



SHANE M. SPRADLIN
Executive Vice President
General Counsel and Secretary

August 23, 2010

VIA ELECTRONIC AND REGULAR MAIL

The Honorable Mary L. Schapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Chairman Schapiro:

Our company strongly supports your recent announcement that the Commission is undertaking a comprehensive review of the proxy voting and shareholder communications system. We are very appreciative of your leadership on this issue, given the many other significant matters currently before the Commission. Penske Automotive is a Fortune 500 automotive retailer and we employ over 14,000 employees worldwide, however, we are typical of a small-cap company given our market capitalization and we believe our views may be representative of those of many other similarly situated companies.

Attached to this letter are some points we believe are key to understanding our experience with the proxy system.

Please feel free to contact me with any questions you may have, or if you require additional information or clarification about any of the concepts presented in this letter. Thank you again for your leadership on these "proxy plumbing" issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Shane Spradlin", with a long horizontal flourish extending to the right.

Shane Spradlin
Executive Vice President
and General Counsel

Attachment

Proxy Plumbing Issues

- **Excessive Cost.** Under SEC and NYSE rules, brokers, banks and other financial intermediaries are responsible for handling proxy processing activities among their customers, including the delivery of proxy materials. However, our Company pays for the proxy processing services provided to our shareholders by these financial intermediaries. Reimbursement rates for the “reasonable expenses” of proxy servicers are established by the NYSE, subject to approval by the SEC. Under the current system, companies seeking to encourage more voting participation by beneficial owners cannot do so without using a circuitous and expensive process that is controlled primarily by one service provider acting as a agent for brokers and banks, yet funded by the public companies themselves. We believe a system that would allow a competitive fee structure and allow real competition would result in better service to public companies and lower costs. Our company has no choice in selecting a proxy service provider, exerts little to no control over the services that are actually provided, and has no ability to negotiate fees with the service provider. In fact, we have an ongoing dispute with one of our vendors who increased our rates approximately 300% year over year even though there was no verifiable increase in our shareholder base.
- **NOBO and OBO Classification.** The NOBO/OBO classification system prevents public companies from knowing the identify of many of their shareholders and engaging in any meaningful communications with them. It would be useful to us to be able to understand the identity of our shareholder base and develop a direct communication ability. Public companies should have access to contact information for all of their beneficial owners and should be permitted to communicate with them directly. The NOBO and OBO classification for beneficial owners should be eliminated. Those beneficial owners wishing to remain anonymous should be permitted to register their shares in a nominee account with their broker, bank, or other third-party intermediary. Those who are currently classified as OBOs should have adequate notice of the elimination of their OBO status, to permit them to decide whether to establish a nominee account. Communications with beneficial owners should only be for purposes involving the corporate or business affairs of a company.
- **Competition among Proxy Service Providers.** The current functions of (a) beneficial owner data aggregation, and (b) proxy communications distribution should be separated, providing a public company with the opportunity to select a proxy distribution provider of its own choosing. The proxy distributor should be responsible for transmitting the proxy statement and proxy forms to all shareholders, once the beneficial owner list is obtained from an entity serving as the data aggregator. The prices for proxy distribution and communications services should be established by open competition among service providers handling these functions, based on value to end users, and not through a fee schedule established by regulators.