

LKQ CORP  
Form DEF 14A  
March 31, 2009  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**LKQ Corporation**

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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March 31, 2009

**Dear Fellow Stockholder:**

You are cordially invited to attend the Annual Meeting of Stockholders of LKQ Corporation at 135 South LaSalle Street, 43rd Floor, Chicago, Illinois 60603 at 1:30 p.m., Central time, on May 11, 2009.

This Notice of Annual Meeting and Proxy Statement describe the business to be transacted at the meeting and provide other information concerning LKQ that you should be aware of when you vote your shares.

The principal business of the Annual Meeting will be to elect directors and to ratify the appointment of our independent registered public accounting firm. We also plan to review the status of the Company's business at the meeting and answer any questions you may have.

It is important that your shares are represented at the Annual Meeting whether or not you plan to attend. To ensure that you will be represented, we ask that you vote your shares as soon as possible.

On behalf of the Board of Directors and management, we would like to express our appreciation for your investment in LKQ Corporation.

Sincerely,

Donald F. Flynn

Chairman

Joseph M. Holsten

President and CEO

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 11, 2009**

Notice is hereby given that the Annual Meeting of the Stockholders of LKQ Corporation will be held at 135 South LaSalle Street, 43rd Floor, Chicago, Illinois 60603 on Monday, May 11, 2009 at 1:30 p.m., Central time. The purpose of our Annual Meeting is to:

1. Elect nine directors for the ensuing year; and

2. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2009. We are pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to stockholders over the Internet. We believe that this e-proxy process lowers our costs and reduces the environmental impact of our Annual Meeting. On or about March 31, 2009, we began mailing to certain stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy materials and how to vote online. All other stockholders will receive the proxy materials by mail.

You can vote at the Annual Meeting in person or by proxy if you were a stockholder of record on March 13, 2009. Whether you plan to attend or not, please review our proxy materials and submit your vote by proxy. Instructions for voting are included in this proxy statement and in the Notice of Internet Availability of Proxy Materials. You may revoke your proxy at any time prior to its use at the Annual Meeting.

By Order of the Board of Directors

Victor M. Casini  
Senior Vice President, General Counsel and Secretary  
March 31, 2009

**YOU ARE URGED TO MARK, DATE, AND SIGN  
THE**

**ENCLOSED PROXY AND RETURN IT  
PROMPTLY.**

**THE PROXY IS REVOCABLE AT ANY TIME  
PRIOR TO**

**ITS USE.**

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**INTRODUCTION**

We have sent you this Proxy Statement because our Board of Directors is soliciting your proxy to vote your shares of the common stock of LKQ Corporation at our upcoming annual meeting of stockholders for 2009, and at any postponement or adjournment of that meeting. The meeting is to be held at 135 South LaSalle Street, 43rd Floor, Chicago, Illinois 60603 at 1:30 p.m., Central time, on May 11, 2009. To obtain directions to attend our meeting, please contact the Secretary of the Company. If your proxy is properly executed and returned in a timely manner, it will be voted at the meeting according to the directions you provide.

Our principal executive offices are located at 120 North LaSalle Street, Suite 3300, Chicago, Illinois 60602 (telephone 312-621-1950). In this Proxy Statement, the words LKQ, Company, we, our, ours, and us refer to LKQ Corporation and its subsidiaries.

In accordance with rules promulgated by the Securities and Exchange Commission, the information below included under the captions Report of the Audit Committee and Compensation Committee Report will not be deemed to be proxy soliciting material or incorporated by reference in any prior or future filings by us under the Securities Act of 1933 (the Securities Act ) or the Securities Exchange Act of 1934 (the Exchange Act ).

**SHARES OUTSTANDING AND VOTING RIGHTS**

Only stockholders owning shares of our common stock at the close of business on March 13, 2009 are entitled to vote at the annual meeting of stockholders. The only outstanding voting stock of the Company is our common stock, of which 139,994,077 shares were outstanding as of the close of business on March 13, 2009. Each share of common stock is entitled to one vote.

Stockholders own shares either directly in their name and are referred to as stockholders of record, or through a stockbroker, bank or other nominee, in which case they are referred to as beneficial holders. Stockholders of record are receiving a full set of proxy materials, and instructions for voting are set forth on the proxy card with the proxy materials. Beneficial holders are receiving a Notice of Internet Availability of Proxy Materials. The Notice of Internet Availability of Proxy Materials includes instructions for viewing the proxy materials and instructions for voting. This Proxy Statement is dated March 31, 2009, and we expect to mail proxy materials or the Notice of Internet Availability of Proxy Materials to stockholders beginning on or about that date.

If you do not provide any direction, your proxy will be voted for the election as directors of the nominees named in this Proxy Statement and to ratify the selection of Deloitte & Touche LLP ( Deloitte & Touche ) as our independent registered public accounting firm for 2009. Your shares will also be voted on any other matters presented for a vote in accordance with the judgment of the persons acting under the proxies. You have the power to revoke your proxy at any time before it is voted, either in person at the meeting, by written notice to the Secretary of LKQ Corporation, or by delivery of a later-dated proxy.

The nine nominees who receive the highest number of affirmative votes will be elected as our directors. For this purpose, only the affirmative votes from the holders of the shares of common stock who are present in person or represented by proxy and entitled to vote at the meeting will be counted. In general, stockholder approval of any other matter requires the affirmative vote of the holders of a majority of the shares of common stock who are present in person or represented by proxy and entitled to vote at the meeting. Abstentions, directions to withhold authority, and broker non-votes are counted as shares present in the determination of whether the shares of common stock represented at the meeting constitute a quorum. Abstentions are counted in tabulations of the votes cast on proposals presented to stockholders. Thus, an abstention from voting on a matter has the same legal effect as a vote against that matter. Broker non-votes and directions to withhold authority are counted as present, but are deemed not entitled to vote on proposals for which brokers do not have discretionary authority and, therefore, have no effect other than to reduce the number of affirmative votes needed to approve a proposal.



**Table of Contents****PROPOSAL NO. 1****ELECTION OF OUR BOARD OF DIRECTORS****Nominees**

Nine directors are to be elected at the meeting. We have designated the persons named below as nominees for election as directors. If elected, they will serve for a term expiring at our annual meeting of stockholders in 2010. All of the nominees are serving as directors as of the date of this Proxy Statement. All nominees for election as directors are independent within the meaning of the rules of NASDAQ, except (i) Mr. Holsten, who is our President and Chief Executive Officer, (ii) Kevin Flynn, who owns an entity that received \$375,000 from us in 2007 for advisory services in connection with arranging our credit facility in October 2007, and (iii) Donald Flynn, due to his familial relationship with a director who received a payment from us (Kevin Flynn is Donald Flynn's son).

Unless you otherwise instruct us, your properly executed proxy, that is returned in a timely manner, will be voted for election of these nine nominees. If, however, any of these nominees should be unable or should fail to act as a nominee because of an unexpected occurrence, your proxy will be voted for such other person as the holders of your proxy, acting in their discretion, may determine. In the alternative, the Board of Directors may reduce the number of directors to be elected.

The names of the nominees, and certain information about them, are set forth below.

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Position(s)</b>
A. Clinton Allen(1)(2)(4)	65	May 2003	Director
Robert M. Devlin(2)(3)	68	August 2003	Director
Donald F. Flynn(4)	69	February 1998	Chairman of the Board
Kevin F. Flynn	41	May 2008	Director
Ronald G. Foster(2)	67	October 2007	Director
Joseph M. Holsten(4)	56	November 1998	President, Chief Executive Officer and Director
Paul M. Meister(1)(3)	56	February 1999	Director
John F. O'Brien(1)(2)	65	July 2003	Director
William M. Webster, IV(3)	51	June 2003	Director

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Governance/Nominating Committee

(4) Member of the Executive Committee

Biographical information concerning our nine nominees is presented below.

**A. Clinton Allen.** Mr. Allen currently is Chairman and Chief Executive Officer of A.C. Allen & Company, an investment banking consulting firm. Mr. Allen was Vice Chairman of Psychemedics Corporation, a provider of drug testing services, from October 1989 until March 2002, and Chairman of Psychemedics Corporation from March 2002 until November 2003. Mr. Allen was Vice Chairman and a director of The DeWolfe Companies, Inc., a real estate company, from 1991 until it was acquired by Cendant Corporation in September 2002. Additionally, he was a director and member of the executive committee of Swiss Army Brands Inc., a worldwide company selling knives, watches and related accessories, from 1995 until it was acquired by Victorinox Corporation in August 2002. Mr. Allen is the Lead Director of Steinway Musical Instruments, Inc., a manufacturer of musical instruments; a director and non-executive Chairman of Collector's Universe, Inc., a provider of services and products to dealers and collectors of high-end collectibles; a director of Brooks Automation, a provider of automation technology to the semiconductor industry; and a director of Avantair, Inc., a seller and manager of fractional ownerships of professionally piloted aircraft.

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Mr. Allen holds a Professional Director Certification from the Corporate Directors Group.

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**Robert M. Devlin.** Mr. Devlin has been the chairman of Curragh Capital Partners, a private equity firm, since October 2001. Prior to October 2001, he was employed by American General Corporation, an insurance and financial services organization, and its affiliates since 1977, serving most recently as Chairman (since 1997), and President and Chief Executive Officer (since 1996). He was Vice Chairman of American General from September 1993 to October 1995 and served as director from October 1993 to September 2001. From September 1986 to September 1993, Mr. Devlin was President and Chief Executive Officer of American General Life. Mr. Devlin is a member of the board of directors of Cooper Industries, Ltd., a manufacturer of electrical products, tools and hardware. Mr. Devlin also serves as a member of the board of directors of Discover Financial Services, a credit card issuer and electronic payment services company.

**Donald F. Flynn.** Mr. Flynn is and has been the sole stockholder of Flynn Enterprises, Inc., a venture capital, hedging and consulting firm, since its inception in March 1992. Mr. Flynn also was the Vice Chairman of Blue Chip Casino, Inc., an owner and operator of a riverboat gaming vessel in Michigan City, Indiana, from February 1997 until November 1999, when Blue Chip was sold to Boyd Gaming Corporation. Mr. Flynn was Chairman of the Board of Discovery Zone, Inc., an owner and franchiser of indoor children's playgrounds, from July 1992 until May 1995, and remained a member of the Board until February 1996. He was also Chief Executive Officer of Discovery Zone from July 1992 to April 1995. From 1972 through 1990, Mr. Flynn held various positions at Waste Management, Inc., a solid waste services company, including Senior Vice President and Chief Financial Officer. Mr. Flynn was one of three investors who acquired control of Blockbuster Entertainment Corporation, the world's largest video rental company, in 1987 and was a director thereof from February 1987 until September 1994 when Blockbuster was sold to Viacom Inc. Mr. Flynn is a director and major shareholder of Emerald Casino, Inc., a former owner of a license to operate a riverboat casino in the State of Illinois.

**Kevin F. Flynn.** Mr. Flynn is and has been the Chairman and Chief Executive Officer of Emerald Ventures, Inc., a private investment holding and financial advisory company, since 1996. He also is and has been the Chairman of Renovo Services, LLC, a national company that repossesses vehicles on behalf of banks and lending institutions, since September 2005. Since June 1995, he has been the President of Flynn Enterprises, Inc. Mr. Flynn was the Chief Executive Officer of Emerald Casino, Inc. from June 1999 to August 2002. Mr. Flynn was the Chairman and Chief Executive Officer of Blue Chip Casino, Inc., from February 1997 until November 1999 when it was sold to Boyd Gaming Corporation. Between July 1992 and June 1995, he was initially Vice President of Discovery Zone, Inc.'s Midwest region until he was promoted to Senior Vice President of Development. Mr. Flynn held this position until June 1995 when Discovery Zone was sold to Viacom Inc. From January 1991 to September 1992, he was President and Chief Executive Officer of Flynn Brothers Entertainment, Inc., which owned and operated 11 Blockbuster video stores on the west coast of the United States. Mr. Flynn previously was a member of our board of directors from February 1999 to May 2003. Mr. Flynn is the son of Donald F. Flynn.

**Ronald G. Foster.** Mr. Foster was the Chairman of the Board of Keystone Automotive Industries, Inc. from August 2000 until October 2007 when we acquired Keystone. In October 2007, Mr. Foster was elected to our Board of Directors pursuant to a covenant in the Keystone acquisition agreement wherein we committed to add two Keystone directors to our Board of Directors. Mr. Foster has been a consultant since he left the automotive segment of Tenneco, Inc. in October 1993, where he specialized in acquisitions, joint ventures, turnaround situations and quality systems such as QS9000. For the prior 25 years, he held various positions within the automotive segment, most recently as the Senior Vice President of Tenneco Automotive and General Manager of Monroe Auto Equipment Company, the world's largest manufacturer of ride control systems.

**Joseph M. Holsten.** Mr. Holsten joined us in November 1998 as our President and Chief Executive Officer. Prior to joining us, Mr. Holsten held various positions of increasing responsibility with the North American and International operations of Waste Management, Inc. for approximately 17 years. From February 1997 until July 1998, Mr. Holsten served as Executive Vice President and Chief Operating Officer of Waste Management, Inc. From July 1995 until February 1997, he served as Chief Executive Officer of Waste

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Management International, plc where his responsibility was to streamline operating activities. Prior to working for Waste Management, Mr. Holsten was a staff auditor at a public accounting firm.

**Paul M. Meister.** Mr. Meister is Chief Executive Officer and Co-Founder of Liberty Lane Partners, LLC, a private investment firm utilizing its broad-based experience in operating and financial management. He formerly was Chairman of the Board of Thermo Fisher Scientific Inc., a provider of products and services to businesses and institutions in the field of science, which was formed by the merger of Fisher Scientific International Inc. and Thermo Electron Corporation in November 2006. Mr. Meister was Vice Chairman of Fisher Scientific International Inc. from 2001 to 2006, and served as its chief financial officer from 1991 to 2001. Fisher Scientific International provided products and services to research, healthcare, industrial, educational and government markets. Mr. Meister is a director of M & F Worldwide Corp., a publicly owned affiliate of MacAndrews & Forbes Holdings Inc. In addition, he is Co-Chair of the University of Michigan's Life Sciences Institute External Advisory Board and serves on the Executive Advisory Board of the Chemistry of Life Processes Institute at Northwestern University.

**John F. O'Brien.** Mr. O'Brien retired in 2002 as the Chief Executive Officer of Allmerica Financial Corporation, a public insurance company. In addition to serving on our Board of Directors, he is a director and non-executive chairman of Cabot Corporation, a global specialty chemicals corporation; the Lead Director of The TJX Companies, Inc., an off-price retailer of apparel and home fashions; and a director of a family of mutual funds managed by BlackRock, an investment management advisory firm. From August 1989 to November 2002, Mr. O'Brien was President and Chief Executive Officer of Allmerica Financial Corporation. From 1968 to 1989, Mr. O'Brien held several positions at Fidelity Investments, including Group Managing Director of FMR Corporation (from 1986 to 1989), Chairman of Institutional Services Company (from 1986 to 1989) and Chairman of Brokerage Services, Inc. (from 1984 to 1989).

**William M. Webster, IV.** Mr. Webster is the co-founder and Chairman of the Board of Directors of Advance America, Cash Advance Centers, Inc., the largest payday advance lender in the United States. Prior to founding Advance America in 1997, Mr. Webster was part of the Bush-Clinton transition team and subsequently served the Clinton Administration in various capacities, including Chief of Staff to the Secretary of Education, Richard W. Riley, and as Assistant to the President and Director of Scheduling and Advance in the White House. Mr. Webster is the past President and a Founding Board Member of the Community Financial Services Association (CFSA), the national trade association for payday advance lenders.

*We recommend that you vote **FOR** the election  
of each of the nominees for director.*

**Compensation of Directors**

Each of our non-employee directors receives compensation of \$27,500 each calendar quarter for serving on the board, and an additional \$1,500 each calendar quarter for each committee (not including the Executive Committee) on which such director serves. Each member of the Executive Committee receives compensation of \$6,250 each calendar quarter for serving on the Executive Committee. Mr. Holsten, who is our President and Chief Executive Officer, is on the Executive Committee and receives \$6,250 each calendar quarter for his service on the committee in addition to his compensation as an executive officer. Each director has the option, by making an election by December 31 of each year, to receive the director compensation for the following calendar year in shares of common stock instead of cash. Mr. Meister elected to receive his compensation for both 2008 and 2009 in shares of our common stock. Mr. Kevin Flynn elected to receive his compensation for 2009 in shares of our common stock. Mr. Foster elected to receive fifty percent of his compensation for 2009 in shares of our common stock. Directors are also reimbursed for their out-of-pocket expenses incurred in connection with serving on our Board.

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In October 2004, the Compensation Committee of the Board of Directors hired a compensation consultant to assess the compensation of our non-employee directors. In its analysis, the consultant used compensation information of ten other companies that the consultant deemed comparable to us based primarily on industry, revenue and market capitalization characteristics. These companies are identified under Compensation Discussion and Analysis Introduction on page 12. The consultant examined the relative level of compensation of the directors of the subject companies and the relative mix of the different compensation components. Based upon the consultant's report, the Board of Directors concluded that the compensation of our non-employee board members was reasonable and was commensurate with the compensation of directors of comparable companies.

### **Stock Option and Compensation Plan for Non-Employee Directors**

Our Board of Directors adopted the Stock Option and Compensation Plan for Non-Employee Directors in June 2003, and the plan was approved by our stockholders in September 2003. We have reserved a total of 2,000,000 shares of our common stock for issuance under the plan.

Our Board of Directors amended the Stock Option and Compensation Plan for Non-Employee Directors in March and October 2007 to eliminate option grants under the plan. Prior to such amendments, the plan provided for an initial grant to each non-employee director of an option to purchase 120,000 shares of common stock upon the consummation of our initial public offering, with an exercise price equal to the initial public offering price. The plan also provided for an initial grant to a new non-employee director upon his or her election to our Board of Directors of an option to purchase 120,000 shares of common stock. Subsequent to the initial grant, and through March 31, 2007, each non-employee director received an option to purchase 40,000 shares of common stock on each anniversary of the granting of the initial stock option to that non-employee director.

The exercise price of outstanding options under the Stock Option and Compensation Plan for Non-Employee Directors is 100% of the fair market value of our common stock on the grant date. The term of the options granted under the plan is ten years. If the optionee ceases to be a director of the Company for any reason, the options will expire upon the earlier of five years after termination of the optionee's status as a director or the expiration of the term. Each option is exercisable with respect to all of the shares of common stock subject to the option six months after the date of its grant. If we engage in a merger, consolidation or reorganization with another company, each option will become exercisable for the number and kind of securities to which holders of our common stock will be entitled under the transaction.

The Stock Option and Compensation Plan for Non-Employee Directors will terminate in June 2013, unless our Board of Directors terminates it sooner.

On March 5, 2007, our Board of Directors amended the Stock Option and Compensation Plan for Non-Employee Directors to eliminate the annual option grants to non-employee directors and to increase the quarterly cash compensation for non-employee directors from \$15,000 to \$27,500. The amendment was effective commencing with the second quarter of 2007. On October 12, 2007, our Board of Directors further amended the plan to eliminate the initial option grant to non-employee directors.

On January 11, 2009, our Board of Directors authorized a grant of options to purchase 30,000 shares of our common stock to each non-employee director as a supplement to the non-employee directors' cash compensation. The grants were made under the LKQ Corporation 1998 Equity Incentive Plan. Each such option has a term of ten years and vests with respect to one-third of the number shares subject to the option on each anniversary of the grant date over three years.

**Table of Contents****Director Compensation Table**

The following table provides compensation information for the one year period ended December 31, 2008 for each member of our Board of Directors.

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards(1)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
A. Clinton Allen	\$ 147,000						\$ 147,000
Robert M. Devlin	\$ 122,000						\$ 122,000
Donald F. Flynn	\$ 135,000						\$ 135,000
Kevin F. Flynn	\$ 72,151						\$ 72,151
Ronald G. Foster	\$ 113,940						\$ 113,940
Joseph M. Holsten(2)	\$ 25,000						\$ 25,000
Richard L. Keister(3)	\$ 113,940						\$ 113,940
Paul M. Meister(4)	\$ 122,000						\$ 122,000
John F. O'Brien	\$ 122,000						\$ 122,000
William M. Webster IV	\$ 116,000						\$ 116,000

- (1) No options were awarded to directors in 2008 (other than to Mr. Holsten in his capacity as our President and Chief Executive Officer). At December 31, 2008, the aggregate number of option awards outstanding for each non-employee director was as follows: A. Clinton Allen, 240,000; Robert M. Devlin, 240,000; Donald F. Flynn, 0; Kevin F. Flynn, 0; Ronald G. Foster, 0; Richard L. Keister, 0; Paul M. Meister, 240,000; John F. O'Brien, 80,000; and William M. Webster IV, 240,000.
- (2) See the Summary Compensation Table for additional disclosure related to Mr. Holsten, who also is an Executive Officer of the Company.
- (3) The amount disclosed for Mr. Keister does not include severance payments made to him as a result of his termination of employment with Keystone following our acquisition of Keystone. Mr. Keister's severance arrangements were disclosed in Keystone's Proxy Statement dated September 5, 2007 and are described in Certain Transactions. Mr. Keister resigned from our Board of Directors effective as of December 31, 2008.
- (4) Mr. Meister elected to receive his director fees in shares of our common stock in accordance with the Stock Option and Compensation Plan for Non-Employee Directors.

**Meetings and Committees of the Board**

Our Board of Directors has four standing committees. They are the Executive Committee, the Audit Committee, the Compensation Committee and the Governance/Nominating Committee. The functions and membership of each committee are described below.

*Executive Committee.* The Executive Committee, which is composed of A. Clinton Allen, Donald F. Flynn and Joseph M. Holsten, has the same powers and authority as the Board of Directors in connection with acquisitions by us involving no more than \$25 million of consideration per acquisition and in connection with other matters as delegated by the Board of Directors.

*Audit Committee.* The Audit Committee's functions include selecting our independent registered public accounting firm; reviewing the arrangements for, and scope of, the independent registered public accounting firm's examination of our financial statements; meeting with the independent registered public accounting firm and certain of our officers to review the adequacy and appropriateness of our system of internal control and



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reporting, our critical accounting policies, and our public financial disclosures; ensuring compliance with our codes of ethics; and performing any other duties or functions deemed appropriate by the Board of Directors.

Messrs. Allen, Meister and O'Brien are currently the members of the Audit Committee. All of the Audit Committee members satisfy the independence, financial literacy, and expertise requirements of the rules of NASDAQ. Our Board of Directors has determined that Mr. Meister satisfies the requirements for an audit committee financial expert under the rules and regulations of the Securities and Exchange Commission. The Audit Committee operates pursuant to a charter, which is available on our corporate website at [www.lkqcorp.com](http://www.lkqcorp.com).

*Compensation Committee.* The Compensation Committee is responsible for establishing and making recommendations to the Board of Directors regarding compensation to be paid to our executive officers and is responsible for the administration and interpretation of, and the granting of awards under, our equity based incentive plans. Messrs. Allen, Devlin, Foster and O'Brien, who are all independent as defined in NASDAQ's listing standards, are currently the members of the Compensation Committee. The Compensation Committee operates pursuant to a charter, which is available on our corporate website at [www.lkqcorp.com](http://www.lkqcorp.com).

The compensation of our executive officers is determined through a process involving our Chairman of the Board, our Chief Executive Officer and our Compensation Committee. Our Chairman of the Board typically determines the proposed compensation of certain of our executive officers, including our Chief Executive Officer and our Chief Financial Officer. Our Chief Executive Officer typically determines the proposed compensation of the remaining executive officers.

The Compensation Committee holds a meeting near the beginning of each calendar year to consider the proposed compensation amounts for that year and make final determinations. The executive officers are not present during the deliberations and final decisions by the Compensation Committee concerning executive compensation (except for the General Counsel who serves as the secretary of the meeting).

*Governance/Nominating Committee.* The Governance/Nominating Committee is responsible for developing policies and processes designed to provide for effective and efficient governance by the Board of Directors and for identifying qualified individuals and nominating such individuals for membership on the Board of Directors and its committees. Messrs. Devlin, Meister and Webster, all of whom are independent as defined in NASDAQ's listing standards, are currently the members of the Governance/Nominating Committee.

The Governance/Nominating Committee will consider recommendations for nominees for directorships submitted by stockholders and will apply the same evaluation to such recommendations submitted by stockholders as to recommendations submitted by any other person or entity. The Governance/Nominating Committee operates under a written charter, which is available on our corporate website at [www.lkqcorp.com](http://www.lkqcorp.com). The charter includes a statement of the competencies and personal attributes of nominees to the Board of Directors to be used as a guideline in connection with their evaluation. Stockholders who wish the Governance/Nominating Committee to consider their recommendations for nominees for the position of director should submit their recommendations in writing to the Governance/Nominating Committee in care of the Secretary of the Company at the Company's principal executive offices, as described in the section below entitled "Submitting Your Proposals for the 2010 Annual Meeting."

*Meetings and Attendance.* In 2008, our Board of Directors held five meetings and acted five times by written consent. In 2008, the Executive Committee held no meetings and acted six times by written consent; the Audit Committee held nine meetings and acted seven times by written consent; the Compensation Committee held three meetings and acted 17 times by written consent; and the Governance/Nominating Committee held three meetings and acted one time by written consent. Each of our incumbent directors participated in at least 75% of the aggregate of all Board meetings and all meetings of Board committees on which such person served during 2008.



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We do not have a formal policy regarding attendance by members of our Board of Directors at our annual meetings of stockholders, although we encourage our directors to attend these meetings. All of the persons who were directors at the time attended our annual meeting of stockholders in May 2008.

### **Stockholder Communications with the Board of Directors**

Stockholders desiring to contact the Board of Directors or any committee of the Board should address the communication to LKQ Corporation, 120 North LaSalle Street, Suite 3300, Chicago, Illinois 60602, Attention: Secretary, with a request to forward the communication to the intended recipient. All such communications will be forwarded unopened.

### **Report of the Audit Committee**

The Audit Committee assists the Board of Directors in fulfilling its responsibility to oversee management's implementation of LKQ's financial reporting process. In discharging its oversight role, the Audit Committee reviewed and discussed with management and Deloitte & Touche, our independent registered public accounting firm, our audited financial statements as of and for the year ended December 31, 2008. Management is responsible for those financial statements and the reporting process, including the system of internal control. The independent registered public accounting firm is responsible for expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America.

The Audit Committee has discussed with Deloitte & Touche the matters required to be discussed by Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. The Audit Committee also considered whether the provision of non-audit services by Deloitte & Touche was compatible with maintaining Deloitte & Touche's independence.

Based upon the foregoing review and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements referred to above be filed with LKQ's Annual Report on Form 10-K for the year ended December 31, 2008.

In compliance with the Sarbanes-Oxley Act of 2002, the Board of Directors has established procedures for the confidential reporting of employee concerns with regard to accounting controls and auditing matters. All members of the Audit Committee meet the independence standards established by NASDAQ.

#### **Audit Committee:**

*A. Clinton Allen*

*Paul M. Meister*

*John F. O'Brien*

### **Compensation Committee Interlocks and Insider Participation**

The Compensation Committee is currently composed of Messrs. Allen, Devlin, Foster and O'Brien. It determines the compensation of our Chief Executive Officer and of our other executive officers. None of Messrs. Allen, Devlin, Foster or O'Brien is an employee of the Company nor are they officers of any entity for which one of our executive officers served as a director or makes compensation decisions.

**Table of Contents****PROPOSAL NO. 2****APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Subject to stockholder ratification, the Audit Committee of our Board of Directors has selected the accounting firm of Deloitte & Touche to serve as our independent registered public accounting firm for 2009. Deloitte & Touche has served as our independent registered public accounting firm since July 1998 and also has provided non-audit services from time to time.

**Audit Fees and Non-Audit Fees**

The following table summarizes the fees and expenses of Deloitte & Touche, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates for audit and other services for the periods indicated.

	2007	2008
Audit Fees	\$ 1,807,158	\$ 1,822,240
Audit-Related Fees	373,840	54,800
Tax Fees	465,602	631,757
All Other Fees	71,944	116,388
	\$ 2,718,544	\$ 2,625,185

For 2007, audit services consisted of the audit of our annual consolidated financial statements, the review of our quarterly financial statements, and the audit of internal controls over financial reporting as required by the Sarbanes-Oxley Act of 2002. Audit-related services included assistance with acquisitions and review of filings under the Securities Act in connection with an offering of our common stock. Tax services included federal, state and foreign tax compliance research and planning. Other services included post-acquisition project management with regard to the Keystone acquisition.

For 2008, audit services consisted of the audit of our annual consolidated financial statements, the review of our quarterly financial statements, and the audit of internal controls over financial reporting as required by the Sarbanes-Oxley Act of 2002. Audit-related services included assistance with acquisitions and with responding to comments by the Securities Exchange Commission to reports by us under the Exchange Act. Tax services included federal, state and foreign tax compliance research and planning. Other services included post-acquisition project management with regard to the Keystone acquisition.

**Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services**

The Audit Committee's policy is to pre-approve all audit and non-audit services provided by our independent registered public accounting firm on a case-by-case basis. In making such determinations, the Audit Committee considers whether the provision of non-audit services is compatible with maintaining the auditor's independence. All of the non-audit services provided by our independent registered public accounting firm in 2008 were pre-approved in accordance with this policy.

Representatives of Deloitte & Touche will be available at the annual meeting to respond to your questions. They have advised us that they do not presently intend to make a statement at the annual meeting, although they will have the opportunity to do so.

*We recommend that you vote **FOR** ratification of the appointment of Deloitte & Touche*

*as our independent registered public accounting firm for 2009.*

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**OTHER PROPOSALS**

We know of no matters to be brought before the annual meeting other than those described above. If any other business should properly come before the meeting, we expect that the persons named in the enclosed proxy will vote your shares in accordance with their best judgment on that matter.

**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction**

The Compensation Committee of our Board of Directors evaluates and determines the compensation of our executive officers. The Compensation Committee also authorizes equity incentive grants to our key employees. The current members of our Compensation Committee are A. Clinton Allen, Robert M. Devlin, Ronald G. Foster and John F. O'Brien. All of the members of the Compensation Committee are independent as defined in the rules of NASDAQ.

In the past, the Compensation Committee had generally discussed each element of the previous year's compensation package of each of our executive officers as they were considering the compensation packages for the ensuing year. Starting with compensation decisions relating to the 2007 calendar year, the Compensation Committee began using formal tally sheets during its deliberations regarding executive officer compensation.

The tally sheets included the following elements of compensation for each executive officer: the annual base salary for the last three years and the proposed annual base salary for the current year; the annual bonus award for the last three years and the estimated annual bonus award for the current year; the annual amount accrued by LKQ under its long-term incentive plan in previous years, and the amount that will be accrued in the current year; the grant date fair value of any equity incentive grants during the last three years and the equity awards proposed to be granted in the current year; the amount of matching contributions by LKQ under our retirement plans; the amount of life insurance and disability insurance premiums paid by us for the benefit of the executive officer; the amount of any perquisites or other compensation; and the total of all the foregoing.

The Compensation Committee took into account the historical trend of each element of compensation and the total of all of the elements for each year in connection with its decisions about proposed compensation amounts. The Compensation Committee also has considered the limitation imposed by Section 162(m) of the Internal Revenue Code on our deduction for federal income tax purposes when making decisions about compensation. The Compensation Committee has used substantially the same compensation policies and considerations with respect to all of its named executive officers.

We believe that our four main elements of compensation—base salary, annual bonus, long-term incentive awards, and equity incentive grants—together provide appropriate short-term and long-term motivation to our executive officers. Accordingly, we do not provide any material perquisites to, and have not entered into severance arrangements with, our executive officers. As of January 11, 2008 we entered into a consulting agreement with Mr. Holsten which is described under "Chief Executive Officer Compensation" on page 16 and the term of which commences upon his termination of employment with us.

The Compensation Committee has the authority to procure the services of compensation consultants if it determines that such services are necessary or desirable. In October 2004, the Compensation Committee hired a compensation consultant to assess the compensation program for our named executive officers. In its analysis the consultant used compensation information of ten other companies that the consultant deemed comparable to us based primarily on industry, revenue and market capitalization characteristics. The ten comparable companies were: Aftermarket Technology Corp.; Copart, Inc.; The Greenbrier Companies; Insurance Auto Auctions, Inc.; Keystone Automotive Industries, Inc.; Littelfuse, Inc.; R&B, Inc.; Skyline Corporation; Standard Motor Products, Inc.; and Titan International, Inc. The consultant examined primarily the relative level of compensation

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of the executive officers of the subject companies and the relative mix of the different compensation components. The Compensation Committee used the information provided by the consultant to help make decisions regarding our executive compensation in 2005. The compensation consultant has not done any other work for the Company, and the Compensation Committee has not utilized the services of any other compensation consultant since October 2004.

### **Objectives of Our Compensation Programs**

Our compensation programs are intended to enable us to attract, motivate, reward and retain the management talent needed to achieve our corporate objectives in a highly competitive industry, and thereby increase stockholder value. It is our policy to provide incentives to the Company's senior management to achieve both short-term and long-term goals. To attain these goals, our policy is to provide a significant portion of executive compensation in the form of at-risk, incentive-based compensation. We believe that such a policy, which directly aligns the financial interests of management with the financial interests of our stockholders, provides the proper incentives to attract, motivate, reward and retain high quality management.

The Compensation Committee has maintained this policy since we became a public company in October 2003 and believes that the policy has been and continues to be appropriate for a growing company like ours. The Compensation Committee will reevaluate this policy in the event that our growth profile changes over time or in the event that the Compensation Committee identifies other reasons that warrant a change of policy.

### **What Our Compensation Programs are Designed to Reward**

Our compensation programs are designed to reward the executive officers for the overall performance of our Company and the individual performance of each executive officer. Specifically, with respect to the overall performance of our Company, we use the growth of the following metrics to measure performance: revenue, consolidated earnings per share, and return on equity. With respect to individual performance of an executive officer, we analyze the growth of the performance metrics that most directly relate to such individual's area of responsibility and consider certain subjective factors, including the individual's interpersonal skills, level of motivation, and ability to resolve difficult situations.

Stock price performance has not been used as a direct factor in determining executive officer compensation because the price of our common stock is subject to a variety of factors outside of the control of management. Stock price performance, however, ultimately affects the value of equity incentive awards held by executive officers, thus aligning their interests with those of other stockholders.

### **Elements of Our Compensation Programs, Why We Chose Each Element, and How We Determine the Amount of Each Element**

The elements of our compensation programs are base salaries, annual bonus awards, long term incentive awards, and equity incentive grants. We believe that this mix of compensation elements best achieves the objectives of our compensation programs. Specifically, the compensation elements provide incentives for several different time horizons.

*Base Compensation.* Base compensation provides immediate rewards because it is paid periodically throughout the year. The following factors are considered in connection with the base salary of each of the executive officers: base salaries of executive officers in similar positions at comparable companies; the contributions of the executive officers to the Company's development and growth; and the executive officer's experience, responsibilities and position within the Company. No specific corporate performance measures are considered with respect to base salaries.

There is no specified list or procedure that the persons who consider these factors use to compile the information about comparable companies. They generally focus on compensation of executive officers at

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companies with similar revenue amounts and, when possible, at companies in similar industries. The list of comparable companies has typically included: Advance Auto Parts, Inc.; Autozone, Inc.; Copart, Inc.; and The Pep Boys Manny, Moe & Jack. The persons who consider these factors get the information primarily from publicly-available sources, including filings under the securities laws.

*Annual Bonus Awards.* Annual bonus awards provide incentives for superior performance over a one-year time horizon. Under our bonus program, each participant (including each of our executive officers) is eligible to receive a cash payment equal to a percentage of the participant's base salary. In 2008, these percentages ranged from 12% to 150% for our executive officers. The percentage of base salary ultimately paid is dependent on the achievement of specified levels of financial performance of the Company during a particular fiscal year. The bonus payment for our corporate-level executive officers, including Messrs. Holsten, Spears, Hanley and Casini, was based on the Company's consolidated earnings per share. The bonus payment for Mr. Wagman was based on a combination of the pre-tax income of the aspects of our business that he oversees (weighted 60%) and consolidated earnings per share of the Company (weighted 40%). The target amounts for consolidated earnings per share and pre-tax income of units of our business are determined through our budgeting process that includes growth rates for the Company as a whole and for each region and unit, all as approved by our Board of Directors. We establish growth rates and, consequently, target amounts at levels that we determine are relatively difficult for our executive officers to achieve. In 2008, the earnings per share target was a range of \$0.74 (at which the minimum bonus would be earned) to \$0.80 (at which the maximum bonus would be earned). Our 2008 earnings per share for purposes of the bonus calculation (which excluded restructuring costs relating to the Keystone acquisition and included the cost of paying all 2008 bonuses) resulted in the minimum bonus amounts for our corporate level executive officers. The minimum amount of one of the two target ranges for Mr. Wagman's bonus (pre-tax income of the business he oversaw) was not met. The minimum amount of the other target range for Mr. Wagman's bonus (consolidated earnings per share of the Company) was met. However, because the failure to meet the target range for the pre-tax income of the business he oversaw was due to factors beyond Mr. Wagman's control, the Compensation Committee decided to pay Mr. Wagman's 2008 bonus based solely on the consolidated earnings per share target, resulting in the minimum bonus amount for Mr. Wagman.

*Long Term Incentive Awards.* On January 27, 2006, the Compensation Committee approved the LKQ Corporation Long Term Incentive Plan (LTIP) and approved performance awards under the LTIP to certain of our key employees (including each of our executive officers), subject to the approval of the LTIP by our stockholders. On May 8, 2006, our stockholders approved the LTIP. Long term incentive awards are designed to reward performance over a three-year period. The Compensation Committee administers the LTIP. Performance periods begin on January 1 and end on December 31 of the third calendar year thereafter. Performance awards are equal to the participant's base salary multiplied by an award percentage. The award percentage is determined by the growth from the year before the commencement of the performance period (base year) to the final year of the performance period of three components: our earnings per share, our total revenue, and our return on equity. We determine for each participant the range of award percentages based on different growth scenarios of the components. We establish the growth scenarios at levels that we determine are relatively difficult for participants to achieve.

One-half of any performance award achieved is payable promptly after the end of the applicable performance period. A participant must be an employee of the Company throughout the performance period to be eligible for the first 50% payment. The other half of the performance award is deferred and becomes payable in three equal installments on each one year anniversary of the end of the performance period over a total of three years. A participant must be an employee of the Company on each such anniversary date to be eligible for the respective deferred payment, unless the participant is not an employee as a result of death, total disability or normal retirement at age 65, in which case the participant (or his or her estate) will be entitled to all of the deferred payments upon such death, disability or retirement. Interest on the deferred portion of the performance award will accrue at the prime rate and be payable to the participant at the same time as the deferred installments are paid.

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The performance awards for the three year performance period ended December 31, 2008 ranged from 70% to 275% of base salary for our executive officers. The target growth range of the three components of these awards for the period commencing January 1, 2006 and ended December 31, 2008 was 45% to 60% for each of earnings per share and revenue, and 210 basis points to 300 basis points for return on equity. We weighted each of the three components of these awards as follows: 41.67% for earnings per share growth; 41.67% for revenue growth; and 16.66% for return on equity growth. Higher percentages were assigned to earnings per share growth and revenue growth because they were considered relatively more important measures of the success of our Company. For the three year performance period ended December 31, 2008, we exceeded the maximum target range for earnings per share and revenue and we did not meet the minimum target range for return on equity. The Summary Compensation Table on page 17 sets forth under the column entitled Non-Equity Incentive Plan Compensation the amounts accrued by us under the LTIP for each of the years in the three-year performance period ended December 31, 2008 with respect to our named executive officers.

*Equity Incentive Grants.* Stock options and restricted stock provide incentives over the longest time horizon, with most of our options and all of our restricted stock having five-year vesting schedules. On February 13, 1998, our Board of Directors adopted and our stockholders approved the LKQ Corporation 1998 Equity Incentive Plan, which was subsequently amended in March 2002 and May and August 2005. The Compensation Committee administers the equity incentive plan. Under the equity incentive plan, the Compensation Committee may grant stock options, awards of restricted stock, stock appreciation rights, performance shares, and performance units. Awards may encompass a total of not more than 28,000,000 shares of common stock. Shares subject to awards granted under the equity incentive plan that are returned as payment for the exercise price or tax withholding amount relating to the award, or with respect to which awards expire or are forfeited or are paid in cash, would again be available for grant under the equity incentive plan.

The Compensation Committee has the power to set the terms and conditions to which each award is subject, including the times at which it is exercisable, except that: (i) the exercise price may not be less than the fair market value of our common stock on the date the award is granted; (ii) the period of restriction for restricted stock must be a minimum of one year for performance-based awards and a minimum of three years for non-performance-based awards; and (iii) the performance period for performance shares and performance units must be a minimum of one year.

Upon a change in control, awards under the equity incentive plan become immediately exercisable, restrictions thereon lapse, and maximum payout opportunities are deemed earned, as the case may be, as of the effective date of the change in control. The Board of Directors may amend or terminate the equity incentive plan in whole or in part at any time, subject to applicable laws, rules, or regulations; provided, however, that the Board may not, without stockholder approval, (i) materially increase the benefits accruing to participants, (ii) materially increase the number of securities that may be issued under the equity incentive plan, or (iii) materially modify the requirements for participation in the equity incentive plan. No amendment, modification, or termination of the equity incentive plan can adversely affect in any material way any award previously granted, without the written consent of the participant holding such award.

We grant stock options generally to executive officers and other key employees upon their commencement of employment, in some cases upon their promotion, and annually near the beginning of each year. In January 2008, we granted restricted stock for the first time, including to all of our executive officers. Currently, there is no discretion with respect to the date of the grants of stock options. The annual grants are made on the second Friday of January each year. Other grants for new hires or promotions are made on the first trading day of the month following the month of the hire or promotion.

When making grants, we consider factors specific to each employee such as salary, position and responsibilities. We also consider factors such as the rate of the Company's development and growth. In addition, we determine the amount of dilution that we believe would be generally acceptable to our stockholders and correspondingly limit the aggregate number of options granted each year. Option grants typically are

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recommended by management. The table entitled Grants of Plan-Based Awards for Fiscal Year Ended December 31, 2008 on page 18 sets forth under the column All Other Option Awards: Number of Securities Underlying Options the grants made in 2008 under the 1998 Equity Incentive Plan to our named executive officers.

### **Retirement Plans**

We have a 401(k) plan covering substantially all of our employees, including our executive officers, who have been employed for at least six months. The 401(k) plan allows participants to defer their salary in amounts up to the statutory limit each year. We currently make matching contributions equal to 50% of the portion of the participant's contributions that does not exceed 6% of the participant's salary. We may, at our sole discretion, make annual profit-sharing contributions on behalf of participants. Each participant is fully vested in such participant's contributions and any earnings they generate. Each 401(k) participant becomes vested in our matching contributions, and any earnings they generate, in the amounts of 50%, 75% and 100% after two, three and four years of service, respectively. Each participant becomes vested in our profit sharing contributions, if any, and any earnings they generate, in the amounts of 25%, 50%, 75% and 100% after one, two, three and four years of service, respectively.

We also have two plans that supplement the 401(k) plan for highly compensated employees, or HCEs. The first supplemental plan was adopted in August 1999. In October 2004, Congress passed a law requiring certain changes to these types of plans. In March 2005, we adopted a second supplemental plan (effective as of January 1, 2005). The second supplemental plan is substantially similar to the first plan, except for changes designed to comply with the 2004 law, which relate to the timing and form of payments under the plan. The first supplemental plan remains in effect for contributions made prior to December 31, 2004. The second supplemental plan applies to contributions commencing as of January 1, 2005.

All of our executive officers are HCEs. The tax laws impose a maximum percentage of salary that can be contributed each year by HCEs to our 401(k) plan depending on the participation level of non-HCEs. We adopted the supplemental plans to provide an alternative retirement plan for the HCEs when the participation level of non-HCEs restricts the amount the HCEs would otherwise have been permitted to contribute to the 401(k) plan. The supplemental plans operate similarly to the 401(k) plan except that contributions by HCEs to the supplemental plans are not subject to the statutory maximum percentage. The terms of the supplemental plans impose a maximum annual contribution on each participant of 50% of the HCE's salary and commissions (if any) and 100% of bonuses and long term incentive awards. In addition, the supplemental plans authorize the Compensation Committee to set a maximum annual contribution amount. There is no current maximum with respect to contributions of bonuses and long term incentive awards. The maximum is \$50,000 with respect to contributions of salary and commissions. Each quarter we transfer from the supplemental plans to the 401(k) plan, on behalf of each HCE who so elects, the maximum amount that could have been contributed directly to the 401(k) plan. The balance remaining in each HCE's account in the supplemental plans is a general asset of ours, and in the event of our insolvency, the HCE would be a general, unsecured creditor with respect to such amount.

### **Potential Payments Upon Termination or Change in Control**

Upon a change in control, the terms of our equity incentive plan provide that options would become immediately exercisable and restricted stock would become fully vested. If a change in control occurred on December 31, 2008, the value of the options that would become exercisable for each of our named executive officers (measured by the amount that the market value of LKQ common stock on the last trading day in 2008 (\$11.66) exceeded each option's exercise price) and the value of the restricted stock that would become fully vested for each of our named executive officers (measured by the market value of LKQ common stock on the last trading day of 2008) was: \$1,286,306 for Joseph M. Holsten; \$468,249 for Mark T. Spears; \$458,088 for Walter P. Hanley; \$339,253 for Victor M. Casini; and \$322,954 for Robert L. Wagman.

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Upon a change in control, the terms of our LTIP provide that each performance period that has not ended ends as of the last day of the next calendar quarter, the performance award relating to the shortened performance period is calculated taking into account the shortened performance period, and all unpaid performance awards (relating to the shortened performance period and any other performance periods) become promptly payable. If a change in control occurred on December 31, 2008, the total performance award amount that would have been payable to each of our named executive officers was: \$1,489,679 for Joseph M. Holsten; \$875,112 for Mark T. Spears; \$541,710 for Walter P. Hanley; \$562,545 for Victor M. Casini; and \$343,750 for Robert L. Wagman.

Other than as described above, we do not have any pension, change in control, severance or other post-termination plans or arrangements, except the consulting agreement with Mr. Holsten described below under Chief Executive Officer Compensation.

### **Impact of Regulatory Requirements**

Section 162(m) of the Internal Revenue Code limits the deduction for federal income tax purposes of certain compensation paid in any fiscal year by a publicly-held corporation to its chief executive officer and its four other highest compensated officers to \$1 million per executive (the \$1 million cap). The \$1 million cap does not apply to performance-based compensation plans as defined under Section 162(m). We believe that our equity incentive plan and our LTIP, each of which was approved by our stockholders, qualify as performance-based plans, and any amounts paid to our executive officers under such plans would be exempt from the \$1 million cap. The sum of the 2008 base salary and 2008 bonus (paid in the first quarter of 2009) of our executive officers did not exceed the \$1 million cap. The compensation that is subject to the \$1 million cap paid to our executive officers is not expected to exceed the \$1 million cap in 2009, except in the case of our Chief Executive Officer depending on the amount of bonus achieved by him. Although the Compensation Committee takes into consideration Section 162(m) when making decisions about executive compensation, there is no formal policy regarding the \$1 million cap and the compensation of our executive officers.

We apply the fair-value method of accounting for stock-based employee compensation, including our stock options and restricted stock. Prior to January 1, 2006, we accounted for stock-based employee compensation under the intrinsic value method, which generally did not require the recognition of compensation expense for stock options or restricted stock. We are now required to recognize compensation expense with respect to all stock based awards granted or modified after January 1, 2006 and all unvested stock options as of January 1, 2006 that were issued subsequent to our initial public offering in October 2003. As a result of these accounting rules, since 2006 we have generally granted fewer stock based awards than were granted in previous years, and we are likely to continue to grant relatively fewer such equity awards in the future.

### **Chief Executive Officer Compensation**

Joseph M. Holsten joined us as our President and Chief Executive Officer in November 1998 shortly after we commenced operations. We believe that Mr. Holsten's experience, dedication and industry knowledge have been important to the ongoing growth of our Company. Mr. Holsten's annual compensation, including base salary, bonus potential, long term incentive award and equity incentive awards, was determined for 2008 using substantially the same criteria that were used to determine the compensation of other executive officers. Mr. Holsten's base salary for 2008 was \$650,000. Based on the Company's consolidated earnings per share in 2008, Mr. Holsten received a bonus payment in March 2009 of \$292,500.

In January 2006, Mr. Holsten became a participant in our LTIP. Based upon the financial performance of the Company during the three year period ended December 31, 2008, Mr. Holsten earned a cash award under the plan equal to approximately 2.30 times his base salary as of December 31, 2008. We paid 50% of the award in March 2009, and we will pay the remaining 50% in three equal installments in early 2010, 2011 and 2012. Mr. Holsten must be employed by us at the time such payments become payable to receive them (subject to certain exceptions relating to death, disability or normal retirement).



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Mr. Holsten received in January 2008 options to purchase 80,000 shares of our common stock. As of December 31, 2008, Mr. Holsten held options to purchase a total of 1,054,000 shares, of which 878,667 were exercisable. The value of the options to purchase the 878,667 shares, measured by the amount that the market value of LKQ common stock on the last trading day in 2008 (\$11.66) exceeded each option's exercise price, was \$6,299,138. Mr. Holsten received in January 2008 an award of 80,000 restricted shares. The restricted shares vest with respect to twenty percent of those shares on each anniversary of the grant date over a total of five years. As of December 31, 2008, none of Mr. Holsten's restricted shares had vested.

In 2008, Mr. Holsten did not receive any grants of performance shares, any material perquisites, any deferred compensation (other than pursuant to our retirement plans), or any reimbursements for the payment of taxes. Mr. Holsten currently is not entitled to any cash severance payment upon a change in control or upon his termination of employment. In our view, Mr. Holsten's total compensation for 2008 properly reflected the Company's performance and his performance, and was in proper proportion to the compensation of our other executive officers. We entered into a Consulting Agreement as of January 11, 2008 with Mr. Holsten. The term of the Consulting Agreement commences on the date that Mr. Holsten ceases to be employed by us and ends five years thereafter, unless the agreement is earlier terminated by Mr. Holsten for any reason or by us for cause. The compensation to Mr. Holsten during the term will be \$200,000 annually.

## **Compensation Committee Report**

We have reviewed and discussed with management the Compensation Discussion and Analysis to be included in the Company's 2009 Annual Stockholder Meeting Schedule 14A Proxy Statement, to be filed pursuant to Section 14(a) of the Exchange Act (the "Proxy Statement"). Based on the review and discussions referred to above, we recommend to the Board of Directors that the Compensation Discussion and Analysis referred to above be included in the Proxy Statement.

## **Compensation Committee**

*A. Clinton Allen*

*Robert M. Devlin*

*Ronald G. Foster*

*John F. O'Brien*

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The following table includes information concerning compensation for the three year period ended December 31, 2008 paid to our Chief Executive Officer, our Chief Financial Officer and our three other highest compensated executive officers ( NEOs ).

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (2)</b>	<b>Bonus (3)</b>	<b>Stock Awards (4)</b>	<b>Option Awards (4)</b>	<b>Non-Equity Incentive Plan Compensation(5)</b>	<b>All Other Compen- sation(6)</b>	<b>Total</b>
Joseph M. Holsten President and Chief Executive Officer	2008	\$ 650,000	\$ 292,500	\$ 296,958	\$ 343,432	\$ 223,437	\$ 39,938	\$ 1,846,265
	2007	\$ 550,000	\$ 825,000		\$ 232,810	\$ 487,266	\$ 40,183	\$ 2,135,259
	2006	\$ 500,000	\$ 750,000		\$ 140,933	\$ 406,484	\$ 39,980	\$ 1,837,397
Mark T. Spears Executive Vice President and Chief Financial Officer	2008	\$ 420,000	\$ 126,000	\$ 92,800	\$ 159,238	\$ 131,250	\$ 14,765	\$ 944,053
	2007	\$ 370,000	\$ 370,000		\$ 132,785	\$ 276,406	\$ 13,658	\$ 1,162,849
	2006	\$ 345,000	\$ 345,000		\$ 86,846	\$ 248,594	\$ 12,684	\$ 1,038,124
Walter P. Hanley Senior Vice President, Development and Associate General Counsel	2008	\$ 307,900	\$ 58,500	\$ 92,800	\$ 160,287	\$ 131,250	\$ 11,361	\$ 762,098
	2007	\$ 245,000	\$ 122,500		\$ 125,644	\$ 143,312	\$ 9,289	\$ 645,745
	2006	\$ 220,000	\$ 110,022		\$ 78,489	\$ 131,688	\$ 8,838	\$ 549,037
Victor M. Casini Senior Vice President, General Counsel and Secretary (1)	2008	\$ 337,500	\$ 60,750	\$ 74,240	\$ 98,883	\$ 84,375	\$ 9,861	\$ 665,609
	2007	\$ 210,000	\$ 63,000		\$ 73,119	\$ 224,625	\$ 8,664	\$ 579,408
	2006	\$ 192,500	\$ 57,750		\$ 45,556	\$ 112,875	\$ 7,765	\$ 416,446
Robert L. Wagman Vice President Insurance Services and Aftermarket Operations	2008	\$ 275,000	\$ 41,250	\$ 74,240	\$ 184,603	\$ 51,562	\$ 10,398	\$ 637,053
	2007	\$ 210,000	\$ 73,500		\$ 61,567	\$ 121,594	\$ 8,662	\$ 475,323
	2006	\$ 190,000	\$ 67,450		\$ 24,998	\$ 84,656	\$ 7,663	\$ 374,767

- (1) Mr. Casini divided his time between his position with us and with Flynn Enterprises, Inc. as follows: 50% for each company in 2006 and 2007; and 75% for us and 25% for Flynn Enterprises in 2008.
- (2) The base compensation of our executive officers is discussed beginning on page 11.
- (3) Our bonus awards are discussed on page 12.
- (4) The amounts were calculated in accordance with the provisions of Statement of Financial Accounting Standards ( SFAS ) No. 123R, Share-based Payments and represent amounts included as expense in the Company's Consolidated Statements of Income for the years ended December 31, 2008, 2007 and 2006, respectively. See note 2 of the consolidated financial statements in the Company's Annual Report for the year ended December 31, 2008 regarding assumptions underlying the valuation of equity awards. Our Equity Incentive Plan is discussed beginning on page 13.

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- (5) The amounts equal the amount accrued by us under our Long Term Incentive Plan with respect to each NEO for each year of the three-year performance period ended December 31, 2008. Our Long Term Incentive Plan is discussed beginning on page 12.

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- (6) The amounts include Company matching contributions under our retirement plans, the amount of life insurance premiums paid by us for the benefit of the NEOs, and the amount we pay to the NEOs as reimbursement for their payment of the premiums for disability insurance. The amounts for each NEO for each such category of compensation are set forth in the table below. Mr. Holsten's amount under All Other Compensation also includes the \$25,000 he received each year for serving on the Executive Committee of our Board of Directors.

Name	Year	Retirement Plans	Life Insurance Premiums	Disability Insurance Premiums
Joseph M. Holsten	2008	\$ 12,730	\$ 1,701	\$ 507
	2007	\$ 12,613	\$ 2,016	\$ 554
	2006	\$ 12,634	\$ 1,792	\$ 554
Mark T. Spears	2008	\$ 12,557	\$ 1,701	\$ 507
	2007	\$ 11,088	\$ 2,016	\$ 554
	2006	\$ 10,338	\$ 1,792	\$ 554
Walter P. Hanley	2008	\$ 9,153	\$ 1,701	\$ 507
	2007	\$ 6,719	\$ 2,016	\$ 554
	2006	\$ 6,594	\$ 1,690	\$ 554
Victor M. Casini	2008	\$ 7,653	\$ 1,701	\$ 507
	2007	\$ 6,296	\$ 1,814	\$ 554
	2006	\$ 5,770	\$ 1,482	\$ 513
Robert L. Wagman	2008	\$ 8,190	\$ 1,701	\$ 507
	2007	\$ 6,294	\$ 1,814	\$ 554
	2006	\$ 5,681	\$ 1,459	\$ 523

**Grants of Plan-Based Awards****for Fiscal Year Ended December 31, 2008**

The following table sets forth information regarding plan-based awards granted by us to the NEOs during the last fiscal year.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Awards: Number of Shares or Units	All Other Awards: Number of Securities Underlying Options	Exercise or Base Option Price of (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (1)
		Threshold	Target	Maximum	Threshold	Target	Maximum				
Joseph M. Holsten	01/11/08							80,000			\$ 1,530,800
	01/11/08								80,000	\$ 19.135	\$ 680,800
Mark T. Spears	01/11/08							25,000			\$ 478,375
	01/11/08								25,000	\$ 19.135	\$ 212,750
Walter P. Hanley	01/11/08							25,000			\$ 478,375
	01/11/08								25,000	\$ 19.135	\$ 212,750
Victor M. Casini	01/11/08							20,000			\$ 382,700
	01/11/08								20,000	\$ 19.135	\$ 170,200
Robert L. Wagman	01/11/08							20,000			\$ 382,700
	01/11/08								20,000	\$ 19.135	\$ 170,200

(1) The amounts were calculated in accordance with SFAS 123R.



**Table of Contents****Outstanding Equity Awards at Fiscal Year-End****for Fiscal Year Ended December 31, 2008**

The following table sets forth information regarding the status of existing equity awards held by the NEOs.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options (1)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (2)	Market Value of Shares or Units of Stock That Have Not Vested
Joseph M. Holsten	30,000		\$ 3.250	10/02/13		
	200,000		\$ 4.490	01/09/14		
	47,787	33,333	\$ 4.420	01/14/15		
	562,880		\$ 4.165	01/28/15		
	30,000	70,000	\$ 10.058	01/12/17		
	8,000	72,000	\$ 19.135	01/11/18		
				80,000	\$ 932,800	
Mark T. Spears	200,000		\$ 3.750	01/12/10		
	20,000		\$ 2.188	01/14/13		
	200,000		\$ 3.250	10/02/13		
	100,000		\$ 4.490	01/09/14		
	83,334	16,666	\$ 4.420	01/14/15		
	348,000		\$ 4.165	01/28/15		
	15,000	35,000	\$ 10.058	01/12/17		
2,500	22,500	\$ 19.135	01/11/18			
				25,000	\$ 291,500	
Walter P. Hanley	20,000		\$ 2.000	12/01/12		
	30,000		\$ 3.250	10/02/13		
	60,000		\$ 4.490	01/09/14		
	50,000	10,000	\$ 4.420	01/14/15		
	84,000		\$ 4.165	01/28/15		
	20,000	20,000	\$ 9.755	01/13/16		
	15,000	35,000	\$ 10.058	01/12/17		
	2,500	22,500	\$ 19.135	01/11/18		
				25,000	\$ 291,500	
Victor M. Casini	100,000		\$ 3.750	01/12/10		
	50,000		\$ 0.75	01/22/11		
	85,000		\$ 2.000	03/06/12		
	50,000		\$ 2.188	01/14/13		
	100,000		\$ 3.250	10/02/13		
	60,000		\$ 4.490	01/09/14		
	50,000	10,000	\$ 4.420	01/14/15		
	84,000		\$ 4.165	01/28/15		
	9,000	21,000	\$ 10.058	01/12/17		
	2,000	18,000	\$ 19.135	01/11/18		
					20,000	\$ 233,200
Robert L. Wagman	4,000		\$ 2.188	01/14/13		
	16,000		\$ 4.490	01/09/14		
	33,333	6,667	\$ 4.420	01/14/15		
	10,000	10,000	\$ 9.755	01/13/16		
	6,000	14,000	\$ 10.058	01/12/17		
	12,000	48,000	\$ 18.870	11/01/17		
	2,000	18,000	\$ 19.135	01/11/18		
				20,000	\$ 233,200	

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- (1) The grant date of each of the options was ten years prior to the expiration date. Each of the options becomes exercisable with respect to 10% of the number of shares of common stock subject to the option on each six month anniversary of the grant date over a total of five years, except (a) with respect to the options with an expiration date of January 14, 2015, in which case the vesting schedule is June 14, 2005 with respect to 50% of the number of shares of common stock subject to such option and, with respect to an additional 5.555% of the number of shares of common stock subject to such option, January 14, 2006 and each six month anniversary thereafter until January 14, 2010; (b) with respect to the options with an expiration date of January 9, 2014, in which case the vesting schedule was amended in January 2005 to make all unvested shares of common stock subject to the options exercisable on January 10, 2005; and (c) with respect to the options with an expiration date of January 28, 2015, in which case all of such options were immediately exercisable.
  
- (2) These amounts represent awards of restricted stock. The grant date of each of the awards of restricted stock was January 11, 2008. The restricted stock vests with respect to 20% of the number of shares of common stock subject to the award on each one year anniversary of the grant date over a total of five years.

**Table of Contents****Option Exercises and Stock Vested****for Fiscal Year Ended December 31, 2008**

The following table sets forth information regarding the exercise of stock options by the NEOs during the last fiscal year.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
Joseph M. Holsten	300,000	\$ 4,512,428		
Mark T. Spears	364,000	\$ 5,721,880		
Walter P. Hanley	0	\$ 0		
Victor M. Casini	20,000	\$ 341,318		
Robert L. Wagman	0	\$ 0		

**Nonqualified Deferred Compensation**

The following table sets forth information regarding the accounts of the NEOs in the retirement plans that supplement our 401(k) plan. These supplemental plans are discussed on page 14.

Name	Executive Contributions in Last FY(1)	Registrant Contributions in Last FY(2)	Aggregate Earnings in Last FY(3)	Aggregate Withdrawals/Distributions(4)	Aggregate Balance at Last FYE(5)
Joseph M. Holsten	\$ 132,500	\$ 12,730	\$ (274,978)	\$ 22,400	\$ 453,214
Mark T. Spears	\$ 25,685	\$ 12,557	\$ (119,377)	\$ 23,142	\$ 185,354
Walter P. Hanley	\$ 42,807	\$ 9,153	\$ (71,088)	\$ 22,484	\$ 102,440
Victor M. Casini	\$ 65,750	\$ 7,653	\$ (57,969)	\$ 27,424	\$ 79,639
Robert L. Wagman	\$ 24,571	\$ 8,190	\$ (14,076)	\$ 24,398	\$ 41,497

- (1) These amounts represent contributions to the supplemental plan by the NEOs from their respective 2008 salaries and 2007 bonuses (paid in 2008) reported in the Summary Compensation Table under the columns entitled Salary and Bonus.
- (2) These amounts were also reported in the Summary Compensation Table under the column entitled All Other Compensation.
- (3) Numbers in parentheses indicate losses.
- (4) These amounts represent the transfers on behalf of the NEOs from the supplemental plans to our 401(k) plan that are permitted by the tax laws.
- (5) The Aggregate Balance at Last Fiscal Year End column includes money we owe these individuals for salaries and incentive compensation they earned in prior years but did not receive because they elected to defer receipt of it. For fiscal 2007, the following aggregate amounts of executive and Company contributions were included in the Summary Compensation Table: Mr. Holsten \$62,613; Mr. Spears \$48,047;



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Mr. Hanley \$56,719; Mr. Casini \$48,272; and Mr. Wagman \$25,175. For fiscal 2006, the following aggregate amounts of executive and Company contributions were included in the Summary Compensation Table: Mr. Holsten \$62,634; Mr. Spears \$44,797; Mr. Hanley \$26,375; Mr. Casini \$43,565; and Mr. Wagman \$22,724. For prior years, all amounts contributed by a NEO in such years have been reported in the Summary Compensation Table in our previously filed proxy statements in the year earned, to the extent the executive was named in such proxy statements and the amounts were so required to be reported in such tables.

**Table of Contents****OTHER INFORMATION****Principal Stockholders**

The following table sets forth, as of March 13, 2009, certain information regarding the beneficial ownership of our common stock by:

each person known by us to be the beneficial owner of 5% or more of the outstanding common stock (based solely on a review of filings on Schedule 13G with the Securities and Exchange Commission);

each of our directors and named executive officers; and

all of our directors and executive officers as a group.

Name and Address of Beneficial Owner(1)	Shares Beneficially Owned(2)	
	Number	Percent
Baron Capital Group, Inc. 767 Fifth Avenue, New York, NY 10153	7,016,860	5.0
A. Clinton Allen(3)	447,000	*
Robert M. Devlin	440,000	*
Donald F. Flynn(4)	5,514,008	3.9
Kevin F. Flynn (5)	1,118,211	*
Ronald G. Foster		
Paul M. Meister	737,952	*
John F. O'Brien	280,000	*
William M. Webster, IV(6)	485,000	*
Joseph M. Holsten	1,424,770	1.0
Mark T. Spears	1,281,885	*
Walter P. Hanley	361,331	*
Victor M. Casini	694,999	*
Robert L. Wagman	117,554	*
All directors and executive officers as a group (14 persons)	13,220,820	9.2

\* Represents less than 1% of our outstanding common stock.

- (1) Unless otherwise specified, the address of each such person is c/o LKQ Corporation, 120 North LaSalle Street, Suite 3300, Chicago, Illinois 60602.
- (2) Shares are considered beneficially owned, for the purpose of this table only, if held by the person indicated as beneficial owner, or if such person, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares the power to vote, to direct the voting of and/or to dispose of or to direct the disposition of such security, or if the person has the right to acquire beneficial ownership within 60 days, unless otherwise indicated in these footnotes. The numbers and percentages of shares owned by our directors and named executive officers assume in each case that currently outstanding stock options covering shares of common stock of the Company that were exercisable within 60 days of March 13, 2009 had been exercised by that person or group as follows: A. Clinton Allen 240,000; Robert M. Devlin 240,000; Donald F. Flynn 0; Kevin F. Flynn 0; Ronald G. Foster 0; Paul M. Meister 240,000; John F. O'Brien 80,000; William M. Webster, IV 240,000; Joseph M. Holsten 907,770; Mark T. Spears 981,885; Walter P. Hanley 296,331; Victor M. Casini 598,331; Robert L. Wagman 97,554; and all directors and executive officers as a group 4,103,981.

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- (3) Includes 4,000 shares held by an IRA, of which Mr. Allen is the beneficiary, and 28,000 shares owned by Mr. Allen's wife.
  
- (4) Includes 4,974,008 shares owned by DNB, L.P., a Delaware limited partnership wholly-owned by Mr. Flynn. The shares held by DNB, L.P. represent 3.55% of the shares of common stock currently outstanding. Of these shares, 3,393,234 are pledged as security to financial institutions.

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- (5) All of the shares are owned by the Kevin F. Flynn June, 1992 Non-Exempt Trust, of which Mr. Flynn is the trustee and beneficiary, and all of such shares are pledged as security to financial institutions.
- (6) Includes 225,000 shares owned by a trust of which Mr. Webster's spouse is the trustee and beneficiary and 20,000 shares owned by a trust of which Mr. Webster's children are the beneficiaries.

### **Certain Transactions**

The Audit Committee charter specifies that the Audit Committee's responsibilities include the review and approval of all transactions between us and any persons affiliated with us that would be required to be disclosed pursuant to the rules and regulations of the Securities and Exchange Commission. The following related party transaction represents a contractual obligation we assumed in connection with our acquisition of Keystone.

*Severance Payments to Richard L. Keister.* Pursuant to the terms of a separation agreement with Keystone that was in effect before we acquired Keystone, Richard L. Keister, a member of our Board of Directors until December 31, 2008, received in 2007 and 2008 severance related payments from us as a result of his termination of employment with Keystone following our acquisition of Keystone in an aggregate amount of \$9,796,095.

### **Solicitation of Proxies**

Our Board of Directors is soliciting your proxy by mail. Your proxy may also be solicited by our directors, officers or other employees personally or by mail, telephone, facsimile or otherwise. These persons will not be compensated for their services. Brokerage firms, banks, fiduciaries, voting trustees or other nominees will be requested to forward the proxy soliciting material to the beneficial owners of stock held of record by them. The entire cost of the solicitation by our Board of Directors will be borne by us.

### **Delivery of Proxy Materials to Households**

Rules of the Securities and Exchange Commission permit us to use a method of delivery that people often refer to as householding. For stockholders who request to receive our proxy materials by mail, householding permits us to mail a single set of proxy materials to any household where two or more different stockholders reside and are members of the same household or in which one stockholder has multiple accounts, unless we receive contrary instructions from any such stockholder. In addition, certain intermediaries (i.e., brokers, banks or other nominees) have notified us that they will household proxy materials for our annual meeting of stockholders. For voting purposes, these materials will include a separate proxy card for each account at the shared address. We will deliver promptly, if you request orally or in writing, a separate copy of our 2009 Proxy Statement and our 2008 Annual Report to any stockholder at the same address. If you wish to receive a separate copy of our 2009 Proxy Statement and our 2008 Annual Report, then you may contact our Investor Relations Department (a) by mail at LKQ Corporation, 120 North LaSalle Street, Suite 3300, Chicago, Illinois 60602, (b) by telephone at 877-LKQ-CORP (toll free), or (c) by e-mail at [irinfo@lkqcorp.com](mailto:irinfo@lkqcorp.com). You can also contact your broker, bank or other nominee to make a similar request. Stockholders sharing an address who now receive multiple copies of our proxy statement and annual report may request delivery of a single copy by contacting us as indicated above, or by contacting their broker, bank or other nominee, so long as the broker, bank or other nominee has elected to household proxy materials.

### **Submitting Your Proposals for the 2010 Annual Meeting**

According to the rules of the Securities and Exchange Commission, if you want to submit a proposal for inclusion in the proxy material to be distributed by us in connection with our 2010 annual meeting of stockholders, you must do so no later than December 2, 2009. Your proposal should be submitted in writing to the Secretary of the Company at our principal executive offices. In addition, our bylaws require that in order for you to properly bring any business before any meeting of stockholders, including nominations for the election of directors, you must provide written notice, delivered to the Secretary of the Company at our principal executive

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offices, not less than 60 nor more than 90 days prior to the meeting date. In the event that we provide less than 70 days notice or prior public disclosure of the date of the meeting, your notice, in order to be timely, must be received by us not later than the close of business on the tenth day following the day on which we mailed our notice or gave other disclosure of the meeting date. Your notice must include your name and address as it appears on our records and the number of shares of our capital stock you beneficially own. In addition, (1) for proposals other than nominations for the election of directors, your notice must include a description of the business you want brought before the meeting, your reasons for conducting that business at the meeting, and any material interest you have in that business, and (2) for proposals relating to nominations of directors, your notice must also include, with respect to each person nominated, the information required by Regulation 14A under the Exchange Act.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our executive officers and directors, and any other person who owns more than 10% of our common stock, to file reports with the Securities and Exchange Commission regarding their ownership of our common stock and changes in such ownership. Based on our review of copies of these reports, we believe that during 2008 such persons have complied with their filing requirements, except that the transfer by gift in July 2007 of a total of 200,000 shares by Mr. Webster and a trust, of which Mr. Webster is the trustee and beneficiary, to a trust, of which Mr. Webster's wife is the trustee and beneficiary, was reported on September 3, 2008.

### **General**

It is important that your proxy be returned promptly. Whether or not you are able to attend the meeting, you are urged, regardless of the number of shares owned, to mark, date, sign and return without delay your proxy card in the enclosed addressed envelope.

By Order of the Board of Directors  
Victor M. Casini  
*Senior Vice President,  
General Counsel and Secretary*

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**LKQ CORPORATION ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 11, 2009**

**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS.**

**Please complete, date, sign and mail the detached proxy card in the enclosed postage-prepaid envelope.**

**You can vote in one of two ways: 1) By Mail, 2) By Internet**

See the reverse side of this sheet for instructions.

IF YOU ARE NOT VOTING BY INTERNET, COMPLETE BOTH SIDES OF PROXY CARD,  
DETACH AND RETURN IN THE ENCLOSED ENVELOPE TO:

Illinois Stock Transfer Co., 209 West Jackson Boulevard, Suite 903, Chicago, Illinois 60606

DETACH PROXY CARD HERE

The undersigned hereby acknowledges receipt of the Notice of Annual Meeting and Proxy Statement dated March 31, 2009 and a copy of the Company's 2008 Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2009. The undersigned hereby expressly revokes any and all proxies heretofore given or executed by the undersigned with respect to the shares of stock represented by this proxy and by filing this proxy with the Secretary of the Company, gives notice of such revocation.

Signature

**LKQ CORPORATION**

If you plan to personally attend the Annual Meeting of Stockholders please check the box below and list the names of attendees on the reverse side.

To change the address on your account, please check the box below and indicate your new address on the reverse side. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature, if jointly held

Return this stub in the enclosed envelope with your completed proxy card.

Date \_\_\_\_\_, 2009

..

I/We do plan to attend.

Please sign exactly as name appears hereon. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign the full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.

..

Change of address.

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**TO VOTE BY MAIL**

To vote by mail, complete both sides of the proxy card, sign and date the reverse side, and detach and return the card in the envelope provided.

**TO VOTE BY INTERNET**

Your Internet vote is quick, confidential and your vote is immediately submitted. Just follow these easy steps:

1. Read the accompanying Proxy Statement.
2. Visit our Internet voting site at [www.illinoisstocktransfer.com](http://www.illinoisstocktransfer.com), click on the Internet Voting tab and enter your Voter Control Number and the last four digits of your Tax Identification Number that is associated with the account you are voting in the designated fields. Your Voter Control Number is printed on the front of this proxy card.

Please note that all votes cast by Internet must be **completed** and **submitted** prior to Saturday, May 9, 2009 at 11:59 p.m. Central Time.

Your Internet vote authorizes the named proxies to vote your shares to the same extent as if you marked, signed, dated and returned the proxy card.

**This is a secured web page site. Your software and/or Internet provider must be enabled to access this site. Please call your software or Internet provider for further information if needed.**

*If You Vote By INTERNET, Please Do Not Return Your Proxy Card By Mail*

F PERSONS PLANNING TO

ND THE 2009 MEETING

/OR NEW ADDRESS

**REVOCABLE PROXY - LKQ CORPORATION**

Annual Meeting of Stockholders, May 11, 2009

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**



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The undersigned stockholder(s) of LKQ Corporation, a Delaware corporation, does (do) hereby constitute and appoint Victor M. C. Walter P. Hanley, and each of them, the true and lawful attorneys-in-fact of the undersigned with full power of substitution, to appear as the proxy or proxies of the undersigned at the Annual Meeting of Stockholders of said corporation to be held at 135 South LaSalle Street, 43rd Floor, Chicago, Illinois, on Monday, May 11, 2009 at 1:30 p.m., local time, and at any continuation or adjournment thereof, and to vote all the shares of LKQ Corporation that the undersigned is entitled to vote, as fully as the undersigned might or could do if personally present at the meeting.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE FOLLOWING:**

1. Election of Directors Nominees:

		VOTE				VOTE				
		FOR	WITHHELD			FOR	WITHHELD	FOR		
<b>01</b>	A. Clinton Allen	..	..	<b>04</b>	Kevin F. Flynn	..	..	<b>07</b>	Paul M. Meister	..
<b>02</b>	Robert M. Devlin	..	..	<b>05</b>	Ronald G. Foster	..	..	<b>08</b>	John F. O'Brien	..
<b>03</b>	Donald F. Flynn	..	..	<b>06</b>	Joseph M. Holsten	..	..	<b>09</b>	William M. Webster, IV	..

2. The ratification of the appointment of Deloitte & Touche LLP as independent registered public accountants of LKQ Corporation for the fiscal year ending December 31, 2009.      .. FOR      .. AGAINST
3. With discretionary authority upon such other matters as may properly come before the Meeting.

This proxy when properly executed will be voted in accordance with the specifications made by the undersigned stockholder. **WHEN A CONTRARY CHOICE IS INDICATED BY THE STOCKHOLDER, THIS PROXY, WHEN RETURNED, WILL BE VOTED FOR THE NOMINEES SET FORTH BELOW, FOR THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP, AND FOR THE EXERCISE OF DISCRETIONARY AUTHORITY UPON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING. THIS PROXY MAY BE REVOKED AT ANY TIME PRIOR TO THE TIME IT IS VOTED.**

**Important: Please sign and date this proxy on the reverse side.**

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**\*\*\* Exercise Your *Right* to Vote \*\*\***

**IMPORTANT NOTICE** Regarding the Availability of Proxy Materials

*LKQ CORPORATION*

**BROKER**

**LOGO**

**HERE**

*Return Address Line 1*

*Return Address Line 2*

*Return Address Line 3*

*51 MERCEDES WAY*

*EDGEWOOD NY 11717*

Investor Address Line 1

Investor Address Line 2

Investor Address Line 3

Investor Address Line 4

Investor Address Line 5

John Sample

1234 ANYWHERE STREET

ANY CITY, ON A1A 1A1

**Meeting Information**

**Meeting Type:** Annual Meeting

**For holders as of:** March 13, 2009

**Date:** May 11, 2009      **Time:** 1:30 PM CDT

**Location:** Bank of America 43rd floor

135 South LaSalle Street

Chicago, Illinois 60603

You are receiving this communication because you hold shares in the above named company.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at [www.proxyvote.com](http://www.proxyvote.com) or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

**See the reverse side of this notice to obtain proxy materials and voting instructions.**

Broadridge Internal Use Only

Job #

Envelope #

Sequence #

# of # Sequence #

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## Before You Vote

### How to Access the Proxy Materials

#### Proxy Materials Available to VIEW or RECEIVE:

1. Annual Report
2. Notice & Proxy Statement

#### How To View Online:

Have the 12-Digit Control Number available (located on the following page) and visit: [www.proxyvote.com](http://www.proxyvote.com).

#### How to Request and Receive a PAPER or E-MAIL Copy:

If you want to receive a paper or an e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

- 1) *BY INTERNET*: [www.proxyvote.com](http://www.proxyvote.com)
- 2) *BY TELEPHONE*: 1-800-579-1639
- 3) *BY E-MAIL\**: [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com)

\* If requesting materials by e-mail, please send a blank e-mail with the 12-Digit Control Number (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before April 27, 2009 to facilitate timely delivery.

## How To Vote

### Please Choose One of The Following Voting Methods

**Vote In Person:** If you choose to vote these shares in person at the meeting, you must request a *legal proxy*. To do so, please follow the instructions at [www.proxyvote.com](http://www.proxyvote.com) or request a paper copy of the materials, which will contain the appropriate instructions. Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance.

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**Vote By Internet:** To vote now by Internet, go to [www.proxyvote.com](http://www.proxyvote.com). Have the 12 Digit Control Number available and follow the instructions.

Internal Use

Only

**Vote By Mail:** You can vote by mail by requesting a paper copy of the materials, which will include a voting instruction form.

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**Voting items**

The Board of Directors recommends you vote FOR the following proposal(s).

1. Election of Directors

**Nominees**

- 1 A. Clinton Allen
- 2 Robert M. Devlin
- 3 Donald F. Flynn
- 4 Kevin F. Flynn
- 5 Ronald G. Foster
- 6 Joseph M. Holsten
- 7 Paul M. Meister
- 8 John F. O'Brien
- 9 William M. Webster, IV

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**Voting items Continued**

**Reserved for Broadridge Internal Control Information**

The Board of Directors recommends you vote FOR the following proposal(s).

2. The ratification of the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for the Company in 2009.

**NOTE:** Such other business as may properly come before the meeting or any adjournment thereof.

**Voting Instructions**

THIS SPACE RESERVED FOR LANGUAGE PERTAINING TO  
BANKS AND BROKERS  
AS REQUIRED BY THE NEW YORK STOCK EXCHANGE

Broadridge Internal Use Only

Job #  
Envelope #

THIS SPACE RESERVED FOR SIGNATURES IF APPLICABLE

Sequence #

# of # Sequence #