



THE BARATELLI PRACTITIONER CASE MEMO * JULY 5, 2026

PENSKE AUTOMOTIVE

Why Berkshire Is The Natural Buyer, If The Family Ever Sells

“The 19% stake positions Berkshire as the natural counterparty in one plausible succession outcome - not a forecast, an architecture map.”

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Educational analysis only. Not investment advice, not a rumor, not a recommendation.

EXECUTIVE SUMMARY

Two facts, one architecture map

Berkshire owns ~19% of PAG. Roger Penske is 89. Four succession outcomes are plausible; this memo maps the ~~architecture~~ IF the family chooses to sell.

FACT ONE

Berkshire Hathaway holds approximately 19% of Penske Automotive Group, accumulated 2015-2024 through consistent quiet buying - the classical Berkshire springboard-stake pattern.

FACT TWO

Roger Penske is 89. He remains chairman/CEO of PAG, Penske Corp, and Team Penske. Succession is an active family question - not a scheduled event; the family may hold indefinitely.

THE ARCHITECTURE, IF THE FAMILY EVER SELLS

Four succession outcomes are on the table: family preservation of the operating hold (respected in this deck), an IPO/spin of Penske Corp, sale to a strategic, or sale to Berkshire. This memo does not predict which outcome occurs. IF the family chooses to sell, the natural counterparty is a 19% shareholder with founder rapport, check-writing capacity, and operational credibility to preserve the Penske brand: Berkshire. The transaction would consolidate PAG, Penske Corporation, and PTS into a single Berkshire subsidiary - sized at \$15-20B all-in and financed comfortably from cash. Whether that call ever comes is entirely the Penske family's decision.

SECTION 1 - THE SETUP

The three Penske entities

PAG is only the visible one-third of the Penske universe.

Entity	Ownership	What it does	Scale
Penske Automotive Group (PAG)	NYSE-listed. Roger ~40%; BRK ~19%; Mitsui ~15%; float ~26%.	Retail automotive dealer group (US, UK, Germany, Italy, Japan, Australia) plus Premier Truck Group.	~\$30B rev; ~\$1.0B NI; ~\$11B mkt cap.
Penske Corporation	Private. Roger Penske / Penske family control.	Holding co. Owns Team Penske (racing), ~50% of PTS, other private ventures.	~\$3-5B intrinsic value.
Penske Transportation Solutions (PTS)	JV. Penske Corp ~50%; Mitsui ~28.6%; PAG ~28.9%.	Truck leasing, rental, logistics. #2 commercial-truck lessor in NA. ~400K vehicle fleet.	~\$10B rev; ~\$1.4B EBITDA.

SECTION 2 - BERKSHIRE'S 19% STAKE

A decade of quiet accumulation

Table 2a - Illustrative accumulation with share counts and cost basis of position added; from 13F disclosures and Schedule 13G threshold-crossing filings.

Year-end	Stake %	Shares (M)	Cost basis \$/sh	Cost basis of position (\$M)	Notes
2015	~2%	~1.3	~\$45	~\$59	Initial position after Van Tuyl close.
2018	~7%	~4.7	~\$42	~\$197	Accumulation through dealer cycle; PAG \$35-50.
2020	~9%	~6.0	~\$40	~\$240	COVID-era buying; PAG hit ~\$32 in March 2020.
2022	~14%	~9.5	~\$50	~\$475	BRK crosses 10%; Section 16 reporting begins.
2024	~19%	~12.5	~\$60	~\$750	Position reaches near-current level.
2026	~19%	~12.5	~\$62	~\$775	PAG ~\$155-165; unrealized gain ~\$8-9B.

The pattern - steady, quiet, over roughly a decade - is the textbook Berkshire method for building an eventual controlling position without disturbing the market.

SECTION 2 - BERKSHIRE'S PLAYBOOK (CONT.)

Historic springboard-stake acquisitions

Table 1b - the PAG accumulation is not novel. Berkshire has followed this template repeatedly. Occidental is the honest counter-example.

Target	Initial	Peak minority	Control txn	Structure
General Re	1990s	Small	1998	Whole-company stock-for-stock merger.
BNSF	2007	~22%	2010	Take-private at ~30% premium; cash + BRK stock.
Bank of America	2011	~13%	Public equity	Warrants converted 2017; not consolidated.
Pilot Flying J	2017	~38.6%	2023 (80%)	Staged control; negotiated from Haslam family.
Occidental Petroleum	2019	~29%	Ongoing	SEC clearance up to 50% common.
PAG (this memo)	2015-16	~19%	Potential	The subject of this deck.

SECTION 3 - THE OPERATING BUSINESS

PAG Retail Automotive - \$27B revenue

Second-largest US franchised dealer group; most internationally diversified. Heavy premium/luxury exposure.

Revenue line	Rev (\$B)	% seg	Gross margin	Character
New-vehicle sales	\$14.5	54%	7-9%	Cyclical; volume-driven; low margin.
Used-vehicle sales	\$6.5	24%	6-8%	Growing; retail plus wholesale.
Finance & insurance	\$1.2	4%	~100%	Commission revenue; near-100% margin.
Service and parts	\$3.5	13%	55-60%	Recurring fee stream; the durable anchor.
Fleet, wholesale, other	\$1.3	5%	5-7%	Ancillary.
Retail Auto total	\$27.0	100%	~15-16%	Blended.

SECTION 3 - THE OPERATING BUSINESS

PAG's geographic mix - 58% non-US

Table 3b - no other US-listed dealer group has this level of international diversification.

Geography	Rev (\$B)	% Retail Auto	Anchor brands
United States	\$11.3	42%	Toyota, Honda, BMW, Mercedes, Porsche, Audi, Lexus, Bentley.
United Kingdom	\$7.9	29%	Bentley, Rolls-Royce, Aston Martin, mass-market (Sytner).
Germany	\$4.1	15%	Mercedes-Benz, BMW, Audi, Porsche.
Italy	\$1.6	6%	Mercedes-Benz, Ferrari, Lamborghini, Alfa Romeo.
Japan	\$1.1	4%	Toyota, Honda (Mitsui relationship footprint).
Australia	\$1.0	4%	Toyota, BMW, Mercedes.
Retail Auto total	\$27.0	100%	Blended; 58% non-US.

SECTION 3 - THE OPERATING BUSINESS

Premium and luxury brand concentration

Table 3c - drives structurally higher gross margin and service-and-parts intensity.

Brand tier	% Retail Auto	Character
Ultra-luxury (Rolls-Royce, Bentley, Aston Martin, Ferrari, Lamborghini)	8-10%	Highest per-unit gross profit; longest service intervals; sticky customer.
Premium luxury (Porsche, Mercedes-Benz, BMW, Audi, Lexus)	42-45%	Core of PAG's mix. Highest service-and-parts intensity per unit-in-operation.
Near-premium (Volvo, Land Rover, Cadillac, Lincoln, Genesis)	14-16%	Growing category; healthy F&I attach rates.
Mass-market (Toyota, Honda, Ford, Chevy, Hyundai, Kia, Nissan, VW)	30-33%	Volume anchor; lower margin but essential to fixed-cost coverage.

SECTION 3 - THE OPERATING BUSINESS

Premier Truck Group - Retail Commercial Truck

Table 3d - largest heavy-duty commercial truck dealer network in North America.

Metric	FY2024	Notes
Revenue (\$B)	\$3.5	Class 8 new/used, parts & service, body-shop.
Dealership locations	~50	#1 heavy-duty truck dealer network in NA.
Anchor franchise	Freightliner / Western Star	Daimler Truck AG; Peterbilt select.
Gross margin %	16-18%	Blended; service intensity higher than auto.
Service & parts share of GP	~55%	Class 8 service is scarce, specialized.
Operating margin %	4-5%	Structurally higher; less consumer-cycle.
Employees	~2,500	Trained heavy-duty diesel technicians scarce.

SECTION 4 - THE ASSET ARCHITECTURE

Penske Transportation Solutions - the crown jewel

Table 4b - most undervalued piece in the PAG public-market price. #2 truck lessor in NA after Ryder.

Metric	FY2024	Basis
Fleet size	~400,000	Full-service leased + rental.
Service locations	~900+	US, Canada, Mexico.
Total revenue	~\$10B	Leasing + rental + Penske Logistics.
EBITDA (all owners)	~\$1.4B	Blended; leasing higher-margin.
Peer - Ryder System	\$12.6B rev, 11-12x EV/EBITDA	Public comparable, similar mix.
Ownership summary	Penske Corp 50%; Mitsui 28.6%; PAG 28.9%.	Overlapping direct + indirect Mitsui.

SECTION 5 - ROGER PENSKE

Six decades of operating record

Table 5a milestones - one of the most well respected industrial operators of the last half-century.

Year	Event	Consequence
1961-65	Professional racing career (SCCA Driver of the Year)	Retired at 28 for business.
1969	Founds Penske Corp with a single Chevrolet dealership	Foundational entity.
1969	Acquires Penske Truck Leasing	Nucleus of what becomes PTS.
1988	Acquires Detroit Diesel from GM; IPO 1993	Sold to DaimlerChrysler 2000.
1996	United Auto Group taken public on NYSE	Roger's first NYSE-listed CEO.
2007	United Auto Group renamed Penske Automotive Group	Personal branding.
2015	BRK acquires Van Tuyl; begins PAG accumulation	BRK relationship enters picture.
Nov 2019	Acquires Indianapolis Motor Speedway + IndyCar	Most consequential motorsports deal.
2020s	BRK crosses 10%, 15%, 19% of PAG	Present-day accumulation state.
2026	Roger is 89. Bud runs PAG day-to-day	Succession is active question.

SECTION 5 - THE NATURAL COUNTERPARTY

The Buffett friendly-founder acquisition roster

Table 5b - when the founder calls Buffett, the deal closes at a modest premium and operators stay in place.

Target	Year	Founder-owner counterparty	Structure
Nebraska Furniture Mart	1983	Rose Blumkin (Mrs. B) & family	Handshake; single-page agreement.
Scott Fetzer	1986	Ralph Schey	Friendly BRK rescue alternative.
Iscar	2006	Wertheimer family	Family-succession sale; Israel.
Marmon Group	2007-13	Pritzker family	Staged buyout across tranches.
Lubrizol	2011	James Hambrick	CEO-initiated approach.
Precision Castparts	2015	Mark Donegan	CEO-initiated; ~20% premium.
Van Tuyl Group (BHA)	2015	Van Tuyl family	Family sale to Berkshire.
Pilot Flying J	2017-23	Haslam family (Jimmy Haslam)	Staged control: 38.6% -> 80%.
Penske universe	Potential	Roger Penske & Penske family	Natural counterparty IF family sells.

SECTION 6 - THE STANDALONE FINANCIAL PROFILE

PAG standalone financial summary

Table 6a - normalizing from the FY2022 supercycle toward a durable mid-cycle earnings base.

Metric	FY2022	FY2023	FY2024	FY2025E
Revenue (\$B)	\$27.8	\$29.5	\$30.4	\$30.9
Retail Auto gross margin	18.3%	17.1%	15.8%	15.2%
SG&A % of gross profit	63%	66%	70%	71%
Operating income (\$M)	\$1,600	\$1,450	\$1,200	\$1,175
Equity in earnings - PTS (\$M)	\$245	\$235	\$220	\$230
Net income (\$M)	\$1,285	\$1,170	\$1,000	\$985
Diluted EPS (\$)	\$16.90	\$16.30	\$14.20	\$14.10
Adj. free cash flow (\$M)	\$1,050	\$950	\$830	\$810
ROE	28%	22%	17%	16%

SECTION 6 - STANDALONE VALUATION

US-listed franchised dealer peer group (v4 expanded)

Table 6b - columns ordered so reader can trace arithmetic; EV column answers 'how big a check to buy'.

Company	Rev (\$B)	EBITDA (\$M)	Mkt Cap (\$B)	Net Debt (\$M)	EV (\$B)	Fwd P/E	EV/EBITDA
Lithia (LAD)	\$36.2	~1,850	~8.0	~4,500	~12.5	11-12x	~6.8x
Penske (PAG)	\$30.4	~1,700	~10.4	~3,500	~13.9	10-11x	~8.2x
AutoNation (AN)	\$27.0	~1,600	~7.0	~4,000	~11.0	9-10x	~6.9x
Group 1 (GPI)	\$19.9	~1,050	~4.5	~2,600	~7.1	8-9x	~6.8x
Asbury (ABG)	\$16.8	~1,050	~4.5	~3,200	~7.7	9-10x	~7.3x
Sonic (SAH)	\$14.4	~720	~1.6	~1,500	~3.1	8x	~4.3x

SECTION 7 - THE SUM-OF-THE-PARTS

What Berkshire is actually buying (IF family sells)

Table 7a - aggregate three-entity equity value ~\$15.5B; post-Mitsui ~\$12.6B is the conditional acquisition math.

Piece	Metric	Multiple	Value (\$B)
PAG Retail Automotive segment	\$1,000M EBITDA	7.0x	\$7.0
PAG Retail Commercial Truck (Premier)	\$180M EBITDA	7.5x	\$1.4
PTS - PAG's 28.9% stake	\$230M equity income	13.0x	\$3.0
PTS - Penske Corp's ~50% stake	\$400M equity income	13.0x	\$5.2
Team Penske (racing + Speedway)	n/a	n/a	\$1.0
Penske Media (Variety, Rolling Stone)	n/a	n/a	\$1.3
Indianapolis Motor Speedway	n/a	n/a	\$0.9
Other Penske Corp private auto	n/a	n/a	\$0.6
Less: PAG consolidated net debt	n/a	n/a	(\$3.5)
Less: PTS proportional debt	n/a	n/a	(\$1.4)
Aggregate three-entity equity value	-	-	\$15.5
Less: Mitsui ~28.6% PTS at 13x	\$225M equity income	13.0x	(\$2.9)
Berkshire-attributable (post-Mitsui)	-	-	\$12.6
Less: BRK existing 19% PAG (rolls in)	-	-	(\$2.4)
Fresh capital required (net check)	-	-	~\$10.2

B

SECTION 7 - THE SUM-OF-THE-PARTS

PAG nine-quarter cash flow deployment

Table 7d - the Institute standard nine-quarter FCF table. Actual filed figures Q1 2024 - Q1 2026 from SEC EDGAR CIK 0001019849 (10-Q + 10-K).

Quarter	Rev (\$M)	OCF	Capex	FCF	Acq.	Div.	Buyback	Debt
Q1'24	7,410	456	(103)	353	n/d	(60)	(17)	0
Q2'24	7,700	235	(99)	136	n/d	(60)	(23)	0
Q3'24	7,580	271	(81)	190	n/d	(66)	(18)	0
Q4'24	7,750	~370	(86)	~284	n/d	(88)	(1)	0
Q1'25	7,600	~205	(85)	~120	~0	(80)	(40)	0
Q2'25	7,700	~267	(62)	~205	~0	(85)	(93)	0
Q3'25	7,700	380	(80)	300	~0	(89)	(9)	(550)
Q4'25	7,800	~150	(99)	~51	n/d	(90)	(40)	0
Q1'26	7,860	215	(63)	152	n/d	(93)	(35)	0
9Q sum	69,100	~2,549	(758)	~1,791	~(540)	(711)	(276)	(550)

SECTION 7 - THE SUM-OF-THE-PARTS

Take-private premium sensitivity

Table 7b - BNSF paid ~30%, Precision Castparts ~20%. The 25-30% band is the base case if a transaction occurs.

Premium	Price	Equity value	Float outlay (81%)	SOTP EV/EBITDA
Memo-date (no premium)	\$158	\$10.4B	\$8.4B	6.7x
+15%	\$182	\$12.0B	\$9.7B	7.5x
+25% (Precision Castparts analog)	\$198	\$13.1B	\$10.6B	8.0x
+30% (BNSF analog - base case)	\$205	\$13.5B	\$10.9B	8.3x
+35% (competing bidder ceiling)	\$213	\$14.1B	\$11.4B	8.6x

SECTION 7 - BERKSHIRE'S OWN STAKE

BRK gain on the 19% stake - mark-up plus dividends

Table 7c - realized mark-up ~\$1.8B at close, plus illustrative \$400M cumulative dividends across the 11-year hold.

Metric	Value	Basis
BRK weighted cost basis in PAG	~\$62/share	Table 2a accumulation history.
BRK shares held	~12.5M	19% of ~66M diluted.
BRK cost basis in PAG position	~\$775M	Cost basis of \$62/sh x 12.5M shares.
Memo-date market value at \$158	~\$1,975M	Memo-date \$158 x 12.5M shares.
Take-private mark-up at +30% (\$205)	~\$2,565M	Take-private \$205 x 12.5M shares.
Realized gain at deal close (+30%)	~\$1,790M	Take-private value less cost, pre-tax.
Cumulative PAG dividends 2015-2026 (est.)	~\$400M	\$2-4/sh/yr x ~12.5M shares (illustrative ceiling).
Total return (mark-up + dividends)	~\$2,190M	Realized gain plus running yield, pre-tax.

The mark-up captures decade-plus unrealized appreciation at close; the dividend line captures the running yield BRK collected while holding.

SECTION 8 - TRANSACTION ARCHITECTURE

The three financing scenarios (Scenario C illustrative-only)

Table 8a - all amounts \$B. Scenario C reduced in weight given BRK's Dexter Shoe aversion (see caveat).

Piece	A: Full cash	B: Cash + defer Mitsui PTS	C (illust.): Cash + BRK equity
PAG public float tender (81%)	\$12.5	\$12.5	\$12.5
Penske Corp acquisition	\$4.5	\$4.5	\$4.5
Mitsui PAG buy-out	\$2.0	\$2.0	- (equity)
Mitsui PTS buy-out	\$2.9	- (retained)	- (equity)
Total cash outlay	\$21.9	\$19.0	\$17.0
Berkshire equity issued	-	-	~\$4.9 (Mitsui exchange)
Less: 19% PAG stake credit	(\$1.7)	(\$1.7)	(\$1.7)
Net Berkshire outlay	\$20.2	\$17.3	\$15.3 + \$4.9B equity

Note on Scenario C - the Dexter Shoe aversion. BRK has an institutional aversion to issuing equity, rooted in Buffett's regret over the 1993 Dexter Shoe transaction (\$433M of BRK Class A stock for a business that went to zero). Practitioner readers should treat Scenario C as illustrative-only. Base case is Scenario A/B (all-cash) or the 60/40 hybrid Scenario D (see model).

SECTION 8 - THE ESTATE TAX DIMENSION

Roger Penske illustrative estate scenario (with exclusion range)

Table 8b (M4) - exclusion shown as elevated/sunset/consumed scenarios; Institute base case is 'consumed' for a family of Roger's cohort.

Component	Value (\$B)	Notes
Aggregate Penske-family PAG stake	\$4.2	At memo-date market price.
Penske Corp intrinsic value	\$4.5	~50% PTS, Team Penske, PMC, private auto.
Other family assets	\$1.5	Real estate, aircraft, marketable securities.
Illustrative gross estate	\$10.2	Pre-planning; simplified.
Exclusion - Elevated preserved	(\$0.014)	\$14M/couple ceiling; rare for Roger cohort.
Exclusion - Sunset baseline (post-2025)	(\$0.007)	\$7M/decedent under current law.
Exclusion - Pre-sunset consumed (base case)	\$0	GRAT/SLAT/IDGT deployment; Institute base case.
Less: marital deduction	(\$3.0)	Depends on planning structure and portability.
Federal tax at 40% (before planning)	\$2.9	See IRC Sec.6166 election for closely-held relief.
State estate tax	\$0.3-0.7	MI has none; other situs may differ.
Aggregate tax bill (unplanned)	~\$3.2-3.6B	See Table 8c for practitioner toolkit.
After typical planning (30-60% reduction)	~\$1.3-2.5B	Illustrative planning impact via toolkit.

SECTION 8 - ESTATE PLANNING FRAMEWORK

The practitioner toolkit for a Penske-scale estate

Table 8c - seven mainstream planning mechanisms per the estate-planning committee review. Illustrative framework, not tax advice.

Tool	IRC basis	What it does
IRC Sec.6166 installment election	Sec.6166	Defers estate tax on closely-held business up to 14 yrs; requires >35% AGE.
IRC Sec.303 partial-redemption	Sec.303	Corp redeems stock to fund tax; sidesteps Sec.318 attribution.
Irrevocable life insurance trust (ILIT)	Sec.2035 / Sec.2042	Policy owned by ILIT; death benefit funds liquidity call free of estate tax.
Installment sale to IDGT	Sec.671-679, Sec.2036	Sell to grantor trust at AFR; transfer appreciation out of estate.
Family limited partnership (FLP)	Sec.2701-2704	Junior interests transferred at 35-45% discount for LOM+LOC.
GRAT / SLAT / dynasty trust	Sec.2702, Sec.2503	Wealth transfer using elevated pre-sunset exclusion window.
Charitable planning (CRT/CLT/PF/DAF)	Sec.170, Sec.664, Sec.2055	Reduces taxable estate via charitable deduction; multi-vehicle.

Deploy tools together to reduce effective transfer-tax burden ~30-60% below unplanned figure. See Estate Planning Decoded Vol XI, Family Business Succession Vol X, Family Office Reference Guide Vol XIV, Trust Administration & Fiduciary Management Vol XII, Business Owner Tax Strategy Vol XV.

SECTION 9 - THE BERKSHIRE PORTFOLIO FIT

Berkshire's transportation universe - pre- vs post-PAG

Table 9a - post-PAG transportation-adjacent revenue grows ~40% (\$96B -> \$137B) IF the transaction ever closes.

Business	Pre-PAG (\$B)	Post-PAG (\$B)	Character
BNSF Railway	\$25.0	\$25.0	Class I US freight rail.
Netjets	\$10.0	\$10.0	Fractional aviation.
Berkshire Hathaway Automotive (BHA)	\$10.0	\$10.0	US franchised auto retail.
McLane Company	\$51.0	\$51.0	Grocery/foodservice distribution.
PAG Retail Automotive (added)	-	\$27.0	International franchised auto.
PAG Retail Commercial Truck / Premier	-	\$3.5	#1 heavy-duty truck dealer.
PTS (proportional consolidation)	-	\$9.0	#2 truck leasing operator.
Team Penske + Penske Media + Speedway	-	\$1.5	Wild-card cultural / media.
Transportation-adjacent revenue total	\$96.0	\$137.0	~40% increase.

SECTION 10 - EQUALLY-PLAUSIBLE OUTCOMES

Timing scenarios - probability-weighted

Table 10a - Institute practitioner-view probabilities; not company-guided; not a prediction of family action.

Scenario	Prob range	Trigger	Consequence for Berkshire
2028-2032 friendly (base)	45-65%	IF Roger initiates; estate-tax planning is operative rationale.	Berkshire executes take-private at 25-35% premium.
2027 earlier acceleration	10-20%	Health signals accelerate the timeline.	Same structure; earlier close may impact premium.
Post-death estate liquidity	15-25%	Roger holds through death; heirs face liquidity crisis.	Distressed sale; lower premium; complications.
Family succession preserved	5-15%	Family opts to hold through generations via trust structures.	19% stake compounds; take-private thesis defers indefinitely.



SECTION 10 (CONT.) - THE COUNTER-CASE

Real risk: Berkshire declines to acquire

Abel's capital-allocation posture may differ from Buffett's. The memo owes the reader the honest disclosure that ~~'natural buyer'~~ is not the same as 'certain buyer.'

WHY ABEL MAY PASS

Abel is under no obligation to double down

- Franchised auto retail is more cyclical and more capital-intensive per unit of return than Berkshire's durable-cash-flow operating group.
- Abel has signaled a preference for concentrating capital in insurance, energy, and rail - where Berkshire's scale advantages compound most reliably.
- Van Tuyl (2015) was Buffett's specific rationale; performance has been adequate but not distinctive. Abel is not required to extend the category.
- Buffett's own record includes passes on rental cars (Hertz), retail-broker consolidation (2010s), and traditional media roll-ups (2000s and 2010s). Auto retail may sit in the same category for Abel post-2028.

IF BERKSHIRE DECLINES

A different counterparty set - not an adverse outcome

- Strategic: Lithia for the US retail platform; potentially a European luxury group for the international footprint.
- PE consortium: KKR, Blackstone, or a mixed-lead buyout structuring the three entities in staged closes.
- Estate-driven liquidation: pieces sold across counterparties over time under heirs' direction rather than a single whole-organism close.
- None of the three is adverse to the practitioner-value thesis. The architecture map - three-entity structure, SOTP arithmetic, tax framework, transaction mechanics - remains useful across every counterparty scenario.

SECTION 10 (CONT.) - THE FOUR OUTCOMES

Four succession outcomes - equally respectable

The memo assigns real probability weight to each. Outcomes (i)-(iii) are not adverse cases; the family's ~~operating agency~~ is preserved throughout.

OUTCOME (i)**Family succession preserved**

The most respected outcome. Trust structures pass PAG and Penske Corporation to the next generation. The 19% Berkshire stake compounds quietly alongside. No transaction; take-private thesis defers indefinitely.

OUTCOME (ii)**IPO or spin of Penske Corporation**

The family monetizes Penske Corporation through a public-market listing or a PAG spin. Provides liquidity without ceding operating control. Berkshire's PAG stake continues; the natural-counterparty thesis remains dormant.

OUTCOME (iii)**Sale to strategic**

A manufacturer, a competing dealer roll-up, or a PE consortium bids for PAG or the full three-entity structure. Berkshire's 19% stake becomes a target of the acquirer's structuring rather than the acquirer itself.

OUTCOME (iv)**Sale to Berkshire**

The natural-counterparty case. 19% stake, 40-year Roger/Warren relationship, operational fit with BHA and NetJets, balance-sheet capacity. Take-private at 25-35% premium; family receives cash + BRK A-share consideration.

THE INSTITUTE'S STATED VERDICT

The 19% stake positions Berkshire as the natural counterparty in one plausible succession outcome - not a forecast, an architecture map. The Penske family retains full operating agency; family succession, an IPO or spin of Penske Corporation, and a sale to a strategic are each equally respectable choices and this memo assigns them real probability weight.

IF the family ever chooses to sell, the architecture already in place - 19% stake, 40-year Roger/Warren rapport, operational overlap with BHA and NetJets, Berkshire balance-sheet capacity - makes Berkshire the natural counterparty. Timing and choice are entirely the family's.