

Section 1: 8-K (8-K)

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

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

December 12, 2018

Penske Automotive Group, Inc.

(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation)	<u>1-12297</u> (Commission File Number)	<u>22-3086739</u> (I.R.S. Employer Identification No.)
<u>2555 Telegraph Road, Bloomfield Hills, Michigan</u> (Address of principal executive offices)		<u>48302</u> (Zip Code)
Registrant's telephone number, including area code:		248-648-2500
	<u>Not Applicable</u>	
	Former name or former address, if changed since last report	

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On December 12, 2018, the Company entered into a Services Agreement with Mitsui & Co. (U.S.A.), Inc. under which Mitsui employee Masashi Yamanaka is expected to assist the Company in strategic development of business opportunities and relationships in transportation related industries and the evaluation of new technologies in the automotive and trucking sectors. The Company will pay a quarterly fee of \$87,500 for these services, as more fully discussed in the Services Agreement incorporated herein by reference and attached hereto as Exhibit 10.1.

On December 12, 2018, the Company also entered into an agreement with Mitsui & Co., Ltd. and Mitsui & Co. (U.S.A.), Inc., to renew Mitsui's right to an observer at all of our Board of Directors meetings as long as they own 2.5% of our common stock, and the right to appoint a senior executive as long as they own 10% of our common stock, as more fully discussed in the Agreement incorporated herein by reference and attached hereto as Exhibit 10.2.

Item 404(a) Related Party Disclosures With Respect to Mitsui

Entities affiliated with Roger S. Penske, our Chair of the Board and Chief Executive Officer, are parties to a stockholders agreement described below. Mr. Penske is also Chair of the Board and Chief Executive Officer of Penske Corporation, and, through entities affiliated with Penske Corporation, our largest stockholder. The parties to the stockholders agreement are Mitsui & Co., Ltd., Mitsui & Co. (USA), Inc. (collectively, "Mitsui"), Penske Corporation and Penske Automotive Holdings Corp. (collectively the "Penske companies"). Mitsui and the Penske companies are our two largest shareholders owning, together with affiliates, 15.7% and 41.5% of our common stock, respectively.

Pursuant to the stockholders agreement, the Penske companies agreed to vote their shares for up to two directors who are representatives of Mitsui and Mitsui agreed to vote its shares for up to fourteen directors voted for by the Penske companies. In addition, the Penske companies agreed that if they transfer any of our shares of common stock, Mitsui would be entitled to "tag along" by transferring a pro rata amount of its shares upon similar terms and conditions, subject to certain limitations. On March 27, 2018, the Penske companies and Mitsui entered into a letter agreement, pursuant to which the parties amended certain provisions of the Stockholders Agreement to extend the term by six years through March 26, 2030, or, if earlier, upon the mutual consent of the parties or when either party no longer owns any of our common stock.

Both the Penske companies and Mitsui possess registration rights pursuant to which they are able on two remaining occasions each to register all or part of our common stock held by them, subject to specified limitations. They are also entitled to request inclusion of all or any part of their common stock in any registration of securities by us on Forms S-1 or S-3 under the Securities Act of 1933, as amended.

On March 27, 2018, we repurchased 1,133,016 shares of our outstanding common stock from Mitsui for \$50.0 million, or an average of \$44.13 per share, under our securities repurchase program approved by our Board of Directors.

We own a 28.9% interest in Penske Truck Leasing Co., L.P. ("PTL"), a leading provider of transportation services and supply chain management. PTL is capable of meeting customers' needs across the supply chain with a broad product offering that includes full-service truck leasing, truck rental and contract maintenance, along with logistics services such as dedicated contract carriage, distribution center management, transportation management and lead logistics provider. PTL is owned 41.1% by Penske Corporation, 28.9% by us, and 30% by affiliates of Mitsui.

On September 7, 2017, we acquired an additional 5.5% ownership interest in PTL from GE Capital Global Holdings, LLC for approximately \$239.1 million in cash to bring our total ownership interest to 28.9% (the "2017 Acquisition"). Prior to the 2017 Acquisition, we held a 23.4% ownership interest in PTL. Concurrently with our investment pursuant to the 2017 Acquisition, affiliates of Mitsui acquired an additional 10% ownership interest in PTL at the same valuation. In connection with the 2017 Acquisition, the PTL partners agreed to amend and restate the existing partnership agreement among the partners which, among other things, provides us with specified partner distribution and governance rights and restricts our ability to transfer our interest. We and Mitsui were granted additional governance rights as part of the transaction. In addition, the partnership now has a six member advisory committee (previously seven member) and we continue to be entitled to one of the representatives serving on the advisory committee. We continue to have the right to pro rata quarterly distributions equal to 50% of PTL's consolidated net income.

We continue to be able to transfer our directly owned interests with the unanimous consent of the other partners, or if we provide the remaining partners with a right of first offer to acquire our interests, except that we may transfer up to 9.02% of our interest to Penske Corporation without complying with the right of first offer to the remaining partner. Additionally, PTL has agreed to indemnify the general partner for any actions in connection with managing PTL, except those taken in bad faith or in violation of the partnership agreement. The partnership agreement continues to allow Penske Corporation, beginning December 31, 2017, to give notice to require PTL to begin to effect an initial public offering of equity securities, subject to certain limitations, as soon as practicable after the first anniversary of the initial notice, and, beginning in 2025, we and Mitsui continue to have a similar right to require PTL to begin an initial public offering of equity securities, subject to certain limitations, as soon as reasonably practicable. The term of the partnership agreement was amended as part of the transaction to be indefinite.

A portion of our existing PTL ownership interests were previously held through a limited liability company, LJVP Holdings LLC (“Holdings”). The limited liability company agreement of Holdings also was amended as part of the 2017 Acquisition. We had governance rights in Holdings typical of a minority investor and, in light of our prior indemnification requirements related to the Holdings Bonds noted below, we had the right to approve certain additional debt obligations before incurrence by Holdings. The agreement contained restrictions on our ability to transfer our interests similar to those in the PTL partnership agreement discussed above.

In 2017, we received \$52.4 million from PTL in pro rata cash distributions. Our Chair and Chief Executive Officer also serves as Chair of PTL, for which he is compensated by PTL. As a limited partner, we do not influence or control the amount of that compensation. In 2017, our subsidiary operating retail commercial truck dealerships, Premier Truck Group, assisted in providing customer financing arrangements at several PTL used truck sales centers in the United States and Canada. In 2017, we received \$173,000 for providing these services.

Our Australian subsidiary, Penske Transportation Group International owns a 28.33% interest in a joint venture with a PTL subsidiary to lease trucks in Australia and New Zealand. In September 2017, PTL purchased an additional 5% percent of the ownership interests in this joint venture from us for \$234,990. Previously, we owned 33.3% of this joint venture. The joint venture combines our sales expertise in Australia with PTL’s truck leasing experience. We continue to be party to a stockholder’s agreement relating to this investment that provides us with specified distribution and governance rights and restricts our ability to transfer our interests.

We were previously a 31% owner of Penske Vehicle Services (“PVS”), a provider of outsourced vehicle management solutions, along with Penske Corporation (15%), PTL (17%) and third party investors. In December 2017, we, Penske Corporation and the third party investors sold our interests to PTL on the same financial terms. We received \$19.2 million in connection with the transaction and terminated the existing stockholders agreement and management agreement. In 2017, we received \$687,583 from PVS in pro rata cash distributions.

We were previously a 7% owner of National Powersport Auctions (“NPA”), an auctioneer of powersport vehicles, which was owned 7% by Mitsui, and controlled by Transportation Resource Partners (TRP), an entity affiliated with Penske Corporation. In June 2017, we and the other investors sold our interests to a third party on the same financial terms. We received \$6.0 million in connection with the transaction and terminated the existing stockholders agreement. In 2017, we received \$1.5 million from NPA in pro rata cash distributions.

Mr. Sasaki, one of our board members who resigned as set forth below, received \$326,061 in total compensation in 2017 relating to his service as our Senior Vice President – International Business Development, including a tax allowance of \$9,708 relating to \$26,060 of non-cash compensation. Mr. Sasaki is an employee of Mitsui & Co., Ltd. To the extent his salary exceeds or is less than an amount set annually by Mitsui, he made or received payments to/from Mitsui intended to mitigate the effect of exchange rate changes.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On December 12, 2018, Kanji Sasaki resigned from our Board of Directors and as our Senior Vice President – International Business Development. On December 12, 2018, the Board of Directors filled the vacancy created by Mr. Sasaki’s resignation by appointing Masashi Yamanaka as a director, as more fully discussed in the press release incorporated herein by reference and attached hereto as Exhibit 99.1.

Mr. Yamanaka, 55, is an employee of Mitsui and has spent the last 31 years of his career with Mitsui and its affiliates in various capacities, most recently serving as the General Manager of Mitsui's Second Motor Vehicles Division from April 2015 to December 2018. From July 2014 to April 2015, he served as Deputy General Manager in Mitsui's Second Motor Vehicles Division. From January 2013 to July 2014, he served as Deputy General Manager, Planning and Administrative Division of the Machinery and Infrastructure Business Unit. Mr. Yamanaka began his career at Mitsui in April 1997 and served in various capacities with Mitsui. Mr. Yamanaka will not receive any compensation from the Company for serving as our director (other than a company vehicle and charitable match opportunity up to \$50,000). Mr. Yamanaka is also expected to provide services to the Company under the Services Agreement referenced in Item 1.01 above, all of which Item 1.01 disclosures are incorporated herein by reference.

Related party transactions disclosure under Item 404(a) of Regulation S-K with respect to Mr. Yamanaka is included in Item 1.01 of this report on Form 8-K, which disclosure is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

Exhibit 10.1 Services Agreement dated as of December 12, 2018 between us and Mitsui & Co., (U.S.A.), Inc.

Exhibit 10.2 Agreement dated December 12, 2018 between us and Mitsui & Co., Ltd. and Mitsui & Co., (U.S.A.), Inc.

Exhibit 99.1 Press Release.

Exhibit Index

Exhibit

No.

Description

- 10.1 [Services Agreement dated as of December 12, 2018 between us and Mitsui & Co. \(U.S.A.\), Inc.](#)
- 10.2 [Agreement dated December 12, 2018 between us and Mitsui & Co., Ltd. and Mitsui & Co. \(U.S.A.\), Inc.](#)
- 99.1 [Press Release.](#)
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Penske Automotive Group, Inc.

December 13, 2018

By: /s/ Shane M. Spradlin

Name: Shane M. Spradlin

Title: Executive Vice President

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Section 2: EX-10.1 (EX-10.1)

Exhibit 10.1

SERVICES AGREEMENT

This Services Agreement (“**Agreement**”), is entered into as of December 12, 2018 (the “**Effective Date**”), between **Mitsui & Co. (U.S.A.), Inc.**, a corporation duly organized and existing under the laws of New York, having its principal office at 200 Park Avenue, New York, NY 10166 (“**Mitsui**”), and **Penske Automotive Group, Inc.**, a corporation duly organized and existing under the laws of Delaware (“**Penske**”). Mitsui and Penske are sometimes referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS

WHEREAS, Penske desires to obtain the services of Mr. Masashi Yamanaka, an employee of Mitsui (“**Services Provider**”) as more fully described herein; and

WHEREAS, Mitsui is willing to arrange for the Services Provider to provide certain supporting services from time to time to Penske pursuant to the terms and conditions set forth herein (“**Service Period**”).

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.01 Definitions.

As used in this Agreement, the following terms have the respective meanings set forth below or set forth in the Sections referred to below (and grammatical variations of such terms have correlative meanings):

“**Affiliate**” shall mean, with respect to any Person, any other Person which directly or indirectly Controls, is Controlled By or is Under Common Control With such Person.

“**Agent**” shall mean, with respect to any Party, any and all directors, managers, officers, or employees, of such Party.

“**Agreement**” shall have the meaning set forth in the Preamble.

“Applicable Fee” shall have the meaning set forth in Section 4.02(a).

“Claim” shall mean any and all claims or actions that directly relate to the matters in question, including any losses, damages and expenses (including reasonable attorneys’ fees and disbursements), whether incurred by settlement or otherwise.

“Confidential Information” shall have the meaning set forth in 6.02.

“Control”, **“Controlled By”** and **“Under Common Control With”** shall mean the possession,

directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or otherwise; provided, that, in any event, any Person that owns directly or indirectly securities having fifty percent (50%) or more of the voting power for the election of directors or other governing body of such other Person or fifty percent (50%) or more of the other ownership interests of such other Person shall be deemed to control such Person.

“**Effective Date**” shall have the meaning set forth in the Preamble.

“**Employment Costs**” shall mean all employment and other ancillary costs, including reimbursed business expenses, incurred in connection with the Services Provider during the Service Period, including: (i) gross salaries, wages, overtime, commissions, all incentive awards and bonuses, paid vacation, holidays, paid personal time, medical and/or other leaves, and/or other compensation, benefits or perquisites payable to the Services Provider; and (ii) other costs, including relocation costs, associated with providing the Services Provider to Penske.

“**ERISA**” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

“**Losses**” shall mean, collectively, any loss, liability, Claim, charge, action, suit, proceeding, assessed interest, penalty, damage, tax or expense.

“**Mitsui**” shall have the meaning set forth in the Preamble.

“**Mitsui Indemnitees**” shall have the meaning set forth in Section 7.01.

“**Penske**” shall have the meaning set forth in the Preamble.

“**Penske Indemnitees**” shall have the meaning set forth in Section 7.02.

“**Party**” and “**Parties**” shall have the meaning set forth in the Preamble.

“**Person**” shall mean any individual, firm, corporation, trust, partnership, limited liability company, association, joint venture, other business enterprise or any governmental authority.

“**Reimbursable Expenses**” shall mean reasonable business travel and other expenses incurred by the Services Provider at the specific request of, and as pre-authorized by, Penske.

“**Service Period**” shall have the meaning set forth in the Recitals.

“**Services Provider**” shall mean the employee of Mitsui who, for a fixed period of time, will provide Services to Penske pursuant to the terms of this Agreement and listed in Exhibit A.

“**Services**” shall mean the work to be performed by the Services Provider for Penske. A general description of the Services is set forth in Exhibit A; provided, that the activities of the Services Provider may vary within the scope of the Services described on Exhibit A and the term of such Services shall be stipulated between the parties prior to commencement of any Services.

Section 1.02 Construction.

Unless the context requires otherwise: (a) the gender (or lack of gender) of all words used in this Agreement includes the masculine, feminine, and neuter; (b) words used or defined in the singular include

the plural and vice versa; (c) references to Articles and Sections refer to Articles and Sections of this Agreement; and (d) references to an Exhibit refer to the relevant Exhibit attached to this Agreement, which Exhibits are made a part hereof for all purposes.

ARTICLE 2

EFFECTIVENESS

Notwithstanding anything to the contrary contained in this Agreement, the Parties agree that this Agreement and the rights and obligations hereunder shall only become effective and enforceable on the Effective Date.

ARTICLE 3

SERVICE PERIOD

Section 3.01 Agreement to provide Services Provider.

Mitsui shall provide the Services Provider to Penske in order to provide Services to Penske, subject to the terms and conditions set forth in this Agreement. Any proposal by Mitsui for a Service Period shall include the following: (a) the designated purpose and scope of the Service Period; (b) the proposed duration of the Service Period; (c) the duties and responsibilities of the Services Provider; (d) the proposed work location of Services Provider; and (e) the proposed quarterly cost of the Service Period.

Section 3.02 Employment Matters and Authorization.

Mitsui shall assign the Services Provider to perform the Services, as well as administer all terms and conditions of employment, on an equal basis, without regard to race, color, religion, sex, national origin, ethnicity, age, disability, veteran status, or any other category protected by law. Mitsui hereby agrees that neither it, nor the Services Provider, is an employee of or has any employment relationship with Penske, and Mitsui shall be responsible for all employment-related issues and requirements (including all immigration issues, processing of visas, if required by applicable law, providing workers' compensation and unemployment insurance (and ensuring that its workers' compensation policies cover the Service Period to the extent they are providing Services at the locations of Penske), payment of Employment Costs and the proper classification of the Services Provider under applicable wage payment laws, provision and payment of benefits, payment of all employment-related taxes, record keeping and ensuring compliance with all applicable laws) arising in connection with the Services Provider. If a Party becomes aware of an accident, injury or similar issue affecting the Services Provider, it shall promptly notify the other Party of such event. Penske shall provide Mitsui with reasonable assistance and information as may be necessary to support Mitsui's obtainment of visas, for the Services Provider.

Section 3.03 Restriction on Solicitation.

Penske may neither solicit nor hire the Services Provider during the Service Period and for a period of twelve (12) months after the Service Period has ended with respect to the Services Provider without obtaining the prior written consent of Mitsui.

Section 3.04 Relationship of the Parties.

(a) *Mitsui – Penske.* The relationship between Mitsui and Penske established by this Agreement is that of independent contractors, and nothing in this Agreement will be construed to constitute

the Parties as principal and agent, employer and employee, single, joint or co-employers, partners, joint venturers, co-owners or otherwise as participants in a joint undertaking. The Parties understand and agree that, except as expressly provided for herein, neither Party grants to the other Party the power or authority to make or give any agreement, statement, representation, warranty or other commitment on their behalf, or to enter into any contract or otherwise incur any liability or obligation, express or implied, on their behalf, or to transfer, release or waive any of such Party's right, title or interest.

(b) *Penske – Services Provider.* During the Service Period, the Services Provider shall remain an employee of and subject to the control of Mitsui and shall not be an employee of Penske for any purpose, including but not limited to FICA, FUTA, income tax withholding, any pension plan or health benefit plan maintained by Penske for its own employees, unemployment insurance benefits, or worker's compensation benefits, and Penske shall not be responsible to Services Provider for or with respect to any such benefits. Notwithstanding the foregoing, during the Service Period, Mitsui shall cause the Services Provider to perform the Services in accordance with the requirements of Penske.

ARTICLE 4

PAYMENTS

Section 4.01 Payments by Mitsui.

Mitsui shall be responsible for paying all applicable Employment Costs to the Services Provider.

Section 4.02 Payments by Penske.

(a) Penske hereby agrees to pay Mitsui for any Services provided by the Services Provider as per the quarterly rate set forth in Exhibit A (the "**Applicable Fee**"). Reimbursable Expenses shall not be included in the Applicable Fee but shall be payable by Penske as a reimbursement to Mitsui (to the extent Mitsui has borne the cost of such Reimbursable Expenses). In the event any Services begin on any day other than the first day of a month or are terminated on any other day other than the last day of the month, the Applicable Fee for such Services shall be accordingly prorated.

(b) Each calendar quarter, Mitsui shall provide Penske with a quarterly invoice with the Applicable Fee for such prior calendar quarter rendered by Services Provider, as well as any Reimbursable Expenses for such prior calendar quarter reimbursable directly to Mitsui. All amounts shall be due and payable on or before the thirtieth (30th) Day following Penske's receipt of any invoice delivered to Penske in accordance with this Section 4.02(b). Penske shall pay all amounts due under this Agreement free of any set-off, deduction or withholding.

ARTICLE 5

TERM; TERMINATION

Section 5.01 Term.

Subject to Section 5.02, the term of this Agreement shall expire on the later of December 31, 2022 or the date on which all Service Periods set forth in Exhibit A expire. This Agreement may be renewed by the Parties upon written mutual agreement.

Section 5.02 Termination.

(a) This Agreement may be terminated prior to the expiration of the term of this Agreement as set forth in Section 5.01, upon written notice as set forth below:

(i) by mutual written consent of the Parties at any time;

(ii) by either Party at any time by providing at least thirty (30) Days prior written notice of such termination to the other Party;

(iii) by either Party, if the other Party commits a material breach of any provision of this Agreement and such material breach continues for a period of thirty (30) Days following a written request to cure such breach.

(b) If at any time during the term of this Agreement the Services Provider shall cease to be employed by Mitsui for any reason, Mitsui shall have thirty (30) days to propose a replacement for the previous Services Provider and Penske shall consider and evaluate such replacement individual, and, upon the mutual agreement of the Parties, Mitsui shall agree to provide such individual as a new Services Provider until the date on which all Service Periods expire as set forth in Exhibit A. In the event Penske does not agree to accept the replacement individual, the Parties shall discuss in good faith the proposal by Mitsui of an alternative replacement candidate. If Penske does not agree to the alternative replacement candidate, the Parties agree that Penske shall no longer be responsible for payment of the Applicable Fee as of the date Penske provides notice that it rejects the alternative replacement candidate.

Section 5.03 Effect of Termination.

Notwithstanding anything to the contrary contained in this Agreement, any termination of this Agreement shall not affect any monies owing or obligations incurred hereunder by any Party prior to the effective date of such termination.

ARTICLE 6

COMPLIANCE WITH LAWS; CONFIDENTIALITY

Section 6.01 Compliance with Laws.

Mitsui and Penske shall comply with all applicable Laws in the performance of this Agreement.

Section 6.02 Confidentiality.

(a) In rendering Services to Penske, Services Provider may have access to the following regarding Penske and its Affiliates (i) information regarding the operations of Penske or its Affiliates, (ii) business plans and other information including confidential and proprietary information as may be reasonably requested by Services Provider, and (iii) any other information that may be non-public, confidential or proprietary (all such information hereinafter referred to as the "Penske Information"). Mitsui shall cause the Services Provider not (i) to reveal or make known the Penske Information to any person, firm or corporation other than to Mitsui and its Affiliates and any officer, director or employee thereof who has a need to know, or (ii) to use the Penske Information in any way other than as permitted herein or to the extent required by law, regulation, or order of a court or governmental authority of competent jurisdiction, or in the performance of his duties as provided hereunder. The foregoing restrictions shall not apply to Penske Information that: was already known to the Services Provider, Mitsui

or its Affiliates or any officer, director or employee thereof at the time such Penske Information was disclosed to the Services Provider; or was at the time of such disclosure to the Services Provider, Mitsui or its Affiliates or any officer, director or employee thereof, or later becomes, part of the public domain otherwise than by any act, omission or fault of Services Provider, Mitsui or its Affiliates; or is independently developed or prepared by an employee of Mitsui or its Affiliates who have no access to the Penske Information; or is released with prior written consent of Penske.

(b) In rendering Services to Penske, Services Provider may have access to the following regarding Mitsui and its Affiliates (i) information regarding the operations of Mitsui or its Affiliates, (ii) business plans and other information including confidential and proprietary information as may be reasonably requested by Services Provider, and (iii) any other information that may be non-public, confidential or proprietary (all such information hereinafter referred to as the “Mitsui Information”). With respect to any Mitsui Information disclosed by Services Provider or by any of Mitsui or its Affiliates in connection with the Services, in each case, to Penske or its Affiliates, Penske shall not, and shall cause its Affiliates not to, (i) reveal or make known Mitsui Information to any person, firm or corporation other than Penske and its Affiliates and any officer, director or employee thereof who has a need to know, or (ii) to use the Mitsui Information in any way other than as permitted herein or to the extent required by law, regulation, or order of a court or governmental authority of competent jurisdiction. The foregoing restrictions shall not apply to Mitsui Information that: was already known to the Penske or its Affiliates or any officer, director or employee thereof at the time such Mitsui Information was disclosed by the Services Provider, Mitsui or its Affiliates; or was at the time of such disclosure, or later becomes, part of the public domain otherwise than by any act, omission or fault of Penske or its Affiliates; or is independently developed or prepared by an employee of Penske or its Affiliates who has no access to the Mitsui Information; or is released with prior written consent of Mitsui.

(c) The provisions set forth in this Article 6 shall survive the termination or expiration of this Agreement for a period of two (2) years. Upon written demand from the disclosing Party, after such termination or expiration, the disclosing Party shall cause the Services Provider to return or destroy (using commercially reasonable means) all written Information he/she has in his/her possession.

ARTICLE 7

INDEMNITY; LIABILITY

Section 7.01 Indemnity by Penske.

Penske shall indemnify Mitsui and its Affiliates and their respective Agents (collectively, the “**Mitsui Indemnitees**”) against, and shall hold each Mitsui Indemnatee harmless from and against, any and all Losses incurred or sustained by, or imposed upon, Mitsui Indemnitees arising out of or resulting from: (a) Penske’s breach of any obligation, covenant or warranty set forth in this Agreement; (b) the gross negligence or tortious or willful misconduct of Penske or its Agents with respect to Services Provider or the Services; (c) any Claims of Penske or its Agents with respect to Services Provider or the Services, except to the extent caused by Services Provider (unless instructed by Penske); or (d) any Claim relating to any violation by Penske or its Agents with respect to Services Provider of any applicable law or any common law protecting persons or members of protected classes or categories and such laws or regulations prohibiting discrimination or harassment on the basis of a protected characteristic.

Section 7.02 Indemnity by Mitsui.

Mitsui shall indemnify Penske and its Affiliates and their respective Agents (collectively, the “**Penske Indemnitees**”) against, and shall hold each Penske Indemnitee harmless from and against, any and all Losses incurred or sustained by, or imposed upon, the Penske Indemnitees arising out of or resulting from: (a) Mitsui’s breach of any obligation, covenant or warranty set forth in this Agreement; (b) the gross negligence or tortious or willful misconduct of Services Provider or Mitsui with respect to Services Provider or the Services; (c) any Claims of Services Provider, except to the extent caused by Penske; (d) any Claims arising from or relating to Services Provider’s employment relationship with Mitsui or the termination of such relationship; (e) any Claims relating to any violation by Mitsui or its Agents with respect to Services Provider of any applicable law or any common law protecting persons or members of protected classes or categories and such laws or regulations prohibiting discrimination or harassment on the basis of a protected characteristic; and/or (f) any Claims arising from Services Provider’s performance of the Services.

Section 7.03 Limitation of Liability.

IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, PUNITIVE OR SPECIAL LOSSES OR DAMAGES (INCLUDING, LOST PROFITS, LOST EARNINGS OR BUSINESS INTERRUPTIONS) ARISING OUT OF OR RESULTING FROM THIS AGREEMENT.

ARTICLE 8

MISCELLANEOUS

Section 8.01 Governing Law; Severability.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to its principles of conflicts of laws. In the event of a direct conflict between the provisions of this Agreement and any mandatory, non-waivable provision of applicable law, such provision of applicable law shall control. If any provision of this Agreement or the application thereof to any Party or circumstance is held invalid or unenforceable to any extent, (a) the remainder of this Agreement and the application of that provision to the other Party or other circumstances is not affected thereby; and (b) the Parties shall negotiate in good faith to replace that provision with a new provision that is valid and enforceable and that puts the Parties in substantially the same economic, business and legal position as they would have been in if the original provision had been valid and enforceable.

Section 8.02 Dispute Resolution.

Any controversy, dispute or claim arising out of or related to this Agreement, or the breach thereof, shall be settled by arbitration in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be conducted by a single arbitrator and shall be kept confidential. The award rendered by the arbitrator shall be final and binding on both Parties and judgment upon such award may be entered in any court having jurisdiction thereof. The Parties agree that prior to the filing of any statement of claim, they will confer in good faith in an attempt to resolve any such controversy, dispute or claim through direct negotiations. Notwithstanding the foregoing, either Party may file a statement of claim within 30 days of delivery of a notice by one Party to the other Party of a demand to so confer, and any dispute concerning the propriety of the filing of any statement of claim shall be finally settled by the arbitration tribunal.

Section 8.03 Amendments.

This Agreement may not be amended, modified, varied or supplemented except by an instrument in writing signed by both Parties.

Section 8.04 No Third-Party Beneficiaries.

This Agreement is solely for the benefit of the Parties and their respective successors and permitted assigns, and this Agreement shall not otherwise be deemed to confer upon or give to any other Person any right, claim, cause of action or other interest herein.

Section 8.05 Waiver.

Unless otherwise specifically indicated herein, any waiver, consent or approval of any kind or character by a Party in the performance of its obligations, or of any breach or default hereunder by such Party, shall be given or withheld in the sole discretion of the waiving, consenting or approving Party, and all such waivers, consents or approvals shall be in writing. No delay or omission to exercise any right, power or remedy accruing to a Party as a result of any breach or default hereunder shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed or otherwise constitute a waiver of any other breach or default theretofore or thereafter occurring.

Section 8.06 Entire Agreement

This Agreement sets forth all understandings and agreements between the Parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations, understandings and representations, whether written or oral, between the Parties with respect to the subject matter hereof.

Section 8.07 Assignment; Binding Nature

The rights and obligations of each Party under this Agreement shall not be, in full or in part, assigned or delegated by such Party without the prior written consent of the other Party. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

Section 8.08 Counterpart Execution.

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed an original Agreement for all purposes. A signature delivered by facsimile or other electronic means shall be deemed to be an original signature for purposes of this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned Party has duly executed this Agreement as of the date first set forth above.

mitsui & co. (u.s.a.), inc.

By: /s/ Yoshimi Namba
Name: Yoshimi Namba
Title: Senior Vice President

PENSKE AUTOMOTIVE GROUP, INC.

By: /s/ J.D. Carlson
Name: J. D. Carlson
Title: Executive Vice President and CFO

[Signature Page to Services Agreement]
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EXHIBIT A

SERVICES PROVIDER, SERVICES AND RATES

This Exhibit A constitutes a proposal by Mitsui to provide the Services Provider identified below to Penske in accordance with the Agreement and upon the terms and conditions set forth below. This Exhibit A shall remain in full force and effect, following Penske's acceptance and approval hereof, upon the earlier of (i) Ending Date set forth below or (ii) the termination of the Services Provider for any other reason in accordance with the Agreement.

Services Provider: **Mr. Masashi Yamanaka**

Penske/Location: Penske Automotive Group, Inc., 2555 Telegraph Road, Bloomfield Hills, Michigan, 48302

Effective and Ending Dates of the Service Period: The parties shall mutually stipulate the term of any Services provided hereunder prior to the commencement of any Services.

Applicable Fee (quarterly rate payable in respect of Services Provider's services): \$87,500

Services Provider, in his role as an employee of Mitsui, assists Mitsui in the monitoring and management of its investments in Penske and its Affiliates. In furtherance of this role, and for the benefit of Mitsui, Services Provider will carry out or be charged with, as applicable, the following specific duties, responsibilities and deliverables of the Service Period (purpose and scope) (the "**Services**"):

Business Development-

Related Services

Responsible for managing the strategic development of business opportunities and relationships between Mitsui and its affiliates (the "the Mitsui Group") and Penske in the automotive and trucking industries in existing markets and key emerging markets with substantial growth potential and in other markets around the world where there may be fruitful business opportunities. Services Provider will manage the projects based on a firm understanding of the interests, business strategies, policies and procedures of the Mitsui Group and Penske in carrying out such objectives.

Specific responsibilities will include:

1. Coordinating with Penske's senior management, Services Provider will work on various development projects of interest to Penske, especially those aiming to promote the mutual interests of the Mitsui Group and Penske.
2. Based on the business development plans that Services Provider formulates for consideration by Penske, and that are subsequently approved by Penske's senior management, Services Provider will be responsible for ensuring the timely completion of these development projects, in coordination with Penske personnel.

Liaison Function-Related Services

Services Provider will work on potential business opportunities including, providing support to Penske in

respect of:

- (1) Penske investments and joint investments in transportation sectors;
- (2) decision making in regards to investments and strategic relationships in new technologies in the rapidly changing automotive sector and trucking sector;
- (3) introducing Penske to various business opportunities where Mitsui Group is taking the initiative that will enhance in value with the participation of Penske; and
- (4) introducing Mitsui Group to various business opportunities where Penske is taking the initiative that will enhance in value with the participation of the Mitsui Group.

In performing such particular tasks at Penske headquarters, Services Provider will be coordinating and collaborating with Penske's senior executives and managers.

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Section 3: EX-10.2 (EX-10.2)

Exhibit 10.2

December 12, 2018

Penske Automotive Group, Inc.
2555 Telegraph Road
Bloomfield Hills, Michigan 48302
Attention: General Counsel
Telecopy: (248) 648-2515

Re: Mitsui-PAG

Ladies and Gentlemen:

WHEREAS, Mitsui & Co., Ltd., a Japanese company ("Mitsui Japan"), Mitsui & Co. (U.S.A.), Inc., a New York corporation ("Mitsui USA", and together with Mitsui Japan, "Mitsui"), and Penske Automotive Group, Inc., a Delaware corporation ("PAG", and together with Mitsui, the "Parties"), desire to memorialize certain continuing arrangements relating to the ability of Mitsui, as a shareholder of PAG, to designate an individual to serve as an executive officer of PAG and to have a non-voting observer at PAG's board of directors meetings;

WHEREAS, the foregoing arrangements have served over time, and are expected to continue in the future, to benefit PAG's business activities and Mitsui's ability to support such activities; and

NOW, THEREFORE, in consideration of the premises, mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Right of Mitsui to Designate an Officer of PAG. For as long as Mitsui's collective beneficial ownership, as defined in Rule 13d-3 promulgated under the Securities Exchange of 1934, as amended ("Beneficial Ownership"), remains at or above 10% of the voting

- common stock, par value \$0.0001 per share, of PAG, including any securities issued with respect to such shares by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, amalgamation, merger, consolidation or other reorganization or otherwise (the “Common Stock”), PAG hereby agrees that Mitsui shall have the right to designate one (1) person as Senior Vice President or any other position having authority at least the same as a Senior Vice President or equivalent position of PAG or as otherwise mutually agreed (the “Officer Designation Arrangement”). The officer designated by Mitsui may also be a director of PAG.
2. Compensation. The officer designated by Mitsui shall receive compensation and benefits from PAG no less favorable in the aggregate than those received by other Senior Vice Presidents of PAG or as otherwise mutually agreed.
 3. Observer. For as long as Mitsui’s collective Beneficial Ownership remains at or above 2.5% of the Common Stock, in the event a representative of Mitsui is not a member of the Board of Directors of PAG, Mitsui shall have the right to a non-voting observer (the “Mitsui Observer”) at all meetings of the Board of the Directors of PAG. The Mitsui Observer shall be entitled to receive all materials and information distributed to Directors of PAG and shall have access to PAG’s management and records as if such Mitsui Observer were a Director.
 4. Governing Law. THIS LETTER AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF WHICH MIGHT RESULT IN THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.
 5. Counterparts; Execution and Delivery. This Letter Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Letter Agreement by email, facsimile or other electronic imaging means shall be as effective as delivery of a manually executed counterpart of this Letter Agreement. This Letter Agreement shall be effective as of the date hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Yours very truly,

MITSUI & CO., LTD.

/s/ Jiro Yamada

Name: Jiro Yamada

Title: General Manager, Second Motor Vehicles
Division, Mobility Business Unit I

MITSUI & CO. (U.S.A.), INC.

/s/ Yoshimi Namba

Name: Yoshimi Namba

Title: Senior Vice President

ACCEPTED AND AGREED AS OF THE DATE FIRST ABOVE WRITTEN:

PENSKE AUTOMOTIVE GROUP, INC.

/s/ J.D. Carlson

Name: J. D. Carlson

Title: Executive Vice President and
Chief Financial Officer

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Section 4: EX-99.1 (EX-99.1)

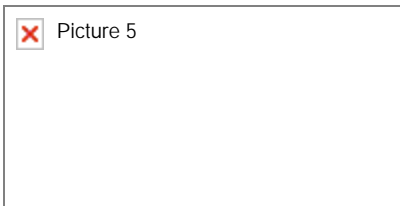


Exhibit 99.1

Press Release

Penske Automotive Group, Inc.,
2555 Telegraph Rd.
Bloomfield Hills, MI 48302

FOR IMMEDIATE RELEASE



PENSKE AUTOMOTIVE APPOINTS NEW DIRECTOR

BLOOMFIELD HILLS, MI, December 13, 2018 – Penske Automotive Group, Inc. (NYSE:PAG), an international transportation services company, today announced that Mr. Masashi (Mik) Yamanaka has been appointed to its Board of Directors. Mr. Yamanaka fills a vacancy created by the resignation of Kanji Sasaki from the PAG Board.

“We welcome Mr. Yamanaka to the Penske Automotive Group Board of Directors and look forward to working directly with him as we grow our company,” said Penske Automotive Group Chair Roger S. Penske. “Additionally, the PAG Board would like to express our thanks to Mr. Sasaki for his service to our company and wish him well as he rejoins Mitsui & Co, Ltd.”

Mr. Yamanaka is an employee of Mitsui & Co., Ltd. (Mitsui) and has spent the last 31 years of his career with Mitusi and its affiliates in various capacities, most recently serving as the General Manager of Mitsui’s Second Motor Vehicles Division from April 2015 to December 2018. From July 2014 to April 2015, he served as Deputy General Manager in Mtsui’s Second Motor Vehicle Division. From January 2013 to July 2014, he served as Deputy General Manager, Planning and Administrative Division of the Machinery and Infrastructure Business Unit. Mr. Yamanaka began his career at Mitsui in April 1997.

About Penske Automotive

Penske Automotive Group, Inc., (NYSE:PAG) headquartered in Bloomfield Hills, Michigan, is an international transportation services company that operates automotive and commercial truck dealerships principally in the United States, Canada and Western Europe, and distributes commercial vehicles, diesel engines, gas engines, power systems and related parts and services principally in Australia and New Zealand. PAG employs more than 26,000 people worldwide, is a member of the Fortune 500, Russell 2000, and was named as one of the World’s Most Admired Companies by Fortune. For additional information visit the company’s website at www.penskeautomotive.com.

Find a vehicle: <http://www.penskecars.com>

Engage Penske Automotive: <http://www.penskesocial.com>

Like Penske Automotive on Facebook: <https://facebook.com/penskecars>

Follow Penske Automotive on Twitter: <https://twitter.com/penskecars>

Follow Penske Automotive on Instagram: <https://www.instagram.com/penskecars/>

Visit Penske Automotive on YouTube: <http://www.youtube.com/penskecars>

Inquiries should contact:

J. D. Carlson
Executive Vice President and
Chief Financial Officer
Penske Automotive Group, Inc.
248-648-2810
jcarlson@penskeautomotive.com

Anthony R. Pordon
Executive Vice President Investor Relations and
Corporate Development
Penske Automotive Group, Inc.
248-648-2540
tpordon@penskeautomotive.com

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