527
Due from broker	191,545	94,760
Total receivables	1,846,966	1,760,287
 Total Assets	 179,123,014	 148,562,551
Liabilities:		
Participant refunds payable	282,376	283,135
Due to broker	190,822	459,398
 Total Liabilities	 473,198	 742,533
 Net assets available for benefits at fair value	 178,649,816	 147,820,018
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	1,581,267	4,171,435
 Net assets available for benefits	 \$ 180,231,083	 \$ 151,991,453

The accompanying notes are an integral part of these financial statements.

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**Penske Automotive Group 401(k) Savings and Retirement Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2009**

Investment income:	
Net appreciation in fair value of investments	\$ 29,029,955
Interest and dividends	1,165,976
Net investment income	30,195,931
Contributions:	
Participant contributions	16,688,847
Participant rollovers	932,614
Total contributions	17,621,461
Distributions to participants	(18,911,283)
Administration fees	(666,020)
Transfers from plan	(459)
Increase in net assets	28,239,630
Net assets available for benefits, beginning of year	151,991,453
Net assets available for benefits, end of year	\$ 180,231,083

The accompanying notes are an integral part of these financial statements.

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Penske Automotive Group 401(k) Savings and Retirement Plan

Notes to Financial Statements

1. Description of the Plan

(a) General

The following description of the Penske Automotive Group 401(k) Savings and Retirement 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 is a defined contribution savings plan (401(k) plan) covering all eligible employees of Penske Automotive Group, Inc. (the Company or Plan Sponsor) in the United States who elect to participate in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Company's Employee Benefits Committee (the Committee) is the designated administrator of the Plan, including having responsibility for reviewing the performance of the Plan's investment alternatives. Administrative expenses of the Plan are generally paid by the Company. For the Plan's mutual fund holdings, certain asset based fees are paid by the Plan. Wachovia Bank N.A. (the Trustee) serves as the trustee of the Plan. Participants with balances from plans merged into the Plan due to acquisitions by the Plan Sponsor may retain certain rights of such merged plans.

(b) Eligibility

Full-time employees in the United States, and part-time or temporary employees in the United States who are scheduled to complete 1,000 hours of service in a twelve consecutive month period beginning with their date of hire, are eligible to participate in the Plan on the first day of the calendar month following the date they have completed sixty days of service.

(c) Participant Accounts

Individual accounts are maintained by the Trustee for each of the Plan's participants. Such accounts include the participant's contributions and related employer Match Contributions (as defined below), including the net investment return on the participant's holdings.

(d) Contributions

Under the provisions of the Plan, participants in the Plan may elect to defer, through payroll deductions, a portion of their compensation to the Plan in an amount generally from 1% to 20% of gross earnings on a pre-tax basis. Highly compensated employees (HCEs) are limited to deferring up to 7% of gross earnings on a pre-tax basis. Such contributions to the Plan may not exceed Internal Revenue Code 402 (g) limitations (\$16,500 in 2009). The Plan also permits participants who are 50 or older to make additional contributions to the Plan of up to \$5,500 in 2009. A participant's elective contributions and any related Company Match Contributions are invested at the direction of the participant. Effective June 4, 2009, if a participant did not make such an election, their deferrals were invested in the Plan's default investment, which was an age-appropriate target retirement fund through December 31, 2009. Prior to June 4, 2009, the default investment was the Diversified Stable Value Fund.

During the first three quarters of 2008, the Plan Sponsor provided a discretionary matching contribution of 37.5% of the first 4% of eligible salary relating to all contributions by participants (Match Contributions). Match Contributions are invested based on participant investment elections or in the default investment if the participant did not make an election. Effective October 1, 2008, the Plan Sponsor suspended this discretionary match. Effective January 1, 2010, the Company reinstated discretionary matching contributions.

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Certain HCE s deferred a portion of their compensation in excess of the Plan limit. The Plan intends to refund the excess contributions and has recorded a participant refund payable for \$282,376 relating to these excess contributions.

(e) Loans to Participants

Participants may borrow from their accounts anywhere from a minimum of \$1,000 up to the lesser of 50% of a defined amount credited to their account or \$50,000. Loan terms range from 1 to 5 years, or up to 15 years for the purchase of a primary residence. The loans are collateralized by the balance in the participant s account and bear interest at a rate commensurate with prevailing rates. Principal and interest is paid ratably through payroll deductions. Repayment of the entire balance is permitted at any time. Participants are limited to having only one loan outstanding at any point in time, and participants are restricted to initiating only one loan in any consecutive 12 month period.

(f) Vesting

Employee contributions to the Plan vest immediately. Employer Match Contributions vest upon the attainment by the participant of three years of credited service.

(g) Investments

As of December 31, 2009, participant investment options consisted primarily of common collective trust funds, employer securities, common stock funds and mutual funds. Participants are permitted to change investment options daily.

(h) Payment of Benefits

Upon retirement, death, disability, termination of employment, or attainment of age 59 1/2, the participant or beneficiary may elect to receive a benefit payment in the form of a lump sum distribution. Participants may also make a hardship withdrawal in certain cases of financial need as established by Internal Revenue Service regulations.

(i) Forfeited Accounts

At December 31, 2009 and 2008, forfeited non-vested assets totaled \$626,905 and \$145,449, respectively, which may be used to pay Plan administration fees and / or future Match Contributions. During 2009, approximately \$116,000 of fees was satisfied using forfeited amounts.

2. Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

(b) Investment Valuation and Income Recognition

Generally, investments are stated at fair value as determined by quoted market prices, other than the Plan s investment in the Diversified Stable Value Fund (the Fund), which is valued based on the underlying investments in the fund and stated at fair value and then adjusted to contract value. The Diversified Stable Value Fund holds synthetic and other fully benefit-responsive guaranteed investment contracts (GICs) which are recorded at contract value because they guarantee a minimum rate of return and provide for benefit responsiveness. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. While there are certain Fund and Plan level restrictions that may affect its ability to transact at contract value, Plan management believes that the occurrence of events that would cause the Fund to transact at less than contract value are not probable.

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Certain funds are divided into units of participation which are calculated daily by the trustee. The daily value of each unit in a fund, or net asset value (NAV), is determined by dividing the total fair market value of all assets in the fund by the total number of fund units. Under provisions of the Plan, interest and dividend income and net appreciation or depreciation of the fair value of each investment option are allocated to each Participant's account based on the change in unit value.

In addition, participant loans are valued at the outstanding loan balance, which approximates fair value, purchases and sales of investments are recorded on a trade date basis and the Plan records dividends on the ex-dividend date.

In January 2010, the Financial Accounting Standards Board (FASB) issued ASU No. 2010-06, Fair Value Measurements and Disclosures (ASU No. 2010-06), which amends ASC 820 (originally issued as FASB Statement No. 157, Fair Value Measurements), adding new disclosure requirements for Levels 1 and 2, separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. ASU No. 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The Plan is currently evaluating the impact ASU No. 2010-06 will have on the financial statements.

(c) Payment of Benefits

Benefits are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid, were approximately \$99,000 and \$556,000 at December 31, 2009 and 2008, respectively.

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, additions, deductions and the disclosure of contingent assets and liabilities in the accompanying financial statements. Actual results could differ from those estimates.

(e) Risks and Uncertainties

The Plan provides for various investment options. The underlying investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk factors in the near term could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

3. Investments

Investments (at fair value) that represent 5% or more of the Plan's net assets are summarized as follows:

	December 31,	
	2009	2008
Wachovia Bank, N.A. Diversified Stable Value Fund	\$ 69,736,794	\$ 71,968,666
Penske Automotive Group Common Stock	19,330,030	10,947,325
Pimco Total Return	9,126,412	5,747,067*

* Investment did not represent 5% or more of the Plan's net assets in 2008, but is presented for comparative purposes.

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

Mutual funds	\$ 15,485,893
Penske Automotive Group Common Stock	11,224,074
Common collective trusts	2,319,988
Net appreciation in fair value of investments	\$ 29,029,955

4. Fair Value Measurements

On January 1, 2008 the Financial Accounting Standards Board (FASB) issued, and the Plan adopted, ASC 820, *Fair Value Measurements*. ASC 820 established a single authoritative definition of fair value and established the following three tier hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs are observable inputs other than quoted (Level 1) prices for similar assets or liabilities, quoted prices in markets that are not active, 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.

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Assets measured at fair value on a recurring basis are summarized below:

	As of December 31, 2009			
	Total Fair Value	Level 1	Level 2	Level 3
Common collective trust funds:				
Fixed*	\$ 69,736,794	\$	\$ 69,736,794	
Equity	4,192,677		4,192,677	
Common Stock:				
Employer Securities	19,330,030	19,330,030		
Mutual Funds:				
Large Cap Value	15,542,941	6,416,529	9,126,412	
Large Cap Growth	7,288,908	7,288,908		
Mid Cap Growth	11,776,594	5,399,635	6,376,959	
Mid Cap Value	4,214,371	4,214,371		
Small Cap Blend	8,800,243	8,800,243		
Small Cap Growth	1,133,194		1,133,194	
Foreign Large Blend	13,952,740	13,952,740		
Target Retirement	11,826,001		11,826,001	
Participant Loans	9,481,555		9,481,555	
Total	\$ 177,276,048	\$ 65,402,456	\$ 111,873,592	\$

*

Amount
represents the
fair value of the
Wachovia Bank,
N.A. Diversified
Stable Value
Fund. The
contract value
of this
investment (the
amount
available for
Plan benefits)
was
\$71,318,060.

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	As of December 31, 2008			
	Fair Value Measurements Using			
	Total			
	Fair Value	Level 1	Level 2	Level 3
Common collective trust funds*	\$ 75,568,819	\$	\$ 75,568,819	\$
Employer securities	10,947,325	10,947,325		
Common stock funds	1,792,483		1,792,483	
Mutual funds	49,616,664	42,810,386	6,806,278	
Participant Loans	8,514,397		8,514,397	
Total	\$ 146,439,688	\$ 53,757,711	\$ 92,681,977	\$

* \$71,968,666 of this total represents the fair value of the Wachovia Bank, N.A. Diversified Stable Value Fund. The contract value of this investment (the amount available for Plan benefits) was \$76,140,101.

5. Exempt Party-in-Interest Transactions

As of December 31, 2009 and 2008, the Plan (through investments in Penske Automotive Group Common Stock) held 1,273,388 and 1,425,433 shares, respectively, of Penske Automotive Group, Inc. common stock with a cost basis of \$17,821,219 and \$21,161,560, respectively. The fair value of the Penske Automotive Group Common Stock Fund was \$19,330,030 and \$10,947,325 at December 31, 2009 and 2008, respectively. In addition, certain Plan investments are shares of various funds managed by Wachovia Bank N.A. which is the trustee of the Plan and, therefore, these investments and their related transactions are considered exempt party-in-interest transactions.

6. Plan Termination

Although it has not expressed any intention to do so, the Company retains the right, if necessary, to amend or terminate the Plan. Any such amendment or termination of the Plan would be subject to the provisions of ERISA. In the event of plan termination, participants would receive 100% of their vested account balances.

7. Federal Income Tax Status

The Internal Revenue Service has determined and informed the Company by letter dated March 11, 2002 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. The Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements. A request by the Company for a current determination letter from the IRS is pending.

8. Plan Amendments

During 2008, the Plan was amended to discontinue providing discretionary Employer Matching Contributions effective for the fourth quarter of the calendar year 2008. This amendment also allowed the discretionary Employer Matching Contributions to be reinstated by the Company or Benefits Committee. Effective January 1, 2010, the Company reinstated discretionary matching contributions. The Plan was also amended in 2008 to conform to Internal Revenue Code 415 and adjust total compensation to include certain amounts received within two and a half months after a participant's termination of employment.

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The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2009 and 2008 to the Form 5500:

	2009	2008
Net assets available for benefits per the financial statements	\$ 180,231,083	\$ 151,991,453
Less:		
Participant contributions receivable	1,655,421	1,665,527
Plus:		
Participant refunds payable	282,376	283,135
Net assets available for benefits per the Form 5500	\$ 178,858,038	\$ 150,609,061

The following is a reconciliation of total contributions per the financial statements for the year ended December 31, 2009 to the Form 5500:

Total contributions per the financial statements	\$ 17,621,461
Add:	
Contributions receivable December 31, 2008	1,665,527
Less:	
Contributions receivable December 31, 2009	1,655,421
Total contributions per the Form 5500	\$ 17,631,567

The following is a reconciliation of total distributions per the financial statements for the year ended December 31, 2009 to the Form 5500:

Total distributions per the financial statements	\$ 18,911,283
Add:	
Participant refunds payable December 31, 2008	283,135
Less:	
Participant refunds payable December 31, 2009	282,376
Total distributions per the Form 5500	\$ 18,912,042

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**Penske Automotive Group 401(k) Savings and Retirement Plan
Form 5500, Schedule H, Part IV, Line 4i Schedule of Assets (Held at End of Year)
As of December 31, 2009**

Name of Plan Sponsor: Penske Automotive Group, Inc.

Employer Identification Number: 22-3086739

Plan number: 005

Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Current Value
COMMON COLLECTIVE TRUST FUNDS	
* WACHOVIA BANK, N. A. DIVERSIFIED STABLE VALUE FUND	\$ 71,318,060
* WACHOVIA BANK, N. A. ENHANCED STOCK MARKET FUND	4,192,677
TOTAL COMMON COLLECTIVE TRUST FUNDS	75,510,737
EMPLOYER SECURITIES	
* PENSKE AUTOMOTIVE COMMON STOCK	19,330,030
OUTSIDE COLLECTIVE FUNDS	
SSGA S&P MIDCAP INDEX	6,376,959
MUTUAL FUNDS	
PIMCO TOTAL RETURN CLA	9,126,413
AMERICAN EUROPACIFIC GROWTH FUND	8,944,670
NEUBERGER & BERMAN GENESIS FUND	8,800,243
AMERICAN GROWTH FUND OF AMERICA	7,288,908
EATON VANCE LARGE CAP VALUE	6,416,529
GOLDMAN SACHS GROWTH	5,399,635
THORNBURG INTERNATIONAL VALUE FUND	5,008,070
T ROWE PRICE MIDCAP VALUE FUND	4,214,371
SSGA TARGET RETIREMENT 2025 NON LENDING	2,079,058
SSGA TARGET RETIREMENT 2030 NON LENDING	1,777,901
SSGA TARGET RETIREMENT 2020 NON LENDING	1,650,243
SSGA TARGET RETIREMENT 2035 NON LENDING	1,337,917
SSGA TARGET RETIREMENT 2040 NON LENDING	1,160,795
STATE STREET RUSSELL 2000 INDEX	1,133,194
SSGA TARGET RETIREMENT 2010 NON LENDING	1,117,777
SSGA TARGET RETIREMENT 2015 NON LENDING	1,038,423
SSGA TARGET RETIREMENT 2045 NON LENDING	854,178
SSGA TARGET RETIREMENT 2050 NON LENDING	587,444
SSGA TARGET RETIREMENT INCOME NON LENDING	149,820
SSGA DAILY EAFE INDEX NON LENDING	57,864
SSGA PASSIVE BOND MARKET INDEX NON LENDING	14,581
TOTAL MUTUAL FUNDS	68,158,034

* PARTICIPANT LOANS (MATURING 2010 TO 2024 AT INTEREST RATES OF 4.5% 10.5%)	9,481,555
TOTAL	\$ 178,857,315

* Represents a party-in-interest to the plan

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Signatures

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.

Penske Automotive Group 401(k) Savings and
Retirement Plan

Date: June 21, 2010

By: /s/ Calvin C. Sharp
Chairman Employee Benefits Committee of
the Plan

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EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
EX-23	Consent of Independent Registered Public Accounting Firm