UNITED AUTO GROUP INC
Form 11-K
July 16, 2004

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**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

# FORM 11-K

/X/ Annual report pursuant to Section 15(d) of the Securities and Exchange Act of 1934 for the fiscal year ended December 31, 2003.

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

Commission file number: ____________

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

**UnitedAuto 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:

**United Auto Group, Inc.**

**2555 Telegraph Road**
**Bloomfield Hills, MI 48302-0954**

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**UnitedAuto 401(k) Savings and Retirement Plan**
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## Report of Independent Registered Public Accounting Firm

UnitedAuto 401(k) Savings and Retirement Plan

We have audited the accompanying statements of net assets available for benefits of the UnitedAuto 401(k) Savings and Retirement Plan (the Plan ) as of December 31, 2003 and 2002, and the related statement of changes in net assets available for benefits for the year ended December 31, 2003. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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, 2003 and 2002, and the changes in net assets available for benefits for the year ended December 31, 2003, 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 schedules listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are 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. These schedules are the responsibility of the Plan s management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2003 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

New York, New York
July 16, 2004

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**UnitedAuto 401(k) Savings and Retirement Plan**

**Statements of Net Assets Available for Benefits**
**December 31, 2003 and 2002**

| | December 31, | |
|---|---|---|
| | **2003** | **2002** |
| Assets: | | |
| Investments | $86,031,672 | $54,488,826 |
| Receivables: | | |
| Participant contributions | 1,190,559 | 995,872 |
| Employer contributions | 914,864 | 573,449 |
| Due from broker | 58,564 | |
| Total Assets | 88,195,659 | 56,058,147 |
| Liabilities: | | |
| Corrective distributions payable | | 12,450 |
| Net assets available for benefits | $88,195,659 | $56,045,697 |

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

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**UnitedAuto 401(k) Savings and Retirement Plan**

**Statement of Changes in Net Assets Available for Benefits**
**Year Ended December 31, 2003**

| | |
|---|---|
| Additions: | |
| Additions to net assets attributed to: | |
| Investment income: | |
| Net appreciation in fair value of investments | $16,776,456 |
| Interest and dividends | 234,527 |
| Total investment income | 17,010,983 |
| Contributions: | |
| Participant contributions | 15,204,221 |
| Employer contributions | 3,678,552 |
| Participant rollovers | 3,550,216 |
| Total contributions | 22,432,989 |
| Total additions | 39,443,972 |
| Deductions: | |
| Deductions from net assets attributed to: | |
| Distributions to participants | 7,073,567 |
| Mutual fund asset based fees | 220,443 |
| Total deductions | 7,294,010 |
| Total increase | 32,149,962 |
| Net assets available for benefits beginning of year | 56,045,697 |
| Net assets available for benefits, end of year | $88,195,659 |

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

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**UnitedAuto 401(k) Savings and Retirement Plan**

**Notes to Financial Statements**

**1. Description of the Plan**

(a) General

The following description of the UnitedAuto 401(k) Savings and Retirement Plan, as amended through December 31, 2003 (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, which was established effective September 1, 1998, is a defined contribution savings plan (401(k) plan) covering all eligible employees of United Auto Group, Inc. ( the Company or Plan Sponsor ) 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 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 paid by the Company. Wachovia Bank N.A. (the Trustee ) serves as the trustee of the Plan.

(b) Eligibility

Full-time employees not covered under a collective bargaining agreement with a recognized union who have attained age 21, and part-time or temporary employees who 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 he or she has completed sixty days of service.

(c) Participant Accounts

Individual accounts are maintained by the Trustee for each of the Plan s participants which include the participant s contributions and related employer matching contributions, including the net investment return on any such contributions.

(d) Contributions

Under the provisions of the Plan, participants in the Plan may elect to defer a portion of their compensation to the Plan in an amount from 1% to 20% of gross earnings on a pre-tax basis through payroll deductions. Such contributions to the Plan may not exceed Internal Revenue Code 402 (g) limitations ($12,000 and $11,000 in 2003 and 2002, respectively). The Plan also allows participants that have attained age 50 to make additional contributions to the Plan of up to $2,000 and $1,000 in 2003 and 2002, respectively. A participant s elective contributions and Company contributions are invested at the direction of the participant. If a participant does not make such an election, he or she is deemed to have elected investment in the Stable Value Fund.

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In 2003, the Plan Sponsor matched 37.5% of the first 4% of eligible salary for all contributions by participants ( Basic Match Contributions ). In 2002, the Plan Sponsor matched 25% of the first 4% of eligible salary and an additional 25% of eligible salary up to 4% for contributions to the United Auto Common Stock Fund ( Bonus Match Contributions ). Basic Match Contributions are invested based on participant investment elections. Bonus Match Contributions were permanently invested in the United Auto Common Stock Fund. Effective January 1, 2003, the Plan Sponsor no longer provides Bonus Match Contributions and All Prior Bonus Match Contribution may be transferred to other Funds.

(e) Loans to Participants

Participants may borrow from their accounts a minimum of $1,000 up to the lesser of 50% of the amount credited to their account or $50,000. Loan terms range from 1-5 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 monthly 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 matching contributions vest upon the attainment by the participant of three years of credited service.

(g) Investments

Participant investment options consist of investment funds, including the United Auto Common Stock Fund. Participants are permitted to change investment options daily.

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(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 with balances from plans merged into the Plan due to acquisitions by the Plan Sponsor retain the distribution options of such merged plans. Participants may make a hardship withdrawal in certain cases of financial need as established by Internal Revenue Service regulations.

(i) Forfeited Accounts

At December 31, 2003, forfeited nonvested assets totaled $63,870. These assets will be used to reduce future employer contributions. During 2003, employer contributions were reduced by $157,558 from forfeited nonvested assets.

**2. Significant Accounting Policies**

(a) General

The accompanying financial statements are prepared under the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America.

(b) Investment Valuation and Income Recognition

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

Other investments are stated at fair market value. Purchases and sales of these investments are recorded on the trade date. The Plan records dividends on the ex-dividend date.

(c) Payment of Benefits

Benefits are recorded when requested. Corrective distributions payable generally represent the distribution of certain assets to employees in order for the plan to comply with ERISA non discrimination rules.

(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 and liabilities and changes therein, and disclosure of contingent assets and liabilities. 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, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes

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in the value of investment securities, it is at least reasonably possible that changes in risk 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 that represent 5% or more of the Plan s net assets are summarized as follows:

| | December 31, | |
|---|---|---|
| | **2003** | **2002** |
| Stable Investment Fund | $31,378,026 | $22,873,102 |
| Fidelity Advisor Equity Growth Fund | 5,207,414 | 3,252,141 |
| United Auto Common Stock Fund | 13,479,627 | 6,151,146 |

During 2003, the Plan s investments (including gains and losses on investments bought and sold, as well as, held during the year) appreciated in value as follows:

| | |
|---|---|
| Common Collective Trusts | $ 1,493,973 |
| United Auto Common Stock | 9,199,241 |
| Mutual Funds | 6,083,242 |
| | $16,776,456 |

**4. Non-participant Directed Investments**

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

| | December 31, | |
|---|---|---|
| | **2003** | **2002** |
| United Auto Common Stock Fund | $13,479,627 | $6,151,146 |
| Employer contributions receivable | 914,864 | 573,449 |
| | $14,394,491 | $6,724,595 |

| | December 31, 2003 |
|---|---|
| Changes in United Auto Common Stock Fund: | |
| Net appreciation in fair value | $ 9,199,241 |
| Contributions | 3,078,041 |
| Distributions | (1,093,315) |
| Loans | (129,910) |
| Other | (36,721) |
| Transfers | (3,688,855) |
| | $ 7,328,481 |

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### 5. Transfers To Plan

The 401(k) plans of certain companies acquired by the Company are periodically merged into the Plan. All of the assets of these plans are transferred at fair market value.

### 6. Party-in-Interest Transactions

As of December 31, 2003 and 2002, the Plan (through the United Auto Common Stock Fund) held 432,502 and 674,697 shares, respectively of United Auto Group, Inc. common stock with a market value of $13,479,627 and $6,151,146, respectively. Certain Plan investments are shares of various funds managed by Wachovia Bank N.A. Wachovia Bank N.A. is the trustee of the Plan and, therefore, these transactions are considered party-in-interest transactions.

### 7. 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 will receive 100% of their vested account balances.

### 8. 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 and the Plan s tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

### 9. Plan Amendment

During 2003 the Plan was amended and restated to incorporate certain changes to the Plan to (i) clarify that Compensation shall be determined for all purposes based on the entire Plan year rather than the period of membership, (ii) adopt the Internal Revenue Service model amendment provisions regarding deemed contributions to a Section 125 cafeteria plan, (iii) exclude from participation non-resident aliens and reclassified employees, (iv) clarify the computation period for matching contributions, (v) exclude catch-up contributions when calculating matching contributions, and (vi) cause the Plan to comply with the final Treasury Regulations issued pursuant to Section 401(a)(9) of the Internal Revenue Code of 1986, as amended.

### 10. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2003 and 2002 to the Form 5500:

| | 2003 | 2002 |
|---|---|---|
| Net assets available for benefits per the financial statements | $88,195,659 | $56,045,697 |
| Participant contributions receivable | (1,190,559) | (995,872) |
| Employer contributions receivable | (914,864) | (573,449) |
| Corrective distributions payable | | 12,450 |

| | | |
|---|---|---|
| Net assets available for benefits per the Form 5500 | $86,090,236 | $54,488,826 |

The following is a reconciliation of total contributions per the financial statements for the year ended December 31, 2003 to the Form 5500:

| | |
|---|---|
| Total contributions per the financial statements | $22,432,989 |
| Add: | |
| Contributions receivable-2002 | 1,569,321 |
| Less: | |
| Contributions receivable-2003 | (2,105,423) |
| Corrective distributions payable-2003 | (12,450) |
| Total contributions per the Form 5500 | $21,884,437 |

**11. Voluntary Compliance**

The Company intends to correct a limited number of isolated operational errors related to employee deferrals under the Internal Revenue Service s Employee Plans Compliance Resolution System.

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**Schedule I**

**UnitedAuto 401(k) Savings and Retirement Plan**

**Schedule H, Line 4i - Schedule of Assets (Held at End of Year)**
**December 31, 2003**

Name of Plan Sponsor: United Auto Group, Inc.
Employer Identification Number: 22-3086739
Plan number: 005

| (a) | (c ) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost | (e) Current Value |
|---|---|---|---|
| | COMMON COLLECTIVE TRUST FUNDS | | |
| * | WACHOVIA BANK, N. A. STABLE PORTFOLIO GROUP TRUST | $30,173,311 | $31,378,026 |
| * | WACHOVIA BANK, N. A. ENHANCED STOCK MARKET FUND | 3,674,998 | 3,669,451 |
| | TOTAL COMMON COLLECTIVE TRUST FUNDS | 33,848,309 | 35,047,477 |
| | EMPLOYER SECURITIES | | |
| * | UNITED AUTO COMMON STOCK FUND | 9,968,159 | 13,479,627 |
| | TOTAL EMPLOYER SECURITIES | 9,968,159 | 13,479,627 |
| | MUTUAL FUNDS | | |
| | INVESCO DYNAMICS FD INV CL | 2,681,973 | 2,360,881 |
| * | EVERGREEN SPECIAL EQUITY FUND CL I (FD #412) | 2,035,586 | 2,277,237 |
| | FEDERATED STK TR SH BEN INT | 1,734,948 | 1,888,483 |
| | FIDELITY ADVISOR SER I EQUITY GROWTH FD CL T | 5,890,873 | 5,207,414 |
| | FIDELITY ADVISOR SER III EQUITY INCOME FD CL T | 1,595,490 | 1,780,846 |
| | NEUBERGER & BERMAN EQUITY ASSETS PARTNERS ASSETS | 663,684 | 736,640 |
| | NEUBERGER & BERMAN EQUITY ASSETS GENESIS ASSETS | 2,181,685 | 2,670,279 |
| | DREYFUS S&P MIDCAP INDEX FD INC | 3,838,285 | 4,377,900 |
| | VAN KAMPEN EQUITY AND INCOME FD CL A | 2,144,737 | 2,403,896 |
| | WELLS FARGO FDS TR OUTLOOK 2030 FD CL A | 200,318 | 222,944 |
| | WELLS FARGO FDS TR OUTLOOK 2020 FD CL A | 1,127,780 | 1,264,923 |
| | WELLS FARGO FDS TR OUTLOOK 2010 FD CL A | 521,579 | 570,627 |
| | WELLS FARGO FDS TR OUTLOOK TODAY FD CL A | 218,984 | 232,324 |
| | JANUS ADVISER WORLDWIDE FUND CL I | 2,814,672 | 2,504,231 |
| | PUTNAM INTL EQUITY FD CL - A | 1,389,378 | 1,417,022 |
| | EVERGREEN CORE BOND FUND CCA | 2,884,529 | 3,080,151 |

| | | |
|---|---|---|
| FIDELITY ADV MORTGAGE SEC CCA | 1,111,525 | 1,163,736 |
| TOTAL MUTUAL FUNDS | 33,036,026 | 34,159,534 |
| PARTICIPANT LOANS (5.25% - 10.50%) | 3,345,034 | 3,345,034 |
| TOTAL | $80,197,528 | $86,031,672 |

* Represents a party-in-interest to the plan

The accompanying notes are an integral part of this schedule

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**Schedule II**

**UnitedAuto 401(K) Savings And Retirement Plan**

**Schedule H, Line 4j Schedule of Reportable Transactions (A)**
**Year Ended December 31, 2003**

Employer Identification Number: 22-3086739
Plan Number: 005
Name of Plan Sponsor: United Auto

| (a) Identity of Party Involved | (b) Description of Asset | (c) Purchase Price | (d) Selling Price | (g) Cost of Asset | (h) Current Value of Asset | (i) Net Gain/ Loss |
|---|---|---|---|---|---|---|
| | | Aggregate Transactions in Excess of 5% | | | | |
| Wachovia Bank, N. A. | Stable Portfolio Group | $18,659,309 | | $18,659,309 | $18,659,309 | |
| Wachovia Bank, N. A. | Stable Portfolio Group | | $10,881,426 | 10,480,006 | 10,881,426 | $ 401,420 |
| Wachovia Bank, N. A. | Evergreen Core Bond Fund CCA | 2,330,589 | | 2,330,589 | 2,330,589 | |
| Wachovia Bank, N. A. | Evergreen Core Bond Fund CCA | | 1,910,568 | 1,796,106 | 1,910,568 | 114,462 |
| UnitedAuto Group, Inc. | United Auto Common Stock Fund | 3,220,541 | | 3,220,541 | 3,220,541 | |
| UnitedAuto Group, Inc. | United Auto Common Stock Fund | | 5,714,036 | 5,233,375 | 5,714,036 | 480,661 |
| UnitedAuto Group, Inc. | UAG Common Stock Fund V | 4,160,837 | | 4,160,837 | 4,160,837 | |
| UnitedAuto Group, Inc. | UAG Common Stock Fund V | | 15,519,061 | 11,910,871 | 15,519,061 | 3,608,190 |
| Wachovia Bank, N. A. | Evergreen Special Equity Fund | 2,118,485 | | 2,118,485 | 2,118,485 | |
| Wachovia Bank, N. A. | Evergreen Special Equity Fund | | 739,304 | 790,561 | 739,304 | (51,257) |
| | | Single Transaction in Excess of 5% | | | | |
| UnitedAuto Group, Inc. | UAG Common Stock Fund Y | | 11,980,959 | 8,522,213 | 11,980,959 | 3,458,746 |

(A) Reportable transactions are those purchases and sales of the same security which individually or in the aggregate exceed 5% of plan assets at the beginning of the plan year

The accompanying notes are an integral part of this schedule

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**UnitedAuto 401(k) Savings and Retirement Plan**
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## Report of Independent Registered Public Accounting Firm

UnitedAuto 401(k) Savings and Retirement Plan

We have audited the accompanying statements of net assets available for benefits of the UnitedAuto 401(k) Savings and Retirement Plan (the Plan ) as of December 31, 2002 and 2001, and the related statement of changes in net assets available for benefits for the year ended December 31, 2002. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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, 2002 and 2001, and the changes in net assets available for benefits for the year ended December 31, 2002, 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 schedules listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are 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. These schedules are the responsibility of the Plan s management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2002 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

New York, New York
July 9, 2004

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**UnitedAuto 401(k) Savings and Retirement Plan**

**Statements of Net Assets Available for Benefits**
**December 31, 2002 and 2001**

| | December 31, | |
|---|---|---|
| | **2002** | **2001** |
| Assets: | | |
| Investments | $54,488,826 | $50,583,230 |
| Receivables: | | |
| Participant contributions | 995,872 | 699,999 |
| Employer contributions | 573,449 | 362,813 |
| Total Assets | 56,058,147 | 51,646,042 |
| Liabilities: | | |
| Corrective distributions payable | 12,450 | 759,193 |
| Net assets available for benefits | $56,045,697 | $50,886,849 |

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

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**UnitedAuto 401(k) Savings and Retirement Plan**

**Statement of Changes in Net Assets Available for Benefits**
**Year Ended December 31, 2002**

| | |
|---|---|
| Additions: | |
| Additions to net assets attributed to: | |
| Investment income: | |
| Net depreciation in fair value of investments | $ (8,337,180) |
| Interest and dividends | 131,042 |
| Total investment loss | (8,206,138) |
| Contributions: | |
| Participant contributions | 12,853,738 |
| Employer contributions | 2,332,657 |
| Participant rollovers | 2,009,854 |
| Total contributions | 17,196,249 |
| Total additions | 8,990,111 |
| Deductions: | |
| Deductions from net assets attributed to: | |
| Distributions to participants | 6,272,172 |
| Mutual fund asset based fees | 182,971 |
| Total deductions | 6,455,143 |
| Net increase prior to transfers | 2,534,968 |
| Transfers into plan | 2,623,880 |
| Total increase | 5,158,848 |
| Net assets available for benefits, beginning of year | 50,886,849 |
| Net assets available for benefits, end of year | $56,045,697 |

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

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**UnitedAuto 401(k) Savings and Retirement Plan**

**Notes to Financial Statements**

## 1. Description of the Plan

(a) General

The following description of the UnitedAuto 401(k) Savings and Retirement Plan, as amended through December 31, 2003 (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, which was established effective September 1, 1998, is a defined contribution savings plan (401(k) plan) covering all eligible employees of United Auto Group, Inc. ( the Company or Plan Sponsor ) 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 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 paid by the Company. Wachovia Bank N.A. (the Trustee ) serves as the trustee of the Plan.

(b) Eligibility

Full-time employees not covered under a collective bargaining agreement with a recognized union who have attained age 21, and part-time or temporary employees who 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 he or she has completed sixty days of service.

(c) Participant Accounts

Individual accounts are maintained by the Trustee for each of the Plan s participants which include the participant s contributions and related employer matching contributions, including the net investment return on any such contributions.

(d) Contributions

Under the provisions of the Plan, participants in the Plan may elect to defer a portion of their compensation to the Plan in an amount from 1% to 20% of gross earnings on a pre-tax basis through payroll deductions. Such contributions to the Plan may not exceed Internal Revenue Code 402 (g) limitations ($11,000 and 10,500 in 2002 and 2001). During 2002, the Plan also allowed participants that had attained age 50 before the end of 2002 to make additional contributions to the Plan of up to $1000. A participant s elective contributions and Company contributions are invested at the direction of the participant. If a participant does not make such an election, he or she is deemed to have elected investment in the Stable Value Fund.

In 2002 and 2001 the Plan Sponsor matched 25% of 4% of eligible salary for all contributions by participants ( Basic Match Contributions ). The Plan Sponsor also matched an additional 25% of eligible salary up

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to 4% for contributions to the United Auto Common Stock Fund ( Bonus Match Contributions ). Basic Match Contributions are invested based on participant investment elections. Bonus Match Contributions are permanently invested in the United Auto Common Stock Fund.

(e) Loans to Participants

Participants may borrow from their accounts a minimum of $1,000 up to the lesser of 50% of the amount credited to their account or $50,000. Loan terms range from 1-5 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 monthly 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 matching contributions vest upon the attainment by the participant of three years of credited service.

(g) Investments

Participant investment options consist of investment funds, including the United Auto Common Stock Fund. Participants are permitted to change investment options daily.

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(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 with balances from plans merged into the Plan due to acquisitions by the Plan Sponsor retain the distribution options of such merged plans. Participants may make a hardship withdrawal in certain cases of financial need as established by Internal Revenue Service regulations.

(i) Forfeited Accounts

At December 31, 2002, forfeited nonvested assets totaled $32,676. These assets will be used to reduce future employer contributions. During 2002, employer contributions were reduced by $283,683 from forfeited nonvested assets.

**2. Significant Accounting Policies**

(a) General

The accompanying financial statements are prepared under the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America.

(b) Investment Valuation and Income Recognition

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

Other investments are stated at fair market value. Purchases and sales of these investments are recorded on the trade date. The Plan records dividends on the ex-dividend date.

(c) Payment of Benefits

Benefits are recorded when requested. Corrective distributions payable generally represent the distribution of certain assets to employees in order for the plan to comply with ERISA non discrimination rules.

(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 and liabilities and changes therein, and disclosure of contingent assets and liabilities. 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, market and credit. 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 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.

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### 3. Investments

Investments that represent 5% or more of the Plan s net assets are summarized as follows:

| | December 31, | |
|---|---|---|
| | 2002 | 2001 |
| Stable Investment Fund | $22,873,102 | $17,935,549 |
| Enhanced Stock Market Fund | | 3,175,884 |
| Fidelity Advisor Equity Growth Fund | 3,252,141 | 4,344,131 |
| United Auto Common Stock Fund | 6,151,146 | 6,852,927 |

During 2002, the Plan s investments (including gains and losses on investments bought and sold, as well as, held during the year) appreciated/(depreciated) in value as follows:

| | |
|---|---|
| Common Collective Trusts | $ (211,461) |
| United Auto Common Stock Fund | (3,823,448) |
| Mutual Funds | (4,545,156) |
| Other | 242,885 |
| | ($ 8,337,180) |

### 4. Non-participant Directed Investments

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

| | December 31, | |
|---|---|---|
| | 2002 | 2001 |
| United Auto Common Stock Fund | $6,151,146 | $6,852,927 |
| Employer contributions receivable | 573,449 | 362,813 |
| | $6,724,595 | $7,215,740 |

**December 31,**
**2002**

| | |
|---|---|
| Changes in United Auto Common Stock Fund: | |
| Net depreciation in fair value | ($3,823,448) |
| Contributions | 2,713,293 |
| Distributions | (940,064) |
| Loans | (164,139) |
| Other | 223,343 |
| Transfers | 1,289,234 |
| | ($ 701,781) |

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### 5. Transfers To Plan

The 401(k) plans of certain companies acquired by the Company are periodically merged into the Plan. All of the assets of these plans are transferred at fair market value. For the Plan year ended December 31, 2002, these mergers resulted in an increase in Plan assets of $2,623,880.

### 6. Party-in-Interest Transactions

As of December 31, 2002 and 2001, the Plan (through the United Auto Common Stock Fund) held 674,697 and 383,181 shares, respectively, of United Auto Group, Inc. common stock with a market value of $6,151,146 and $6,852,927, respectively. Certain Plan investments are shares of various funds managed by Wachovia Bank N.A. Wachovia Bank N.A. is the trustee of the Plan and, therefore, these transactions are considered party-in-interest transactions.

### 7. 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 will receive 100% of their vested account balances.

### 8. 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 and the Plan s tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

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**9. Plan Amendment**

Effective January 1, 2002, the Plan was amended and restated to incorporate certain changes to the Plan required due to the passage of the Retirement Protection Act of 1994, the Uniformed Services Employment and Reemployment Act of 1994, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997 and the IRS Restructuring and Reform Act of 1998, and to add good faith amendments under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). The good faith EGTRRA amendments include increasing the limitation on elective deferral contributions, increasing the maximum compensation limit, allowing catch up contributions to be made by those participants who have attained age 50, and implementing a suspension period of 6 months following any hardship distributions.

**10. Subsequent Event**

Effective January 1, 2003, the Basic Matching Contribution was revised to 37.5% of the first 4% of eligible compensation and the Bonus Match Contribution was eliminated.

**11. Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2002 and 2001 to the Form 5500:

| | **2002** | **2001** |
|---|---|---|
| Net assets available for benefits per the financial statements | $56,045,697 | $50,886,849 |
| Participant contributions receivable | (995,872) | (699,999) |
| Employer contributions receivable | (573,449) | (362,813) |
| Corrective distributions payable | 12,450 | 759,193 |
| Net assets available for benefits per the Form 5500 | $54,488,826 | $50,583,230 |

The following is a reconciliation of total contributions per the financial statements for the year ended December 31, 2002 to the Form 5500:

| | |
|---|---|
| Total contributions per the financial statements | $17,196,249 |
| Add: | |
| Contributions receivable - 2001 | 1,062,812 |
| Corrective distributions payable - 2002 | 12,450 |
| Less: | |
| Contributions receivable - 2002 | (1,569,321) |
| Corrective distributions payable - 2001 | (759,193) |

| | |
|---|---|
| Total contributions per the Form 5500 | $15,942,997 |

**12. Voluntary Compliance**

The Company intends to correct a limited number of isolated operational errors related to employee deferrals under the Internal Revenue Service's Employee Plans Compliance Resolution System.

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**Schedule I**

**UnitedAuto 401(k) Savings and Retirement Plan**

**Schedule H, Line 4i Schedule of Assets (Held at End of Year)**
**December 31, 2002**

Name of Plan Sponsor: United Auto Group, Inc.
Employer Identification Number: 22-3086739
Plan number: 005

| (a) | (b) Identify of Issue, Borrower, Lessor or Similar Party | (c ) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| * | Stable Investment Fund | Common/Collective Trust (345,363 shares) | $21,994,008 | $22,873,102 |
| * | Evergreen Core Bond Fund | Mutual Fund (202,905 shares) | 2,350,046 | 2,539,365 |
| | Fidelity Advisor Mortgage Fund | Mutual Fund (93,398 shares) | 1,040,979 | 1,086,604 |
| | Wells Fargo Outlook 2030 Fund | Mutual Fund (3,028 shares) | 34,698 | 32,824 |
| | Wells Fargo Outlook 2020 Fund | Mutual Fund (88,713 shares) | 993,111 | 947,462 |
| | Wells Fargo Outlook 2010 Fund | Mutual Fund (42,400 shares) | 459,037 | 444,780 |
| | Wells Fargo Outlook Today Fund | Mutual Fund (14,547 shares) | 136,325 | 132,381 |
| | Van Kampen Equity & Income Fund (A) | Mutual Fund (228,229 shares) | 1,598,728 | 1,510,879 |
| | Fidelity Advisor Equity Income Fund | Mutual Fund (46,378 shares) | 1,095,905 | 941,950 |
| * | Enhanced Stock Fund | Common/Collective Trust (44,155 shares) | 3,327,045 | 2,464,385 |
| | Invesco Dynamics Fund | Mutual Fund (132,424 shares) | 2,526,996 | 1,411,641 |
| | | Mutual Fund | 343,491 | 275,146 |

| | | | | |
|---|---|---|---|---|
| | Neuberger & Berman Partners Fund | (26,380 shares) | | |
| | Dreyfus Midcap 400 Index Fund | Mutual Fund (117,568 shares) | 2,396,766 | 2,053,924 |
| | Putnam International Growth Fund | Mutual Fund (45,765 shares) | 1,005,419 | 751,007 |
| | Putnam Asset Allocation Balanced Fund | Mutual Fund (0 shares) | 1 | 1 |
| | Janus Advisor Worldwide Growth Fund | Mutual Fund (83,231 shares) | 2,738,846 | 1,798,641 |
| * | Evergreen Special Equity Fund | Mutual Fund (62,313 shares) | 707,663 | 510,352 |
| | Federated Stock Trust Fund | Mutual Fund (46,381 shares) | 1,494,742 | 1,260,650 |
| | Fidelity Advisor Equity Growth Fund | Mutual Fund (96,302 shares) | 5,315,828 | 3,252,141 |
| | Neuberger Berman Genesis Fund | Mutual Fund (92,660 shares) | 1,557,875 | 1,534,450 |
| * | United Auto Common Stock Fund | Common Stock (674,697 shares) | 7,750,034 | 6,151,146 |
| | Participant loans receivable | Rates ranging from 5.25% to 10.50% | 2,515,995 | 2,515,995 |
| | Total | | | $54,488,826 |

*** Represents a party- in- interest to the plan**

The accompanying notes are an integral part of this schedule

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**Schedule II**

**UnitedAuto 401(K) Savings And Retirement Plan**

**Schedule H, Line 4j Schedule of Reportable Transactions (A)**
**Year Ended December 31, 2002**

Employer Identification Number: 22-3086739
Plan Number: 005
Name of Plan Sponsor: United Auto Group, Inc.

| (a) Identity of Party | (b) Description of Assets | (c) Purchase Price | (d) Selling Price | (g) Cost of asset | (h) Cur. Value of Asset on Transaction Date | (i) Net Gain (Loss) |
|---|---|---|---|---|---|---|
| UnitedAuto Group, Inc. | United Auto Common Stock Fund | $ 7,817,871 | | $ 7,817,871 | $ 7,817,871 | |
| UnitedAuto Group, Inc. | United Auto Common Stock Fund | | $4,696,204 | 3,777,035 | 4,696,204 | $ 919,169 |
| Wachovia Bank N.A. | Evergreen Select Core Bond | 2,081,715 | | 2,081,715 | 2,081,715 | |
| Wachovia Bank N.A. | Evergreen Select Core Bond | | 790,892 | 743,802 | 790,892 | 47,090 |
| Wachovia Bank N.A. | Stable Investment Fund | 12,892,388 | | 12,892,388 | 12,892,388 | |
| Wachovia Bank N.A. | Stable Investment Fund | | 8,470,188 | 8,115,325 | 8,470,188 | 354,863 |
| Fidelity | Fidelity Advisor Equity Growth | 1,777,139 | | 1,777,139 | 1,777,139 | |
| Fidelity | Fidelity Advisor Equity Growth | | 1,351,468 | 1,887,673 | 1,351,468 | (536,205) |
| Dreyfus | Dreyfus Midcap 400 Index VI | 1,752,916 | | 1,752,916 | 1,752,916 | |
| Dreyfus | Dreyfus Midcap 400 Index VI | | 785,515 | 868,676 | 785,515 | (83,161) |

(A) Reportable transactions are those purchases and sales of the same security which individually or in the aggregate exceed 5% of plan assets at the beginning of the plan year.

The accompanying notes are an integral part of this schedule

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**UnitedAuto 401(k) Savings and Retirement Plan**
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**Report of Independent Registered Public Accounting Firm**

UnitedAuto 401(k) Savings and Retirement Plan

We have audited the accompanying statements of net assets available benefits of the UnitedAuto 401(k) Savings and Retirement Plan (the Plan ) as of December 31, 2001 and 2000, and the related statement of changes in net assets available for benefits for the year ended December 31, 2001. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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, 2001 and 2000, and the changes in net assets available for benefits for the year ended December 31, 2001, 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 schedules listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are 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. These schedules are the responsibility of the Plan s management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2001 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

New York, New York
July 16, 2004

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**UnitedAuto 401(k) Savings and Retirement Plan**

**Statements of Net Assets Available for Benefits**
**December 31, 2001 and 2000**

| | December 31, | |
|---|---|---|
| | **2001** | **2000** |
| Assets: | | |
| Cash | $ | $ 140 |
| Investments | 50,583,230 | 30,715,883 |
| Receivables: | | |
| Participant contributions | 699,999 | 677,878 |
| Employer contributions | 362,813 | 302,741 |
| Total Assets | 51,646,042 | 31,696,642 |
| Liabilities: | | |
| Corrective distributions payable | 759,193 | 398,653 |
| Net assets available for benefits | $50,886,849 | $31,297,989 |

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

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**UnitedAuto 401(k) Savings and Retirement Plan**

**Statement of Changes in Net Assets Available for Benefits**
**Year Ended December 31, 2001**

| | |
|---|---|
| Additions: | |
| Additions to net assets attributed to: | |
| Investment income: | |
| Net appreciation in fair value of investments | $ 1,409,760 |
| Interest and dividends | 120,006 |
| Total investment income | 1,529,766 |
| Contributions: | |
| Participant contributions | 10,618,885 |
| Employer contributions | 1,425,606 |
| Participant rollovers | 2,974,430 |
| Total contributions | 15,018,921 |
| Total additions | 16,548,687 |
| Deductions: | |
| Deductions from net assets attributed to: | |
| Distributions to participants | 7,996,716 |
| Mutual fund asset based fees | 152,783 |
| Total deductions | 8,149,499 |
| Net increase prior to transfers | 8,399,188 |
| Transfers into plan | 11,189,672 |
| Total increase | 19,588,860 |
| Net assets available for benefits, beginning of year | 31,297,989 |
| Net assets available for benefits, end of year | $50,886,849 |

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

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**UnitedAuto 401(k) Savings and Retirement Plan**

**Notes to Financial Statements**

**1. Description of the Plan**

(a) General

The following description of the UnitedAuto 401(k) Savings and Retirement Plan, as amended through December 31, 2003 (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, which was established effective September 1, 1998, is a defined contribution savings plan (401(k) plan) covering all eligible employees of United Auto Group, Inc. ( the Company or Plan Sponsor ) 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 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 paid by the Company. Wachovia Bank N.A. (the Trustee ) serves as the trustee of the Plan.

(b) Eligibility

Full-time employees not covered under a collective bargaining agreement with a recognized union who have attained age 21, and part-time or temporary employees who 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 he or she has completed sixty days of service.

(c) Participant Accounts

Individual accounts are maintained by the Trustee for each of the Plan s participants which include the participant s contributions and related employer matching contributions, including the net investment return on any such contributions.

(d) Contributions

Under the provisions of the Plan, participants in the Plan may elect to defer a portion of their compensation to the Plan in an amount from 1% to 20% of gross earnings on a pre-tax basis through payroll deductions. Such contributions to the Plan may not exceed Internal Revenue Code 402 (g) limitations ($10,500 in 2001 and 2000). A participant s elective contributions and Company contributions are invested at the direction of the participant. If a participant does not make such an election, he or she is deemed to have elected investment in the Stable Value Fund.

In 2001 and 2000, the Plan Sponsor matched 25% of 4% of eligible salary for all contributions by participants ( Basic Match Contributions ). The Plan Sponsor also matched an additional 25% of eligible salary up to 4% for contributions to the United Auto Common Stock Fund ( Bonus Match Contributions ). Basic Match Contributions are invested based on participant investment elections. Bonus Match Contributions are permanently invested in the United Auto Common Stock Fund.

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(e) Loans to Participants

Participants may borrow from their accounts a minimum of $1,000 up to the lesser of 50% of the amount credited to their account or $50,000. Loan terms range from 1-5 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 monthly 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 matching contributions vest upon the attainment by the participant of three years of credited service.

(g) Investments

Participant investment options consist of investment funds, including the United Auto Common Stock Fund. 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 with balances from plans merged into the Plan due to acquisitions by the Plan Sponsor retain the distribution options of such merged plans. Participants may make a hardship withdrawal in certain cases of financial need as established by Internal Revenue Service regulations.

(i) Forfeited Accounts

At December 31, 2001, forfeited nonvested assets totaled $200. These assets will be used to reduce future employer contributions. During 2001, employer contributions were reduced by $11,400 from forfeited nonvested assets.

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**2. Significant Accounting Policies**

(a) General

The accompanying financial statements are prepared under the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America.

(b) Investment Valuation and Income Recognition

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

Other investments are stated at fair market value. Purchases and sales of these investments are recorded on the trade date. The Plan records dividends on the ex-dividend date.

(c) Payment of Benefits

Benefits are recorded when requested. Corrective distributions payable generally represent the distribution of certain assets to employees in order for the plan to comply with ERISA non discrimination rules.

(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 and liabilities and changes therein, and disclosure of contingent assets and liabilities. 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, market and credit. 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 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.

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### 3. Investments

Investments that represent 5% or more of the Plan s net assets are summarized as follows:

| | December 31, | |
|---|---|---|
| | 2001 | 2000 |
| Stable Investment Fund | $17,935,549 | $7,050,405 |
| Enhanced Stock Market Fund | 3,175,884 | 3,194,621 |
| Invesco Dynamics Fund | | 3,049,306 |
| Janus Advisor Worldwide Growth Fund | | 2,586,665 |
| Fidelity Advisor Equity Growth Fund | 4,344,131 | 3,242,319 |
| United Auto Common Stock Fund | 6,852,927 | 1,920,075 |

During 2001, the Plan s investments (including gains and losses on investments bought and sold, as well as, held during the year) appreciated/(depreciated) in value as follows:

| | |
|---|---|
| Common Collective Trusts | $ 342,911 |
| United Auto Common Stock Fund | 4,383,362 |
| Registered Investment Companies | (3,316,513) |
| | $ 1,409,760 |

### 4. Non-participant Directed Investments

| | 2001 | 2000 |
|---|---|---|
| United Auto Common Stock Fund | $6,852,927 | $1,920,075 |
| Employer contributions receivable | 362,813 | 302,741 |
| | $7,215,740 | $2,222,816 |

**December 31,**

| | 2001 |
|---|---|
| Changes in United Auto Common Stock Fund: | |
| Net appreciation in fair value | $4,383,362 |
| Contributions | 1,455,575 |
| Distributions | (508,563) |
| Loans | (57,817) |
| Other | 4,076 |
| Transfers | (343,781) |
| | $4,932,852 |

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### 5. Transfers To Plan

The 401(k) plans of certain companies acquired by the Company are periodically merged into the Plan. All of the assets of these plans are transferred at fair market value. For the Plan year ended December 31, 2001, these mergers resulted in an increase in Plan assets of $11,189,672.

### 6. Party-in-Interest Transactions

As of December 31, 2001 and 2000, the Plan (through the United Auto Common Stock Fund) held 383,181 and 304,162 shares, respectively, of United Auto Group, Inc. common stock with a market value of $6,852,927 and $1,920,075, respectively. Certain Plan investments are shares of various funds managed by First Union/Wachovia. First Union/Wachovia is the trustee of the Plan and, therefore, these transactions are considered party-in-interest transactions.

### 7. 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 will receive 100% of their vested account balances.

### 8. 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 and the Plan s tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

### 9. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2001 and 2000 to the Form 5500:

| | 2001 | 2000 |
|---|---|---|
| Net assets available for benefits per the financial statements | $50,886,849 | $31,297,989 |
| Participant contributions receivable | (699,999) | (677,878) |
| Employer contributions receivable | (362,813) | (302,741) |
| Corrective distributions payable | 759,193 | 398,653 |
| Net assets available for benefits per the Form 5500 | $50,583,230 | $30,716,023 |

The following is a reconciliation of total contributions per the financial statements for the year ended December 31, 2001 to the Form 5500:

| | |
|---|---|
| Total contributions per the financial statements | $15,018,921 |
| Add: | |
| Contributions receivable - 2000 | 980,619 |
| Corrective distributions payable - 2001 | 759,193 |
| Less: | |
| Contributions receivable - 2001 | (1,062,812) |
| Corrective distributions payable - 2000 | (398,653) |
| Total contributions per the Form 5500 | $15,297,268 |

**10. Voluntary Compliance**

The Company intends to correct a limited number of isolated operational errors related to employee deferrals under the Internal Revenue Service's Employee Plans Compliance Resolution System.

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**Schedule I**

**UnitedAuto 401(k) Savings and Retirement Plan**

**Schedule H, Line 4i Schedule of Assets (Held at End of Year)**
**December 31, 2001**

Name of Plan Sponsor: United Auto Group, Inc.
Employer Identification Number: 22-3086739
Plan number: 005

| (a) | (b) Identify of Issue, Borrower, Lessor or Similar Party | (c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| * | Stable Investment Fund | Common/Collective Trust (277,934 shares) | $17,216,945 | $17,935,549 |
| * | Evergreen Core Bond Fund | Mutual Fund (94,561 shares) | 1,012,132 | 1,075,327 |
| | Fidelity Advisor Mortgage Fund | Mutual Fund (41,834 shares) | 432,721 | 447,285 |
| | Putnam Asset Allocation Growth Fund | Mutual Fund (116,599 shares) | 1,311,659 | 1,115,853 |
| | Putnam Asset Allocation Balanced Fund | Mutual Fund (75,352 shares) | 803,633 | 739,209 |
| | Putnam Asset Allocation Conservation Fund | Mutual Fund (16,259 shares) | 145,321 | 141,296 |
| | Invesco Total Return Fund | Mutual Fund (60,592 shares) | 1,589,632 | 1,515,428 |
| | Fidelity Advisor Equity Income Fund | Mutual Fund (38,452 shares) | 929,729 | 933,245 |
| * | Enhanced Stock Fund | Common/Collective Trust (44,549 shares) | 3,555,504 | 3,175,884 |
| | Invesco Dynamics Fund | Mutual Fund (154,684 shares) | 3,428,736 | 2,464,116 |
| | Neuberger & Berman Partners Fund | Mutual Fund (17,548 shares) | 250,246 | 244,271 |
| | Dreyfus Midcap 400 Index Fund | Mutual Fund (74,678 shares) | 1,512,526 | 1,572,728 |
| | | Mutual Fund | 1,032,306 | 843,403 |

| | | | | |
|---|---|---|---|---|
| | Putnam International Growth Fund | | | |
| | | (42,553 shares) | | |
| | Janus Advisor Worldwide Growth Fund | Mutual Fund | 2,978,264 | 2,379,972 |
| | | (81,172 shares) | | |
| * | Evergreen Special Equity Fund | Mutual Fund | 784,200 | 704,310 |
| | | (62,549 shares) | | |
| | Federated Stock Trust Fund | Mutual Fund | 1,300,557 | 1,356,298 |
| | | (39,961 shares) | | |
| | Fidelity Advisor Equity Growth Fund | Mutual Fund | 5,426,361 | 4,344,131 |
| | | (89,220 shares) | | |
| | Neuberger Berman Genesis Fund | Mutual Fund | 796,656 | 894,350 |
| | | (52,087 shares) | | |
| * | United Auto Common Stock Fund | Common Stock | 3,709,197 | 6,852,927 |
| | | (383,181 shares) | | |
| | Participant loans receivable | Rates ranging from 6.30% to 10.50% | 1,847,648 | 1,847,648 |
| | Total | | | $ 50,583,230 |

*** Represents a party- in- interest to the plan**

The accompanying notes are an integral part of this schedule

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**Schedule II**

**UnitedAuto 401(K) Savings And Retirement Plan**

**Schedule H, Line 4j Schedule of Reportable Transactions (A)**
**Year Ended December 31, 2001**

Employer Identification Number: 22-3086739
Plan Number: 005
Name of Plan Sponsor: United Auto Group, Inc.

| (a) Identity of Party | (b) Description of Assets | (c) Purchase Price | (d) Selling Price | (g) Cost of asset | (h) Cur. Value of Asset on Transaction Date | (i) Net Gain (Loss) |
|---|---|---|---|---|---|---|
| | SINGLE TRANSACTIONS EXCEEDING 5% | | | | | |
| Wachovia Bank, N.A | Fidelity Advisor Equity Growth | $ 3,267,932 | | $ 3,267,932 | $ 3,267,932 | |
| United Auto Group, Inc | UAG Stable Investment Fund | 4,249,622 | | 4,249,622 | 4,249,622 | |
| | AGGRAGATE TRANSACTIONS IN EXCESS OF 5% | | | | | |
| Wachovia Bank, N.A. | Wachovia Enhanced Stock | | $ 756,328 | 851,652 | 756,328 | $ (95,324) |
| Wachovia Bank, N.A. | Wachovia Enhanced Stock | 1,162,996 | | 1,162,996 | 1,162,996 | |
| Dreyfus | Dreyfus S&P Midcap Index Fund | | 604,845 | 614,835 | 604,845 | (9,990) |
| Dreyfus | Dreyfus S&P Midcap Index Fund | 1,048,495 | | 1,048,495 | 1,048,495 | |
| Fidelity | Fidelity Advisor Equity Growth | | 2,159,725 | 2,696,058 | 2,159,725 | (536,333) |
| Fidelity | Fidelity Advisor Equity Growth | 4,523,570 | | 4,523,570 | 4,523,570 | |
| Invesco | Invesco Dynamics Fund | | 1,522,564 | 2,197,730 | 1,522,564 | (675,166) |
| Invesco | Invesco Dynamics Fund | 2,117,714 | | 2,117,714 | 2,117,714 | |
| Janus, Inc. | Janus WW Growth | | 947,577 | 1,184,374 | 947,577 | (236,797) |
| Janus, Inc | Janus WW Growth | 1,311,873 | | 1,311,873 | 1,311,873 | |
| Wachovia Bank, N.A. | Evergreen Sel Core Bond Fund | | 571,949 | 548,483 | 571,949 | 23,466 |
| Wachovia Bank, N.A. | Evergreen Sel Core Bond Fund | 1,234,315 | | 1,234,315 | 1,234,315 | |
| Unitedauto Group, Inc | UAG Common Stock Fund | | 3,262,546 | 2,295,780 | 3,262,546 | 966,766 |
| Unitedauto Group, Inc | UAG Common Stock Fund | 3,812,037 | | 3,812,037 | 3,812,037 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Unitedauto Group, Inc | UAG Stable Investment Fund | | 7,744,982 | 7,544,534 | 7,744,982 | 200,448 |
| Unitedauto Group, Inc | UAG Stable Investment Fund | 16,515,770 | | 16,515,770 | 16,515,770 | |
| Wachovia Bank, N.A. | Stable Portfolio Group Trust | | 2,064,708 | 1,982,105 | 2,064,708 | 82,603 |
| Wachovia Bank, N.A. | Stable Portfolio Group Trust | 3,491,499 | | 3,491,499 | 3,491,499 | |

(A) Reportable transactions are those purchases and sales of the same security which individually or in the aggregate exceed 5% of plan assets at the beginning of the plan year.

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**UnitedAuto 401(k) Savings and Retirement Plan**
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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

UnitedAuto 401(k) Savings and Retirement Plan

We have audited the accompanying statements of net assets available for benefits of the UnitedAuto 401(k) Savings and Retirement Plan (the Plan ) as of December 31, 2000 and 1999, and the related statement of changes in net assets available for benefits for the year ended December 31, 2000. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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, 2000 and 1999, and the changes in net assets available for benefits for the year ended December 31, 2000 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 schedules listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are 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. These schedules are the responsibility of the Plan s management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2000 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

New York, New York
July 16, 2004

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**UnitedAuto 401(k) Savings and Retirement Plan**

**Statements of Net Assets Available for Benefits**
**December 31, 2000 and 1999**

| | December 31, | |
|---|---|---|
| | **2000** | **1999** |
| Assets: | | |
| Cash | $ 140 | $ 54,054 |
| Investments | 30,715,883 | 10,636,646 |
| Receivables: | | |
| Participant contributions | 677,878 | 578,567 |
| Employer contributions | 302,741 | 150,042 |
| Total Assets | 31,696,642 | 11,419,309 |
| Liabilities: | | |
| Corrective distribution payable | 398,653 | 25,799 |
| Net assets available for benefits | $31,297,989 | $11,393,510 |

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

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**UnitedAuto 401(k) Savings and Retirement Plan**

**Statement of Changes in Net Assets Available for Benefits**
**Year Ended December 31, 2000**

| | |
|---|---|
| Additions: | |
| Additions to net assets attributed to: | |
| Investment income: | |
| Net depreciation in fair value of investments | $ (1,363,486) |
| Interest and dividends | 50,782 |
| Total investment loss | (1,312,704) |
| Contributions: | |
| Participant contributions | 8,192,893 |
| Employer contributions | 991,727 |
| Participant rollovers | 706,145 |
| Total contributions | 9,890,765 |
| Total additions | 8,578,061 |
| Deductions: | |
| Deductions from net assets attributed to: | |
| Distributions to participants | 3,250,228 |
| Fund asset based fees | 79,800 |
| Total deductions | 3,330,028 |
| Net increase prior to transfers | 5,248,033 |
| Transfers into plan | 14,656,446 |
| Total increase | 19,904,479 |
| Net assets available for benefits, beginning of year | 11,393,510 |
| Net assets available for benefits, end of year | $31,297,989 |

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

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**UnitedAuto 401(k) Savings and Retirement Plan**

**Notes to Financial Statements**

## 1. Description of the Plan

(a) General

The following description of the UnitedAuto 401(k) Savings and Retirement Plan, as amended through December 31, 2003 (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, which was established effective September 1, 1998, is a defined contribution savings plan (401(k) plan) covering all eligible employees of United Auto Group, Inc. ( the Company or Plan Sponsor ) 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 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 paid by the Company.

Effective December 1, 1999, all of the assets and outstanding loans of the Plan were transferred from Wilmington Trust Company (the Prior Trustee ) to First Union National Bank / Wachovia Bank N.A. (the Trustee ).

(b) Eligibility

Full-time employees not covered under a collective bargaining agreement with a recognized union who have attained age 21, and part-time or temporary employees who 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 he or she has completed sixty days of service.

(c) Participant Accounts

Individual accounts are maintained by the Trustee for each of the Plan s participants which include the participant s contributions and related employer matching contributions, including the net investment return on any such contributions.

(d) Contributions

Under the provisions of the Plan, participants in the Plan may elect to defer a portion of their compensation to the Plan in an amount from 1% to 20% of gross earnings on a pre-tax basis through payroll deductions. Such contributions to the Plan may not exceed Internal Revenue Code 402 (g) limitations ($10,500 and $10,000 in 2000 and 1999, respectively). A participant s elective contributions and Company contributions are invested at the direction of the participant. If a participant does not make such an election, he or she is deemed to have elected investment in the Stable Value Fund.

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In 2000 and 1999, the Plan Sponsor matched 25% of 4% of eligible salary for all contributions by participants ( Basic Match Contributions ). The Plan Sponsor also matched an additional 25% of eligible salary up to 4% for contributions to the United Auto Common Stock Fund ( Bonus Match Contributions ). Basic Match Contributions are invested based on participant investment elections. Bonus Match Contributions are permanently invested in the United Auto Common Stock Fund.

(e) Loans to Participants

Participants may borrow from their accounts a minimum of $1,000 up to the lesser of 50% of the amount credited to their account or $50,000. Loan terms range from 1-5 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 monthly 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 matching contributions vest upon the attainment by the participant of three years of credited service.

(g) Investments

Participant investment options consist of investment funds, including the United Auto Common Stock Fund. 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 with balances from plans merged into the Plan due to acquisitions by the Plan Sponsor retain the distribution options of such merged plans. Participants may make a hardship withdrawal in certain cases of financial need as established by Internal Revenue Service regulations.

(i) Forfeited Accounts

At December 31, 2000, forfeited nonvested assets totaled $14,628. These assets will be used to reduce future employer contributions. During 2000, employer contributions were reduced by $200,296 from forfeited nonvested assets.

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**2. Significant Accounting Policies**
(a) General

The accompanying financial statements are prepared under the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America.

(b) Investment Valuation and Income Recognition

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

Other investments are stated at fair market value. Purchases and sales of these investments are recorded on the trade date. The Plan records dividends on the ex-dividend date.

(c) Payment of Benefits

Benefits are recorded when requested. Corrective distributions payable generally represent the distribution of certain assets to employees in order for the plan to comply with ERISA non discrimination rules.

(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 and liabilities and changes therein, and disclosure of contingent assets and liabilities. 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, market and credit. 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 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.

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### 3. Investments

Investments that represent 5% or more of the Plan s net assets are summarized as follows:

| | December 31, | |
|---|---|---|
| | 2000 | 1999 |
| Stable Investment Fund | $7,050,405 | $ 977,066 |
| Invesco Total Return Fund | | 1,600,864 |
| Enhanced Stock Market Fund | 3,194,621 | 3,665,645 |
| Invesco Dynamics Fund | 3,049,306 | |
| Janus Advisor Worldwide Growth Fund | 2,586,665 | 1,192,975 |
| Federated Stock Trust Fund | | 678,973 |
| Fidelity Advisor Equity Growth Fund | 3,242,319 | |
| United Auto Common Stock Fund | 1,920,075 | 1,273,582 |

During 2000, the Plan s investments (including gains and losses on investments bought and sold, as well as, held during the year) depreciated in value as follows:

| | |
|---|---|
| Common Collective Trusts | $ (344,040) |
| United Auto Common Stock Fund | (204,682) |
| Registered Investment Companies | (814,764) |
| | $(1,363,486) |

### 4. Non-participant Directed Investments

| | 2000 | 1999 |
|---|---|---|
| United Auto Common Stock Fund | $1,920,075 | $1,273,582 |
| Employer contributions receivable | 302,741 | 150,042 |
| | $2,222,816 | $1,423,624 |

| | December 31, 2000 |
|---|---|
| Changes in United Auto Common Stock Fund: | |
| Net appreciation in fair value | $(204,682) |
| Contributions | 971,145 |
| Distributions | (122,309) |

| | |
|---|---|
| Loans | (52,430) |
| Other | 5,986 |
| Transfers | 48,783 |
| | $ 646,493 |

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### 5. Transfers To Plan

The 401(k) plans of certain companies acquired by the Company are periodically merged into the Plan. All of the assets of these plans are transferred at fair market value. For the Plan year ended December 31, 2000, these mergers resulted in an increase in Plan assets of $14,656,446.

### 6. Party-in-Interest Transactions

As of December 31, 2000 and 1999, the Plan (through the United Auto Common Stock Fund) held 304,162 and 178,095 shares, respectively, of United Auto Group, Inc. common stock with a market value of $1,920,075 and $1,273,582, respectively. Certain Plan investments are shares of various funds managed by First Union/Wachovia. First Union/Wachovia is the trustee of the Plan and, therefore, these transactions are considered party-in-interest transactions.

### 7. 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 will receive 100% of their vested account balances.

### 8. 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 and the Plan s tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

### 9. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2000 and 1999 to the Form 5500:

| | 2000 | 1999 |
|---|---|---|
| Net assets available for benefits per the financial statements | $31,297,989 | $11,393,510 |
| Participant contributions receivable | (677,878) | (578,567) |
| Employer contributions receivable | (302,741) | (150,042) |
| Corrective distributions payable | 398,653 | 25,799 |
| Net assets available for benefits per the Form 5500 | $30,716,023 | $10,690,700 |

The following reconciliation of total contributions per the financial statements for the year ended December 31, 2000 to the Form 5500:

| | |
|---|---|
| Total contributions per the financial statements | $ 9,890,765 |

| | |
|---|---|
| Add: | |
| Contributions receivable-1999 | 728,609 |
| Corrective distribution payable-2000 | 398,653 |
| Less: | |
| Contributions receivable-2000 | (980,619) |
| Corrective distributions payable-1999 | (25,799) |
| Total contributions per the Form 5500 | $10,011,609 |

**10. Voluntary Compliance**

The Company intends to correct a limited number of isolated operational errors related to employee deferrals under the Internal Revenue Service's Employee Plans Compliance Resolution System.

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**Schedule I**

**UnitedAuto 401(k) Savings and Retirement Plan**

**Schedule H, Line 4i Schedule of Assets (Held at End of Year)**
**December 31, 2000**

Name of Plan Sponsor: United Auto Group, Inc.
Employer Identification Number: 22-3086739
Plan number: 005

| (a) | (b) Identify of Issue, Borrower, Lessor or Similar Party | (c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| * | Stable Investment Fund | Registered Investment Company (650,910 shares) | $6,736,285 | $ 7,050,405 |
| * | Evergreen Core Bond Fund | Registered Investment Company (24,997 shares) | 326,300 | 354,008 |
| | Fidelity Advisor Mortgage Fund | Registered Investment Company (9,436 shares) | 111,408 | 119,985 |
| | Putnam Asset Allocation Growth Fund | Registered Investment Company (69,012 shares) | 1,267,859 | 1,179,354 |
| | Putnam Asset Allocation Balanced Fund | Registered Investment Company (28,092 shares) | 438,065 | 434,611 |
| | Putnam Asset Allocation Conservation Fund | Registered Investment Company (8,702 shares) | 107,584 | 108,936 |
| | Invesco Total Return Fund | Registered Investment Company (46,917 shares) | 1,463,394 | 1,445,942 |
| | Fidelity Advisor Equity Income Fund | Registered Investment Company (14,700 shares) | 436,959 | 491,198 |
| * | Enhanced Stock Fund | Common/Collective Trust (41,492 shares) | 3,244,160 | 3,194,621 |
| | Invesco Dynamics Fund | Registered Investment Company (110,359 shares) | 3,508,753 | 3,049,306 |
| | Neuberger & Berman Partners Fund | Registered Investment Company (10,704 shares) | 170,675 | 175,028 |
| | Dreyfus Midcap 400 Index Fund | Registered Investment Company (37,921 shares) | 1,078,866 | 1,225,745 |
| | | Registered Investment Company | 1,019,644 | 946,401 |

| | | | | |
|---|---|---|---|---|
| | Putnam International Growth Fund | | | |
| | | (33,171 shares) | | |
| | Janus Advisor Worldwide Growth Fund | Registered Investment Company | 2,850,766 | 2,586,665 |
| | | (63,805 shares) | | |
| * | Evergreen Special Equity Fund | Registered Investment Company | 765,802 | 692,430 |
| | | (38,267 shares) | | |
| | Federated Stock Trust Fund | Registered Investment Company | 963,391 | 1,032,516 |
| | | (23,041 shares) | | |
| | Fidelity Advisor Equity Growth Fund | Registered Investment Company | 3,598,849 | 3,242,319 |
| | | (42,302 shares) | | |
| | Neuberger Berman Genesis Fund | Registered Investment Company | 352,254 | 419,446 |
| | | (22,490 shares) | | |
| * | United Auto Common Stock Fund | Common Stock | 2,192,941 | 1,920,075 |
| | | (304,162 shares) | | |
| | Participant loans receivable | Rates from 6.30% to 10.50% | 1,046,892 | 1,046,892 |
| | Total | | | $30,715,883 |

*** Represents a party- in- interest to the plan**

The accompanying notes are an integral part of this schedule

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**Schedule II**

**UnitedAuto 401(K) Savings And Retirement Plan**
**Schedule H, Line 4j Schedule of Reportable Transactions (A)**
**Year Ended December 31, 2000**

Employer Identification Number: 22-3086739
Plan Number: 005
Name of Plan Sponsor: United Auto Group, Inc.

| (a) Identity of Party | (b) Description of Assets | (c) Purchase Price | (d) Selling Price | (g) Cost of asset | (h) Cur. Value of Asset on Transaction Date | (i) Net Gain (Loss) |
|---|---|---|---|---|---|---|
| UnitedAuto Group, Inc. | Stable Investment IV | $9,643,271 | | $9,643,271 | $ 9,643,271 | |
| UnitedAuto Group, Inc. | Stable Investment IV | | $3,940,380 | 3,870,845 | 3,940,380 | $ 69,535 |
| First Union National Bank | Evergreen Select Core Bond | 448,021 | | 448,021 | 448,021 | |
| First Union National Bank | Evergreen Select Core Bond | | 129,314 | 126,513 | 129,314 | 2,801 |
| Invesco | Invesco Total Return VI | 817,251 | | 817,251 | 817,251 | |
| Invesco | Invesco Total Return VI | | 906,318 | 930,035 | 906,318 | (23,717) |
| Fidelity | Fidelity Advisor Equity Gth T. | 5,401,041 | | 5,401,041 | 5,401,041 | |
| Fidelity | Fidelity Advisor Equity Gth T. | | 2,058,154 | 2,003,254 | 2,058,154 | 54,900 |
| Fidelity | Fidelity Adv. Equity Inc. T. | 543,121 | | 543,121 | 543,121 | |
| Fidelity | Fidelity Adv. Equity Inc. T. | | 152,202 | 151,563 | 152,202 | 639 |
| First Union National Bank | First Union Enhanced Stock Market II | 1,963,494 | | 1,963,494 | 1,963,494 | |
| First Union National Bank | First Union Enhanced Stock Market II | | 2,072,969 | 1,927,190 | 2,072,969 | 145,779 |
| Federated | Federated Stock Trust | 749,827 | | 749,827 | 749,827 | |
| Federated | Federated Stock Trust | | 435,211 | 434,964 | 435,211 | 247 |
| Dreyfus | Dreyfus Midcap 400 Index VI | 1,699,236 | | 1,699,236 | 1,699,236 | |
| Dreyfus | Dreyfus Midcap 400 Index VI | | 689,680 | 642,630 | 689,680 | 47,050 |
| Putnam | Putnam International GR A VI | 1,664,131 | | 1,664,131 | 1,664,131 | |
| Putnam | Putnam International GR A VI | | 684,756 | 690,438 | 684,756 | (5,682) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Janus | Janus WW Growth | 2,891,515 | | 2,891,515 | 8,891,515 | |
| Janus | Janus WW Growth | | 1,001,490 | 929,999 | 1,001,490 | 71,491 |
| Invesco | Invesco Dynamics VI | 4,313,012 | | 4,313,012 | 4,313,012 | |
| Invesco | Invesco Dynamics VI | | 1,133,549 | 1,151,925 | 1,133,549 | (18,376) |
| First Union National Bank | Evg Select Spec Equity Fund | 936,002 | | 936,002 | 936,002 | |
| First Union National Bank | Evg Select Spec Equity Fund | | 264,056 | 264,595 | 264,056 | (539) |
| United Auto Group, Inc. | UAG Common Stock V | 1,829,560 | | 1,829,560 | 1,829,560 | |
| United Auto Group, Inc. | UAG Common Stock V | | 975,996 | 1,007,411 | 975,996 | (31,415) |
| Putnam | Putnam Asset Alloc Balanced | 587,396 | | 587,396 | 587,396 | |
| Putnam | Putnam Asset Alloc Balanced | | 155,879 | 155,994 | 155,879 | (115) |
| Putnam | Putnam Asset Alloc Growth | 2,054,232 | | 2,054,232 | 2,054,232 | |
| Putnam | Putnam Asset Alloc Growth | | 832,478 | 845,766 | 832,478 | (13,288) |
| SINGLE TRANSACTIONS EXCEEDING 5% | | | | | | |
| Dreyfus | Dreyfus Midcap 400 Index VI | 630,010 | | 630,010 | 630,010 | |
| Fidelity | Fidelity Advisor Equity Grth T. | 1,354,273 | | 1,354,273 | 1,354,273 | |
| Fidelity | Fidelity Advisor Equity Grth T. | 1,005,737 | | 1,005,737 | 1,005,737 | |
| Putnam | Putnam Asset Alloc Balanced | 550,101 | | 550,101 | 550,101 | |
| Putnam | Putnam Asset Alloc Growth | 1,664,904 | | 1,664,904 | 1,664,904 | |
| Putnam | Putnam International Gr A VI | 543,309 | | 543,309 | 543,309 | |
| UnitedAuto Group Inc. | Stable Investment IV | 2,537,795 | | 2,537,795 | 2,537,795 | |
| UnitedAuto Group Inc. | Stable Investment IV | 923,381 | | 923,381 | 923,381 | |

(A) Reportable transactions are those purchases and sales of the same security which individually or in the aggregate exceed 5% of plan assets at the beginning of the plan year.

The accompanying notes are an integral part of this schedule

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## Signatures

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

UnitedAuto 401(k) Savings and Retirement Plan

Date: July 16, 2004

By: /s/ Paul F. Walters

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 |

> $250,868 $250,868 $250,868

Restricted Stock(3)

$2,050,113

Option Acceleration(1)(3)

$1,850,534 $1,850,534

**Robert McCormick**

Severance

$273,265

Dependent COBRA Coverage

$4,859

Annual Incentive Plan Bonus

$127,003 $127,003

Restricted Stock(3)

$1,049,332

**Mark Adamson**

Severance

$228,607

Dependent COBRA Coverage

$4,859

Annual Incentive Plan Bonus

$105,997 $105,997

Restricted Stock(3)

$175,185

Option Acceleration(1)(3)

$350,200 $869,850

**Keith Hagelin**

Severance

$215,010

Dependent COBRA Coverage

$4,859

Annual Incentive Plan Bonus

$101,134 $101,134

Restricted Stock(3)

$436,607

LTIP(2)

$252,074 $252,074 $252,074 $252,074

---

(1) Accelerated vesting of stock options is based on the difference between the closing sale price of our common stock on December 31, 2010 and the exercise price.

(2) Reflects amount to be paid to Mr. Hagelin in the event he was terminated without cause. In the event he resigned voluntarily or was terminated with cause, he would have forfeited $100,830 (40% of his LTIP balance).

(3) Based on a market value as of December 31, 2010 of $15.15 per share, which was the closing sale price of a share of our common stock on such date.

**Risk Assessment of our Compensation Policies and Practices**

On an annual basis, our senior management team reviews all of our compensation policies and practices, including the incentives that they create and factors that may reduce the likelihood of excessive risk taking, to determine whether they present a significant risk to our company. Management then reviews its findings with our Compensation Committee. Based on the most recent review in 2010, management and our Compensation Committee concluded that the risks arising from our compensation policies and practices are not reasonably likely to have a material adverse effect on our company. Specifically, management and our Compensation Committee took into consideration as part of its review the fact that the compensation programs contain many design features that mitigate the likelihood of inducing excessive risk-taking behavior. These features include a balance of fixed and variable compensation, with variable compensation tied both to short-term objectives and the long-term value of our company, and multiple metrics in our incentive programs that balance profitability, cash management and other key business objectives.

**Director Compensation**

The table below sets forth information regarding the compensation received by each of our directors during 2010. Although Messrs. Marino, Rahemtulla and Rosenbaum do not receive any compensation from us in connection with their service on our Board of Directors, see "Certain Relationships and Related Party Transactions Management Services Agreement" above for a discussion of certain management fees we pay to entities affiliated with Aurora Capital and Ares for services provided to us under our Management Services Agreement.

| Name | Fees Earned or Paid in Cash | Stock Awards | Option Awards | Non-Equity Incentive Plan Compensation | Change in Pension Value and Non-Qualified Deferred Compensation Earnings | All Other Compensation | Total |
|---|---|---|---|---|---|---|---|
| James L. Janik(1) | $ | | | | | | $ |
| James D. Staley | $ 11,500 | | | | | | $ 11,500 |
| James L. Packard | $ 11,500 | | | | | | $ 11,500 |
| Donald Sturdivant | $ | | | | | | $ |
| Michael Marino | $ | | | | | | $ |
| Jack O. Peiffer | $ 19,083 | | | | | | $ 19,083 |
| Nav Rahemtulla | $ | | | | | | $ |
| Mark Rosenbaum | $ | | | | | | $ |
| Michael W. Wickham | $ 18,333 | | | | | | $ 18,333 |
| Jeffrey Serota(2) | $ | | | | | | $ |

(1) Mr. Janik, our Company's president and chief executive officer, is not compensated for being a director of our Company.

(2) Mr. Serota retired from our Board as of April 22, 2010.

Prior to our IPO, only two of our directors, Messrs. Peiffer and Wickham, had received any compensation in connection with their service on our Board of Directors. Each was granted options to purchase 48,972 shares of our common stock under our 2004 Stock Plan in 2005 at an exercise price of $4.21, all of which remained outstanding and exercisable as of December 31, 2010. In connection with our IPO, we adopted a director compensation program for our outside directors (i.e., those who are neither employed by us or any of our subsidiaries nor affiliated with Ares or the Aurora Entities). Under the program, our outside directors receive an annual cash retainer fee of $30,000, an additional retainer fee of $30,000 in the form of restricted stock units subject to ratable vesting in three equal annual installments and $1,000 per committee meeting attended. Our audit committee chairman receives an additional cash retainer fee of $5,000 per year and our Compensation Committee chairman receives an additional cash retainer fee of $1,000 per year. Our independent Chairman of the Board receives an additional cash retainer fee of $5,000 per year. We also reimburse all directors for out-of-pocket expenses incurred in connection with attendance at Board and committee meetings. The restricted stock units are granted on the first business day of each calendar year. The restricted stock units and the underlying shares are issued to our outside directors pursuant to our 2010 Stock Incentive Plan.

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## COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the above CD&A with our management and, based on such review and discussion, has recommended to our Board that the CD&A be included in our proxy statement for our Annual Meeting.

COMPENSATION COMMITTEE
James D. Staley (Chairman)
James L. Packard
Donald W. Sturdivant
Jack O. Peiffer
Mark Rosenbaum
Michael W. Wickham

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**ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**
**(Proposal 2)**

As indicated by the preceding discussion, executive compensation is an important matter both to us and to our stockholders. In addition, Congress recently enacted legislation requiring a non-binding advisory stockholder vote on a resolution approving the compensation of a company's named executive officers beginning in 2011. Accordingly, we are seeking input from our stockholders through this advisory vote on the compensation of our named executive officers as disclosed in the CD&A and the accompanying compensation tables and narrative discussion contained in this proxy statement.

We believe that a skilled, experienced and dedicated senior management team is essential to the future performance of our company and to building stockholder value. We have sought to establish competitive compensation programs that enable us to attract and retain executive officers with these qualities as well as to motivate management to maximize performance while building stockholder value.

As described in greater detail in the CD&A, we compensate our named executive officers through both short term cash programs, including annual salary and an annual incentive plan, and long term incentive programs, reflecting a mix of fixed and variable compensation. Although our compensation program provides for a mix of both short and long term compensation and cash and non-cash compensation, we do not have any specific policy on those allocations. Our compensation philosophy is centered on providing an opportunity for an executive's total annual compensation to exceed what we believe is the general market level of compensation for similar executive roles. Our business is subject to variability of earnings due to year-to-year variations in snowfall. Accordingly, we have designed our compensation program to provide for a competitive annual salary while offering our named executive officers the opportunity to earn a substantial amount of variable compensation based on our profitability. This program aligns named executive officer compensation with our variable earnings model and is intended to differentiate us from our competitors when attracting and motivating our executives.

Our Board requests the support of our stockholders for the compensation of our named executive officers as disclosed in this proxy statement. Accordingly, for the reasons we discuss above, our Board unanimously recommends that stockholders vote in favor of the following resolution:

"RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the named executive officers as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis section and the compensation tables and narrative discussion contained in this proxy statement."

The affirmative vote of the holders of a majority of shares of our common stock represented and entitled to vote at our Annual Meeting is required to approve the compensation of the named executive officers as disclosed in the CD&A section and the compensation tables and narrative discussion contained in this proxy statement. Consequently, broker non-votes will have no effect on approval of the resolution, but abstentions will act as a vote against approval of the resolution.

As this is an advisory vote, the results of the vote will not be binding on our Board, although our Compensation Committee will consider the outcome of the vote when evaluating the effectiveness of our compensation principles and practices and our Compensation Committee and our Board will review and consider the outcome of the vote when making future compensation decisions for our named executive officers.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE "***FOR***" APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.

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**ADVISORY VOTE ON THE FREQUENCY OF THE ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**
**(Proposal 3)**

The U.S. Congress has enacted legislation that also requires a vote on how frequently a company will submit the non-binding advisory vote on the compensation of its named executive officers to its stockholders. Accordingly, we are asking our stockholders whether the advisory vote on the compensation of our named executive officers should occur every year, every two years or every three years.

Our Board recommends that you vote for a frequency of every year. We believe an annual advisory vote on the compensation of our named executive officers will allow us to obtain information on stockholders' views of the compensation of our named executive officers on a more consistent basis. In addition, we believe an annual advisory vote on the compensation of our named executive officers will provide our Board and the Compensation Committee with frequent input from stockholders on our compensation programs for our named executive officers. Finally, we believe an annual advisory vote on the compensation of our named executive officers promotes corporate transparency while also allowing stockholders to provide frequent direct input on our compensation philosophy, policies and programs.

When voting on this advisory vote on the frequency of the advisory vote on the compensation of our named executive officers, stockholders should understand that they are not voting "for" or "against" the recommendation of our Board to hold the advisory vote every year. Rather, stockholders will have the option to choose whether to approve holding future advisory votes on the compensation of our named executive officers every one, two or three years, or to abstain entirely from voting on the matter. Shares of common stock represented by executed, but unmarked, proxies will be voted for holding the advisory vote on the compensation of our named executive officers every year; provided that, if you hold your shares of our common stock through a broker-dealer, bank nominee, custodian or other securities intermediary, the intermediary will not vote those shares for any frequency unless you give the intermediary specific voting instructions on a timely basis directing the intermediary to vote for such frequency. The particular frequency of the advisory vote on the compensation of our named executive officers receiving the greatest number of votes cast for such frequency will be considered by our Board as the stockholders' recommendation as to the frequency of future stockholder advisory votes on the compensation of our named executive officers. However, the outcome of this vote on the frequency of future stockholder advisory votes on the compensation of our named executive officers is advisory and not binding on us or our Board. Accordingly, our Board may choose to hold the advisory vote on the compensation of our named executive officers on a more or less frequent basis than the frequency recommend by stockholders. Nevertheless, our Board will review and consider the outcome of this vote when making its determination as to the frequency of future advisory stockholder votes on the compensation of our named executive officers.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE TO CONDUCT AN ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS EVERY YEAR.

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**AUDIT COMMITTEE REPORT**

The Audit Committee is comprised of Messrs. Staley, Packard, Sturdivant, Marino, Peiffer, Rahemtulla and Wickham, and is chaired by Mr. Peiffer. Each of Messrs. Staley, Packard, Sturdivant, Peiffer and Wickham are independent within the meaning of Rule 10A-3 under the Exchange Act and the listing standards of the NYSE, but Messrs. Marino and Rahemtulla who were appointed to the Audit Committee prior to our IPO are not independent within the meaning of these provisions because of their affiliations with Aurora Capital Group and Ares, respectively. In accordance with Rule 10A-3 under the Exchange Act and the listing standards of the NYSE, by May 5, 2011, all of our Audit Committee members will be independent within the meaning of Rule 10A-3 under the Exchange Act and the listing standards of the NYSE. Our management is responsible for our internal controls and financial reporting process. Our independent registered public accounting firm is responsible for performing an independent audit of our consolidated financial statements in accordance with standards of The Public Company Accounting Oversight Board ("PCAOB") and issuing a report thereon. The Audit Committee is responsible for monitoring these processes and is responsible for appointing our independent registered public accounting firm, subject to stockholder ratification, and approving the terms of the independent registered public accounting firm's services.

The Audit Committee has established a policy for the pre-approval of all audit and permissible non-audit services to be provided by the independent registered public accounting firm, which policy was also approved by our Board. The services performed by the independent registered public accounting firm in 2010 were pre-approved in accordance with the pre-approval policy and procedures adopted by the Audit Committee and approved by our Board. The Audit Committee met with our management and our independent registered public accounting firm four times during 2010.

The Audit Committee has discussed with our independent registered public accounting firm the overall scope and plans for its independent audit. The Audit Committee reviewed and discussed our audited financial statements with management. Our management represented to the Audit Committee that our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. Discussions regarding our audited financial statements included the independent registered public accounting firm's judgments about the quality of the accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. The Audit Committee also discussed with the independent registered public accounting firm all other matters required by Statement on Auditing Standards ("SAS") No. 61, "Communication with Audit Committees", as amended by SAS No. 89, "Audit Adjustments" and SAS No. 90, "Audit Committee Communications", as adopted by the PCAOB, and Rule 2-07 of Regulation S-X.

Our independent registered public accounting firm provided to the Audit Committee the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent registered public accountant's communications with the Audit Committee concerning independence and the Audit Committee discussed the independent registered public accounting firm's independence with management and the independent registered public accounting firm.

Based on the Audit Committee's discussion with management and the independent registered public accounting firm, the Audit Committee's review of the representation of management and the report of the independent registered public accounting firm to the Audit Committee, the Audit Committee recommended to our Board that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC.

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This report shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such Acts.

AUDIT COMMITTEE
Jack O. Peiffer (Chairman)
James D. Staley
James L. Packard
Donald W. Sturdivant
Michael Marino
Nav Rahemtulla
Michael W. Wickham

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**RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (Proposal 4)**

Ernst & Young LLP served as our independent registered public accounting firm for 2010, and has served as our independent registered public accounting firm since 2004. A representative of Ernst & Young LLP is expected to be present at our Annual Meeting and will be given the opportunity to make a statement and answer appropriate questions that may be asked by stockholders.

The Audit Committee has selected Ernst & Young LLP as our independent registered public accounting firm for 2011, subject to stockholder ratification at our Annual Meeting.

The Audit Committee Charter does not require that our stockholders ratify the selection of Ernst & Young LLP as our independent registered public accounting firm. We are doing so because we believe it is a matter of good corporate governance practice. If our stockholders do not ratify the selection, our Audit Committee may reconsider whether to retain Ernst & Young LLP, but still may retain that firm. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of us and our stockholders.

Fees billed to us by Ernst & Young LLP for the years ended December 31, 2010 and 2009 were as follows:

**Audit Fees**

The aggregate fees billed for the audit of our 2010 and 2009 annual financial statements, for the services provided in connection with our IPO and for services in connection with statutory and regulatory filings or engagements, including services related to the review of financial statements on a quarterly basis prior to our becoming a public company, were $1,481,323 and $242,873, respectively.

**Audit-Related Fees**

There were no fees billed by Ernst & Young LLP for 2010 or 2009 for assurance and related services that were reasonably related to the performance of the audit or review of our financial statements that are not reported under the caption "Audit Fees."

**Tax Fees**

The aggregate fees billed for tax services for 2010 and 2009 were $110,175 and $83,319 respectively. These fees relate primarily to corporate income tax return preparation services.

**All Other Fees**

There were no other fees billed by Ernst & Young LLP for 2010 or 2009.

The Audit Committee considered the non-audit services provided by Ernst & Young LLP and determined that the provision of such services was compatible with maintaining Ernst & Young LLP's independence. All services performed in connection with the fees reported under the headings Audit- Related Fees and Tax Fees were pre-approved by the Audit Committee.

**OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE RATIFICATION OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2011.**

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers, and persons who own more than 10% of our common stock to file with the SEC and with the NYSE reports of ownership and changes in ownership of our common stock. Directors, executive officers and greater than 10% stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

Based solely on review of such reports furnished to us or written representations that no other reports were required, we believe that, during 2010, our directors and named executive officers complied with all applicable Section 16(a) filing requirements.

## STOCKHOLDER PROPOSALS

A stockholder who intends to present a proposal for action at any annual meeting and who desires that such proposal be included in our proxy materials must submit the proposal to us in advance of the meeting. Proposals for our annual meeting to be held in 2012 must be received by us at our corporate offices, directed to the attention of the Corporate Secretary, no later than December 1, 2011. Under SEC rules relating to the discretionary voting of proxies at stockholder meetings, if a proponent of a matter for stockholder consideration (other than a stockholder proposal) fails to notify us at least 45 days prior to the month and day of the anniversary of mailing the prior year's proxy statement, then management proxies are allowed to use their discretionary voting authority if a proposal is raised at the annual meeting, without any discussion of the matter in the proxy statement. Therefore, any such matters must be received by us by February 14, 2012 in the case of our 2012 annual meeting of stockholders. We are not aware of any such proposals for our Annual Meeting. Our Bylaws also establish advance notice procedures as to (i) business to be brought before an annual meeting of stockholders other than by or at the direction of our Board; (ii) the nomination, other than by or at the direction of our Board, of candidates for election as directors; and (iii) the request to call a special meeting of stockholders. Under our Bylaws, written notice of stockholder proposals for our 2012 annual meeting which are not intended to be considered for inclusion in next year's annual meeting proxy materials (stockholder proposals submitted outside the processes of Rule 14a-8 under the Securities Exchange Act of 1934) must be received by us at our principal office, directed to the attention of the Corporate Secretary, no later than February 4, 2012 and no earlier than January 5, 2012 and must contain the information specified in our Bylaws. Any stockholder who wishes to take such action should obtain a copy of our Bylaws and may do so by written request addressed to our Corporate Secretary at our principal executive offices.

## COST OF PROXY SOLICITATION

We will pay the cost of preparing, printing and mailing proxy materials as well as the cost of soliciting proxies on behalf of our Board. In addition to using the mail services, our officers and other regular employees, without additional remuneration, may solicit proxies in person and by telephone, e-mail or facsimile transmission. We have retained Registrar & Trust to serve as the inspector of election for our Annual Meeting. We will reimburse brokers, nominees and custodians who hold our common stock in their names and who solicit proxies from the beneficial owners for out-of-pocket and reasonable clerical expenses.

## OTHER MATTERS

Pursuant to the rules of the SEC, services that deliver our communications to our stockholders through a bank, broker or other holder of record may deliver to multiple stockholders sharing the same address a single copy of our annual report to stockholders and this proxy statement. Upon written or oral request, we will promptly deliver a separate copy of our annual report to stockholders and/or this

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proxy statement to any stockholder at a shared address to which a single copy of each document was delivered. Stockholders sharing an address may also request delivery of a single copy of our annual report and/or proxy statement if they are currently receiving multiple copies of such documents. Stockholders may notify us of their requests in writing and addressed to Investor Relations, Douglas Dynamics, Inc., 7777 N. 73rd Street, Milwaukee, WI 53223, or via telephone at (414) 354-2310.

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**ANNUAL REPORT**

We are mailing our Annual Report to Stockholders, including our audited financial statements for the year ended December 31, 2010, with this proxy statement, although the Annual Report is not a part of this proxy statement or a part of the proxy soliciting material.

By order of our Board of Directors,
Douglas Dynamics, Inc.
/s/ ROBERT MCCORMICK

Robert McCormick
*Executive Vice President, Chief Financial Officer and Secretary*

Milwaukee, Wisconsin
March 30, 2011

**We will furnish to any stockholder, without charge, a copy of our 2010 Annual Report on Form 10-K (without exhibits). Requests for our Form 10-K can be made in writing and addressed to Investor Relations, Douglas Dynamics, Inc., 7777 N. 73rd Street, Milwaukee, WI 53223, or via telephone at (414) 354-2310. The Form 10-K can also be viewed or requested on our website (www.douglasdynamics.com).**