

LKQ CORP
Form 4
February 19, 2015

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
CASINI VICTOR M

(Last) (First) (Middle)

C/O LKQ CORPORATION, 500 WEST MADISON STREET, SUITE 2800

(Street)

CHICAGO, IL 60661

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
LKQ CORP [LKQ]

3. Date of Earliest Transaction (Month/Day/Year)
02/17/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
Senior VP and General Counsel

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	02/17/2015		S ⁽¹⁾	8,000 D	\$ 27.3642 <u>(2)</u> 327,766	I	By Trust
Common Stock					180,431	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

- the relative experience and skills of the subject officer;
- the importance of the particular position to us;
- the level of responsibilities assigned to the subject officer;
- the difficulty in replacing the executive;
- the subject officer's historical performance in light of the Corporate Objectives;
- our operating performance to date during his tenure with us;
- internal alignment considerations; and
- inflation.

As described further below, target cash incentive compensation and equity awards are generally set as a percentage of each named executive officer's base salary.

The relative weight applied to each of the foregoing factors varied with each position and individual and was within the sole discretion of the Compensation Committee. Decisions regarding the individual performance factors identified above and used by the Compensation Committee in making base salary decisions for each named executive officer, other than the CEO, were based on the Compensation Committee's review of the Chief Executive Officer's evaluation of the officer's individual performance for the prior year. Decisions regarding the individual performance factors identified above and used in making base salary decisions for the Chief Executive Officer were based on the Board of Directors' review of the CEO's individual performance for the prior year.

As discussed above, the Compensation Committee determined that, in light of the economic crisis, it was appropriate to keep base salaries at the same level in 2009 as in 2008. Notwithstanding the foregoing, the Compensation Committee recommended an increase in Dr. Guethon's base salary from \$320,000 to \$336,000 in consideration of his promotion to President and Chief Operating Officer.

Cash Incentive Compensation

Our executive bonus plan is a performance-based cash incentive plan designed to promote our interests and the interests of our shareholders by providing employees with financial rewards upon achievement of specified business objectives, as well as helping us attract and retain key employees. Under this plan, additional cash is payable to our named executive officers based upon the degree that the performance goals recommended by the Compensation Committee and approved by the Board are met. The amount of cash incentive compensation earned by our named executive officers in 2009 is set forth in the "Non-Equity Incentive Plan Compensation" column of the 2009 Summary Compensation Table. These amounts were paid in February 2010 and were included in our results of operations for the year ended December 31, 2009.

The Compensation Committee assigns the named executive officers a competitive incentive target for each year under our executive bonus plan. The target incentive is expressed as a percentage of the participant's annual base salary as of the end of the year and is designed by the Compensation Committee to be indicative of the incentive payment that each participant would expect to receive on the basis of our strong performance and the strong individual performance by our senior vice presidents and vice presidents reporting to our named executive officers. The Compensation Committee set 2009 target incentives ("Target Bonus") for each of the named executive officers at the percentage of base salary as set forth below:

Name	Percentage of Base Salary at Target
Michel M. Earley	70%
Jose A. Guethon, M.D	50%
Robert J. Sabo	50%
Roberto L. Palenzuela	40%

For each named executive officer, the Target Bonus percentage for 2009 was the same as the target bonus percentage for 2008.

Depending on our income before income taxes in 2009, actual cash incentive compensation payable under our executive bonus plan to each named executive officer could have been as low as zero or as high as the percentage of base salary set forth next to his name below.

Name	Maximum Percentage of Base Salary
Michel M. Earley	175%
Jose A. Guethon, M.D	125%
Robert J. Sabo	125%
Roberto L. Palenzuela	100%

In 2009, for our named executive officers to be eligible to receive the full Target Bonus under our executive bonus plan, our consolidated year-end income before income taxes for 2009 was required to equal or exceed \$25.37 million (the "Target Goal"), which was 93% of our budgeted consolidated year-end income before income taxes of \$27.29 million. For our named executive officers to be eligible to receive any bonus under the executive bonus plan, our consolidated year end income before income taxes for 2009 was required to equal or exceed \$21.57 million (the "Threshold Goal"), which was 85% of Target Goal. Our 2009 consolidated year-end income before income taxes, as adjusted by the Committee to take into account the costs associated with the anticipated CEO succession, gain on the sale of our HMO in 2008 and changes in estimates of HMO associated accounts, was approximately \$23.03 million. Accordingly, each of our named executive officers were eligible to receive annual incentive compensation equal to between 27% and 48% of his 2009 base salary as set forth in the Summary Compensation Table. Bonuses under the plan were paid in February 2010.

Equity Compensation

Prior to 2007, the primary form of equity compensation that we had awarded consisted of non-qualified stock options, which we believe provided a strong motivation to our executives to continue to seek growth in our business. In 2007, we began utilizing restricted stock grants in addition to option grants. Grants of restricted stock are increasingly becoming a trend in our industry and we believe that this type of award provides an equally motivating form of incentive compensation while permitting us to issue fewer shares, thereby reducing potential dilution of our shareholders.

Explanation of Responses:

Each year, the Compensation Committee assigns each named executive officer a competitive equity incentive dollar amount expressed as a percentage of the participant's annual base salary for the subject year. In setting this percentage, in addition to competitive market information, the Compensation Committee considers our operating results and performance, individual performance against the individual's objectives, as well as the allocation of overall share usage attributed to executives and the total number of shares issued in the grant relative to our outstanding shares. We do not place particular emphasis on any one factor but rather analyze the appropriateness of rewarding equity compensation in light of each of these considerations.

The Compensation Committee set 2009 equity incentives for each of the named executive officers at the percentage of base salary as set forth below:

Name	Percentage of Base Salary
Michel M. Earley	100%
Jose A. Guethon, M.D	70%
Robert J. Sabo	70%
Roberto L. Palenzuela	40%

For each named executive officer, the equity award percentage for 2009 was the same as the equity award percentage for 2008.

Equity awards for any year are generally issued to the named executive officers in February of the subject year and are generally paid approximately 60% in stock options and approximately 40% in restricted shares of Common Stock. See "Grants of Plan Based Awards" for information as to the total number of stock options and restricted shares of Common Stock granted to our named executive officers in 2009.

Options and restricted stock are generally granted pursuant to our Omnibus Equity Compensation Plan. Both our stock options and restricted stock granted to our employees generally vest ratably on an annual basis over a four year service period and expire after a ten year term. The exercise price for option grants is based on the closing price of our Common Stock on the NYSE Amex on the grant date. Stock options only have compensatory value if the market price of the Common Stock increases after the grant date.

Severance Benefits and Change in Control Payments

Pursuant to our NEO Employment Agreements, our named executive officers are entitled to receive certain severance payments upon their death, disability, termination without cause, resignation for good reason and upon a change in control of the Company. These benefits are designed to promote stability and continuity of senior management as well as to recognize the potential difficulty for such individuals to locate comparable employment within a short period of time. Information regarding applicable payments under such agreements for the named executive officers is provided under the heading "Potential Payments Upon Termination or Change-In-Control."

Retirement Plan

The Metropolitan Health Networks 401(k) Plan (the "401(k) Plan") is a tax qualified employee savings and retirement plan covering our eligible employees, including our named executive officers. At our discretion, we may make a matching contribution and a non-elective contribution to the 401(k) Plan. The rights of the participants in the 401(k) Plan to our contributions do not fully vest until such time as the participant has been employed by us for three years. In 2009, we made matching contributions to our named executive officers.

Explanation of Responses:

Perquisites and Other Benefits

We provide our named executive officers with perquisites and other personal benefits that we and the Compensation Committee believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain talented employees for key positions. We periodically review the levels of perquisites and other personal benefits provided to named executive officers.

The named executive officers are each provided automobile allowances and mobile phone allowances. We believe these allowances enable our executives to be available to customers and employees at all times.

The named executive officers also participate in our medical, dental and life insurance plans to the same extent as our other employees. Upon relocation, key executive officers may receive, at the discretion of the Board of Directors, a relocation allowance in amounts individually negotiated at the time of relocation.

Stock Ownership Guidelines

In 2007, our Board of Directors adopted stock ownership guidelines for our senior executives, including our named executive officers, and for non-employee members of our Board of Directors. The Compensation Committee monitors progress under these guidelines annually. Although we expect each senior executive and director to make annual progress towards his or her target, each senior executive and non-employee member of our Board of Directors will have five years from the earlier of (a) the date he or she becomes a senior executive or non-employee director and (b) the date the guidelines were adopted to meet his or her target. If an executive is promoted and the target is increased, an additional five-year period will be provided to meet the increase in the target attributable to the promotion. Targets for our executives increase with rank in the organization and are based upon multiples of base salary. Shares counted toward the guidelines include:

- shares of Common Stock owned outright by the senior executive or director or his or her immediate family members residing in the same household;
- shares of Common Stock owned jointly by the senior executive or director with a spouse or children;
- shares of Common Stock held in trust for the benefit of the senior executive or director;
- restricted shares of Common Stock owned by the senior executive or director, whether or not vested;
- shares of Common Stock held in our 401(k) Retirement Savings Plan for the benefit of the executive or director; and
- shares of Common Stock acquired by the senior executive or director upon stock option exercises.

Material Changes since December 31, 2009

On January 26, 2010, our Board of Directors, upon the recommendation of our Compensation Committee, fixed the 2010 base salaries of our President and Chief Operating Officer, our Chief Financial Officer and our General Counsel (the “Applicable Officers”) and awarded each Applicable Officer a one-time retention bonus payable in restricted shares of our common stock (the “Retention Shares”) in an amount equal to his 2010 base salary. The number of Retention Shares issued in satisfaction of the bonus amounts was based upon the closing price of our common stock on the grant date. The following table sets forth the 2010 base salary of and the number of Retention Shares issued to each Applicable Officer:

Explanation of Responses:

Name and Title	2010 Base Salary	Percentage Increase Over 2009 Base Salary	Number of Retention Shares Issued in Connection with Bonus
Jose A. Guethon, M.D. President and Chief Operating Officer	\$346,080	3%	155,193
Robert J. Sabo Chief Financial Officer	\$278,100	3%	124,709
Roberto L. Palenzuela General Counsel and Secretary	\$231,750	3%	103,924

The 2010 base salary is effective retroactive to January 1, 2010.

The Retention Shares vest in four equal annual installments commencing on the first anniversary of the grant date. Notwithstanding the foregoing, any unvested Retention Shares held by an Applicable Officer will automatically vest upon a change in control, the subject officer's resignation for good reason, death or disability at any time or upon the termination of the subject officer without cause prior to the second anniversary of the grant date.

On February 24, 2010, upon the recommendation of the Compensation Committee, the Board established the target bonus amounts and the performance criteria applicable to the Company's 2010 bonus plan for executive officers and certain key management employees (the "2010 Bonus Plan").

For the named executive officers, bonuses will be payable under the Bonus Plan based upon our income before income taxes for the year ending December 31, 2010 ("2010 IBIT"). For any bonus to be paid to a named executive officer under the 2010 Bonus Plan, we must first achieve at least 80% (the "Threshold Goal") of our budgeted 2010 IBIT (the "Budgeted IBIT"). Provided the Threshold Goal is satisfied, the named executive officers shall receive some level of bonus.

In the event that we achieve 100% of the Budgeted IBIT (the "Target Goal"), the named executive officers will be entitled to receive a bonus (the "Target Bonus") equal to the percentage of their base salary set forth below.

Title	Percentage of Base Salary at Target
Chief Executive Officer	70%
Chief Financial Officer	50%
President and Chief Operating Officer	50%
General Counsel	40%

Actual bonuses payable may be as high as 250% of the Target Bonus or as low as zero depending on the Company's 2010 IBIT.

As a general rule, bonus awards under the 2010 Bonus Plan are subject to the participant's employment with us as of December 31, 2010. Bonuses pursuant to the Bonus Plan are anticipated to be paid once we complete the audit of our financial statements for the fiscal year ending December 31, 2010.

On April 26, 2010, our Board of Directors, upon the recommendation of our Compensation Committee, fixed the 2010 base salaries of our Chief Executive Officer at \$386,250, representing a 3% increase from his 2009 base salary. The 2010 base salary is effective retroactive to January 1, 2010.

Compensation Committee Report

Our Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Amendment.

THE COMPENSATION COMMITTEE

Michael Cahr, Chairman

Richard A. Franco, Sr.

John S. Watts, Jr.

Summary Compensation Table

The table below summarizes the total compensation paid or earned by each of the named executive officers for the fiscal years ended December 31, 2009, 2008 and 2007. We do not have any persons serving as executive officers of the Company other than the named executive officers.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$ (1))	Option Awards (\$ (2))	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$ (3))	Total (\$)
Michael M. Earley Chairman & Chief Executive Officer	2009	375,000	163,296	175,317	181,725	34,143	929,481
	2008	375,000	148,533	163,783	277,773	25,067	990,156
	2007	335,879	83,000	97,352	241,100	20,850	778,181
Jose A. Guethon President and Chief Operating Officer	2009	336,000	102,384	109,979	116,304	15,987	680,654
	2008	320,000	88,704	97,863	169,309	16,851	692,727
	2007	300,000	49,800	64,900	192,200	13,950	620,850
Robert J. Sabo Chief Financial Officer	2009	270,000	82,296	88,354	93,459	22,005	556,114
	2008	270,000	121,044	82,571	142,855	22,165	638,635
	2007	250,000	33,200	—	150,000	31,150	464,350
Roberto L. Palenzuela General Counsel & Secretary	2009	225,000	39,204	42,090	62,306	28,022	396,622
	2008	225,000	35,574	39,332	95,237	17,701	412,844
	2007	213,000	19,920	22,715	97,800	16,486	369,921

(1) Reflects the aggregate grant date fair values for the restricted shares issued during the applicable year computed in accordance with FASB ASC Topic 718. The 2007 and 2008 award values have been recalculated from amounts shown in prior Proxy Statements to reflect their grant date fair values, as required by SEC rules effective for 2010. Further information regarding the 2009 awards is included in the “2009 Grants of Plan-Based Awards” and “2009 Outstanding Equity Awards at Fiscal Year-End” tables later in this Amendment. The grant date fair values for the 2009 awards have been determined based on the quoted market price of our common stock on the grant date, as set forth in Note 15 to our consolidated financial statements included in our Form 10-K for the year ended December 31, 2009.

(2) Reflects the grant date fair values for the stock options issued during the applicable year computed in accordance with FASB ASC Topic 718. The 2007 and 2008 award values have been recalculated from amounts shown in prior Proxy Statements to reflect their grant date fair values, as required by SEC rules effective for 2010. Further information regarding the 2009 awards is included in the “2009 Grants of Plan-Based Awards” and “2009 Outstanding Equity Awards at Fiscal Year-End” tables later in this Amendment. The grant date fair values for the 2009 awards have been determined based on the assumptions and methodologies set forth in Note 15 to our consolidated financial statements included in our Form 10-K for the year ended December 31, 2009.

(3) “All Other Compensation” in each of 2009, 2008 and 2007 for each of the named executive officers is comprised of the following components:

17

Fiscal Year 2009:

	Automobile Allowance (\$)	Cellular Phone Allowance (\$)	Long-Tem Disability/Life Insurance Premiums (\$)	401(k) Matching Amounts (\$)	Payout of Accrued Vacation (\$)	Total (\$)
Michael M. Earley	10,200	3,000	1,155	8,250	11,538	34,143
Jose A. Guethon	6,600	1,200	1,155	7,032	—	15,987
Robert J. Sabo	9,600	3,000	1,155	8,250	—	22,005
Roberto L. Palenzuela	6,600	1,200	1,155	8,250	10,817	28,022

Fiscal Year 2008:

	Automobile Allowance (\$)	Cellular Phone Allowance (\$)	Long-Tem Disability/Life Insurance Premiums (\$)	401(k) Matching Amounts (\$)	Total (\$)
Michael M. Earley	10,200	3,000	2,151	9,716	25,067
Jose A. Guethon	6,600	1,200	2,151	6,900	16,851
Robert J. Sabo	9,600	3,000	2,151	7,414	22,165
Roberto L. Palenzuela	6,600	1,200	2,151	7,750	17,701

Fiscal Year 2007:

	Automobile Allowance (\$)	Cellular Phone Allowance (\$)	Long-Tem Disability/Life Insurance Premiums (\$)	401(k) Matching Amounts (\$)	Housing Benefits (\$)	Other(\$)	Total (\$)
Michael M. Earley	10,200	3,000	1,500	6,150	-	-	20,850
Jose A. Guethon	6,600	1,200	1,500	4,650	-	-	13,950
Robert J. Sabo	9,600	3,000	1,500	-	17,050	-	31,150
Roberto L. Palenzuela	6,600	1,200	1,500	3,909	-	3,277	16,486

Grants of Plan Based Awards

The table below summarizes awards granted under our executive bonus plan and equity based awards to our named executive officers in 2009.

2009 Grants of Plan Based Awards

Estimated Future Payouts Under Non-Equity Incentive Plans (1)	All Other	All Other Option Awards: Number	Exercise Price of	Grant Date Fair
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Explanation of Responses:

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Name	Grant Date	Threshold (\$)	Target (\$)	Maximum (\$)	Stock Awards: Number of Shares of Stocks (#) (2)	of Securities Underlying Options (#) (3)	Option Awards (\$)	Value of Stock and Option Awards (\$) (4)
Michael M. Earley	2/5/09	131,250	262,500	656,250	100,800	302,400	1.62	338,613
Jose A. Guethon	2/5/09	84,000	168,000	420,000	63,200	189,700	1.62	212,363
Robert J. Sabo	2/5/09	67,500	135,000	337,500	50,800	152,400	1.62	170,650
Roberto L. Palenzuela	2/5/09	45,000	90,000	225,000	24,200	72,600	1.62	81,294

(1) The amounts set forth in these columns reflect the annual cash incentive compensation amounts that potentially could have been earned during 2009 based upon the achievement of performance goals under our Executive Bonus Plan. The amounts of annual cash incentive compensation earned in 2009 by our named executives under our Executive Bonus Plan have been determined and were paid in February 2010. The amounts paid are included in the “Non-Equity Incentive Plan Compensation” column of the 2009 Summary Compensation Table.

(2) Each of the restricted stock awards listed in this column vested or are scheduled to vest in four equal installments on February 5, 2010, February 5, 2011, February 5, 2012 and February 5, 2013.

(3) Each of the option awards listed in this column vested or are scheduled to vest in four equal installments on February 5, 2010, February 5, 2011, February 5, 2012 and February 5, 2013.

(4) Reflects the grant date fair values for the restricted shares and options issued during the applicable year computed in accordance with FASB ASC Topic 718. The grant date fair values have been determined based on the assumptions and methodologies set forth in Note 15 to our consolidated financial statements included in our Form 10-K for the year ended December 31, 2009.

Base Salaries

Base salaries paid to our named executive officers are set forth in the 2009 Summary Compensation Table. For 2009, base salaries paid to our named executives officers accounted for the following percentages of their total compensation: Mr. Earley (40.5%), Dr. Guethon (49.4%), Mr. Sabo (48.8%) and Mr. Palenzuela (56.7%).

Non-equity Incentive Plan Compensation

The non-equity incentive plan compensation set forth in the tables above reflects annual cash incentive compensation under our executive bonus plan. Annual cash incentive compensation is earned based upon a formula that takes into account our attainment of certain performance goals and the achievement by vice presidents and senior vice presidents of certain individual objectives. The components of the executive bonus plan are discussed in greater detail under the heading “Compensation Discussion & Analysis.”

Amounts paid to our named executives under the executive bonus plan are set forth in the 2009 Summary Compensation Table. For 2009, payments pursuant to the executive bonus plan to our named executives officers accounted for the following percentages of their total compensation: Mr. Earley (19.6%), Dr. Guethon (17.1%), Mr. Sabo (16.9%) and Mr. Palenzuela (15.7%).

Restricted Stock

We grant restricted stock pursuant to our Omnibus Equity Compensation Plan. Our restricted stock grants generally vest at the rate of one-fourth per year. Restricted stock is not transferable other than by will or the laws of descent and distribution.

Stock Options

We grant stock options pursuant to our Omnibus Equity Compensation Plan. The option exercise price is equal to the closing price of our Common Stock on the NYSE Amex on the grant date. Our stock option grants generally vest at the rate of one-fourth per year and have a term of ten years. Stock options are not transferable other than by will or the laws of descent and distribution.

Employment Agreements

We are a party to employment agreements with Mr. Earley, Dr. Guethon, Mr. Sabo and Mr. Palenzuela.

19

Effective April 26, 2010, we entered into an amended and restated employment agreement with Mr. Earley, our Chief Executive Officer. This agreement has an initial term of one year and is automatically renewable for successive one-year terms, unless terminated in accordance with the terms of the agreement. The agreement provides for an annual base salary to be reviewed annually. Our Board of Directors may, in its sole discretion, increase Mr. Earley's salary and award bonuses and options to Mr. Earley at any time. The agreement also provides for an automobile allowance in the amount of \$850 per month, a telephone allowance in the amount of \$250 per month, vacation, participation in all benefit plans offered by us to our executives and the reimbursement of reasonable business expenses. The agreement also contains non-disclosure, non-solicitation and non-compete restrictions. The agreement also contains non-disclosure, non-solicitation and non-compete restrictions. The non-solicitation and non-compete restrictions survive for a period of two years and one year, respectively, following the date of termination of Mr. Earley's employment with the Company. Either party may terminate Mr. Earley's employment with the Company at any time.

Effective February 1, 2005, Dr. Guethon, our President and Chief Operating Officer, entered into an employment agreement with Metcare of Florida, Inc., our wholly-owned subsidiary, which agreement was amended effective December 22, 2008. This agreement had an initial term of one year and is automatically renewable for successive one-year terms, unless terminated in accordance with the terms of the agreement. The agreement provides for an annual base salary to be reviewed annually. Our Board of Directors may, in its sole discretion, increase Dr. Guethon's salary and award bonuses and options to Dr. Guethon at any time. The agreement also provides for a telephone allowance in the amount of \$100 per month, vacation, participation in all benefit plans offered by us to our executives and the reimbursement of reasonable business expenses. The agreement also contains non-disclosure, non-solicitation and non-compete restrictions. The non-solicitation and non-compete restrictions survive for a period of two years and one year, respectively, following the date of termination of Dr. Guethon's employment with Metcare of Florida. Either party may terminate Dr. Guethon's employment with the Company at any time.

Effective November 16, 2006, we entered into an employment agreement with Mr. Sabo, our Chief Financial Officer, which agreement was amended effective December 22, 2008. This agreement had an initial term of one year and is automatically renewable for successive one-year terms, unless terminated in accordance with the terms of the agreement. The agreement provides for an annual base salary to be reviewed at least annually. Our Board of Directors may, in its sole discretion, increase Mr. Sabo's salary and award bonuses and options to Mr. Sabo at any time. The agreement also provides for an automobile allowance in the amount of \$800 per month, a telephone allowance in the amount of \$250 per month, vacation, participation in all benefit plans offered by us to our executives and the reimbursement of reasonable business expenses. The agreement also contains non-disclosure, non-solicitation and non-compete restrictions. The non-solicitation and non-compete restrictions survive for a period of two years and one year, respectively, following the date of the termination of Mr. Sabo's employment with the Company. Either party may terminate Mr. Sabo's employment with the Company at any time.

In 2004, we entered into an employment agreement with Mr. Palenzuela, our General Counsel and Secretary, which agreement was amended and restated effective January 3, 2005 and amended effective December 22, 2008. This agreement had an initial term of one year and is automatically renewable for successive one-year terms, unless terminated in accordance with the terms of the agreement. The agreement provides for an annual base salary to be reviewed annually. Our Board of Directors may, in its sole discretion, increase Mr. Palenzuela's salary and award bonuses and options to Mr. Palenzuela at any time. The agreement also provides for an automobile allowance in the amount of \$550 per month, a telephone allowance in the amount of \$100 per month, vacation, participation in all benefit plans offered by us to our executives and the reimbursement of reasonable business expenses. The agreement also contains non-disclosure, non-solicitation and non-compete restrictions. The non-solicitation and non-compete restrictions survive for a period of two years and one year, respectively, following the date of the termination of Mr. Palenzuela's employment with the Company. Either party may terminate Mr. Palenzuela's employment with the Company at any time.

In the event that any one of Mr. Earley, Dr. Guethon, Mr. Sabo or Mr. Palenzuela (i) is terminated by us without cause, (ii) dies or becomes disabled, (iii) terminates his or her employment because he or she has been assigned duties inconsistent with his or her position or because his or her duties and responsibilities have been diminished or because of our breach of the agreement or because he or she has been reassigned to a location outside of the area for which he or she was hired, he or she will be entitled to reimbursement of all unreimbursed expenses incurred prior to the date of termination, payment of unused vacation days and payment of his or her then annual base salary and benefits for a period of one year following the termination.

If there is a change of control of the Company (as such term is defined in the agreements), each of Mr. Earley, Dr. Guethon, Mr. Sabo and Mr. Palenzuela will be entitled to reimbursement of all unreimbursed expenses incurred prior to the date of termination, payment of unused vacation days, a single lump sum payment of an amount equal to his or her then annual base salary plus bonuses payable, the value of annual fringe benefits paid to him or her in the year preceding the year of termination, and the value of the portion of his or her benefits under any deferred compensation plan which are forfeited for reason of the termination.

Additional Information

We have provided additional information regarding the compensation we pay to our named executive officers under the heading "Compensation Discussion & Analysis."

Outstanding Equity Awards at Fiscal Year End

2009 Outstanding Equity Awards at December 31, 2009

Name	OPTION AWARDS				STOCK AWARDS	
	Number of Securities Underlying Unexercised Options		Option Exercise Price	Option Expiration Date	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Yet Vested
	Exercisable (#)	Unexercisable (#)			(#)	(17)
Michael M. Earley	116,666	-0-	\$0.35	12/31/10		
	400,000	-0-	\$1.83	11/05/14		
	75,000	75,000	(1) \$1.66	08/06/17		
	48,200	144,600	(2) \$2.31	02/11/18		
	-0-	302,400	(3) \$1.62	02/05/19		
					174,025	(4)
						\$346,310
Jose A. Guethon	50,000	-0-	\$2.05	12/09/15		
	-0-	50,000	(5) \$1.66	08/06/17		
	28,800	86,400	(6) \$2.31	02/11/18		
	-0-	189,700	(7) \$1.62	02/05/19		
					107,000	(8)
						\$212,930

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Robert J. Sabo	150,000	50,000	(9)	\$2.19	11/15/16		
	24,300	72,900	(10)	\$2.31	02/11/18		
	-0-	152,400	(11)	\$1.62	02/05/19		
						100,100	(12)
							\$199,199
Roberto L. Palenzuela	-0-	17,500	(13)	\$1.66	08/06/17		
	11,575	34,725	(14)	\$2.31	02/11/18		
	-0-	72,600	(15)	\$1.62	02/05/19		
						41,750	(16)
							\$83,083

(1) 37,500 options scheduled to vest on each of August 6, 2010 and August 6, 2011.

(2) 48,200 options vested or are scheduled to vest on each of February 11, 2010, February 11, 2011 and February 11, 2012.

(3) 75,600 options vested or are scheduled to vest on each of February 5, 2010, February 5, 2011, February 5, 2012 and February 5, 2013.

(4) (i) 12,500 restricted shares of Common Stock scheduled to vest on each of August 6, 2010 and August 6, 2011, (ii) 16,075 restricted shares of Common Stock vested or are scheduled to vest on each of February 11, 2010, February 11 2011 and February 11, 2012 and (iii) 25,200 restricted shares vested or are scheduled to vest on each of February 5, 2010, February 5, 2011, February 5, 2012 and February 5, 2013.

- (5) 25,000 options scheduled to vest on each of August 6, 2010 and August 6, 2011.
- (6) 28,800 options vested or are scheduled to vest on each of February 11, 2010, February 11, 2011 and February 11, 2012.
- (7) 47,425 options vested or are scheduled to vest on each of February 5, 2010, February 5, 2011, February 5, 2012 and February 5, 2013.
- (8) (i) 7,500 restricted shares of Common Stock scheduled to vest on each of August 6, 2010 and August 6, 2011, (ii) 9,600 restricted shares of Common Stock vested or are scheduled to vest on each of February 11, 2010, February 11 2011 and February 11, 2012 and (iii) 15,800 restricted shares vested or are scheduled to vest on each of February 5, 2010, February 5, 2011, February 5, 2012 and February 5, 2013.
- (9) 50,000 options scheduled to vest on November 15, 2010.
- (10) 24,300 options vested or are scheduled to vest on each of February 11, 2010, February 11, 2011 and February 11, 2012.
- (11) 38,100 options vested or are scheduled to vest one each of February 5, 2010, February 5, 2011, February 5, 2012 and February 5, 2013.
- (12) (i) 5,000 restricted shares of Common Stock scheduled to vest on each of August 6, 2010 and August 6, 2011, (ii) 13,100 restricted shares of Common Stock vested or are scheduled to vest on each of February 11, 2010, February 11 2011 and February 11, 2012 and (iii) 12,700 restricted shares vested or are scheduled to vest on each of February 5, 2010, February 5, 2011, February 5, 2012 and February 5, 2013.
- (13) 8,750 options scheduled to vest on each of August 6, 2010 and August 6, 2011.
- (14) 11,575 options vested or are scheduled to vest on each of February 11, 2010, February 11, 2011 and February 11, 2012.
- (15) 18,150 options vested or are scheduled to vest one each of February 5, 2010, February 5, 2011, February 5, 2012 and February 5, 2013.
- (16) (i) 3,000 restricted shares of Common Stock scheduled to vest on each of August 6, 2010 and August 6, 2011, (ii) 3,850 restricted shares of Common Stock vested or are scheduled to vest on each of February 11, 2010, February 11, 2011 and February 11, 2012 and (iii) 6, 050 restricted shares vested or are scheduled to vest on each of February 5, 2010, February 5, 2011, February 5, 2012 and February 5, 2013.
- (17) Market value was determined by multiplying the number of shares of stock by \$1.99, the closing price of our Common Stock on December 31, 2009.

2009 Option Exercises and Restricted Stock Vested

The following table sets forth information regarding the number and value of stock options exercised or transferred for value and the number and value of restricted shares of our Common Stock vested during 2009 for each of our named executive officers.

OPTION AWARDS

STOCK AWARDS

Explanation of Responses:

Name	Number of Securities for which the Options were Exercised or Transferred for Value (#)		Value Realized on Exercise or Transfer (\$)	Number of Shares Acquired on Vesting	Value Realized on Vesting
Michael M. Earley	116,667	(1)	\$180,974	28,575	\$52,899
Jose A. Guethon	300,000	(2)	\$70,360	17,100	\$31,665
Robert J. Sabo	—		—	18,100	\$32,165
Roberto L. Palenzuela	267,500	(2)	\$261,558	6,850	\$12,683

(1) Options were repurchased by the Company on December 9, 2009 at a price per option equal to the difference between the option exercise price and a two percent discount to the closing price of our Common Stock on December 8, 2009, the date of the repurchase agreement. See “Item 13. Certain Relationships and Related Transactions, and Director Independence” for additional information regarding the repurchase.

(2) Options were repurchased by the Company on September 10, 2009 at a price per option equal to the difference between the option exercise price and a two percent discount to the closing price of our Common Stock on September 8, 2009, the date of the repurchase agreement. See “Item 13. Certain Relationships and Related Transactions, and Director Independence” for additional information regarding the repurchase.

Pension Benefits

We do not have any plans that provide for payments or other benefits at, following or in connection with the retirement of our employees, including our named executive officers.

Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans

We do not have any defined contribution or plans that provide for the deferral of compensation on a basis that is not tax-qualified.

Potential Payments Upon Termination or Change-In-Control.

The tables below reflect the amount of compensation payable to each of the named executive officers in the event of termination of such officer's employment. The amount of compensation payable to each officer pursuant to his employment agreement (i) upon termination for cause or resignation without good reason, (ii) upon termination without cause or resignation for good reason, (iii) in the event of disability or death of the executive and (iv) upon termination following a change of control is shown below. The amounts shown assume that such termination was effective as of December 31, 2009, and thus include amounts earned through such time and are estimates of the amounts which would be paid out to the executives upon their termination. The actual amounts to be paid out can only be determined at the time of such executive's separation from the Company.

Payments Made Upon Termination For Cause or Resignation Without Good Reason

In the event an executive officer is terminated for cause or resigns his or her employment without good reason, we are required pursuant to our employment agreements to:

- pay the executive any unpaid base salary earned through the date of termination or resignation; and
- reimburse the executive for reasonable business expenses incurred prior to the date of termination or resignation.

Under our employment agreements with the named executive officers, "cause" is defined to include (i) an action or omission of the executive which constitutes a willful and material breach of, or failure or refusal (other than by reason of disability) to perform his or her duties under the employment agreement, which is not cured within 15 days after notice thereof, (ii) fraud, embezzlement, misappropriation of funds or breach of trust in connection with his or her services under the employment agreement, (iii) conviction of a felony or any other crime which involves dishonesty or a breach of trust or (iv) gross negligence in connection with the performance of the executive's duties under the employment agreement, which is not cured within 15 days after notice thereof.

Under our employment agreements with the named executive officers, "good reason" is defined to include (i) the assignment to the executive of any duties or responsibilities inconsistent in any respect with the executive's position or a similar position in the Company or one of our subsidiaries, (ii) any other action by us which results in a substantial and compelling diminution of the executive's position, authority, duties or responsibilities, excluding an isolated, insubstantial and inadvertent action not taken in bad faith which we remedy within 15 days of notice by the executive or (iii) our breach of certain provisions of the employment agreement, other than an isolated, insubstantial and inadvertent failure not taken in bad faith which we remedy promptly after receipt of notice by the executive, (iii) our requiring the executive to be based at any office or location outside the area for which he or she was originally hired to work, except for travel reasonably required in the performance of his or her responsibilities. Any good faith determination of "good reason" made by our Board of Directors is conclusive pursuant to our employment agreements.

Upon an executive officer's termination for cause or resignation without good reason, any options granted to such executive pursuant to our Omnibus Equity Compensation Plan (the "Omnibus Plan") and vested as of the date of termination or resignation will generally remain exercisable for a period of up to three months, although our Compensation Committee has the right to cancel or suspend the option if the executive is terminated for cause or the Compensation Committee determines that the executive is competing or has competed with us. Any unvested options granted pursuant to the Omnibus Plan will immediately terminate.

Payments Made Upon Termination Without Cause, Resignation For Good Reason, Death or Disability

In the event an executive officer is terminated without cause, resigns his or her employment for good reason, dies or becomes disabled, we are required pursuant to our employment agreements to:

- pay the executive (or his estate, as applicable) any unpaid base salary earned through the date of termination or resignation;
- continue to pay the executive's base salary for a period of twelve months from the date of termination or resignation;
- continue to allow the executive to participate in all benefit plans offered by us to our executives for a period of twelve months from the date of termination or resignation or, if participation in any such plan is not possible, pay the executive (or his estate, as applicable) cash equal to the value of the benefit that otherwise would have accrued for the executive's benefit under such plan for the period during which such benefits could not be provided under the plan;
- reimburse the executive for reasonable business expenses incurred prior to the date of termination or resignation; and
- pay the executive (or his estate, as applicable) for any unused vacation days.

Pursuant to our Compensation Policy, unless otherwise decided by the Board, in order to be eligible for a bonus in respect of any fiscal year, it is anticipated that an executive must be employed by us as of the end of such year. For our executives with employment agreements, which includes all of our named executive officers, unless otherwise decided by the Board, if such executive's employment is terminated following the end of the calendar year to which a bonus relates but prior to the date bonuses are paid, the determination of whether such executive is entitled to receive his or her bonus for the prior calendar year will depend on whether, pursuant to the applicable employment agreement, we are required to pay the executive his or her base salary for any period following the termination of employment. If we are required to continue to pay an executive's base salary for any post-employment period, such executive will receive any bonus payable pursuant to our executive bonus plan contemporaneously with other members of our management team as if he continued to be employed by us. If we are not required to continue to pay an executive's base salary for any post-employment period, such executive will not receive any bonus with respect to the prior year.

Upon an executive officer's resignation with good reason, any options granted to such executive pursuant to our Omnibus Plan and vested as of the date of resignation will generally remain exercisable for a period of up to three months and any unvested options granted pursuant to the Omnibus Plan will immediately terminate.

Upon an executive officer's termination without cause, any options granted to such executive pursuant to our Omnibus Plan and vested as of the date of termination will generally remain exercisable for a period of up to three months. Any unvested options granted under the Omnibus Plan generally will become immediately exercisable and fully vested in accordance with their terms and exercisable for three months following the date of termination.

Upon an executive officer's death or disability, any options granted to such executive pursuant to our Omnibus Plan and vested as of the date of termination will generally remain exercisable for a period of one year. Any unvested options granted under the Omnibus Plan generally will become immediately exercisable and fully vested in accordance with their terms and exercisable for one year following the date of termination.

The following table shows amounts that would be payable to each named executive officer upon his termination without cause, death or disability. The amounts in the table assume that the listed officer left Metropolitan effective December 31, 2009 and are based on the price per share of our Common Stock on that date of \$1.99. Amounts actually received should any of the listed officers cease to be employed will vary based on factors such as the timing during the year of any such event, our stock price and any changes to our benefit arrangements and policies.

Name	Severance Amount (\$)	Early Vesting of Stock Options (\$)	Early Vesting of Restricted Stock (\$)	Continuation of Benefits (\$)	Unused Vacation Days (\$)	Total (\$)
Michael M. Earley	556,725	136,638	346,310	7,146	17,870	1,064,689
Jose A. Guethon	452,304	86,689	212,930	7,194	4,904	764,201
Robert J. Sabo	363,459	56,388	199,199	11,204	35,453	665,703
Roberto L. Palenzuela	287,306	32,637	83,083	18,841	3,912	425,779

Payments Made Upon Termination Following a Change in Control

In the event that following a "change in control" of the Company (as defined below), an executive officer is terminated without cause or resigns for good reason within one year of the event causing the "change in control", we are required pursuant to our employment agreements to:

- pay the executive any unpaid base salary earned through the date of termination or resignation;
- pay the executive a single lump sum payment of an amount equal to his or her then annual base salary plus bonuses payable, the value of annual fringe benefits paid to him or her in the year preceding the year of termination, and the value of the portion of his or her benefits under any deferred compensation plan which are forfeited for reason of the termination.
- reimburse the executive for reasonable business expenses incurred prior to the date of termination or resignation; and
- pay the executive (or his estate, as applicable) for any unused vacation days.

A "change in control" will be deemed to occur pursuant to our employment agreements in the event the shareholders of the Company approve (x) the sale of substantially all of our assets, (y) our liquidation or dissolution or (z) a merger or other similar transaction which would result in our shareholders prior to the transaction owning 50% or less of the combined voting power of the merged entity immediately following the transaction. In addition, with certain exceptions, a "change of control" will be deemed to occur upon any person or group's acquisition of more than 50% of

our outstanding shares or voting power.

Under the provisions of the Omnibus Plan and our award agreements with our executives, upon a change in control of the Company, any outstanding unvested stock options and restricted shares will become immediately and automatically vested.

25

The following table shows amounts that would be payable upon each named executive officer's termination following a change in control. The amounts in the table assume that the listed officer left Metropolitan effective December 31, 2009 and are based on the price per share of our Common Stock on that date of \$1.99. Amounts actually received should any of the listed officers cease to be employed will vary based on factors such as the timing during the year of any such event, our stock price and any changes to our benefit arrangements and policies.

Name	Severance Amount (\$)	Early Vesting of Stock Options (\$)	Early Vesting of Restricted Stock (\$)	Continuation of Benefits (\$)	Unused Vacation Days (\$)	Total (\$)
Michael M. Earley	556,725	136,638	346,310	7,146	17,870	1,064,689
Jose A. Guethon	452,304	86,689	212,930	7,194	4,904	764,201
Robert J. Sabo	363,459	56,388	199,199	11,204	35,453	665,703
Roberto L. Palenzuela	287,306	32,637	83,083	18,841	3,912	425,779

Director Compensation

Board Retainer Fees

For the year ended December 31, 2009, each of our non-employee directors received a \$20,000 fee for his service on the Board of Directors. During 2009, Mr. Haskell served as Lead Independent Director and received an additional annual fee of \$15,000. For service in 2009, the Chairman of our Audit Committee received an additional annual fee of \$10,000 and the Chairpersons of our Governance & Nominating Committee and Compensation Committee each received an additional annual fee of \$7,500.

Meeting Fees

Each of our non-employee directors receives \$1,500 per meeting of the Board of Directors attended in person, together with reimbursement of travel expenses. Non-employee directors receive \$750 for each Board meeting attended telephonically. Members of the Board committees received \$1,000 for each meeting of a Board committee attended in person and \$500 for each meeting of a Board Committee attended telephonically.

Stock and Option Awards

On June 18, 2009, we issued to each non-employee director 16,829 restricted shares of our Common Stock and options to purchase 8,414 shares of our Common Stock at an exercise price equal to the closing price of our Common Stock on the NYSE Amex on the grant date (\$1.92) in consideration for his services as a director in 2009. The restricted shares and options were issued pursuant to our Omnibus Plan and are scheduled to vest in full one year from the date of issuance.

Expense Reimbursement

We reimburse all directors for their expenses in connection with their activities as members of our Board of Directors.

Explanation of Responses:

Employee Directors

Currently, one of our directors is also an employee of the Company and does not receive additional compensation for his services as a director. We are a party to an employment agreement with Michael M. Earley as further described in the section above entitled "Employment Agreements."

26

Director Summary Compensation Table

The table below summarizes the compensation we paid to non-employee directors for the fiscal year ended December 31, 2009.

Name(1)	Fees Earned or			Total (\$)
	Paid in Cash (\$)	Stock Awards \$(2)	Option Awards \$(3)	
David A. Florman (4)	45,000	32,312	4,623	81,935
Martin W. Harrison, M.D. (5)	45,500	32,312	4,623	82,435
Eric Haskell, CPA (4)	61,000	32,312	4,623	97,935
Karl M. Sachs, CPA (4)	54,500	32,312	4,623	91,435
Robert E. Shields (4)	51,750	32,312	4,623	88,685
Barry T. Zeman (4)	52,000	32,312	4,623	88,935

(1) Michael M. Earley, our Chief Executive Officer, is not included in this table since he is an employee and receives no additional compensation for his services as a director. The compensation received by Mr. Earley as an employee is described in the Summary Compensation Table above.

(2) Reflects the aggregate grant date fair values for the restricted shares issued during the applicable year computed in accordance with FASB ASC Topic 718. The grant date fair values have been determined based on the quoted market price of our common stock on the grant date, as set forth in Note 15 to our consolidated financial statements included in our Form 10-K for the year ended December 31, 2009.

(3) Reflects the grant date fair values for the stock options issued during the applicable year computed in accordance with FASB ASC Topic 718. The grant date fair values have been determined based on the assumptions and methodologies set forth in Note 15 to our consolidated financial statements included in our Form 10-K for the year ended December 31, 2009.

(4) Resigned as a member of the Board of Directors effective April 23, 2010.

(5) Resigned as a member of the Board of Directors effective March 8, 2010.

Risk Assessment of Compensation Policies and Practices.

We have assessed the compensation policies and practices for our employees and concluded that they do not create risks that are reasonably likely to have a material adverse effect on the company.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is comprised entirely of independent directors.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Security Ownership of Directors and Executive Officers

Explanation of Responses:

The following table sets forth the beneficial ownership(1) of our Common Stock as of April 28, 2010 for each of our directors, named executive officers and all of our directors and executive officers as a group.

27

Name	Common Stock (#)	Options Currently Exercisable or Exercisable within 60 days for Shares of Common Stock	Total Common Stock and Common Stock Based Holdings	Percentage of Class (2)
Michael M. Earley	491,466 (3)	763,666 (4)	1,255,132	3.1%
Jose A. Guethon, M.D.	382,093 (5)	155,025 (6)	537,118	1.3%
Robert J. Sabo	264,309 (7)	236,700 (8)	501,009	1.3%
Roberto L. Palenzuela	180,244 (9)	41,300 (10)	221,544	*
Michael Cahr	854,711 (11)	— (12)	854,711	2.1%
Richard Franco	12,978 (13)	— (12)	12,978	*
Casey Gunnell	11,978 (14)	— (12)	11,978	*
Arthur Kowaloff	32,978 (15)	— (12)	32,978	*
Mark Stolper	36,998 (16)	— (12)	36,998	*
John Watts, Jr.	11,978 (17)	— (12)	11,978	
Directors and Executive Officers as a group (10 persons)	2,279,733	1,196,691	3,476,424	8.7%

* Represents less than 1% of the total number of shares of Common Stock outstanding.

(1) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from April 28, 2010 upon exercise of options, warrants and convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not those held by any other person) and that are exercisable within 60 days from April 28, 2010 have been exercised.

(2) Applicable percentage ownership is based on 39,914,260 shares of Common Stock outstanding as of April 28, 2010.

(3) Includes (i) 25,000 restricted shares of Common Stock issued to Mr. Earley that are scheduled to vest ratably over 2 years on each of August 6, 2010 and August 6, 2011, (ii) 32,150 restricted shares of Common Stock issued to Mr. Earley that are scheduled to vest ratably over 2 years on each of February 11, 2011 and February 11, 2012, (iii) 75,600 restricted shares of Common Stock issued to Mr. Earley that are scheduled to vest ratably over 3 years on each of February 5, 2011, February 5, 2012 and February 5, 2013 and (iv) 72,300 restricted shares of Common Stock issued to Mr. Earley that are scheduled to vest ratably over 4 years on each of February 24, 2011, February 24, 2012, February 24, 2013, and February 24, 2014.

(4) Includes (i) 116,666 shares issuable upon the exercise of options at a price of \$0.35 per share, (ii) 400,000 shares issuable upon the exercise of options at a price of \$1.83 per share, (iii) 75,000 shares issuable upon the exercise of options at a price of \$1.66 per share, (iv) 96,400 shares issuable upon the exercise of options at a price of \$2.31 per share and (v) 75,600 shares issuable upon the exercise of options at a price of \$1.62 per share. Does not include (i) 75,000 shares issuable upon the exercise of options at a price of \$1.66 per share, (ii) 96,400 shares issuable upon the exercise of options at a price of \$2.31 per share, (iii) 226,800 shares issuable upon the exercise of options at a price of \$1.62 per share and (iv) 216,800 shares issuable upon the exercise of options at a price of \$3.04, that have not yet

vested.

(5) Includes (i) 15,000 restricted shares of Common Stock issued to Dr. Guethon that are scheduled to vest ratably over 2 years on each of August 6, 2010 and August 6, 2011, (ii) 19,200 restricted shares of Common Stock issued to Dr. Guethon that are scheduled to vest ratably over 2 years on each of February 11, 2011 and February 11, 2012, (iii) 47,400 restricted shares of Common Stock issued to Dr. Guethon that are scheduled to vest ratably over 3 years on each of February 5, 2011, February 5, 2012 and February 5, 2013, (iv) 155,193 restricted shares of Common Stock issued to Dr. Guethon that are scheduled to vest ratably over 4 years beginning on January 26, 2011 and (v) 45,300 restricted shares of Common Stock issued to Dr. Guethon that are scheduled to vest ratably over 4 years beginning on February 24, 2011.

(6) Includes (i) 50,000 shares issuable upon the exercise of options at a price of \$2.05, (ii) 57,600 shares issuable upon the exercise of options at a price of \$2.31 per share and (iii) 47,425 shares issuable upon the exercise of options at a price of \$1.62 per share. Does not include (i) 50,000 shares issuable upon the exercise of options at a price of \$1.66, (ii) 57,600 shares issuable upon the exercise of options at a price of \$2.31 per share, (iii) 142,275 shares issuable upon the exercise of options at a price of \$1.62 per share and (iv) 136,000 shares issuable upon the exercise of options at a price of \$2.40 per share, that have not yet vested.

(7) Includes (i) 10,000 restricted shares of Common Stock issued to Mr. Sabo that are scheduled to vest ratably over 2 years on each of August 6, 2010 and August 6, 2011, (ii) 26,200 restricted shares of Common Stock issued to Mr. Sabo that are scheduled to vest ratably over 2 years on each of February 11, 2011 and February 11, 2012, (iii) 38,100 restricted shares of Common Stock issued to Mr. Sabo that are scheduled to vest ratably over 3 years on each of February 5, 2011, February 5, 2012 and February 5, 2013, (iv) 124,709 restricted shares of Common Stock issued to Mr. Sabo that are scheduled to vest ratably over 4 years beginning on January 26, 2011 and (v) 36,400 restricted shares of Common Stock issued to Mr. Sabo that are scheduled to vest ratably over 4 years beginning on February 24, 2011.

28

(8) Includes (i) 150,000 shares issuable upon the exercise of options at a price of \$2.19 per share, (ii) 48,600 shares issuable upon the exercise of options at a price of \$2.31 per share and (iii) 38,100 shares issuable upon the exercise of options at a price of \$1.62 per share. Does not include (i) 50,000 shares issuable upon the exercise of options at a price of \$2.19 per share, and (ii) 48,600 shares issuable upon the exercise of options at a price of \$2.31 per share, (iii) 114,300 shares issuable upon the exercise of options at a price of \$1.62 per share and (iv) 109,300 shares issuable upon the exercise of options at a price of \$2.40 per share, that have not yet vested.

(9) Includes (i) 6,000 restricted shares of Common Stock issued to Mr. Palenzuela that are scheduled to vest ratably over 2 years on each of August 6, 2010 and August 6, 2011, and (ii) 7,700 restricted shares of Common Stock issued to Mr. Palenzuela that are scheduled to vest ratably over 2 years on each of February 11, 2011 and February 11, 2012, (iii) 18,150 restricted shares of Common Stock issued to Mr. Palenzuela that are scheduled to vest ratably over 3 years on each of February 5, 2011, February 5, 2012 and February 5, 2013, (iv) 103,924 restricted shares of Common Stock issued to Mr. Palenzuela that are scheduled to vest ratably over 4 years beginning on January 26, 2011 and (v) 17,300 restricted shares of Common Stock issued to Mr. Palenzuela that are scheduled to vest ratably over 4 years beginning on February 24, 2011.

(10) Includes (i) 23,150 shares issuable upon the exercise of options at a price of \$2.31 per share and (ii) 18,150 shares issuable upon the exercise of options at a price of \$1.62 per share. Does not include (i) 17,500 shares issuable upon the exercise of options at a price of \$1.66 per share, (ii) 23,150 shares issuable upon the exercise of options at a price of \$2.31 per share, (iii) 54,450 shares issuable upon the exercise of options at a price of \$1.62 per share and (iv) 52,000 shares issuable upon the exercise of options at a price of \$2.40 per share, that have not yet vested.

(11) Includes (i) 14,900 shares owned directly by Mr. Cahr or in individual accounts he controls, (ii) 706,833 shares held in the Cahr Dynastic Trust, over which Mr. Cahr has voting and investment power, (iii) 40,400 shares held by Mr. Cahr jointly with Mr. Cahr's spouse, (iv) 39,900 shares held in Mr. Cahr's individual retirement account, (v) 26,200 shares held by Mr. Cahr in a money purchase plan, (vi) 10,000 shares held in Mr. Cahr's spouse's individual retirement account, (vii) 4,500 shares held by Mr. Cahr in a 401(k) retirement plan and (viii) 11,978 restricted shares of Common Stock issued to Mr. Cahr that are scheduled to vest in full on June 30, 2011. Does not include 89,000 shares held by Mr. Cahr's daughter, 10,000 shares held by Mr. Cahr's son and 5,000 shares held by Mr. Cahr's grandson, with respect to which Mr. Cahr disclaims beneficial ownership.

(12) Does not include 5,989 shares issuable upon the exercise of options at a price of \$3.04 per share that have not yet vested.

(13) Includes (i) 1,000 shares held jointly with Mr. Franco's spouse, and (ii) 11,978 restricted shares of Common Stock issued to Mr. Franco that are scheduled to vest in full on June 30, 2011.

(14) Includes 11,978 restricted shares of Common Stock issued to Mr. Gunnell that are scheduled to vest in full on June 30, 2011.

(15) Includes (i) 20,000 shares owned directly by Mr. Kowaloff, (ii) 1,000 shares held in Mr. Kowaloff's individual retirement account, and (iii) 11,978 restricted shares of Common Stock issued to Mr. Kowaloff that are scheduled to vest in full on June 30, 2011 .

(16) Includes (i) 25,020 shares owned by a private investment fund over which Mr. Stolper, through Helios Capital, LLC, has voting and investment power; and (ii) 11,978 restricted shares of Common Stock issued to Mr. Stolper that are scheduled to vest in full on June 30, 2011.

(17) Includes 11,978 restricted shares of Common Stock issued to Mr. Watts that are scheduled to vest in full on June 30, 2011.

Security Ownership of Certain Beneficial Owners

The following table sets forth, as to each beneficial owner(1) of more than five percent of our Common Stock, information regarding shares owned by each at April 28, 2010.

Name and Address of Beneficial Owner	Common Stock (#)	Percentage of Class (%) (2)
Martin W. Harrison, M.D. (3)	3,811,175	9.5%
Norman Pessin (4) 366 Madison Avenue, 14th Floor New York, NY 10017	3,227,644	8.1%
Nicusa Capital Partners, L.P. (5) 17 State Street, Suite 1650 New York, NY 10004	2,236,142	5.6%

(1) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from April 28, 2010 upon exercise of options, warrants and convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not those held by any other person) and that are exercisable within 60 days from April 28, 2010 have been exercised.

(2) Applicable percentage ownership is based on 39,914,260 shares of Common Stock outstanding as of April 28, 2010.

(3) Includes 900,000 shares held indirectly through H30, Inc., a corporation in which Dr. Harrison is an officer.

(4) Reported share ownership is based upon information contained in Amendment No. 2 to Schedule 13d filed by Mr. and Mrs. Pessin on February 16, 2010. Includes (i) 2,277,344 shares owned directly by Mr. Pessin, and (ii) 950,310 shares owned directly by Mrs. Pessin.

(5) Reported share ownership is based upon information contained in Amendment No. 1 to Schedule 13D filed by Nicusa Capital Partners, L.P. on March 3, 2010.

Information regarding our equity compensation plans was included in Part II, Item 5 of the Original 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Transactions with Related Persons

Stock and Stock Option Repurchases

In connection with our stock repurchase program, after the close of trading on September 8, 2009, we entered into stock and stock option repurchase agreements with certain of our directors and executive officers (collectively, the "Stock and Option Repurchase").

More specifically, as detailed in the following table, we agreed to repurchase an aggregate of 500,000 shares of the Common Stock at a per share price of \$2.1462 (the "Per Share Price"), which is equal to a two percent discount to the closing price of the Common Stock on the NYSE AMEX on September 8, 2009.

Name	Title	Number of Shares to be Repurchased	Total Repurchase Price
Dr. Martin W. Harrison	Former Director (1)	250,000	\$536,550
Karl M. Sachs	Former Director (2)	230,000	\$493,626
Robert J. Sabo	Chief Financial Officer	20,000	\$42,924

(1) Dr. Harrison resigned as a member of the Board effective March 8, 2010.

(2) Mr. Sachs resigned as a member of the Board effective April 23, 2010.

In addition, as detailed in the following table, we agreed to repurchase options exercisable for an aggregate of 567,500 shares of the Common Stock at a price per option equal to the difference between the exercise price of the subject option and the Per Share Price:

Name	Title	Number of Options to be Repurchased	Total Repurchase Price
Dr. Jose A. Guethon	President and Chief Operating Officer	300,000	\$70,360
Roberto L. Palenzuela	General Counsel	267,500	\$261,558

The Stock and Option Repurchase, which was approved by a special subcommittee of the Audit Committee formed for the purpose of negotiating and reviewing the Stock and Option Repurchase and comprised of those members of the Board of Directors who did not participate as sellers in the Stock and Option Repurchase, closed on September 10, 2009. The Stock and Option Repurchase was also approved by those members of the Board who did not participate as sellers in the Stock and Option Repurchase.

The directors and officers who participated as sellers in the Stock and Option Repurchase identified investment diversification, estate planning, desired liquidity and satisfaction of tax liabilities as reasons for entering into the Stock and Option Repurchase.

In connection with our stock repurchase program, on December 9, 2009, we repurchased options to purchase 116,667 shares of the Common Stock from Mr. Earley for aggregate consideration of \$180,974. The options, which were scheduled to expire on December 31, 2009, were repurchased at a price per option equal to the difference between (i) the exercise price of the subject option and (ii) \$1.9012, which is equal to a two percent discount to the closing price of the Common Stock on the NYSE AMEX on December 8, 2009.

Review of Related Party Transactions

The Board of Directors has delegated to the Audit Committee the responsibility to review and approve all transactions or series of transactions in which we or a subsidiary is a participant, the amount involved exceeds \$120,000 and a “Related Person” (as defined in Item 404 of Regulation S-K”) has a direct or indirect material interest. Transactions that fall within this definition will be referred to the Audit Committee for approval, ratification or other action. Based on its consideration of all of the relevant facts and circumstances, the Audit Committee will decide whether or not to approve such transaction and will approve only those transactions that are in the best interests of the Company.

Director Independence

We define an “independent” director in accordance with the NYSE Amex Rules. Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board, with the recommendation of the Governance & Nominating Committee, is responsible for affirmatively determining as to each independent director that no relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the Board and the Governance & Nominating Committee each review information provided by the directors with regard to each director’s business and personal activities as they may relate to the us and our management.

Our Board of Directors, upon the recommendation of the Governance & Nominating Committee, has affirmatively determined that each of the following persons, constituting a majority of our Board of Directors, are “independent” and has no relationship with us, except for serving as a member of our Board of Directors and holding our securities: Michael Cahr, Richard Franco, Casey Gunnell, Arthur Kowaloff, Mark Stolper and John Watts, Jr. The Board also had previously determined in March 2009 that each of David Florman, Dr. Martin Harrison, Eric Haskell, Karl Sachs, Robert Shields and Barry Zeman, each of whom served as a director during all of 2009, was “independent.” The Board has further determined that each director serving on our Audit Committee, Compensation Committee and Governance & Nominating Committee is independent.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Independent Registered Public Accounting Firm Fees

Aggregate fees billed to us for the fiscal years ended December 31, 2009 and December 31, 2008 by our independent registered public accounting firm, Grant Thornton, are as follows:

Type of Fees	2009	2008
Audit Fees (1)	\$524,333	\$650,574
Audit Related Fees	—	—
Tax Fees (2)	—	—

Explanation of Responses:

All Other Fees

— —

(1) Represents the aggregate fees billed to us by Grant Thornton during the applicable fiscal year for professional services rendered for the audits of our annual consolidated financial statements, the reviews of the financial statements included in our Quarterly Reports on Form 10-Q and the audits of our internal controls over financial reporting, and/or services normally provided by Grant Thornton in connection with statutory or regulatory filings or engagements by us during such fiscal year.

31

Audit Committee Pre-Approval Policy

Consistent with policies of the Securities and Exchange Commission regarding auditor independence, the Audit Committee has responsibility for the appointment, compensation and oversight of the work of the independent auditor. As part of this responsibility, the Audit Committee has adopted, and our Board has ratified, an Audit and Non-Audit Services Pre-Approval Policy pursuant to which the Audit Committee is required to pre-approve the audit and non-audit services performed by our independent registered public accounting firm in order to assure that these services do not impair the auditor's independence from us.

Prior to engagement of the independent auditor for the next year's audit, the independent auditor and the Chief Financial Officer submit a list of services and related fees expected to be rendered during that year within each of four categories of services to the Audit Committee for approval:

- (i) **Audit Services:** Audit services include the annual financial statement audit (including required quarterly reviews), subsidiary audits, equity investment audits and other procedures required to be performed by the independent auditor to be able to form an opinion on our consolidated financial statements. Audit Services also include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit or quarterly review as well as the attestation engagement for the independent auditor's report on management's report on internal controls for financial reporting.
- (ii) **Audit-Related Services:** Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of our financial statements, including due diligence related to potential business acquisitions/dispositions, accounting consultations related to accounting, financial reporting or disclosure matters not classified as "Audit Services," assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities, financial audits of employee benefit plans, agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters and assistance with internal control reporting requirements.
- (iii) **Tax Services:** Tax services include services such as tax compliance, tax planning and tax advice; however, the Audit Committee will not permit the retention of the independent registered public accounting firm in connection with a transaction initially recommended by the independent registered public accounting firm, the sole business purpose of which may be tax avoidance and treatment which may not be supported in the Internal Revenue Code and related regulations.
- (iv) **All Other Services:** All other services are those permissible non-audit services that the Audit Committee believes are routine and recurring and would not impair the independence of the auditor and are consistent with the Securities and Exchange Commission's rules on auditor independence.

Prior to engagement, the Audit Committee pre-approves the services and fees of the independent auditor within each of the above categories. During the year, it may become necessary to engage the independent auditor for additional services not previously contemplated as part of the engagement. In those instances, the Audit and Non-Audit Services Pre-Approval Policy requires that the Audit Committee specifically approve the services prior to the independent auditor's commencement of those additional services. Under the Audit and Non-Audit Services Pre-Approval Policy, the Audit Committee may delegate the ability to pre-approve audit and non-audit services to one or more of its members provided the delegate reports any pre-approval decision to the Audit Committee at its next scheduled meeting. As of the date hereof, the Audit Committee has not delegated its ability to pre-approve audit services.

All of the 2008 and 2009 fees paid to Grant Thornton described above were pre-approved by the full Audit Committee in accordance with the Audit and Non-Audit Services Pre-Approval Policy.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

- (a) The following documents are filed as part of this Report on Form 10-K/A
- (3) Exhibits

The following exhibits are referenced or included in this report:

Exhibit	Description
31.1.	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2.	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*

* Filed Herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, this 30th day of April 2010.

METROPOLITAN HEALTH NETWORKS, INC.

By: /s/ MICHAEL M. EARLEY
Michael M. Earley
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons in the capacities and on the dates indicated.

April 30, 2010	/s/ MICHAEL M. EARLEY Michael M. Earley Chief Executive Officer
April 30, 2010	/s/ ROBERT J. SABO Robert J. Sabo Chief Financial Officer
April 30, 2010	/s/ MICHAEL CAHR Michael Cahr Director
April 30, 2010	/s/ RICHARD FRANCO Richard A. Franco Sr. Director
April 30, 2010	/s/ CASEY GUNNELL Casey Gunnell Director
April 30, 2010	/s/ ARTHUR KOWALOFF Arthur D. Kowaloff Director
April 30, 2010	/s/ MARK STOLPER Mark Stolper Director
April 30, 2010	/s/ JOHN WATTS JR.

John S. Watts, Jr.
Director

34